



IN THE MATTER OF

PACIFIC NORTHERN GAS (N.E.) LTD

2015 RESOURCE PLAN
FOR THE FORT ST. JOHN, DAWSON CREEK
AND TUMBLER RIDGE DISTRIBUTION SYSTEMS

DECISION

September 30, 2015

Before:

**B. A. Magnan, Commissioner/Panel Chair
H. G. Harowitz, Commissioner
I. F. MacPhail, Commissioner**

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COMMISSION ORDER G-155-15

APPENDIX A – LIST OF EXHIBITS

EXECUTIVE SUMMARY

On April 17, 2015, Pacific Northern Gas (N.E.) Ltd [PNG(N.E.)] filed its 2015 Resource Plan pursuant to section 44.1 of the *Utilities Commission Act* (UCA) and the British Columbia Utilities Commission (Commission) Resource Planning Guidelines (Application). The 2015 Resource Plan covers PNG(N.E.) systems for Fort St. John, Dawson Creek and Tumbler Ridge.

Interveners registered in the proceeding for this Application were the British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO) and the District of Tumbler Ridge. FortisBC Energy Inc. (FEI) registered as an interested party.

The Panel determined that the 2015 Resource Plan meets the minimum requirements of section 44.1(2) of the UCA and is therefore adequate. The Panel also accepts the 2015 Resource Plan to be in the public interest pursuant to subsection 44.1(6) of the UCA, subject to the discussions and determinations contained in this decision.

The Panel also determined that PNG(N.E.) must continue to identify and weight objectives in subsequent resource plans, irrespective of whether or not the resource plan puts forward any new projects/initiatives, and to treat those values as actuals (as opposed to hypotheticals) for purposes of evaluations of resource options.

Further, the Panel determines that the demand-side management related portions of section 44.1 of the UCA [sections 44.1(2)(b), (c), (f); and section 44.1(8)(c)] have already been addressed in a prior proceeding and need to be considered no further in this decision.

In addition, the Panel provides several directives with regard to the next resource plan application.

1.0 INTRODUCTION

1.1 Application and orders sought

On April 17, 2015, Pacific Northern Gas (N.E.) Ltd [PNG(N.E.)] filed its 2015 Resource Plan pursuant to section 44.1 of the *Utilities Commission Act* (UCA) and the British Columbia Utilities Commission (Commission) Resource Planning Guidelines (Application). The 2015 Resource Plan covers PNG(N.E.) distribution systems for Fort St. John, Dawson Creek and Tumbler Ridge.

PNG(N.E.) is a wholly owned subsidiary of Pacific Northern Gas Ltd. (PNG). PNG also provides natural gas transmission and distribution services to northwest BC via its PNG-West division.

1.2 Legislative framework

The legislative framework for the filing and approval of resource plans filed by utilities is provided by section 44.1 of the UCA. A utility is required to file a long-term resource plan in compliance with the requirements of section 44.1(2) of the UCA. The Commission may accept or reject the plan or a part thereof per sections 44.1(6) and 44.1(7) of the UCA. If part of the plan is rejected, the utility may resubmit that part within a timeframe specified by the Commission.

In reviewing the resource plan, the Commission must consider, per section 44.1(8) of the UCA:

- The applicability of British Columbia's energy objectives;
- The extent to which the plan is consistent with sections 6 and 19 of the *Clean Energy Act* (CEA);
- Whether the utility intends to pursue adequate, cost-effective demand-side measures; and
- Interests of persons in British Columbia who receive or may receive service from the utility.

In 2003, the Commission established Resource Planning Guidelines to clarify the planning requirements of the utility under the UCA. In addition, the Demand-Side Measures Regulation, BC Reg. 326/2008 (DSM Regulation), defines the adequacy requirements and cost-effective tests to be used by the Commission.

In reviewing the 2015 Resource Plan, the most relevant BC energy objectives as set out in section 2 of the CEA include:

- to take demand-side measures and to conserve energy;
- to use and foster the development in British Columbia of innovative technologies that support energy conservation and efficiency and the use of clean or renewable resources;
- to reduce BC greenhouse gas emissions;
- to encourage switching from one energy source to another that decreases greenhouse gas emissions in British Columbia; and
- to encourage economic development and the creation and retention of jobs.

1.3 Regulatory process

The Commission established a written hearing process for the review of the Application and set out the Regulatory Timetable outlining the full regulatory process by Order G-67-15 on April 29, 2015. It included one round of information requests (IRs) prior to the final arguments phase of the proceeding. Two organizations registered as interveners in this proceeding:

- British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre *et al.* (BCOAPO); and
- District of Tumbler Ridge.

FortisBC Energy Inc. (FEI) registered as an interested party in the proceeding.

1.4 Previous resource plans

On April 18, 2013, by Order G-60-13, the Commission accepted PNG(N.E.)'s 2012 Resource Plan, with the exception of the Demand-Side Management (DSM) part of the plan. PNG(N.E.) was directed to re-submit the DSM part of the plan (together with an updated load forecast) at the same time as submitting the resource plan for the PNG-West pipeline system. PNG(N.E.) was also directed to file benchmarks or targets, together with relative weightings, for its planning objectives.

Order G-60-13 also directed that PNG(N.E.) file its next resource plan within two years, and included four directives to improve the quality of the next resource plan:

- Demonstrate the capacity constraint on the high pressure (HP) system delivering gas to the Dawson Creek airport has been addressed;
- Provide updates on benchmarks or targets for each planning objective;
- Show evidence of greater stakeholder engagement and collaboration during the development stages of the planning process; and
- Provide a more rigorous analysis of its load forecast.

On April 8, 2014, PNG filed its 2014 Resource Plan for its PNG-West pipeline system and sought acceptance of a consolidated DSM Plan for PNG-West and PNG(N.E.) (2014 DSM Plan). PNG stated that this was PNG's first foray into offering DSM programs to its ratepayers.

On September 16, 2014, by Order G-140-14, the Commission accepted the 2014 DSM Plan as "an initial first step." However, concerns were raised regarding the limited proposed scope of PNG's proposed DSM measures and their cost-effectiveness. The Commission directed PNG to file a consolidated DSM application and expenditure schedule by no later than June 30, 2015.¹

¹ PNG 2014 Resource Plan for the PNG-West Pipeline System and PNG(N.E.) Resubmission of the DSM Portion of the 2012 Resource Plan for PNG(N.E.) Pipeline Systems (PNG 2014 Resource Plan & DSM), Order G-140-14 dated September 16, 2014, Reasons for Decision, pp. 13–15.

2.0 SUMMARY FINDINGS

In this decision, the Panel determined that the 2015 Resource Plan meets the minimum requirements of section 44.1(2) of the UCA and is therefore adequate. The Panel accepts the 2015 Resource Plan to be in the public interest pursuant to subsection 44.1(6) of the UCA, subject to discussions and determinations contained in this decision.

The Panel also determines that: (i) PNG(N.E.) must continue to identify and weight objectives in subsequent resource plans, irrespective of whether or not the resource plan puts forward any new projects/initiatives; and (ii) the demand-side management related portions of section 44.1 of the UCA [sections 44.1(2)(b), (c), (f); and section 44.1(8) (c)] have already been addressed in a prior proceeding and need to be considered no further in this decision.

In addition, the Panel provides several directives with regard to the timing and quality of the next resource plan.

3.0 WEIGHTINGS OF RESOURCE PLAN OBJECTIVES

In the Commission's decision on the PNG(N.E.) 2012 Resource Plan, the Commission directed PNG(N.E.) to develop and file with the Commission on or before July 31, 2013, benchmarks or targets for each planning objective included in the resource plan, and to specify the relative weights that will be attributed to each planning objective.²

In Appendix A of its Application, PNG(N.E.) provides a copy of its response to Order G-60-13. Amongst other information contained in Appendix A, the resource plan objectives and weights are enumerated.

1. Safe, reliable service	30%
2. Least cost service	30%
3. Economic viability of utility	10%
4. Stable rates	10%
5. Environmental and socio-economic impacts	10%
6. Alignment with the BC Government's Energy Objectives	10%

In the Application, PNG(N.E.) points out that the weighting applied to objectives in Appendix A are illustrative only and will vary depending on the resource supply alternatives under consideration.³ More specifically, PNG(N.E.) states that since no new resource options are being proposed in the 2015 Resource Plan, the assignment of weightings, measurements and benchmarks is neither appropriate nor meaningful.⁴

PNG(N.E.) provides additional comment on the issue in an IR response. PNG(N.E.) states that the planning objectives presented in Appendix A reflect the objectives of the utility and do not change depending on the alternatives being evaluated. PNG(N.E.) submits that different weights may be appropriate, depending on the nature of the project being evaluated, and goes on to say "[t]hat is not to suggest that PNG(N.E.) proposes to

² PNG(N.E.) 2012 Resource Plan, Decision dated April 18, 2013, Order G-60-13, Directive 3, pp. 3, 4.

³ Exhibit B-1, p. 122.

⁴ PNG(N.E.) Final Argument, p. 4.

tailor the weightings to arrive at an outcome it desires, but rather to tailor them in such a manner as to accentuate differences between the important attributes of the alternatives being evaluated.”⁵

BCOAPO contends in its final argument that objectives are important in themselves and not dependent on the resources being considered, and weightings should be assigned even in the absence of alternatives. BCOAPO suggests that “It appears that PNG(N.E.) is setting the framework for these objectives in a way that could be tailored in the future to favour PNG’s preferred supply option.”⁶

Commission determination

The Panel determines that PNG(N.E.) must continue to identify and weight objectives in subsequent resource plans, irrespective of whether or not the resource plan puts forward any new projects/initiatives. PNG(N.E.) is further directed to treat those values as actuals (as opposed to hypotheticals) for purposes of evaluations of resource options. Further, the objectives and weights should typically be held consistent from one resource plan to the next, save for if and when PNG(N.E.) can substantiate in a subsequent filing the need and reasons for any changes thereto. Those objectives and weights should also be used by the Company as an important input to the evaluation of resource options put forward in the Resource Plan and/or any subsequent filings (e.g. Certificate of Public Convenience and Necessities) arising from the Resource Plan.

The Panel agrees with PNG(N.E.)’s perspective that the objectives of the utility do not change depending on the alternatives being evaluated. That said, the Panel does not agree with the notion that the objectives’ relative importance can or should be adjusted from time to time to accentuate differences between the alternatives being considered. The merits of a specific alternative are assessed by scoring it in terms of how well it satisfies each objective. The relative merits of one option versus another are then assessed by way of overlaying the weights to arrive at “normalized” scores, but not by way of changing the weights themselves.

Assigning weights to objectives serves to indicate the relative importance of meeting one planning objective versus another. In light of the fact that PNG(N.E.) has filed a set of objectives and weights in response to Order G-60-13 pertaining to the 2012 Resource Plan, and has filed those same objectives and weights in this Application, PNG(N.E.) should treat those values as actuals (as opposed to hypotheticals) for purposes of this Resource Plan and any evaluations of resource options arising out of this Resource Plan going forward.

The weights might need to be recalibrated from time to time in response to macro factors such as changes in government policy or regulation, or shifts in societal norms and priorities. Furthermore, if/as the list of objectives changes (e.g. adding “Public Consultation” as a new objective, or splitting the “Safety” objective into “Public Safety” and “Worker Safety”) there would be a need to revisit and possibly recalibrate the weights.

That said, one would not expect to see the weight assigned to an objective go up or down from one filing to the next. By way of hypothetical example, if the Least Cost Service objective is given a relative importance of 30 percent, there is no logical basis on which to argue that Least Cost Service should be considered only 20 percent important in Year N, but 35 percent important in Year N+1.

⁵ Exhibit B-2, BCOAPO IR 1.2.1.

⁶ BCOAPO Final Argument, p. 2.

PNG(N.E.) maintains that changing the weights does not suggest it intends to tailor the weightings to arrive at an outcome it desires. In counterpoint, BCOAPO argues that PNG(N.E.)'s framework means that outcomes could be tailored by PNG(N.E.) to favour its preferred option. While the Panel takes no position on motive, it does take a position on method. That is, the Panel agrees with BCOAPO that PNG(N.E.)'s method leaves open the possibility for misapplication.

4.0 DEMAND FORECASTS

In order to determine that a resource plan is adequate under section 44.1(2)(a), it must include an estimate of the demand for energy the public utility would expect to serve if the public utility does not take new demand-side measures during the period addressed by the plan.

PNG(N.E.)'s demand forecast consists of annual and peak demand forecasts (also referred to as load forecasts):

- The annual demand forecast predicts, for each region, the consumption by a utility's customers over the course of a calendar year. Alternative demand scenarios are also developed in order to provide some indication of the sensitivity of the demand forecasts to changes in forecast economic and climatic conditions as well as to provide a range of expected demands.⁷
- The peak (or design day) demand forecast is the maximum demand that the system is expected to service. The forecast is developed in the same way as the annual demand forecast: as an aggregation of the forecast peak day demands of each of the customer classes.⁸ System capacity planning relies primarily on the peak demand forecasts.

The Resource Planning Guidelines provide guidance on assessing the quality of the demand forecasts. They state: "More than one forecast would generally be required in order to reflect uncertainty about the future: probabilities or qualitative statements may be used to indicate that one forecast is considered more likely than others."⁹ In addition, in the PNG(N.E.) 2012 Resource Plan Decision (Order G-60-13), PNG(N.E.) was directed to provide a more rigorous analysis of its demand forecast, including stronger rationales and more complete analysis.

4.1 Annual demand forecast

PNG(N.E.) submits that PNG and PNG(N.E.) have spent considerable effort to refine and improve its forecasting methodology in response to the Commission's direction to improve the rigour of its load forecast in Order G-60-13.¹⁰ PNG(N.E.) further submits that the approach it has taken in developing its load forecasts is similar to that presented in the 2014 Resource Plan for the PNG-West system,¹¹ which was accepted by Order G-140-14.

In particular, PNG and PNG(N.E.) jointly commissioned a residential end-use survey (REUS) in the fall of 2013 to better understand the demographic makeup and consumption behaviour of PNG-West's and PNG(N.E.)'s

⁷ Exhibit B-1, p. 61.

⁸ Ibid., pp. 103, 104.

⁹ Resource Planning Guidelines, p. 3.

¹⁰ Exhibit B-1, p. 52.

¹¹ PNG(N.E.) Final Argument, p. 7.

residential customers. The REUS data and customers' historical billed consumption data are key inputs into the residential end-use model (REUM), which was used to refine the annual and peak day demand forecasts presented in the 2014 Resource Plan for PNG-West and in the compliance update to the PNG(N.E.) 2012 Resource Plan, both filed with the Commission on April 8, 2014.¹²

The refined annual demand forecasting methodology was accepted and commended by the Panel accepting PNG's 2014 Resource Plan for the PNG-West pipeline system and the compliance update to the PNG(N.E.) 2012 Resource Plan by Order G-140-14.¹³ Order G-140-14 contained additional directives for PNG to improve the demand forecasts in its next resource plan by including the following:

- the inclusion in the sensitivity analyses of scenarios incorporating the gain or loss of a large commercial/industrial customer;
- a scenario where electricity prices continue to increase more aggressively than as set out in this application over the entirety of the planning period;
- a competitive electric scenario in which the carbon tax is increased significantly; and
- a scenario including demand from liquefied natural gas (LNG) projects if their likelihood of implementation increases.¹⁴

Prior to developing the load forecasts for the 2015 Resource Plan, PNG(N.E.) submits it refined its REUM based on further analysis of the REUS and customer load data. The refined annual and peak day residential demand is reflected in the annual and peak day demand forecasts of each of PNG(N.E.)'s distribution systems.¹⁵

PNG(N.E.) states that alternative demand scenarios have been developed in order to provide some indication of the sensitivity of the demand forecasts to changes in forecast economic and climatic conditions as well as to provide a range of demands that could reasonably be expected. PNG(N.E.) has presented three demand forecasts for its pipeline systems, including a reference forecast reflecting PNG(N.E.)'s view of the most likely demand over the planning period, as well as forecasts corresponding to high demand and low demand growth scenarios.¹⁶

Commission determination

The Panel accepts PNG(N.E.)'s annual demand forecast, and determines the forecast methodology to be appropriate. The Panel notes that PNG(N.E.) has improved the rigor of its sensitivity analysis in compliance with the Commission's direction in Order G-60-13, and has also addressed the additional directives to PNG in Order G-140-14 to improve the demand forecasts in its next resource plan.

¹² PNG(N.E.) Final Argument, pp. 5–6.

¹³ PNG 2014 Resource Plan & DSM, Order G-140-14 dated September 16, 2014, Appendix A, p. 6.

¹⁴ Ibid.

¹⁵ PNG(N.E.) Final Argument, p. 6.

¹⁶ Ibid.

4.2 Peak demand forecast

The peak day demand is the maximum demand that the system is expected to service and is important for capacity and gas supply planning purposes. PNG(N.E.) developed forecasts for Fort St. John City, Dawson Creek, Tumbler Ridge Plant and Tumbler Ridge Town Gate, under three different scenarios.¹⁷

PNG(N.E.) estimated the peak day demand of each of its customer segments based on a mathematical relationship between ambient air temperature and gas consumption that has been determined empirically from historical weather and billed consumption data. The peak day demand of residential customers was calculated using the REUM and multiplied by the number of customers forecast. The peak day demand for small and large commercial, and small industrial customers was determined from load factors used in the 2012 PNG(N.E.) Resource Plan.¹⁸

PNG(N.E.) presented a forecast of peak day demand on portions of its distribution systems that were the most likely locations for future capacity constraints. PNG(N.E.) submits peak day demand aggregated over all nine receipt points (as presented in Order-G-60-13's DSM and load forecast compliance update submitted on April 8, 2014 but not in the 2015 Resource Plan) is helpful when determining gas supply requirements to meet the aggregated peak day demand, but is less helpful in identifying local constraints.¹⁹

Commission determination

The Panel accepts PNG(N.E.)'s peak demand forecast, and determines the forecast methodology to be appropriate.

The Panel directs PNG(N.E.) to also include aggregate peak day demand forecast of the system in future resource plans. The Panel considers that an aggregate peak day demand forecast would be helpful when determining gas supply requirements to meet the aggregated peak day demand.

In addition, the Panel observes inconsistency in the terminology used in PNG(N.E.)'s peak demand forecast when referring to the various locations at which the peak demand forecast is developed. For example, PNG(N.E.) states that the peak day demand identified as Fort St. John City Gate in the 2012 Resource Plan is synonymous with the peak demand identified as Fort St. John City in the 2015 Resource Plan, and the location identified as Tumbler Ridge Town in the 2015 Resource Plan is synonymous with the Tumbler Ridge Town Gate identified in the 2012 Resource Plan.²⁰ The Panel would appreciate consistent terminology in PNG(N.E.)'s future filings when presenting the peak day demand forecasts for the same locations.

4.3 Timing and frequency of the residential end-use survey

PNG(N.E.) submits that it will determine the timing of another REUS and small commercial customer survey based on its assessment of whether the characteristics of its residential and small commercial customers have changed significantly since completing the last surveys. PNG(N.E.) suggests that potential triggers for an updated

¹⁷ Exhibit B-1, pp. 103–105.

¹⁸ Ibid.

¹⁹ Exhibit B-3, BCUC IR 1.7.2.

²⁰ Ibid.

survey might include unexpected changes to the annual use per account, or information provided through PNG(N.E.)'s general conservation and education outreach program described in its DSM Expenditure Schedule.²¹

BCOAPO submits that the REUS and the small commercial customer survey have been useful for resource planning purposes and that costs to conduct these surveys are minimal. BCOAPO submits it would therefore be useful to undertake the surveys prior to the next resource plan filing.²²

Commission determination

The Panel is satisfied that PNG(N.E.)'s suggested approach of updating the REUS and small commercial customer survey only if conditions change rather than on a fixed schedule is appropriate. That said, the Panel is of the opinion that PNG(N.E.) should assess the need to update the REUS as part of its initial planning for preparation of the next resource plan.

The Panel directs PNG(N.E.) to include a summary of the assessments performed and the results of such assessments PNG relied on to inform the timing of the REUS and small commercial customer survey in the next resource plan filing.

5.0 COST EFFECTIVE DEMAND SIDE MEASURES

Once an estimate of the demand for natural gas in PNG(N.E.)'s territory is developed, the next step in the resource planning process is to determine how PNG(N.E.) intends to reduce the demand for energy by taking demand-side measures. The following discussion addresses both the adequacy and the quality of PNG(N.E.)'s DSM proposal.

Under section 44.1(2) of the UCA, a public utility must file with the Commission a long-term resource plan which includes:

- (b) a plan of how the public utility intends to reduce the demand referred to in paragraph (a) by taking cost-effective demand-side measures;
- (c) an estimate of the demand for energy that the public utility expects to serve after it has taken cost-effective demand-side measures; and
- (f) an explanation of why the demand for energy to be served by facilities referred to in paragraph (d) and the purchases referred to in paragraph (e) are not planned to be replaced by demand-side measures.

Under section 44.1(8)(c) of the UCA, in determining whether to accept a resource plan as being in the public interest, the Commission must consider whether the plan shows that the public utility intends to pursue adequate, cost-effective demand-side measures.

²¹Exhibit B-3, BCUC IR 1.5.3.

²²BCOAPO Final Argument, p. 4.

The 2015 Resource Plan did not include a DSM plan, a load forecast adjusted for DSM or an explanation as to why planned energy purchases could not be replaced by demand-side measures. However, PNG(N.E.) submits that the DSM related adequacy requirements of the UCA have been met as its 2014 DSM Plan was, in effect, an advance filing of DSM for the purpose of the 2015 Resource Plan.²³

On September 16, 2014, by Order G-140-14, the Commission accepted the 2014 DSM Plan as “an initial first step.” However, concerns were raised regarding the limited proposed scope of PNG’s proposed DSM measures and their cost-effectiveness. The Commission directed PNG to file a consolidated DSM Application and expenditure schedule by no later than June 30, 2015.

Subsequent to the filing of this Application, PNG filed its consolidated 2015-2018 DSM expenditure schedule (2015-2018 DSM Expenditure Schedule) with the Commission. PNG(N.E.) submits that inclusion of all or portions of the 2015-2018 DSM Expenditure Schedule in the 2015 Resource Plan would be an unnecessary duplication of information, especially considering that the dates of the two filings are within three months of each other.²⁴

With regard to the DSM adjusted load forecast adequacy requirement, PNG(N.E.) submits that the exclusion of the impact of DSM on forecast annual and peak demand is a practical one. PNG submits that the impact of roughly 375 gigajoules (GJ) of demand reduction from DSM across all three systems of PNG(N.E.), where the annual demands in 2014 of Fort St. John, Dawson Creek and Tumbler Ridge are 3,120 terajoules (TJ); 1,640 TJ; and 888 TJ; respectively, is less than the precision of the forecast.²⁵

Overall, BCOAPO supports the 2015 Resource Plan as meeting the requirements of section 44.1(6) of the UCA.²⁶ However, BCOAPO also states:

Both BCOAPO et al. and the Commission requested a brief description from PNG(N.E.) about its DSM programs ... PNG(N.E.)’s response was that PNG would file this information by June 30, 2015, the deadline when it was to file its DSM application, and that it is not relevant to the Resource Plan as the DSM programs are not expected to decrease the demand forecast.

We do not understand why the high level DSM information was not provided in response to our request, particularly since the information was readily available to PNG(N.E.) as it filed its 2015-2018 DSM Expenditure Schedule with the Commission at the end of June, 2015.²⁷

Commission determination

The Panel agrees with PNG(N.E.) that the 2014 DSM Plan was, in effect, an advance filing of DSM for the 2015 Resource Plan. As the 2014 DSM Plan was accepted by way of Order G-140-14, **the Panel determines that the DSM related portions of section 44.1 of the UCA [sections 44.1(2)(b), (c), (f); and section 44.1(8)(c)] have already been addressed in a prior proceeding and need not be considered further in this decision.** The Panel also specifically notes that Order G-140-14 accepted the DSM Plan “as an initial first step” only, and that concerns were raised regarding the adequacy and cost-effectiveness of PNG(N.E.)’s DSM proposal.

²³ Exhibit B-3, BCUC IR 1.9.1.

²⁴ PNG(N.E.) Reply Argument, p. 4.

²⁵ Ibid.

²⁶ BCOAPO Final Argument, p. 1.

²⁷ Ibid., p. 3.

Regarding BCOAPO's submission that PNG(N.E.) should have provided high level DSM information in the 2015 Resource Plan, the Panel agrees with PNG(N.E.) that this would not have supported regulatory efficiency as: (i) the Panel has accepted the 2014 DSM Plan as an advance filing of DSM for the 2015 Resource Plan; and (ii) the 2015-2018 DSM Expenditure Schedule was filed within three months of the 2015 Resource Plan.

To promote regulatory efficiency of future resource plan filings, **the Panel directs PNG(N.E.) to include in its next and subsequent resource plans the following information:**

- **Different DSM funding scenarios which should at a minimum include a "reference" DSM funding scenario with "high DSM" and "low DSM" scenarios relative to the reference funding scenario;**
- **An estimate of the demand for energy that the public utility expects to serve after it has taken all reasonable cost-effective demand-side measures.** Given the BC energy objective to "take demand side measures and to conserve energy," the Panel expects that PNG should be able to identify sufficient cost-effective DSM to result in a load forecast adjustment for DSM that exceeds "the precision of the forecast";
- **An analysis of each DSM funding scenario, including average bill and rate impacts for each customer class; and**
- **An analysis that shows how PNG has taken into account regional differences (such as different customer composition and customer preferences) in both identifying DSM opportunities and the extent to which DSM programs will be taken up in the different regions.**

6.0 FACILITIES TO MEET THE EXPECTED DEMAND

Section 44.1(2)(d) of the UCA requires that PNG(N.E.) include in its resource plan a description of the facilities that PNG(N.E.) intends to construct or extend in order to serve an estimate of the demand that PNG(N.E.) expects after it has taken cost-effective demand-side measures. PNG(N.E.) describes several upgrades to facilities in its resource plan that impact or increase PNG(N.E.)'s ability to meet future demand.

6.1 Removal of capacity limit on Sunrise lateral

In the Dawson Creek distribution system, PNG(N.E.) has a self-imposed operating pressure limit on the Sunrise lateral that it imposed when it purchased the PennWest segment of this lateral in 2014. PNG(N.E.) states it needs to establish the structural integrity of the pipeline through a corrosion survey and investigative digs and that:

Increasing the pressure on the pipeline will provide added capacity for large volume customers, such as AltaGas' LNG production plant and future compressed natural gas (CNG) compression facilities that are connected to the Sunrise lateral via the Air Liquide line just to the north of the City Gate Station.²⁸

²⁸ Exhibit B-1, p. 110.

With regard to the overall Dawson Creek system capacity, PNG(N.E.) states:

Additional work to assess the integrity of the recently acquired PennWest lateral is underway. Once completed, PNG(N.E.)'s self-imposed operating pressure limit is expected to be removed, allowing for an increase in the delivery pressure on the high pressure system to 6,068 kPa (880 psi). The current Dawson Creek system capacity is 18,155 GJ/d, and is expected to be increased to 25,000 GJ/d when the operating pressure of the PennWest segment of the Sunrise Lateral is increased to the operating pressure of the Spectra Energy pipeline.²⁹

PNG(N.E.) presents a forecast of design day demand on portions of its distribution system that were the most likely locations for future capacity constraints which indicates that the Dawson Creek system capacity constraint is 14,530 GJ/d and it would limit the Competitive Gas design day demand case.³⁰

Intervenors did not express any views or positions regarding the status of the self-imposed capacity limit on the PennWest segment of pipeline and the implications if it is not removed.

Commission determination

In the next resource plan, PNG(N.E.) is directed to confirm whether or not PNG(N.E.) has been able to safely remove the operating pressure constraint on the Sunrise lateral and describe the resulting impact on capacity in the Dawson Creek operating system. The Panel is concerned that if the self-imposed limit on the operating pressure of the PennWest segment of the Sunrise lateral cannot be removed, it may present a constraint to potential new demand.

6.2 Dawson Creek high pressure trunk line upgrades

In Order G-60-13, the Commission directed PNG(N.E.), in its next resource plan, to “demonstrate that the capacity constraint on the [high pressure trunk line] system delivering gas to the Dawson Creek Airport Area has been addressed.”

In the 2015 Resource Plan, PNG(N.E.) confirms it executed the two-part plan described in the 2012 Resource Plan:

- 1) installing pipe to connect Pouce Coupe to the Tomslake system, and
- 2) replacing sections of the Pouce Coupe lateral and installing a regulating station at the south end of the new pipe allowing PNG(N.E.) to increase the operating pressure of this section of the Pouce Coupe lateral to that of the Sunrise lateral to ensure PNG(N.E.) can serve existing and future loads within the City of Dawson Creek and the Airport Area.³¹ PNG(N.E.) further confirms that all sections of the Pouce Coupe lateral have now been replaced and no further work is required.³²

Intervenors did not express any views or positions regarding the Dawson Creek high pressure trunk line and whether PNG(N.E.) had addressed the information requirements set out in Order G-60-13.

²⁹ Exhibit B-3, BCUC IR 1.7.2.

³⁰ Exhibit B-1, p. 105.

³¹ Exhibit B-1, pp. 108–109.

³² Exhibit B-3, BCUC IRs 1.10.3 and 1.10.4.

Commission determination

The Panel accepts that PNG(N.E.) has complied with the directive in Order G-60-13 that PNG(N.E.) “demonstrate[s] that the capacity constraint on the [high pressure trunk line] system delivering gas to the Dawson Creek Airport Area has been addressed.”

6.3 Capacity constraint identification

PNG(N.E.) presents its design day demand with one line item in Table 30 on page 105 of its Application for each of the Fort St. John City and Dawson Creek distribution systems to show “the forecast design day demand at the most probable locations of any future capacity constraint” under three different modeled scenarios.³³

In the case of the Fort St. John distribution system, PNG(N.E.) submits that gas is received at either end of the approximately 46 kilometer high pressure pipe that begins in the town of Taylor and runs to the Canadian Natural Resources Ltd. (CNRL) Stoddard gas plant located north-west of Charlie Lake and that, due to the numerous regulating stations on this pipe and the multiple locations at which gas supply is received, there is a considerable degree of hydraulic flexibility in the system. For the purposes of the Resource Plan, the peak day demand of the residential and commercial customers is compared to the capacity of the Fort St. John and Baldonnel systems that serve the vast majority of these customers.³⁴

PNG(N.E.) also notes that the forecast peak demand for the AltaGas fractionation facility, which is included in the Competitive Gas scenario, has not been included in the forecast in Table 30 and states that the addition of one of more industrial sales or transportation customers may require additional capacity above that projected. If that situation arises and there is not sufficient pipeline capacity, PNG(N.E.) intends to determine at that point how best to provide service, likely either funded by the industrial or transportation customer or through some form of curtailment arrangement with the customer.³⁵

In the case of the Dawson Creek distribution system, PNG(N.E.) states it has developed a design day demand forecast for the entire Dawson Creek system, excluding demand on the Air Liquide lateral. PNG(N.E.) submits that because of the increased hydraulic flexibility resulting from the work completed on the Pouce Coupe Lateral, and the connection of Pouce Coupe to the Toms Lake system, an aggregated view of the demand on the Dawson Creek system is appropriate for resource planning purposes.³⁶

Commission discussion

As discussed in sections 6.1 and 6.2 above, system capacity constraints and demand requirements are typically localized to specific segments of a lateral on these systems, particularly when considering the location of potential new industrial demand. Presentation of potential capacity constraints using one line item as PNG(N.E.) has done in Table 30 of the Application is therefore insufficient for the purpose of understanding how the location of future demand might be impacted by localized system constraints.

³³ Exhibit B-1, p. 105.

³⁴ Ibid.

³⁵ Ibid., p. 106; Exhibit B-3, BCUC IR 1.8.1.

³⁶ Exhibit B-3, BCUC IR 1.7.2.

The Panel finds that a more granular presentation of system capacity constraints and substantial additional demand on the distribution systems would be helpful in understanding the localized effect of additional demand on these distribution systems. The Panel encourages PNG(N.E.) in future resource plans to identify the location of additional demand and potential system capacity constraints on specific segments of the distribution systems through the use of well-labeled maps.

7.0 ENERGY PURCHASES

Section 44.1(2)(e) of the UCA requires that the resource plan include information regarding the energy purchases from other persons that PNG(N.E.) intends to make in order to serve the demand for energy that it expects to serve after it has taken cost-effective demand-side measures.

PNG(N.E.) submits that it has developed a supply resource portfolio of gas commodity, storage and pipeline transportation contracts in order to satisfy its gas contracting objectives. PNG(N.E.) submits that it ensures secure reliable supply by entering into a diversified gas supply portfolio to minimize the risk associated with any one particular supply option.³⁷

The adequacy of Tumbler Ridge gas supply arose as an issue in the PNG(N.E.) Application for a Certificate of Public Convenience and Necessity to Acquire, Construct, Own and Operate a Compressed Natural Gas (CNG) Virtual Pipeline between the Communities of Dawson Creek and Tumbler Ridge (CNG Virtual Pipeline CPCN) proceeding. The Tumbler Ridge service area is isolated and not connected to the northeast BC natural gas grid and it is supplied by a single counterparty, CNRL. CNRL is also the largest transportation customer in the Tumbler Ridge service area. PNG(N.E.) owns the processing plant which is limited to processing gas that has minimal acid gas content (referred to as “sweet gas”). The gas purchased from CNRL must be processed to meet sales gas specifications and transported through PNG(N.E.)’s transmission system to PNG(N.E.)’s sales gas customers. PNG(N.E.) also processes and transports CNRL’s gas.

In Directive 13 of Order C-4-14 accompanying the PNG(N.E.) CNG Virtual Pipeline CPCN Decision, PNG(N.E.) was directed to:

...undertake a comprehensive and detailed technical study of the sweet raw gas supply sources in the Tumbler Ridge region, and file the long-term supply study for the Tumble Ridge Service Area with its next PNG(N.E.) Resource Plan, which is due on or before April 18, 2015 as per Order G-60-13.³⁸

As noted by PNG(N.E.), in the CNG Virtual Pipeline CPCN Decision, the Commission expressed concern about PNG(N.E.)’s limited insight into and understanding of the sweet gas supply options in the Tumbler Ridge area.³⁹ In addition to the directives in Order C-4-14, the Commission recommended “PNG(N.E.) actively seek input and

³⁷ Exhibit B-1, p. 113.

³⁸ PNG(N.E.) Application for a Certificate of Public Convenience and Necessity to Acquire, Construct, Own and Operate a Compressed Natural Gas Virtual Pipeline between the Communities of Dawson Creek and Tumbler Ridge (CNG Virtual Pipeline CPCN), Decision dated March 5, 2014, Order C-4-14, Directive 13.

³⁹ Exhibit B-1, p. 111.

cooperation from CNRL to supply availability in sufficient detail to understand the potential for supplying the load requirements of Tumbler Ridge Service Area customers into the future.”⁴⁰

PNG(N.E.) position

On April 17, 2015, in compliance with Order C-4-14, PNG(N.E.) filed a confidential study of the gas supply options for Tumbler Ridge. PNG(N.E.) submits that the study concludes that:

...there are gas reserves in the Grizzly North and Ojay areas with the potential to provide a supply for Tumbler Ridge over at least the next 20 years based on current depletion rates. Additional reserves in the Grizzly North area may be accessed through the development of additional wells or further completions of existing wells.⁴¹

PNG(N.E.) notes that the study was based upon third party publically available data on drilling activity, well completions, production, gas supply and reserves augmented by a 2014 annual gas reserves study provided to PNG(N.E.) by CNRL.⁴² PNG(N.E.) states “this assessment was made without due consideration of the economics of connecting that supply.”⁴³

PNG(N.E.) states CNRL, as the sole provider of gas, has been active in securing additional supply to PNG(N.E.) for Tumbler Ridge and describes some of CNRL’s recent actions in the 2015 Resource Plan.⁴⁴ CNRL’s existing production from sweet gas wells in Grizzly and Ojay have an estimated six-year life based on current depletion rates.⁴⁵ In order to add new production, CNRL have recently begun to pass on the costs of adding that new production in the form of a facilities fee which is recovered as part of the cost of gas over and above the market price of gas. The current fee is \$1.26 per gigajoule. In the absence of input from CNRL, PNG(N.E.) has forecast this incremental fee may rise to \$2.00 per gigajoule by 2024.⁴⁶

CNRL is dependent on the PNG(N.E.) Tumbler Ridge processing plant and transmission system for fuel gas supply to its Babcock and Murray River facilities and is the single large industrial transport customer on the Tumbler Ridge system with annual forecast throughput of 800,000 GJ as shown in Figure 58 of the 2015 Resource Plan. The increase in annual demand for the Tumbler Ridge service area for 2015 is entirely due to CNRL’s increased demand.⁴⁷

When asked to describe the nature and extent of consultations that PNG(N.E.) has had with CNRL regarding future gas supply connections from CNRL and CNRL’s future transportation service requirements, PNG(N.E.) notes that CNRL did not respond to requests from PNG(N.E.) seeking CNRL’s assistance and expertise in evaluating its gas supply resources but speculates this may be due to a turnover in CNRL’s staff.⁴⁸

PNG(N.E.) CNG Virtual Pipeline CPCN, Decision dated March 5, 2014, Order C-4-14, p. 61.

⁴¹ PNG(N.E.) Final Argument, p. 8, para 30.

⁴² Exhibit B-3, BCUC IR 1.12.1.

⁴³ Exhibit B-1, p. 112.

⁴⁴ Ibid.

⁴⁵ Ibid., pp. 112–113.

⁴⁶ Exhibit B-1, p. 45.

⁴⁷ Ibid., pp. 92–93.

⁴⁸ Exhibit B-3, BCUC IR 1.12.2.

With regard to the need for the incremental trucked CNG supply contemplated in the CNG Virtual Pipeline CPCN proceeding, PNG(N.E.) submits that:

Due to the low growth rate in customer connections in the Town of Tumbler Ridge itself, no capacity constraints are expected under any of the scenarios over the planning period. While the reopening of Quintette, or additional load from other mining projects, have been considered in the determination of the annual demand under the Reference and Competitive gas scenarios, PNG(N.E.) does not expect that all of this load will be served by its Tumbler Ridge processing plant, but rather that CNG deliveries from Dawson Creek will address any capacity shortfall.⁴⁹

Intervener views

The District of Tumbler Ridge registered as an intervener but did not file information requests or a final argument. Although in their final submission in the PNG(N.E.) CNG Virtual Pipeline CPCN proceeding, the District of Tumbler Ridge did express the desire to be informed about “what efforts have been made to date to develop these resources in order to ensure a dependable and sustainable supply of natural gas for Tumbler Ridge’s current and projected needs,”⁵⁰ they did not raise this issue in this proceeding.

BCOAPO expresses concern that PNG(N.E.)’s single supplier is CNRL; that CNRL may have less than six years of supply in reserves, the costs for CNRL to bring on new supply may be significant, and that CNRL sets the costs for the gas and is not assisting PNG(N.E.) to conduct a gas supply study. Further, BCOAPO submits: “This problem is particularly acute as CNRL’s gas reserves are drying up. In the event of a failure to supply by CNRL, PNG(N.E.) appears to be completely relying on trucking compressed natural gas to Tumbler Ridge through the ‘virtual pipeline.’”⁵¹

BCOAPO also notes the District of Tumbler Ridge’s concern about which party bears the costs of trucking CNG to Tumbler Ridge as stated in Exhibit C2-2, and submits that:

As the issue of gas supply to the Tumbler Ridge area may very well arise prior to PNG(N.E.)’s next Resource Plan, we would like PNG(N.E.) to provide an update on the Tumbler Ridge gas supply issue in early 2016, including whether PNG anticipates that the terms for the CNG trucking alternative will materialize to meet the December 31, 2016 deadline.⁵²

PNG(N.E.) reply

In its reply argument, PNG(N.E.) took issue with BCOAPO’s description of CNRL’s gas supply reserves as drying up and presenting an acute problem. In the reply argument, PNG(N.E.) describes further how the actual life of these reserves is dependent almost entirely on CNRL’s production schedule and CNRL’s own demand for gas, including that for its Babcock and Murray River fuel gas facilities serviced from PNG(N.E.)’s Tumbler Ridge system.

PNG(N.E.) also takes issue with BCOAPO’s characterization that PNG(N.E.) is “completely relying on trucking compressed natural gas to Tumbler Ridge through the ‘virtual pipeline’ in the event of a failure to supply by CNRL” and refers to the CNG Virtual Pipeline CPCN proceeding stating that it would review all options in the

⁴⁹ PNG(N.E.) Final Argument, pp. 7–8, para 29.

⁵⁰ PNG(N.E.) CNG Virtual Pipeline CPCN proceeding, District of Tumbler Ridge Final Submission, pp.1–2.

⁵¹ BCOAPO Final Argument, p. 3.

⁵² BCOAPO Final Argument, p. 3.

event the security of Tumbler Ridge’s gas supply becomes questionable over a medium term planning horizon. In PNG(N.E.)’s final submission in the PNG(N.E.) CNG Virtual Pipeline CPCN proceeding, these options included re-evaluation of a supply pipeline alternative.⁵³

With regard to BCOAPO’s request that an update on the Tumbler Ridge gas supply issue be filed in early 2016, PNG(N.E.) states it does not object to BCOAPO’s request.

Commission determination

Based on the evidence provided by PNG(N.E.), the Panel finds that PNG(N.E.) has complied with Directive 13 of Order C-4-14 accompanying the CNG Virtual Pipeline CPCN Decision by providing adequate information regarding the Tumbler Ridge supply situation.

The Panel notes that the 2015 Resource Plan shows the current economic downturn in the coal industry has somewhat alleviated the situation relative to where it stood at the time of the PNG(N.E.) CNG Virtual Pipeline CPCN proceeding.

In order to assure supply for the residential and commercial customers, the Panel is of the view that the issue is not so much whether there is sufficient gas supply in the region but rather whether CNRL is willing and able to continue its efforts to complete and connect new supplies as required, and the potential impact of connection costs that will be passed on to PNG(N.E.) as part of the gas supply cost. The Panel encourages PNG(N.E.) to continue to actively seek input and cooperation from CNRL regarding the ongoing availability of gas supply for Tumbler Ridge.

8.0 BC’S ENERGY OBJECTIVES

As required by section 44.1(8)(a) of the UCA, the Commission must consider the applicable of British Columbia’s energy objectives in reviewing resource plans filed by utilities under its jurisdiction. Section 2 of the CEA sets out BC’s energy objectives. In addition, the BC Energy Plan “supports utilities in British Columbia and the BC Utilities Commission pursuing all cost effective and competitive demand side management programs.”⁵⁴

Two issues were identified in reviewing the 2015 Resource Plan against BC energy objectives:

1. PNG(N.E.)’s statement that “Natural gas is the most efficient source of energy for thermal requirements”;⁵⁵ and
2. PNG(N.E.)’s statement that additional demand-side resources should only be considered where they do not “materially increase rates beyond the price of energy from alternative sources.”⁵⁶

⁵³ Ibid.

⁵⁴ BC Energy Plan: A Vision for Clean Energy Leadership, February 27, 2007, p. 5.

⁵⁵ Exhibit B-1, p. 12.

⁵⁶ Ibid., p. 11.

8.1 Use of natural gas to support BC self-sufficiency and emissions objectives

PNG(N.E.) submits that its 2015 Resource Plan supports BC's electricity self-sufficiency objective as natural gas is the most efficient source of energy for thermal requirements and its appropriate application reduces the Province's reliance on electricity for these applications.⁵⁷

The British Columbia Hydro and Power Authority (BC Hydro) responded to a similar position in 2008 by Terasen Utilities (now FortisBC Energy Inc.) that "fuel switching from electricity to natural gas will [reduce] our need to import electricity from other jurisdictions that generate it using inefficient coal or natural gas as inputs" as follows:

I do not agree with Terasen Utilities' assertion. There is no medium to long term linkage between fuel switching from electricity to natural gas and a change in BC Hydro's need for importing electric energy or ability to export such energy.⁵⁸

In response to BC Hydro's 2008 testimony, PNG(N.E.) submits:

PNG(N.E.) concedes that in the current environment that BC Hydro operates in, where access to the export market is dominated by Powerex, and the purchase of power from independent power producers is limited almost exclusively to BC Hydro, the application of the appropriate choice of fuel to fit the end-use application may have little effect on the continent-wide production of electricity.

However, based purely on the principle of viewing energy supply and demand on a continent-wide basis, rather than one limited to jurisdictional boundaries, and setting aside the problems in overcoming those boundaries, PNG(N.E.) maintains that the appropriate use of natural gas could be an effective mechanism for reducing reliance on power generation in North America using higher carbon content fuels such as oil and coal.⁵⁹

In addition, PNG(N.E.) submits that is not putting forward any proposed actions in its 2015 Resource Plan that are aimed at promoting the use of natural gas over electricity for thermal requirements.⁶⁰

The issue of whether use of natural gas for heating applications in BC can provide a greenhouse gas (GHG) benefit was also addressed in the Commission's decision on the FortisBC Energy Utilities' 2014 Long-Term Resource Plan (FEU 2014 LTRP) where the Commission stated: "The Commission Panel notes that, while the FEU's opinion is that the use of natural gas for heating applications in BC can provide a GHG benefit, the FEU have not put forward proposed actions in the LTRP that require a determination of whether this opinion is reasonable or not. As a result, the Commission Panel agrees with the FEU that no determination is required on this issue and will consider it no further."⁶¹

⁵⁷ Ibid., p. 12.

⁵⁸ Terasen Gas Inc. and Terasen Gas (Vancouver Island) Inc. 2008 Application for Energy Efficiency and Conservation Programs, Exhibit C2-6, Direct Testimony of Randy Reimann, p. 2.

⁵⁹ Exhibit B-3, BCUC IR 1.14.1.

⁶⁰ Ibid., BCUC IR 1.14.1.1.

⁶¹ FortisBC Energy Utilities 2014 Long-Term Resource Plan, Decision dated December 3, 2014, Order G-189-14, p. 44.

Commission discussion

The Panel notes that, while PNG(N.E.)’s opinion is that the use of natural gas for heating applications in BC supports BC’s electricity self-sufficiency and emission reduction objectives, PNG(N.E.) has not put forward proposed actions in the 2015 Resource Plan that require a determination of whether these opinions are reasonable or not. Consistent with the Commission’s decision on the FEU 2014 LTRP, the Panel considers that no determination is required on this issue.

8.2 Effect of DSM programs on the competitive position of gas

PNG(N.E.) states in its 2015 Resource Plan that additional supply or demand-side resources should only be considered where they do not “materially increase rates beyond the price of energy from alternative sources.”⁶² PNG(N.E.) submits that it is very difficult for DSM programs of a gas distribution utility, and in particular for a small gas distribution utility, to decrease rates.⁶³

The BC Energy Plan “supports utilities in British Columbia and the BC Utilities Commission pursuing all cost effective and competitive demand side management programs.”⁶⁴ In addition, section 4(6) of the DSM Regulations does not allow the Commission to reject DSM programs on the basis that they increase rates for non-participants.

The issue of the effect of DSM programs on the competitive position of gas was also addressed in the Commission’s decision on the FortisBC Energy Inc. Multi-Year Performance Based Ratemaking Plan for 2014 through 2018 (FEI 2014-2018 PBR) Application, where the Commission stated:

The Commission Panel determines that rate impacts are relevant when considering the interests of persons in British Columbia who receive or may receive service from FEU. However, the focus of this consideration should be on mitigating rate impacts for non-participants, and not on maintaining the competitive position of natural gas. The Panel considers that reducing the level of cost-effective [DSM] in order to maintain the competitive position of gas may be contrary to BC energy objectives, specifically objectives in support of emission reductions.⁶⁵

PNG(N.E.) forecasts that natural gas is expected to remain competitive with electricity in all of PNG(N.E.)’s distribution systems even under aggressive assumptions on natural gas and carbon pricing.⁶⁶

Commission determination

The Panel notes that, while PNG(N.E.) has not proposed any actions in its 2015 Resource Plan, the Panel does not support PNG(N.E.)’s position that DSM should only be considered where it does not “materially increase rates beyond the price of energy from alternative sources.” Consistent with the Commission decision on FEI’s 2014-2018 PBR Application, the Panel determines that **rate impacts arising from DSM are relevant when considering the interests of persons in British Columbia who receive or may receive service from PNG(N.E.).**

⁶² Exhibit B-1, p. 11.

⁶³ Exhibit B-3, BCUC IR 1.2.1.

⁶⁴ BC Energy Plan: A Vision for Clean Energy Leadership, February 27, 2007, p. 5.

⁶⁵ FortisBC Energy Inc. Multi-Year Performance Based Ratemaking Plan for 2014 through 2018, Decision dated September 15, 2014, Order G-138-14, p. 261.

⁶⁶ PNG(N.E.) Final Argument, p. 8.

However, the focus of this consideration should be on mitigating rate impacts for non-participants, and not on maintaining the competitive position of natural gas.

The Panel considers that reducing the level of cost-effective DSM in order to maintain the competitive position of gas may be contrary to BC energy objectives, specifically objectives in support of emission reductions.

9.0 THE INTERESTS OF CUSTOMERS

In determining whether to accept a long-term resource plan, the Commission must consider “the interests of persons in British Columbia who receive or may receive service from the public utility.”⁶⁷ Three issues were raised during this proceeding which could affect the interests of customers: (i) PNG(N.E.)’s regional CNG and liquefied natural gas (LNG) strategy; (ii) District of Dawson Creek cost allocation; and (iii) PNG(N.E.)’s extension policy monitoring.

9.1 PNG(N.E.) regional LNG and CNG strategy

PNG(N.E.) states it:

...is exploring the opportunity to leverage its existing pipeline transmission and distribution systems to provide or supply facilities for the micro-scale production of CNG and LNG near demand loads and to develop new CNG and LNG distribution services to its customers. PNG(N.E.)’s systems have the potential to be an integral part of a regional LNG strategy by facilitating service to several site locations for micro-scale LNG, focused on domestic gas consumption for which PNG(N.E.) would develop LNG transportation tariff and potentially incentives to assist in conversions.⁶⁸

For the micro-LNG market, PNG(N.E.) describes the target markets as remote and off-grid diesel fueled power generation customers that can act as anchor customers for base-load LNG plants as these customers are inclined to enter into cost-plus/take-or-pay type contracts. Additional target markets include high fuel volume end-use equipment in the oil and gas, mining, marine and rail sectors, including significant opportunity to displace diesel consumption in heavy mine haul trucking applications in the next three to five years. PNG(N.E.) also mentions the on-road trucking sector but expects a longer time to conversion in this sector.⁶⁹

PNG(N.E.) provides an update on its plans to add CNG to the Tumbler Ridge supply portfolio to supply coal mines should the coal industry rebound⁷⁰ and includes CNG demand to meet this load in its Reference and Competitive Gas scenarios with the expectation this load will not materialize before 2019.⁷¹ PNG(N.E.) states it is working with CanGas Solutions to relocate and expand its CNG operations in Dawson Creek and to expand into Fort St. John to handle greater capacity for bulk CNG cargos but it is not clear the role PNG(N.E.) will play in this expansion.⁷²

⁶⁷ *Utilities Commission Act*, RSBC 1996, c. 473, section 44.1(8)(d).

⁶⁸ Exhibit B-1, p. 38.

⁶⁹ *Ibid.*, p. 39.

⁷⁰ *Ibid.*, p. 110.

⁷¹ PNG(N.E.) Final Argument, pp. 7–8.

⁷² Exhibit B-1, p. 40.

When asked about its plans for filing of applications over the next four years, PNG(N.E.) states:

PNG(N.E.) is actively pursuing opportunities for CNG refueling, LNG transport tariffs, and for the recovery of the cost of vehicle incentives, and has had requests from some municipalities and customers to offer such services. At present, PNG(N.E.) is in advanced discussions to provide one or more the aforementioned services, however, no agreements have been concluded as at this time. PNG(N.E.) estimates that the near-term likelihood of an agreement for one or more of these services is greater than 50%, and that an application could be made to the Commission for approval as early as the next 6 to 12 months.⁷³

PNG(N.E.) includes reference to its June 16, 2015 application for approval of an Industrial Firm Transportation Service Agreement with AltaGas Ltd. to provide firm transportation service to the proposed AltaGas LNG facility in Dawson Creek.⁷⁴ PNG(N.E.) includes demand for the AltaGas LNG facility commencing in 2016 and ramping up to 980 TJ/year by 2018 as well as demand for CNG for Tumbler Ridge starting in 2018 plus another 77 TJ of bulk CNG sales starting in 2019 in addition to the CNG sales forecast for Tumbler Ridge. PNG(N.E.) has also forecast 41 TJ of annual demand for CanGas commencing in 2016.⁷⁵

When asked whether PNG(N.E.) anticipates it will own and operate any CNG or LNG refueling stations, PNG(N.E.) states it is considering a variety of business models including the following:

- 1) joint venture arrangements with third parties who would own and operate the equipment, and where PNG(N.E.) would offer the service to retail and commercial customers;
- 2) arrangements where PNG(N.E.) would own all or part of the facilities and then sub-contract the operations of the facilities to third parties; and lastly,
- 3) arrangements where PNG(N.E.) would own parts of the downstream supply chain, which may include storage, vaporizing equipment, dispensers, unloading equipment, and trailers.⁷⁶

PNG(N.E.) states that it intends to use its six key resource planning objectives and the scoring methodology with appropriate adjustments to the weightings, measurement and targets when evaluating new services such as CNG/LNG deliveries that might be provided by PNG(N.E.) as this process is transparent and highly suited to examination by the Commission and interveners in any regulatory review process for the proposed project.⁷⁷

The interveners did not express any views regarding PNG(N.E.)'s overall strategy regarding micro-LNG or CNG other than BCOAPO's expressed concerns if PNG(N.E.) were to rely on trucked CNG to replace CNRL gas supply for Tumbler Ridge. BCOAPO also requests that PNG(N.E.) include, in the update on the Tumbler Ridge gas supply that BCOAPO requests, whether PNG anticipates that the terms for the CNG trucking alternative will materialize to meet the December 31, 2016 deadline set out in Order C-4-14.⁷⁸

⁷³ Exhibit B-3, BCUC IR 1.3.1.

⁷⁴ Ibid.

⁷⁵ Exhibit B-3, BCUC IR 1.3.1.1.

⁷⁶ Ibid., BCUC IR 1.3.2.

⁷⁷ PNG(N.E.) Final Argument, p. 5.

⁷⁸ BCOAPO Final Argument, p. 3.

In its reply argument, PNG(N.E.) states it was not PNG(N.E.)'s plan to replace the CNRL supply with trucked CNG. PNG(N.E.) also states it did not oppose BCOAPO's request for an update to filing an update on the CNG trucking alternative.⁷⁹

Commission determination

Although PNG(N.E.) states it is exploring how it might participate in the micro-LNG and CNG markets to provide or supply facilities, it provides few specific details of the overall strategy and plans in the 2015 Resource Plan, particularly in regard to the benefit or cost to existing ratepayers. PNG(N.E.) has also not provided the timing and nature of the specific applications that it anticipates it will file over the next four years other than the AltaGas LNG Transportation Service Agreement Application.

The Panel is of the view that the 2015 Resource Plan is not as thorough as it should be regarding the regional LNG and CNG strategy. As specified in the Commission's Resource Planning Guidelines, **the Panel directs PNG(N.E.) to include in future resource plans an action plan consisting of the detailed acquisition steps for those resources which need to be initiated over the next four years to meet the most likely gross demand forecast.** Further, the Panel reminds PNG(N.E.) of the determination noted earlier in this decision on the consistent use of objective weights when considering projects.

With regard to BCOAPO's request for an update on whether PNG(N.E.) anticipates the terms for trucking CNG to Tumbler Ridge will materialize to meet the December 31, 2016 deadline set by Order C-4-14, the Panel observes that Order C-4-14 is specific in regard to the conditions for proceeding with the CNG trucking alternative and finds there is no need to require PNG(N.E.) to provide the requested update.

9.2 District of Dawson Creek cost allocation

The CNG Virtual Pipeline CPCN was approved by the Commission in Order C-4-14 subject to certain conditions being met by December 31, 2016, including minimum take-or-pay levels in service contracts.⁸⁰

When the District of Tumbler Ridge registered as an intervener in this proceeding it expressed concerns that, should the Commission approve the 2015 Resource Plan, the residential and business constituents in Tumbler Ridge would be obliged to share in compensating PNG(N.E.) for portions of the capital and operating costs for new assets attributed to the Tumbler Ridge rate base.⁸¹ BCOAPO cites this concern in its final argument and requests that PNG(N.E.) be required "to provide an update on the Tumbler Ridge gas supply issue in early 2016, including whether PNG anticipates that the terms for the CNG trucking alternative will materialize to meet the December 31, 2016 deadline."⁸²

In its reply argument, PNG(N.E.) took issue with BCOAPO's suggestion that the CNG trucking costs would be subsidized by residential and commercial ratepayers to the benefit of industrial ratepayers, but stated it did not object to providing the Tumbler Ridge gas supply update as requested by BCOAPO.⁸³

⁷⁹ PNG(N.E.) Reply Argument, p. 3.

⁸⁰ PNG(N.E.) CNG Virtual Pipeline CPCN, Decision dated March 5, 2014, Order C-4-14, Directives 1 through 6.

⁸¹ Exhibit C2-2, p. 1.

⁸² BCOAPO Final Argument, p. 3.

⁸³ PNG(N.E.) Reply Argument, p. 3.

Commission discussion

The Panel notes that the Commission addressed the issue of the costs and benefits of trucking CNG to Tumbler Ridge in the CNG Virtual Pipeline CPCN Decision and that accepting the 2015 Resource plan will not alter the CNG Virtual Pipeline CPCN Decision. Hence, the Panel makes no findings or determinations in this matter.

9.3 Extension policy monitoring

PNG(N.E.) submits that to ensure resources are added only when appropriate, PNG(N.E.) employs financial feasibility tests, such as a mains extension test, as a tool to evaluate the prudence of resource additions.⁸⁴ PNG(N.E.) submits that the main objective of the mains extension test is to determine the maximum permissible capital investment in an individual request for a system extension that ensures the interests of existing customers will not be compromised, and that the extension test follows the Utility System Extension Test Guidelines issued by the Commission in September 1996.⁸⁵

However, PNG(N.E.) submits that, since 2001, it has only monitored its main extension performance on an ad hoc basis. PNG(N.E.) submits that it appreciates the importance of this monitoring role and has commenced an internal review to reinstate this function as part of the close process for capital additions to the distribution system.⁸⁶

Commission discussion

The Panel encourages PNG(N.E.) to put in place formal procedures to monitor the results of its main extension test. The Panel considers that monitoring of actual compared to forecast results is required to determine if PNG(N.E.)'s extension policies are being followed, and to determine if opportunities exist to improve the fairness and efficiency of these policies.

10.0 ADEQUACY AND PUBLIC INTEREST EVALUATION

PNG(N.E.), in its final argument, submits that the 2015 Resource Plan meets the adequacy requirements of section 44.1(2) of the UCA and is in the public interest. Overall, BCOAPO supports the 2015 Resource Plan as meeting the requirements of section 44.1(6) of the UCA.

Commission determination

A resource plan must be both adequate and in the public interest. The Panel cannot accept a resource plan that does not meet minimum requirements, rendering the plan inadequate. Specifically, PNG(N.E.) is required to provide a plan of demand-side measures, an estimate of the demand for energy net of DSM, a description of the facilities it intends to construct (if any), information regarding energy purchases, and a description of why further DSM measures are not planned in order to reduce demand further.

⁸⁴ Exhibit B-1, p. 11.

⁸⁵ Exhibit B-2, BCUC IR 1.2.1.

⁸⁶ Ibid.

As a result of the preceding evaluation of the 2015 Resource Plan, **the Panel determines that the 2015 Resource Plan meets the minimum requirements of section 44.1(2) of the UCA and is therefore adequate.**

However, in order for a resource plan to be accepted by the Panel, the plan must also meet section 44.1(8) of the UCA, ensuring that the plan is in the public interest. While it is possible that the Panel or other stakeholders may disagree with individual assumptions and may prefer an alternative action plan, the test is whether the plan as filed meets the public interest.

Notwithstanding Panel determinations to improve the quality of subsequent resource plans, as a result of the preceding evaluation of the 2015 Resource Plan, **the Panel accepts the 2015 Resource Plan to be in the public interest pursuant to subsection 44.1(6) of the UCA, subject to discussions and determinations contained in this decision.**

11.0 TIMING AND SCOPE OF THE NEXT RESOURCE PLAN

One of the purposes of a resource plan is to support regulatory efficiency and inform other Commission processes.

11.1 Next filing date

PNG has been directed in Order G-140-14 to file its Consolidated Resource Plan for PNG-West and PNG(N.E.) no later than April 8, 2019, unless there is a significant or material change in its circumstances which would prompt an earlier filing. No submissions to change the filing date of the next resource plan were made by PNG(N.E.) or BCOAPO.

On June 26, 2015, PNG filed its DSM expenditure schedule with the Commission covering the periods 2015 to 2018.

Commission determination

The Panel confirms Order G-140-14 directive for PNG-West and PNG(N.E.) to file their resource plans on a consolidated basis no later than April 8, 2019. This date was not contested by the parties and will provide a reasonable degree of regulatory efficiency in that there is a four year gap between resource plans.

PNG-West and PNG(N.E.) recently filed a consolidated DSM expenditure schedule covering the period 2015 to 2018. The Panel acknowledges that the timing of PNG's 2019 Resource Plan would result in the resource plan coming after (rather than before) the next PNG DSM expenditure schedule filing. The Panel therefore suggests that the next PNG DSM expenditure filing is limited to a two year period (2019 to 2020) to bring the resource plan and DSM expenditure schedule filings back into alignment.

11.2 PNG(N.E.) suggestions to improve regulatory efficiency

PNG(N.E.) made the following suggestions to improve the regulatory efficiency of the resource planning process for a gas utility (compared to an electric utility):

- A shortened planning horizon: PNG(N.E.) submits that a shortened planning horizon may be appropriate when long range forecasts (beyond 10 years) are themselves based on extrapolations of medium-term

trends. PNG(N.E.) submits that, as natural gas utilities can respond much more quickly to changes in supply and demand than electric utilities can, it is reasonable to shorten the planning horizon when undertaking resource planning for gas utilities;

- Different degree of precision in peak demand forecasts: PNG(N.E.) submits that the degree of precision required in forecasts of peak day and peak hour demand for resource planning for an electric utility is not required for a gas utility where the intrinsic storage capacity provides sufficient buffering capability to meet short term supply-demand imbalances; and
- Different level of rigour: PNG(N.E.) submits that the resource planning process for natural gas utilities be subject to a different level of rigour when evaluated by the Commission, one that reflects:
 - the flexibility of these systems to accommodate short term demand-supply imbalances;
 - the shorter construction times for adding new capacity to respond to changes in load and supply conditions as compared to electric utilities; and
 - the non-integrated nature of natural gas distribution utilities which purchase their energy from a natural gas marketplace that has a high degree of liquidity and integration with others markets throughout North America.⁸⁷

BCOAPO supports PNG(N.E.)'s proposal to move from a 20-year to a 10-year planning horizon for resource planning purposes.⁸⁸

Commission determination

The Panel determines that both: (i) the degree of precision in peak demand forecasts; and (ii) the level of rigour appropriate when evaluating a resource plan should be tailored to reflect the unique circumstances of the utility under review. However, for clarity, this determination should not be interpreted as accepting a reduction (from current levels) in the level of accuracy of the PNG peak demand forecast or in the rigor in developing and evaluating the next PNG resource plan. If PNG has any specific significant changes to propose to the load forecasting or resource planning process, PNG is encouraged to come forward with its proposals (preferably prior to the filing of the next resource plan).

The Panel considers that a tailored approach to resource planning is supported by the Resource Planning Guidelines, which state:

The Commission will review resource plans in the context of the unique circumstances of the utility in question. For this reason, the Guidelines do not distinguish between the circumstances of small and large utilities or between transmission and distribution utilities, nor do they prescribe specific planning horizons or approaches to resource acquisition.⁸⁹

Further, the Panel considers that this tailored approach is consistent with the Commission's guidance to FEU in 2014 regarding the purpose of a resource plan. In its decision on the FEU 2014 LTRP, the Commission states:

⁸⁷ PNG(N.E.) Final Argument, pp. 2, 3.

⁸⁸ BCOAPO Final Argument, p. 1.

⁸⁹ Resource Planning Guidelines, p. 2.

It must be emphasized that resource planning, from the Commission's perspective, is not simply a perfunctory matter whereby utilities file template material cut and pasted from annual reports available in public records. Rather, resource planning is a process requiring utilities to consider all anticipated resources required to meet the demand for a utilities product and services. The intent of resource planning is to facilitate the cost-effective delivery of secure and reliable energy services. In the words of the previous panel from the FEU 2010 LTRP, 'resource plans should provide a comprehensive 20 year view of a [utility's] trajectory and provide a strong support for programs and initiatives which will be filed with the Commission.'

The Panel considers that the purpose of the FEU's LTRP is to:

- Provide strategic direction and insight for future applications where the UCA specifically requires consideration of the LTRP (Certificate of Public Convenience and Necessity (section 45, UCA), Energy Supply contracts (section 71, UCA), and DSM (s. 44.2, UCA));
- Provide direction on broader policy issues that may arise in other applications, such as rate design, extension policy and revenue requirement applications; and
- Identify and consider areas where there may be public interest concerns (for example, with regard to support for BC's Energy Objectives). ...

... The Panel agrees with the FEU that the steps required to undertake a resource plan for an integrated electric utility are different than for a gas utility. For example, for an integrated electric utility, the load forecast is a critical first step and a portfolio-based approach can be used to develop and evaluate different portfolios of 'network infrastructure/generation investment/energy purchases/DSM' to meet the expected load. However, for the FEU, the load forecast is not such a critical first step. Gas is purchased from the market, new gas infrastructure can generally be put in place in less than five years and the addition of one significant customer can quickly overwhelm any refinement in the load forecasting approach for existing customers.⁹⁰

With regard to PNG(N.E.)'s specific request to reduce the term of the planning period from 20 years to 10 years, the Panel denies this request. The Panel does not consider that a 20-year planning horizon is unreasonably burdensome to the utility. The Panel considers that a longer-term time horizon underscores the importance of fostering innovation and considering environmental impacts in utility planning (both being BC energy objectives). PNG(N.E.) should also consider in its resource planning process potential longer-term changes in customer preferences and uses of natural gas (for example, in response to changes in economic cycles or new technology) and discuss in the resource plan how it would react to them.

The Panel also notes that the Tumbler Ridge region is not connected to a gas marketplace with a high degree of liquidity, and so a shorter planning time horizon would be a concern for this division. A shorter-planning time horizon would also be inappropriate to the extent that specific investments are under consideration, as pipeline investments have a lifespan significantly exceeding 10 years.

⁹⁰ FortisBC Energy Utilities 2014 Long-Term Resource Plan, Decision dated December 3, 2014, Order G-189-14, pp. 5, 6.

12.0 SUMMARY OF DIRECTIVES

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

Directive	Reference
<p>The Panel determines that PNG(N.E.) must continue to identify and weight objectives in subsequent resource plans, irrespective of whether or not the resource plan puts forward any new projects/initiatives. PNG(N.E.) is further directed to treat those values as actuals (as opposed to hypotheticals) for purposes of evaluations of resource options.</p>	Page 4
<p>The Panel accepts PNG(N.E.)’s annual demand forecast, and determines the forecast methodology to be appropriate.</p>	Page 6
<p>The Panel accepts PNG(N.E.)’s peak demand forecast, and determines the forecast methodology to be appropriate.</p>	Page 7
<p>The Panel directs PNG(N.E.) to also include aggregate peak day demand forecast of the system in future resource plans.</p>	Page 7
<p>The Panel directs PNG(N.E.) to include a summary of the assessments performed and the results of such assessments PNG relied on to inform the timing of the REUS and small commercial customer survey in the next resource plan filing.</p>	Page 8
<p>The Panel determines that the DSM related portions of section 44.1 of the UCA [sections 44.1(2)(b), (c), (f); and section 44.1(8)(c)] have already been addressed in a prior proceeding and need not be considered further in this decision.</p>	Page 9
<p>The Panel directs PNG(N.E.) to include in its next and subsequent resource plans the following information:</p> <ul style="list-style-type: none"> • Different DSM funding scenarios which should at a minimum include a “reference” DSM funding scenario with “high DSM” and “low DSM” scenarios relative to the reference funding scenario; • An estimate of the demand for energy that the public utility expects to serve after it has taken all reasonable cost-effective demand-side measures. • An analysis of each DSM funding scenario, including average bill and rate impacts for each customer class; and • An analysis that shows how PNG has taken into account regional differences (such as different customer composition and customer preferences) in both identifying DSM opportunities and the extent to which DSM programs will be taken up in the different regions. 	Page 10

In the next resource plan, PNG(N.E.) is directed to confirm whether or not PNG(N.E.) has been able to safely remove the operating pressure constraint on the Sunrise lateral and describe the resulting impact on capacity in the Dawson Creek operating system.	Page 11
The Panel accepts that PNG(N.E.) has complied with the directive in Order G-60-13.	Page 12
Based on the evidence provided by PNG(N.E.), the Panel finds that PNG(N.E.) has complied with Directive 13 of Order C-4-14 accompanying the CNG Virtual Pipeline CPCN Decision by providing adequate information regarding the Tumbler Ridge supply situation.	Page 16
Rate impacts arising from DSM are relevant when considering the interests of persons in British Columbia who receive or may receive service from PNG(N.E.). However, the focus of this consideration should be on mitigating rate impacts for non-participants, and not on maintaining the competitive position of natural gas.	Pages 18-19
The Panel directs PNG(N.E.) to include in future resource plans an action plan consisting of the detailed acquisition steps for those resources which need to be initiated over the next four years to meet the most likely gross demand forecast.	Page 21
The Panel determines that the 2015 Resource Plan meets the minimum requirements of section 44.1(2) of the UCA and is therefore adequate.	Page 23
The Panel accepts the 2015 Resource Plan to be in the public interest pursuant to subsection 44.1(6) of the UCA, subject to discussions and determinations contained in this decision.	Page 23
The Panel confirms Order G-140-14 directive for PNG-West and PNG(N.E.) to file their resource plans on a consolidated basis no later than April 8, 2019.	Page 23
The Panel determines that both: (i) the degree of precision in peak demand forecasts; and (ii) the level of rigour appropriate when evaluating a resource plan should be tailored to reflect the unique circumstances of the utility under review.	Page 24

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of September 2015.

Original Signed By

B. A. MAGNAN
PANEL CHAIR

Original Signed By

H. G. HAROWITZ
COMMISSIONER

Original Signed By

I. F. MACPHAIL
COMMISSIONER



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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-155-15**

TELEPHONE: (604) 660-4700
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IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Pacific Northern Gas (N.E.) Ltd.
Application for Acceptance of the 2015 Resource Plan
for the Fort St. John, Dawson Creek and Tumbler Ridge Distribution Systems

BEFORE: B. A. Magnan, Panel Chair/Commissioner
H. G. Harowitz, Commissioner
I. F. MacPhail, Commissioner
September 30, 2015

O R D E R

WHEREAS:

- A. On April 8, 2014, Pacific Northern Gas Ltd. (PNG) filed its resource plan for its PNG-West pipeline system (PNG-West 2014 Resource Plan) and the resubmission of the Demand-Side Management (DSM) portion of the 2012 Resource Plan for the Pacific Northern Gas (N.E.) Ltd. Fort St. John, Dawson Creek and Tumbler Ridge distribution pipeline systems [PNG(N.E.) DSM Resubmission] with the British Columbia Utilities Commission (Commission) pursuant to section 44.1 of the *Utilities Commission Act* (UCA) and in accordance with Commission Order G-60-13;
- B. On September 16, 2014, by way of Commission Order G-140-14, the Commission accepted the resubmission of the DSM part of the 2012 Resource Plan for the PNG(N.E.) pipeline systems to be in the public interest pursuant to subsection 44.1(6) of the UCA, subject to discussions and determinations contained in the Reasons for Decision attached as Appendix A to Order G-140-14;
- C. On April 17, 2015, PNG(N.E.) filed its 2015 Resource Plan application for the Fort St. John, Dawson Creek and Tumbler Ridge distribution systems (2015 Resource Plan) pursuant to section 44.1 of the UCA, for acceptance by the Commission. PNG(N.E.) is not seeking approval of any particular elements identified within the plan;
- D. PNG(N.E.) provided a copy of its 2015 Resource Plan to the parties who registered as interveners in the PNG-West 2014 Resource Plan for the PNG-West Pipeline System and PNG(N.E.) Resubmission of the DSM Portion of the 2012 Resource Plan and Load Forecast Update for the PNG(N.E.) Pipeline Systems proceeding;

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
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2

- E. By Order G-67-15 dated April 29, 2015, the Commission established a written hearing process and a Regulatory Timetable with one round of information requests (IRs) to review the PNG(N.E.) 2015 Resource Plan;
- F. The British Columbia Old Age Pensioners' Organization *et al.* (BCOAPO) and the District of Tumbler Ridge registered as interveners, and FortisBC Energy Inc. (FEI) registered as an interested party;
- G. The District of Tumbler Ridge submitted comments on May 15, 2015, but did not submit IRs or a final argument;
- H. During the course of the proceeding, PNG(N.E.) responded to one round of IRs from the Commission and BCOAPO;
- I. On July 2, 2015, PNG(N.E.) submitted its final argument, in which it submits that the PNG(N.E.) 2015 Resource Plan meets the requirements of the UCA and should be accepted as filed pursuant to section 44.1(6) of the UCA;
- J. Subsequently, BCOAPO submitted its final argument on July 10, 2015;
- K. On July 16, 2015, PNG(N.E.) submitted its reply argument; and
- L. The Commission has reviewed PNG(N.E.)'s 2015 Resource Plan and the evidence submitted through the review process.

NOW THEREFORE for the reasons set out in the decision accompanying this order:

- 1. The British Columbia Utilities Commission accepts the Pacific Northern Gas (N.E.) Ltd. 2015 Resource Plan to be in the public interest pursuant to subsection 44.1(6) of the *Utilities Commission Act*, subject to discussions and determinations contained in the decision accompanying this order.
- 2. The Commission directs PNG(N.E.) to comply with all determinations and directives contained in the decision accompanying this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 30th day of September 2015.

BY ORDER

Original Signed By:

B. A. Magnan
Panel Chair/Commissioner

LIST OF EXHIBITS

IN THE MATTER OF
the *Utilities Commission Act*, R.S.B.C. 1996, Chapter 473

and

Pacific Northern Gas (NE) Ltd.
2015 Resource Plan for the Fort St. John, Dawson Creek and
Tumbler Ridge Distribution Systems

EXHIBIT LIST

Exhibit No.	Description
<i>COMMISSION DOCUMENTS</i>	
A-1	Letter dated April 29, 2015 – Appointing the Commission Panel for the review of the Pacific Northern Gas (NE) Ltd. 2015 Resource Plan for the Fort St. John/Dawson Creek and Tumbler Ridge Distribution Systems
A-2	Letter dated April 30, 2015 – Commission Order G-67-15 establishing Regulatory Timetable
A-3	Letter dated June 3, 2015 – Commission Information Request No. 1
<i>APPLICANT DOCUMENTS</i>	
B-1	PACIFIC NORTHERN GAS NE LTD. (PNGNE) Letter dated April 17, 2015 - 2015 Resource Plan for the Fort St. John/Dawson Creek and Tumbler Ridge Distribution Systems Application
B-2	Letter dated June 24, 2015 – PNGNE Submitting Response to BCOAPO IR No. 1
B-3	Letter dated June 24, 2015 – PNGNE Submitting Response to BCUC IR No. 1
B-3-1	Letter dated July 7, 2015 – PNGNE Submitting BCUC 1.7.1B High Resolution Map

Exhibit No.	Description
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INTERVENER DOCUMENTS

- | | |
|------|---|
| C1-1 | BRITISH COLUMBIA OLD AGE PENSIONERS' ORGANIZATION, DISABILITY ALLIANCE BC, COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS OF BC, AND THE TENANT RESOURCE AND ADVISORY CENTRE (BCOAPO) Letter Dated May 6, 2015 – Request for Intervener Status by Sarah Khan and James Wightman |
| C1-2 | Letter Dated June 3, 2015 – BCOAPO Submitting Information Request No. 1 |
| C2-1 | DISTRICT OF TUMBLER RIDGE (DTR) Letter Dated May 11, 2015 – Request for Intervener Status by Aleen Torraville |
| C2-2 | Letter Dated May 15, 2015 – DTR Submitting comments |

INTERESTED PARTY DOCUMENTS

- | | |
|-----|--|
| D-1 | FORTISBC ENERGY INC. (FEI) Letter Dated May 12, 2015 – Request for Interested Party Status by Diane Roy |
|-----|--|