



AltaGas Utilities Inc.

Rule 028 Natural Gas Settlement System Code Exemption

March 11, 2015

Alberta Utilities Commission

Decision 3606-D01-2015

AltaGas Utilities Inc.

Rule 028 Natural Gas Settlement System Code Exemption

Proceeding 3606

Application 1611127-1

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1 Introduction

1. AltaGas Utilities Inc. (AltaGas or AU) filed an application with the Alberta Utilities Commission on December 24, 2014, requesting approval for exemptions from certain requirements of [Rule 028: Natural Gas Settlement System Code Rules](#). Specifically, AltaGas applied for an exemption from sections 2.11, 8.6.1.1 and 8.6.5.3 from January 26, 2014, to December 31, 2015.

2. On December 29, 2014, the Commission issued a notice of application. Any party who wished to intervene in this proceeding was required to submit a statement of intent to participate (SIP) to the Commission by 2 p.m. on January 12, 2015.

3. The Commission did not receive any SIPs from parties wishing to intervene. On January 13, 2015, Direct Energy Marketing Limited registered as an observer.

4. By letter dated January 14, 2015, the Commission stated it would be considering the application by way of a *notice only* proceeding and that it would be issuing a round of information requests (IRs) to AltaGas. The Commission established the following process schedule:

Process step	Deadline
Information requests issued to AltaGas	January 22, 2015
AltaGas response to information requests	January 29, 2015

5. The Commission considers the record of this proceeding to have closed on January 29, 2015.

6. In reaching the determinations set out within this decision, the Commission has considered all relevant materials comprising the record of this proceeding. Accordingly, references in this decision to specific parts of the record are intended to assist the reader in understanding the Commission's reasoning relating to a particular matter and should not be taken as an indication that the Commission did not consider all relevant portions of the record with respect to that matter.

2 Background

7. On January 15, 2014, the Commission issued Bulletin [2014-02](#)¹ which approved version 1.3 of Rule 028, effective January 26, 2014. Rule 028 is an operational document that defines the business processes and mechanics of how natural gas settlement is to be carried out at

¹ Bulletin 2014-02, Rule 028: Natural Gas Settlement System Code Rules, January 15, 2014.

the retail natural gas market level in Alberta. The amendments to Rule 028 reflected in version 1.3 were developed through a consultative process with industry representatives which included AltaGas.

8. On November 21, 2013, Bulletin 2013-25² was issued and invited interested parties to submit written comments regarding the proposed version 1.3 of Rule 028. Prior to Bulletin 2013-25 announcing the formal written process, AltaGas identified a discrepancy in the profiling classes it uses for natural gas settlement as compared to the requirements in the Rule 028 in a meeting with the AUC and other market participants.³ During the Rule 028 version 1.3 consultative process, AltaGas added a Rule Issue Management (RIM) discussion to allow retailers the ability to provide feedback regarding the profiling class discrepancy.⁴

9. After Rule 028 version 1.3 became effective on January 26, 2014, AltaGas indicated during the Rule 021⁵ and Rule 028 industry consultation meeting that it would be unable to comply with certain sections of Rule 028 related to the Select Retailer Notification (SRN) and Wholesale Settlement Details (WSD) profiling classes. At the meeting, AltaGas also identified that it would not be compliant with sections 2.11 and 8.6.1.1 of Rule 028 as a result of when AltaGas deems its meter reads.⁶

10. At subsequent industry consultation meetings during 2014, AltaGas worked with retailers to identify workarounds to its non-compliances with Rule 028. On August 18, 2014, the Commission approved version 1.4 of Rule 028, effective August 19, 2014. In the October 1, 2014 industry consultation meeting, Commission staff suggested that AltaGas apply for an exemption to the sections of Rule 028 that it was in non-compliance with until such time as it was able to fully comply.⁷

11. AltaGas explained that one of the drivers for the application for exemptions to Rule 028 is its plan to upgrade its customer information and billing system (CIS) within three to five years. AltaGas explained that the work required to comply with Rule 028 “would be best managed in conjunction with the implementation” of the new CIS.⁸ As a result, AltaGas is seeking the exemptions from sections of Rule 028 “to allow AUI to avoid significant time and expense in implementing temporary solutions” to the sections of Rule 028 it is not compliant with.⁹ AltaGas submitted that it had identified any necessary workarounds with the retailers affected by its non-compliances until AltaGas implements its new CIS.¹⁰

12. The specific sections of Rule 028 for which AltaGas is seeking exemptions from and the proposed retailer workarounds are discussed below.

² Bulletin 2013-25, Stakeholder consultation on Rule 028, November 21, 2013.

³ Exhibit 3606-X0004, AUI-AUC-2015JAN22-001(c) Attachment 1.

⁴ Exhibit 3606-X0006, AUI-AUC-2015JAN22-001(c) Attachment 3.

⁵ Rule 021: *Settlement System Code Rules*.

⁶ Exhibit 0001.00.AUI-3606, application, paragraph 4.

⁷ Exhibit 3606-X0008, AUI-AUC-2015JAN22-001(c) Attachment 5.

⁸ Exhibit 0001.00.AUI-3606, application, paragraph 9.

⁹ Exhibit 0001.00.AUI-3606, application, paragraph 1.

¹⁰ Exhibit 0001.00.AUI-3606, application, paragraphs 9 and 12.

3 Rule 028 exemptions

13. AltaGas requested Commission approval for an exemption to the following sections of Rule 028:

- 2.11 – Timing of meter reads
- 8.6.1.1 – Daily cumulative meter (DCM) consumption transaction – process rules and content
- 8.6.5.3 – Site profile change (SPC) transaction – process rules and content¹¹

14. AltaGas requested the exemption for the period January 26, 2014, to December 31, 2015, and stated that on a go forward basis, it would apply annually for further exemption until the new CIS was implemented.

3.1 Sections 2.11 and 8.6.1.1

15. In Rule 028, Section 2.11 sets the standard for the timing of meter reads:

2.11 Timing of meter reads

Times refer to times on the prevailing local clock, standard or daylight time depending on the season, using a 24-hour clock. The hours, minutes and seconds 23:59:59 refer to the second before midnight, and the next second is 00:00:00 of the next day.

Each distributor has the option of reporting the time of day for meter readings as the actual meter read time or as a consistently deemed meter read time between 00:00:00 and 23:59:59 on the date that the meter was read. The same deemed timing will apply to energize and de-energize completions. [emphasis added]

16. Section 8.6.1.1 sets out the process rules and content for the DCM.

17. Currently, AltaGas deems its meter read times and the Current Reading Date Time field in the DCM to be 00:00:00 on the day after the meter was read and not to be the actual meter read time or a deemed time on the date the meter was actually read, as described in Rule 028.

18. AltaGas explained that, although the work required to change its systems to report meter readings with the actual meter read date is minor, an exemption from sections 2.11 and 8.6.1.1 is requested due to the extensive market participant testing and process reviews that would be required to effect this change.¹² AltaGas submitted that in order to avoid significant time and expense in implementing interim solutions to become fully compliant with Rule 028, it had held discussions with retailers who advised that there would be little or no impact to them if AltaGas continued with its current non-compliant processes until a new billing system is implemented.

¹¹ In its application, AUI also referred to an exemption to Section 7.4 – Changes in profiling class. Subsequently, in response to a Commission information request, AUI confirmed that it did not require an exemption to this section. Exhibit 3606-X0003, AUI-AUC-2015JAN22-005(a).

¹² Exhibit 0001.00.AUI-3606, application, paragraph 9.

19. Based on AltaGas' request for an exemption from 8.6.1.1 in its entirety, the Commission requested clarification on the specific subsection of 8.6.1.1 for which AltaGas was requesting an exemption. AltaGas confirmed¹³ that it was requesting an exemption to Section 8.6.1.1(1)(b):

(1)(b) The Current Reading Date Time field of the DCM shall be populated with actual or deemed values, at the discretion of the MDM [Meter Data Manager]. If a deemed value is used, the date shall be the date the meter was actually read. [emphasis added]

20. Section 8.6.1.1(1)(b) describes the required content of and is specific to the DCM transaction field used to publish the actual or deemed time value to the retailers. Similarly, this section prescribes that if the Current Reading Date Time field of the DCM is populated with deemed values, the date shall be the date the meter was actually read.

Commission findings

21. The Commission recognizes that AltaGas does not currently report the time of day for meter readings as the actual meter read time or as a consistently deemed meter read time between 00:00:00 and 23:59:59 on the date the meter was read, as prescribed in Section 2.11 of Rule 028. Rather, AltaGas reports the time of day for meter readings as a deemed meter read time the next day (i.e., the day after the meter was actually read). The Commission finds that an exemption from Section 2.11 and Section 8.6.1.1(1)(b) is required.

22. AltaGas advised the AUC and industry stakeholders prior to this application¹⁴ that it deems time the next day as opposed to the same day as outlined in Rule 028. The Commission also notes that in a March 6, 2014 Rule 021 and Rule 028 industry consultation meeting, AltaGas advised that it was planning a major CIS upgrade or replacement in the next three to five years that would resolve the deemed time issue.¹⁵ In that meeting, the retailers present indicated that they currently have workarounds to accommodate for the discrepancy in the timing of meter reads. The retailers indicated that they did not think there would be any major impacts in deferring the required changes until AltaGas' system upgrade or replacement in the timeframe specified by AltaGas. Given the feedback from the retailers and the cost implications to AltaGas if it were to implement an interim solution to its deemed time issue, AltaGas was advised to apply to the AUC for an official exemption on an annual basis until the issue is resolved.

23. Furthermore, AltaGas submitted that it had not received any subsequent feedback from any retailers stating that the proposed approach and timeline for compliance was unacceptable.¹⁶

24. No parties registered as interveners in this proceeding, and the Commission notes that, at this time, it is not aware of any major impacts to retailers as a result of AltaGas deferring changes to correct its deemed time issue for the applied for period of January 26, 2014, to December 31, 2015. Accordingly, the Commission approves AltaGas' requested exemption from Section 2.11 and Section 8.6.1.1(1)(b) of Rule 028 for the period January 26, 2014, to December 31, 2015.

¹³ Exhibit 3606-X0003, AUI-AUC-2015JAN22-004.

¹⁴ Exhibit 3606-X0003, AUI-AUC-2015JAN22-001(c), page 4; Exhibit 3606-X0007, AUI-AUC-2015JAN22-001(c) Attachment 4, page 4.

¹⁵ Exhibit 3606-X0007, AUI-AUC-2015JAN22-001(c) Attachment 4, page 4.

¹⁶ Exhibit 3606-X0003, AUI-AUC-2015JAN22-001(c), page 5.

3.2 Inconsistency of profiling class data

25. In Rule 028, a profiling class is defined as “a group of sites that will be settled using a common profile” and a profile is “a series of consumption amounts for each interval over a particular time period.”¹⁷

26. Currently, the profiling class data that AltaGas publishes in the SRN is different from the profiling class data published in the WSD sent to retailers by AltaGas. AltaGas explained that it publishes the SRN in its billing system, including a profiling class for each successful enrolment.¹⁸ This profiling class is based on AltaGas’ distribution service rate classes. In the WSD, the profiling classes are generated and published by AltaGas’ load settlement system and are based on AltaGas’ distribution service rate classes and other consumption characteristics. As such, the profiling class data in the SRN is incorrect. AltaGas submitted that since the profiling classes are used to determine settlement forecasts, the two profiling classes need to be aligned between both the transactions and its billing system and load settlement system.¹⁹

27. AltaGas explained that although it had determined that this discrepancy was not of material consequence to retailers or any other market participants at the time, it developed a manual process to inform the retailers of the correct profiling class until its new CIS is implemented.²⁰

28. For every successful enrolment, a retailer will receive an SRN from AltaGas that contains an incorrect profiling class. AltaGas submitted that, to ensure retailers receive the correct profile information, it will send an email to the retailer with the most current and accurate profiling class information from its load settlement system. As an alternative, AltaGas offered to send an SPC transaction instead of an email, if preferred by retailers.²¹

29. AltaGas originally requested an exemption from Section 8.6.5.3 of Rule 028. Section 8.6.5.3 contains the process rules for notifying retailers of a change in profiling class and includes a table specifying all of the content requirements for the SPC:

8.6.5.3 Site profile change transaction (SPC) – process rules and content
The LSA [Load Settlement Agent] has the option of either issuing an SPC or sending an email to the retailer of record when there is a change in either profiling class or loss group code at a site. The LSA shall make a best effort to provide the notification in advance of the profile class change.

30. Because AltaGas had offered to provide the SPC transaction instead of an email to ensure retailers have accurate profile information, the Commission requested clarification on the applied-for exemption of that specific subsection of Rule 028. AltaGas responded²² that it was not requesting an exemption from Section 8.6.5.3, but was in fact requesting an exemption from Section 8.6.3.2, Table 9, Sequence 8 Profiling Class. Sequence 8 of Table 9 is reproduced in the table below:

¹⁷ Rule 028, page 7.

¹⁸ Exhibit 0001.00.AUI-3606, application, paragraph 11.

¹⁹ Exhibit 0001.00.AUI-3606, application, paragraph 11.

²⁰ Exhibit 0001.00.AUI-3606, application, paragraph 12.

²¹ Exhibit 0001.00.AUI-3606, application, paragraph 12.

²² Exhibit 3606-X0003, AUI-AUC-2015JAN22-005.

Table 1. Select retailer notification transaction, Table 9, Sequence 8

Sequence	Field	Data type/size	Description
8	Profiling Class	Varchar(20)	Conditional field – If Enrolment Notification Code field = “0000” this field is mandatory; otherwise this field is [null].

31. In response to a Commission IR, AltaGas provided meeting notes of discussions pertaining to the non-compliance issues. The meeting notes state that AltaGas is providing retailers with the correct profile class (i.e., the profile class in the WSD) either by way of email or an SPC. The meeting notes further state that that AltaGas “asked if there were any issues or questions in regards to this process and none were expressed.”²³

Commission findings

32. To address the current profile class discrepancy between the SRN transaction and the WSD transaction, AltaGas is requesting an exemption from Section 8.6.3.2, Table 9, Sequence 8 Profiling Class of Rule 028.

33. AltaGas advised the Commission and industry stakeholders prior to this application of the inconsistency between the profiling classes published in its SRN and WSD. The Commission also notes that in an October 1, 2014 Rule 021 and Rule 028 industry consultation meeting, retailers present indicated that they had found ways to work around AltaGas’ current inability to provide the correct profile class in the SRN and had agreed to receive the profile classes via email or an SPC. AltaGas was also requested to add the date to the file name when emailing profile classes so that it would be easier to distinguish one file from another. AltaGas indicated in the application that it had complied with this request.

34. In IR responses, AltaGas submitted that it had consulted with retailers on different occasions about its interim manual solution of sending emails or SPCs in a timely fashion after a valid new enrolment and provided documentation in support. Further, AltaGas put forward in the application that it had not received subsequent feedback from any retailers stating the proposed approach and timeline for compliance was unacceptable. The meeting notes provided by AltaGas support AltaGas’ explanation that retailers had little concern with respect to the workaround implemented to resolve the SRN/WSD profiling class discrepancy.

35. No parties registered as interveners in this proceeding, and the Commission notes that, at this time, it is not aware of any major impacts to retailers, subject to the timely provision of an email or an SPC from AltaGas confirming the correct profiling class. Accordingly, the Commission approves AltaGas’ applied-for exemption from Section 8.6.3.2, Table 9, Sequence 8 Profiling Class of Rule 028 for the period January 26, 2014, to December 31, 2015.

36. Although the SRN profiling class published by AltaGas is different than the WSD profiling class published by AltaGas, subject to the timely turnaround of an email or an SPC with the accurate profiling class data, the Commission expects that the manual workaround implemented by AltaGas should prevent pre-final error correction (PFEC) requests related to Section 5.2.1(d) of Rule 028. Specifically, Section 5.2.1 of Rule 028 lists errors which are eligible for correction through the PFEC process. Included in Section 5.2.1(d) is the site characteristic error:

²³ Exhibit 3606-X0005, AUI-AUC-2015JAN22-001(c) Attachment 2, Natural Gas Settlement System Code (NGSSC) Project Meeting Notes, November 7, 2013, page 2.

- incorrect profiling class assigned in the SRN and/or WSD
- SRN profiling class \neq WSD profiling class²⁴

37. While the Commission expects that the temporary workarounds put in place by AltaGas should limit the number of PFECs received with respect to Section 5.2.1(d), the Commission directs AltaGas to include in any subsequent Rule 028 exemption applications for Section 8.6.3.2, Table 9, Sequence 8 Profiling Class a description of the number of PFECs received in regards to Section 5.2.1(d) and reasons for why the exemption did not limit the need for PFECs.

38. The Commission expects that AltaGas will continue to update and discuss the viability of its proposed workarounds with retailers to ensure that retailers continue to be minimally affected going forward by these workarounds. In any subsequent Rule 028 application exemptions, AltaGas is directed to identify any new issues retailers raise with respect to AltaGas' non-compliances.

39. AltaGas is being granted the above exemptions from Rule 028 on the basis that the work required to correct the non-compliances would result in AltaGas incurring significant time and expense in implementing temporary solutions when manual workarounds have been identified until such time as its new CIS is implemented. Accordingly, in any subsequent exemption applications, the Commission directs AltaGas to include an update on the planning and implementation of its CIS. The Commission notes that in this proceeding, AltaGas indicated that it plans to be fully compliant with Rule 028 by the middle of 2019, which is consistent with the three- to five-year timeline AltaGas provided to retailers and the Commission in regards to the new CIS implementation. The Commission therefore directs AltaGas to disclose and explain in any future exemption applications any change to the current expected full Rule 028 compliance timeline.

40. If AltaGas determines that future exemption(s) from Rule 028 are required, the Commission directs AltaGas to apply for an exemption on or before October 1 of the year before the exemption is required. Specifically, if AltaGas requires an exemption effective January 1, 2016, the Commission expects AltaGas to apply for the exemption by October 1, 2015. This will assist the Commission in reaching a decision on future exemption applications by January 1 of the year for which the exemption is required.

²⁴ Rule 028, Section 5.2.1(d), page 14.

4 Order

41. It is hereby ordered that:

- (1) AltaGas Utilities Inc. is granted exemptions from sections 2.11, 8.6.1.1(b) and 8.6.3.2, Table 9, Sequence 8 Profiling Class of version 1.4 of Rule 028 for the period from January 26, 2014 to December 31, 2015.
- (2) AltaGas Utilities Inc. is to incorporate the findings of this decision into any future Rule 028 application exemptions.

Dated on March 11, 2015.

Alberta Utilities Commission

(original signed by)

Mark Kolesar
Vice-Chair

Appendix 1 – Proceeding participants

Name of organization (abbreviation) counsel or representative
AltaGas Utilities Inc. (AltaGas or AUI)

Alberta Utilities Commission
Commission panel
M. Kolesar, Vice-Chair
Commission staff
K. Kellgren (Commission counsel)
J. Work
B. Whyte
P. Howard
A. Laroia
A. Corsi

Appendix 2 – Summary of Commission directions

This section is provided for the convenience of readers. In the event of any difference between the directions in this section and those in the main body of the decision, the wording in the main body of the decision shall prevail.

1. While the Commission expects that the temporary workarounds put in place by AltaGas should limit the number of PFECs received with respect to Section 5.2.1(d), the Commission directs AltaGas to include in any subsequent Rule 028 exemption applications for Section 8.6.3.2, Table 9, Sequence 8 Profiling Class a description of the number of PFECs received in regards to Section 5.2.1(d) and reasons for why the exemption did not limit the need for PFECs. Paragraph 37
2. The Commission expects that AltaGas will continue to update and discuss the viability of its proposed workarounds with retailers to ensure that retailers continue to be minimally affected going forward by these workarounds. In any subsequent Rule 028 application exemptions, AltaGas is directed to identify any new issues retailers raise with respect to AltaGas' non-compliances. Paragraph 38
3. AltaGas is being granted the above exemptions from Rule 028 on the basis that the work required to correct the non-compliances would result in AltaGas incurring significant time and expense in implementing temporary solutions when manual workarounds have been identified until such time as its new CIS is implemented. Accordingly, in any subsequent exemption applications, the Commission directs AltaGas to include an update on the planning and implementation of its CIS. The Commission notes that in this proceeding, AltaGas indicated that it plans to be fully compliant with Rule 028 by the middle of 2019, which is consistent with the three- to five-year timeline AltaGas provided to retailers and the Commission in regards to the new CIS implementation. The Commission therefore directs AltaGas to disclose and explain in any future exemption applications any change to the current expected full Rule 028 compliance timeline. Paragraph 39
4. If AltaGas determines that future exemption(s) from Rule 028 are required, the Commission directs AltaGas to apply for an exemption on or before October 1 of the year before the exemption is required. Specifically, if AltaGas requires an exemption effective January 1, 2016, the Commission expects AltaGas to apply for the exemption by October 1, 2015. This will assist the Commission in reaching a decision on future exemption applications by January 1 of the year for which the exemption is required. Paragraph 40