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September 10, 2008

Regulatory Affairs Correspondence  
Email: [regulatory.affairs@terasengas.com](mailto:regulatory.affairs@terasengas.com)

Summitt Energy  
100 Milverton Drive, Suite 608  
Mississauga, ON  
L5R 4H1

Attention: Ms. Gaetana Girardi, Director, Compliance & Regulatory Affairs

Dear Ms.Girardi:

**Re: Terasen Gas Inc. ("Terasen Gas")  
Customer Choice Program Enhancements and Additional Customer Education  
Funding Application (the "Application")**

**Response to the Summitt Energy Information Request ("IR") No. 1**

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On July 18, 2008, Terasen Gas filed the Application as referenced above. In accordance with Commission Order No. G-113-08 setting out the Regulatory Timetable for the Application, Terasen Gas respectfully submits the attached response to Summitt Energy IR No. 1.

If there are any questions regarding the attached, please do not hesitate to contact Hans Mertins at (604) 592-7753.

Yours very truly,

**TERASEN GAS INC.**

***Original signed:***

Tom A. Loski

Attachment

cc: Erica M. Hamilton, Commission Secretary, BCUC  
Registered Parties (e-mail only)



Terasen Gas Inc ("TGI", "Terasen Gas" or the "Company") Application for Customer Choice Enhancements and Additional Customer Education Funding	Submission Date: September 10, 2008
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**TGI-IG-1**

**Reference: 4.2.1.2: Essential Services Model (ESM) Rules**

**Preamble: Approximately 2200 customers have been enrolled by gas marketers in contracts with a term between three to five years in duration that are not scheduled to start within a year from the initial enrolment. Many of these contracts are not scheduled to start until 2010, 2011, or 2012 and involve switches from one gas marketer to another.”  
Page 21**

**Request:**

- (a) Can Terasen Gas provide a breakdown as to (1) the business sector (residential or commercial) of these customers and (2) how many of these customers are under and over the 2,000 GJ/year consumption volume? If no why not?

**Response:**

Of the 2200 contracts that are not scheduled to start until well into the future, approximately 2050 are for residential and small commercial customers (Rate Schedules 1 and 2), whose annual consumption is less than 2000 GJs. Approximately 150 are for large commercial customers (Rate Schedule 3), whose annual consumption is greater than 2000 GJs.



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## TGI-IG-2

**Reference:** 7.2.5.2 Clarification of the 90-120 Day Renewal Rule and 7.2.5.8 Contracts with Start Dates Greater than One Year

**Preamble:** "Terasen Gas is of the view that the development of a competitive marketplace will be encouraged if gas marketers are able to offer contracts well before their scheduled start date." Page 114

**Request:**

- (a) Please comment on how customers can reasonably determine whether these rates are competitive?

**Response:**

A truly competitive marketplace is one that is free to offer customers a variety of products, some of which may be offered well before the contract is scheduled to start. Such a competitive marketplace should also be efficient at providing information to customers so that they are in a position to make an informed choice. Over time as customers become more familiar with the marketplace, they will be better positioned to assess if such rates offered are competitive or not, or if the product offered provides other benefits than just one of price.

- (b) For these future dates, does Terasen Gas view that there will be competitive offers that customers can compare against? If so, does Terasen Gas currently see competitive offers posted by any of the gas marketers for the terms 2010, 2011, and 2012 for contracts currently in place?

**Response:**

Terasen Gas is not in a position to comment on the value of prices that are posted by any gas marketer that may come into effect over 2010 – 2012. It is up to customers to determine if such rates are appropriate at the time that they are offered.

Please also refer to the response to Summit Energy IR No. 1, Question 2a.



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- (c) Does Terasen Gas view that contracts with start dates greater than one year have enough posted competitive offers for customers to choose from?

**Response:**

Please refer to the responses to Summit Energy IR No. 1, Questions 1.2a and 1.2b.

- (d) Does Terasen Gas view as a reasonable safeguard for customers a requirement in the Code of Conduct that clearly states marketers must describe their out clauses (clauses that allow marketers to rescind the offer at the new start date) on the first page in the same manner as cancellation rights?

**Response:**

Terasen Gas is of the view that this requirement helps to provide for a reasonable measure of consumer protection, given that customers are more likely to review the first page of a contract than any other, and that as long as consumers understand how such an out clause functions before they sign such a contract.

- (e) Could Terasen Gas provide an immediate notification mechanism to the existing marketer to allow them contact their customer before the 10 day cancellation period?

**Response:**

The enrollment response data provided by Terasen Gas should be sufficient for all gas marketers to determine the last day of the 10-Day Contract Cancellation Period – it is simply the date that the enrollment is sent to Terasen Gas for processing in the GEM application plus 10 calendar days. The gas marketer will have the necessary information without receiving a separate notification as contemplated in the Information Request. As a result, Terasen Gas does not see a reason send a separate notification to a gas marketer providing an alert that can be used by them to contact a customer before the expiry of the 10-Day Cancellation Period.



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### TGI-IG-3

**Reference:** Section 7.2.5.2: Clarification of the 90-120 day renewal rule (2.2)

**Preamble:** "Terasen Gas is of the view that the development of a competitive marketplace will be encouraged if gas marketers are able to offer contracts to customers well before their scheduled start date." Page 114

"This time limit was not designed to prevent incumbent or new gas marketers from contacting a customer outside the 90-120 day renewal period and presenting an offer for a new contract." Page 114

"Terasen Gas has observed that a number of enrollments have been accepted for contracts that are not scheduled to flow for a considerable time in the future. Many of these contracts have five year terms. Terasen Gas recommends that these enrollments be grandfathered once this validation enhancement is implemented." Page 115

**Request:**

Will Terasen reject contracts submitted for enrolment which have a program entry date which exceeds the sign date of the contract by 12 months? If no, please explain why, If yes, please explain why.

**Response:**

Given that customers should not be contracted for by a gas marketer for a period of time greater than five years, Terasen Gas proposes to complete a validation that will reject any enrollment request for a contract that would otherwise result in a total contracted period greater than five years. This validation will however not reject a contract where the flow date is 12 months or greater than the signed date, provided that the five year contract period is not exceeded. Given that customers may contract for up to a five year period at any time, they could sign with five different marketers for five different 12 month contracts with each starting when the another one ends.