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November 7, 2017

Shell Energy North America (Canada) Inc.  
400 4<sup>th</sup> Avenue S.W.  
Calgary, AB  
T2P 2H5

Attention: Ms. Mary McCordic

Dear Ms. McCordic:

**Re: FortisBC Energy Inc. (FEI)**  
**Project No. 3698899**  
**2016 Rate Design Application (the Application)**  
**Response to the Shell Energy North America (Canada) Inc. (Shell) Information Request (IR) No. 2**

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On December 19, 2016, FEI filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-109-17 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to Shell IR No. 2.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Diane Roy

Attachments

cc (email only): Commission Secretary  
Registered Parties



FortisBC Energy Inc. (FEI or the Company) 2016 Rate Design Application (the Application)	Submission Date: November 7, 2017
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1 **Reference: FEI Letter of Response dated August 3, 2017 to Teck Coal’s Letter of**  
2 **Comment (Exhibit B-13)**

3 1. Historically, prior to FEI entering into the OBAs with Foothills BC, the pipeline was very  
4 lenient and reasonable with regards to large daily variances and monthly imbalances at  
5 Sparwood. FEI notes in its letter to Teck Coal that “large variances are frequently  
6 tolerated on the Sparwood Tap due to FEI’s efforts to manage the gas supply and  
7 demand balance for the much larger loads at Yahk.” Could FEI please provide, in tabular  
8 form, the total gas delivered by FEI, on a monthly basis, at the Yahk connection point  
9 versus the total gas consumed by the core market at Yahk for the period November  
10 2015 – September 2017.

11  
12 **Response:**

13 In FEI’s response to Teck Coal’s Letter of Comment, FEI was referring to Yahk as the East  
14 Kootenay Exchange (EKE) delivery point. Gas delivered at EKE is used to manage load for the  
15 Kootenay region, the Interior and, at times, the Lower Mainland. As such, FEI is unable to  
16 stream gas deliveries at EKE to a specific demand. As also indicated in FEI’s reply to Teck  
17 Coal, FEI manages total throughput to match supply and demand at EKE using midstream  
18 resources. As such, the overall supply and demand with Foothills BC is balanced, and the other  
19 connections such as the Columbia taps benefit indirectly. If FEI had material imbalances  
20 occurring on a daily basis at EKE, FEI believes that Foothills BC may take increased actions  
21 regarding imbalances at all taps.

22 While the question has requested details regarding delivery and core demand volumes on a  
23 monthly basis, FEI notes that it manages imbalances and employs midstream resources on a  
24 daily basis. FEI is also unable to isolate the total gas consumed by the core market at EKE.

25 The following table provides the gas volumes (GJ/month), delivered to FEI at EKE interconnect,  
26 for the period November 2015 through September 2017.



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Row Labels	Sum of FEI Receipt EKE (GJ)
<b>2015</b>	
Nov	2,229,580
Dec	2,933,441
<b>2016</b>	
Jan	2,358,725
Feb	1,749,178
Mar	2,286,068
Apr	228,822
May	341,900
Jun	856,831
Jul	969,361
Aug	2,961,126
Sep	3,430,110
Oct	3,516,591
Nov	1,565,076
Dec	4,375,500
<b>2017</b>	
Jan	4,319,155
Feb	3,611,228
Mar	3,188,577
Apr	2,604,950
May	1,531,672
Jun	1,536,520
Jul	1,517,405
Aug	2,054,565
Sep	2,095,021
<b>Grand Total</b>	<b>52,261,402</b>

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2

1 2. Please show, in tabular form, the total gas delivered by FEI, on a monthly basis, at the  
 2 Sparwood connection point by FEI versus the total gas consumed by the core market at  
 3 Sparwood for the periods June 2016 – September 2016 and June 2017 – September  
 4 2017.

5  
 6 **Response:**

7 While the question has requested details regarding delivery and core demand volumes on a  
 8 monthly basis, FEI manages imbalances and changes nominations on a daily basis. Looking at  
 9 the information from a monthly view may not be indicative of the variability in actual deliveries  
 10 and demand.

11 The following table provides the gas receipts (GJ/month), delivered to FEI at Sparwood (SST)  
 12 tap, in addition to the FEI core demand for the Sparwood market area, for the months of  
 13 January 2016 through September 2017 inclusive.

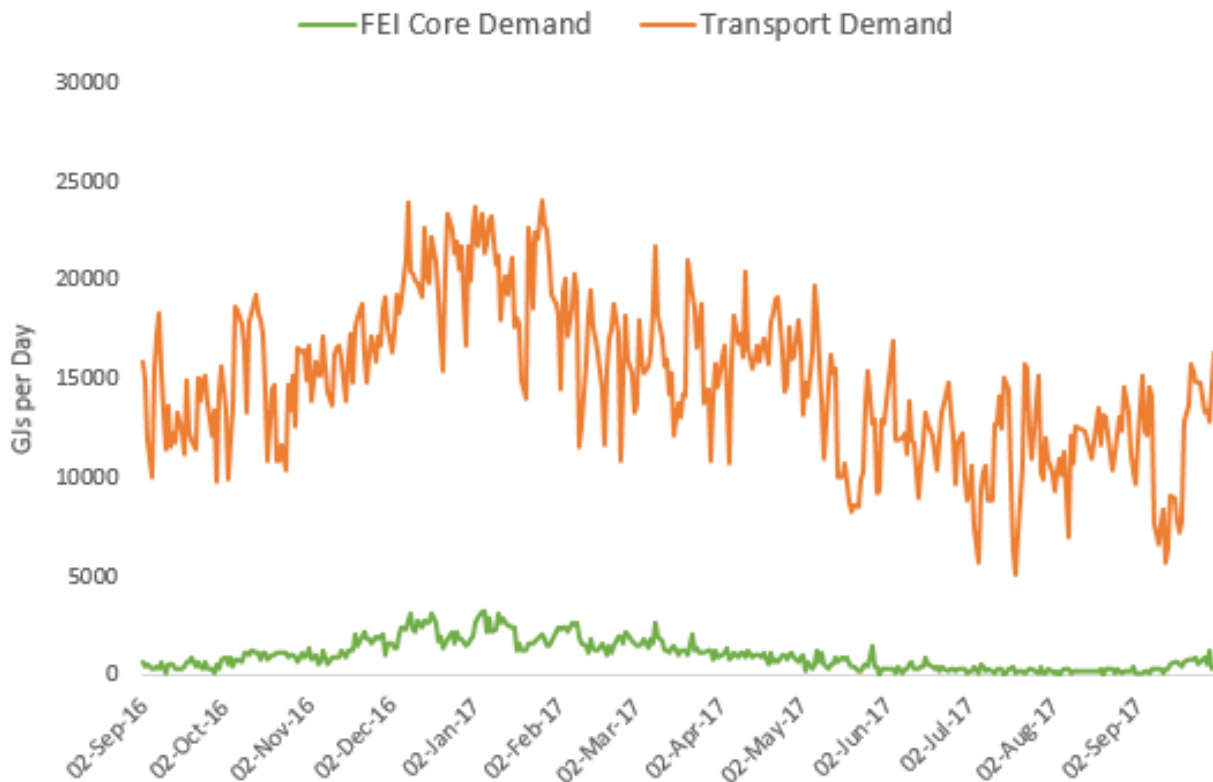
14 **FEI Deliveries and Core Demand at the Sparwood Tap**

Row Labels	Sum of FEI Receipt (GJ)	Sum of FEI Demand (GJ)
<b>2016</b>		
Jan	20,000	49,631
Feb	96,000	38,393
Mar	66,000	33,622
Apr	0	18,115
May	0	14,931
Jun	0	9,322
Jul	0	7,783
Aug	31,000	7,549
Sep	40,000	13,867
Oct	0	29,902
Nov	45,000	39,984
Dec	67,000	65,659
<b>2017</b>		
Jan	62,000	67,352
Feb	54,200	51,388
Mar	52,000	44,500
Apr	28,000	29,188
May	18,000	19,453
Jun	3,000	9,600
Jul	0	7,696
Aug	0	-4,002
Sep	0	14,787
<b>Grand Total</b>	<b>582,200</b>	<b>568,723</b>

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- 1 Where supply receipts are less than or greater than the aggregate demand, FEI trends the
- 2 inventory levels to manage the total imbalance at the tap on a daily basis, inclusive of core and
- 3 transportation customers' receipts and demands.
- 4 For further clarification and to give perspective of FEI's core load relative to Transportation
- 5 customer load at Sparwood, the graph below shows the demand comparison from September
- 6 2016 to September 2017.

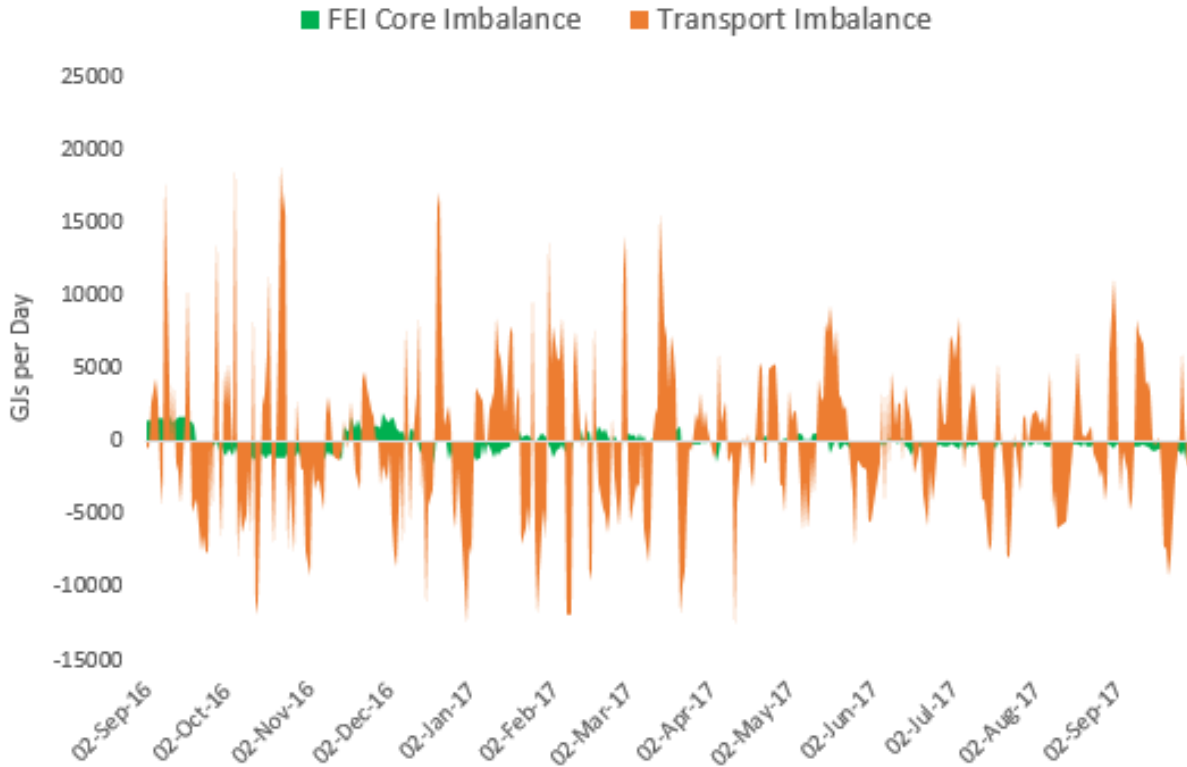
### FEI Core vs Transport Demand (Sparwood)



- 7
- 8 As shown in the graph above, FEI's core load is minor compared to Transportation customers'
- 9 load.
- 10 The graph below shows the imbalances for FEI core and Transportation customers. FEI notes a
- 11 large difference in its core imbalance compared with transport customers' imbalance at
- 12 Sparwood tap.

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### FEI Core vs Transport Imbalance (Sparwood)



1

2 In order to manage these significant transport customer imbalances, FEI would not only make

3 supply adjustments at the tap, but, as indicated in the response to Shell-FEI IR 2.1, make

4 supply arrangements at EKE which indirectly benefit the Foothills BC taps and system as a

5 whole, and therefore help to manage imbalances at Sparwood.

6

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1 3. FEI notes that when imbalances at Sparwood are too large, FEI receives a call from  
2 TransCanada and FEI then contacts Shell Energy and requests either an increase or  
3 decrease in supply. Since Shell Energy then increases or decreases supply accordingly,  
4 please explain in detail how FEI midstream resources are utilized?  
5

6 **Response:**

7 Please refer to the response to Absolute-FEI IR 2.2.4.

8 As indicated in the response to BCUC-FEI IR 2.87.1, FEI has been responsible for maintaining  
9 the OBA at the Columbia tap locations since 2010. FEI uses the listed midstream resources to  
10 balance the supply/demand position at all the taps in the Columbia Region:

- 11 • Station 2 and AECO/NIT supply with associated firm transportation capacity;
  - 12 • Seasonal storage (Aitken Creek Storage, Alberta storage);
  - 13 • Market area storage (Jackson Prairie Storage and Mist); and
  - 14 • On-system LNG at Mt Hayes and Tilbury.
- 15

16 In the case where the imbalance is caused by Shell/Teck Coal at Sparwood, Shell is typically  
17 able to resolve the imbalance over several days or a week. During that time, FEI provides  
18 balancing to this location. The use of these resources to account for balancing will vary  
19 depending on the time of year and FEI's load and operational requirements. Anytime there are  
20 positive or negative imbalances at Sparwood or other Columbia tap locations, FEI uses the  
21 above-listed midstream resources in order to manage the OBAs and respond to the imbalances  
22 at those locations.

23