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October 4, 2022

Direct Energy Marketing Limited
2500, 530-8th Avenue SW
Calgary, AB
T2P 3S8

Attention: Ms. Nicole Black

Dear Ms. Black:

**Re: FortisBC Energy Inc. (FEI)
Transportation Service Report (Report) ~ Project No. 1599346
Response to the Direct Energy Marketing Limited (Direct Energy) Information
Request (IR) No. 1**

On June 15, 2022, FEI filed the Report referenced above. In accordance with the amended regulatory timetable established in British Columbia Utilities Commission Order G-262-22 for the review of the Report, FEI respectfully submits the attached response to Direct Energy IR No. 1.

For convenience and efficiency, FEI has occasionally provided an internet address for referenced reports instead of attaching lengthy documents to its IR responses. FEI intends for the referenced documents to form part of its IR responses and the evidentiary record in this proceeding.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc (email only): Commission Secretary
Registered Parties

FortisBC Energy Inc. (FEI or the Company) Transportation Service Report (Report)	Submission Date: October 4, 2022
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1 **1.0 Summary of Shipper Agent Feedback from Meetings, Exhibit B-1, Table 4-2, p. 12-**
2 **15**

3 1.1 Please provide the estimated cost of each of the 29 shipper agent proposals.

4
5 **Response:**

6 FEI has not prepared an estimated cost for each of the shipper agent proposals. Preparing such
7 estimates would require significant time, effort and resources, as FEI would need to scope each
8 request, assess feasibility, develop requirements, analyze system requirements, and prepare
9 business cases including cost estimates.

10 As summarized in the Report, FEI committed to two changes. First, updating its operational
11 business rules and practices to provide a minimum allocation of imbalance return to groups with
12 smaller demand (Request 4). The costs for doing so are discussed in the response to BCUC IR1
13 5.1. Second, FEI committed to incorporate a flag to the imbalance return nomination field in WINS
14 when the imbalance return service is restricted (Request 17). This request is relatively simple
15 and would require minimal time and minimal cost.

16 Providing an intra-day estimate in WINS (Request 11) and improving the data quality of the
17 previous day estimate in WINS (Request 12) could potentially be done if FEI is able to move the
18 timing of the measurement devices calling into FEI and processing of the data for all
19 Transportation Service customers. FEI believes those changes are possible, likely not to be
20 overly complex and should be nominal in cost as long as the processing of the data during
21 business hours does not have other impacts to the systems. Please also refer to the response to
22 BCUC IR1 9.1 for additional discussion.

23
24

25
26 1.2 From the perspective of FEI, please provide a list of the benefits to BC customers
27 from a competitive market.

28
29 **Response:**

30 There are 12 shipper agents participating in the Transportation Service Model in BC which
31 provides a large number of shipper agents for Transportation Service customers to assess and
32 evaluate which one best meets their needs at the time.

33

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1 **2.0 Impact of the New Balancing Rules, Exhibit B-1, Section 5.1, pp. 18, 20**

2 On page 20 of the Filing, FEI states: “Since the implementation of the New Rules,
3 midstream resources have not had to change for the purpose of providing balancing
4 services to the Transportation model. Therefore, FEI has not had to incur any additional
5 fixed (contracted) midstream resources for this purpose.”

6 2.1 Please detail the benefits to FEI from the shipper agent’s over-supplied volumes
7 on days of scarcity and high commodity prices by comparing a day before the New
8 Rules and after the New Rules and the estimated dollar value of the over-supplied
9 volumes.

10
11 **Response:**

12 There are no benefits to FEI or core customers from over-supplied volumes, if any, on days of
13 scarcity and high commodity prices. FEI cannot rely on over-supply from shipper agents for daily
14 gas supply planning. The quantity of over-supplied volumes, if any, is not known until the actual
15 consumption from transportation customers is measured. Therefore, any imbalance on the day
16 is either left on the system (in the pipe), managed through OBAs, or put into storage resources
17 contracted for core customers in the ACP. Please also refer to the response to BCUC IR1 1.3.

18
19

20
21 2.2 Absent the over-supplied volumes, would FEI have expected to have required
22 additional midstream resources in 2021 and 2022? If so, please provide an
23 estimated cost for these additional midstream resources.

24
25 **Response:**

26 No. Please refer to the response to BCUC IR1 1.3.

27
28

29
30 2.3 Given the growth in sites in the FEI territory, what percentage increase in additional
31 midstream resources would be expected based on growth in sites? Please provide
32 an estimated cost for these additional midstream resources.

33
34 **Response:**

35 FEI presumes ‘growth in sites’ is referring to customer additions in FEI’s service territories. FEI
36 cannot provide an estimated cost for additional midstream resources based solely on customer
37 additions. The midstream resources are evaluated through FEI’s ACP, taking into consideration
38 several factors, including updated load forecasts of its core customers, changing market
39 conditions, as well as the availability and pricing of alternative resources. The evaluation of



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1 midstream resources relative to customer growth or additions has no bearing on and does not
2 take into consideration any over-supplied volumes that may be available from shipper agents on
3 a given day.

4

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1 **3.0 Effectiveness of Imbalance Return, Exhibit B-1, Section 5.2, p. 24**

2 On page 24 of the Filing, FEI states: “FEI recognizes that having access to their allocated
3 banked supply through the imbalance return service is a valuable tool for shipper agents
4 to assist them in meeting their daily load and balancing requirements. FEI also recognizes
5 that access to additional volumes of imbalance return would make daily balancing easier
6 for shipper agents. However, because FEI manages the needs of the system as a whole,
7 it requires the operational flexibility to restrict or interrupt the imbalance return service
8 when conditions necessitate (typically during colder weather or supply
9 restrictions/disruptions, i.e. the Enbridge Incident), FEI does not recommend increasing
10 the volumes available under the interruptible imbalance return service. Additionally, FEI
11 wants to avoid the potential for shipper agents to increasingly rely on this interruptible
12 imbalance return service as a source of supply for balancing purposes.”

13 3.1 How does the reliance of shipper agents on imbalance return service when
14 available harm sales customers?

15
16 **Response:**

17 Please refer to the responses to BCUC IR1 2.1 and 2.2.

18

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1 **4.0 Greater Imbalance Return Volumes to Specific Shipper Agents by Request, Exhibit**
2 **B- 1, Section 5.2, p. 25**

3 On page 25 of the Filing, FEI states: “FEI believes allowing greater volumes of imbalance
4 return to specific shipper agents by request would present challenges from a fairness and
5 equitable perspective.”

6 4.1 If greater imbalance return to shipper agents by request is deemed “not equitable”
7 by FEI, how is a minimal allocation to small shipper agents deemed equitable?
8

9 **Response:**

10 Please refer to the responses to BCUC IR1 2.4, 3.1, 5.2 and 5.3.
11
12

13
14 4.2 How is any participant harmed if the greater volume of imbalance return overall is
15 not impacted by this flexibility.
16

17 **Response:**

18 Please refer to the response to BCUC IR 2.1.
19
20

21
22 4.3 If the system is balanced as a whole, why is this practice detrimental to any party?
23

24 **Response:**

25 Please refer to the responses to BCUC IR1 2.4, 3.1, 5.2 and 5.3.
26

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1 **5.0 Reallocation of Available Imbalance Return to Other Shipper Agents, Exhibit B-1,**
2 **Section 5.2, p. 25**

3 On page 25 of the Filing, FEI states: “Currently, if a shipper agent does not use their full
4 imbalance return allocation, the unused volume is not reallocated to another shipper
5 agent... A reallocation of available volumes under the imbalance return service could
6 cause shipper agents to increasingly rely on this interruptible imbalance return service as
7 a source of supply for balancing purposes, which is not a desired outcome.”

8 5.1 If the full imbalance return is utilized by another shipper agent, is there harm to
9 sales customers? If affirmed, please provide justification.

10

11 **Response:**

12 Please refer to the response to BCUC IR1 4.2.

13

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1 **6.0 Minimum Allocation of Imbalance Return to Shipper Agent Groups with Smaller**
2 **Demand, Exhibit B-1, Section 5.2, p. 25**

3 On page 25 of the Filing, FEI states: “Shipper agents with smaller customer groups have
4 expressed that the smaller allocation of imbalance return causes them to be at an
5 increased risk of incurring balancing charges. After reviewing this request and based on
6 the minimal system changes required to implement this request, FEI believes it is fair,
7 reasonable and feasible to implement this change by allocating a baseline volume of
8 imbalance return to groups under a minimum volume of average daily demand.”

9 6.1 Would the small shipper agents pay for the cost of this change and if so, how much
10 would be paid and by how many entities?

11
12 **Response:**

13 No. Please refer to the response to BCUC IR1 5.1.

14

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1 **7.0 Tolerance, Exhibit B-1, Section 5.3, pp. 28–29**

2 On page 28 of the Filing, FEI states: “For the purposes of the preparation of this Report,
3 Atrium Economics has updated its industry research (filed in Appendix 10-1 to the 2016
4 RDA Application), which is discussed in Section 3 of the Atrium Economics Report
5 confirming that industry thresholds continue to range from zero percent to 15 percent, with
6 5 percent remaining the most common threshold.”

7 7.1 Please provide a table that shows the other markets surveyed and the slice of
8 system assets that accompany the lower tolerances in other markets.

9
10 **Response:**

11 Atrium Economic’s research did not include information related to the amount of specific “system
12 assets” that may support system balancing. This level of system asset information is typically
13 considered confidential and, therefore, not publicly available. In any case, linking the various
14 balancing tolerance levels of LDCs with system assets that may support system balancing would
15 be a speculative exercise and may have no bearing on balancing tolerance levels.

16 Atrium Economic’s research shows that many LDCs offer various storage-related services to their
17 transportation customers for a fee to mitigate or net positive and negative imbalances that would
18 otherwise be subject to fees related to the imbalance tolerance levels.¹ The slice of storage-
19 related assets that support these services is often based on the level of the subscription by
20 transportation customers or their shipper agents. LDCs without such system assets must adhere
21 to the balancing tolerance levels of the upstream pipelines to which they are connected.

22

¹ Exhibit B-1, Appendix A, Atrium Economic’s Report, Section 3.1.