

ROBERT J. PELLATT
COMMISSION SECRETARY



SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. CANADA V6Z 2N3
TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

VIA FACSIMILE

March 30, 1995

To All Registered Intervenors:

Re: Review of Buy/Sell Deliveries to the Core Market
Written Hearing Pursuant to Commission Order No. G-17-95

As anticipated in the Notice of Written Hearing, the Commission hereby issues the enclosed List of Registered Intervenors and finalized List of Issues for the subject Hearing. In addition to the issues which are included on the List, the Commission is prepared to consider other issues which arise out of evidence contained in the submissions that are filed by Intervenors.

Under separate cover, the Commission has provided each Intervenor with a copy of all Interventions in the Hearing. In future, each Intervenor will provide all other Intervenors, as well as the Commission, with one copy of all submissions, information requests and responses and any other correspondence that forms part of the formal record of this proceeding.

As set out in the Notice of Written Hearing, submissions must be filed with the Commission and copied to other Intervenors by April 21, 1995.

Yours truly,

Original signed by:

Robert J. Pellatt

JBW/mmc
Enclosures

BRITISH COLUMBIA UTILITIES COMMISSION
REVIEW OF BUY/SELL DELIVERIES TO THE CORE MARKET

List of Issues

1. Experience with buy/sells in British Columbia to date

- 1.1 what buy/sell deliveries have occurred to date
- 1.2 what has been the impact of buy/sells on system and on direct purchase core market consumers
- 1.3 what has been the impact on LDC's and their shareholders
- 1.4 are the current administration fees adequate

2. Term requirement for baseload supply contracts

- 2.1 is the rolling four year criteria still appropriate
- 2.2 if not, what term requirement can be justified
- 2.3 should the "rolling" requirement be removed
- 2.4 what is the definition of baseload supply to which the criteria applies
- 2.5 is the "2 + 2" option still appropriate
- 2.6 should one year buy/sells be approved as non-baseload gas

3. Part year deliveries

- 3.1 should contracts that do not start on November 1 be approved in future
- 3.2 what are the costs of part year deliveries and how should the costs be allocated
- 3.3 should all contracts end on October 31
- 3.4 should customer additions or deletions only be permitted on November 1

4. Reference prices paid for buy/sell gas

- 4.1 should price be based on market indexes rather than the LDC cost of gas
- 4.2 how would the resulting increase or decrease in the cost of gas to an LDC be allocated
- 4.3 should the buy/sell reference price be based on all gas supply costs rather than only baseload contracts
- 4.4 how should reference prices be calculated when baseload contracts include indexed pricing
- 4.5 when should reference prices for the next gas year be filed
- 4.6 how often should reference prices be adjusted and using what price information
- 4.7 what price should part year deliveries receive
- 4.8 should one year buy/sell gas receive the average reference price
- 4.9 if not, what price should one year gas receive

5. Pipeline capacity

- 5.1 what have LDC's done to make Westcoast zone 4 capacity available and has lack of access to zone 4 capacity constrained buy/sell deliveries
- 5.2 should an LDC continue to have responsibility to provide zone 4 capacity
- 5.3 should an LDC provide zone 3 transportation needed by core consumers

- 5.4 should an LDC have any responsibility to provide zones 1 and 2 capacity
- 5.5 how should the cost of stranded capacity be allocated
- 5.6 if an LDC is required to decontract to provide capacity for buy/sells, who should bear this cost

6. Notification requirements

- 6.1 what notice is appropriate for a new buy/sell contract
- 6.2 what notice is appropriate to add or delete customers
- 6.3 what notice is appropriate to return to system sales gas
- 6.4 should customers who return with proper notice bear incremental supply costs
- 6.5 when and by what adjustment mechanism should the DCQ of a buy/sell contract change
- 6.6 what notice is appropriate to extend a one year buy/sell contract
- 6.7 what notice is appropriate to assign Westcoast capacity from or back to an LDC

7. Ability of LDC's to market-out

- 7.1 what have LDC's done to enable them to market-out of baseload contracts
- 7.2 what is the cost to obtain market-out provisions in baseload contracts
- 7.3 how should these costs be allocated
- 7.4 should the amount of buy/sells be limited to control additional costs
- 7.5 should some short-term supply be used to provide contracting flexibility

8. Alternative buy/sell concepts

- 8.1 what are the appropriate load factors for calculation of DCQ's for part year, one year and other buy/sell deliveries
- 8.2 should a buy/sell reflect the load factor of the customer group
- 8.3 can the buy/sell contract be simplified - what are the minimum essential terms
- 8.4 should (can) a specific purchase be streamed to a group of customers
- 8.5 rather than being a form of baseload supply contract, should a buy/sell be structured so as to provide utility transportation for the customer's gas
- 8.6 how would gas ordering, peaking and balancing be handled under this alternative form of buy/sell and what costs would be involved
- 8.7 in this case, should the customer's net payment to the utility be determined by starting with the burner-tip price and deducting allocated gas supply costs

9. Role of LDC's with buy/sells

- 9.1 what is the role of an LDC as supplier of last resort to buy/sell consumers
- 9.2 should a fee be charged for such service
- 9.3 what constitutes a level playing field between an LDC and brokers for sales to the core and how can fair competition be ensured