



**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-60-13

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

and

Pacific Northern Gas Ltd.  
2012 Resource Plan for the PNG(N.E.) Pipeline Systems

**BEFORE:** D.A. Cote, Panel Chair/Commissioner  
C.A. Brown, Commissioner April 18, 2013  
C. van Wermeskerken, Commissioner

**O R D E R**

**WHEREAS:**

- A. On October 1, 2012, the British Columbia Utilities Commission (Commission) received Pacific Northern Gas Ltd. (PNG)'s 2012 Resource Plan for the PNG(N.E.) Fort St. John, Dawson Creek and Tumbler Ridge distribution pipeline systems. On October 16, 2012, PNG(N.E.) filed a revised Resource Plan (2012 Resource Plan) after it determined that the original filing with the Commission contained prospective customer information that was subject to confidentiality;
- B. A copy of the 2012 Resource Plan was forwarded to the British Columbia Pensioners and Seniors' Organization (BCPSO) and the Peace River Regional District who registered as interveners in the PNG(N.E.) 2012 Revenue Requirements application. PNG requested parties to provide comments on the 2012 Resource Plan to the Commission and PNG;
- C. By Order G-147-12 dated October 16, 2012, the Commission established a Written Hearing Process and a Regulatory Timetable with one round of Information Requests (IRs) to review the 2012 Resource Plan;
- D. On October 22, 2012, the BCPSO registered as Intervener in this proceeding;
- E. On November 2, 2012, in accordance with the Initial Regulatory Timetable established by Order G-147-12, the Commission and BCPSO submitted IR No. 1 to PNG;
- F. On November 7, 2012, PNG filed a letter with the Commission requesting a variance and proposing amendments to the Initial Regulatory Timetable;
- G. By Order G-173-12 dated November 15, 2012, the Commission approved PNG(N.E.)'s proposed amendments to the Initial Regulatory Timetable and issued the Amended Regulatory Timetable;

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- H. By Order G-185-12 dated December 3, 2012, the Commission suspended the Amended Regulatory Timetable;
- I. On December 5, 2012, PNG(N.E.) submitted its responses to IR No. 1 from the Commission and BCPSO;
- J. By letter dated January 10, 2013, the Commission sought comments from PNG(N.E.) and the Registered Interveners on whether, in their view, there was sufficient evidence on the record, or if a second round of IRs was warranted. The Commission provided a timetable for the submission of comments;
- K. On January 15, 2013, PNG(N.E.) submitted its comments in response to the Commission's letter, noting that, in its view, its original submission and the initial round of IRs had resulted in adequate and appropriate evidence being filed in connection with the 2012 Resource Plan;
- L. On January 21, 2013, pursuant to the Commission's letter of January 10, 2013 and PNG(N.E.)'s comments of January 15, 2013, BCPSO submitted that the evidentiary record to date is satisfactory and it does not require a further round of IRs;
- M. By Order G-16-13 dated February 1, 2013, the Commission re-established the Written Hearing Process with a Regulatory Timetable for the Final Submissions;
- N. On February 8, 2013, PNG(N.E.) filed its Final Submission where it requested that the Commission accept the PNG(N.E.) 2012 Resource Plan for the Fort St. John, Dawson Creek and Tumbler Ridge distribution systems as filed on October 16, 2012, pursuant to Section 44.1 (6) of the *Utilities Commission Act (UCA)*. PNG(N.E.) also sought a temporary exemption from the requirement of section 44.1(2)(b) of the *UCA* for its 2012 Resource Plan;
- O. On February 18, 2013, BCPSO submitted its Final Submission, which discusses both the content of the 2012 Resource Plan and the process that has informed that content;
- P. On February 26, 2013, PNG(N.E.) submitted its Final Reply Submission;
- Q. The Commission reviewed the 2012 Resource Plan and the evidence submitted through the review process.

**NOW THEREFORE** the Commission, for the Reasons for Decision accompanying this Order, determines as follows:

1. The 2012 Resource Plan for the Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] Pipeline Systems is accepted pursuant to section 44.1(6) of the *Utilities Commission Act (UCA)*, with the exception of the Demand Side Management (DSM) part of the 2012 Resource Plan. The temporary exemption from the requirement of section 44.1(2)(b) of the *UCA* sought by PNG(N.E.) is denied.

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2. Pursuant to section 44.1(7) of the *UCA*, PNG(N.E.) is directed to resubmit the DSM part of the 2012 Resource Plan for the PNG(N.E.) Pipeline Systems and to include an updated load forecast. The Panel directs PNG(N.E.) to file this resubmission at the same time as PNG submits its updated resource plan for the PNG-West pipeline system, and no later than December 8, 2013. PNG(N.E.) may consider filing a new resource plan at that time taking into account the revised load forecast.
3. PNG(N.E.) is directed to develop benchmarks or targets for measurements for each planning objective included in the Resource Plan, and to file them with the Commission on or before July 31, 2013. Specifically, PNG(N.E.) is directed to complete Table BCUC 2.2 on page 3 of Exhibit B-3 and to specify the relative weights that will be attributed to each planning objective in order to rank the resource options.
4. PNG(N.E.) is directed to file its next resource plan on or before two years from the date of this Order. In preparing its next resource plan, PNG(N.E.) is directed to:
  - i. demonstrate that the capacity constraint on the HP system delivering gas to the Dawson Creek Airport Area has been addressed;
  - ii. provide updates on benchmarks or targets for each planning objective;
  - iii. show evidence of greater stakeholder engagement and collaboration during the developmental stages of the planning process; and
  - iv. provide a more rigorous analysis of its load forecast.

**DATED** at the City of Vancouver, in the Province of British Columbia, this        18<sup>th</sup>        day of April 2013.

BY ORDER

*Original signed by:*

D.A. Cote  
Commissioner

Attachments

Pacific Northern Gas Ltd.  
2012 Resource Plan for the PNG(N.E.) Pipeline Systems

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**REASONS FOR DECISION**

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**1.0 INTRODUCTION**

On October 1, 2012, Pacific Northern Gas (N.E.) Ltd. [PNG(N.E.)] filed its 2012 Resource Plan with the British Columbia Utilities Commission (Commission) for the PNG(N.E.) Fort St. John, Dawson Creek and Tumbler Ridge distribution pipeline systems. On October 16, 2012, PNG(N.E.) filed a revised Resource Plan after it determined the original filing contained prospective customer information that was subject to confidentiality. The 2012 Resource Plan examines the supply and demand outlook over the next twenty-year period as well as the supply resources available to it to provide service to its customers. These were considered in the context of whether any action must be taken by the utility with respect to resource capacity additions. PNG(N.E.) identified two possible capacity constraints on its systems over the short term to provide long-term service: the Tumbler Ridge processing plant, if the forecast demand from two mining projects materialize by 2015, and the Dawson Creek Airport Area, which is expected to achieve considerable load growth within the next year. PNG(N.E.) has already taken steps to increase the gas supply to the Airport Area as part of its 2012 maintenance capital program and additional information related to the replacement of a portion of the Pouce Coupe lateral was filed as part of the PNG(N.E.) 2013 Revenue Requirements Application. PNG(N.E.) has not considered Demand Side Management (DSM) initiatives that would incent energy conservation and submits its small customer base makes it difficult to justify the cost of implementation.

PNG(N.E.), while acknowledging that cost-effective demand-side measures (DSM) were not addressed, submits that the 2012 Resource Plan meets the requirements of the *Utilities Commission Act (UCA)* and should be accepted as filed, pursuant to section 44.1(6) of the *UCA*. PNG(N.E.) also seeks a temporary exemption from the requirement of section 44.1(2)(b) of the *UCA* to include DSM measures in its Resource Plan noting this will be reviewed and evaluated on a corporate-wide basis during 2013. (PNG(N.E.) Reply Submission, p. 5)

**1.1 Regulatory Process**

The Commission established a Written Hearing Process and Regulatory Timetable that included one round of Information Requests (IRs) to review the 2012 Resource Plan (Order G-147-12). The British Columbia Pensioners' and Seniors' Organization (BCPSO) was the only registered intervener. The Commission approved amendments to the regulatory timetable on November 15, 2012 (Order G-173-12), which was later suspended (Order G-185-12). On January 12, 2013, the Commission sought comments from the parties, respecting the sufficiency of the evidentiary record. By Order G-16-13 on February 1, 2013, and after a review of the comments from the parties on the need for a further round of IRs, the Commission re-established a Written Hearing Process with a Regulatory Timetable covering final submissions. The evidentiary record closed on December 5, 2012 when PNG(N.E.) submitted its responses to IR No. 1. A copy of the Regulatory Timetable is attached. (Appendix B)

**1.2 Legislative Framework**

Section 44.1 "Long-term resource and conservation planning" of the *UCA* provides the legislative framework for the filing and approval of resource plans filed by utilities. (Appendix C) A utility is required to file a long-term resource plan, in compliance with the requirements of section 44.1(2) of the *UCA*. These requirements are dealt

with in section 2.1.1 of these reasons. Pursuant to section 44.1(3) of the *UCA*, the Commission may exempt a public utility from the resource plan filing requirements if “the commission is satisfied that the information is not applicable with respect to the nature of the service provided by the public utility.”

The Commission is guided by section 41.1(6) and (7) of the *UCA*, which requires the Commission to accept or reject the plan, or a part thereof. The Commission must accept the plan if it determines that carrying out the plan would be in the public interest. If the Commission rejects a part of a resource plan, the Commission may require the utility to resubmit the part within a specific timeframe.

The Commission is bound by section 44.1(8) of the *UCA*, respecting resource plan filings, and must consider:

- 1) British Columbia’s energy objectives;
- 2) The extent to which the plan is consistent with section 6 and 19 of the *Clean Energy Act (CEA)*;
- 3) Whether the utility intends to pursue adequate, cost-effective demand-side measures; and
- 4) Interests of persons in BC that receive or may receive service from the utility.

The Demand Side Measures Regulation, BC Reg. 326/2008, (DSM Regulation) defines adequate and cost-effective DSM measures. (Appendix D)

As required by the *UCA*, the Commission must consider the applicable of BC’s energy objectives in reviewing resource plans filed by utilities under its jurisdiction. Section 2 of the *CEA* sets out BC’s energy objectives. Those most relevant to this proceeding 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 kind of energy source or use to another that decreases greenhouse gas emissions in British Columbia; and
- to encourage economic development and the creation and retention of jobs.

Sections 6 and 19 of the *CEA* apply to electric utilities only and accordingly are not relevant to this Resource Plan.

### **1.3 Resource Planning Guidelines**

The Commission established *Resource Planning Guidelines (Guidelines)*, which outline a comprehensive process to assist utilities in developing their resource plans. While sections of the *UCA* referred to in the Guidelines have now been revised, the spirit and substance of the Guidelines remain applicable. In particular, the Commission requires that utilities consider all resources for meeting the demand for their utilities product, and must include those that “focus on the conservation of energy and Demand Side Management.” (Guidelines, p. 1) Eleven elements of the plan are itemized and include “consideration of government policy.” (Guidelines, p. 5)

## 1.4 Primary Issues

After a review of the evidentiary record, the Commission Panel considers the following as the main issues for this Resource Plan:

- Whether PNG(N.E.) has duly considered the conservation of energy and DSM and whether the temporary DSM exemption sought should be approved; and
- Whether PNG(N.E.) has provided an adequate Resource Plan, with the quality and completeness as required by the *UCA* and outlined in the Guidelines.

In addition to these primary issues, the Commission Panel considers a number of other issues related to the preparation and development of the 2012 Resource Plan. They are as follows:

- The development of targets or benchmarks related to the 2012 Resource Plan objectives;
- The load forecast methodology; and
- The engagement of stakeholders in the resource plan development process.

## 2.0 COMMISSION DECISION

This section of the Reasons for Decision deals with the Commission Panel's determinations and its reasons. In reaching the decision of whether to accept the 2012 PNG(N.E.) Resource Plan, the Commission Panel must consider whether the Resource Plan complies with the list of requirements under section 44.1(2) of the *UCA*. In addition, the Panel must consider the applicable of BC's energy objectives, demand-side measures and the public interest. Finally, the Panel is guided by the Resource Plan Guidelines.

### 2.1 Commission Panel Determinations

The Commission Panel reviewed the 2012 Resource Plan, the evidentiary record and the final submissions of the parties and makes the following determinations:

1. **The Panel accepts the Resource Plan for the PNG(N.E.) Pipeline Systems to be in the public interest pursuant to section 44.1(6) of the *UCA*, with the exception of the DSM part of the Resource Plan. The Panel denies the temporary exemption sought by PNG(N.E.) from the requirement of section 44.1(2)(b) of the *UCA*.**
2. **Pursuant to section 44.1(7) of the *UCA*, the Panel directs PNG(N.E.) to resubmit the DSM part of the Resource Plan for the PNG(N.E.) Pipeline Systems and to include an updated load forecast. The Panel directs PNG(N.E.) to file this resubmission at the same time as PNG submits its updated resource plan for the PNG-West pipeline system, and no later than December 8, 2013. PNG(N.E.) may consider filing a new resource plan at that time taking into account the revised load forecast.**

In addition, the Commission Panel directs PNG(N.E.) to:

3. **Develop benchmarks or targets for measurements for each planning objective included in the Resource Plan and file them with the Commission on or before July 31, 2013. Specifically, PNG(N.E.) is directed to complete Table BCUC 2.2 on page 3 of Exhibit B-3 and to specify the**

- relative weights that will be attributed to each planning objective in order to rank the resource options.
4. File its next Resource Plan on or before two years from the date of this Order. In preparing its next resource plan, the Panel directs PNG(N.E.) to:
- i. Demonstrate that the capacity constraint on the HP system delivering gas to the Dawson Creek Airport Area has been addressed;
  - ii. Provide updates on benchmarks or targets for each planning objective;
  - iii. Show evidence of greater stakeholder engagement and collaboration during the developmental stages of the planning process; and
  - iv. Provide a more rigorous analysis of its load forecast.

Following are reasons for the Panel's determinations.

## 2.2 UCA Section 41.2(2) Requirements

Long-term resource plans must satisfy the requirements of section 41.1(2) of the *UCA*. Included among these are the following:

- A plan to reduce demand;
- Demand estimates, both before and after taking into account the plan to reduce demand;
- A description of new or extensions to existing facilities (if any);
- Information regarding energy purchases for the service of demand;
- An explanation of why either energy purchases or facility requirements are not replaced by demand side measures;
- Any other information required by the Commission.

The Commission Panel finds that PNG(N.E.) provided sufficient evidence of demand forecasts and supply portfolio planning to meet many of the section 41.1(2) *UCA* requirements. However, the 2012 Resource Plan has not met the DSM requirements. This will be addressed in the next section.

## 2.3 Demand Side Management and BC's Energy Objectives

Public utilities are required by section 44.1(2) of the *UCA* to file a long-term resource plan that includes both an estimate of the demand for energy without implementing demand-side measures and a plan of how to reduce the demand previously referred to by planning cost-effective demand-side measures.

PNG(N.E.) submits that while DSM programs may have merit, it has two concerns. First, PNG(N.E.) suggests that its customer base is small, which makes it difficult to justify the cost of implementing any one particular DSM project. (Exhibit B-1, p. 34) Second, PNG(N.E.) suggests that DSM programs to address capacity constraints that are either alleviated through minor upgrades or are driven by large industrial demand, are either proposed to be not cost-effective, or ineffective in dealing with additional large loads. (Exhibit B-1, p. 35)

The Panel notes that it is only in response to a Commission IR that PNG(N.E.) sought an exemption from the DSM requirements of the *UCA*. PNG(N.E.) submits that "for a utility of its size, the costs of investigating and

implementing DSM programs would likely outweigh the potential benefits, and would result in higher rates to ratepayers, all else being equal, with no material benefit to those ratepayers.” (PNG(N.E.) Final Submission, p. 5)

BCPSO expressed concerns with the 2012 Resource Plan, as it fails to include DSM programs. BCPSO submits that this omission is “effectively saying that [PNG(N.E.)] currently does not intend to engage in DSM in the next 20 years.” BCPSO notes that DSM can be an “essential tool for customers to lower their bills while reducing their environmental impact.” (BCPSO Final Submission, p. 4) BCPSO notes the recent amendments to the DSM Regulation, which changed the definition of cost-effectiveness in a manner that makes it easier for utilities to deliver DSM programs. BCPSO does not oppose the request for temporary exemption for the purpose of this filing as it expects that the December 2013 filing in respect of the PNG-West resource plan will provide the opportunity for the utility to be in compliance with the *UCA*. BCPSO submits that priority should be given to developing cost-effective, low-income DSM programs and that progress in this respect be filed with the next resource plan filing at the end of this year. (BCPSO Final Submission, p. 4)

**The Commission Panel finds that PNG(N.E.) has not adequately addressed all of the requirements of section 44.1(2) of the *UCA* nor has it provided evidence to support its conclusions respecting DSM effectiveness. As a result, the Panel does not accept PNG(N.E.)’s conclusions and denies the temporary exemption from the *UCA* requirements.**

With respect to BC’s energy objectives, PNG(N.E.) provided its interpretation of the applicable of BC’s energy objectives in section 1.3.7 of the Resource Plan. While PNG(N.E.) considered many of the applicable of BC’s energy objectives, the Panel notes that it failed to consider DSM and energy conservation. **Notwithstanding the lack of a DSM Plan to conserve energy, the Panel finds that the 2012 Resource Plan is consistent with BC’s energy objectives.**

#### **2.4 Resource Plan Objectives and Planning Criteria**

In response to a Commission Information Request, PNG(N.E.) respectfully declined to identify weights and targets as requested. (Exhibit B-3, BCUC 1.2.2) PNG(N.E.) resisted providing benchmarks or targets for each of its stated Resource Plan objectives. In its evidence, PNG(N.E.) stated that “(w)hile the consideration of the planning objectives is an important consideration during the definition of a particular project or program, the definition of quantified targets and weighting factors that should then be applicable to all future planning exercises is not practicable” and that this would be a highly subjective process. (Exhibit B-3, BCUC 1.2.1; PNG(N.E.) Reply Submission, paragraph 3, unnumbered page)

BCPSO questions why PNG does not even have benchmarks for metrics such as system outages, customer curtailments, rate impacts, GHG emissions and the level of First nation and stakeholder support, to name a few. It notes that PNG seems predisposed against the measurement, reporting and setting of benchmarks for any and all attributes. BCPSO submits that, at a minimum, PNG(N.E.) should report, for each resource plan, its actual historical performance for all quantifiable metrics and provide its own targets or benchmarks for the medium term. (BCPSO Final Submission, p. 2)

PNG(N.E.), in its Reply Submission “respectfully submits that the use of such metrics may be more appropriate in a performance based rate setting environment, rather than in a resource planning context.” Concerning the issue of setting benchmarks for each attribute, PNG(N.E.) submits that it “is unclear how such benchmarks can provide unambiguous comparisons either of alternative projects, supply, or demand side options, or even trends in company performance over time.” Finally, with respect to the weighting of attributes, PNG(N.E.) submits that



“while planning objectives are an important consideration during the definition of a particular project or program, the definition of quantified targets and weighting factors that should then be applicable to all future planning exercises is not practicable.” (PNG(N.E.) Reply Submission, pp. 1-2)

The Commission Panel notes that Directive 3 of Commission Order G-209-11<sup>1</sup> provided that PNG must develop benchmarks or targets to provide a basis for evaluating the achievement of the Resource Plan objectives when potential resource options are evaluated in future Resource Plans for its PNG-West pipeline system. Therefore, it is reasonable to conclude that this is not an issue which is new to PNG(N.E.). Further, the Panel agrees with BCPSO in that it appears that PNG seems predisposed to avoid the measurement, reporting and setting of benchmarks or targets related to its Resource Plan objectives.

In the view of the Commission Panel, the position taken by PNG(N.E.) is curious. The development of metrics and setting of benchmarks or targets related to them is a fundamental part of the resource planning process. Without them, it would be difficult if not impossible to determine whether an objective was being achieved or even close to being achieved. The Commission Panel is of the view that the establishment of benchmark or targets with related weighting is not an onerous task but even if it were, it is a necessary one. **Therefore, PNG(N.E.) is directed to complete Table BCUC 2.2 on page 3 of Exhibit B-3, reproduced below for reference, on or before July 31, 2013, as directed.**

**Table BCUC 2.2**

Summary of Resource Plan Objectives Measurement Criteria and Attributes				
Resource Plan Objectives	Weight	Attributes	Measurement	Benchmark or Targets
1. Reliable, secure and safe service		Consistently meet daily demand	System outages; Customer curtailments	
2. Sustainability of utility		Competitive rates; Customer retention	Earned return on equity; Frequency of rate changes	
3. Least cost service		Efficient use of resources	Rate impacts	
4. Stability of rates		Customer satisfaction; Effective forecasts	Rate changes per year	
5. Pipeline efficiency		Lowest unit cost of service	Load factors; throughput	
6. Environmental and socio-economic impacts		Lowest emission standards Water pollution Minimal impact to wilderness habitat. Maintaining a favourable public image.	GHG, particulate and other air emissions.  For projects: Water quality measurement, wildlife and fisheries disruption, and the level of First Nations and stakeholder support	
7. Alignment with the B.C. Government's Energy Objectives		Reduction in energy consumption in all forms. Reduction in GHG emissions resulting from energy consumption.	Effectiveness of a DSM program in promoting natural gas as the appropriate fuel for heating, hot water and cooking.	

Source: Exhibit B-3, BCUC 2.2

<sup>1</sup> Order G-209-11, A Filing by Pacific Northern Gas Ltd. for Approval of the 2011 Resource Plan for the PNG-West Pipeline System

With respect to the Tumbler Ridge system, PNG(N.E.) presented forecasts of design day demand that show that the capacity of the transmission pipeline and the Tumbler Ridge Town Gate are sufficient to meet the peak day demand of existing and possible new loads over the entire planning period and under all three forecast scenarios. However, the forecast demand from two mining projects would require an increase in throughput beyond the capability of the Tumbler Ridge processing plant. (Exhibit B-1, p. 32) PNG(N.E.) anticipates filing a CPCN application with the Commission in early 2013 to support the proposed trucking of compressed natural gas (CNG) from Dawson Creek to Tumbler Ridge to address this constraint. (Exhibit B-1, p. 37, Exhibit B-3, BCUC 1.25.3) PNG(N.E.) confirmed that all of the Resource Plan objectives will be considerations used to analyze alternative portfolios for meeting the gas supply requirements of PNG(N.E.)'s Tumbler Ridge system. (Exhibit B-3, BCUC 1.2.3)

The Panel encourages PNG(N.E.) to consider the 2012 Resource Plan objectives, including the related targets or benchmarks that PNG(N.E.) was directed to develop, in the development and subsequent evaluation of gas supply alternatives to meet the forecast demand of the two anticipated mining projects, in the forthcoming CPCN Application.

## **2.5 Requirements for Filing of the Next Resource Plan – 2015**

### **2.5.1 Stakeholder Engagement**

The Panel notes that PNG(N.E.) did not engage with stakeholders during the preparation of its Resource Plan. This is required by section 8 of the Guidelines, which states that “utilities should normally solicit stakeholder input during the resource planning process.” The Guidelines provide examples for how this might look, and PNG(N.E.) is encouraged to engage with stakeholders in order to incorporate their feedback into the Resource Plan before it is filed with the Commission with emphasis in the areas of demand side management and demand forecasting.

### **2.5.2 Demand Forecast**

PNG(N.E.) presents three demand forecasts in its Resource Plan, including a reference forecast reflecting the most likely growth in demand over the planning period, as well as forecasts corresponding to a high and low demand growth scenarios. There were a number of IRs on this topic and PNG(N.E.) submits that it provided the requested information and that no material issues were raised with the forecast. (PNG(N.E.) Final Submission, p. 2)

BCPSO raises some issues with the forecasted load. In particular, for residential customers, it questions the capture rate and use per account (UPA) trend assumptions and notes the lack of analysis and scrutiny of the input data used to forecast customer additions. BCPSO, while accepting PNG(N.E.)'s IR responses respecting forecasts, submits that it would be useful for the utility to attempt to “determine the reason for the forecasted structural break in the growth projection.” The intervener was referring to the BC Statistics' growth projections in the Peace River area. BCPSO suggests that the utility could inquire into the assumptions of the forecaster, thereby allowing the stakeholder reading the evidentiary record to assess whether the projection was reasonable. (BCPSO, Final Submission, p. 3)

In Reply, PNG(N.E.) agrees with BCPSO in principle that, when any analysis or forecast yields results that differ from what is expected, the analysis should bear further scrutiny. However, it submits that, by applying varying

rates of decline to the UPA's in the Low and High Scenarios, it has shown that the overall annual and peak day demand forecasts are relatively stable over a range of reasonably expected UPAs. Therefore, PNG(N.E.) submits that a more detailed forecast of the residential UPA, even if practicable, would not significantly alter the outcome of this resource planning process or the decisions made by PNG(N.E.) regarding supply and demand resources. (PNG(N.E.) Reply Submission, p. 3)

The Commission Panel acknowledges that PNG(N.E.)'s analysis demonstrates that the outcome of the current planning process would not change significantly even if a more detailed UPA forecast was used. However, the Panel is concerned by the number of inadequate and incomplete responses provided by PNG(N.E.) to BCUC IRs related to the demand forecast and is not persuaded that PNG(N.E.) has provided the requested information. (Exhibit B-3, BCUC 1.10.0, BCUC 1.11.0, BCUC 1.12.3, BCUC 1.13.4, BCUC 1.13.5, BCUC 1.18.0, BCUC 1.21.0)

The Commission Panel considers it to be in the public interest for utilities to provide rigor to load forecasting and resource planning. While we accept the demand forecast analysis included in this Resource Plan, we remain concerned with the inadequate level of explanations provided by PNG(N.E.) regarding its load forecast.

The Commission Panel is of the view that there is value in PNG(N.E.) providing stronger rationales and more complete analysis in its next Resource Plan. The Panel considers that engaging stakeholders early in the process to obtain their input and feedback would enable PNG(N.E.) to achieve this goal.

Pacific Northern Gas Ltd.  
2012 Resource Plan for PNG (N.E.) Pipeline Systems

**REGULATORY TIMETABLE**

ACTION	DATE
Intervener/Interested Party Registration	Friday, October 26, 2012
Commission and Intervener Information Request No.1	Friday, November 2, 2012
Participant Assistance Budget Submission	Monday, November 5, 2012
PNG Response to Commission and Intervener Information Request No. 1	Wednesday, December 5, 2012
Evidentiary Record Comments by PNG (N.E.)	Tuesday, January 15, 2013
Evidentiary Record Comments by Registered Interveners	Monday, January 21, 2013
Evidentiary Record Comments Reply Submission by PNG (N.E.)	Friday, January 25, 2013
PNG Final Submission	Friday, February 8, 2013
Intervener Final Submission	Monday, February 18, 2013
PNG Reply Submission	Tuesday, February 26, 2013

**Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

**Long-term resource and conservation planning**

**44.1** (1) [Repealed 2010-22-65.]

(2) Subject to subsection (4), a public utility must file with the commission, in the form and at the times the commission requires, a long-term resource plan including all of the following:

- (a) 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;
- (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;
- (d) a description of the facilities that the public utility intends to construct or extend in order to serve the estimated demand referred to in paragraph (c);
- (e) information regarding the energy purchases from other persons that the public utility intends to make in order to serve the estimated demand referred to in paragraph (c);
- (f) an explanation of why the demand for energy to be served by the facilities referred to in paragraph (d) and the purchases referred to in paragraph (e) are not planned to be replaced by demand-side measures;
- (g) any other information required by the commission.

(3) The commission may exempt a public utility from the requirement to include in a long-term resource plan filed under subsection (2) any of the information referred to in paragraphs (a) to (f) of that subsection if the commission is satisfied that the information is not applicable with respect to the nature of the service provided by the public utility

(4) [Repealed 2010-22-65.]

(5) The commission may establish a process to review long-term resource plans filed under subsection (2).

(6) After reviewing a long-term resource plan filed under subsection (2), the commission must

- (a) accept the plan, if the commission determines that carrying out the plan would be in the public interest, or
- (b) reject the plan.

(7) The commission may accept or reject, under subsection (6), a part of a public utility's plan, and, if the commission rejects a part of a plan,

- (a) the public utility may resubmit the part within a time specified by the commission, and

- (b) the commission may accept or reject, under subsection (6), the part resubmitted under paragraph (a) of this subsection.
- (8) In determining under subsection (6) whether to accept a long-term resource plan, the commission must consider
- (a) the applicability of British Columbia's energy objectives,
  - (b) the extent to which the plan is consistent with the applicable requirements under sections 6 and 19 of the *Clean Energy Act*,
  - (c) whether the plan shows that the public utility intends to pursue adequate, cost-effective demand-side measures, and
  - (d) the interests of persons in British Columbia who receive or may receive service from the public utility.
- (9) In accepting under subsection (6) a long-term resource plan, or part of a plan, the commission may do one or both of the following:
- (a) order that a proposed utility plant or system, or extension of either, referred to in the accepted plan or the part is exempt from the operation of section 45 (1);
  - (b) order that, despite section 75, a matter the commission considers to be adequately addressed in the accepted plan or the part is to be considered as conclusively determined for the purposes of any hearing or proceeding to be conducted by the commission under this Act, other than a hearing or proceeding for the purposes of section 99.

**Utilities Commission Act  
Demand-Side Measures Regulation**

[includes amendments up to B.C. Reg. 228/2011, December 8, 2011]

**Definitions**

**1** In this regulation:

**"Act"** means the *Utilities Commission Act*;

**"bulk electricity purchaser"** means a public utility that purchases electricity from the authority for resale to the public utility's customers;

**"clean or renewable resource"** has the same meaning as in the *Clean Energy Act*;

**"community engagement program"** means a program delivered by

(a) a public utility to a public entity either

(i) to increase the public entity's awareness about ways to increase energy conservation and energy efficiency or to encourage the public entity to conserve energy or use energy efficiently, or

(ii) to assist the public entity to increase the public's awareness about ways to increase energy conservation and energy efficiency or to encourage the public to conserve energy or use energy efficiently, or

(b) a public utility in cooperation with a public entity to increase the public's awareness about ways to increase energy conservation and energy efficiency or to encourage the public to conserve energy or use energy efficiently;

**"education program"** means an education program about energy conservation and efficiency, and includes the funding of the development of such a program;

**"energy efficiency training"** means training for persons who

(a) manufacture, sell or install energy-efficient products or products that conserve energy,

(b) design, construct or act as a real estate broker with respect to energy-efficient buildings,

(c) manage energy systems,

(d) conduct energy efficiency and conservation audits,

(e) on behalf of an organization, manage or advise with respect to the conservation or efficient use of energy in the organization's facilities, or

(f) in an organization, educate other persons about the benefits of energy efficiency and conservation;

**"energy-using product"** has the same meaning as in the *Energy Efficiency Act (Canada)*;

**"expenditure portfolio"** means the class of demand-side measures that is composed of all of the demand-side measures proposed by a public utility in an expenditure schedule submitted under section 44.2 of the Act;

**"low-income household"** means a household whose residents receive service from the public utility and who have, in a taxation year, a before-tax annual household income equal to or less than the low-income cut off established by Statistics Canada for that year for households of that type;

**"plan portfolio"** means the class of demand-side measures that is composed of all of the demand-side measures proposed by a public utility in a plan submitted under section 44.1 of the Act;

**"public awareness program"** means a program delivered by a public utility

(a) to increase the awareness of the public, including the public utility's customers, about ways to increase energy conservation and energy efficiency or to encourage the public, including the public utility's customers, to conserve energy or use energy efficiently, or

(b) to increase participation by the public utility's customers in other demand-side measures proposed by the public utility in an expenditure portfolio or a plan portfolio

but does not include a program to increase the amount of energy sold or delivered by the public utility;

**"public entity"** means a local government, first nation, non-profit society incorporated under the *Society Act* or trade union;

**"regulated item"** means

(a) a product or system that uses energy or controls or affects the use of energy

(b) an energy-using product,

(c) a building design, or

(d) Repealed. [B.C. Reg. 228/2011, s. 1 (d).]

(e) a building site design or building site selection plan, or

(f) a community design;

**"school"** means a school regulated under the *School Act* or the *Independent School Act*;

**"specified demand-side measure"** means

(a) a demand-side measure referred to in section 3 (c) or (d),

(b) the funding of energy efficiency training,

(c) a community engagement program,

(d) a technology innovation program, or

(e) financial or other resources provided

(i) to a standards-making body to support the development of standards respecting energy conservation or the efficient use of energy, or

(ii) to a government or regulatory body to support the development of or compliance with a specified standard or a measure respecting energy conservation or the efficient use of energy in the Province;

**"specified proposal"** means

(a) a proposal respecting an amendment to the regulation referred to in paragraph (a) of the definition of "specified standard", if the proposal is published by the minister responsible for the *Energy Efficiency Act* and specifically refers to this regulation;



(b) a proposal respecting an amendment to the regulations referred to in paragraph (b) of the definition of "specified standard", if the proposed amendment is published in the Canada Gazette;

(c) a proposal respecting an amendment to a standard referred to in paragraph (c) of the definition of "specified standard", if the proposal is published by the government and specifically refers to this regulation;

(d) a proposal respecting

- (i) a new bylaw, or
- (ii) an amendment to a bylaw

referred to in paragraph (d) of the definition of "specified standard", if the proposal has been given first reading by the council of the local authority;

(e) a proposal respecting

- (i) a new law, or
- (ii) an amendment to a law

referred to in paragraph (e) of the definition of "specified standard", if the proposal has been published by the governing body referred to in that paragraph;

**"specified standard"** means a standard in any of the following:

- (a) the Energy Efficiency Standards Regulation, B.C. Reg. 389/93;
- (b) the Energy Efficiency Regulations S.O.R./94-651;
- (c) the British Columbia Building Code, if the standard promotes energy conservation or the efficient use of energy;
- (d) a bylaw of a local authority, if the standard promotes energy conservation or the efficient use of energy in the Province;
- (e) a law passed by a governing body of a first nation, if the standard promotes energy conservation or the efficient use of energy in the Province;

**"technology innovation program"** means a program

- (a) to develop, use or support the increased use of a technology, a system of technologies, a building design or an industrial facility design that is
  - (i) not commonly used in British Columbia, and
  - (ii) the use of which could directly or indirectly result in significant reductions of energy use or significantly more efficient use of energy,
- (b) to do what is described in paragraph (a) and to give demonstrations to the public of any results of doing what is described in paragraph (a), or
- (c) to gather information about a technology, a system of technologies, a building design or an industrial design referred to in paragraph (a).

[am. B.C. Reg. 228/2011, s. 1.]

### Application

- 2 (1) This regulation applies only with respect to demand-side measures proposed by the authority.
- (2) Effective June 1, 2009,
  - (a) subsection (1) is repealed, and
  - (b) section 3 does not apply to a public utility that is owned or operated by a local government or has fewer than 10,000 customers.

### Adequacy

- 3 A public utility's plan portfolio is adequate for the purposes of section 44.1 (8) (c) of the Act only if the plan portfolio includes all of the following:
  - (a) a demand-side measure intended specifically to assist residents of low-income households to reduce their energy consumption;
  - (b) if the plan portfolio is submitted on or after June 1, 2009, a demand-side measure intended specifically to improve the energy efficiency of rental accommodations;
  - (c) an education program for students enrolled in schools in the public utility's service area;
  - (d) if the plan portfolio is submitted on or after June 1, 2009, an education program for students enrolled in post-secondary institutions in the public utility's service area.

### Cost effectiveness

- 4 (1) Subject to subsections (1.5), (4) and (5), the commission, in determining for the purposes of section 44.1 (8) (c) or 44.2 (5) (d) of the Act the cost-effectiveness of a demand-side measure proposed in an expenditure portfolio or a plan portfolio, may compare the costs and benefits of
  - (a) the demand-side measure individually,
  - (b) the demand-side measure and other demand-side measures in the portfolio, or
  - (c) the portfolio as a whole.
  - (1.1) The commission must make determinations of cost effectiveness by applying the total resource cost test as follows and in the order set out:
    - (a) subject to subsections (1.2) and (1.3), the avoided natural gas cost, if any, respecting a demand-side measure, in addition to the avoided capacity cost, is the amount that the commission is satisfied represents the authority's long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia, multiplied by 0.5;
    - (b) subject to subsection (1.3), the avoided electricity cost, if any, respecting a demand-side measure, in addition to the avoided capacity cost, is
      - (i) in the case of a demand-side measure of FortisBC Inc., an amount that the commission is satisfied represents FortisBC Inc.'s long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia, and
      - (ii) in the case of a demand-side measure not referred to in subparagraph (i), an amount that the commission is satisfied represents the authority's long-run marginal cost of acquiring electricity generated from clean or renewable resources in British Columbia;

(c) with respect to a demand-side measure not referred to in section 3 (a), do the following:

(i) increase the benefits of the demand-side measure by an amount that does not exceed an amount proposed by the public utility for this purpose, if the commission is satisfied that the amount represents the participant or utility non-energy benefits of the demand-side measure;

(ii) if the benefits of a demand-side measure have not been increased under subparagraph (i) or if the benefits of the expenditure portfolio of which the demand-side measure is a part has not been increased by 15% or more as a result of an increase under subparagraph (i), increase the benefit of the demand-side measure by an amount that

(A) increases by 15% the benefits of the expenditure portfolio of which the demand-side measure is a part, and

(B) is equal to the increase made under this subparagraph for all the other demand-side measures that are part of the expenditure portfolio.

(1.2) Subsection (1.1) (a) does not apply to a demand-side measure that reduces the use of natural gas but does not reduce greenhouse gas emissions associated with that use of natural gas.

(1.3) Subsection (1.1) (a) and (b) does not apply to a demand-side measure that encourages a switch from the use of oil or propane to the use of natural gas or electricity such that the switch would decrease greenhouse gas emissions in British Columbia.

(1.4) In considering a demand-side measure that, in the commission's opinion, will increase the use of a regulated item with respect to which there is either

(a) a specified standard that has not yet commenced, or

(b) a specified proposal,

the commission, after applying subsection (1.1), may increase the benefit of the demand-side measure by an amount that represents a portion of the avoided capacity and energy costs that, in the commission's opinion, will result from the commencement and application of the specified standard, amendment or new bylaw proposed by the specified proposal, assuming that the standard, amendment or new bylaw comes into force.

(1.5) Despite subsection (1.1) and subject to subsections (4) and (5), the commission must determine that a demand-side measure that is part of an expenditure portfolio and that is cost effective when applying subsection (1.1) is not cost effective if

(a) the demand-side measure is not cost-effective without applying subsection (1.1), and

(b) the total expenditures respecting

(i) the demand-side measure, and

(ii) all other demand-side measures that are part of the expenditure portfolio, that are not cost effective without applying subsection (1.1) and that are cost effective when applying subsection (1.1),

are more than

(iii) 33% of the total expenditures for the expenditure portfolio, in the case of a utility that recovers the expenditures in gas rates, or

(iv) 10% of the total expenditures for the expenditure portfolio, in the case of a utility that recovers the expenditures in electricity rates.

(1.6) For greater certainty, if the commission determines under subsection (1.5) that a demand-side measure that is part of an expenditure portfolio is not cost effective, the commission must exclude that demand-side measure from consideration when determining under that subsection whether another demand-side measure that is part of the expenditure portfolio is cost effective.

(1.7) For the purposes of subsections (1.1) (c) and (1.5), the commission, when considering the benefits or expenditures respecting a public utility's expenditure portfolio, may consider a demand-side measure of the public utility that is not included in the expenditure portfolio to be a part of the expenditure portfolio.

(1.8) Despite subsection (1.1), the commission may determine that a demand-side measure, other than

- (a) a specified demand-side measure,
- (b) a public awareness program,
- (c) a demand-side measure referred to in section 3 (a), or
- (d) a demand-side measure that is cost effective without applying subsection (1.1) but after applying subsection (1.4)

is not cost effective if the demand-side measure would not be considered cost-effective under the utility cost test.

(2) In determining whether a demand-side measure referred to in section 3 (a) is cost effective, the commission must,

- (a) in addition to conducting any other analysis the commission considers appropriate, use the total resource cost test, and
- (b) in using the total resource cost test, consider the benefit of the demand-side measure to be 130% of its value when determined without reference to this subsection.

(3) Repealed. [B.C. Reg. 228/2011, s. 2 (d).]

(4) The commission must determine the cost-effectiveness of a specified demand-side measure proposed in a plan portfolio or an expenditure portfolio by determining whether the portfolio is cost effective as a whole.

(5) If the commission is satisfied that a public awareness program proposed in a plan portfolio or an expenditure portfolio is likely to accomplish the goals set out in paragraph (a) or (b) of the definition of "public awareness program", the commission must determine the cost-effectiveness of the program by determining whether the portfolio is cost-effective as a whole.

(6) The commission may not determine that a proposed demand-side measure is not cost effective on the basis of the result obtained by using a ratepayer impact measure test to assess the demand-side measure.

(7) Repealed. [B.C. Reg. 228/2011, s. 2 (d).]

[am. B.C. Reg. 228/2011, s. 2.]

[Provisions relevant to the enactment of this regulation: *Utilities Commission Act*, R.S.B.C. 1996, c. 473, section 125.1 (4) (e)]