



**ORDER NUMBER
G-93-18**

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

Pacific Northern Gas Ltd.
Pacific Northern Gas Ltd. and Triton LNG Limited Partnership
Letter Agreement Application

BEFORE:

B. A. Magnan, Commissioner

on May 15, 2018

ORDER

WHEREAS:

- A. On April 9, 2018, Pacific Northern Gas Ltd. (PNG) filed with the British Columbia Utilities Commission (BCUC) pursuant to sections 59 to 61 of the *Utilities Commission Act* a request for approval of a letter agreement entered into between PNG and Triton LNG Limited Partnership (Triton) on March 29, 2018 (Letter Agreement) and to establish an interest-bearing deferral account to capture any option fees received from Triton (Application);
- B. In the Application, PNG also requests that the negotiated unit demand charge and the base interruptible charge in the Letter Agreement be kept confidential pursuant to the BCUC's Confidential Filings Practice Directive;
- C. The Letter Agreement, attached as Appendix A to the Application, sets out the terms and conditions under which PNG will provide Triton with an option on firm and interruptible transportation service for a proposed small modular liquefied natural gas (LNG) or methanol export project to be located at Ridley Island, BC. The option is for a minimum of 20 MMcf/day of firm transportation service, increasing to approximately 50 MMcf/day of firm transportation service at Triton's election, should Triton elect to reserve additional capacity on terms to be determined by PNG;
- D. In accordance with the terms and conditions of the Letter Agreement, Triton will pay PNG a fee of \$0.5 million (Initial Option Fee) to obtain an option, for a period of 12 months commencing from the date of payment of the Initial Option Fee, to contract for firm pipeline capacity on PNG's pipeline system for at least 20 MMcf/day. PNG states in the Application that any option fees received will be disposed of in the future either as a credit to transportation service demand charges if the option is exercised or as a credit to customers if the option is not exercised;

- E. In the Application, PNG submits it is reviewing the alternatives to provide up to approximately 50 MMcf/day of firm capacity (Expanded Capacity) and notes that PNG has until July 31, 2018 to confirm whether greater than the 20 MMcf/day and up to approximately 50MMcf/day can be contracted to Triton. PNG will issue an expanded capacity notice detailing the terms in which PNG would be willing to provide such Expanded Capacity to Triton (Expanded Capacity Notice). Triton will have 30 days to either accept or reject PNG's proposal for Expanded Capacity;
- F. PNG further states that if Triton exercises its option to contract for firm gas service, PNG will file a fully executed definitive firm gas transportation service agreement that is materially the same as the agreement contemplated under the Letter Agreement. If Triton accepts the Expanded Capacity Notice, PNG would file a separate application for approval of the facilities to be constructed as well as the tariff to be implemented; and
- G. The BCUC has commenced review of the Application and considers that establishing a regulatory timetable is warranted.

NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act*, the BCUC orders as follows:

1. The regulatory timetable for the review of the Application is established, as set out in Appendix A of this order.
2. As soon as reasonably possible, PNG is directed to publish the Application, this order and the regulatory timetable on its website and to provide a copy of the Application to the British Columbia Old Age Pensioners' Organization *et al.*, British Columbia Hydro and Power Authority, Shell Energy North America (Canada) and Absolute Power.
3. Members of the public are invited to provide letters of comment on the Application by the date established in the regulatory timetable, attached as Appendix A to this order. Letters of comment must be filed in the [Letter of Comment Form](#) available at the BCUC website.
4. The BCUC will hold the un-redacted Letter Agreement confidential on the basis that the agreement is commercially sensitive and the disclosure of the redacted portion of this agreement to competitors of PNG through the public record could harm the competitive position of PNG in the market.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of May 2018.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner

Attachment

Pacific Northern Gas Ltd.
Application for Approval of Letter Agreement between
Pacific Northern Gas Ltd. and Triton LNG Limited Partnership

REGULATORY TIMETABLE

Action	Date (2018)
BCUC Information Request No. 1 to PNG	Wednesday, May 16
PNG responses to BCUC Information Request No. 1	Friday, June 1
Letters of Comment deadline	Friday, June 8
PNG responses to Letters of Comment (if any)	Friday, June 15
Further process	To be determined