



bcuc
British Columbia
Utilities Commission

Patrick Wruck
Commission Secretary

Commission.Secretary@bcuc.com
bcuc.com

Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3
P: 604.660.4700
TF: 1.800.663.1385
F: 604.660.1102

May 15, 2019

CREATIVE ENERGY FUEL COST ADJUSTMENT CHARGE RATE RIDER	EXHIBIT A-6
-------------------------------------------------------------------	--------------------

Sent via email/efile

Mr. Rob Gorter
Director, Regulatory Affairs and Customer Relations
Creative Energy Vancouver Platforms Inc.
Suite 1 – 720 Beatty Street
Vancouver, BC V6B 2M1
info@creative.energy, Rob@creative.energy

**Re: Creative Energy Vancouver Platforms Inc. - Fuel Cost Adjustment Charge Rate Rider Application –
Information Request No. 2**

Dear Mr. Gorter:

Further to your February 28, 2018 filing of the above noted application, enclosed please find BCUC Information Request No. 2. Please file your responses electronically by Friday, May 31, 2019.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

/yl

Attachment



Creative Energy Vancouver Platforms Inc.
Application for Fuel Cost Adjustment Charge Rate Rider

INFORMATION REQUEST NO. 2 TO CREATIVE ENERGY VANCOUVER PLATFORMS INC.

A. FUEL COST ADJUSTMENT CHARGE AND FUEL COST STABILIZATION ACCOUNT

**6.0 Reference: FUEL COST ADJUSTMENT CHARGE (FCAC) RATE RIDER
Exhibit B-2, BCUC IR 1.3.1, pp. 7-8**

In response to BCUC Information Request (IR) 1.3.1, Creative Energy Vancouver Platforms Inc. (CEV) provided an updated Rate Rider calculation and alternative.

6.1 Please confirm that CEV is now requesting approval for the updated Rate Rider of \$5.49/M#.

**7.0 Reference: GAS CONTRACTING STRATEGY
Exhibit B-2, BCUC IR 1.4.3, p. 16; Exhibit B-3, BCOAPO IR 1.2.1, p. 2**

In response to BCOAPO IR 1.2.1, CEV submits:

As Creative Energy's gas marketer, Cascadia makes daily nominations for gas delivery at the Sumas trading hub on a day ahead basis, excepting Fridays where nominations are made for the adjacent Saturday through Monday, inclusive. Pricing is based on the applicable daily index at Sumas and reconciled at the close of each month for final billing.

In response to BCUC IR 1.4.3, CEV submits:

...[T]he gas nominations on Friday, February 8 for consumption on Saturday, February 9 through Monday, February 11 could not have predicted nor accounted for the market price effect of the compression problems at Jackson Prairie, public notice of which was issued on February 9.

- 7.1 Please confirm, or explain otherwise, that Cascadia provides service to CEV on a 24-hour-a-day basis and this service includes gas purchases, sales and nomination.
- 7.2 Please confirm, or explain otherwise, that Cascadia and CEV are able to make intraday (i.e. same day) gas nominations, including on weekends.
- 7.2.1 Please provide details on the intraday nomination process. What are the gates and deadlines for nominations for all relevant delivery points in which CEV is involved?
- 7.3 Please confirm, or explain otherwise, that there is an intraday gas trading market in BC and at the Huntingdon/Sumas trading hub, including on weekends.
- 7.3.1 Please provide additional details on the nature and liquidity of the intraday gas market in BC. For example, are there hourly products available? What volumes are traded? What is the price-discovery mechanism (i.e. Are prices available real-time via an organised exchange market such as the Intercontinental Exchange)?
- 7.3.1.1 Does Cascadia or CEV monitor this information on an hourly/daily basis? Why or why not?

- 7.3.2 Please confirm if CEV or Cascadia participates in the intraday gas market. Why or why not?
 - 7.3.2.1 Please explain why CEV or Cascadia was not active in the intraday gas market for the period February 9-12.
- 7.4 Please explain if the mix of natural gas supplied by Cascadia includes monthly indexed, daily indexed, and/or fixed price supply.
 - 7.4.1 What percent of CEV's supply is purchased at a monthly index price, daily index price, and fixed price?
 - 7.4.1.1 How is this price mix determined and who makes the decision? Does this mix change month-to-month or is it fixed?
 - 7.4.1.2 If CEV secures 100 percent of its gas supply requirements at the Sumas daily index price, please explain how this approach mitigates the risk of adverse short-term price movements and provides price diversity consistent with the BCUC's Rules for Natural Gas Energy Supply Contracts established via Order G-130-06? Please explain whether this practice is consistent with CEV's annual contracting plan accepted by Letter L-26-18 and CEV's energy supply contract with Cascadia approved by Order E-21-17.
 - 7.4.2 Please provide details on the controls CEV has over the contracting decisions of Cascadia.
 - 7.4.3 Except for the approved per GJ fee set out in the agreement with Cascadia,¹ please explain whether Cascadia charges CEV for the cost of gas on a flow-through basis at no additional markup.
- 7.5 Please provide a table with the monthly and daily Sumas index prices from October 2018 to the most recently published data.
- 7.6 Please explain when CEV or Cascadia became aware of the high prices on February 9-12.
- 7.7 When was public notice issued regarding the compression issues at the Jackson Prairie storage facility on February 9?
- 7.8 Please explain what actions CEV or Cascadia took to limit the impact of high prices on February 12. If CEV or Cascadia took no actions, please explain why.
- 7.9 Please confirm, or explain otherwise, that CEV or Cascadia was unable to take any actions to reduce the impact of the high prices for Feb 9-12 due to external factors beyond CEV or Cascadia's control. Please provide detail of those factors.

**8.0 Reference: BACK-UP FUEL SUPPLY
Exhibit B-2, BCUC IR 1.4.1, p. 13**

In response to BCUC IR 1.4.1, CEV states:

Given the FEI Hold to Authorize restriction and the expectation of very high natural gas prices, as advised by Cascadia, Creative Energy switched to its back-up fuel supply on February 27 through to March 5.

- 8.1 Please discuss the decision-making process for switching to the back-up system when CEV has not had its gas supply curtailed. What factors are considered and who is involved in the decision process? Please compare this process to the scenario where CEV has had its natural gas supply curtailed.

¹ As approved by BCUC Order E-21-17.

- 8.2 Once the decision is made to switch to the backup system, what must take place in order to make the switch? Who performs this work and what is the timing?
- 8.3 On days where CEV switches to its backup system, what does CEV or Cascadia do with the gas that has already been purchased? Please explain if this is different under curtailment vs non-curtailment situations.
 - 8.3.1 If the excess gas is sold who receives the potential proceeds from the mitigated gas?
 - 8.3.2 If CEV receives some or all of the proceeds, is this amount reflected in the fuel costs used in the calculation of the rate rider?

**9.0 Reference: THIRD PARTY REGULATORY COSTS
Exhibit B-2, BCUC IR 1.3.1, p. 7; CEV 2016-2017 Revenue Requirements Application and Rate Design for NEFC Hot Water Service Decision, p. 30**

In reply to BCUC IR 1.3.1, CEV submits that it, “added associated incremental third-party regulatory costs for recovery, presently estimated at \$25,000” to the updated rate rider calculation.

In the Decision accompanying Order G-167-16, the BCUC approved the Fuel Cost Stabilization Account (FCSA) and defined the FCSA as follows:

Any positive or negative variances between forecast Fuel Costs and actual Fuel Costs (including any variance between the forecast and actual Base Cost volume), are to be captured in the FCSA.

- 9.1 Please explain the nature of the third party regulatory costs. Are these costs the estimated costs of the current proceeding for other parties that may be recovered from CEV (e.g. PACA funding) or costs related to CEV using a third party to provide assistance for this Application and proceeding (e.g. legal counsel)? Please provide CEV’s view on why these costs should be recovered through the FCSA.
- 9.2 Please confirm, or explain otherwise, that CEV’s approved annual revenue requirements includes forecasted regulatory costs.
- 9.3 Please explain if CEV has an existing deferral account for the recovery of regulatory cost. Please provide the details of this account, if necessary.

**10.0 Reference: FCAC RATE RIDER AND AMORITIZATION PERIOD
Exhibit B-3, BCOAPO IR 1.3.3, pp. 4-5; Exhibit B-4, CEC IR 1.3.1, p. 3**

In response to CEC IR 1.3.1, CEV states, “In addition, for smaller utilities like Creative Energy the amortization period for recovery of costs incurred ought to consider the utility’s ability to access debt at a favourable rate for long periods.”

In response to BCOAPO IR 1.3.3, CEV submits:

In general, longer duration recovery periods will worsen any intergenerational equity issues because the match between cost causation and cost recovery by and from the affected customers will depart from the time-period in question. It may be too precise to suggest a material difference between 18 months and 24 months with respect to intergeneration equity because neither period effectively matches cost causation and recovery.

- 10.1 Please explain whether CEV anticipates requesting changes to the current calculation method of the carrying costs for the FCSA if the BCUC approves an amortization period other than the requested 18 month period (6, 12, or 24 months).
- 10.2 If there is no material difference between an 18 and 24 month amortization period on the impact of intergeneration equity, why has CEV proposed an 18 month recovery period?