

Proposed Gas Cost Consolidation Project

November 9 and 10, 2022

PARTICIPATE VIA:

AUDIO

Toll-free phone at 833-380-0704

VISUAL

Online via the online streaming player at
<https://png.ca/about-png/proposed-gas-cost-consolidation>



Welcome to Our Public Information Session

YOUR PNG HOSTS

Gordon Doyle

VP Regulatory Affairs, Legal & Gas Supply

David Keir

Director, Business Development
and Stakeholder Relations

Liam Kelly

Regulatory Advisor

AGENDA

- About PNG
- Overview of the Proposal
- Understanding How Rates are Set
- Impacts
- Smart Energy Solutions
- Timelines and Participation

About PNG

OPERATING IN BC FOR 50+ YEARS

- Since 1968, PNG has safely and reliably delivered natural gas to our valued customers throughout northern BC
- 42,000+ residential, commercial and industrial customers in 16 communities
- We operate effectively and efficiently, working hard to keep our costs low and to keep your rates stable and fair
- PNG's pipeline systems and infrastructure deliver gas to heat your homes and businesses



Our Infrastructure



PNG OWNS AND OPERATES:

- A natural gas transmission and distribution system in west-central B.C.
- Natural gas processing, transmission and distribution systems in northeast B.C.
- Approximately 1,200 km of transmission pipelines, 3,000 km of distribution mains and service lines

PNG Service Areas



What is a Commodity Charge?

COMMODITY CHARGES:

- Reflect the amount of gas you've consumed during your billing period

COMMODITY RATES:

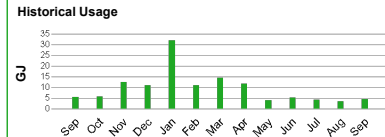
- Respond to the fluctuating market price of gas
- Contains no markup
 - Costs are passed on to customers
 - You pay what we pay

Current Charges	
Basic Charges	
Aug 12 to Sep 15	\$12.37
Delivery Charges	
Delivery Charge	
4.43 GJ @ \$13.18/GJ - Aug 12 to Sep 15	\$58.39
Company Use Delivery Rider	
4.43 GJ @ \$0.0001/GJ - Aug 12 to Sep 15	\$0.01
Company Delivery Rider	
4.43 GJ @ \$0.3337/GJ - Aug 12 to Sep 15	\$1.48
Commodity Charges	
Commodity Charge	
4.43 GJ @ \$6.657/GJ - Aug 12 to Sep 15	\$29.49
CGVA Commodity Rider	
4.43 GJ @ \$0.281/GJ - Aug 12 to Sep 15	\$1.24
Innovative Clean Energy Fund @ 0.4% *	\$0.40
Carbon Tax	
4.43 GJ @ \$2.5588/GJ - Aug 12 to Sep 15	\$11.34
Sub Total	\$111.76
Goods and Services Tax @ 5%	\$5.57
*Items are GST Exempt	
Total Current Charges	\$117.33

Payments	
Sep 15, 2022 Thank you!	\$88.74 CR

Usage A (Actual), E (Estimate)						
Meter	Read Dates		Days	Meter Reading		Type
	From	To		From	To	
713466	Aug 12	Sep 15	35	9633	9667	A

Usage	X	Volume to Energy Conversion Factor	=	(GJ)
34		0.13028		4.43



Overview of the Proposed Gas Cost Consolidation

SIMPLIFYING PRICING METHODOLOGY:

- Responds to customer feedback and direction from BCUC
- PNG proposes to consolidate gas costs across our 5 service areas
- Today, customers pay a different price
- Under our proposal, customers will pay the same price



How Commodity Rates Are Set



YOU PAY WHAT WE PAY:

- Natural gas and propane are energy commodities traded on the open market
- The market price is primarily driven by supply and demand
- **We pass on costs with no markup**
- Cost of gas fluctuates with changes in market prices

Commodity Rate Components

THE GAS COMMODITY CHARGE HAS 3 KEY PARTS:



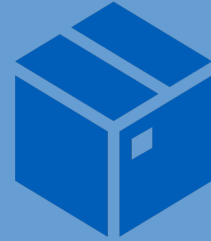
Market Gas Cost:

to purchase gas for
our customers



Transportation Cost:

to bring gas from
market to service area

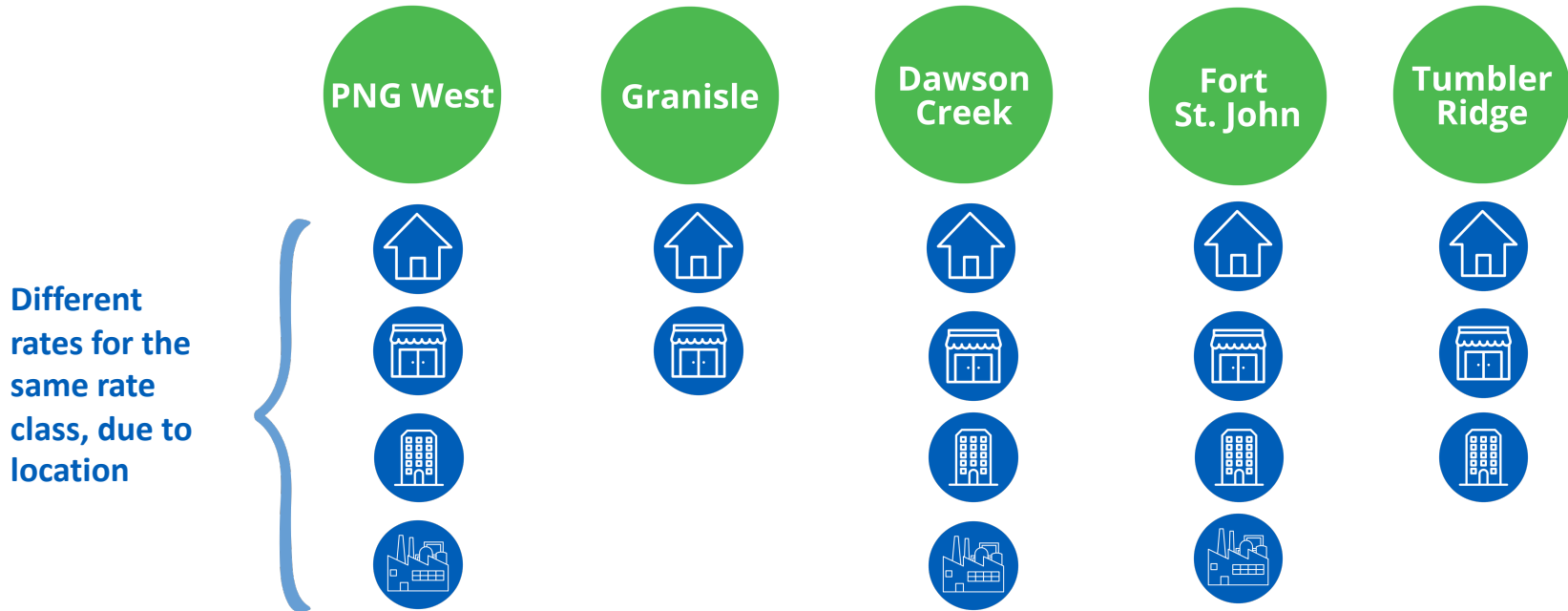


Storage Cost:

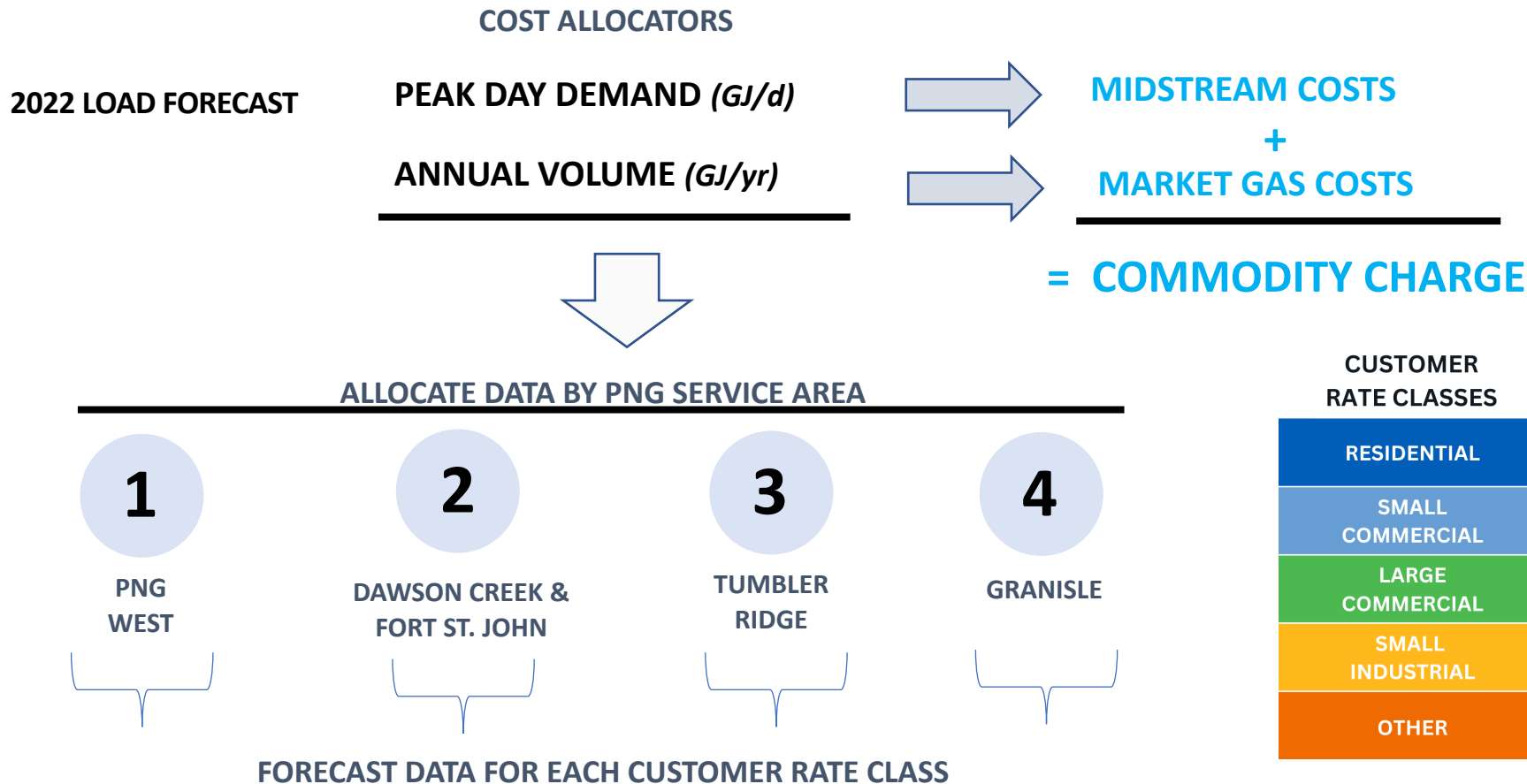
to ensure supply is
available when needed

Current Method: Different Rates

Gas commodity costs are allocated based on service territory, as well as by rate class.



Methodology – Key Elements Explained



Service Area Snapshot

Service Area	Number of Customers	Total Deliveries (GJ)	Average Residential Consumption (GJ/yr)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)
Dawson Creek	7,376	1,325,892	102.7	5.695	6.498
Fort St. John	13,062	2,741,549	108.3	5.893	6.498
Tumbler Ridge	1,226	146,762	76.4	11.638	7.099
PNG-West	20,674	3,672,547	72.6	12.989	6.657
Granisle (Propane)	134	6,175	40.0	7.514	22.944

Proposed Method: Same Rates

All customers in the same rate class have the same commodity rate for the same service, regardless of location

Same rates
for the same
rate class



Residential –
RS1



Small commercial –
RS2



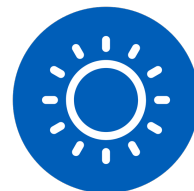
Large commercial
(firm) – RS3



Small Industrial –
RS4



Large commercial
(interruptible) – RS5



Seasonal off-peak –
RS6

Key Assumptions

- Comparative costs effective July 1, 2022
- Forecast 2022 inputs per Amended 2022 Revenue Requirements Application
 - Peak daily demand: GJ per day
 - Annual use: GJ per year
 - Consolidate data by rate class



CUSTOMER RATE CLASSES

RESIDENTIAL

SMALL
COMMERCIAL

LARGE
COMMERCIAL

SMALL
INDUSTRIAL

OTHER

Residential Example

	Effective Jul. 1, 2022		Proposed Changes		
Service Area	Delivery Charge (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)	Annual Bill Difference (\$ %)
Dawson Creek	5.695	6.498	5.695	6.372	(13) -0.8%
Fort St. John	5.893	6.498	5.893	6.372	(14) -0.8%
Tumbler Ridge	11.638	7.099	11.638	6.372	(56) -3.2%
PNG-West	12.989	6.657	12.989	6.372	(21) -1.2%
Granisle (Propane)	7.514	22.944	7.514	6.372	(663) -45.3%

Small Commercial Example

	Effective Jul. 1, 2022		Proposed Changes		
Service Area	Delivery Charge (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)	Annual Bill Difference (\$ %)
Dawson Creek	3.918	6.484	3.918	6.357	(60) -1.0%
Fort St. John	4.455	6.484	4.455	6.357	(58) -0.9%
Tumbler Ridge	9.132	7.099	9.132	6.357	(249) -3.8%
PNG-West	10.908	6.509	10.908	6.357	(48) -0.7%
Granisle (Propane)	7.514	22.944	7.514	6.357	(2,357) -48.4%

Large Commercial Example

	Effective Jul. 1, 2022		Proposed Changes		
Service Area	Delivery Charge (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)	Annual Bill Difference (\$ %)
Dawson Creek	2.759	6.227	2.759	6.360	1,209 1.1%
Fort St. John	3.307	6.227	3.307	6.360	1,991 1.1%
Tumbler Ridge	7.482	7.099	7.482	6.360	(6,651) -4.2%
PNG-West	8.719	6.509	8.719	6.360	(5,890) -0.8%

Small Industrial Example

	Effective Jul. 1, 2022		Proposed Changes		
Service Area	Delivery Charge (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)	Annual Bill Difference (\$ %)
Dawson Creek	2.266	6.107	2.266	6.124	612 0.1%
Fort St. John	1.998	6.107	1.998	6.124	869 0.2%
PNG-West	3.884	5.984	3.884	6.124	9,717 1.1%

PNG West Other Customers Example

	Effective Jul. 1, 2022		Proposed Changes		
Service Area	Delivery Charge (\$/GJ)	Gas Cost (\$/GJ)	Delivery Charge (\$/GJ)	Commodity Charge (\$/GJ)	Annual Bill Difference (\$ %)
Commercial Interruptible	5.322	5.711	5.322	5.962	2,887 1.8%
Seasonal Off-Peak	7.738	5.586	7.738	6.165	1,930 3.4%

Impacts Summary

Rate Class	PNG West	Dawson Creek	Fort St. John	Tumbler Ridge	Granisle
Residential – RS1	-1.2%	-0.8%	-0.8%	-3.2%	-45.3%
Small commercial – RS2	-0.7%	-1.0%	-0.9%	-3.8%	-48.4%
Large commercial (firm) – RS3	-0.8%	1.1%	1.1%	-4.2%	
Small Industrial – RS4	1.1%	0.1%	0.2%		
Large commercial (interruptible) – RS5	1.8%				
Seasonal off-peak – RS6	3.4%				

Balancing Fairness & Efficiency



BENEFITS TO CUSTOMERS:

- Consolidated gas costs provide the right balance of:
 - ✓ Pricing simplicity
 - ✓ Fairness
 - ✓ Efficiency
- Consistent with other BC utilities
- Modest bill reductions for most customers

Smart Energy Solutions: Use Less, Save More

Commercial Efficient HVAC Controls Program



Up to \$3,250 in incentives

Commercial Custom Controls Program



Incentives that cover up to 25 percent of the cost

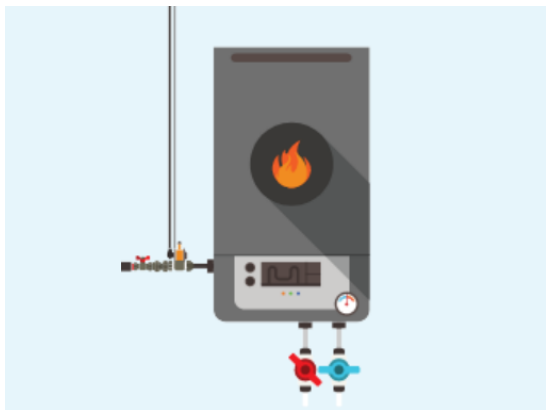
Commercial Efficient Kitchens Program



Assistance to help save on hot water costs

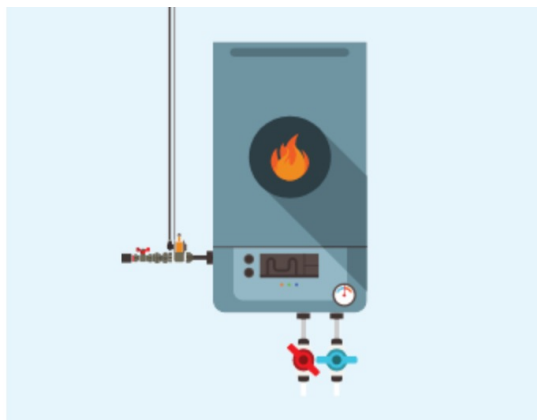
Smart Energy Solutions: Use Less, Save More

Energy Efficient Boiler
Replacement Rebate



**Rebates up to
\$11,000**

Commercial Custom Controls
Program



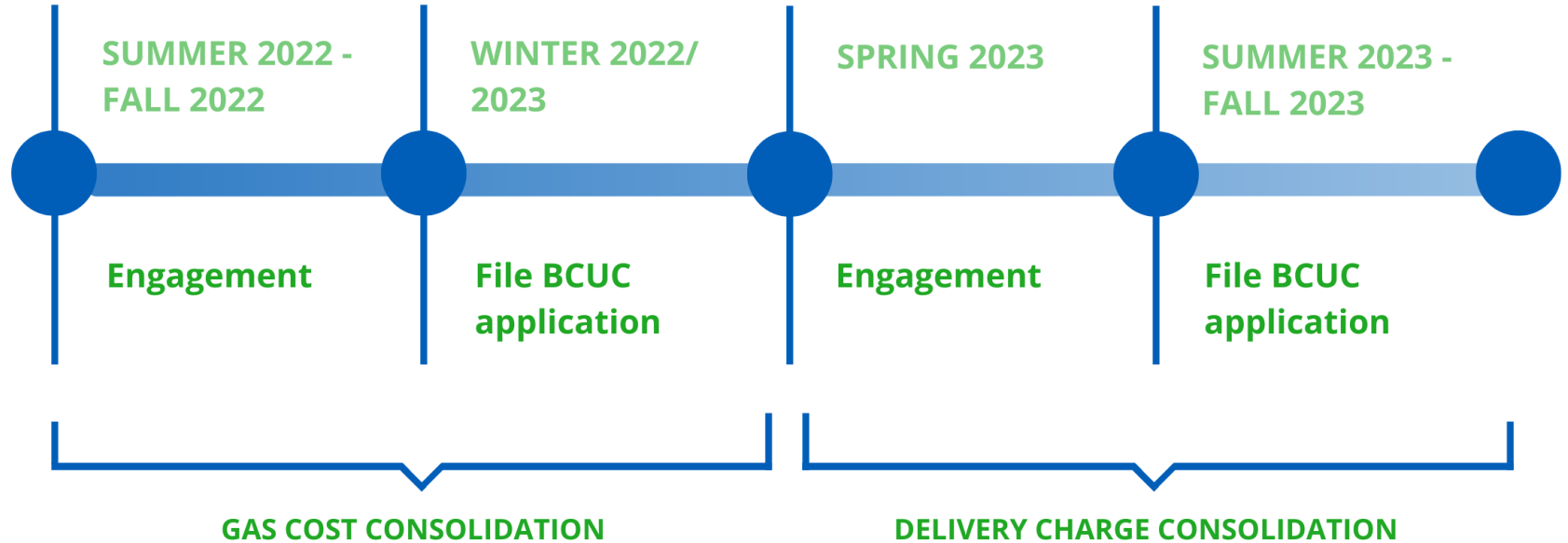
**Incentives up to
\$18,000**

Energy Efficient Water Heater
Replacement Rebate



Rebates up to \$2,000

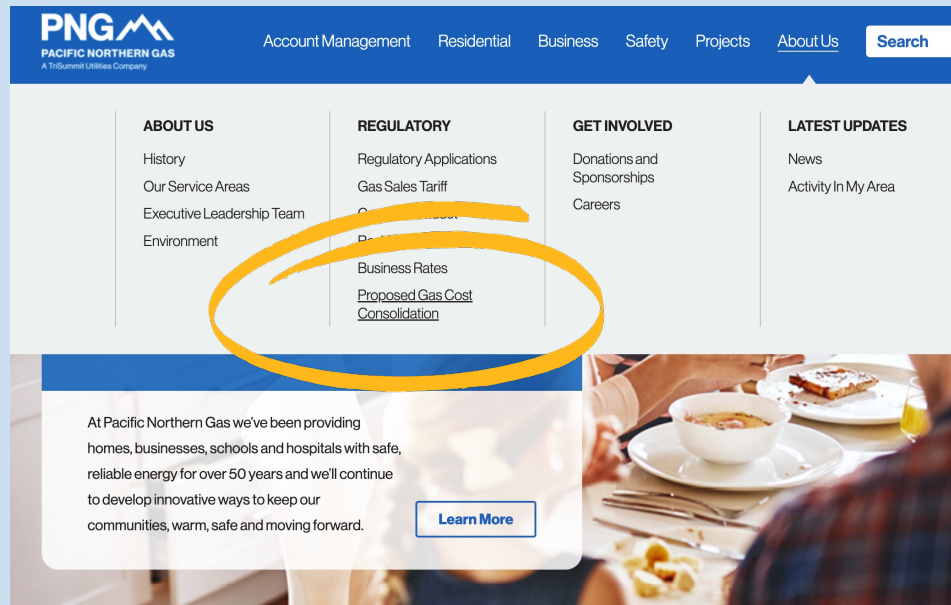
Rate Design Timeline



More Information & Participation

LEARN MORE + ENGAGE:

- ✓ Visit our website, <https://png.ca/about-png/proposed-gas-cost-consolidation/>
- ✓ Complete a feedback form by November 24
- ✓ Read our Frequently Asked Questions
- ✓ Email us: GasCostConsolidation@png.ca



Thank You for Participating

FURTHER INFORMATION OR QUESTIONS:

Project Website:

[png.ca/about-png/
proposed-gas-cost-consolidation](https://png.ca/about-png/proposed-gas-cost-consolidation)

Email:

GasCostConsolidation@png.ca

FOLLOW US ON SOCIAL MEDIA:

