



**ORDER NUMBER  
G-116-18**

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 June 26, 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 such 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;
- G. By Order G-93-18 dated May 15, 2018, the BCUC established a regulatory timetable for the review of the Application, including one round of BCUC information requests, an opportunity for members of the public to file letters of comment, and PNG responses to letters of comment;
- H. On June 8, 2018, the BCUC received a letter of comment from Western LNG LLC (WLNG) stating it opposes the Application on public interest grounds. WLNG requests that the BCUC either dismiss the Application or establish a process that allows parties to participate more fully as interveners;
- I. On June 21, 2018, PNG responded to WLNG's letter of comment stating that it continues to support the Letter Agreement and opposes the relief that WLNG seeks. PNG submits that should the BCUC wish to explore in additional detail the matters raised by WLNG, it supports the use of a Streamlined Review Process or an expedited written process; and
- J. The BCUC has reviewed the Application and comments received by PNG and WLNG and considers that establishing a public hearing process with participation from registered interveners is warranted.

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

1. A further regulatory timetable for the review of the Application is established, as set out in Appendix A to this order.
2. Parties who wish to participate in the regulatory proceeding are to register with the BCUC by completing a Request to Intervene form, available on the BCUC website, by the date established in the Regulatory Timetable attached as Appendix A to this order and in accordance with the BCUC's Rules of Practice and Procedure.

**DATED** at the City of Vancouver, in the Province of British Columbia, this                    26th                    day of June 2018.

BY ORDER

*Original signed by*

B. A. Magnan  
Commissioner

Attachment

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

**REGULATORY TIMETABLE**

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Action	Date (2018)
Intervener Registration Deadline	Tuesday, July 3
BCUC Information Request (IR) No. 2 to PNG	Thursday, July 5
Intervener IR No. 1 to PNG	Thursday, July 12
PNG Responses to BCUC and Intervener IRs	Thursday, July 19
Streamlined Review Process with Oral Final Arguments (Tentative)	Tuesday, July 24
Written Reply Argument (Tentative)	Tuesday, July 31