

Order No. 116/21

**ORDER IN RESPECT OF THE COMMODITY DELIVERY POINT FOR CENTRA GAS
MANITOBA INC.'S WESTERN TRANSPORTATION SERVICE ("WTS").**

October 25, 2021

BEFORE: Larry Ring, Q.C., Panel Chair
Marilyn Kapitany, B.Sc., (Hon), M.Sc., Vice Chair
Susan Nemec, FCA, FCPA, Member
Michael Watson, Member

Table of Contents

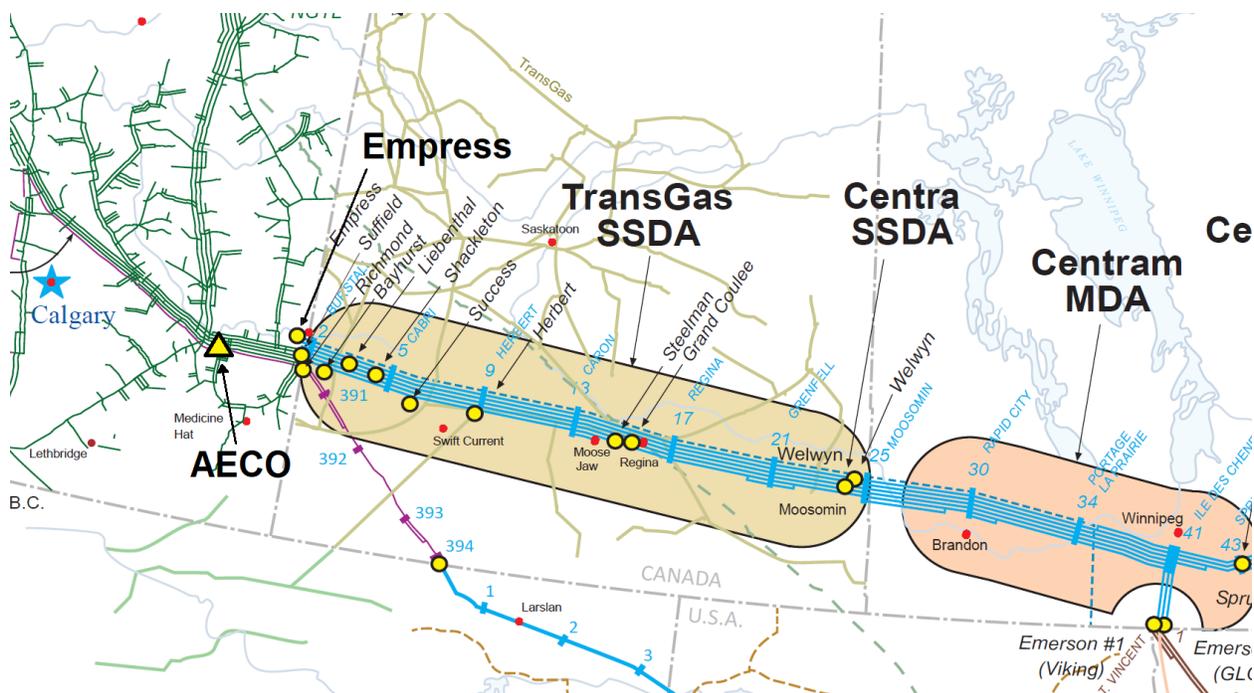
1.0	Executive Summary	3
2.0	Centra’s Application to Migrate the WTS Delivery Point	3
3.0	WTS Consequences	4
4.0	Intervener and Marketer Submissions	5
5.0	Board Findings	6
6.0	IT IS THEREFORE ORDERED THAT:	7

1.0 Executive Summary

By this Order, the Public Utilities Board approves Centra Gas Manitoba Inc.'s Application to migrate the Western Transportation Service commodity delivery point from Empress to the AECO/NIT natural gas hub, effective November 1, 2022.

2.0 Centra's Application to Migrate the WTS Delivery Point

Included in Centra Gas Manitoba Inc.'s ("Centra") March 23, 2021 Rate Re-bundling Application to the Public Utilities Board ("Board" or "PUB") is a request to migrate, effective November 1, 2022, the natural gas delivery point from Empress to the Alberta Energy Company/Nova Inventory Transfer ("AECO") gas hub for the Western Transportation Service ("WTS"). WTS is a service offering by Centra that is utilized by independent natural gas marketers when selling fixed rate, fixed term contracts to Manitoba natural gas consumers.



In addition to making AECO the delivery point for WTS marketers, Centra has decided to change the reference point for its own Gas Commodity rate to AECO from Empress. Centra advises that making AECO the reference for both Centra's Gas Commodity rate and the WTS delivery point is being made possible due to Centra contracting for a portion of Nova Gas Transmission Limited's ["NGTL"] expansion capacity.

In its Rate Re-bundling Application, Centra goes on to explain that by making AECO the new reference point, Centra will no longer treat NGTL transportation costs from AECO to Empress as commodity costs. This is currently necessary to facilitate an Empress-based Primary Gas rate and comparability to WTS rate offerings that are based on delivery to Centra at Empress. After November 1, 2022 NGTL costs will be paid by Centra on both Centra-supplied and marketer-supplied natural gas volumes and treated as transportation costs for rate-making purposes.

Additionally as noted in Centra's Application, after November 1, 2022, moving the WTS natural gas delivery point to AECO will mean WTS marketers no longer have to provide compressor fuel to transport their customers' natural gas volumes to Manitoba for two reasons. First, there is no compressor fuel charge on NGTL for transportation from AECO to Empress. Second, Centra anticipates moving its own commodity reference point to AECO. Then Centra would pay all the compressor fuel costs on both its customers' natural gas volumes and also WTS customers' natural gas volumes to transport that natural gas to Manitoba on the TransCanada Pipelines Limited ["TCPL"] Mainline. This would then provide the opportunity for Centra to treat Empress compressor fuel on the TCPL Mainline as a transportation cost, which Centra indicates will allow for fair and proportional cost recovery as both system supply and WTS customers would pay the same Transportation to Centra rate on all gas volumes consumed.

3.0 WTS Consequences

As indicated above and in Centra's Rate Re-bundling Application, WTS will be affected by the proposed shift of the WTS commodity delivery point from Empress to AECO.

With the WTS delivery point shifting from Empress to AECO, WTS marketers will be able to manage their natural gas supply at AECO without any requirement to hold NGTL transportation capacity to Empress. Centra maintains the AECO hub is the most liquid gas hub in the Western Canadian Sedimentary Basin and that this liquidity more readily facilitates the adjustment of gas volumes in response to changes in Manitoba gas demand.

4.0 Intervener and Marketer Submissions

Both the Consumers' Association of Canada (Manitoba) Inc. ["CAC"] and Direct Energy Marketing Limited ["DEML"] applied to be and were approved in Board Order 77/21 as Interveners in Centra's Rate Re-bundling Application.

In its October 20, 2021 written submission, CAC took no position on the migration of the WTS delivery point from Empress to AECO, despite their having asked information requests on this issue. They explain that this is because Centra declined to provide CAC representatives and independent experts with access to confidential information that, in CAC's view, was necessary to undertake an assessment of this aspect of the Application.

DEML did not file a written submission, but is quoted by Centra as being fully supportive of the re-bundled commodity-only rate that was explained to stakeholders on January 17, 2019. DEML provided written feedback to Centra by February 8, 2019 stating:

"The increased liquidity at AECO would mitigate operational issues and would facilitate equal and open competition, while providing price transparency to natural gas consumers in Manitoba."

Centra further engaged with WTS marketers, one on one, following the January 17, 2019 consultation to obtain additional feedback. Centra advises no concerns were expressed by any WTS marketers about any aspect of the potential changes to the current natural gas rate structure or the shifting of the WTS delivery point from Empress to AECO.

5.0 Board Findings

This Order is issued to address only Centra's request for Board approval of the migration of the WTS commodity delivery point from Empress to the AECO natural gas hub, also in Alberta. Centra's proposal for NGTL costs and TCPL compressor fuel to be paid by Centra on both Centra-supplied and marketer-supplied natural gas volumes and treated as transportation costs for rate-making purposes will be adjudicated at a future date and in a further Order of the Board.

Based on the evidence before the Board, Centra's requested approval to migrate the WTS delivery point is approved, effective November 1, 2022.

The Board accepts that shifting the WTS delivery point from Empress to AECO will allow WTS marketers to manage their natural gas supplies at AECO without any requirement to hold NGTL transmission capacity to Empress. Additionally, there will be no compressor fuel costs to WTS marketers to transport their customers' natural gas from AECO to Empress. As AECO is the most liquid natural gas hub in Western Canada, adjustments of natural gas volumes by WTS marketers in response to changes in Manitoba customers' demand is more readily facilitated. As noted by DEML in its reported comments to Centra, *"[T]he increased liquidity at AECO will mitigate operational issues and will facilitate equal and open competition, while providing price transparency to natural gas consumers in Manitoba."*

The Board is issuing this Order before November 1, 2021 so that Centra can provide WTS marketers sufficient advance notice to permit transitioning of their natural gas supply arrangements from Empress to AECO as they see fit.

6.0 IT IS THEREFORE ORDERED THAT:

1. Centra's Application to migrate the WTS delivery point from Empress to the AECO/NIT natural gas hub **BE AND IS HEREBY APPROVED**, effective November 1, 2022.
2. Centra is to forthwith, and in any event prior to November 1, 2021, provide a copy of this Order to all marketers licensed to conduct business in Manitoba.

Board decisions may be appealed in accordance with the provisions of Section 58 of *The Public Utilities Board Act*, or reviewed in accordance with Section 36 of the Board's Rules of Practice and Procedure. The Board's Rules may be viewed on the Board's website at www.pubmanitoba.ca.

THE PUBLIC UTILITIES BOARD

"Larry Ring, Q.C."

Panel Chair

"Rachel McMillin, B.Sc."

A/ Associate Secretary

Certified a true copy of Order No. 116/21
issued by The Public Utilities Board



A/ Associate Secretary