



**ORDER NUMBER
G-372-22**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Transportation Service Report

BEFORE:

A. K. Fung, KC, Panel Chair
M. Kresivo, KC, Commissioner
T. A. Loski, Commissioner

on December 16, 2022

ORDER

WHEREAS:

- A. On June 15, 2022, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) its Transportation Service Report (Report) pursuant to BCUC Decisions and Orders G-135-18 and G-210-20;
- B. In the Report FEI reviews, among other things, 29 specific requests made by shipper agents during stakeholder engagement sessions for changes to FEI's Transportation Service model; however, FEI concludes that the Transportation Service balancing rules are generally working as intended and proposes to make only two of those requested changes;
- C. By Decision and Order G-135-18 dated July 20, 2018 (2018 Decision), the BCUC issued its final decision on the 2016 FEI Rate Design Application and, among other things, approved adjustments to FEI's Transportation Service model including daily balancing for all transportation customers, reduced daily balancing tolerance thresholds and the introduction of a balancing charge of \$0.25 per gigajoule for transportation customers for gas supply shortfalls within a 10 to 20 percent tolerance level;
- D. In the 2018 Decision, the BCUC stated that FEI's next Rate Design application should be filed with the BCUC depending on the results of its next Cost of Service Allocation study, which was directed to be filed within five years of the release of the final decision on the 2016 FEI Rate Design Application;
- E. In the 2018 Decision, the BCUC also stated that the effectiveness of the approved balancing changes, any adverse impacts and any need for further changes should be reviewed by the BCUC once there had been sufficient experience with the new balancing rules. The BCUC directed FEI to file the Report, which was to include discussion of the following:

- Impact of new balancing rules on the use of core resources including both changes to variable costs of balancing the system to accommodate transportation service and changes to fixed costs arising from a need to contract midstream resources differently;
 - Effectiveness of imbalance return as a tool for Shippers/Shipper Agents to manage excess inventory including discussion of any modifications made to the allocation methodology in response to changes in demand for imbalance return after the balancing rule changes are implemented;
 - Whether there should be further tightening of tolerances for under-supply;
 - Whether it is necessary to implement tolerances and associated charges for over-supply; and
 - Whether the balancing charges appropriately recover the costs of providing balancing to transportation service customers and provide sufficient incentive to transportation service customers to balance their supply and demand;
- F. By Order G-210-20 dated August 10, 2020, in response to a 2019 complaint filed by Cascadia Energy Ltd., Direct Energy Marketing Limited (Direct Energy) and Access Gas Services Inc. regarding FEI's administration of Rate Schedules 22, 23, 25 and 27 related to transportation customer service (Complaint), the BCUC directed FEI to engage in stakeholder review with all shipper agents and to include results of that review in the Report to be filed. FEI was directed to include the following topics in the stakeholder review and Report:
- a) Nature, timing and adequacy of information provided to shipper agents to manage gas supply resources;
 - b) Administration of inter-customer group balancing and transparency of inter-customer group balancing rules; and
 - c) FEI's criteria for curtailment of inventory returns to shipper agents;
- G. By Order G-209-22, as amended by Orders G-262-22 and G-299-22, the BCUC established a written hearing process for review of the Report which included public notice of the Report and Order, FEI providing the Report and Order to shipper agents and transportation customers, among others, intervenor registration, one round of BCUC and intervenor information requests (IR No. 1), a letters of comment period, and written final and reply arguments;
- H. By August 18, 2022, Direct Energy and the Commercial Energy Consumers of British Columbia (CEC) registered as intervenors;
- I. By October 4, 2022, FEI filed responses to BCUC and intervenor IR No. 1;
- J. By October 6, 2022, the BCUC had not received any letters of comment;
- K. On November 30, 2022, the CEC filed its final argument in full support of the Report, submitting that FEI had adequately fulfilled the BCUC directives as set out in Orders G-135-18 and G-120-20;
- L. Direct Energy did not file any final argument; and
- M. The BCUC has reviewed the Report and submissions filed in the proceeding and determines that the Report satisfies the applicable directives as set out in Orders G-135-18 and G-210-20 and acceptance of the Report is warranted.

NOW THEREFORE pursuant to sections 58 to 61 of the *Utilities Commission Act*, the BCUC orders as follows:

1. The Transportation Service Report dated June 15, 2022, is accepted as filed.
2. FEI is directed to include, as part of its next Cost of Service Allocation Study filing and Rate Design application, analysis of the costs and revenues associated with its Transportation Service model.

DATED at the City of Vancouver, in the Province of British Columbia, this 16th day of December 2022.

BY ORDER

Original signed by:

A. K. Fung, KC
Commissioner