



August 7, 2025

Sent via email

Letter L-21-25

Mr. Verlon Otto
Director, Regulatory Affairs
Pacific Northern Gas Ltd.
750 - 888 Dunsmuir Street
Vancouver, BC V6C 3K4

Re: Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd. – 2025/2026 Annual Gas Contracting Plan

Dear Mr. Otto:

On July 9, 2025, Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) Ltd. (altogether, PNG) filed, on a confidential basis, its Annual Gas Contracting Plan (ACP) for the period of November 2025 to October 2026 (2025/2026 ACP). The 2025/2026 ACP outlines plans to meet the natural gas requirements for all of PNG's service areas, including PNG-West, Granisle, Fort St. John/Dawson Creek, and Tumbler Ridge. PNG also provided a non-confidential executive summary of the 2025/2026 ACP.

The British Columbia Utilities Commission (BCUC) reviewed the filing and accepts PNG's 2025/2026 ACP.

In PNG's next ACP for the period November 2026 to October 2027 (2026/2027 ACP), the BCUC requests PNG to include:

- Further updates on transportation service developments and the impact of such developments on PNG's supply procurement plans, including a review of alternative options if necessary;
- A detailed evaluation and update of the supply portfolio and purchasing strategy for the Granisle propane service area; and
- An analysis of the performance of PNG's storage contract and related transportation and gas purchase arrangements to date, together with an updated evaluation of the projected value of the storage contract for the remaining term of the storage contract.

The BCUC will hold the 2025/2026 ACP and associated documents confidential, unless the BCUC determines otherwise. A copy of the non-confidential executive summary of the 2025/2026 ACP is attached to this letter and is available to the public.

PNG is encouraged to meet with BCUC staff prior to submitting the 2026/2027 ACP to ensure the filing adequately addresses BCUC requests and directives.

Sincerely,

Electronically signed by Sara Hardgrave

Sara Hardgrave
Acting Commission Secretary

DC/jm
Attachment

EXECUTIVE SUMMARY

General

Pacific Northern Gas Ltd. (PNG) hereby submits and seeks acceptance from the British Columbia Utilities Commission (BCUC) of its Annual Gas Contracting Plan (ACP 2025) that covers the period from November 2025 to October 2026 (2025/2026 Gas Year). ACP 2025 encompasses PNG's plan to meet the natural gas requirements for all of PNG's service areas, including PNG-West (west of Summit Lake) and Pacific Northern Gas (N.E.) Ltd. (PNG(NE)), which includes the Fort St. John and Dawson Creek (FSJ/DC) and Tumbler Ridge (TR) service areas.

The objectives of ACP 2025 are as follows:

- 1) To provide cost-effective gas supply resources that ensure secure and reliable gas deliveries to customers;
- 2) To provide a balanced mix of price diversity and cost effectiveness in the portfolio; and
- 3) To diversify PNG's supply portfolio and transportation capacity contracts to incorporate varying terms and staggered expirations to allow for contracting flexibility.

These objectives are consistent with those of PNG's prior annual gas contracting plan (ACP 2024, covering the period November 2024 to October 2025) that was accepted by the BCUC under Letter L-23-24. Previous annual gas contracting plans have been successful in meeting these objectives and PNG submits that ACP 2025 will enable PNG to continue to meet these objectives in the best interests of customers for the 2025/2026 Gas Year.

Demand Forecast – Peak Day Demand

The forecast aggregate peak day demand for the PNG-West and PNG(NE) FSJ/DC systems for the 2025/2026 Gas Year is 65,284 GJs, which is a decrease of 4,772 GJs over the peak day forecast from the 2024/2025 Gas Year of 70,056 GJs. The decrease in the peak day forecast is driven primarily by the decreased demand from large commercial customers in PNG-West, as well as by the decreased use per account for residential and small commercial customers in the PNG(NE) FSJ/DC systems. PNG(NE) TR peak day demand for the 2025/2026 Gas Year is forecast at 2,942 GJs, a decrease of 133 GJs from the prior year forecast of 3,075 GJs.

Gas Supply Resource Portfolio

PNG will meet its gas demand requirements using a balanced approach taking into consideration cost effectiveness, security, diversity, and reliability of gas supply. To achieve this, PNG will continue to contract for natural gas supply from different counterparties and contract for both daily and monthly priced supply. PNG may also look to secure longer-term supply contracts of two to three years if doing so meets the objectives set out above.

Gas Storage

Storage provides PNG with some cost certainty heading into the winter season and acts as insurance against winter weather events. PNG has included natural gas storage in its gas supply portfolio since 2004, when it entered into a synthetic gas storage agreement with FortisBC Energy Inc. from 2004 to March 2012. After deciding not to contract for storage for the 2012/13 winter period, PNG has included storage services in its gas supply portfolio since 2013.

Storage has remained a cost-effective resource for PNG and continues to support the objectives of PNG's ACPs. PNG notes that utilities across North America continue to rely heavily on storage for the many benefits it provides.

On March 18, 2021, PNG submitted a storage agreement with Tenaska Marketing Canada (Tenaska) for acceptance by the BCUC. The BCUC accepted that submission under Order E-11-21 and PNG subsequently contracted for a four-year storage service that expires March 31, 2026. PNG plans to continue mitigating the risk of exposure to the winter cash markets by extending its storage services and plans to submit a new storage agreement for acceptance by the BCUC prior to the expiration of the existing storage agreement.

Transportation Service

PNG is required to contract for firm transportation service on the Enbridge Inc. (Enbridge) Westcoast Energy Inc. (Westcoast) pipeline system to move its gas supply to its load centres. Currently, PNG has contracted for T-South capacity which is sufficient to meet the peak day load requirements on the PNG-West system.

PNG also makes use of a locational swap to receive its Station #2 supply at the McMahon Plant outlet. PNG has T-North Short Haul transportation service agreements in place to deliver

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this gas to the FSJ/DC service area, saving PNG the cost of contracting for T-North Long Haul capacity along with the associated fuel. Under a peak day scenario, the maximum amount of 23,650 GJ/day would be re-delivered to the FSJ/DC service area.

Lastly, PNG will continue to seek discounted third-party capacity for the necessary T-North Long Haul capacity to facilitate injections and withdrawals from storage at Aitken Creek. This capacity has proven to be reliable and cost effective in the past and PNG believes this will continue in the future.