July 10, 2015

VIA EMAIL

Erica Hamilton
Commission Secretary
BC Utilities Commission
6th Floor 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

Re: PNGNE 2015 Resource Plan for TR & FSJDC Distribution Systems

1. Background

We are writing to provide submissions in this proceeding on behalf of the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC and the Tenant Resource and Advisory Centre, known collectively in regulatory processes as “BCOAPO et al.” The constituent groups of BCOAPO et al. represent the interests of low and fixed income energy consumers within BC and more specifically in this process, the interests of PNG (N.E.) low and fixed income residential ratepayers.

PNG (N.E.) seeks approval from the BC Utilities Commission (“Commission” or “BCUC”) that its 2015 Resource Plan, filed with the Commission on April 17, 2015\(^1\), meets the requirements of the Utilities Commission Act (“UCA”) and should be accepted as filed pursuant to section 44.1(6) of the UCA.

Overall, BCOAPO et al. supports PNG (N.E.)’s 2015 Resource Plan as meeting the requirements of section 44.1(6) of the UCA. We agree with PNG (N.E.)’s proposal to move from a 20-year to a 10-year planning horizon for resource planning purposes, for the reasons outlined in PNG (N.E.)’s response to BCUC IR1.1.2.\(^2\) We also note that PNG (N.E.) is receptive to including Demand Side Management (“DSM”) funding scenarios and average bill and rate impacts in its next Resource Plan.\(^3\) We support inclusion of this information in the 2019 Resource Plan.

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1 Exhibit B-1
2 Exhibit B-3, BCUC 1.1.2
3 Exhibit B-3, BCUC 1.9.2
As set out below, there are some issues which we believe should be addressed prior to the Resource Plan being approved.

2. Comments on specific issues raised in the Resource Plan

a. Weighting of Resource Plan objectives

As outlined in Exhibit B-1 at page 14, the Commission directed PNG (N.E.) as part of Order G-60-13 to develop benchmarks or targets for measuring each planning objective included in the Resource Plan and to specify the relative weights that will be attributed to each planning objective in order to rank the resource options (Directive 3), and to provide updates on benchmarks or targets for each planning objective (Directive 4).

While Appendix A of Exhibit B-1 shows a table of weightings for each Resource Plan objective, e.g., safe, reliable service is weighted at 30%, least cost service is weighted at 30%, etc., it is unclear why PNG states in footnote 1 that the weightings “are illustrative and will depend on the resource supply alternatives under consideration.” Further, PNG (N.E.) states in response to BCOAPO 1.2.1 that:

PNG(N.E.) submits that different weightings and measurements may be appropriate, depending on the nature of the project being evaluated. That is not to suggest that PNG(N.E.) proposes to tailor the weightings to arrive at an outcome it desires, but rather to tailor them in such a manner as to accentuate differences between the important attributes of the alternatives being evaluated. With the Resource Planning Objectives and the assignment of weightings and measures, PNG(N.E.) has established a transparent process that is highly suited to review by the Commission and Interveners alike in any associated regulatory review.4

Surely these objectives are important in themselves to a degree which is not dependent on the resources being considered. For example, the importance of safe, reliable service to customers, the Commission, and the utility should depend on which supply resource alternatives are under consideration. In our view, weightings should be assigned even in the absence of alternatives. It appears that PNG (N.E.) is setting the framework for these objectives in a way that could be tailored in the future to favour PNG’s preferred supply option.

b. Tumbler Ridge security of supply - Canadian Natural Resources Ltd. (“CNRL”)

CNRL is the sole supplier of gas to PNG (N.E.) in the Tumbler Ridge area.5

Gas costs for PNG (N.E.) ratepayers in Tumbler Ridge have increased by a “facilities charge” that CNRL imposed in 2013, and increased in 2014 to its current rate of $1.26

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4 Exhibit B-2, BCOAPO 1.2.1
5 Exhibit B-1, page 112
per gigajoule, to recover the cost of purchasing and connecting additional sources of sweet gas supplies to serve the Tumbler Ridge System. The analysis provided by PNG (N.E.) projects an increase of the facilities charge to $2.00 by 2024.\(^6\)

Further, CNRL may have less than 6 years of gas supply in reserves,\(^7\) and the costs for them to bring on new supply may be significant\(^8\).

According to PNG (N.E.)’s recently-undertaken gas reserves study, there are some gas reserves in the Tumbler Ridge area, but the economics of extracting that supply and connecting it to the PNG (N.E.) system would come at an increased cost to its ratepayers\(^9\).

CNRL was not responsive to PNG (N.E.)’s requests that CNRL conduct a gas supply study for the Tumbler Ridge area.\(^10\)

As PNG (N.E.)’s single supply source for gas is with CNRL, a supplier who sets costs for the gas and is not assisting PNG (N.E.) to conduct a gas supply study, this poses a problem from ratepayers. This problem is particularly acute as CNRL’s gas supply reserves are drying up. In the event of a failure to supply by CNRL, PNG (N.E.) appears to be completely relying on trucking compressed natural gas to Tumbler Ridge through the “virtual pipeline”.

The costs of trucking in CNG are also significant. The District of Tumbler Ridge appears to continue to be concerned a significant portion of these costs would in effect be borne by residential and business ratepayers, effectively subsidizing industrial ratepayers.\(^11\)

As the issue of gas supply to the Tumbler Ridge area may very well arise prior to PNG (N.E.)’s next Resource Plan filing, we would like PNG (N.E.) to provide an update on the Tumbler Ridge gas supply issue in early 2016, including whether PNG anticipates that the terms for the CNG trucking alternative will materialize to meet the December 31, 2016 deadline\(^12\).

c. Filing of requested DSM information in this proceeding.

Both BCOAPO \textit{et al.} and the Commission requested a brief description from PNG (N.E.) about its DSM programs, including information about annual budgets, household participation, and low-income participation.\(^13\) PNG (N.E.)’s response was that PNG would file this information by June 30, 2015, the deadline when it was to file its DSM

\(^{6}\) Exhibit B-1, page 45
\(^{7}\) Exhibit B-3, BCUC I.12.1, Exhibit B-1, page 112
\(^{8}\) Exhibit B-3, BCUC 1.12.1.1 and Exhibit B-1, pages 111-113
\(^{9}\) Exhibit B-1, pages 111-113
\(^{10}\) Exhibit B-3, BCUC 1.12.2
\(^{11}\) Exhibit C-2-2
\(^{12}\) Order C-4-14, Directive 2
\(^{13}\) Exhibit B-2, BCOAPO 1.12.1 and Exhibit B-3, BCUC 1.9.1.1
application, and that it is not relevant to the Resource Plan as the DSM programs are not expected to decrease the demand forecast.

We do not understand why the high level DSM information was not provided in response to our request, particularly since the information was readily available to PNG (N.E.) as it filed its DSM Plan with the Commission at the end of June, 2015. Despite that PNG (N.E.) is not forecasting DSM to decrease the demand forecast, section 44.1 of the UCA requires DSM information to be included with long term resource plans.

d. Frequency of the Residential End Use Survey (“REUS”) and small commercial customer surveys

PNG (N.E.) first conducted a REUS in 2013 and a small commercial survey in 2015. These surveys have had a high response rate and have been useful for resource planning purposes, but it is unclear as to whether PNG (N.E.) plans to conduct these surveys again prior to the filing the next scheduled Resource Plan in 2019. PNG (N.E.) has stated that the costs to conduct these surveys are minimal\textsuperscript{14}, and in our view it would be useful to undertake them prior to the 2019 Resource Plan filing.

e. Possibility of curtailments after AltaGas fractionation plant goes in service

Regarding the AltaGas fractionation facility which was excluded from the peak demand forecast, PNG (N.E.) mentions that curtailments may be necessary if this load comes on line, but has no idea as to the curtailment volumes which might be required. PNG (N.E.) states that they will address this issue when it becomes a problem.\textsuperscript{15} Once PNG (N.E.) has more details on when the fractionation plant might go into service, and when they have some idea of potential curtailments, it would be useful if the company could let the Commission know so that the Commission could decide whether any regulatory process is necessary.

All of which is respectfully submitted.

Yours truly,

BC Public Interest Advocacy Centre

Sarah Khan,
Barrister & Solicitor

c. Janet Kennedy, Pacific Northern Gas

\textsuperscript{14} Exhibit B-2, BCOAPO 1.5.2
\textsuperscript{15} Exhibit B-1, page 106 and Exhibit B-3, BCUC 8.1