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May 28, 2020

**Via E-Mail**

British Columbia Utilities Commission  
410-900 Howe Street  
Vancouver, BC V6Z 2N3

**Attention: Commission Secretary**

Dear Mr. Wruck:

**Re: FortisBC Energy Inc. Complaint filed by Cascadia Energy Ltd., Direct Energy Marketing Ltd and Access Gas Services Inc. – BC GMC Reply Argument**

We are counsel to the BC Gas Marketer Coalition (“**BC GMC**”) for this proceeding.

Further to FortisBC Energy Inc.’s (“**FEI**”) argument filed on 22 May 2020, BC GMC hereby files the attached reply argument and request that the Commission accept it on the record for this proceeding. Although BCUC Procedural Order G-87-20 dated 17 April 2020 did not contemplate BC GMC reply argument, it is a matter of basic procedural fairness that the applicant – or in this case the complainant BC GMC – be permitted a right of reply in argument. FEI should not be permitted to have the last word. This proceeding is based on a BC GMC complaint; not a FEI application.

BC GMC submits the reply is necessary to respond to points that FEI has raised, in some cases without evidence and for the first time, so the Commission has a complete record for decision. BC GMC’s reply argument is brief to be efficient with the use of Commission hearing resources.

BC GMC would be pleased to respond with any further information the Commission requires.

Yours truly,

**BENNETT JONES LLP**

DocuSigned by:

*David Bursey*

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David Bursey

cc. FEI

**BRITISH COLUMBIA UTILITIES COMMISSION  
IN THE MATTER OF THE UTILITIES COMMISSION ACT**

**FortisBC Energy Inc. Complaint filed by Cascadia Energy Ltd., Direct Marketing  
Energy Ltd and Access Gas Services Inc.**

**Cascadia Energy Ltd. (Cascadia), Direct Marketing Energy Limited (Direct) and  
Access Gas Services Inc. (Access)  
(collectively BC GMC)**

**REPLY ARGUMENT**

**28 May 2020**

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## 1 INTRODUCTION

1. Cascadia Energy Ltd. ("**Cascadia**"), Direct Energy Marketing Limited ("**Direct**"), and Access Gas Services Inc. ("**Access**") (collectively "**BC GMC**") file these comments in reply to FortisBC Energy Inc.'s ("**FEI**") argument on 22 May 2020.

## 2 GENERAL REPLY

2. FEI's argument is vague, and does not respond to the specific points that BC GMC has raised in its complaint. Instead, FEI argues that the Transportation Model is working as intended and everything is fine, and then attempts to disparage the BC GMC members. All of which is a diversion from the substantive issues.
3. FEI also submits that the proposed remedies sought by the BCGMC are "unnecessary and premature".<sup>1</sup>
4. BC GMC urges the Commission to look at the specific issues raised in their complaint. BC GMC has raised specific concerns and offered specific solutions to resolve those concerns. The solutions are reasonable and do not entail much effort by FEI. Those solutions will improve the Transportation Model for all Transportation Service customers, without affecting other customer classes. They are not unnecessary or premature, and are discrete adjustments that do not need to await the general 3 to 5-year review.
5. BC GMC further urges to consider the record before the Commission, including: BC GMC's complaint, FEI's response, and FEI's response to Information Requests. BC GMC has cited the aspects of this record that support the points that is has raised in its complaint and argument.
6. In the section that follows, BC GMC replies to some of FEI specific argument points. To be efficient and concise in this reply, BC GMC has not replied to every point. Accordingly, the Commission should not assume that BC GMC agrees with the FEI points that BC GMC has not replied to in this submission.

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<sup>1</sup> FEI Argument, paragraph 16.

### 3 SPECIFIC REPLY COMMENTS

7. FEI attempts to dismiss the BC GMC by noting that the BC GMC members are only 3 of the 12 gas marketers. This observation avoids dealing with the merits of the BC GMC complaint. It also fails to recognize the substantial Transportation Service interests represented by the BC GMC.
  - a. BC GMC represents about 30% of the total T-Service demand and 48% of the 2,400 T-Service customers.<sup>2</sup>
  - b. The fact that no other marketers filed a similar complaint does not respond to the merits of the BC GMC complaint. Nor does it mean the other markets do not have similar or other concerns. Silence is not acquiescence.
8. FEI argues that "... BC GMC's complaint is predicated on the increased costs three particular Shipper Agents incurred as a result of the challenging energy market circumstances during winter 2018/2019 brought about because of the Enbridge Rupture."<sup>3</sup> FEI's assertion is not true, and not based on any evidence on the record before the Commission. FEI is disparaging the BC GMC members in an attempt to divert attention from the substantive issues that BC GMC has raised.
9. FEI goes further and asserts that "the issues and remedies sought result from the contracting strategies and business practices of three Shipper Agents. In particular, their contracting strategies and business practices, for example, to rely on the Sumas market supply to meet their customers' demands".<sup>4</sup> None of this is on the record. Again, FEI is freelancing with the facts to distract from the real issues raised by this complaint.
10. FEI submits that "a review of the Transportation Model at this time will be too heavily influenced by data from the Enbridge Rupture (a severe single external event)".<sup>5</sup> The changes proposed by BC GMC relate to: 1) more accurate and timely information, 2) inter-customer group balancing, 3) transparency and clarity around FEI curtailment and

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<sup>2</sup> Exhibit C1-1, FortisBC Response to BC GMC Complaint, page 1.

<sup>3</sup> FEI Argument, paragraph 7.

<sup>4</sup> FEI Argument, paragraph 16.

<sup>5</sup> FEI Argument, paragraph 24.

return of gas, and 4) FEI conduct in its gas marketing activities. In brief, none of the BC GMC solutions are premature or would be distorted by the “Enbridge Rupture” data.

11. FEI says the BC GMC proposed changes and process are contrary to the “established regulatory practice”.<sup>6</sup> Not true. The Commission’s regulatory practice pursuant to the *Utilities Commission Act* allows for flexibility in how and when regulatory changes are implemented. The Commission has considerable discretion, and will balance the interests and fairness of those affected as the circumstances require.
12. Further, FEI lists a series of adjustments to the Transportation Model that it implemented during the Enbridge Rupture.<sup>7</sup> If these adjustments were not contrary to the “established regulatory practice”, then neither are the solutions proposed by BC GMC. FEI cannot have it both ways.
13. FEI says the BCUC has not had the benefit of other customer input.<sup>8</sup> This complaint was public, and other interested customer groups were able to participate. The solutions that BG GMC has proposed only affect the Transportation Service customers, and they would improve the Transportation Model. There is no adverse impact to other customers.
14. FEI asserts that “There is no basis to the BCGMC’s statement that FEI has market power, rather, FEI is an energy market participant like all other Shipper Agents and is subject to the same market conditions.”<sup>9</sup> FEI’s assertion defies the obvious, and illustrates a profound issue. FEI has a massive market presence that has been established for years, based on a regulated utility status that grants FEI extraordinary access to customers and the right to supply gas. For much of its gas supply business, FEI is a regulated monopoly.
15. FEI argues that it “does not participate in the Customer Choice Program, and as such [*sic*], the Gas Marketer Code of Conduct does not apply to FEI nor to Shipper Agents who participate in the Transportation Model only.” Again, this statement illustrates a

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<sup>6</sup> FEI Argument, paragraph 25.

<sup>7</sup> FEI Argument, paragraph 33.

<sup>8</sup> FEI Argument, paragraph 26.

<sup>9</sup> FEI Argument, paragraph 34.

fundamental problem. FEI does compete for Gas Marketer customers with bundled service offerings, and it has access to customer and customer information that the gas marketers do not.

All of which is respectfully submitted on behalf of the BC GMC by its counsel.

David Bursey  
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