

Customer Choice

GAS MARKETERS' GUIDE



Customer Choice–Gas Marketers' Guide

Customer Choice allows eligible FortisBC Energy Inc. (FortisBC) customers to review their gas supply options and consider their choices. That's where you come in.

This guide tells potential gas marketers what steps and stages they must follow in order to operate as a licenced and authorized gas marketer—serving the customers of FortisBC and adhering to standards and codes as defined by the British Columbia Utilities Commission (BCUC).

Disclaimer: This guide is for informational purposes only. The information provided in this guide is not intended to be legal advice. FortisBC does not take any responsibility for errors, inaccuracy, or issues that arise from the use of this document. If there is any conflict between the information in this guide and Rate Schedule 36, the Rate Schedule 36 terms and conditions prevail.

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1.0 Downloads

The following forms and documents mentioned in this guide can be downloaded from the Gas Marketer Resources section at fortisbc.com/marketerinfo

1. Application for a Licence to Market Natural Gas
2. Rules for Gas Marketers
3. Code of Conduct for Gas Marketers
4. Rate Schedule 36 Commodity Unbundling Service
5. Rate Schedule 36 Service Agreement
6. GEM User Guide for Gas Marketers
7. Marketer Group Setup/Change Form
8. Notice of Appointment of Marketer
9. Flat file specifications (customer enrolment request, daily enrolment response, customer enrolment details file specifications, and monthly billing statistics)
10. Marketer Rates for Publication
11. It's Your Choice—a guide to help customers decide
12. Identity and usage specifications—Trademark and Licence Agreement
13. Natural Gas Commodity Unbundling—this document

2.0 Overview

2.1 Customer Choice—an opportunity for customers and you

Customer Choice provides residential (Rate 1), and commercial (Rate 2, 3 and 23) FortisBC customers with the opportunity to enter into a natural gas commodity supply arrangement with a licenced gas marketer.

Any such contractual arrangement also requires the marketer to:

- enter into an agreement with FortisBC
- use the Gateway for Energy Marketers (GEM) at <http://marketers.fortisbc.com> on a continuing basis to communicate information to FortisBC regarding customer enrolment
- receive information from FortisBC regarding enrolment confirmation, consumption history data, delivery requirements and billing details

2.1.1 About Customer Choice

Customer Choice allows customers to select their preferred source of natural gas supply. That means customers can buy their natural gas from whomever they choose: a gas marketer, or FortisBC. FortisBC continues to deliver the gas commodity through its pipeline system to customers.

The Customer Choice service, developed under the FortisBC “Essential Services Model” (core business model), has some key differences from the commodity unbundling services offered in other jurisdictions, and from the FortisBC Transportation Service available to industrial and large commercial customers.

Under the Transportation Service Model, FortisBC takes delivery of the gas at the station gate. Under Customer Choice, FortisBC takes delivery of the gas at the three defined market hubs. Delivery requirements are based on the historical consumption of your contracted customers and other forecasting parameters. Requirements are delivered at an annual 100 per cent load factor.

FortisBC is responsible for midstream resources including contracting and managing transportation and storage requirements, and balancing and peaking services. All midstream costs are managed through a separate gas cost account and charged to all customers rather than marketers.

FortisBC takes title to the gas from the marketer at each of the three market hubs with delivery requirements based on a normalized forecast of the marketer’s customers annual load requirements. Variances in consumption due to customer attrition between entry dates and weather-related consumption differences are absorbed in the midstream charges borne by all customers.

2.2 FortisBC overview

Customer Choice is available to approximately 780,000 FortisBC customers.

Applicable service areas include:

| | | | |
|-----------------|----------------|-----------------------|-----------------|
| Interior | Mackenzie | Kootenays | Mission |
| 100 Mile House | Merritt | Cranbrook | New Westminster |
| Armstrong | Midway | Creston | North Vancouver |
| Ashcroft | Montrose | Elkford | Pitt Meadows |
| Cache Creek | Naramata | Fernie | Port Coquitlam |
| Castlegar | Nelson | Jaffray | Port Moody |
| Chase | Okanagan Falls | Kimberley | Richmond |
| Chetwynd | Oliver | Sparwood | Rosedale |
| Christina Lake | Osoyoos | | Ruskin |
| Clinton | Peachland | Lower Mainland | Sardis |
| Coldstream | Penticton | Abbotsford | Squamish |
| Enderby | Prince George | Agassiz | Surrey |
| Falkland | Princeton | Aldergrove | Vancouver |
| Fruitvale | Quesnel | Anmore | Vedder Crossing |
| Grand Forks | Robson | Annacis Island | West Vancouver |
| Greenwood | Rosland | Belcarra | White Rock |
| Grindrod | Salmo | Brackendale | Whonnock |
| Hedley | Salmon Arm | Burnaby | |
| Hixon | Savona | Chilliwack | |
| Hudson's Hope | Sorrento | Coquitlam | |
| Kamloops | Spallumcheem | Cultus Lake | |
| Kelowna | Summerland | Delta | |
| Keremeos | Trail | Haney | |
| Kersley | Vernon | Harrison Hot Springs | |
| Lac La Hache | Warfield | Hope | |
| Lakeview Hts | Westbank | Ladner | |
| Logan Lake | Williams Lake | Langley | |
| Lumby | Winfield | Lindell Beach | |
| | | Maple Ridge | |

Customer Choice is not available to Vancouver Island, Whistler, Sunshine Coast, Revelstoke, or Fort Nelson FortisBC customers.

2.2 Commercial and residential annual consumption (in TJs)

The table below shows the breakdown of residential and commercial customers by rate class within each of the service areas.

| | RESIDENTIAL | SMALL | LARGE | TOTAL |
|----------------|-------------|--------|--------|---------|
| LOWER MAINLAND | 51,799 | 17,867 | 13,802 | 83,467 |
| INLAND | 15,626 | 5,716 | 2,645 | 23,988 |
| COLUMBIA | 1,683 | 716 | 314 | 2,713 |
| TOTAL | 69,108 | 24,299 | 16,761 | 110,168 |

Note: Residential and commercial numbers are based on 2010 forecast.

Residential and commercial unbundling enables 80,000 commercial and 752,000 residential FortisBC customers to arrange for their natural gas to be supplied by third party marketers. Currently, approximately 118,000 residential customers and 19,000 commercial customers have their gas supplied by third party marketers.

*TJ = Terajoule

1 Terajoule = 1,000 Gigajoules

FortisBC pipeline map



2.3 Roles of parties

The parties involved are the BCUC, the marketers, the customers and FortisBC. This diagram illustrates the roles of the parties and the relationships between them.

Marketer

- licenced by Commission
- offers gas commodity price options to current commercial Rate 2, 3, and 23 customers and residential customers
- enters into supply agreement with utility at supply/market hubs

Regulator

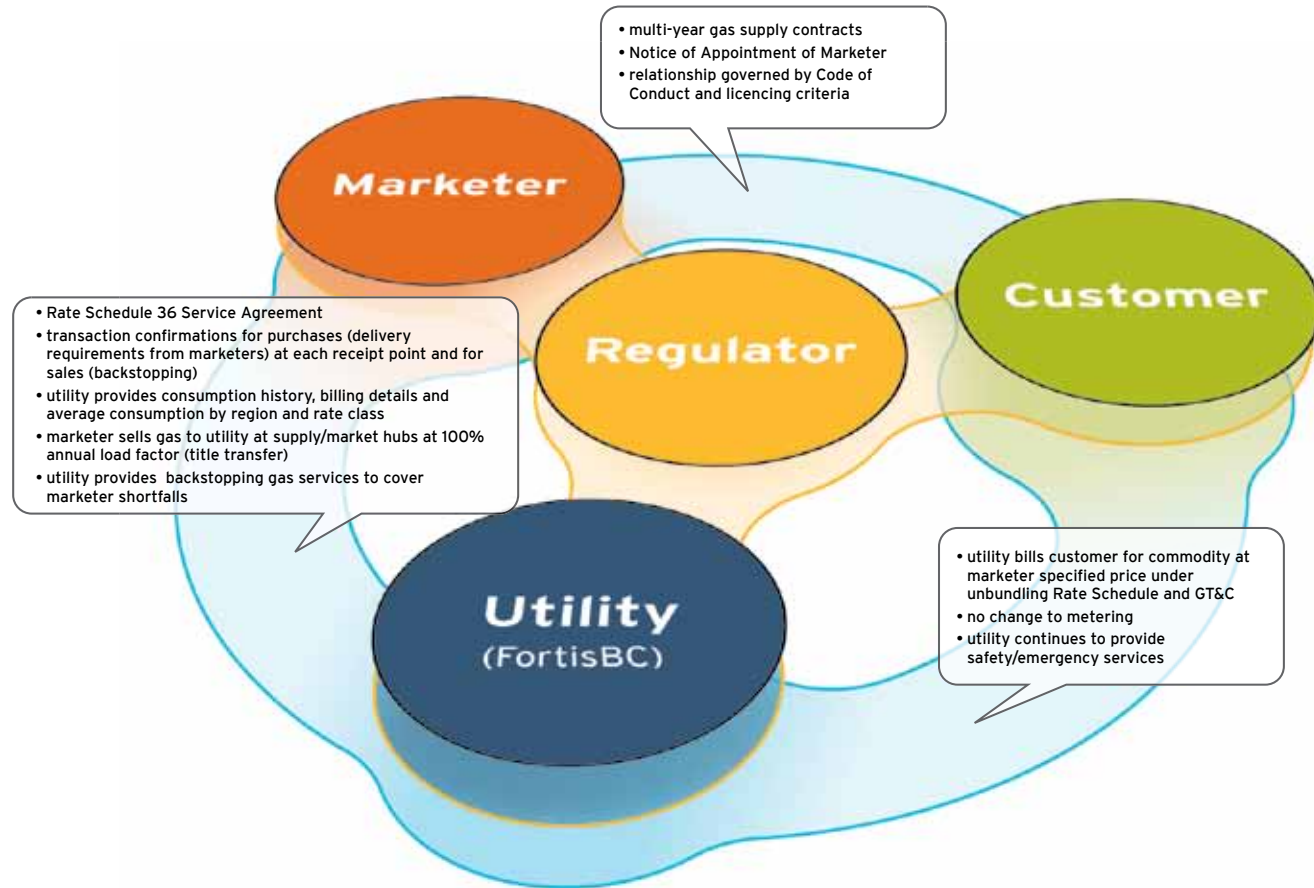
- BCUC
- oversees marketer licencing criteria and code of conduct
- responsible for dispute resolution
- approves regulated Utility rate offerings and Annual Contract Plan

Customer

- residential (Rate 1) customers
- commercial (Rate 2, 3, and 23) customers
- election of commodity unbundling service

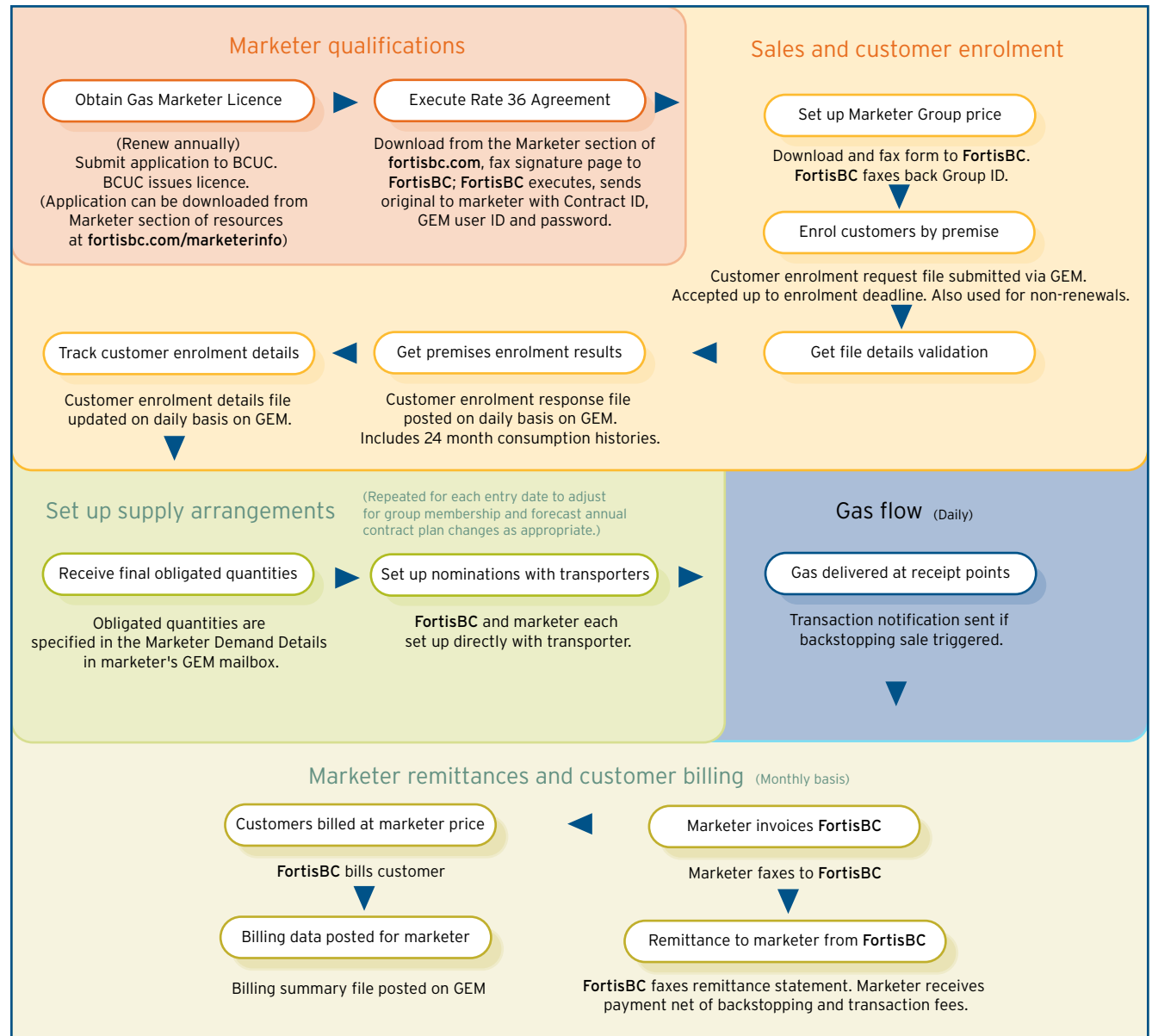
Utility

- responsible for midstream resources
- performs role of Supplier of Last Resort
- provides distribution service
- bills customer at price agreed with marketer
- provides regulated rates



3.0 Process overview

This diagram shows the high-level processes from obtaining a licence to market natural gas, through to customer billing.



4.0 Marketer qualifications

4.1 Getting a gas marketer licence

Marketers must be licenced by the BCUC in order to market gas to residential and commercial customers in one of the designated FortisBC service areas.

A licence to market natural gas can be obtained from the BCUC by completing an Application for a Licence to Market Natural Gas and submitting it to the BCUC for approval.

Licence applications to the BCUC must include all of the following:

- \$1,000 application fee
- proof of performance security in the amount of \$250,000
- a copy of the applicant's most recent annual report
- current financial statements
- confirmation that the applicant's working capital exceeds \$50,000 and the current ratio of current assets to liabilities exceeds 1:10
- training plan/procedures and manuals that are used by the gas marketer and its employees to promote natural gas sales
- such other information that the BCUC may require

If the marketer meets the criteria as set out by the BCUC, including the *Rules for Gas Marketers*, the BCUC issues the marketer a *Licence to Market Natural Gas*.

To maintain their licenced status, a marketer must abide by the *Rules for Gas Marketers* and the *Code of Conduct for Gas Marketers*.

Licences are valid for one year (November 1 to October 31) or such other period as the Commission may determine and must be renewed on expiry by submitting a renewal application.

Contact the BCUC at customer.choice@bcuc.com or fax 604-660-1102 for further information.

The following can be downloaded from Marketer resources at fortisbc.com/marketerinfo. Or, once authorized, via GEM at <http://marketers.fortisbc.com>

- *Application for a Licence to Market Natural Gas*
- *Rules for Gas Marketers*
- *Code of Conduct for Gas Marketers*

4.2 Setting up contractual arrangements with FortisBC

4.2.1 Executing the Rate Schedule 36 Service Agreement

Once licenced, and prior to enrolling customers in Customer Choice, a marketer must execute a *Rate Schedule 36 Service Agreement* with FortisBC. This agreement and the associated *Rate Schedule 36* are part of the FortisBC Tariff and together form the contractual relationship between FortisBC and the marketer.

Marketers can download the *Rate Schedule 36* and *Rate Schedule 36 Service Agreement*, from the Marketers section at fortisbc.com/marketerinfo

Once the necessary information is filled in, forward it to FortisBC for processing, together with a copy of your *Licence to Market Natural Gas*.

4.2.2 Issuing a contract number

Once FortisBC has expedited the *Rate Schedule 36 Service Agreement* with the marketer, FortisBC informs the marketer of their Contract ID number, GEM user ID (name) and password. The Contract ID number uniquely identifies the marketer in the files uploaded and downloaded via GEM.

The following can be downloaded from Marketer resources at fortisbc.com/marketerinfo

- *Rate Schedule 36*
- *Rate Schedule 36 Service Agreement*

5.0 Sales and customer enrolment

5.1 Setting up Marketer Groups

After you have a licence and have signed a *Rate Schedule 36 Service Agreement*, received a Contract ID Number, a GEM User ID (name), and GEM Password, a marketer must set up one or more Marketer Groups in which to enrol customers. **A Marketer Group is defined by the price that customers have agreed to with the marketer for their natural gas commodity.** The Marketer Group price represents the Commodity Cost Recovery Charge FortisBC will bill customers enrolled in that particular group.

Marketer Group prices must be expressed in Canadian dollars per gigajoule to a maximum of four decimal places and are fixed for a period of at least 12 months until the group is terminated. Marketers cannot change the price groups; they can only open and close price groups. Marketers can use the same Marketer Group with any start date.

In order to set up a Marketer Group, a marketer needs to download a *Marketer Group Setup/Change Form*, complete it and email it to customerchoice@fortisbc.com. As detailed in the Rate 36 Tariff Schedule, FortisBC charges marketers a fee of \$150/month/Marketer Group.

Once the Marketer Group is set up, FortisBC returns a copy of the completed form back to the marketer indicating the unique ID assigned to the Marketer Group. Marketers must use this Marketer Group ID to identify the applicable price that applies to charge customers enrolled in Customer Choice.

The following can be downloaded from Marketer resources at fortisbc.com/marketerinfo.

- *Marketer Group Price Setup/Change Form*

Gateway for Energy Marketers (GEM)

Once a marketer has a *Rate Schedule 36* Contract ID Number, a GEM user ID (name), a GEM user password and has set up at least one Marketer Group, they can access GEM to proceed to conduct business.

GEM is the contact point for marketers to administer and facilitate customer enrolment and tracking, customer usage and customer accounts. GEM allows the marketer to transfer and communicate digital information with FortisBC's back office systems thereby reducing the amount of manual processes required to administer the above activities.

CUSTOMER CHOICE **MARKETER GROUP SETUP/CHANGE** **FORTIS BC**

Company _____ City _____ Province _____ Postal code _____

Address _____ Title _____

Contact _____ Email address _____

Phone number _____ Fax number _____

Marketer group request type New Group Terminate Group

Marketer group contract number _____

Marketer Group Price (\$ per GJ) _____

Entry Date _____

I understand that all eligible customers that my company enrolls in this Marketer Group Price commencing on the date of this request to the Marketer Group Price change.

The address for GEM is <http://marketers.fortisbc.com>

After entering the above address, you will be asked for a user name and password. Enter the information as requested and click “OK.” The following screen appears, allowing the marketer to perform all the necessary functions to manage customer enrolments, etc. and the electronic flow of information from FortisBC to the marketer.

5.2 Enrolling customers by premises

Marketers are responsible for enrolling customers.

Customers are enrolled in Customer Choice on a premise by premise basis. Enrolments can be made monthly.

The deadline for enrolments is by midnight on the night before the first day of the month that is one calendar month in advance of the applicable entry date. (i.e., midnight on September 30 for the November 1 entry date).

FortisBC does not accept enrolment requests directly from customers. Under the terms of *Rate Schedule 36*, marketers warrant that they have obtained the required signatures from the customer on the contract and on the Notice of Appointment of Marketer.

Marketers **must not** submit commercial customer enrolments for 10 days. Subsequently, there is no additional cancellation period once the enrolment request is submitted to FortisBC. Residential customer enrolments can be uploaded immediately. Then, customers are sent a Confirmation Letter. The 10-day cancellation period does not begin until FortisBC receives the enrolment request.

5.3 Notice of Appointment of Marketer and supply contracts

5.3.1 Obtaining customer signatures on a contract

When enrolling customers, the marketer must obtain a customer signature on each contract it enters into with a customer to provide natural gas supply. Contracts must be for a minimum of one year and a maximum of five years with terms to be in full 12 month increments.

The contract must contain certain terms and conditions as set out under the *Code of Conduct for Gas Marketers*. Marketers must adhere to the *Code of Conduct for Gas Marketers* when soliciting customers and when entering into supply contracts with customers. The Code of Conduct is available from the BCUC website, www.bcuc.com

5.3.2 Keeping customers informed of potential benefits and risks

Gas marketers must distribute the Customer Choice booklet called *It's your choice* to prospective customers. This publication outlines the Customer Choice program for customers and discloses potential benefits and risks of choosing a fixed-rate product. In addition to the electronic copy that can be downloaded from the FortisBC website, hard copies of the brochure are available for no additional charge by contacting FortisBC at customerchoice@fortisbc.com

5.3.3 Obtaining historical gas consumption information

As part of the normal commodity unbundling business process, a marketer can obtain historical gas consumption in two ways. Once a customer has signed a contract and *Notice of Appointment of Marketer*, the marketer submits this information through GEM and receives up to 24 months of historical gas consumption information, depending on the length of time the customer has occupied the premise.

Alternatively, the marketer, with the help of the potential customer, can acquire customer gas consumption information from the FortisBC website (fortisbc.com). To do so, the marketer needs the customer to access the “Account Online” section of the website.

Here customers can sign up for Account Online (if they have not already done so) by entering their account number and selecting a password. Once access to the site has been granted, the customer can view their consumption history and share the information with the marketer.

5.3.4 Notice of Appointment of Marketer

The marketer must obtain a signed *Notice of Appointment of Marketer* form at the time that the customer enters into a supply contract with the marketer.

The Customer must sign one form for each premises enrolled.

By signing the form, the customer acknowledges that they have entered into a supply agreement with the marketer and wish FortisBC to enroll the indicated premises in Customer Choice under *Rate Schedule 36*, as appropriate.* The form also provides FortisBC with the necessary authorization, as required under privacy legislation, to release historical and ongoing consumption history to the marketer.

The marketer must keep the signed forms on file. FortisBC has the right to audit the *Notice of Appointment of Marketer* as well as the contract with the customer for any customer premises enrolled with the marketer. In the event FortisBC requests a copy of the *Notice of Appointment of Marketer* or a copy of the contract for a customer premises, the marketer must provide a copy to FortisBC within five business days.

By signing the *Notice of Appointment of Marketer*, a customer acknowledges they are switching to service under FortisBC *Rate Schedule 36*.

**To be eligible for Customer Choice, customers must currently be a FortisBC customer on Rate Schedule 1 (Residential Service), Rate Schedule 2 (Small Commercial Service) or Rate Schedule 3 (Large Commercial Service) in the FortisBC Lower Mainland, Interior or Columbia Service Areas. Customers currently on Rate Schedule 23 (Commercial Transportation Service) are also eligible provided they have given appropriate notice as required under Rate Schedule 23 (i.e., Rate Schedule 23 customers are only eligible for the November 1st entry date each year).*

Customers in the Vancouver Island, Whistler, Sunshine Coast, Revelstoke or Fort Nelson Service Areas are not eligible to enrol in Customer Choice.

The following can be downloaded from the Marketers section of fortisbc.com. Or, once authorized, via GEM at marketers.fortisbc.com

Code of conduct

- *Code of Conduct*
- *It's your choice (Customer Choice Standard Information Booklet)*
- *Flat file specifications*
- *Group rate set up*
- *Identity and Usage Specifications*
- *Market Rates for Publication*
- *Notice of Appointment of Marketer*
- *Rate Schedule 36 Service Agreement*

5.4 Customer enrolment information

The marketer is responsible for inputting the customer information into a format that can be uploaded through GEM to FortisBC. Data should be formatted as outlined in the Flat File Specifications.

5.5 Uploading customer enrolment requests

All enrolment requests must be submitted electronically through GEM by uploading a Customer Enrolment Request File.

Multiple *Customer Enrolment Request File* requests can be submitted in the same file, and files may be submitted as often as desired. Customers are enrolled on a premises basis indicating the effective entry date for switching the customer.

The *Customer Enrolment Request File* is also used by marketers to inform FortisBC of customer drops.

The data required on a *Customer Enrolment Request File* includes the following:

1. Marketer Consumer Agreement Number
2. Marketer Group Code
3. Customer Enrolment ID
4. Marketer Transaction ID
5. Marketer Batch ID
6. Customer Consumer Agreement Start Date
7. Customer Consumer Agreement End Date
8. Reason Code
9. Customer Consumer Agreement Signer Name
10. Debtor Number
11. Premise Number

5.6 Validating enrolment requests

FortisBC immediately runs a first pass error validation on the *Customer Enrolment Request File* once it has been submitted by the marketer. This data validation determines a pass or fail status on file structure and the Marketer Contract ID, Marketer Group ID and entry date.

For any files containing file structure, Contract ID, Marketer Group ID, and entry date errors FortisBC responds to the marketer posting their *Customer Enrolment Request File* on GEM by posting a *Customer Enrolment Response File(s)*. The response file will list the rejection reason for the data failure. Marketers must correct the invalid data elements and resubmit the corrected *Customer Enrolment Request File*.

5.7 Updating your premises enrolment results

FortisBC posts a *Customer Enrolment Response File* to GEM with the results of the enrolment or drop requests for each premise involved.

The pass or fail status of a customer enrolment request is provided to the marketer via a *Customer Enrolment Response File* within 48 hours of the enrolment or drop request.

If the enrolment or drop request has been rejected, FortisBC posts a customer enrolment response file containing the reason for the rejection—for example, where the customer premises are in a rate class that is not eligible, or if an account termination has occurred.

A *Customer Enrolment Response Usage File* is posted on GEM with up to 24 months of consumption history for accepted enrolment requests. **Customers with no or missing consumption history are allocated the average consumption for the region and rate class. This information for the current gas year is posted on GEM.** Consumption data is only be provided for the period where the subject customer was the account holder at the premises. This file includes information regarding the meter read date, the read method (i.e., estimate or actual), the number of days in the reading period and the consumption in gigajoules.

5.8 Tracking customer enrolment details

The *Customer Enrolment Details File* contains the enrolment and drop history for each premise that a marketer has successfully enrolled. An updated copy of this file is posted to GEM on a daily basis. The file is cumulative and produces data for all accepted enrolment and drop transactions each time it is posted.

The file also shows customer premises that have been enrolled in a Marketer Group along with the effective entry date of the enrolment (either a past or future date). Additionally, it shows the effective date on which a customer premises was switched out of a Marketer Group (either a past or future date) whether due to receipt of a drop request from the marketer, a new enrolment request by another marketer, or as a result of the customer account at the premises being terminated.

5.9 File processing and archival

Enrolment Response files are posted to the GEM as they are produced. Marketers are expected to download and delete files from GEM within 45 days, however Enrolment Response files will be purged 90 days after posting.

6.0 Setup supply arrangements

6.1 Receive final obligated quantities

6.1.1 Essential Services Model

The Essential Services Model (the core business model), approved by the BCUC in June 2003, serves as the foundation for Customer Choice service. Under this model, FortisBC, in its role as midstream operator and supplier of last resort, is responsible for contracting and managing the midstream resources required to move gas from the market hubs to the end-use customer and to balance deliveries against the daily load requirements of customers. These midstream resources include transmission pipeline and storage capacity as well as balancing and peaking gas. All customers pay for the midstream resources through a Midstream Cost Recovery Charge.

6.1.2 Forecast consumption

FortisBC completes a weather-normalized forecast of consumption annually for budget purposes. This forecast is used to develop the FortisBC Annual Contract Plan, which describes the supply, transportation, and storage portfolio required for the next gas year that commences November 1st. The Annual Contract Plan is reviewed and approved by the BCUC in the first quarter of each year before November 1st.

6.1.3 Price parity obligation

Marketers enrolling customers in Customer Choice are obligated to sell natural gas to FortisBC on a firm basis (at the receipt points located at the market hubs) at a price equal to the price that the marketer has entered into with the customers. The delivery requirements are based on the FortisBC weather-normalized forecast of the marketer's customers' annual load requirements at a 100 per cent load factor. This is the same forecast used to develop the FortisBC Annual Contract Plan.

6.1.4 Fuel requirements

In addition to the marketer's customer forecast consumption, marketers are also required to deliver fuel on an in-kind basis. The associated fuel is required to move their customer delivery requirements from the market hubs to the FortisBC system. The receipt point fuel percentages are determined based on the Annual Contract Plan and posted on GEM. The receipt point fuel percentages remain fixed for the period from November 1 to October 31 each year.

6.1.5 Marketer Group delivery requirements

The daily delivery requirements for the gas purchases from the marketer are determined initially at the Marketer Group level based on the customer premises enrolled in the Marketer Group for the applicable delivery period.

A delivery period is defined as the period commencing on one entry date and ending on the next entry date.

The Marketer Group delivery requirement is an aggregate of the weather-normalized forecast annual consumption for the customer premises divided by 365. The customer premises specific forecast annual consumption remains unchanged from November 1 to October 31 each year.

For each delivery period, the Marketer Group delivery requirements are based on the customer premises enrolled in the Marketer Group effective the corresponding entry date—taking into account attrition due to account terminations, and customer premises dropped due to non-renewal.

A *Customer Enrolment Details File*, which lists the customer premises in the Marketer Group at the time the Marketer Group delivery requirement was determined for the applicable delivery period, is published to each gas marketer's GEM account.

6.1.6 Blended price

The purchase price for the gas purchased by FortisBC from the marketer for a delivery period is referred to as the blended price. The blended price is a weighted average of the Marketer Group prices based on the Marketer Group delivery requirements.

6.1.7 Receipt points

The three receipt points are:

- Huntingdon Pool—the delivery area on the Westcoast Energy system near Sumas
- Compressor Station 2—on the Westcoast Energy system near Chetwynd
- AECO NIT—a Nova inventory transfer on the TransCanada Alberta System

The allocation of the total delivery requirement to the receipt points is the same allocation as approved for FortisBC aggregate supply portfolio in the Annual Contract Plan. The receipt point allocation percentages in effect for the next November 1 to October 31 year are published on GEM (once the Annual Contract Plan is approved) in the first half of each year.

6.1.8 Receipt point delivery requirements

The receipt point delivery requirements are determined by multiplying the total delivery requirement (TDR) for the marketer by the applicable receipt point allocation (RPA) percentage.

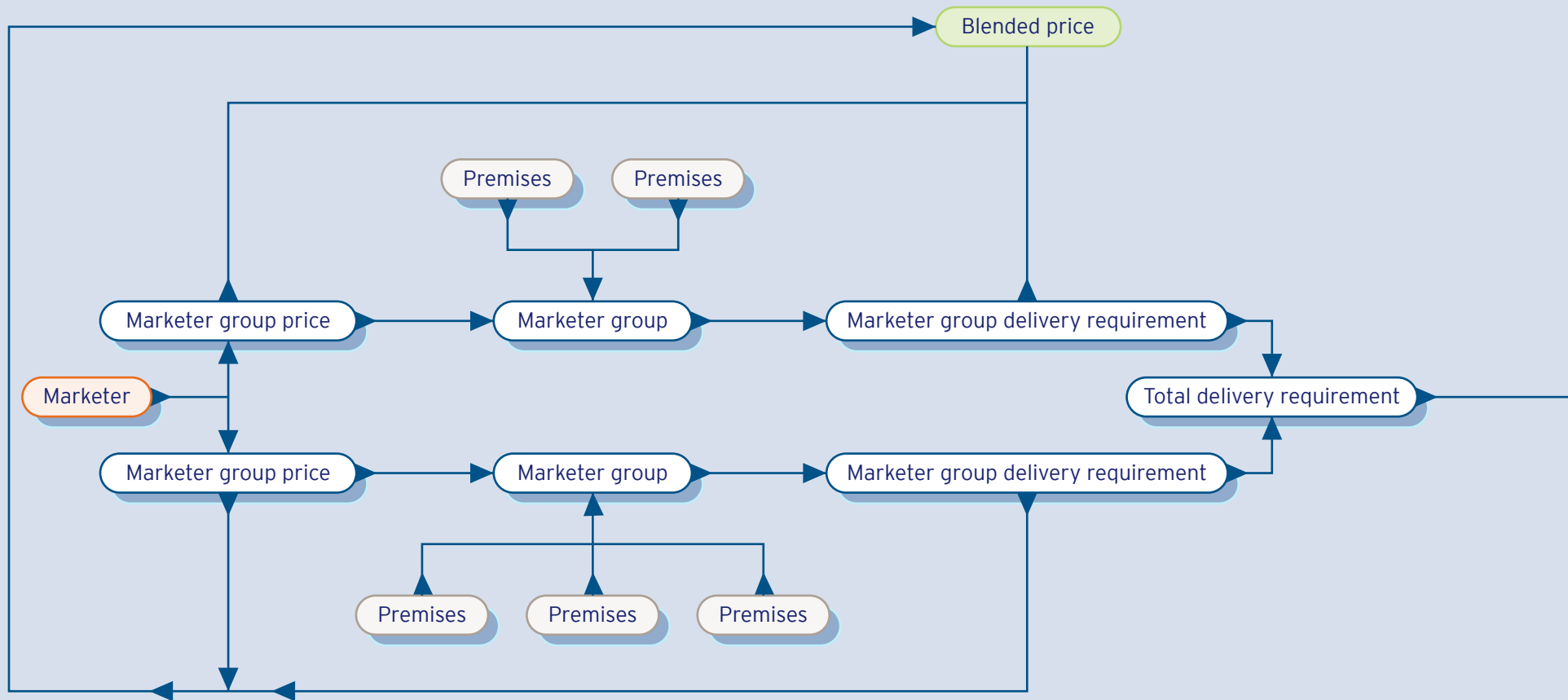
e.g., $TDR \text{ gigajoules} \times RPA\% = \text{The receipt point delivery requirements}$

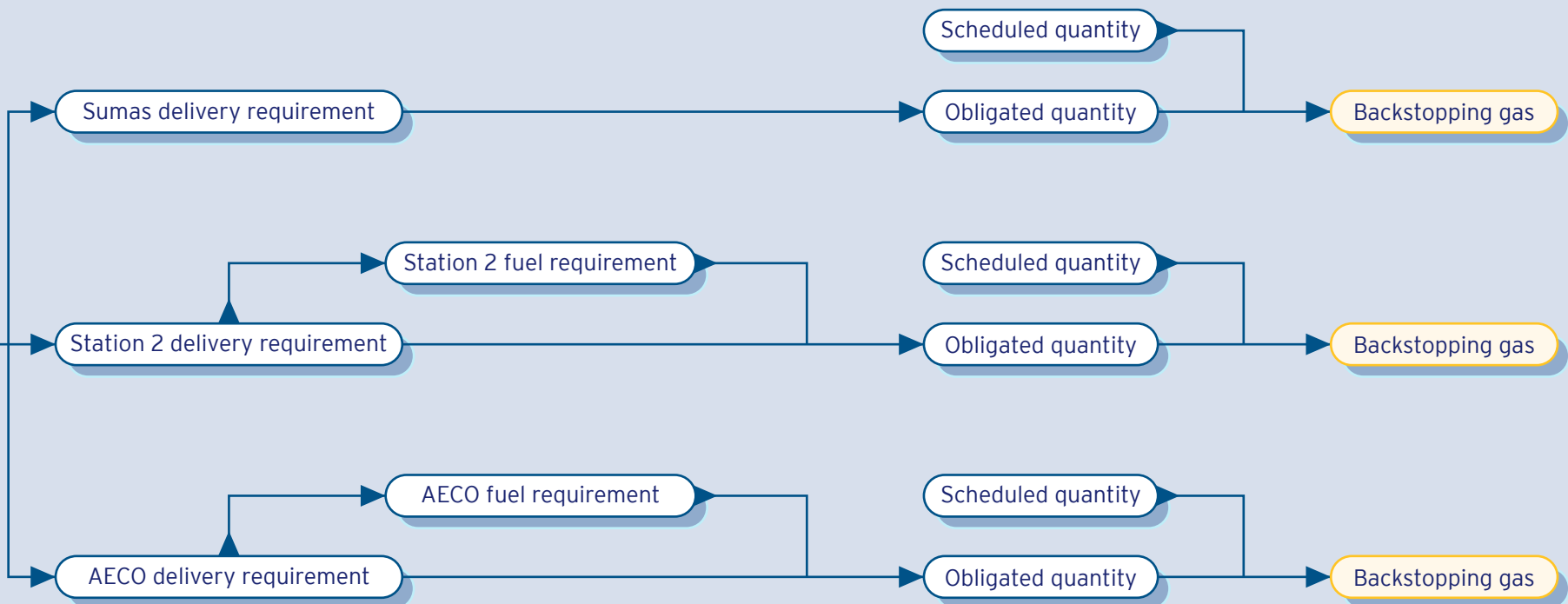
The receipt point fuel delivery requirements (RPDR) are then determined by multiplying the receipt point delivery requirement by the receipt point fuel percentage.

e.g., $RPDR \text{ gigajoules} \times RPFuel\%$

6.1.9 Defined terms

This illustrates the defined terms used in *Rate Schedule 36* to determine the marketer's delivery obligations at the receipt points for each delivery period. *Rate Schedule 36* sets out the detailed terms and conditions of the gas purchase that FortisBC makes from the marketer.





6.2 Setting up nominations with transporters

Marketers are responsible to submit nomination data to the applicable transporter to ensure obligated quantities are delivered on a firm basis each day.

These nominations must be set up and monitored on a nomination cycle basis for each day for each of the three receipt points. This is done via the applicable upstream transporter's electronic bulletin board.

FortisBC is responsible, in turn, for submitting the required nomination data to the applicable transporters to ensure takeaway of marketer gas deliveries at each receipt point.

For the **Compressor Station 2** and **Huntingdon Pool** receipt points, the transporter is Westcoast Energy Transmission.

For the **AECO NIT** Receipt Point, the transporter is TransCanada Alberta. For more information on transporting gas or doing inventory transfers on the TransCanada Alberta system go to www.transcanada.com/Alberta or telephone: 403-920-7473.

7.0 Gas flow

7.1 Gas delivered at receipt points

Once nominations have been set up for each of the three receipt points, gas flow commences effective the applicable entry date. The obligated quantity at a receipt point is the sum of the receipt point delivery requirement and the receipt point fuel requirement.

e.g., obligated quantity = RPDR + RPFR

Marketers must deliver the obligated quantity on a firm basis each and every day for the delivery period.

7.1.1 Backstopping

In the event there are any shortfalls between the total scheduled quantity and the obligated quantity at a given receipt point, a mandatory sale of backstopping gas from FortisBC to the marketer at that receipt point is triggered. The only exception is where the marketer or FortisBC has declared force majeure.

If the shortfall is due to the marketer's failure to deliver to the receipt point, the backstopping gas sale is determined based on the lesser of:

- the scheduled quantity at the completion of the evening nomination cycle
- the intra-day 1 or intra-day 2 nomination cycles for the day

The backstopping gas sale price will be the blended price plus two times the highest gas daily common high for the three market hubs associated with the receipt points.

As the backstopping gas sale price is punitive, marketers should not view backstopping gas as a viable supply alternative.

If the shortfall is due to a failure on the part of FortisBC, the backstopping gas sale is determined based on the scheduled quantity at the completion of the final nomination cycle for the gas day. In this case, the backstopping gas sale price is zero. For more detailed information about backstopping charges, please refer to *Rate Schedule 36*.

7.1.2 Force majeure

The marketer can only declare force majeure as a result of supply failure—and only where that supply failure is due to the curtailment of the primary, firm in-path transportation service that delivers to the receipt point.

Similarly, FortisBC cannot declare force majeure due to inability to take away gas at the receipt point—except for curtailments to primary, firm in-path transportation service that takes away gas at the receipt point. This is in accordance with standard industry practice (GasEDI). Plant failures, production facility failures, and curtailments of interruptible transportation service are not considered force majeure events under *Rate Schedule 36*.

In the event a force majeure circumstance is declared for an appropriate reason, backstopping gas sales are not triggered and FortisBC only remits payment for the actual scheduled quantities at the receipt point.

A marketer cannot claim force majeure due to the curtailment of:

- interruptible transportation service
- secondary firm transportation
- gathering or processing service
- any other supply failure

Marketers should arrange their supply portfolios in a manner that provides the required security of supply. **Rate 36 backstopping charges are punitive.**

7.1.3 Marketer failure

If a marketer demonstrates a pattern of delivery shortfalls indicating they are unable or unwilling to continue to meet delivery obligations, FortisBC will request the BCUC issue an order to return all of the marketer's customers to FortisBC system supply and revoke the marketer's licence to market natural gas.

The triggers for initiating a FortisBC request for a BCUC marketer revocation order are:

- four days, not necessarily consecutive, of complete failure by the marketer to deliver any gas to FortisBC at one, or all, of the three receipt points, in any rolling 30-day period, or
- failure of the marketer to deliver to FortisBC an aggregate of at least 85 per cent of the obligated quantity on an individual receipt point basis for any rolling 30-day period, or
- failure of the marketer to deliver to FortisBC an aggregate of at least 85 per cent of the total of the obligated quantities for all of the receipt points for any rolling 30-day period

7.1.4 Notification of a commission order

FortisBC sends a notice to the marketer whenever a request has been made to the BCUC for an order declaring marketer failure.

This notice suspends the marketer's right to deliver gas until further notice. Remittances from FortisBC to the marketer are also suspended until a final accounting of outstanding charges owed to FortisBC is completed.

In the event the BCUC issues the subject order, the *Rate Schedule 36 Service Agreement* between the marketer and FortisBC will be terminated effective the date that the BCUC orders the customers returned to FortisBC system supply, and revokes the marketer's licence to market natural gas.

8.0 Marketer remittances and customer billing

8.1 Marketer invoices FortisBC

With the exception of force majeure events, the marketer invoices FortisBC for the receipt point delivery requirement for each day (rather than the scheduled quantity for each day) in the preceding month for each receipt point.

In the event of a force majeure being declared, the marketer invoices FortisBC for the scheduled quantity at the receipt point for the period that the force majeure event was effective.

All applicable backstopping gas sales amounts and the applicable transaction fees are to be deducted from the amount due.

Two transaction fees apply:

- the Marketer Group Administration Fee
- the Customer Administration Fee

The Marketer Group Administration Fee is \$150 per Marketer Group that is in effect as of the first of the month. Other fees include dispute fees, which are \$50 per dispute.

The Customer Administration Fee is \$0.40 per invoice produced for customer premises in the Marketer Groups during the month. The Customer Administration Fee is not applied for any invoices that were subsequently reversed within the month or for invoices on which FortisBC has already charged the marketer a Customer Administration Fee.

Changes to the transaction fee charges are approved by the BCUC and may be changed from time to time.

8.2 Remittance to marketer from FortisBC

With the exception of force majeure events, FortisBC remits payment to the marketer for the receipt point delivery requirement in effect for the applicable delivery period at each receipt point. For periods where force majeure was in effect, FortisBC remits payment based on the actual scheduled quantities.

The applicable transaction fees and any backstopping gas sales amounts for the month are netted off the payment remitted by FortisBC to the marketer.

FortisBC remits payment to the marketer by the 25th day of the following month provided that if the 25th day is not a business day, payment is made on the preceding business day. All remittances from FortisBC are effected via electronic funds transfer as directed by the marketer.

8.3 Customers billed at marketer price

FortisBC bills the customer using the applicable Marketer Group Price as the commodity cost recovery charge—effective the entry date for which the customer was enrolled with the marketer.

Customers continue to be billed on the same billing cycle as they were previous to their enrolment in the Marketer Group. The usual FortisBC terms of payment apply.

For the first bill and any bill where two different commodity cost recovery charges (i.e., one charge from FortisBC and one from a marketer) apply during the billing period, the amount for the billing period is prorated between the FortisBC system rate and the Marketer Group Price based on degree days—as is the practice with any rate change on the FortisBC system.

The bill indicates the marketer name and a telephone number to contact the marketer in the event the customer has an inquiry regarding the commodity cost recovery charge.

8.4 Billing data posted for marketer

On a monthly basis, FortisBC posts a *Monthly Billing Statistics File* to GEM. This file provides details of the gas consumption data used in the customer billing for customer premises enrolled with the marketer.

The data in the file is incremental in nature and only contains previously unreported consumption transactions for each of the premises in a Marketer Group. Prior period consumption reversal transactions will, however, be included in the *Monthly Billing Statistics File* for the period in which the reversal occurs.

The data fields in the *Monthly Billing Statistics File* include data such as:

- the Marketer Group ID
- customer name/number/premises number and address
- the commodity cost recovery charge
- meter read date
- method and type
- number of days in the reading period
- the consumption for the meter reading in gigajoules

Electronic invoices to FortisBC must summarize all deductions, including transaction fees and any backstopping gas charges. Manual adjustments to electronic invoices are not acceptable.

9.0 Contact information

Important phone numbers:

FortisBC Energy Inc. Customer Service **1-888-224-2710**
BCUC **1-800-663-1385**

For Customer Choice program administration:


Scott Webb **scott.webb@fortisbc.com**
Stacey Mackenzie **stacey.mackenzie@fortisbc.com**
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