



**LETTER NO. L-59-03**

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

ROBERT J. PELLATT  
COMMISSION SECRETARY  
Commission.Secretary@bcuc.com  
web site: <http://www.bcuc.com>

Log No. 82, 4565

**VIA FACSIMILE  
VIA E-MAIL**

November 27, 2003

To: Interested Parties

Re: Terasen Gas Commodity Unbundling Application  
Rules for Gas Marketers

As outlined in Commission Letter No. L-54-03, a workshop was held on November 20, 2003 with all interested parties to discuss the "Terasen Gas Commodity Unbundling Application" dated October 27, 2003 and the Commission-prepared draft "Rules for Gas Marketers." The discussion of the Application identified several issues in the areas of tariff changes, Code of Conduct for Marketers and the Customer Education Program, and Terasen Gas will respond to these concerns. The Commission has also revised the draft Rules for Gas Marketers (attached) and comments are invited on this document as well.

At the request of Terasen Gas, the Commission hereby revises Letter No. L-54-03 to allow Terasen Gas an opportunity to address and remedy specific stakeholder concerns. The schedule is as follows:

December 4, 2003	Terasen Gas to provide written comments on matters identified in the workshop and to include revisions to the Application.
December 4, 2003	Interested parties are to provide written comments on the draft Rules for Gas Marketers.
December 11, 2003	Interested Parties are to provide written comments on the revised Application from Terasen Gas.
December 15, 2003	Terasen Gas to respond to comments from Interested Parties.

If further information is required, please contact Bob Brownell at 604-660-4711.

Yours truly,

*Original signed by:*

Robert J. Pellatt

RB/rt  
Attachment

# **DRAFT**

## **BRITISH COLUMBIA UTILITIES COMMISSION**

### **Rules for Gas Marketers**

---

Sections 71.1(1) and 71.1(2) of the Utilities Commission Act (the “Act”) require a person who is not a public utility and who performs a gas marketing activity for low-volume consumers to hold a gas marketer license issued by the Commission. The following Rules for Gas Marketers (“Rules”) have been developed pursuant to Section 71.1(10) to assist the administration of Gas Marketer licencing.

#### **1.0 Low-Volume Consumer**

A “low-volume consumer” means a person who, for the applicable period, either:

- a) has, or is expected to have, a normalized annual consumption at one premise of less than 2,000 gigajoules of gas per year; or
- b) has chosen the unbundled commodity supply option, whatever the person’s annual consumption of gas.

#### **2.0 Application for a Gas Marketer Licence**

Application for a Gas Marketer Licence must be made using the form that is attached as Form A, and must be submitted, together with a cheque in the amount of \$1,000 made payable to the Ministry of Finance, and submitted to the Commission for recording purposes, at least 60 days prior to the date that the licence is required. The term of a Gas Marketer Licence will be specified in the licence and will be for a November through October gas contract year or such shorter or longer period as the Commission may determine. Applications for licence renewals will follow the procedures for a new licence.

#### **3.0 Standard Form of Gas Supply Contract**

The standard form of gas supply contract between the Gas Marketer and the public utility is subject to Commission approval. Section 71 of the Act requires that the gas supply contract between a Gas Marketer and a public utility be filed with the Commission. Gas Marketers must incorporate, in their contracts with gas suppliers, appropriate clauses to ensure adequate security of supply.

#### **4.0 Agency Agreements**

Gas Marketers must use a form of agency agreement that has been approved by the Commission to set out the arrangements between end-use consumers, a Gas Marketer and a public utility. Gas Marketers must include in their contract documents with consumers the requirements related to agency, term and disclosure of information that are set out in the Rules for Gas Marketers, the Code of Conduct and the tariff schedules for unbundled commodity service. The Agency Agreement must clearly identify that the commodity purchasing consumer accepts both the benefits and the risks of direct purchase arrangements.

#### **5.0 Standard Information Booklet**

Each gas distribution utility must, in co-operation with Gas Marketers, develop a standard information booklet for its service area which outlines the procedures for commodity purchase and discloses potential benefits and costs. A Gas Marketer must distribute a standard information booklet prepared by the public utility to all prospective clients and include a reference to the booklet in their agency agreement.

#### **6.0 Limitation on Direct Sales**

Except for conventional utility gas sales under its approved tariff, a public utility must not sell natural gas other than through a non-regulated subsidiary which is subject to these rules. A public utility is required to demonstrate to the satisfaction of the Commission a complete operational separation from any such subsidiary.

## **7.0 Code of Conduct**

All Gas Marketers must comply with these Rules and the Code of Conduct for Gas Marketers that is approved by the Commission. Gas Marketers in violation of these Rules or the Code of Conduct may be subject to penalties or licence suspension or cancellation.

## **8.0 Performance Security**

In order to receive a Gas Marketer Licence a gas marketer must provide proof of performance security in the amount of \$250,000 (or such other amount as the Commission may determine) and file with the Commission proof of that security. The performance security must be payable to the Minister of Finance in the form of a bond, letter of credit or other security acceptable to the Commission and submitted to the Commission for recording purposes and must permit the Minister of Finance to draw upon the security in whole or in part at the discretion of the Commission in the event of a Commission finding pursuant to Section 71.1 of the Act.

## **9.0 Enforcement of Rules and Code of Conduct and Licence Conditions**

If the Commission finds, after notice and opportunity for the Gas Marketer to be heard in an oral or written hearing that a Gas Marketer has failed to comply with the Rules, Code of Conduct or conditions in its Gas Marketer Licence, and in addition to any other remedies or actions that may be applied, the Commission may:

- 9.1 Revoke or suspend the Gas Marketer's licence.
- 9.2 Place limitations on the Gas Marketer's licence until the deficiencies are resolved.
- 9.3 Apply penalties determined by the Commission not to exceed \$10,000 for each day during which the violation continues which penalties are pursuant to Section 106 (4) and (5) of the Act.
- 9.4 The Commission may order that a portion or all of the performance security (referred to in Rule 8.0) be paid out to consumers, public utilities or other persons that the Commission considers to have been harmed by an act or omission of the Gas Marketer including a breach of these Rules or the Code of Conduct or conditions of the Gas Marketer's Licence.

## **10.0 Failure by a Gas Marketer to comply with its gas delivery obligations as outlined in the gas supply agreement between the Gas Marketers and the public utility, may result in the revocation of the Gas Marketer's Licence.**

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. V6Z 2N3 CANADA  
web site: <http://www.bcuc.com>



TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

**Application for a  
Licence to Market Natural Gas**

**Application Instructions**

**Licence Requirements**

To apply to obtain or renew a licence as a Natural Gas Marketer, you must submit the following:

1. A completed Application for a Licence to Market Natural Gas (Form A);
2. A \$1000 Application Fee;
3. Proof that you have security in the amount of \$250,000. You may provide such proof by way of a bond, letter of credit or security for \$250,000 acceptable to the Commission;
4. A copy of your Annual Report filed with the Registrar of Companies in B.C. or a copy of the last Registration Certificate filed in B.C.;
5. Financial Statements. A copy of your latest audited financial statement. If statement is unaudited, please state. Applicants may request that the Commission hold these financial statements confidential;
6. Confirmation that the applicant's working capital position at the time of the most recent financial statement exceeded \$50,000 and that the current ratio of current assets to current liabilities exceeds 1.10;
7. Copies of all licences to carry on business in B.C.;
8. The training plan/procedures and the manuals that are being and will be used by the Gas Marketers and its employees to promote natural gas sales; and
9. Such other information that the Commission may require.

**Instructions**

Type or print clearly all information in black ink. Please send the completed form to:

British Columbia Utilities Commission  
Sixth Floor, 900 Howe St. , Box 250  
Vancouver, BC., V6Z 2N3

SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. V6Z 2N3 CANADA  
Web site: <http://www.bcuc.com>



TELEPHONE: (604) 660-4700  
BC TOLL FREE: 1-800-663-1385  
FACSIMILE: (604) 660-1102

**DRAFT**

**Application for a  
Licence to Market Natural Gas**

---

**A. General Information**

<b>1. Name of Business (Name to appear on Licence)</b>			
<b>2. If there has been a change of name, show all previous names</b>			
<b>3. Primary Contact for this Application (British Columbia Contact)</b>			
Mr. <input type="checkbox"/>	Last Name:	Full First name:	Initial:
Mrs. <input type="checkbox"/>			
Ms. <input type="checkbox"/>	Position Held:		
Other <input type="checkbox"/>			
Contact Address			
City	Postal		
Phone Number	Fax Number	E-mail Address	

<b>4. Type and period of Licence Applied for</b>	
Initial Licence to Market Natural Gas	<input type="checkbox"/>
Renewal Licence to Market Natural Gas	<input type="checkbox"/>
Requested Licence Term	_____
<b>5. Business Classification</b>	
Sole Proprietor	<input type="checkbox"/>
Partnership	<input type="checkbox"/>
Corporation	<input type="checkbox"/>
Other (describe): _____	<input type="checkbox"/>

## B. Information about the Applicant Organization

<b>1. Applicant Organization (Corporation, Partnership, Sole Proprietorship, Other)</b>			
Full Legal Name of Organization		Date of Formation	
Business Address			
City	Prov.	Country	Postal/ZIP
Phone Number	Fax Number		E-mail Address

<b>2. Licensing History</b>			
Has your organization or an affiliate of your organization ever been granted a licence to market gas in British Columbia?		Yes <input type="checkbox"/>	No <input type="checkbox"/>
Please provide a summary with reasons and results of any investigation for any situations where gas has not flowed as required in a Gas Marketer's Gas Supply Contracts to customers.			
Please provide references from local distribution companies who are familiar with the activities of the Gas Marketer.			
If your response is yes to the above, please provide the following information:			
Licence Type		Licence No.	
If your organization has ever marketed or sold electricity or natural gas in any other jurisdiction? If so, please provide the following information:			
Organization	Jurisdiction	Licence Type	Licence/Registration No.

**3. Please provide the requested details of all legal proceedings as attachments to this Application.**

	Yes	No
Has this organization ever made a proposal to its creditors under the Bankruptcy and Insolvency Act, been declared bankrupt or is it presently party to bankruptcy or receivership proceedings?	<input type="checkbox"/>	<input type="checkbox"/>
1. Where this organization is an undischarged bankrupt, provide a copy of the Assignment in Bankruptcy and a list of creditors 2. Where this organization is a discharged bankrupt, provide full proof of discharge 3. Where this organization has submitted a proposal to creditors or is in receivership provide a copy of the proposal or receivership order together with a list of creditors.		
Are there any unpaid judgments against this organization? If yes, provide a copy of each judgment. State amount outstanding and repayment arrangements.	<input type="checkbox"/>	<input type="checkbox"/>
Has this organization ever been found guilty or convicted or an offence under any law, Regulation or Act or are any charges now pending? This includes where a conditional discharge or an absolute discharge has been ordered. If yes, provide particulars in a separate, signed and dated statement.	<input type="checkbox"/>	<input type="checkbox"/>
Has this organization ever had a licence or registration of any kind refused, suspended, revoked or cancelled? If yes, attach particulars	<input type="checkbox"/>	<input type="checkbox"/>
Has this organization ever been subject of a regulatory investigation or proceeding? If yes, attach particulars.	<input type="checkbox"/>	<input type="checkbox"/>
Has this organization ever been reprimanded, fined or otherwise disciplined by a regulatory/licensing body? If yes, attach particulars.	<input type="checkbox"/>	<input type="checkbox"/>
How many customer complaints about your organization's gas marketing activities were received in the last 12 months? _____		

### C. Information About Each Key Individual

Attach a copy of this sheet for each Sole Proprietor, Partner, Officer and Director

<b>1. Personal Information</b>			
Mr. <input type="checkbox"/>	Last Name:	Full First name:	Initial:
Mrs. <input type="checkbox"/>			
Ms. <input type="checkbox"/>	Position Held:		
Other <input type="checkbox"/>			
Contact Address			
City	Prov.	Country	Postal/ZIP
Phone Number	Fax Number	Birthdate mm/dd/yy	
		<div style="display: flex; justify-content: space-between;"> <div></div> <div></div> <div></div> <div></div> <div></div> <div></div> </div>	

### 2. Personal Experience in Energy Industry

	Yes	No
Has this person been a proprietor, partner, officer, director of an organization that was granted a licence to market natural gas in British Columbia? If yes, provide licence number.	<input type="checkbox"/>	<input type="checkbox"/>
Has this person been a proprietor, partner, officer, or director of an organization that marketed or sold electricity or natural gas other than for a regulated distribution utility in any other jurisdiction? If yes, please provide company name, jurisdiction, or location and licence or registration type, identifier and date issued.	<input type="checkbox"/>	<input type="checkbox"/>
Has this person been a proprietor, partner, officer, or director of an organization that had a registration or licence of any kind refused, suspended, revoked or cancelled? If yes, provide particulars.	<input type="checkbox"/>	<input type="checkbox"/>

### 3. Legal Proceedings

Is this person now or has this person been involved in personal bankruptcy proceedings. If yes, attach Assignment or Discharge papers.	<input type="checkbox"/>	<input type="checkbox"/>
Is this person now or has this person been an officer, director, or majority shareholder of a corporation which has been declared bankrupt has made a proposal to its creditors under the Bankruptcy and Insolvency Act, or is in receivership, or is presently party to bankruptcy proceedings? 1. Where this person is an undischarged bankrupt, provide a copy of the Assignment in Bankruptcy and a list of creditors 2. Where this person is a discharged bankrupt, provide full proof of discharge 3. For corporate bankruptcies, proposals or receiverships provide related documents.	<input type="checkbox"/>	<input type="checkbox"/>
Are there any unpaid judgments against this person? If yes, submit a copy of each judgment. State amount outstanding and repayment arrangements.	<input type="checkbox"/>	<input type="checkbox"/>
Has this person ever been fined, reprimanded, disciplined or otherwise subject to penalties or been investigated by a regulatory body or government agency arising out activities relating to the marketing of gas or electricity? If yes, attach full particulars on a separate, signed and dated statement.	<input type="checkbox"/>	<input type="checkbox"/>
Has this person ever been found guilty or convicted of an offense under any law or are any charges now pending? This includes where a conditional discharge or an absolute discharge has been ordered. If yes, attach full particulars on a separate, signed and dated statement.	<input type="checkbox"/>	<input type="checkbox"/>



### **D. Confirmation and Understanding**

As evidenced by signing this Application, you understand that the Commission may deny or suspend or revoke a licence, or fine or otherwise discipline a licence holder, for reasons it considers sufficient, and that the following may constitute sufficient cause:

1. Misrepresentations in this Application.
2. Failure to carry out undertakings set out in this Application.
3. Failure to comply with the Code of Conduct any legislation or rules governing marketers of natural gas and/or conditions in the Gas Marketer Licence.
4. Failure to maintain a satisfactory performance bond.
5. Past performance in B.C. or other jurisdictions in respect to Items 1 to 4 above.

By signing this Application, and to verify the information provided on this form, you authorize the Commission to collect additional information from some or all of the following sources: federal, provincial/state and municipal governments; licensing bodies; law enforcement agencies; sheriffs' offices; credit bureaus; professional and industry associations; and former and current employers. Only information relevant to your application will be collected. In order to determine whether your organization can reasonably be expected to be financially responsible in the conduct of business, a credit review (in accordance with standard business practices) may be undertaken by the Commission. **Only information relevant to your application will be collected.**

**The Applicant certifies that the foregoing information and materials accompanying this Application are correct.**

Note: The proprietor or at least one partner, officer or director of the organization must sign this Application. In addition, each individual who has provided information in Section "C" must sign this Application.

Print Name and Title	Signature of Applicant	Date Signed