



LETTER NO. L-36-01

ROBERT J. PELLATT
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VIA FACSIMILE

October 23, 2001

Mr. David M. Masuhara
Vice President
Legal, Regulatory & Logistics
BC Gas Utility Ltd.
24th Floor, 1111 West Georgia Street
Vancouver, B.C. V6E 4M4

Dear Mr. Masuhara:

Re: Unbundling of Residential and Commercial Sales
ABC-T Service ("Agency, Billing and Collection – Transportation Service")

Interested parties who attended the BC Gas Commodity Choice Stakeholder Information Meeting have now responded to the Commission's letter dated September 21, 2001. These letters have been sent out to those who attended the September 20, 2001 meeting and are available to others upon request. BC Gas provided its overall position with respect to the next phase in the development of ABC-T service in its letter of October 9, 2001. It recommended that the implementation date be deferred to November 2003.

There was agreement for the deferment from both the British Columbia Public Interest Advocacy Centre ("BCPIAC") and R.T. O'Callaghan & Associates ("RTOA"). BCPIAC agreed that there was no compelling reason for the program to proceed at this time and recommended deferment by a year. RTOA agreed and considered that the Commission's ability to licence marketers is fundamental to the implementation date.

Support for the current schedule was received from three attendees. The marketers in attendance, Direct Energy Marketing Ltd., Enron Energy Services Canada Corp. and Enbridge Business Services Inc., indicated concerns about the business model but thought that these issues could be resolved to maintain the original schedule. Hollyburn International supported the business model and the original November 2002 schedule.

The Ministry of Energy and Mines considered that support for the business model was low and questioned whether there was sufficient market research to justify the project. In the Ministry's view, the program should not proceed unless there is significant consumer interest.

After considering the various viewpoints, the Commission agrees with the revised implementation date of November 2003. The Commission considers that the present project should not proceed any further until

such time as the necessary licensing and enforcement mechanisms are in place. The Ministry of Energy and Mines is currently undertaking a review of energy policy. Once this initiative has been concluded, the Commission's request for legislative change through amendments to the *Utilities Commission Act* ("the Act") to permit the licensing of marketers will be assessed.

However, at this time there is no schedule as to when the proposed amendments to the Act may be approved. Therefore, a reassessment of the ABC-T service timetable will be made in the second quarter of 2002 when the legislative agenda is more certain. This would accommodate review and approval of the ABC-T service program, with work on Phase 1 commencing by mid summer. The Commission will continue to support passage of the legislative amendments but otherwise considers that work on the unbundling project should be placed in abeyance until the second quarter of 2002.

Yours truly,

Original signed by:

Robert J. Pellatt

RNB/cms

Attachments

cc: ABC-T Participants (w/attachments)
ABC-T Interested Parties (w/o attachments)
(BCG99ABC-T Lists A & B)

BC Gas Utility Ltd.
Unbundling of Residential and Small Commercial Sales

ABC-T Meeting Participants
(with letters attached)

Attendees

Facsimile

L. Oliver, Embridge Business Services	604, 523-3092
P. Sander, Hollyburn Properties	604, 926-9717
F. Tiberi, Enron Canada Corp	403, 663-2899
C. Donohue, Pacific Northern Gas Ltd.	604, 691-5863
J. Broderick, Pacific Northern Gas Ltd.	604, 691-5863
J. McKay, School District 43	604, 939-6400
S. Bates, Ministry of Energy and Mines	250, 952-0271
C. Fussell, B.C. Hydro and Power Authority	604, 623-3743
J. Bachman, B.C. Hydro and Power Authority	604, 528-2518
A. Chung, B.C. Hydro and Power Authority	604, 623-3743
M. McCordic, Avista Energy Canada, Ltd.	604, 682-6447
J. Langley, IGI Resources Inc.	604, 982-0206
R. Gathercole, BC Public Interest Advocacy Centre	604, 682-7896
K. Kwok, City of Vancouver	604, 873-7064
R. O'Callaghan, RT O'Callaghan & Associates Inc.	604, 683-8799
B. Soutiere, Direct Energy Marketing Limited	403, 266-6684
T. Loski, BC Gas Utility Ltd.	604, 443-6696