



British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

Re: Complaint pursuant to Section 83 of the *Utilities Commission Act* (“Act”) and Request for an Inquiry into FortisBC Energy Inc.'s (“FEI”) administration of Rate Schedules 22, 23, 25 and 27 – Reply to FEI Letter dated October 11, 2019

This letter sets out the reply of Cascadia Energy Ltd. (“**Cascadia**”), Direct Energy Marketing Limited (“**Direct**”), and Access Gas Services (“**Access**”) to FEI’s letter dated October 11, 2019. For ease of reference, the companies are referred to collectively as the BC Gas Marketers Coalition (“**BC GMC**”).

The reply is organized as follows:

1. General comments in reply to FEI, and
2. Specific comments on the main points raised by FEI.

To be efficient, the BC GMC is responding to the main points raised by FEI. The fact that the BC GMC is not replying to every point in the FEI letter should not be misconstrued as agreement by the BC GMC with those points. A detailed exploration of the full range of issues would take more time, but the purpose of the complaint, and this reply, is to demonstrate to the Commission that there are serious issues related to the Transportation Model that merit further investigation.

1. General Reply Comments

Overall, FEI argues that further inquiry into the issues is not warranted or necessary because of the explanations that it offered in its letter.¹ In essence, FEI is saying that the Commission should trust that everything related to its transportation service (“**T-service**”) administration has been fair and reasonable. However, BC GMC disputes several of the fundamental assertions that FEI advances in its letter and the available public record supports the concerns of the BC GMC. The BC GMC does not have access to much of the necessary information to show the activities of FEI. The Commission’s assistance is required

¹ FortisBC letter page 13.

to gather a more complete record, which would provide the BC GMC with the opportunity to test the assertions of FEI.

FEI notes that the BC GMC represents a substantial segment of T-service interests on the FEI system – i.e. about 30% of the total T-Service demand and 48% of the 2,400 T-Service customers². BC GMC, therefore, represents a substantial voice related to the T-service customer group.

FEI asserts that the foundation of the issues raised by the BC GMC complaint results from the "energy market disruption" because of the Enbridge pipeline rupture upstream of the FEI system ("**Enbridge disruption**").³ FEI also maintains that the system is operating as intended. It is the view of the BC GMC that the Transportation Model should work in all circumstances, especially when stressed. The Enbridge disruption exposed problems with the Transportation Model and how FEI administers it. Now is the time to examine the experience from last winter in order to determine if the existing Transportation Model is fair, just and reasonable.

2. Specific Reply Comments

- a. **The nature and adequacy of the information that FEI provides to enable transportation customers to comply with the transportation service gas balancing and tolerance rules.**
- b. **Measures necessary to assure timely access to customer consumption data.**

- FEI notes that the all Shipper Agents have access to the self-serve Web Information & Nomination System ("**WINS**"). However, the quality and timeliness of the information is critical to the success of the system.
- FEI also notes that Shipper Agents have been provided with access to FEI's Supervisory Control and Data Acquisition ("**SCADA**") information. However only 39 large volume customers are on SCADA, which is under 2% of FEI's 2,400 T-Service customers. The remaining 2,361 T-Service customers rely upon volume data that is three days old once nomination practices and deadlines are taken into account.
- Contrary to FEI's assertion on page 4, Shipper Agents do *not* have the necessary tools to manage their supply to comply with the Transportation Model gas balancing and tolerance rules. Better and timely information is needed. As such, the BC GMC stands by its assertion that 98% of T-Service customers are "flying blind" when trying to manage their daily gas supply requirements.
- As the Commission observed in the recent 2016 RDA Decision, FEI itself had difficulty complying with the balancing rules – even before the rules were tightened. FEI "ranked as the Shipper Agent with the second worst balancing issues".⁴

² FortisBC letter page 1.

³ FortisBC letter page 1

⁴ 2016 RDA Decision page 79

c. Potential adjustments to the balancing rules to allow for inter-customer group balancing.

- BC GMC used the expression “intercompany group balancing” to refer to the ability of Shipper Agents to transfer volumes when they are in off-setting positions. If one Shipper is long in its gas balance position and another short on a given day, then balancing the gas between the Shippers would help minimize Shipper penalties and over deliveries, which would help FEI balance its system more efficiently.
- FEI's Figures 2 and 3 are misleading since the Enbridge rupture affected interior and lower mainland transport customers differently. Lower mainland customers did not have access to imbalance return throughout November 2019. It is clear that “Shipper Agent B” was able to access imbalance return service in mid-November, which is denoted by the drop in cumulative inventory, so served primarily interior customers. This access to imbalance return was not available to “Shipper Agent A” (primarily lower mainland customers) from Figure 2. This is an “apples to oranges” comparison that is blatantly misleading.

d. Review of FEI’s practices related to

i. decisions to curtail

ii. the timing of curtailment and return of gas, and the associated charges

- Given the "energy market disruption", the BC GMC would like to understand how FEI was able to avoid a gas cost increase. From January 1, 2019 to October 31, 2019, the FEI rate has not changed. The BC GMC questions how this is possible if FEI was purchasing its fair share of gas on the coldest days last winter.
- To what extent was FEI using transport customer’s “cumulative inventory” on days when prices were high, and then returning gas when prices abated? This approach unfairly transfers value from the T-Service customers to bundled service customers.
- What is FEI's record of the daily transactions to achieve daily supply system balancing? For example, on cold days in November 2018, how did FEI balance the bundled rate customer consumption with the supply?

e. The need for a FEI code of conduct for its gas marketing activities, to establish a level playing field for all participants.

- FEI claims it does not market bundled service, however, FEI has presented rate comparisons for bundled versus T-Service within the last year in an effort to promote its service.

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- In its letter dated May 24, 2019 to all transportation customers, FEI informed customers that the “offer” to return to utility service had been extended to July 1st, with the caveat that even later switches may be considered.
- If FEI is not competing for customers, then it should not resist a Code of Conduct.

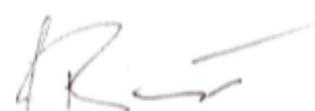
For the reasons outlined in this reply submission, many important questions remain unanswered. In the interests of fairness, the Commission should inquire further into these questions.

The BC GMC would be pleased to elaborate on any point in this reply submission.

Respectfully,



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Nick Caumanns



Direct Energy
Nicole Black

Access Gas
James Bartlett

cc. FortisBC Energy Inc.