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Ms. Diane Roy
Vice President, Regulatory Affairs
FortisBC Inc.
1670 Fraser Highway
Surrey, BC V4N 0E8

Via email to: gas.regulatory.affairs@fortisbc.com

Dear Ms. Roy

Re: FortisBC Rate Design Application 2016, Order G-6-17**Absolute Energy Information Request No. 1**

Further to the above noted application, please see below Absolute Energy Information Request No. 1 in accordance with the Regulatory Timetable on this matter.

The following questions reference FortisBC (FEI) Transportation Service Review, Exhibit B-1, and are focused on FEI proposing to move marketer shipper groups from monthly balanced to daily balanced, and proposing to reduce the daily balancing tolerance from 20% to 10%.

1. Tightening the balancing tolerances for shippers from 20% to 10% could create a significant burden on shippers (and their customers), especially those who manage volatile industrial customer loads that do not trend with weather conditions, and are therefore at times, highly unpredictable. To stay inside a tighter balancing tolerance, shippers will need to rely on accurate and timely customer gas usage data. The majority of customer usage data provided by FEI to Shippers is communicated through FEI's Web Information and Nomination System (WINS). The WINS usage data is currently available to Shippers with a 48 hour time lag. In other words, Shippers do not accurately know their customers' gas consumption until two days after the close of the Gas Day trade window. There is currently a limited ability for Shippers to source same day additional gas supplies in the region, and there is no ability for Shippers to source prior day (also referred to as "y-day") gas supply as there is in some other jurisdictions. Can FEI propose any solutions for Shippers to source gas supplies on a timely basis in order to balance

their customer groups in line with tighter tolerances, given the timeliness of the usage data currently available?

2. Amending the balancing tolerance from 20% to 10% before balancing charges apply (\$0.25/GJ as proposed by FEI) will likely cause Shippers to over-supply and thereby accumulate inventory levels that may often exceed FEI's generally accepted limit of 2-3 days of customer usage. Reducing the balancing tolerance from 20% to 10% may make it difficult for Shippers to reduce any excess inventory by drawing down (or "drafting") inventory in a timely manner without incurring balancing charges. Has FEI considered providing allowances for Shippers to exceed the 10% balancing limitation without incurring balancing charges from time to time, in order to reduce inventory levels down to acceptable targets?
3. FEI is proposing to eliminate the monthly balanced provisions for the transportation model. Can FEI quantify the expected annual variance in transportation service imbalances and costs for daily balanced versus the current monthly balanced provisions?
4. Would FEI consider a phased amendment of the balancing provisions for transportation shipper groups; first, assessing the impact of eliminating monthly balanced provisions before considering tightening shipper imbalance tolerances?
5. Will FEI consider the option of a general postage stamp balancing fee for all transportation customers versus amending the balancing tolerances and assessing balancing charges for shippers/customers outside of tolerance?

Sincerely,



Peter Kresnyak
Director, Business Development
Absolute Energy Inc.

cc: Registered Interveners