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October 7, 2008

British Columbia Utilities Commission
Sixth Floor
900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

Re: Terasen Gas Inc., Terasen Gas (Vancouver Island) Inc. and Terasen Gas (Whistler) Inc. (collectively the "Companies") 2008 Resource Plan

Final Submissions of the Companies

On June 22, 2008, the Companies filed their consolidated 2008 Resource Plan. In accordance with Commission Order No. G-120-08 setting out the Regulatory Timetable, the Companies respectfully attach their Final Submissions

If there are any questions regarding the attached, please contact the undersigned or Ken Ross at (604) 576-7343 or ken.ross@terasengas.com.

Yours very truly,

**TERASEN GAS INC.,
TERASEN GAS (VANCOUVER ISLAND) INC. and
TERASEN GAS (WHISTLER) INC.**

Original signed:

Tom A. Loski

Attachment

cc: Registered Parties (e-mail only)

BRITISH COLUMBIA UTILITIES COMMISSION

**IN THE MATTER OF the *Utilities Commission Act*,
R.S.B.C. 1996, Chapter 473 (the “*Act*”)**

and

**Terasen Gas Inc.,
Terasen Gas (Vancouver Island) Inc., and
Terasen Gas (Whistler) Inc., joint**

**Application for British Columbia Utilities Commission Acceptance of their
2008 Resource Plan**

SUBMISSIONS OF

**TERASEN GAS INC.,
TERASEN GAS (VANCOUVER ISLAND) INC.,
AND
TERASEN GAS (WHISTLER) INC.**

October 7, 2008

TABLE OF CONTENTS

A.	INTRODUCTION	1
B.	OVERVIEW OF RESOURCE PLAN	1
C.	JUSTIFICATION FOR RESOURCE PLAN ACCEPTANCE	2
D.	NEXT RESOURCE PLAN.....	6
E.	CONCLUSION	6

**SUBMISSIONS OF
TERASEN GAS INC., TERASEN GAS (VANCOUVER ISLAND) INC. and
TERASEN GAS (WHISTLER) INC.**

A. INTRODUCTION

1. As per Commission Order No. G-79-07, the 2008 Resource Plans for Terasen Gas Inc. ("TGI"), Terasen Gas (Vancouver Island) Inc. ("TGV") and Terasen Gas (Whistler) Inc. ("TGW") (collectively "Terasen Gas" or the "Companies") are included under one submission, the Terasen Gas 2008 Resource Plan ("2008 Resource Plan") submitted to the British Columbia Utilities Commission (the "Commission") on June 27, 2008. The Companies respectfully submit that the 2008 Resource Plan meets the requirements of section 44.1(2) of the *Utilities Commission Act* ("UCA") and should be approved as filed. The Companies have not sought any other specific orders from the Commission as part of the 2008 Resource Plan.

B. OVERVIEW OF RESOURCE PLAN

2. The 2008 Resource Plan is by nature a static document that describes a point in time for a planning process that is dynamic and ongoing. It is a contextual document that considers input from customers and other stakeholders and provides stakeholders with insight into the future needs of the utility and the issues it must continue to monitor in order to continue serving its customers in the most cost effective, safe and reliable manner.

3. The 2008 Resource Planning objectives¹ are:

- Providing safe, reliable and secure gas supply,
- Delivering cost effective service to customers,
- Advancing energy efficiency and conservation, and
- Managing social and environmental impacts.

4. The 2008 Resource Plan describes the planning environment within both the Pacific Northwest Region and the Province of BC in which critical planning decisions for the acquisition and delivery of energy resources to Terasen Gas' customers must be made.

¹ Exhibit B-1, pages 4 and 5

5. The Action Plan set out in the 2008 Resource Plan identifies the activities that Terasen Gas will take over the next four years to meet growing demand, find the best energy solutions for its customers, address the 2007 BC Energy Plan, and meet the requirements of the UCA. The Action Plan is appropriate to address the planning needs for each of the Terasen Gas utilities. It meets the Commission's Resource Planning Guidelines and is sufficiently flexible to respond to new information such as that identified for the Okanagan Region system expansion needs².

6. Terasen Gas conducted timely, relevant and ample stakeholder consultation in preparing its 2008 Resource Plan, including workshops, presentations to municipalities, circulation of newsletter style updates and focused meetings to seek input on a range of regional and provincial energy issues and system expansion needs. Terasen Gas also attended stakeholder sessions and relevant energy information sessions hosted by other utilities and organizations in its ongoing efforts to understand the trends and issues to which it must respond in its Resource Plan³.

C. JUSTIFICATION FOR RESOURCE PLAN ACCEPTANCE

7. A key component of the 2008 Resource Plan is the customer and demand forecast. Terasen Gas submits that its customer and demand forecast as presented in the 2008 Resource Plan and supported with evidence filed in response to Commission and intervenor information requests is reasonable and that its Robust Growth and Low Growth demand scenarios bound a reasonable range of potential high and low demand compared to the Reference Case scenario. Trends affecting the Reference Case demand scenario are presented in Exhibit B-1 on pages 28 through 34 and the forecast results are presented in Appendix G, while the Robust Growth and Low Growth scenarios and resulting demand in each scenario are presented in Exhibit B-1 on pages 35 through 42. Substantial additional evidence regarding the methodology, reasonableness and appropriateness for the customer and demand forecasts has been submitted including Exhibit B-1, Appendices E and F; Exhibit B-3, responses to BCUC IR 1.3.1, 1.3.2, 1.9.1, 1.10.1, 1.10.2, 1.10.3, 1.10.4, 1.10.5, 1.10.6, and 1.17.1; Exhibit B-4, responses to BC Hydro IR 1.2.1, 1.2.2, 1.3.1, 1.3.2 and 1.3.3; and Exhibit B-5, responses to BCOAPO IR 1.2.1, 1.9.1, 1.14.2, 1.14.3, 1.14.4, 1.14.5, 1.14.6. In keeping with the requirements of the UCA and with the Commission's Resource Planning

² Exhibit B-3, response to BCUC IR 1.20.2

³ Exhibit B-1, Section 8, on pages 106 - 110

Guidelines, Terasen Gas used a 20 year time horizon for the forecasting of customers and demand, and for the identification of known and emerging system needs.

8. Section 44.1(8) of the UCA provides that in determining whether to accept a long-term resource plan, the Commission must consider government's energy objectives (including GHG emission reduction and encouraging utilities to take demand side measures); whether the plan shows that the public utility intends to pursue adequate, cost effective demand-side measures; and the interests of customers. Terasen Gas submits that the 2008 Resource Plan, including the Action Plan, addresses the factors identified above in an appropriate manner and should be approved as filed.

9. The 2008 Resource Plan identifies the Companies' intent to increase cost effective demand side measures through a separate Energy Efficiency and Conservation ("EEC") Application to the Commission. Terasen Gas is not seeking approval of specific measures as part of the 2008 Resource Plan, as explained in Terasen Gas' letter in response to BC Hydro and BCOAPO's request for delay in hearing the 2008 Resource Plan.⁴ Action plan item number 1 therefore states that Terasen Gas will implement new EEC programs once Commission approval of the current EEC Application is received, and for which the regulatory process is currently underway.⁵ In Letter No. L-45-08,⁶ the Commission determined that "...because the issues in the Resource Plan and the EEC Application are sufficiently distinct, it could approve the Resource Plan, except for EEC issues, subject to and in advance of a decision with respect to the EEC Application". Terasen Gas submits that other potential future EEC applications that may result during the Action Plan time frame as the companies continue to monitor and identify opportunities beyond the current application⁷ would be treated similarly.

10. The 2008 Resource Plan identifies an approaching constraint in the Okanagan region of TGI's Interior Transmission System.⁸ As described in response to Commission IR 1.20.2,⁹ as TGI has further investigated the issue, hydraulic analysis completed subsequent to submission of the 2008 Resource Plan has identified that the constraint could actually occur earlier than stated in the 2008 Resource Plan. Terasen Gas' response to Commission IR

⁴ Exhibit B-2

⁵ Exhibit B-1, page 111

⁶ Exhibit A-3, p.2

⁷ Exhibit B-1, page 52 and page 111, Action Item 1

⁸ Exhibit B-1, pages 61 to 65

⁹ Exhibit B-3

1.10.1,¹⁰ explains that the reason for this change in timing is the increasing transient load profile for the Okanagan resulting from high growth, particularly in residential customers, in this region. Even in the absence of new industrial load, ITS system expansion could be required for the Okanagan region as early as the winter of 2013. The timing of this requirement could be accelerated by potential new industrial load such as a natural gas fired peaking generator currently under consideration by FortisBC through its own Resource Planning process.¹¹ The potential FortisBC demand could advance the ITS system expansion requirement by one year to the winter of 2012. Since TGI has identified that a capacity addition to the Okanagan Region of the Interior Transmission system is required within the next three to five years with or without the potential for additional new industrial load, one of the Action Items in the 2008 Resource Plan is to begin assessing alternative solutions which will result in a separate CPCN application to the Commission.¹²

11. The 2008 Resource Plan also identified an approach to address constraints on regional natural gas transmission systems in the Pacific Northwest. Both storage and pipeline resources in the region, which the Companies rely on to serve its customers, are reaching capacity while customer and demand growth throughout the region is expected to continue.¹³

12. Opportunities to pursue alternative energy solutions¹⁴ are also an important part of the 2008 Resource Plan. Terasen Gas has an important role to play in expanding the natural gas vehicle market in BC, particularly for commercial and industrial fleets, and in developing solutions for the transportation industry including those that reduce greenhouse gas ("GHG") and other emissions at ports. Capturing energy from waste sources such as waste heat from compressor stations and the development of biogas as an alternative supply of natural gas are also examples of alternative energy opportunities that Terasen Gas intends to pursue as outlined in its 2008 Resource Plan. These opportunities, together with its EEC application and a regional perspective on "the right fuel for the right use at the right time"¹⁵ respond to the

¹⁰ Exhibit B-3

¹¹ Exhibit B-1, page 65 and Exhibit B-3, response to Commission IR 1.20.1 and 1.20.2

¹² Exhibit B-1, page 111, Action Item 4

¹³ Exhibit B-1, pages 79 to 88; Exhibit B-1, Appendix L, pages L-6 to L-22

¹⁴ Exhibit B-1, pages 89 o 105

¹⁵ 2007 BC Energy Plan, page 21

2007 BC Energy Plan and will help to ensure that natural gas remains an important part of BC's energy future¹⁶.

13. The 2008 Resource Plan also responds to a range of new GHG related legislation¹⁷. The EEC and alternative energy initiatives described in Exhibit B-1, pages 43 to 52 and pages 89 to 105 as well as the investigation and decision making processes for any of Terasen Gas' potential facility additions discussed in Exhibit B-1 pages 53 through 88, are aimed at addressing either the regulations themselves or the intent of the legislation to reduce GHG emissions and improve energy efficiency. Terasen Gas' approach to examining GHG impacts on a regional basis¹⁸ is similarly aimed at addressing the intent of this legislation to reduce GHG emissions¹⁹.

14. The Action Plan identifies that development and maintenance of its distribution systems is an ongoing process at Terasen Gas. The Action Plan further recognizes that these activities will also result in some CPCN applications to the Commission²⁰.

15. Other action plan items²¹ are largely investigative or consultative in nature and may also result in future submissions to the Commission.

16. Terasen Gas submits that since its 2008 Resource Plan by nature is a contextual document that describes an ongoing and dynamic planning process at a given point in time, and does not seek approval or orders regarding specific initiatives, the Commission can accept the 2008 Resource Plan without compromising the regulatory process for separate applications that arise as a result of activities outlined in the resource plan. This approach is consistent with the Commission's decision that the issues being addressed in the EEC Application are sufficiently distinct to permit approval of the Resource Plan prior to the EEC Application²².

¹⁶ Exhibit B-3, response to BCUC IR 1.2.1

¹⁷ Exhibit B-1 pages 19 and 20

¹⁸ Exhibit B-1, pages 9 to 16

¹⁹ Exhibit B-1, page 20

²⁰ Exhibit B-1, page 111 to 112

²¹ Exhibit B-1, Action Plan Items 2, 3, 4, 6 and 7

²² Exhibit A-3, page 2

D. NEXT RESOURCE PLAN

17. As provided in response to Commission IR 1.1.1, Exhibit B-3, because the resource planning process is dynamic and ongoing, Terasen Gas plans to prepare its next resource plan for submission to the Commission by the end of the second quarter in 2010. The nature of information requests received from interveners²³ and the Commission²⁴ indicate that combining the resource plans for each of TGI, TGVI and TGW into a single document has been appropriate and has been administratively efficient for the Commission, intervenors and Terasen Gas. Subject to any direction from the Commission in this proceeding, the Companies intend to pursue this approach for the next Resource Plan.

E. CONCLUSION

18. The 2008 Resource Plan and the four year Action Plan set out within it address the 2007 BC Energy Plan policies in regard to energy efficiency and conservation, reducing GHG emissions and developing innovative, alternative energy solutions. This Plan also complies with the Commission's Resource Planning Guidelines as well as other Provincial regulations related to energy and GHG emissions as described in Section 2 of Exhibit B-1. The actions outlined will help to ensure that Terasen Gas continues to play an important role in BC's clean, efficient and self-reliant energy future. Terasen Gas therefore respectfully submits that the 2008 Resource Plan should be approved as filed.

All of which is respectfully submitted.

**TERASEN GAS INC.,
TERASEN GAS (VANCOUVER ISLAND) INC., and
TERASEN GAS (WHISTLER) INC.**

Original signed:

Tom A. Loski

October 7, 2008

²³ Exhibits C2-3 and C4-3

²⁴ Exhibit A-2