

**FOLLOW - U P S A N D C O M P L E M E N T A R Y
I N F O R M A T I O N T O T H E S U P P L Y ,
T R A N S P O R T A T I O N , A N D L O A D - B A L A N C I N G
S E R V I C E S R E V I E W**

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INTRODUCTION

1 In the evidence in Gaz Métro-5, Document 1 on supply, transportation, and load-balancing
2 services and Gaz Métro-5, Document 2 on interruptible service, Gaz Métro Limited Partnership
3 (“Gaz Métro”) proposed changes related to the functionalization and pricing of supply costs for
4 the franchise. In addition to the work presented in these exhibits, Gaz Métro took advantage of
5 the overall exercise to review other items specific to the supply, transportation, and load-
6 balancing services.

7 This exhibit describes all of the additional analyses performed as part of Phase 2.

8 The topics analyzed in this exhibit include the following follow-ups and complementary information:

- 9 - Notice of entry or withdrawal from the transportation service and MAO (section 1);
- 10 - Supply costs to transfer to load-balancing (section 2);
- 11 - Processing of stranded costs (section 3);
- 12 - Parameter calculation period (section 4);
- 13 - Minimum and maximum load-balancing rates (section 5);
- 14 - Thresholds for customized calculation (section 6);
- 15 - Evaluation of peak load for customers on a monthly reading cycle (section 7);
- 16 - Pricing mechanism for non-uniform deliveries (section 8);
- 17 - Supplement for peak service (section 9).

1 NOTICE OF ENTRY OR WITHDRAWAL FROM THE TRANSPORTATION SERVICE AND MAO

18 In spring 2013, several major customers expressed their desire to once again avail themselves
19 of Gaz Métro’s transportation service. At that time, article 13.1.4.1¹ of the *Conditions of Service*
20 *and Tariff* on the notice of entry stipulated that customers had to inform Gaz Métro of this in
21 writing at least 60 days in advance. However, the customers’ return could have forced
22 Gaz Métro to purchase more transportation tools, thereby impacting costs. As a result, the

¹ Now Article 12.1.4.1

1 article was modified such that a customer wishing to avail itself of the distributor's transportation
2 service at the earliest on November 1 must so notify the distributor in writing before the previous
3 March 1². This deadline allowed Gaz Métro to account for customer switches in the gas supply
4 plan and therefore implement a transportation rate that better reflected the costs.

5 In the 2015 rate case, an additional change to the section was proposed to allow a customer to
6 return to the transportation service, even if the March 1 deadline was not met, provided Gaz Métro
7 is able to accept the customer³. The objective of this was to be able to take back a customer in
8 cases where this would benefit the other customers, but also to allow Gaz Métro to assume its
9 role as last resort supplier. According to the distributor, the rule on notices of entry to the
10 transportation service should not prevent Gaz Métro from fulfilling its obligation to supply and
11 deliver natural gas to anyone who requests it in the territory served by its distribution system.

12 In the 2015 Rate Case, Gaz Métro also proposed changes to the notices of withdrawal from the
13 transportation service in order to adapt to the new TCPL rules (2-year renewal notice before
14 contract maturity dates, 15-year term for new transportation contracts between Parkway and the
15 franchise, and 5-year term for all contracts held on this section from the effective date of the
16 new capacities). Article 13.1.4.2⁴ was modified at the time to request a 60-day notice for all
17 customers who wanted to leave the distributor's transportation service with assignment of
18 transportation capacity, and to suspend the clause allowing the customer to withdraw from the
19 distributor's service without assignment of transportation capacity. It was also proposed that the
20 assigned transportation capacity be that corresponding to the M12 (Dawn-Parkway) and
21 SH (Parkway-GMIT EDA/NDA) tools with a residual duration as close as possible to the total
22 average residual duration of the contracts available for assignment⁵.

23 In its decision D-2015-181, the Régie de l'énergie (the "Régie") approved the changes to the
24 *Conditions of Service and Tariff* on the notices of entry or withdrawal from the distributor's
25 transportation service. However, it asked Gaz Métro to review the notion of profitability
26 surrounding the entry and withdrawal conditions, and to form a working group with stakeholders
27 to discuss the potential improvements to the existing terms.

² R-3837-2013, B-0256, Gaz Métro-2, Document 4, Section 6.1.

³ R-3879-2014, B-0421, Gaz Métro-16, Document 1, Section 2.

⁴ Now Article 12.1.4.2

⁵ R-3879-2014, B-0421, Gaz Métro-16, Document 1, Section 2.

1 “[73] With respect to the conditions of entry and withdrawal from the Distributor’s
2 transportation service, the Régie asks Gaz Métro, in the next rate case, to provide an
3 analysis on the concrete application of the notion of overall profitability, i.e., for the
4 supply, transportation, load-balancing, and distribution services, over the term of the
5 transportation contract, based on profitability criteria, objectives and their application, as
6 requested by the CFIB. This profitability must be reconciled with the Gaz Métro’s
7 obligation to provide service.

8 [74] The Régie understands the IGUA’s concerns about the changes to the Distributor’s
9 transportation service conditions, which prevent customers from availing themselves of
10 favourable market conditions.

11 [75] The Régie asks Gaz Métro to form a working group with representatives from all
12 customer categories to evaluate the conditions of notices of entry or withdrawal from the
13 Distributor’s transportation service, taking into account the current environment. a report
14 on the potential improvements will have to be submitted with the next rate case.”

15 During this meeting on February 26, Gaz Métro presented the new rules proposed in this exhibit.

1.1 POSITIONS OF STAKEHOLDERS

16 In request R-3879-2014, certain stakeholders commented on the changes proposed by
17 Gaz Métro to the notices of entry or withdrawal from the transportation service. Their positions
18 are presented in the following sections.

1.1.1 The Industrial Gas Users Association (IGUA)

19 In its exhibit⁶, the IGUA agrees with Gaz Métro’s proposal regarding the notice of entry.

20 However, with respect to the notice of withdrawal, it considers the mandatory assignment
21 of capacity to run counter to the principles of a deregulated market and that it prevents
22 customers from availing themselves of favourable market conditions.

23 The IGUA expresses its concerns on pages 21 and 22 of exhibit IGUA-0050-3879:

24 “ [13] The IGUA cannot support this change, which it considers discriminatory and which runs
25 counter to the principles of a deregulated market, in that it prevents customers from availing
26 themselves of the favourable market conditions that allow them to stay competitive.”

27 “The IGUA encourages access to the secondary market, which provides customers with
28 operational flexibility. By suspending customers’ right to avail themselves of the
29 secondary market, Gaz Métro is violating the spirit of an open market.

⁶ IGUA-0050-3879, page 20.

1 *Accordingly, the IGUA opposes the change proposed in Section 2.3.2. ”*

1.1.2 Canadian Federation of Independent Business (CFIB)

2 For its part, regarding the notice of entry, the CFIB is concerned about Gaz Métro’s
3 flexibility in terms of agreeing or not agreeing to allow customers to return who do not
4 respect the March 1 deadline and about the impact that a lack of transportation can have
5 on all customers:

6 *“In the current situation in which Gaz Métro is unable to guarantee sufficient supply to*
7 *meet the demand in 2016, the possibility of providing the transportation service cannot be*
8 *guaranteed and involves an exceptionally high level of uncertainty.*

9 *The CFIB considers it unwise by Gaz Métro—and contrary to public interest—to allow*
10 *these switches and transfers when the latter pose a threat to the supply security for all*
11 *customers and when the Conditions of Service and Tariff give Gaz Métro the tools*
12 *needed to refuse them. ”⁷*

13 The CFIB also adds that the notion of profitability already inherent to notices of
14 withdrawal should be added to notices of entry and recommend that this notion be
15 defined more precisely:

16 *“[The CFIB recommends]*

- 17
 - 18 *• Integrating the notion of profitability into clause 13.1.4.1 in order to protect*
19 *customers of the distributor’s transportation service against market arbitrage by*
20 *customers.*
 - 21 *• Ensuring that the notion of profitability is given a practical, concrete application by*
22 *imposing switching fees or another solution that avoids transferring costs to*
23 *customers of the distributor’s transportation service.”*

23 In the case of the notice of withdrawal, the CFIB is not opposed to the rule proposed by
24 Gaz Métro.

1.2 ENTRY TO THE TRANSPORTATION SERVICE

25 In order to respond to the concerns expressed by the stakeholders concerned, Gaz Métro
26 proposes reviewing the rules governing notices of entry to the transportation service in order to
27 find a compromise between protecting the current customers and the option of offering
28 customers flexibility.

⁷ Exhibit CFIB-0032-3879.

1.2.1 Règles actuelles

1 Le préavis d'entrée actuel prévu aux *Conditions de service et Tarif* est le suivant :

2 « **12.1.4.1 Préavis d'entrée**

3 *Le client qui désire se prévaloir du service de transport du distributeur au plus tôt le*
4 *1^{er} novembre doit en informer ce dernier par écrit avant le 1^{er} mars précédent.*
5 *Nonobstant le respect ou non par le client du préavis exigé au présent article, le client ne*
6 *pourrait se prévaloir du service de transport du distributeur que s'il était possible pour le*
7 *distributeur de le lui fournir. »*

8 As such, if a customer wishes to avail itself of Gaz Métro's transportation service, at the
9 earliest November 1, and it informs the distributor:

- 10 - Before March 1: Gaz Métro will accept the customer.
11 - After March 1: Gaz Métro will accept the customer if it is able to provide the
12 customer with transportation.

13 Moreover, given the conditions currently in effect, a customer's return to the distributor's
14 transportation service depends on Gaz Métro's ability to provide the customer with
15 transportation. The notion of profitability does not apply to this section.

16 Gaz Métro feels that the notion of profitability is not an item that should be added to the
17 conditions. When a customer switches from one service to another, this can have a more
18 or less significant impact on costs (increase or decrease). Therefore, it becomes
19 complicated, or even impossible, to isolate the direct impact of a switch by one customer
20 in particular. Moreover, the supply tools are contracted globally, since the supply
21 structure is designed to meet demand as a whole.

22 Gaz Métro wishes to establish a clear and simple rule that would apply at all times to
23 encourage customers to notify the distributor before March 1, rather than a rule that
24 would cover the stranded costs that could be generated by certain switches.

1.2.2 Proposed rules

25 Gaz Métro proposes charging late fees to customers who submit their application to
26 return to the transportation service after March 1.

1 The purpose of these fees would not be to cover all the costs attributable to the customer
2 announcing its return after the deadline. In fact, these costs cannot be separated by
3 customer and are not necessarily higher than for a customer that meets the March 1
4 deadline. The late fees would therefore not be evaluated based on the costs generated by
5 the customer due to its return to the transportation service, but would be set sufficiently
6 high so as to encourage customers to submit their application before March 1.

7 As previously mentioned, respecting the March 1 deadline is advantageous for
8 Gaz Métro because it allows the distributor to include the switches in the transportation
9 rate for the coming year. This means that the rate calculated at the time of the rate case
10 is the best representation of the anticipated transportation costs.

11 The fees would represent a 20% increase in the effective transportation price, applicable
12 over the subsequent 12 months. As such, a customer that wishes to return to the
13 distributor's transportation service, but which submits its application after March 1, would
14 be subject to the following adjusted transportation price:

$$\text{Prix de transport ajusté} = \text{Prix T} \times (1 + 20 \%)$$

16 où Prix T = Prix du transport du service du distributeur (article 12.1.2
17 des CST).

18 The price adjustment would apply over the 12 months following the customer's return to
19 the transportation service. It would also apply whether or not the customer's return to the
20 distributor's transportation service benefits the existing customers. The notion of
21 profitability would therefore not need to be added to this article.

22 In any case, the customer's return would be conditional on the availability of the
23 additional capacity required.

24 In order to determine the overcharge on the adjusted transportation price, Gaz Métro
25 relied on a marketing study on customer price sensitivity, conducted by Extract in 2013⁸.
26 This study confirmed that for "Major industries" customers, namely customers that are
27 most likely to switch from one service to another, a variation of more than 5% of the total

⁸ Schedule 1 presents the results of this study.

1 bill caused a shift in attitude from discomfort to irritation. However, a 20% increase in the
2 transportation rate represents approximately a 5% increase in the total bill for this
3 customer category.

4 The results of this analysis show that by applying a 20% increase in the transportation
5 price over a period of 12 months, the late fees will be high enough to deter customers
6 from missing the notice deadline. Customers who feel this price is too high and who have
7 passed the deadline could wait until the following year before returning to the distributor's
8 transportation service.

9 Gaz Métro also attempted to estimate the late fees based on the difference between its
10 transportation rate and the price on the secondary market, since a customer's return
11 could lead to the purchase of transportation capacity on this market. However, since this
12 price is highly volatile, especially depending on the period in question, it was difficult to
13 determine a logical adjustment overcharge. This approach was therefore not retained.

Gaz Métro is asking the Régie to approve the charging of late fees corresponding to 20% of the transportation price in effect in the *Conditions of Service and Tariff* in cases where the March 1 deadline for the notice of entry is not respected.

1.3 WITHDRAWAL FROM THE TRANSPORTATION SERVICE

14 In an effort to respond to the concerns expressed by the stakeholders involved and to find
15 a compromise between protecting current customers and the option of offering customers
16 flexibility, Gaz Métro proposes reviewing the current rules governing withdrawal from the
17 transportation service, mainly in terms of the assignment of capacities.

1.3.1 Notice of withdrawal

18 The current article on notices of withdrawal stipulates the following:

19 « **12.1.4.2 Préavis de sortie**

20 *Sous réserve de l'article 12.2.1, le client qui ne désire plus se prévaloir du service de*
21 *transport du distributeur pour fournir le service lui-même doit en informer ce dernier par*
22 *écrit au moins 60 jours à l'avance.*

23 *Nonobstant le respect ou non par le client du préavis exigé au présent article, ce dernier*
24 *ne pourrait se retirer du service de transport du distributeur que s'il était rentable et*
25 *opérationnellement possible pour le distributeur de l'accepter. »*

1 Currently, a customer who wishes to opt out of the distributor's transportation service, in
2 order to provide the service itself, must so notify the distributor in writing at least 60 days
3 in advance. The customer may opt out of the distributor's transportation service only if it
4 is economically and operationally possible for the distributor to agree to it.

5 In the event the distributor does not end up with a transportation surplus related to the
6 customer opting out of its transportation service, the customer could provide the service
7 itself, without being assigned the transportation capacities held by the distributor.

8 Gaz Métro proposes maintaining the minimum 60 days' notice prior to the assignment of
9 transportation capacities taking effect, as well as the suspension of the clause allowing
10 the customer to opt out from the distributor's transportation service without assignment of
11 capacity. The reasons for implementing these rules, which were outlined in the
12 2015 Rate Case⁹, still apply.

13 However, Gaz Métro proposes that the notion of profitability be removed from the
14 section. The stranded costs related to a customer who opts out of the distributor's
15 transportation service are difficult to quantify, for the same reasons as those listed in the
16 section on notices of entry. However, the fact of no longer referring to profitability must
17 not result in greater risk for customers of the distributor's transportation service.
18 Therefore, it is important to implement rules to reduce the possible impacts of customer
19 switches. These rules will be presented in section 1.4.

Gaz Métro is asking the Régie to approve the removal of the notion of profitability from the rules governing withdrawal from the distributor's transportation service.

1.3.2 Assignment rules

20 A customer who wishes to opt out of the distributor's transportation service will be
21 permanently assigned, starting on November 1, 2016, the transportation capacity already
22 held for it by the distributor. The assigned capacity comes from M12 (Dawn-Parkway)
23 and SH (Parkway-EDA) contracts with a residual term as close as possible to the

⁹ R-3879-2014, B-0421, Gaz Métro-16, Document 1, Section 2.

1 average residual terms for these contracts. As at November 1, 2016, the average term of
2 SH Parkway-EDA contracts will be 13.6 years, and assignment would be made starting
3 with 15-year contracts.

4 Gaz Métro proposes that the assignment rules be amended to shorten to **5 years** the
5 period during which transportation capacities could be assigned. a shorter assignment
6 period would give customers more flexibility. Since the assignment would be shorter,
7 Gaz Métro would however assign contracts based on their price rather than their term.
8 As such, the capacity assigned would probably come from an SH (Dawn-EDA) contract,
9 which is more costly than M12 (Dawn-Parkway) and SH (Parkway-EDA) contracts.
10 However, at the time of the assignment, in addition to price, Gaz Métro should evaluate
11 what is best to assign based on its portfolio of supply plan tools.

12 The capacities assigned could come from contracts with a term other than 5 years.
13 If a longer contract were assigned, the portion exceeding 5 years would then be
14 permanently reassigned to Gaz Métro. a combination of contracts with shorter terms
15 could also be assigned.

16 As its first option, Gaz Métro would prioritize a *permanent* assignment of the capacity.
17 However, in order to make a permanent assignment, a financial guarantee could be requested
18 by TCPL based on the customer's credit rating. If the customer were unable to make such
19 a financial guarantee, the second option would apply, i.e., a *temporary* assignment. Although
20 a temporary assignment would mean that Gaz Métro would be responsible to TCPL for non-
21 payment by the customer, the distributor would ensure that clear contract terms are in place
22 holding it harmless by customers under similar circumstances.

23 Through its *Conditions of Service and Tariff*, Gaz Métro would also retain the right of first
24 refusal on the capacity assigned to a customer that wants to permanently opt out. This
25 measure, which is currently in place, allows the distributor to ensure access to all regular
26 capacity not used by customers.

27 The volume of capacity assigned to the customer would be evaluated based on the
28 customer's average annual consumption to reflect the volume that Gaz Métro contracts
29 for transportation for this customer. The annual consumption used to calculate the

1 assignment for year t would be the maximum between: a actual year t-1, a projected
2 year t-1, and a projected year t, multiplied by 365.

3 The proposed assignment rule would therefore give customers who wish to withdraw
4 from the distributor's transportation service more flexibility, since the assignment would
5 be for 5 years and would be permitted at all times, if Gaz Métro were able to accept it.
6 Customers would therefore be able to take advantage of market opportunities, thus
7 respecting the principle of unbundling.

8 Once again, despite this increased flexibility offered to customers, Gaz Métro also wants
9 to implement rules aimed at limiting customers possibly switching back and forth of
10 between the distributor's transportation service and their own service. These limitations
11 could take the form of stricter MAOs. The changes proposed to the transportation MAOs
12 are addressed in section 1.4 of this document.

13 As such, insofar as the rules for opting in to the distributor's transportation service, as
14 well as the rules applicable to the MAOs, are tightened, Gaz Métro feels that a decrease
15 in the assignment period is reasonable.

16 Note that these notice rules could only be implemented before the 2018 Rate Case. In
17 fact, until October 31, 2017, Gaz Métro must keep the FTLH transportation capacities
18 between Empress and its territory in excess of the 85,000 GJ/day expected further to the
19 agreement negotiated between TCPL and the eastern distributors (Enbridge, Union Gas,
20 and Gaz Métro), hereinafter called the "Agreement." This temporarily creates upward
21 pressure on Gaz Métro's transportation rate compared to that on the primary market. By
22 changing the notice rules now, customers would have an incentive to opt out of the
23 distributor's transportation service. The current rules protect customers against such
24 moves because a customer who switches would have to leave with a 15-year contract.

25 As of November 1, 2017, the FTLH capacities will be reduced to the minimum level
26 established in the Agreement (85,000 GJ/day). At the moment, customers who opt out of
27 Gaz Métro's transportation service will still be charged for maintaining this¹⁰ minimum
28 capacity, in compliance with the Régie's decision. Gaz Métro's price will likely be

¹⁰ D-2015-181, Section 3.1.2.

1 comparable to the price a customer would pay with its own service. The new rules
 2 governing notices of withdrawal will then apply.

Gaz Métro is asking the Régie to approve the new transportation capacity assignment rules and that the latter be implemented by November 1, 2017, at the earliest.

1.4 MAO

3 In decision D-2014-065, the Régie asked Gaz Métro to review the rules surrounding MAOs in
 4 the transportation service. It was concerned about how rates could be affected by the closure of
 5 a customer for whom a significant amount of supply plan tools had been contracted. It also felt
 6 that an annual declining MAO would not sufficiently protect customers.

7 The rules surrounding MAOs were therefore reviewed to address the Régie’s concerns and to
 8 account for changes to the notices of entry and withdrawal and the assignment rules.

1.4.1 Current rules

9 The MAOs for the transportation service are currently applicable to all customers with
 10 rates D₃, D₄ and D₅¹¹. For customers with stable volume rates, the MAO corresponds to
 11 78% of the annual projected volume or the volume for the previous year. If the volumes
 12 decrease from one year to the next such that they are always lower than the MAO for the
 13 previous year, then the MAO is readjusted downward. When this situation occurs over
 14 the entire term of a 5-year contract, the MAO in the fifth year is set at a rate that
 15 corresponds to 29% of the volumes projected in the first year of the contract.

Année	1	2	3	4	5
OMA	78%	78%X78%=61%	61%X78%=47%	47%X78%=37%	37%X78%=29%

¹¹ a transportation MAO could also be applied to D₁ customers, but only if an MAO were agreed upon with the distribution service.

1 For interruptible rate customers, the MAO applicable for each contract year is equal to
 2 the annual projected volume, multiplied by the agreed upon MAO percentage. The latter
 3 is chosen by the customer and can vary from 0 to 85%.

4 The distributor can lower customers' MAO invoice if it was able to extricate itself, in
 5 whole or in part, from its own obligations regarding the transportation service.

6 In their current form, MAOs cannot recover all of the stranded costs and do not represent
 7 a significant proportion of transportation revenue, as illustrated in the following table.

Tableau 1
Lien entre les OMA et les coûts échoués au service de transport

Année	OMA (M\$)	Revenus de transport (M\$)	Proportion (%)	Coûts échoués (M\$)
	(1)	(2)	(3) = (1)/(2)	(4)
2005	3,6	228,9	1,6	1,4
2006	3,6	190,5	1,9	1,0
2007	0,8	195	0,4	0,2
2008	0,5	235,9	0,2	2,9
2009	2,9	238,4	1,2	2,3
2010	2,4	266,6	0,9	6,9
2011	1,1	328	0,3	7,7
2012	1,5	319,3	0,5	1,0
2013	1,3	287,6	0,5	0,0
2014	1	303,5	0,3	0,8
2015	0,6	392,2	0,2	0,0

Sources¹²: 2015 annual report, R-3951-2015.

MAO: Gaz Métro-9, Document 1, page 2, l.22. c.5.

Transportation revenue: Gaz Métro-9, Document 1, page 3, l.11, c.5.

Stranded costs: Gaz Métro-9, Document 2, page 1, l.26,c.4 + l.27,c.4 + l.28,c.4 + l.29, c.4.

8 The table above illustrates the link between MAOs and stranded costs. The stranded costs
 9 correspond to the difference between the actual FTLH transportation cost and the

¹² Only the sources for 2015 are presented here. The sources from previous years correspond to the equivalent exhibits consisting of the annual reports for each year.

1 revenues resulting from optimization transactions for FTLH transportation carried out
2 throughout the fiscal year. We note a lack of correlation between the revenue from MAOs
3 and the stranded costs. In their current form, the MAOs recover only the transportation
4 costs arising from downward variations in the consumption of certain customers¹³.

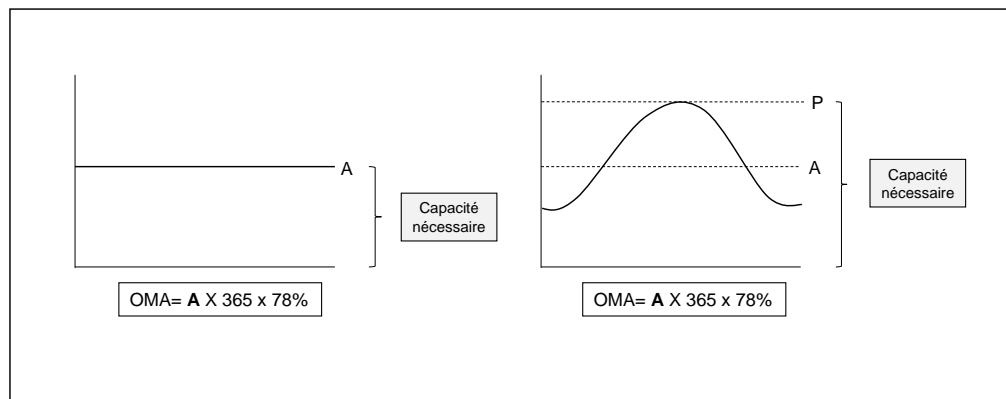
5 However, the stranded costs are not influenced by this type of variation alone. Other
6 factors can also generate stranded costs, including temperature variations and projected
7 variances (see section 3 on this topic). Thus, as a tool, MAOs cannot currently fully
8 recover the stranded costs associated with a decrease in the customer's consumption.
9 Moreover, the MAOs apply, regardless of the change in stranded costs: Even if there
10 were no stranded costs during a certain year, customers with a shortage would have to
11 pay a transportation MAO. In decision D-2015-140 on the complaint by Novelis, the
12 Régie acknowledged that it is impossible for Gaz Métro to distinguish the impact of
13 decrease in a customer's consumption:

14 *"[55] As mentioned by Gaz Métro, the Régie is of the opinion that the transportation MAO*
15 *is a revenue stabilization tool used to limit the stranded costs related to unused*
16 *transportation tools. In general, it is not possible at the end of the year to determine what*
17 *caused the presence or absence of stranded costs related to unused transportation tools,*
18 *such as demand uncertainties, the effects of weather, or volume shortages by customers*
19 *subject to an MAO. As such, it is difficult for Gaz Métro to identify the impact of*
20 *a customer's specific consumption profile on the transportation cost for the purpose of*
21 *establishing the reduction."*

22 Another characteristic of MAOs in their current form is that they cover only the average
23 annual transportation volume (A), but not the total supply plan tools contracted for the
24 customer's peak consumption (P) (if $LF < 100\%$).

¹³ The customer's contract term influences the period over which the decrease in consumption is noted.

Figure 1



1 When Gaz Métro contracts supply tools, it does so based on the projected demand on
 2 peak days for all customers and not on the average annual consumption. Since MAOs
 3 are currently based on customers' annual consumption, they are not an option for
 4 recovering the costs incurred in relation to peak consumption.

5 Moreover, Gaz Métro has a reduction clause in place that could lower the cost of MAOs.
 6 When Gaz Métro conducts FTLH transportation overage sales, the average unit revenue
 7 from these sales, made during the previous fiscal year, reduces the cost of the MAOs,
 8 regardless of the volume of transportation overage sold. This is a proxy of the value of
 9 replacing the capacities with consumptions not withdrawn by the customer.

1.4.2 Proposed rules

10 Transportation MAOs are revenue stabilization tools used to limit the stranded costs
 11 related to unused transportations tools. However, it was shown earlier that MAOs, in
 12 their current form, have no direct link to stranded costs and cannot recover them fully.

13 With the review of the conditions of entry and withdrawal from the transportation service,
 14 Gaz Métro is also seeking to mitigate the impacts of unused transportation capacities
 15 resulting from variations in customers' consumption profiles. This could be achieved by
 16 harmonizing the rules surrounding notices of withdrawal and the transportation MAOs.

17 The targeted customers are existing customers who could switch from one transportation
 18 service to another, or whose consumption profiles could vary significantly. The purpose

1 of the rule is not to bind potential customers for whom Gaz Métro might have to contract
2 transportation capacities. Specific contractual agreements should be implemented to
3 cover the risks inherent to such a situation.

4 Rather than require MAOs from all customers, Gaz Métro proposes imposing an MAO only
5 on very large customers. The needs of these large customers can represent a significant
6 portion of the total supply costs, and a decrease in their consumption could generate
7 significant stranded costs, even though the latter cannot be precisely quantified.

8 Gaz Métro proposes that the MAO apply to customers whose peak need is greater than
9 or equal to 300 10³m³ (this currently affects eight customers). This baseline represents
10 close to 1% of needs for peak tools¹⁴.

11 The MAO would depend on the customers' maximum consumption during the year.
12 Based on Figure 1, this means that the MAO would depend on parameter P and no
13 longer on parameter A, as is currently the case. In fact, the supply tools contracted
14 depend on the customers' projected peak consumption. The higher the peak, the greater
15 the capacities contracted. When a customer's peak needs drop, all other things being
16 equal, Gaz Métro ends up with unused transportation capacities. This is why it is
17 important to protect customers against significant fluctuations in supply costs.

18 Moreover, since the MAO would no longer be strictly related to the transportation service
19 and would also concern the load-balancing service, it would apply for both the customers
20 of the distributor's transportation service and those who provide their own service. It
21 would also be identified in the *Conditions of Service and Tariff* as an element of the
22 load-balancing service (see section 1.7).

23 **MAO for customers of the distributor's transportation service**

24 For customers of the distributor's transportation service, the MAO would
25 correspond to the minimum amount (in \$) to recover from the transportation and
26 load-balancing services. It would be evaluated based on the supply costs

¹⁴ Peak CT2016 = 32,851 10³m³. a peak of 329 10³m³ represents 1% of peak needs.

1 associated with the customer's actual or projected peak service¹⁵, assuming
2 a stable profile. This amount would be multiplied by a fixed percentage of 75%,
3 corresponding to the portion of costs protected by the MAO.

4 The MAO would be compared to the revenues effectively generated by the
5 transportation and load-balancing customer. In the case where these revenues are
6 lower than the MAO, the customer would have to pay the difference to Gaz Métro.

7 The MAO would be calculated as follows:

$$8 \quad OMA_t (\$) = (\text{Prix } T_t \times \text{Volume annuel pointe} \times 75 \%)$$

9 Où **Prix T_t** = prix de transport du service de Gaz Métro à l'année t ;

10 **Volume annuel de pointe** = $P \times 365$;

11 **P** = Max (Pointe réelle $t-1$; Pointe prévue $t-1$; Pointe prévue t).

12 For a **new customer**, a **load addition**, or even a **customer returning to the**
13 **distributor's transportation service** (with projected $P \geq 300 \text{ } 10^3\text{m}^3$), which would
14 force Gaz Métro to contract additional transportation capacities, the MAO would be
15 fixed for five years, without the possibility of a decline.

16 For all other customers (with projected $P \geq 300 \text{ } 10^3\text{m}^3$), including new customers as
17 of the sixth year, the MAO would be applied over the current year plus one year. The
18 revenue from these customers would therefore be 75% guaranteed for two years.

19 **MAO for customers who provide their own transportation service**

20 For customers who provide their own transportation service, the principle for
21 determining the MAO would be the same, but the customer's projected or actual
22 average annual consumption (as determined for the purposes of evaluating the
23 transportation capacity to be assigned (see section 1.3.2)), would be subtracted
24 from the annual peak consumption.

¹⁵ Peak P used for the MAO for year t would be the maximum between actual P year $t-1$ and projected P year $t-1$ and projected P year t .

1 This would have the effect of applying an MAO for the load-balancing service.
2 Using the same average annual consumption in the calculation as that used to
3 determine the assigned capacity would avoid any withdrawal from the
4 transportation service by customers wishing to extricate themselves from their
5 minimum annual obligations.

6 The MAO would be compared to the revenue actually generated by the customer
7 of the load-balancing service only. In the case where these revenues are lower
8 than the MAO, the customer would have to pay the difference to Gaz Métro.

9 The duration of the MAOs would be the same as for customers of the distributor's
10 transportation service, based on the customer's category.

11 The MAO would be calculated as follows:

12
$$OMA_t (\$) = (\text{Prix } T_t \times \text{Volume annuel pointe} \times 75 \%)$$

13 Où **Prix T_t** = prix de transport du service de Gaz Métro à l'année t ;

14 **Volume annuel de pointe** = $(P-A) \times 365$;

15 **P** = Max (Pointe réelle $t-1$; Pointe prévue $t-1$; Pointe prévue t) ;

16 **A** = Max (Consommation moyenne réelle $t-1$; Consommation moyenne
17 prévue $t-1$; Consommation moyenne réelle t).

18 Note that customers who foresee a temporary increase in their peak consumption could
19 avail themselves of the load-balancing rate optimization option. This rate option,
20 proposed in exhibit Gaz Métro-5, Document 2, sets the recognized peak during the
21 winter, which could eliminate or limit the MAO.

22 Finally, Gaz Métro proposes eliminating the notion of a reduction. The 75% MAO would
23 ensure that 25% of the costs would have to be absorbed by the distributor. The revenue
24 associated with the sale of transportation overages will partially offset the losses related to
25 consumption decreases by all customers. Moreover, the customer could request an
26 assignment of transportation tools in order to resell the transportation capacity itself and
27 reduce its losses, in the event it felt that the residual value exceeded 25% of the total cost.

Gaz Métro is asking the Régie to approve the elimination of transportation MAOs and to replace them with load-balancing MAOs applicable to customers with a peak need greater than or equal to 300 10³m³.

1.5 SIMULATIONS

1 Gaz Métro conducted a sensitivity analysis of the impact of changes to the withdrawal rules and
2 the MAOs. The analysis in question helped to evaluate the potential impact on rates of the
3 different scenarios and to determine how the proposed measures reduce this impact.

4 Gaz Métro based the simulations on the assumption that a large customer (the size of the
5 distributor's largest customer) foresees a significant increase in its peak consumption over the
6 coming years, meaning that Gaz Métro will have to contract primary transportation capacities for
7 the customer. The capacities are contracted for 15 years, in accordance with TCPL rules.

8 Five scenarios were evaluated:

- 9 • Scenario A: The customer's consumption is as expected for the next 15 years; this
10 scenario can also represent a 15-year assignment (current withdrawal rule) for
11 a customer who opts out of the distributor's transportation service.
- 12 • Scenario B: The customer does not withdraw the contracted capacities and no measure
13 is taken to minimize the stranded costs.
- 14 • Scenario C: The customer does not withdraw anything, but opts out of the transportation
15 service with a 5-year assignment.
- 16 • Scenario D: The customer does not withdraw anything, but is subject to the new MAO rules.
- 17 • Scenario E: The customer does not withdraw anything, but is subject to the current MAO rules.

18 The scenarios presented in Tableau 2 reflect an extreme situation in which the stranded costs
19 would not be lowered by any increase in sales or resale strategy. The table therefore presents
20 the maximum stranded costs.

Tableau 2
Analyse de sensibilité des coûts échoués

Scénario	Capacité supplémentaire à contracter chaque année (Mm ³ \$)	Vol. annuel (Mm ³)	Revenus de Transport ¹⁶ pour 15 ans (M\$)	Pertes sur 15 ans (M\$)	Revenus d'OMA sur 5 ans ¹⁷ (M\$)	Coûts échoués (M\$)	Impact Tarifaire ¹⁸ (¢/m ³)
	(1)	(2)	(3)	(4)	(5)	(7)	(8)
A	170	170	122,7	0	0	0	0
B	170	0	0	122,7	0	122,7	2,2
C	170	0	40,9	81,8	0	81,8	1,5
D	170	0	0	122,7	38,3	84,4	1,5
E	170	0	0	122,7	20,6	120,6	1,9

1 The sensitivity analysis presents the measures taken independently and their impact on rates.
 2 Various alternatives are available to the distributor to minimize stranded costs. The rules
 3 proposed by Gaz Métro are part of these alternatives, but do not have this sole objective. With
 4 the conditions proposed in this document, Gaz Métro also aims to establish clear, simple, and
 5 easily applicable benchmarks that allow customers to take advantage of market opportunities
 6 without, however, triggering switches from one transportation service to another.

1.6 COMPARABLE PROCESSES

7 Gaz Métro conducted a review of Canadian gas distributors' rate conditions for switching
 8 transportation services. The information gathered by this rate watch is only partial, but it allowed
 9 Gaz Métro to validate its proposals compared to those of its peers.

10 Union Gas applies rules similar to those proposed by Gaz Metro, with the main objective being
 11 to maintain equity between customers in a context of unbundled services¹⁹ rather than
 12 respecting profitability criteria. Specifically, the Ontario distributor authorizes switches between
 13 different combinations of services if the operational capacity criteria is met. Finally, Union Gas

¹⁶ The transportation rate used is 4.81¢/m³ (rate estimated at the time of the 2016 Rate Case for 2017).

¹⁷ To estimate the MAO, a LF of 80% was used.

¹⁸ The impact on rates is estimated based on the volumes projected for 2017 in the 2016 rate case.

¹⁹ <https://www.uniongas.com/~media/aboutus/policies/ServiceSwitching.pdf?la=en>

1 maintains discretionary power over the acceptance of switches between the different services in
2 return for financial guarantees.

3 For its part, Enbridge Gas²⁰ allows switches to its transportation service (*bundled rate*) or to the
4 customer's transportation service (*unbundled rate*), if permitted by the system and storage
5 operational capacity. Moreover, if the customer asks to switch without the required notice,
6 Enbridge applies additional conditions²¹ (MAO rule and rule respecting balance between
7 deliveries and customer's consumption) to maintain equity between customers.

8 At the moment, Fortis BC does not offer an unbundled transportation service comparable to that
9 of Gaz Métro, and its unbundled service offer applies only to direct purchases²².

10 In conclusion, Gaz Métro notes firstly that the Canadian distributors who are subject to the rate
11 watch mostly determine the acceptability of a switching application based on system capacity.
12 Secondly, additional measures are in place to encourage customers to indicate their intention to
13 switch (and to provide a date for the switch) in order to minimize the impacts on other
14 customers. Nevertheless, it is important to point out that the regulatory context and the market
15 conditions specific to each province make it more difficult to compare the various Canadian gas
16 distributors' rate conditions for switching transportation services.

1.7 CHANGES TO THE CONDITIONS OF SERVICE AND TARIFF

17 Changes would need to be made to the *Conditions of Service and Tariff* to account for the
18 changes proposed to the entry and withdrawal rules and the MAOs.

19 To reflect the changes to the notice of entry to the transportation service, article 12.1.4.1
20 would need to be amended as follows:

21

²⁰ <https://www.enbridgegas.com/businesses/accounts-billing/gas-rates/large-volume-rates/rate-125.aspx>
<https://www.enbridgegas.com/businesses/accounts-billing/gas-rates/large-volume-rates/rate-300.aspx>

²¹ Understanding Unbundled Rates and Services: <https://www.enbridgegas.com/businesses/accounts-billing/contracts/unbundled-contracts-forms.aspx>

²² <https://www.fortisbc.com/NaturalGas/Business/ChoosingANaturalGasSupplier/TransportationServiceOption/TransportationAgreement/Pages/default.aspx>

1 **12.1.4.1 Préavis d'entrée**

2 Le client qui désire se prévaloir du service de transport du distributeur au plus tôt le 1^{er} novembre
3 doit en informer ce dernier par écrit avant le 1^{er} mars précédent. En deçà du préavis demandé,
4 *The customer will have to pay a 20% increase on the price stipulated in article 12.1.2.1 for the*
5 *twelve months following its return to the transportation service. Notwithstanding ~~le respect ou non~~*
6 *~~par le client du préavis exigé au présent article~~ ce the foregoing, le client ne pourrait se prévaloir*
7 *du service de transport du distributeur que s'il était possible pour le distributeur de le lui fournir.*

8 To reflect the change to the notice of withdrawal from the transportation service, article 12.1.4.2
9 would need to be amended as follows:

10 **12.1.4.2 Préavis de sortie**

11 *Sous réserve de l'article 12.2.1, le client qui ne désire plus se prévaloir du service de transport du*
12 *distributeur pour fournir le service lui-même doit en informer ce dernier par écrit au moins*
13 *60 jours à l'avance.*

14 *Nonobstant le respect ou non par le client du préavis exigé au présent article, ce dernier ne*
15 *pourrait se retirer du service de transport du distributeur que s'il était ~~rentable et~~*
16 *~~opérationnellement~~ possible pour le distributeur de l'accepter.*

17 Articles 12.2.3.1.1, 12.2.3.1.2, and 12.2.3.2 of the "Service provided by the customer" section of
18 the transportation service would also need to be amended to reflect the proposed changes.

19 **12.2.3.1.1 Durée du contrat de transport cédé**

20 *La capacité de transport cédée au client provient d'un des contrats de:*

21 *~~1° « Service garanti courte distance entre Parkway et le territoire de Gaz Métro » du~~*
22 *~~distributeur, détenus auprès de TransCanada PipeLines Limited or Union Gas Limited~~ The*
23 *assignment of the transportation capacity is for five years, ayant une durée résiduelle la plus*
24 *près possible de la durée résiduelle moyenne de l'ensemble des contrats du distributeur.*

25 *~~2° « M12 entre Dawn et Parkway » du distributeur, détenu auprès de Union Gas Limited,~~*
26 *~~ayant une durée résiduelle la plus près de celle cédée entre Parkway et le territoire de Gaz~~*
27 *~~Métro défini à l'alinéa 1.~~*

28 **12.2.3.1.2 Calcul de la capacité cédée**

29 *La capacité cédée au client correspond à la totalité de ses besoins annuels. La capacité cédée*
30 *pour répondre à la totalité des besoins annuels du client est établie à partir du volume*
31 *annuel moyen des deux années précédant la cession ou, le cas échéant pour un nouveau client,*
32 *à partir du volume annuel projeté, réel ou prévu, divisé par 365 jours. ~~Le volume annuel est~~*
33 *~~normalisé pour la température pour les clients des tarifs de distribution D₁ et D₃.~~*

34 **12.2.3.2 Préavis d'entrée**

35 *Le client qui désire fournir son service de transport doit en informer le distributeur par écrit au*
36 *moins 60 jours à l'avance.*

1 Notwithstanding the customer's compliance or not with the notice required in this article, the client
2 could only provide its own transportation service if it were ~~profitable and operationally~~ possible for
3 the distributor to accept it.

4 The MAOs would be moved from the section on transportation to the section on load-balancing.
5 As such, article 12.1.3 would be deleted from the transportation service and the following
6 articles would be added to the load-balancing service:

7 **13.1.5 MINIMUM ANNUAL OBLIGATION (MAO)**

8 For any customer with a **peak capacity demand** greater than or equal to 300,000 m³, the sum of
9 the amounts billed for transportation and load-balancing must be at least equal to the MAO
10 applicable for the same period.

11 The **peak capacity demand** is determined as follows:

12 For customers of the distributor's transportation service, it is the highest of the actual daily
13 peak for the previous year, the projected daily peak for the previous year, and the projected
14 peak for the coming year.

15 For customers who provide their own transportation service, it is the highest of the actual
16 daily peak for the previous year, the projected daily peak for the previous year, and the
17 projected peak for the coming year, minus the actual or projected daily average.

18 **13.1.5.1 Establishment of the MAO**

19 For a new customer, a load addition, or a customer returning to the distributor's transportation
20 service, for whom Gaz Métro had to contract additional transportation capacities, the MAO is
21 fixed for five years and is equal to the peak capacity demand, multiplied by 365 and by 75%.

22 For any other customer, the MAO is equal to the peak capacity demand, multiplied by 365 and by 75%.

23 **13.1.5.2 Billing of ~~volumerevenue~~ shortfall**

24 If, at the end of a contract year, the customer ~~withdrew a volume~~ was charged less for
25 transportation and load-balancing than its MAO, it will be billed for the shortfall.

<p>Gaz Métro is asking the Régie to approve the changes made to articles 12.1.4.1, 12.1.4.2, 12.2.3.1.1, 12.2.3.1.2, and 12.2.3.2, the deletion of article 12.1.3, and the addition of articles 13.1.5, 13.1.5.1, and 13.1.5.2 of the <i>Conditions of Service and Tariff</i>.</p>

1.8 CONCLUSION

26 Gaz Métro proposes reviewing the transportation service notices of entry and withdrawal and
27 the rules surrounding MAOs. This comprehensive solution must be considered as a whole to
28 ensure that Gaz Métro's objectives are met, i.e., to protect all customers against the impacts of

1 switching from one service to another, and to give flexibility to customers who want to take
2 advantage of potential market opportunities. In fact, the proposed rules surrounding withdrawal
3 from the transportation service give customers who want to opt out of the distributor's service
4 more latitude, since the assignment would be for five years instead of 15 years, as is the case in
5 the current rule. However, in some cases, this latitude could result in Gaz Métro offloading
6 shorter-term capacities, which, under the current conditions, would result in less flexibility in
7 terms of managing capacities in the event of a decrease in demand. By amending the rules
8 surrounding the MAOs, Gaz Métro reduces the risk that stranded costs will affect rates for the
9 distributor's customers.

10 Gaz Métro also feels it best to break away from the notion of profitability in the *Conditions of*
11 *Service and Tariff*, to instead try to establish clear, straightforward rules that would be applicable
12 at all times. The new proposed rules surrounding the notices of entry and withdrawal, as well as
13 the MAOs, help to achieve this goal.

2 SUPPLY COSTS TO BE TRANSFERRED TO LOAD-BALANCING

14 In decision D-2015-177, the Régie approved the functionalization method for costs related to
15 supply purchases when the purchases are made elsewhere than at the reference location. This
16 functionalization method also included the calculation method for the load-balancing costs
17 included in the supply.

18 Gaz Métro nevertheless reanalyzed the calculation method for costs to be transferred from
19 supply to load-balancing.

2.1 CURRENT CALCULATION METHOD

20 The approved functionalization method for costs related to supply purchases includes a portion
21 related to the seasonal costs included in the supply cost. In Schedule 6 of the exhibit
22 Gaz Métro-5, Document 1, Gaz Métro analyzes the current method and concludes that the
23 functionalization can be calculated based on average rates, which allows the supply cost
24 without seasonality to be calculated separately from the costs related to purchases made
25 elsewhere than at the reference location. Tableau 3 reproduces the table presented in
26 section 1.3 of Schedule 6.

Tableau 3

COÛT DE FOURNITURE SANS SAISONNALITÉ		
1	Prix réel des achats totaux \$ / Gj	4,367
2	Prix uniforme des achats totaux \$ / Gj	4,250
3	Écart \$ / Gj (L1 - L2)	0,116
4	Volume d'achat totaux GJ	80 801 291
5	Portion Fourniture (L2 * L4) \$	343 438 623
6	Portion Équilibrage (L3 * L4) \$	9 392 311
RÉPARTITION DE LA PRIME D'ACHAT À DAWN		
7	Prix réel de la prime \$ / Gj	1,237
8	Prix uniforme de la prime \$ / Gj	0,881
9	Écart \$ / Gj (L7 - L8)	0,356
10	Volume d'achat totaux GJ	74 940 650
11	Portion Transport (L8 * L10) \$	66 038 890
12	Portion Équilibrage (L9 * L10) \$	26 700 041
RÉPARTITION DE LA PRIME D'ACHAT EN FRANCHISE		
13	Prix réel de la prime \$ / Gj	1,558
14	Prix uniforme de la prime \$ / Gj	1,552
15	Écart \$ / Gj (L7 - L8)	0,006
16	Volume d'achat totaux GJ	206 400
17	Portion Transport (L8 * L10) \$	320 290
18	Portion Équilibrage (L9 * L10) \$	1 211
FONCTIONNLIISATION DES COÛTS D'ACHATS PAR SERVICE (\$)		
19	Fourniture et Compression (L5) \$	343 438 623
20	Transport (L11 + L17) \$	66 359 181
21	Équilibrage (L6 + L12 + L18) \$	36 093 563
22	Total	445 891 367

1 Since the portion related to the allocation of purchase overcharges is included in the calculation
 2 of the average transportation rate (with the differential transferred to load-balancing), then
 3 Gaz Métro can reproduce line 1-6 of Tableau 3 in order to calculate the amount to be
 4 transferred from supply to load-balancing.

2.2 POSSIBLE IMPROVEMENT TO THE TRANSFER OF SEASONAL COSTS INCLUDED IN THE COST OF THE COMMODITY

5 Under the current method, the seasonal cost of the commodity is calculated based on
 6 purchases made during the year. However, these purchases do not represent all of the costs
 7 charged to the supply service. In fact, Gaz Métro's supply cost can also include costs related to
 8 the following transactions:

- 1 - purchases at the price of the distributor's supply service (direct purchases with
- 2 transfer of ownership);
- 3 - purchases or sales related to all types of contracts;
- 4 - rebilling at a supply cost different from the cost approved for the period;
- 5 - other adjustments related to the supply.

6 All purchases and all of these other transactions are always charged to the supply costs and the
7 price differential account.

8 Moreover, all purchase costs are not always kept in the supply accounts. Throughout the year,
9 the monthly price differential (with the approved price for one month compared to the approved
10 price for the previous month) is transferred to another service. Currently, this differential is
11 transferred to the inventory adjustment service. In exhibit Gaz Métro-5, Document 1, Section 4,
12 Gaz Métro proposes transferring the differential to the load-balancing service. Since this portion
13 of the cost is not recovered by the supply service, the amounts transferred should be excluded
14 from the calculation of seasonal supply costs.

15 The use of the total supply costs entered rather than just the cost of purchases should allow for
16 a more accurate calculation of the seasonal costs.

17 **As such, Gaz Métro proposes improving the calculation of the transfer of seasonal costs**
18 **based on the total supply cost for the supply service as determined by the number of**
19 **supply units sold.**

2.3 METHOD FOR CALCULATING PROPOSED SEASONAL SUPPLY COSTS

20 All supply costs entered during the year can be calculated as follows:

- 21 Costs of supply sold as system gas (cost of merchandise sold)
- 22 + Costs of variations in system gas inventory throughout the year
- 23 + Net costs entered in the price differential account throughout the year
- 24 – Inventory costs transferred to the inventory adjustment rate

25 The total amount represents the actual cost of acquiring the supply for the year. By comparing this
26 amount with a uniform purchase cost, we can determine the overage cost related to seasonal

- 1 purchases (where applicable). By subtracting the seasonal overage cost from the actual
 2 (accounting) cost of acquiring the supply, Gaz Métro can be sure to charge a uniform supply cost.
- 3 The following table concretely shows how the seasonal cost included in the purchase cost at the
 4 reference location could be calculated (using data from the 2014 annual report):

Tableau 4

	Volumes (10 ³ m ³)	Coût (000\$)	Référence
Gaz de réseau	2 562 729	389 859	R-3916-2014, GM9Doc1, p.2, l2 c2 et l2 c5
Compression	1 906 891	14 742	R-3916-2014, GM9Doc1, p.2, l11 c2, l12 c2, l11 c5, l12 c5
Ajustement compression ¹	655 838	5 070	Vol : 2 562 729 – 1 906 891, Coût 14 742 / 1 906 891 * 655 838
Coût total de la molécule facturée		409 671	
Variation de l'écart de prix ²		1 946	Non publié auparavant, info coût du gaz 2014
Coût de la variation de l'inventaire		6 546	Non publié auparavant, info coût du gaz 2014
Transfert vers l'ajustement d'inventaire		-1 726	Non publié auparavant, info coût du gaz 2014
Coût d'acquisition comptable à tarifer		416 437	
Coût du gaz réseau au prix uniforme	2 562 729	412 722	Coût selon le prix uniforme de 4,25 \$/GJ (Tableau 3)
Coût de la saisonnalité à transférer		3 715	

¹ The cost of system gas at a uniform price for 2014 includes compression for the total volume of 2,562,729 10³m³. Therefore, the total volume sold must include an amount for compression.

² By excluding the effect of F to E prescribed in the old method and by excluding the costs of financial derivatives.

- 5 This way, the cost charged for the entire supply of system gas sold is definitely at a uniform price.
- 6 Based on the Régie's decisions, the seasonal cost to be transferred to load-balancing could not
 7 be negative, in which case there would be no transfer.
- 8 As an added advantage, this calculation method can also be integrated with the changes
 9 proposed in exhibit Gaz Métro-5, Document 1: a section on the supply costs and the seasonal
 10 cost to be transferred appears on lines 1-10 of the table in Schedule 1 of this exhibit.

Gaz Métro is asking the Régie to approve the new and improved calculation method for transferring seasonal costs from supply to load-balancing.

3 STRANDED COSTS

1 As explained in section 2.1.5 of exhibit Gaz Métro-5, Document 1, the stranded costs come
2 mainly from three separate sources:

3 - The need to meet peak demand during the winter: When the demand is seasonal, this
4 automatically results in stranded costs in the form of unused transportation units.
5 Depending on the temperature (hot or cold) during the winter, the stranded costs will be
6 higher or lower.

7 - Drop in production: a drop in production by a major customer could generate a surplus of
8 transportation tools.

9 - Projected differential: The longer-term projection (more than 12 months) is based on
10 assumptions that may not materialize over time. As such, tools acquired to meet the
11 expected long-term need may no longer be needed.

12 In the current rate, the stranded costs anticipated in the rate case are all recovered in the load-
13 balancing rate. In the annual report, the differential between the actual value of transportation
14 sales and the projected value of transportation sales remains part of the transportation rate.

3.1 PROCESSING STRANDED COSTS IN THE LOAD-BALANCING SERVICE

15 As mentioned in exhibit Gaz Métro-5, Document 1, the supply costs cover all the tools needed to
16 meet customer demand. The difference between transportation costs and load-balancing costs is
17 the way in which these supply costs are billed to customers. The transportation costs are billed
18 based on a stable profile, assuming a consumption with an LF equivalent to 100%. The
19 load-balancing costs, on the other hand, are distributed among customers based on their actual
20 load profile. The lower a customer's LF, the more unused supply units—and stranded costs—the
21 distributor will have (or the more the distributor will have to pay out for replacement tools).

22 Since the rate for the transportation service is linked to average demand (equivalent to annual
23 demand), this rate covers the cost of all units sent to the franchise for consumption. For its part, the
24 load-balancing rate covers the cost of all capacities purchased by the distributor, but which could not
25 be used. For a cost to be considered stranded, it cannot have been used to supply the units withdrawn
26 by the franchise. As a result, all stranded costs must be processed by the load-balancing service.

3.2 ALLOCATION OF STRANDED COSTS

1 While all stranded costs must be processed by the load-balancing service, they are not
2 necessarily related to customers' consumption profile.

3 First, the stranded costs related to the consumption profile are a function of the total supply
4 required by customers in the supply plan. This calculation is done a *priori* since the distributor
5 must have all the tools needed to cover the winter peak or consumption in extreme winter
6 conditions. However, the distributor may end up with surpluses following a warmer winter. In this
7 case, to reduce its stranded costs, the distributor could sell tools during or after the winter.
8 These costs are directly related to customers' consumption profile.

9 The distributor may also incur stranded costs that are not related to the consumption profile.
10 This situation can occur when the distributor is unable to make annual adjustments to its
11 transportation capacities with the carrier. With the lengthening of TCPL's transportation contract
12 terms, Gaz Métro will have less flexibility in terms of managing its transportation capacities.
13 Moreover, renewal notices are now issued two years before the end of transportation contracts,
14 while the minimum contract extension that can be required by TCPL is five years and the
15 commitment for new contracts is 15 years. The commissioning of new capacities has also been
16 extended to three years. The planning related to managing contracts must therefore be based
17 on long-term consumption projections established over the four-year horizon of the supply plan.
18 However, the consumption projections are based on a likely scenario (called "baseline"), which
19 includes consumptions by new customers and load additions. In the longer term, actual
20 consumptions tend to move away from the baseline scenario, with some new connections never
21 materializing, unexpected new customers being added, etc. This differential is inevitable and
22 cannot be attributed to a specific customer or even to a specific type of consumption profile.

23

1 Therefore, Gaz Métro proposes processing stranded costs in two ways:

- 2 - The costs of surplus tools, once all or part of the winter effect has been accounted for,
3 must be allocated based on customers' consumption profile.
- 4 - The costs of surplus tools needed to meet winter demand, i.e., the costs of projected
5 sales of tools covering the entire winter, must be allocated among all customers based
6 on volume withdrawn.

7 The load-balancing price proposed in exhibit Gaz Métro-5, Document 1, for each m³ of volume
8 withdrawn, is the following:

$$9 \quad \text{Prix } \hat{E}_i = \left[\left(\frac{1}{cu_i} - 1 \right) \times \text{Taux moyen de pointe} \right] + \text{Taux moyen autres coûts} .$$

10 As such, the stranded costs to be allocated based on the load profile would be considered in the
11 first part of the equation: *peak costs*. The stranded costs associated with all customers would be
12 considered in the second part of the equation: *other costs*.

Gaz Métro is asking the Régie to approve the processing of stranded costs in the load-balancing service and the allocation of these costs, depending on their nature, based on customers' consumption profile or based on volume withdrawn.

4 PARAMETER CALCULATION PERIOD

13 The pricing of load-balancing costs related to the seasonal profile proposed in section 7.3 of
14 exhibit Gaz Métro-5, Document 1, requires the use of the LF. The LF is defined as follows:

$$15 \quad CU = \frac{\text{Moyenne annuelle}}{\text{Pointe hivernale}} = \frac{A}{P}.$$

16 The notion of “annual average” is simply the annual consumption divided by 365 days.
17 However, the notion of “winter peak load” has not been defined until now.

1 Currently, the parameter of peak personalized load-balancing price, where the “winter peak
2 load” is defined in the *Conditions of Service and Tariff* as the maximum daily load from
3 November 1 to March 31. This period is the same as that used to:

- 4 i) calculate the parameter H “winter average” of the current personalized
5 load-balancing price;
- 6 ii) define the point at which D_3 and D_4 customers pay for prohibited withdrawals
7 when shaving exceeds 150% of the subscribed volume.

8 Insofar as the franchise peak influences most of the load-balancing costs, the observation
9 period for the winter peak must minimize or even eliminate the risk of excluding the franchise’s
10 peak day. In fact, this is the day on which customers are most likely to hit their heating peak.
11 This risk increases when we narrow the peak observation window.

12 On the other hand, the winter peak observation period must minimize the risk of capturing an
13 individual peak that does not correlate with the franchise peak. An individual peak that
14 correlates weakly or not at all with the franchise peak will have little impact on the
15 load-balancing costs (or no impact at all, if the peak happens during the summer). This risk
16 increases the longer the observation period extends.

17 By meeting these two objectives, the peak observation period will reinforce the price signal,
18 which aims to flatten out customers’ seasonal load profiles.

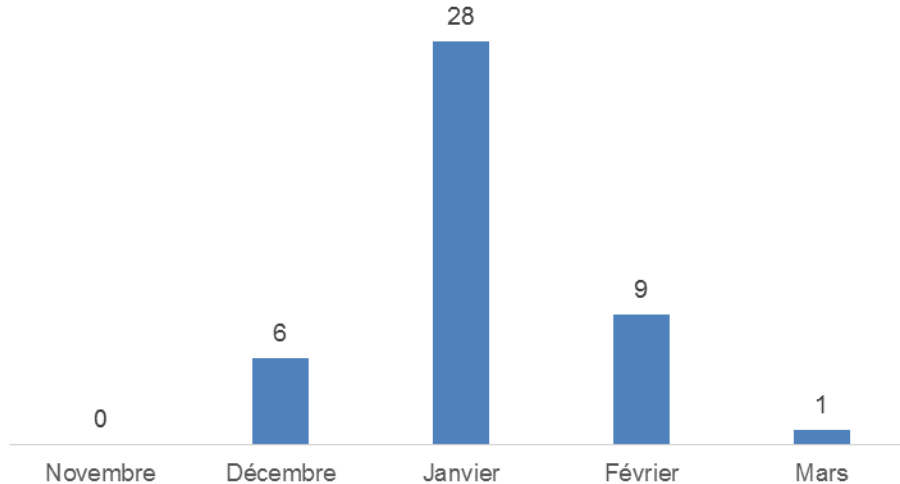
19 Minimize the chances of excluding the franchise peak

20 Gaz Métro conducted an analysis of the increase in daily temperatures since 1971, in order to
21 determine a breakdown of when the coldest temperature occurs within the five months of the
22 current peak observation period: November, December, January, February, and March. Gaz
23 Métro makes the realistic assumption that the highest demand is seen during the coldest day.²³

²³ See Graphs 47-51, Schedule 4 of exhibit Gaz Métro-5, Document 1.

Graphique 1

Mois où la pointe a été observée depuis 1971



1 Over the past 44 years, the peak was observed 28 times in January, nine times in February, six
 2 times in December, and once in March. The peak temperature in March was -20.1°C . The
 3 coldest day of the year has never been observed in November. The coldest temperature
 4 observed in November in the past 44 years is -13°C , while the warmest peak winter temperature
 5 during the same period is 14°C . The probability of the observed peak being -13°C is less than
 6 1% (assuming a normal distribution²⁴).

7 Given these observations, we could consider excluding March from the observation period. In
 8 fact, the information obtained during the coldest day from December to February when the peak
 9 occurred in March allowed to truly capture the heating profile. For example, when the peak of
 10 -20.1°C was observed in March, the coldest temperature from December to February was
 11 -19.6°C . The customer heating profile recorded at a temperature of -19.6°C is likely very similar
 12 to that recorded at -20.1°C . In this example, the differential generated by excluding the month of
 13 March is marginal. And, since the peak occurred in March only once in the past 44 years, this
 14 marginal differential should be observed only rarely.

15

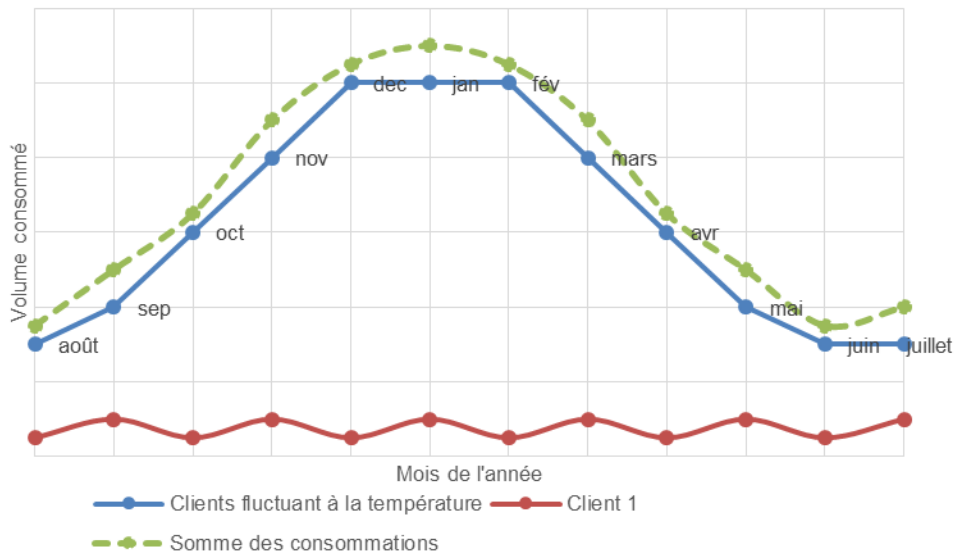
²⁴ a Jarque-Bera test was performed to test the assumption of normality of the peak temperature; we cannot reject the normality assumption.

1 Minimize the risk of recording individual peaks not correlated with the franchise peak

2 While temperature is the explanatory variable for the overall consumption profile of Gaz Métro's
 3 customers, it does not necessarily explain customers' specific consumption profiles. Graphique
 4 2 and Graphique 3 illustrate a theoretical environment for two types of customers: customers
 5 who are mainly affected by the temperature (*Customers with consumptions affected by*
 6 *temperature fluctuations*) and customers who are not affected by the temperature (Customer 1
 7 and Customer 2). For simplification purposes, the volume withdrawn by heating customers is
 8 higher and level from December to February because, historically, 98% of the time the coldest
 9 temperature has occurred during these months, and because identifying a certain month as
 10 being the coldest is not necessary for this demonstration.

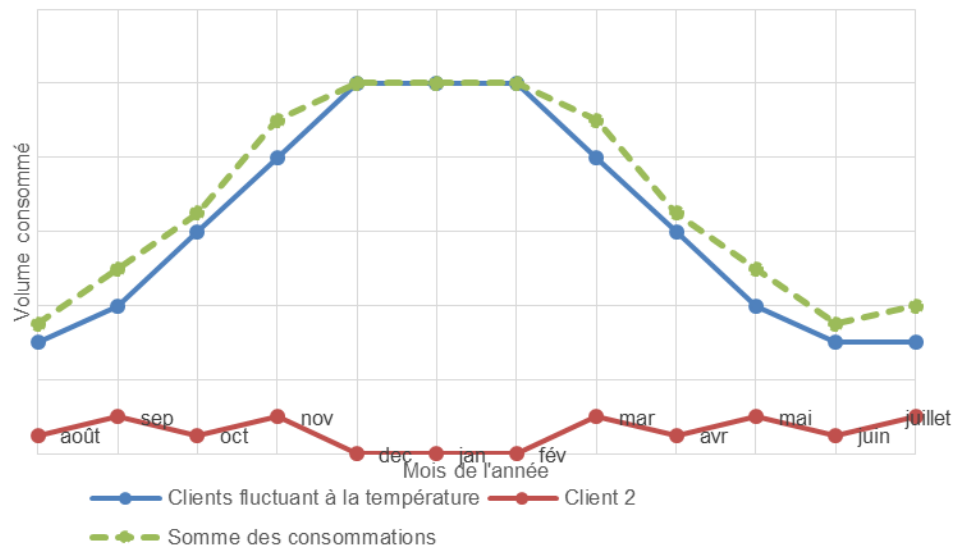
11 Graphique 2 illustrates that Customer 1 contributes to the franchise peak, defined as the
 12 maximum total consumption observed in January. It must therefore pay a share of the
 13 load-balancing costs associated with the peak.

Graphique 2



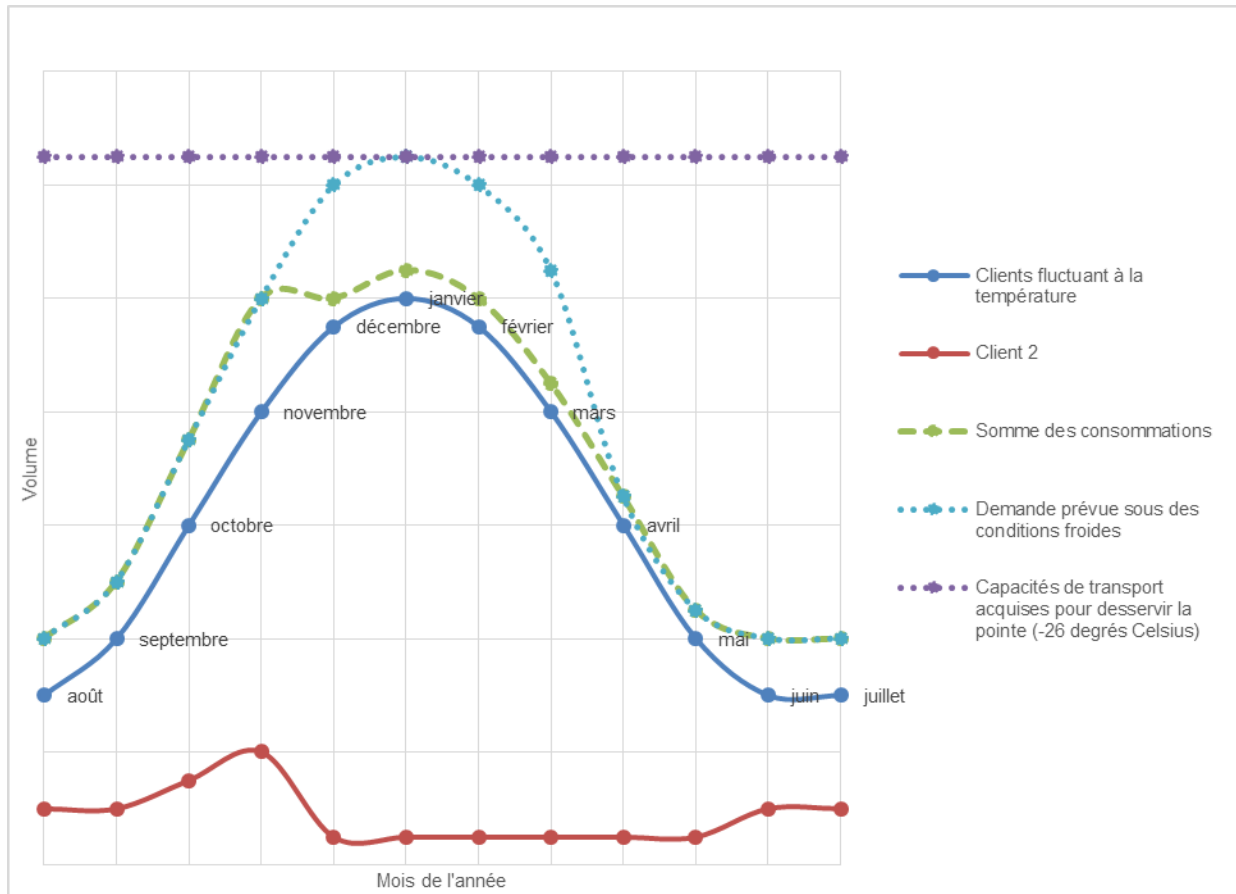
14 Graphique 3 illustrates that Customer 2 does not contribute to the peak observed in December,
 15 January, and February because the customer withdraws nothing during these months.
 16 However, it withdraws in November and March, but this has no impact on the load-balancing
 17 costs associated with the peak.

Graphique 3



- 1 Gaz Métro conducted a consumption analysis on a sample of its customers and found that
- 2 certain customers systematically know their winter peak load for November.
- 3 Based on the analysis of historical temperatures, Gaz Métro notes that the customers who
- 4 systematically know their peak consumption for the pivotal months (November and March) are
- 5 allocated load-balancing costs associated with a seasonal profile, whereas they do not generate
- 6 any cost during the distributor's peak day. Graphique 4 illustrates this finding, always in
- 7 a theoretical context.

Graphique 4



- 1 Customer 2, who is not affected by temperature, still experiences a winter peak in November
- 2 depending on the actual conditions, but has no impact on costs, which are generated by the
- 3 projected customer demand during a cold winter.

- 4 The observations on temperature and on the consumption profile of certain customers therefore
- 5 lead us to propose a change to the peak observation period. By excluding November and March:

- 6 - we reduce the inclusion of independent temperature peaks that have no impact on
- 7 the costs associated with serving the franchise peak;
- 8 - we do not reduce the information used to estimate the customer's heating profile,
- 9 since the coldest days are always observed between December and February
- 10 (barring exceptions).

1 Gaz Métro therefore proposes redefining the peak observation period so that it starts on the first
2 day of December and ends on the last day of February.

3 Article 13.1.3.1 of the *Conditions of Service and Tariff* would therefore be amended to indicate:

4 « *P = consommation journalière maximale du 1^{er} novembre ~~décembre~~ 2014 au 31 mars ~~28 février~~ 2015* ».

Gaz Métro is asking the Régie to approve the new definition of the peak observation period, i.e., from the first day of December to the last day of February, and the amendment to article 13.1.3.1 of the *Conditions of Service and Tariff*.

5 MINIMUM AND MAXIMUM PRICE

5 In case R-3529-2004, Gaz Métro suggested placing limits on customers' load-balancing rates.
6 These limits were intended to prevent certain extreme cases leading to unreasonable
7 load-balancing rates:

8 *"For example, a customer simultaneously under rate D_4 and D_5 who exclusively employs peak*
9 *shaving in the interruptible service could, in a given year, withdraw a very low volume at rate D_5 ,*
10 *but have a daily contract volume (DCV) attributed to this tariff. Once winter is over, the DCVs*
11 *would be revised downward to avoid a volume imbalance. This type of scenario could generate*
12 *a load-balancing price up to \$10/m³ in credit, whereas the average rate for all tariffs, according to*
13 *the 2004 budget, is \$0.01525/m³. If, the following year, the customer does not withdraw more*
14 *volume and maintains the same delivery method, the price could be adequate. However, if the*
15 *customer starts withdrawing more volume, then we would grant a large credit for a completely*
16 *different load-balancing service, thereby putting revenues at risk. Note that the situation could be*
17 *reversed, although this is less likely.*

18 ***To prevent these extreme cases, we propose fixing a minimum and a maximum price for***
19 ***the load-balancing service.***²⁵ (our emphasis)

20 This proposal was accepted by the Régie in decision D-2004-194 (p. 20).

21 Then, in the proposal to abolish rate D_M , Gaz Métro suggested adjusting the calculation of the
22 minimum and maximum load-balancing prices. Gaz Métro's final proposal can be found in case
23 R-3809-2012:

²⁵ R-3529-2004, SCGM-11, document 2, p. 22

1 “To avoid an increase in credits granted and volatility of the load-balancing price pending
2 completion of the work on its rate structure^[citation omitted], Gaz Métro proposes maintaining the
3 minimum load-balancing price at $-1.561\phi/m^3$, as approved by decision D-2011-194.

4 Although the maximum price before the change is established according to a consumption profile
5 of 20% of the LF, Gaz Métro finds this to be substantially higher than the historical maximum
6 prices for the load-balancing rate, which were between $6.311\phi/m^3$ (rate as at December 1, 2010)
7 and $8.284\phi/m^3$ (rate as at December 1, 2008). Moreover, work is underway on the load-balancing
8 service, and proposals will be presented in the rate structure scheduled to be submitted with the
9 2014 rate case. As such, Gaz Métro proposes maintaining the maximum load-balancing price at
10 $7.638\phi/m^3$, as approved by decision D-2011-194.”²⁶

11 The Régie approved this proposal in decision D-2013-115.

12 The new formula proposed in section 7.3 of exhibit Gaz Métro-5, Document 1, based on the LF
13 eliminates the problems identified in the previous cases. In fact, the proposed formula has
14 natural limits related to the costs to be allocated based on the customers.

15 Let us take a closer look at the formula to determine these natural limits:

$$(1/CU - 1) * \text{Taux moyen de pointe.}$$

17 At one extreme, a customer could withdraw natural gas on only one day during the year (during the
18 winter). In this case, the customer’s LF would be 0.274% (i.e., 1/365). The formula is as follows:

$$(365 - 1) \times \text{Average peak rate or } 364 \times \text{Average peak rate.}$$

20 The **maximum rate** for a customer is therefore equivalent to 364 times the peak rate.

21 At the other extreme, a customer could withdraw nothing during the winter, for a LF tending
22 toward infinity. In this case, the formula is as follows:

$$(0 - 1) \times \text{Taux moyen de pointe ou } -1 \times \text{Taux moyen de pointe.}$$

24 The **minimum rate** for a customer is therefore equivalent to -1 times the peak rate.

²⁶ R-3809-2012, Gaz Métro-15, Document 2, p. 6

1 In the 2015 Rate Case, the peak cost is approximately 1.8¢/m³ (see section 8.3 of exhibit
 2 Gaz Métro-5, Document 1). Using the proposed formula, here are the load-balancing prices
 3 based on customers' LF:

Tableau 5

CU (%)	Prix (¢/m ³)
10000000	-1,794
500	-1,435
100	0,000
80	0,449
60	1,196
40	2,691
20	7,176
10	16,146
5	34,086
0,27	662,650

4 We can see that the customers' maximum credit is -1.8¢/m³, while the maximum cost is
 5 662.7¢/m³. However, note that no customer currently has an LF below 5%.

6 Based on the proposed load-balancing formula, it is therefore no longer necessary to set limits
 7 on the load-balancing rate. Gaz Métro therefore proposes abolishing the minimum and
 8 maximum load-balancing prices. The last sentence of article 13.1.2.2 of the *Conditions of*
 9 *Service and Tariff*:

10 « Le prix moyen ne peut toutefois pas être inférieur à -1,561 ¢/m³ ni supérieur à 7,638 ¢/m³. »

11 will therefore be removed.

Gaz Métro is asking the Régie to approve the elimination of minimum and maximum load-balancing prices and the amendment to article 13.1.2.2 of the *Conditions of Service and Tariff*.

6 THRESHOLD FOR THE INDIVIDUALIZED PRICE

1 In the last rate case, the threshold for the individualized load-balancing price was 75,000 m³ per
2 year. This threshold was determined during the 2011 Rate Case (R-3720-2010, Gaz Métro-12,
3 Document 3) and implemented on October 1, 2012.

4 Gaz Métro does not propose changing the threshold at this phase of the tariff review, but rather
5 reevaluating it in phase 4, which consists of reviewing the rate structures for the distribution
6 service. This will establish a threshold that will account for the new structure to be proposed and
7 the new customer segmentation.

8 As such, during the review of the threshold in phase 4, customers whose annual consumption is
9 less than 75,000 m³ will be subject to an average load-balancing rate. This average rate will be
10 determined based on a LF calculated according to the cumulative profile for all customers with
11 an annual consumption of less than 75,000 m³.

12 For customers whose annual consumption is equal to or higher than 75,000 m³, the LF will be
13 calculated on an individual basis.

Gaz Métro is asking the Régie to acknowledge the fact that the threshold for the individualized load-balancing price will be reviewed in phase 4 (review of the distribution service) of this case.

7 EVALUATION OF PEAK FOR CUSTOMERS WITH MONTHLY READINGS

14 In case R-3443-2000²⁷, Gaz Métro proposed adding a multiplier to the load-balancing rate to
15 evaluate the peak daily consumption of customers with monthly readings.

16 The method proposed by Gaz Métro and approved by the Régie (D-2001-078) to determine this
17 multiplier consisted in comparing the real peak daily consumption, measured with or without
18 a meter that takes daily readings, to the peak daily consumption extrapolated to 44 DJ (baseline

²⁷ R-3443-2000, SCGM-2, Document 1, Section 5.2.1.

1 18°C) in the service cost allocation study. a regression was then done to determine the
2 relationship between the LF and the ratio between the peak consumption at 44 DJ and the peak
3 consumption “read”²⁸. The following formula resulted from the analysis:

4 multiplicateur = $2,1 - (1,1 \times a \div C)$, le résultat minimal étant 1 ;

5 où C= Maximum de la consommation journalière moyenne de chacun des mois de novembre
6 à mars.

7 Insofar as Gaz Métro proposes maintaining an individualized rate for customers with
8 a consumption higher than 75,000 m³ (see section 6), then the multiplier is still needed.

9 Gaz Métro conducted certain analyses to verify the validity of the multiplier. This involved taking
10 a different approach to evaluating the peak daily consumption of customers with monthly readings.

11 **New calculation for the multiplier**

12 The proposed method consists in evaluating a new multiplier using a peak consumption
13 calculated (using a regression) based on an estimate of the relationship between the
14 consumption and temperature for each customer with monthly readings of 75,000 m³ or more,
15 based on the temperature and consumption for January 2014.

16 According to the functional data analysis, we observe a change in the slope when the LF
17 exceeds 0.45. Two regressions were then tested: one for ratios under 0.45 and one for ratios of
18 0.45 and over.

19 The multiplier was then tested using the following formulae:

20 Multiplier for $A/C < 0.45 = \text{MAX}(1; 2.3 - (2.0 \times a \div C))$, with the minimum result being 1;

21 Multiplier for $A/C \geq 0.45 = \text{MAX}(1; 1.7 - (0.7 \times a \div C))$, with the minimum result being 1;

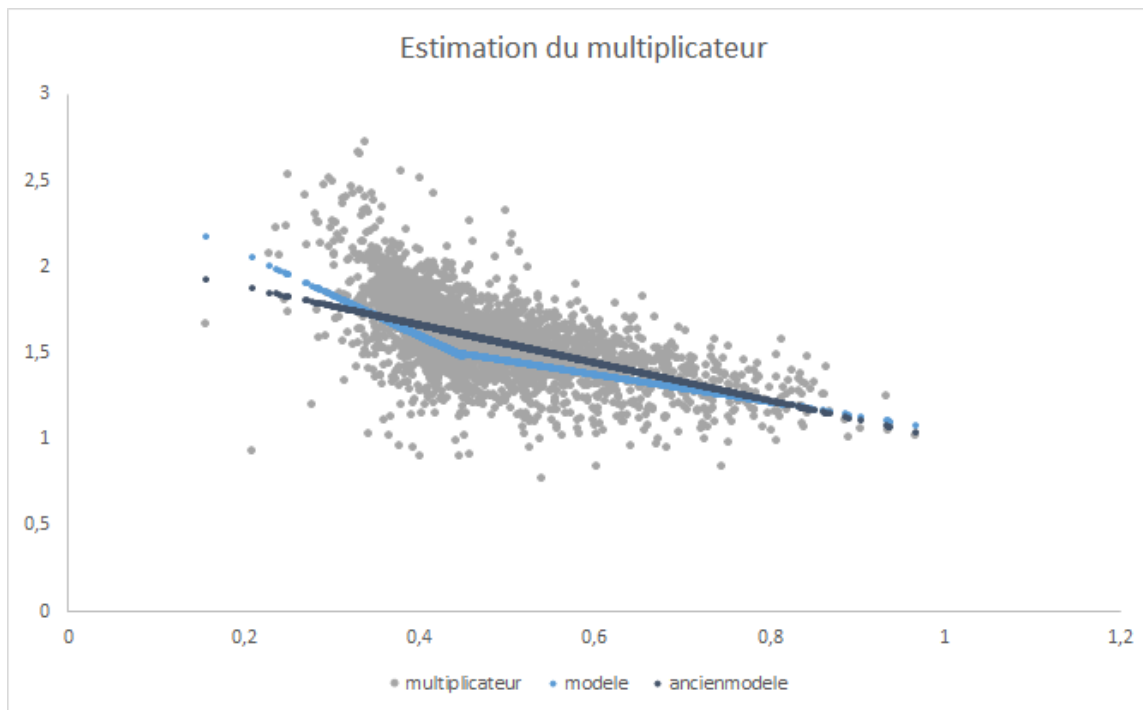
22 where C is the customer’s maximum consumption.

23 The data used are those for all rate D₁ customers with an annual consumption higher than
24 75,000 m³ for whom the parameters of the consumption regression based on temperature are

²⁸ See R-3443-2000, SCGM-7, Document 2.

1 positive and significant. Only customers who know their January peak are used because the
2 multiplier is estimated based on conditions for that month. The result is a sample of more than
3 3,800 observations, i.e., more than half of customers with a consumption higher than 75,000 m³.

Graphique 5



4 When the two methods are compared, we note very little difference despite the change in
5 methodology. The average differential between the two is 5%. This is due, among other things,
6 to the fact that a different temperature is used for the two methods. In the current method, the
7 peak consumptions are estimated at 44 DJ (baseline peak 18 used previously in the cost
8 allocation study), while in the proposed method, they are estimated at a temperature of 37.2 DJ
9 (franchise peak for January baseline 13, for the 2014 fiscal year).

10 In the proposed method, Gaz Métro observed a difference in the slope starting at a LF of 0.45,
11 and that the multiplier for heating customers varies more significantly than that for customers
12 with a stable profile. The more stable a customer's profile, the less its peak will be affected by
13 the temperature, and the less significant the correction required. This relationship is also
14 present in the current method, although to a lesser degree since the slope for all customers is

1 the same. This is why, in the previous graph, the multiplier for the proposed method is higher for
2 customers with a very low LF, but begins to decrease starting at a given ratio.

3 Gaz Métro now proposes using this new multiplier to evaluate the peak consumption for
4 customers with monthly readings. Article 13.1.3.1 of the *Conditions of Service and Tariff* would
5 be amended as follows:

6 **13.1.3.1 Paramètres pour les clients en services de distribution D₁, D₃ et D₄**

7 (...)

8 *Pour les clients aux services de distribution D₁ et D₃ à l'exception des clients en combinaison*
9 *tarifaire D₃-D₅, la consommation journalière maximale des mois d'hiver est estimée de la façon*
10 *suivante :*

11
$$P = (MaxC) \times \text{multiplicateur}$$

12 où **MaxC** = *Maximum de la consommation journalière moyenne de chacun des mois de*
13 *novembredécembre 2014 à marsfévrier 2015*

14 où **multiplicateur** = *Maximum (2,12,3 – (1,12,0 x a ÷ MaxC) ; 1) si A/MaxC < 0,45*
15 *Maximum (1,7 – (0,7 x a ÷ MaxC) ; 1) si A/MaxC ≥ 0,45*

Gaz Métro is asking the Régie to approve the update to the formula for the multiplier used to evaluate the peak daily consumption for customers with monthly readings and the amendment to article 13.1.3.1 of the *Conditions of Service and Tariff*.

8 PRICING MECHANISM FOR NON-UNIFORM DELIVERIES

16 Currently, Gaz Métro anticipates that customers who provide their own delivery service will
17 deliver, on a daily basis, a volume equal to 1/365 of their projected annual consumption to the
18 agreed-upon point; the projected delivery profile is uniform. The mechanism used to account for
19 deviations from a uniform delivery profile is transposition, which is incorporated into the calculation
20 of the individualized load-balancing rate. This was introduced at the same times as rates were
21 unbundled. The mechanism did not previously exist, even though customers already provided
22 their own delivery service and were expected to have a uniform delivery profile. The decision was
23 made to introduce the notion of transposition following the introduction of a customized rate for
24 billing the portion of supply tool costs generated by the customers' consumption profile. This
25 meant that a customer could be exempt from billing for the load-balancing service if it delivered

1 the same volume as it withdrew on a daily basis, and limited the possibilities of arbitration if
2 a customer delivered nothing during the winter, for example.

3 *“The unbundled rates will have to account for the customer having the option to supply the*
4 *merchandise according to different delivery profiles, ranging from always delivering the*
5 *merchandise according to a uniform profile (as is currently the case) to delivering a daily volume*
6 *equal to its load; this type of customer is known as “deliver and burn.”*

7 *(R-3443-2000, SCGM-2, document 1, page 7, l.21)*

8 The rules governing the transposition are described in article 13.1.4 of the *Conditions of Service*
9 *and Tariff*.

10 The following section questions the application of the transposition for all customers who deliver
11 their supply, independent of their choice of carrier. In section 8.1, Gaz Métro first draws a link
12 between the reciprocity of the franchise delivery profile and the consumption profile: For
13 a customer who delivers its supply to the franchise, one less unit delivered during the peak
14 period has the same impact on costs as one more unit withdrawn during the peak period. The
15 current transposition mechanism allows the delivery profile and the consumption profile to be
16 considered simultaneously. However, for a customer who provides the natural gas that it
17 withdraws from its facilities and who uses Gaz Métro’s transportation service, one less unit
18 delivered during the peak period does not have the same impact on costs as one more unit
19 withdrawn during the peak period. Therefore, the transposition does not allow for the delivery
20 profile and the consumption profile to be considered simultaneously for customers who deliver
21 to an agreed-upon point outside of Québec. This will be analyzed in section 8.2.

8.1 CUSTOMERS WHO DELIVER THEIR SUPPLY TO THE FRANCHISE

22 First, we will analyze the case of supply deliveries made on Gaz Métro’s territory (for customers
23 who provide their own transportation and delivery services). For supply deliveries to the
24 franchise, the transposition accurately determines the causality of the costs presented in
25 section 2 of exhibit Gaz Métro-5, Document 1.

26 The following example was used:

- 27 - Two customers, Customer 1 and Customer 2, who deliver their supply daily to
28 Gaz Métro’s territory.

- 1 - The customers are required to deliver the same volume as they withdraw during the
- 2 year. If the customer delivers a volume that differs from the volume withdrawn during
- 3 a day, it must make up for this difference later in the year, which involves using the
- 4 load-balancing service. Note that in cases where the annual delivery differs from the
- 5 annual load, article 11.2.3.3.2 of the *Conditions of Service and Tariff* already provide
- 6 for the financial settlement of the volume imbalance.
- 7 - Customer 2 is responsible for ensuring that the sum of the volumes delivered is equal to
- 8 the sum of the volumes withdrawn on a daily basis. It can be seen as representing the
- 9 customers who use Gaz Métro’s transportation and supply services.
- 10 - For simplification purposes, we used a year made up of only 12 days.

11 Tableau 6 presents the price of the supply components for this example.

Tableau 6

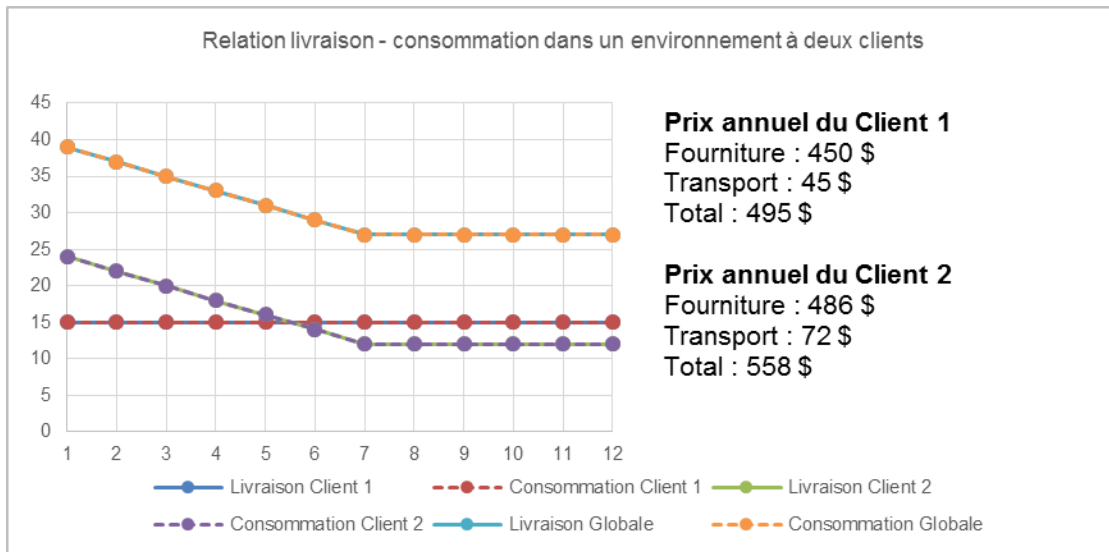
Fourniture	Jour 1 à Jour 6	Jour 7 à Jour 12
Prime variable	3,00 \$/unité	2,00 \$/unité
Transport	Jour 1 à Jour 12	
Prime fixe	3,00 \$/unité de pointe	

12 The annual transportation price is equal to the maximum volume delivered multiplied by the
 13 price of \$3.00/peak unit. For a maximum delivery of 15 units, the cost is \$45 (\$3/unit x 15 units).

14 Finally, the annual price paid by each customer is evaluated for each example. The price is
 15 calculated based on the tools acquired by the customer prior to the cost sharing. For example,
 16 when Customer 2 delivers more supply to the franchise to meet the daily demand from
 17 Customer 1, the additional costs incurred are not reflected in the amounts paid to the suppliers
 18 by Customer 1, which are displayed on the graph.

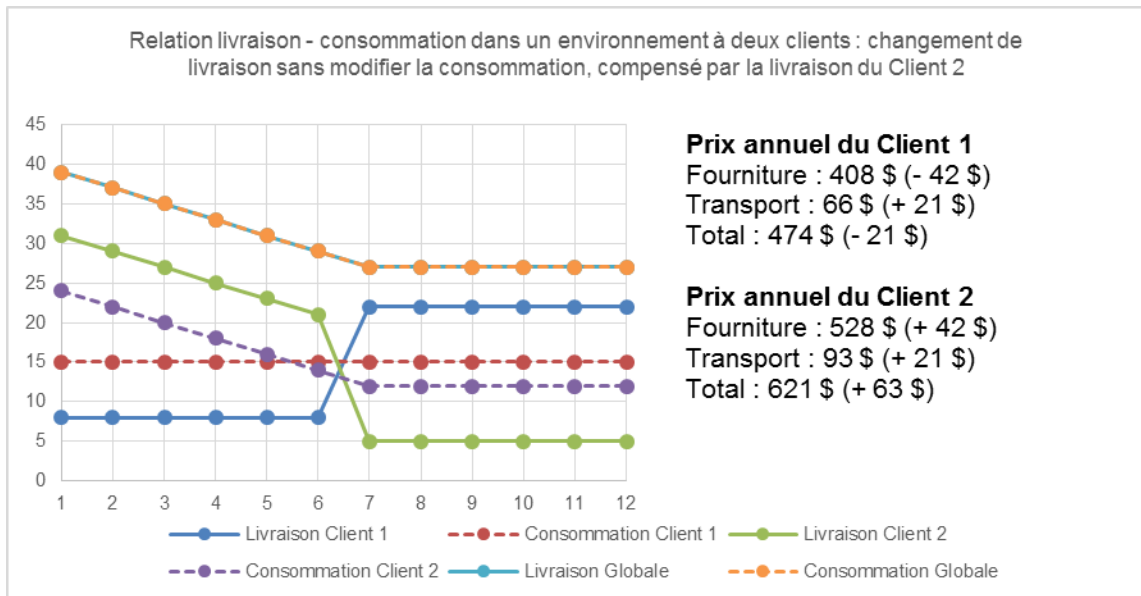
19 Graphique 6 illustrates a situation in which both customers deliver the volume that they
 20 withdraw each day (the curves are superimposed on the graph).

Graphique 6



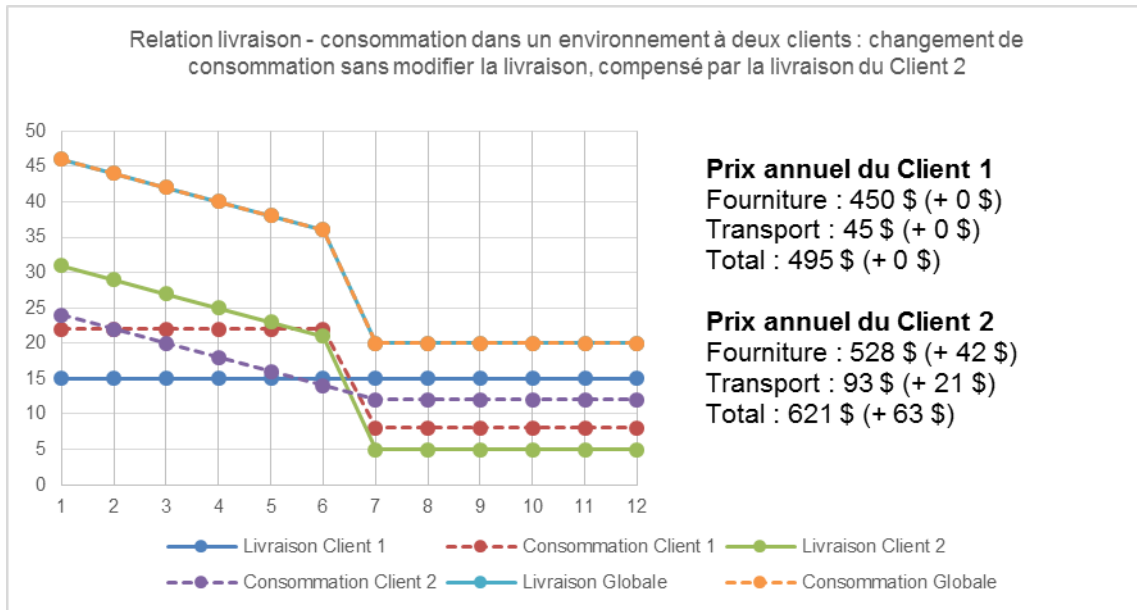
1 The cost incurred by Customer 1 when it deviates from the uniform delivery profile, while
 2 maintaining a uniform consumption profile, is shown in Graphique 7. Because Customer 1
 3 delivers seven fewer units during the first six days and seven extra units during the last six days,
 4 Customer 2 adjusts its daily deliveries so that the overall daily delivery to the franchise
 5 corresponds to the overall daily consumption.

Graphique 7



1 If Customer 1 changes its withdrawals, Customer 2 also adjusts its daily deliveries by
 2 maintaining a uniform delivery profile, as illustrated in Graphique 8. The additional costs
 3 generated by Customer 1 compared to the baseline scenario (Graphique 6) are therefore
 4 assumed by Customer 2. They are the same in Graphique 7 and Graphique 8 (\$63). Moreover,
 5 the impact of Customer 1's non-uniform delivery profiles on Customer 2's costs is the same per
 6 service (+\$42 and +\$21 for the supply and transportation services, respectively).

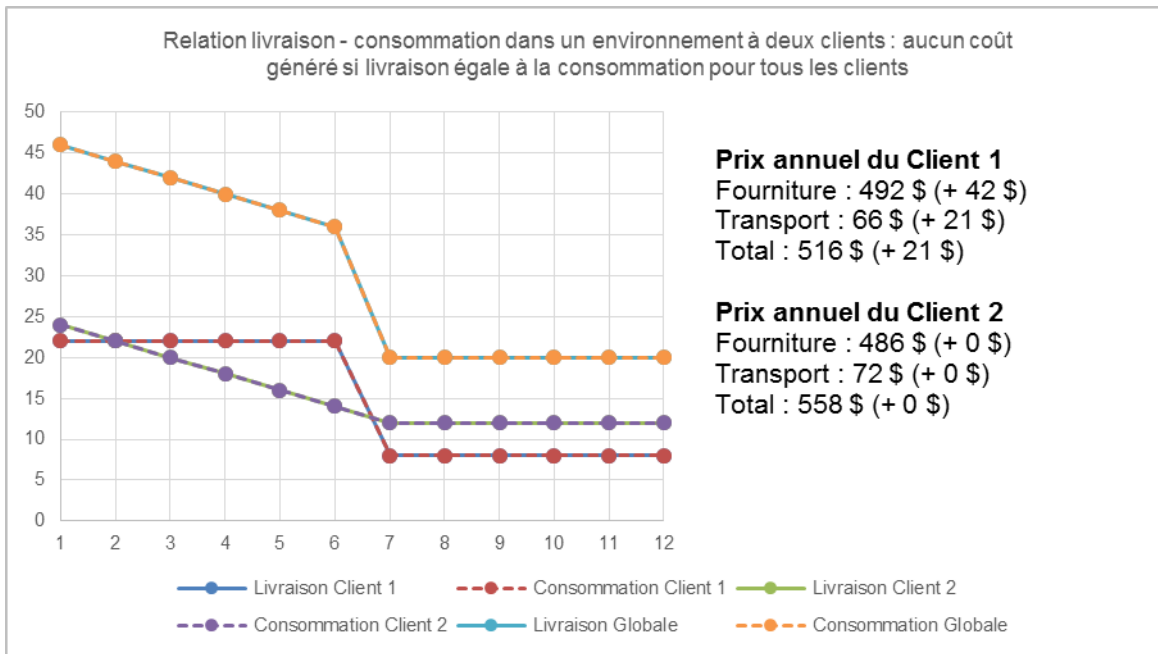
Graphique 8



7 In reality, Customer 2 represents all customers of Gaz Métro's supply and transportation
 8 services, and Customer 1 represents customers who provide their own supply services. This
 9 theoretical example illustrates the motivation behind the transposition of volumes: When it
 10 comes to the costs of customers who use Gaz Métro's transportation and supply services, one
 11 less unit delivered has the same impact as one extra unit withdrawn (when the delivery is made
 12 to the franchise). Therefore, when the load-balancing rate was developed in order to create
 13 customized bills based on the customer's consumption profile, there was justification for billing
 14 the delivery profile and the consumption profile together. As such, Customer 1 may have
 15 a customized load-balancing price of zero if it delivers exactly the same volumes as it
 16 withdraws, because it generates no costs for Customer 2.

1 In Graphique 9, we note that the cost of supplying Customer 2's demand is the same, with or
 2 without Customer 1 when the latter delivers the same volume as it withdraws. The same
 3 reasoning applies in Graphique 6.

Graphique 9



4 The current rates for the load-balancing service at the average customized price for customers
 5 who use Gaz Métro's supply service are based on the customers' consumption profile. This
 6 consumption profile is recorded through parameters a (average consumption load), H (average
 7 winter consumption), and P (winter peak consumption). For customers with their own supply
 8 service (without or without transportation), the customized price is based on the customer's
 9 transposed consumption profile. The profile is recorded using the same parameters, corrected
 10 for the delivery profile.

11 In the example used in this section, winter is defined as extending over the first five days. According
 12 to the various scenarios, Customer 1 therefore has the following parameters, before transposition:

Tableau 7

	A	H	P
Graphique 6 (A)	15	15	15
Graphique 7 (B)	15	15	15
Graphique 8 (C)	15	22	22
Graphique 9 (D)	15	22	22

1 Given these parameters and pricing without transposition, Customer 1 would have to pay the
 2 same load-balancing rate, regardless of its delivery profile (uniform or non-uniform). The same
 3 parameters A, H, and P for graphs a and B show Customer 1 as having the same consumption
 4 profile, but a different delivery profile. Customer 1 also has the same parameters for graphs C and
 5 D because the consumption profile is the same. However, it was shown that the delivery profile
 6 has an impact on Customer 2's costs: The additional costs incurred by Customer 2 due to
 7 Customer 1's delivery and consumption profiles are the same for graphs a and D (\$0), on the one
 8 hand, and for graphs B and C (\$63), on the other hand. Therefore, there is a non-rated cost
 9 impact if Customer 1's delivery profile is not taken into account in the pricing. This is why, for
 10 customers with their own supply and transportation service, parameters A, H, and P are evaluated
 11 based on the customers' consumptions, which are amended using the following formula:

$$12 \quad \mathbf{CT} = \mathbf{C + LTU - VJC}$$

13 où **CT** = consommation (mensuelle ou quotidienne, selon le cas) transposée

14 **C** = consommation (mensuelle ou quotidienne, selon le cas)

15 **LTU** = livraison théorique uniforme (somme des VJC du 1^{er} octobre 2014 au 30 septembre
 16 2015 ÷ # jours du 1^{er} octobre 2014 au 30 septembre 2015 ayant un VJC)

17 **VJC** = volume journalier contractuel

18 The parameters are changed using the same formula for customers with their own supply
 19 service only, but who use the distributor's transportation service. However, the impact of the
 20 costs on the delivery profile of these customers is not necessarily the same and must be
 21 analyzed separately (section 8.2).

22 By applying this equation to each of the graphs, the following transposed parameters are obtained:

Tableau 8

	LTU	A ^T	H ^T	P ^T
Graphique 6 (A)	15	15	15	15
Graphique 7 (B)	15	15	22	22
Graphique 8 (C)	15	15	22	22
Graphique 9 (D)	15	15	15	15

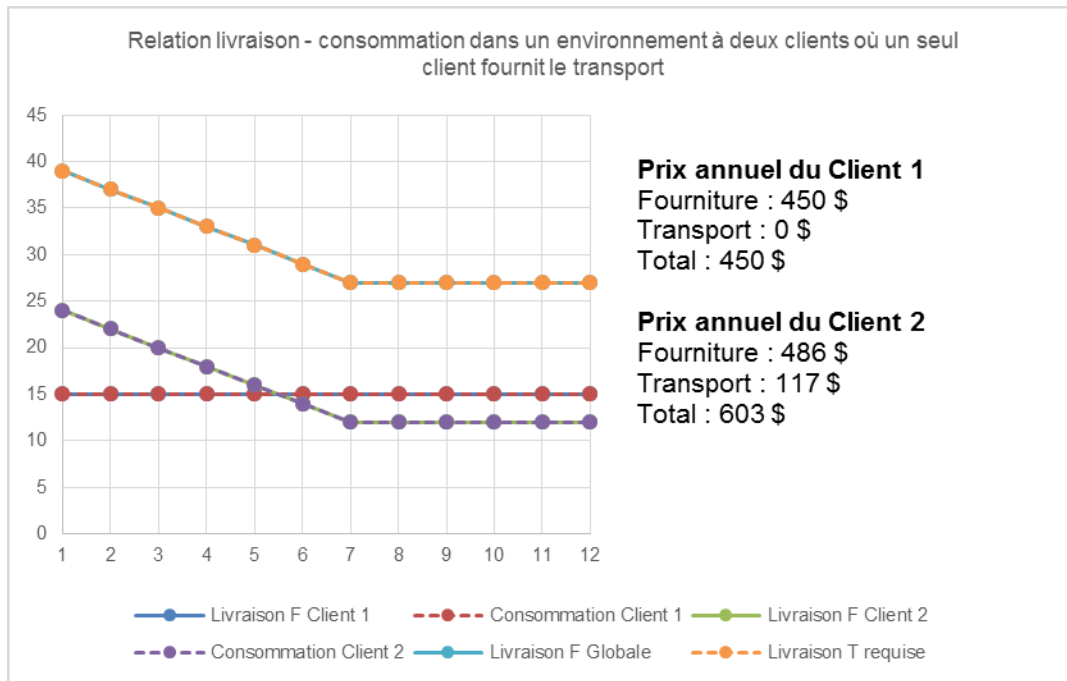
1 The causal link is therefore maintained in the pricing since the behaviours that generate the
 2 same costs are priced in the same way. In fact, using identical parameters, the customized rate
 3 will be the same.

8.2 CUSTOMERS WHO DELIVER SUPPLY TO A REFERENCE POINT OUTSIDE OF QUÉBEC

4 The findings taken from the illustration in the previous section on the correction of the
 5 calculation of load-balancing parameters do not apply to customers who deliver natural gas to
 6 the agreed delivery point outside of Québec (customers who use their own supply service, but
 7 who use Gaz Métro's transportation service). In fact, using the same example as in the previous
 8 section, we can see that the effect on costs of a non-uniform delivery profile is not the same in
 9 this case as the effect of a non-uniform consumption profile. This difference stems from the fact
 10 that Gaz Métro does not have to adjust the use of its transportation capacities in this case,
 11 unlike the situation in the previous section, in which customers delivered the supply directly to
 12 the franchise. As a result, only costs associated with the seasonal nature of supply prices are
 13 generated when a customer using its own supply service makes non-uniform deliveries.

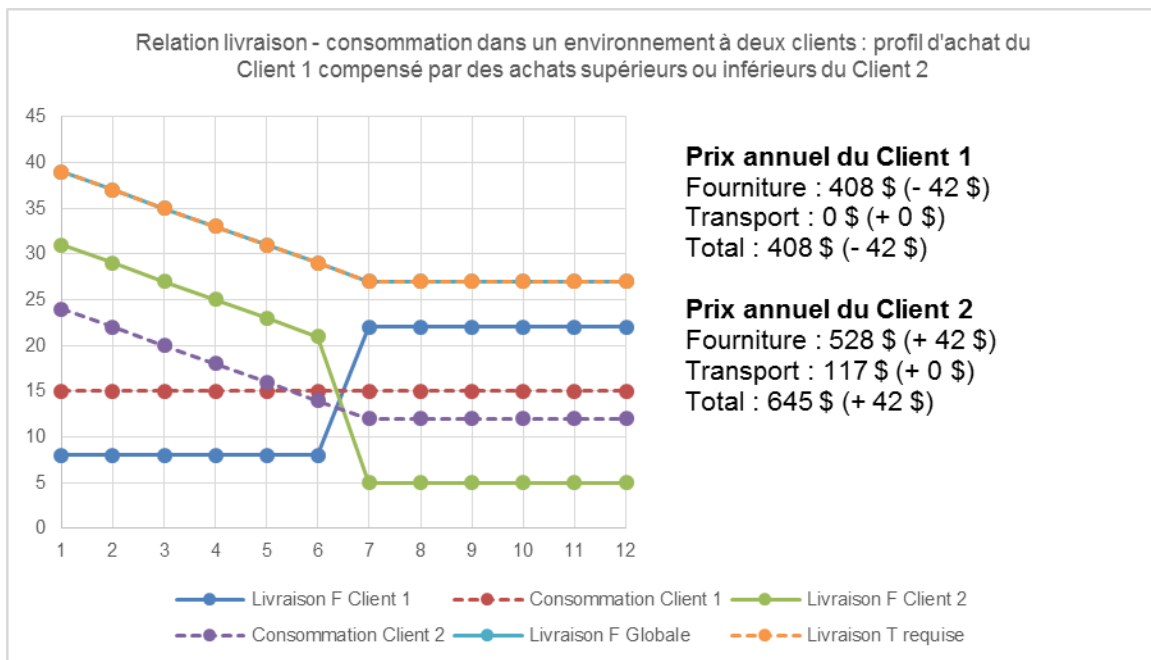
14 In the example below, rather than each customer providing its own transportation service,
 15 Customer 2 (who represents customers using supply services contracted by Gaz Métro) is
 16 responsible for transporting the entire supply to Gaz Métro's territory in order to meet the daily
 17 demand. The same prices are used in the previous example (see Tableau 6).

Graphique 10



- 1 If Customer 1 does not deliver exactly the same volume as it withdraws, as shown in Graphique
- 2 11, it generates costs for Customer 2. These costs are only generated by the acquisition of
- 3 supply: Customer 2 must purchase more or less supply if Customer 1 delivers more or less than
- 4 it withdraws to a reference point outside of Québec.

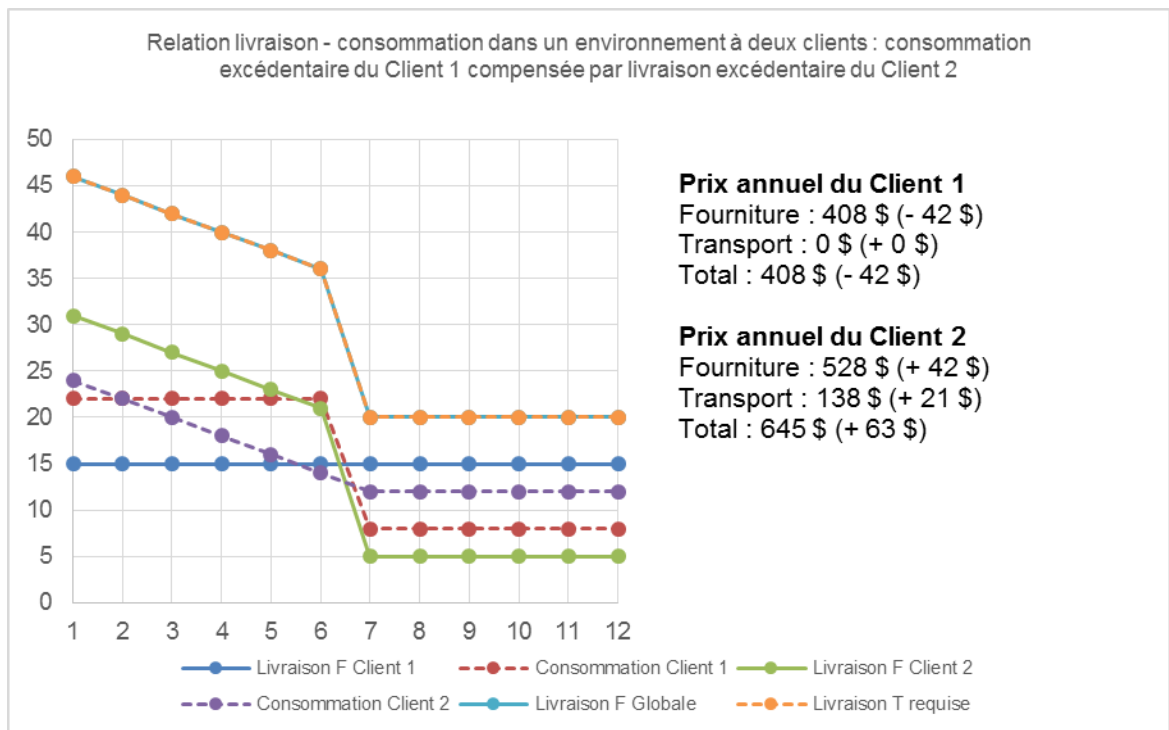
Graphique 11



1 Not only do the transportation costs remain the same, but the reduction in Customer 1's costs is
 2 entirely offset by the increase in Customer 2's costs. The transportation costs also remain the
 3 same because the variation in delivery does not affect the demand by the franchise. Therefore,
 4 when delivery to the reference point outside of Québec deviates from the uniform profile, the
 5 additional costs charged to Customer 2 stem only from the supply prices.

6 Graphique 11 presents the impact of the delivery profile at a constant consumption profile.
 7 Alternatively, Graphique 12 presents the impact of the consumption profile at a constant delivery
 8 profile. Graphique 12 illustrates that when the consumption for a customer who delivers its
 9 supply to a reference point outside of Québec deviates from the uniform profile, the additional
 10 costs charged to Customer 2 stem from the supply prices and the additional transportation
 11 capacities. The delivery profile for Customer 1 at the reference point outside of Québec
 12 therefore does not have a reciprocal impact on its consumption profile, unlike a customer who
 13 delivers to the franchise.

Graphique 12



8.3 PRICING OF DELIVERY VARIANCES WITH RESPECT TO A THEORETICAL UNIFORM DELIVERY PROFILE

1 As explained in section 8.1, the delivery variances are the same as the consumption variances
 2 for customers who deliver their supply to the franchise. Since the proposed load-balancing
 3 rates are based on parameters a and P , the use of the transposed peak for these customers is
 4 retained. Schedule 2 presents the impacts of current and proposed rates on various delivery
 5 profiles in the franchise.

6 However, this approach cannot be retained for customers who deliver to a reference point
 7 outside of Québec, given the finding in the previous section. In fact, by transposing the peak for
 8 these customers, they would be charged an additional cost (positive or negative) for the impact
 9 of their delivery on the seasonal portion of the transportation and supply costs, even though
 10 they generate no transportation costs. To correct the existing bias in the load-balancing rates for
 11 direct purchase customers who choose the distributor as their transportation supplier,
 12 Gaz Métro proposes replacing the transposition service with adjustment fees calculated as at
 13 the customer's contract anniversary date.

8.3.1 Adjustment fees for direct purchase customers who use the distributor's transportation service

The adjustment fees will be estimated as follows:

$$\text{Frais d'ajustement} = \left[\sum_{i=1}^N \text{Prix}_i \times (\text{LTU} - \text{VJC}_i) \right]$$

où i = jour de la période contractuelle;

Prix_i = prix du marché au jour i auquel Gaz Métro doit théoriquement acheter les livraisons déficitaires ou théoriquement vendre les livraisons excédentaires;

N = nombre de jours de la période contractuelle

= volume journalier convenu au jour i ; et

$$\text{LTU} = \frac{1}{N} \sum_{i=1}^N \text{VJC}_i.$$

This formula estimates that when the customer delivers a volume higher than (lower than) its uniform delivery, Gaz Métro must theoretically sell (purchase) the overage (shortage) at the market price. If the price is the same throughout the year, the theoretical cost is zero.

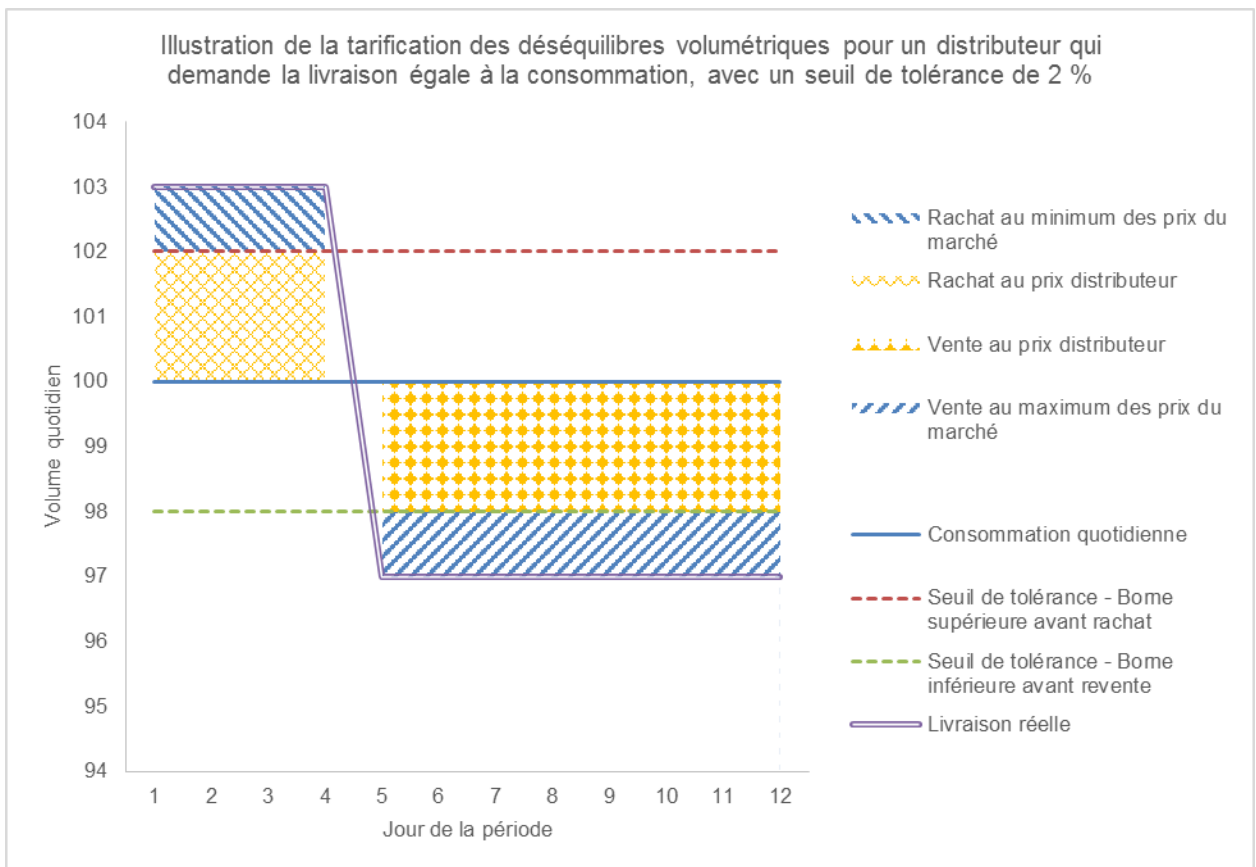
The billing of adjustment fees at the end of the year is an interesting approach, since a similar mechanism is already in place for annual volume imbalances (article 11.2.3.3.2 of the *Conditions of Service and Tariff*). Gaz Métro's proposal involves noting a price impact at the end of the contract year and also allowing the financial settlement or carrying forward of the adjustment fees billed. The billing of adjustment fees would therefore simplify the load-balancing rate for direct purchase customers who use Gaz Métro's transportation service, given the elimination of transposition, without overly complicating the supply service for these customers, who are already accustomed to financial settlements at the end of their contract period. The financial settlement and the adjustment fees would be calculated and billed to the customer at the same time.

8.3.1.1 Application of adjustment fees

Gaz Métro proposes that customers who only slightly modify their deliveries on an annual basis not be billed adjustment fees. Any price variance caused by a DCV between 98% and 102% of the uniform delivery would not be billed; the buy-back and sale price within this interval would be the distributor’s price or the average price for the period. Beyond the 2% threshold, the buy-back price would be based on the market price.

Graphique 13 shows that customers would pay seasonal supply costs only in cases where the variances exceed the daily flexibility margin. In fact, all imbalances below the threshold would be billed or credited at the same price, known as the “distributor’s price.” Only the actual acquisition costs incurred when the delivery variances exceed the 2% threshold would be billed to the customer.

Graphique 13



1 This way of dealing with the seasonal nature of the supply gives the customer some
2 flexibility with respect to variations in the delivery profile throughout the year, while
3 mitigating the impacts on customers. The flexibility margin is based on the provisions of
4 article 11.2.3.3.1 of the *Conditions of Service and Tariff* regarding daily volume
5 imbalances. In this article, Gaz Métro foresees not billing any market price for daily
6 volume imbalances below 2%.

7 Regarding the prices used, Gaz Métro would use the market price available at the time
8 of calculating the adjustment fees. However, it would make sense to apply the same
9 logic used to settle volume imbalances in the supply service, i.e., to protect customers
10 against the cost of acquiring supply on the market. The financial settlement would
11 therefore take into account the highest of the market price and the system gas price (or
12 uniform price) when Gaz Métro has to purchase more supply to offset a delivery
13 shortage, and would take into account the lowest between the market price and the
14 system gas price (or uniform price) when Gaz Métro has to sell supply to offset
15 a delivery overage.

16 Finally, in the case of grouped customers, adjustment fees would be calculated based
17 on the daily sum of the DCVs for each customer in the group; the TUD would be
18 calculated based on these DCVs. The adjustment fees would then be allocated among
19 the customers pro rata to the volumes withdrawn during the contract period or to the
20 DCVs, if the latter were provided by the customers.

21 Schedule 2 presents the current and proposed pricing impacts for different delivery
22 profiles at a reference point outside of Québec.

Gaz Métro is asking the Régie to approve the replacement of the transposition of load-balancing volumes, for customers who supply the distributor with natural gas that they withdraw at their facilities and who use Gaz Métro's transportation service, with adjustment fees and the application of a 2% flexibility margin.

8.4 CUSTOMERS WHO HAVE ENTERED INTO A FIXED-PRICE SUPPLY AGREEMENT WITH THE DISTRIBUTOR

1 According to article 13.1.4 of the *Conditions of Service and Tariff*, for customers subject to the
2 calculation of a customized load-balancing price and who have entered into a fixed-price supply
3 agreement with the distributor provided by a specific supplier, the calculation of their load-
4 balancing price is based on a transposed consumption profile. However, as illustrated in the
5 previous sections, the cost incurred by the delivery profile to a reference point outside of
6 Québec is not the same as the consumption profile. The supply for customers who have entered
7 into a fixed-price agreement is delivered to a reference point outside of Québec.

8 Moreover, unlike customers who supply the natural gas that they withdraw at their facilities,
9 customers who have entered into a fixed-price supply agreement are not grouped within the
10 meaning of article 10.4 of the *Conditions of Service and Tariff*. This makes the application of
11 adjustment fees much more complicated. First, customers who are grouped under the same
12 supply contract are grouped only because they all have a supplier in common. Therefore,
13 separate adjustment fees must be calculated for each customer because the customers are not
14 necessarily related; otherwise, a customer who generates costs could end up paying nothing
15 because of the savings generated by a customer within the same grouping. Then, because the
16 daily contract nomination or delivery stems from an overall projection of the annual consumption
17 for the customer grouping, a customer's individual DCV may be affected by the changes made
18 by another customer in the grouping. a customer with a stable and predictable consumption,
19 whose DCV would have been perfectly stable had it had its own supplier, could therefore be
20 charged because it is grouped together with other customers.

21 Between October 1, 2014, and September 30, 2015, approximately 14% of customers with
22 a fixed-price supply agreement had an annual consumption greater than 75,000 m³; the average
23 number of customers in each grouping was approximately eight. This means that not only would
24 few clients be affected by the adjustment fees charged to customers with a fixed-price
25 agreement, but also that the individual adjustment fees would be affected by an average of
26 seven other customers.

27 For the reasons stated, Gaz Métro proposes that the volumes of customers with a fixed-price
28 supply agreement no longer be transposed and that no adjustment fees be applied.

Gaz Métro is asking the Régie to approve the elimination of the transposition of load-balancing volumes, for customers who have entered into a fixed-price supply agreement with the distributor provided by a specific supplier.

8.5 CHANGES TO THE CONDITIONS OF SERVICE AND TARIFF

1 Tableau 9 summarizes the way in which deliveries would be considered by customers in the
2 load-balancing service.

Tableau 9

	Tarification actuelle	Tarification proposée
Clients en achat direct avec le transport de Gaz Métro	Transposition (13.1.4)	Aucune transposition et application de frais d'ajustement pour livraison non uniforme
Clients en achat direct avec leur propre service de transport	Transposition (13.1.4)	Transposition (13.1.4)
Clients engagés auprès du distributeur dans une entente de fourniture à prix fixe	Transposition (13.1.4)	Aucune transposition

3 Article 13.1.4 of the *Conditions of Service and Tariff* on volume transposition therefore needs to
4 be amended to reflect the fact that the volumes of direct purchase customers who use
5 Gaz Métro's transportation service would no longer be transposed.

6 ~~13.1.4 Transposition des volumes~~ Processing of deliveries

7 13.1.4.1 Adjustment fees for non-uniform delivery

8 *Pour les clients assujettis au prix de l'équilibrage de l'article 13.1.2.2, qui fournissent au*
9 *distributeur le gaz naturel ou le « gaz d'appoint saisonnier » and who purchase from the*
10 *distributor the transportation service used to transport to the distributor's territory the natural gas*
11 *that they withdrawal from their facilities, adjustment fees are billed at the end of the supply*
12 *contract period. The customer can choose between the following two billing methods: ou qui sont*
13 *engagés auprès du distributeur dans une entente de fourniture à prix fixe approvisionnée par un*
14 *fournisseur spécifique, le prix de l'équilibrage doit être calculé à partir d'un profil de*
15 *consommation transposée établi comme suit, sous réserve de l'article 19.2.3 :*

- 16 1° *carry-forward of the adjustment fees over the 12 months of the following contract period; or*
17 2° *financial settlement of the adjustment fees at the end of the contract period; a customer*
18 *who, during the supply contract year, modifies the services it purchases from the distributor*
19 *must always financially settle the adjustment fees at the end of the contract period.*

1 The customer's choice must be sent to the distributor in writing before the start of the supply
2 contract. Should the customer fail to indicate its choice before the deadline, the adjustment fees
3 will be financially settled at the end of the contract period.

4 The amount of the adjustment fees is equal to the impact of the prices generated by the daily
5 imbalances between the DCV and the TUD based on the adjustment fee calculation period,
6 starting on the supply contract anniversary date and ending on the anniversary date of the
7 contract for the following year. The TUD is established as follows:

8 **TUD** = theoretical uniform delivery for the calculation period (sum of the DCVs for the
9 calculation period ÷ no. of days in the calculation period);

10 The delivery overage is purchased by the distributor, and the delivery shortage is sold to the
11 customer, at the following price:

- 12 1° from 0% to 2% of the TUD, at the average natural gas supply price for the calculation period;
13 2° above 2% of the TUD, the lower, in the case of an overage, or the higher, in the case of
14 a shortage, of:
15 a) the distributor's natural gas supply price for the calculation period, and
16 b) the market price at the time the imbalance occurred.

17 **13.1.4.1.1 Customers groupings in the supply service**

18 The adjustment fees for all customers in a grouping, where applicable, are calculated
19 separately for customers in the grouping if the individual DCVs were provided by the
20 grouping or, failing which, are allocated among each customer in the grouping pro rata to
21 their respective volume withdrawn during the contract period. The adjustment fees are
22 then billed individually to the customers.

23 **13.1.4.2 Volume transposition**

24 For customers who provide the distributor with the transportation service used to transport to the
25 distributor's territory the natural gas that they withdraw from their facilities, the load-balancing
26 price defined in article 13.1.2.2 must be calculated based on a transposed consumption profile
27 established as follows, subject to article 18.2.3:

28 **CT = C + LTU – VJC**

29 où **CT** = consommation (mensuelle ou quotidienne, selon le cas) transposée

30 **C** = consommation (mensuelle ou quotidienne, selon le cas)

31 **LTU** = livraison théorique uniforme de la période (somme des VJC du 1^{er} octobre 2014
32 au 30 septembre 2015 ÷ # jours du 1^{er} octobre 2014 au 30 septembre 2015);

33 **VJC** = volume journalier contractuel (incluant le « gaz d'appoint saisonnier »,
34 le cas échéant)

1 *Les LTU et VJC sont calculés sur une base mensuelle pour les clients sans lecture quotidienne.*

Gaz Métro is asking the Régie to approve the change to article 13.1.4 of the *Conditions of Service and Tariff*.

9 PEAK SERVICE SUPPLEMENT

2 In the current *Conditions of Service and Tariff*, article 15.2.4 of the distribution service
3 addresses the concept of a peak service supplement.

4 The peak service supplement was introduced to account for the effect on costs of extreme
5 consumption profiles during the winter for dual energy customers. At the time of unbundling,
6 Gaz Métro mentioned that the load-balancing rate would take into account the poor LF of
7 customers who only use natural gas during peak periods, since this rate was adjusted to the
8 customers' consumption profile. The supplement could therefore be reduced to keep only the
9 "distribution" portion of the costs incurred to serve customers with facilities that can use a form
10 of energy other than gas during peak periods²⁹.

11 In the case of the allocation of distribution costs (R-3867-2013, Phase 1), Gaz Métro states that
12 the costs of the distribution pipelines are directly related to the capacity required by the
13 customers. The proposed factor for allocating the costs between customers is the capacity (CA)
14 for all customers.

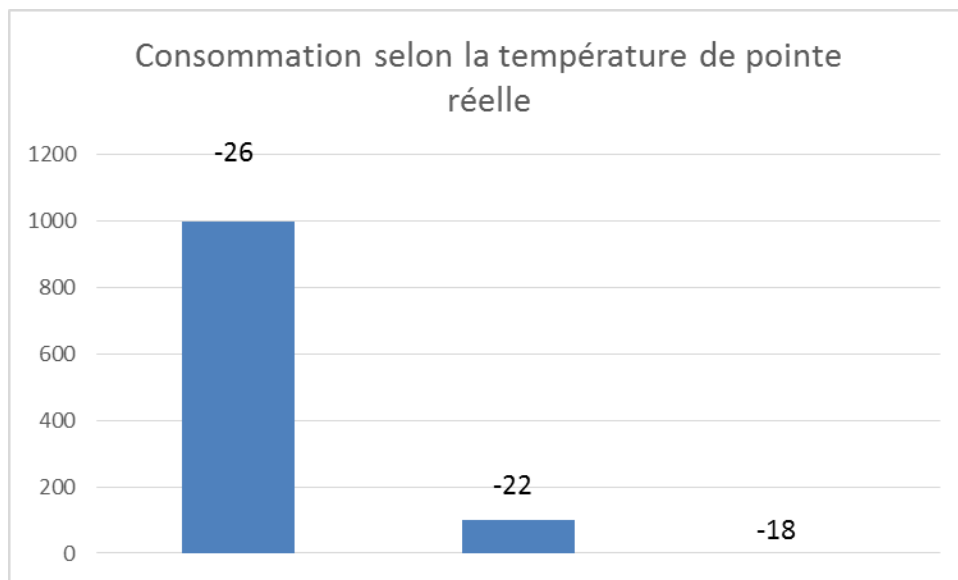
15 Since all customers have costs that are allocated depending on their required capacity at peak
16 winter temperature, the allocation always takes their peak need into account. For large-volume
17 customers, the hourly contract volume is used. Phase 4 of this case will focus on reviewing the
18 rate structure for the distribution service. Gaz Métro now intends to propose changes to the
19 distribution rate that will reflect the capacity required by each customer. As such, customers
20 who use natural gas during peak distribution service will be allocated and charged the
21 appropriate costs. a supplement for peak distribution service will no longer be required.

²⁹ R-3443-2000, SCGM-2, Document 3, Section 4.

1 However, for the load-balancing service, costs are not allocated strictly based on required
2 capacity. The costs are allocated depending on the consumption parameters from the previous
3 year in order to establish a variable price only. As a result, the costs for customers who use
4 natural gas only during peak periods may not be correctly allocated.

5 To illustrate this situation, here are the consumptions for a customer who withdraws volumes
6 only during peak periods:

Graphique 14



7 Therefore, when the peak is -26°C, the customer withdraws 1,000 units. However, at a peak of -
8 22 °C, it withdraws only 100 units. And at a peak of -18 °C or warmer, the customer does not
9 withdraw anything.

10 In terms of supply needs, this customer still requires a purchase of 1,000 transportation units each
11 year. However, when the peak reaches a maximum of -18 °C, since its consumption is zero, the
12 customer's peak consumption based on actual parameters is zero. This customer's profile is
13 therefore equivalent to 100% of the LF. Moreover, for that year, the customer does not have to pay
14 anything since it withdrew nothing, even though its load-balancing price for the year was very high.

15 While readings for the peak distribution service will no longer be necessary, they will have to be
16 implemented for the load-balancing service. However, article 15.2.4 as such does not resolve
17 the situation in the load-balancing service since the rate is based on the customer's

1 consumption. In this example, any rate based on consumption would not recover the costs
2 during milder weather.

3 As a result, customers who withdraw volumes only during peak periods and whose LF is very
4 low must have a load-balancing rate that is not based on annual consumption. These customers
5 would therefore pay a fixed load-balancing price that is not linked to the number of units
6 withdrawn. For customers with an LF below 5%, Gaz Métro proposes using the customer's
7 presumed LF to calculate a fixed monthly price, when required. To date, however, Gaz Métro
8 does not have any customers with this type of profile.

9 As such, customers with an LF below 5% would be billed a load-balancing price calculated
10 based on the new load-balancing price formula:

$$11 \quad \text{Prix } \acute{E}_i = \left[\left(\frac{1}{CU_i} - 1 \right) \times \text{Taux moyen de pointe} \right] + \text{Taux moyen autres coûts}$$

12 However, the value LF_i would be established based on presumed rather than actual
13 consumptions. Moreover, while the price E_i is charged to regular customers based on their
14 consumption, customers with an LF below 5% would be charged a price E_i based on their
15 presumed annual volume.

16 Article 13.1.3.3 would therefore be added to the *Conditions of Service and Tariff* to reflect this
17 point. Article 13.1.2.3 would also be amended so that the average load-balancing price does not
18 apply in cases where the LF is below 5%.

19 **13.1.3.3 Parameters for customers whose projected LF is below 5%**

20 Notwithstanding article 13.1.2.3, in the case of customers whose projected LF is below 5%, the
21 distributor may require that the load-balancing calculation parameters be determined based on the
22 projected consumptions. In this case, the load-balancing cost will also be billed based on projected
23 consumptions.

24 **13.1.2.3 Prix moyen**

25 Subject to article 13.1.3.3, ~~l'~~article 13.1.2.2 ne s'applique pas lorsque le volume retiré entre le 1^{er}
26 octobre 2014 et le 30 septembre 2015 à un service continu ou interruptible est nul ou ne
27 représente pas 12 mois consécutifs de consommation. (...)

Gaz Métro is asking the Régie to approve the use of a presumed LF for charging customers whose projected LF is below 5%, and the application of this price to the customers' presumed volumes.

Gaz Métro is also asking the Régie to approve the addition of article 13.1.3.3 and the amendment of article 13.1.2.3 of the *Conditions of Service and Tariff*.

CONCLUSION

- 1 Gaz Métro has reviewed all points related to the supply, transportation, and load-balancing
2 services. It is asking the Régie to:
- 3 – approve the charging of late fees corresponding to 20% of the transportation price in
4 effect in the *Conditions of Service and Tariff* in cases where the March 1 deadline for the
5 notice of entry is not respected;
 - 6 – approve the removal of the notion of profitability from the rules governing withdrawal
7 from the distributor's transportation service;
 - 8 – approve the new transportation capacity assignment rules and that the latter be
9 implemented by November 1, 2017, at the earliest;
 - 10 – approve the elimination of transportation MAOs and to replace them with load-balancing
11 MAOs applicable to customers with a peak need greater than or equal to 300 10³m³;
 - 12 – approve the new and improved calculation method for transferring seasonal costs from
13 supply to load-balancing;
 - 14 – approve the processing of stranded costs in the load-balancing service and the
15 allocation of these costs, depending on their nature, based on customers' consumption
16 profile or based on volume withdrawn;
 - 17 – approve the new definition of the peak observation period, i.e., from the first day of
18 December to the last day of February;
 - 19 – approve the elimination of minimum and maximum load-balancing prices;

- 1 – acknowledge the fact that the threshold for the individualized load-balancing price will be
2 reviewed in phase 4 (review of the distribution service) of this case;
- 3 – approve the update to the formula for the multiplier used to evaluate the peak daily load
4 for customers with monthly readings;
- 5 – approve the replacement of the transposition of load-balancing volumes, for customers
6 who supply the distributor with natural gas that they withdraw at their facilities and who
7 use Gaz Métro’s transportation service, with adjustment fees and the application a 2%
8 flexibility margin; and approve the elimination of the transposition of load-balancing
9 volumes, for customers who have entered into a fixed-price supply agreement with the
10 distributor provided by a specific supplier;
- 11 – approve the use of a presumed LF for charging customers whose projected LF is below
12 5%, and the application of this price to the customers’ presumed loads;
- 13 – approve the changes made to articles 12.1.4.1, 12.1.4.2, 12.2.3.1.1, 12.2.3.1.2, 12.2.3.2,
14 13.1.2.2, 13.1.2.3, 13.1.3.1, and 13.1.4, the deletion of article 12.1.3, and the addition of
15 articles 113.1.3.3, 13.1.5, 13.1.5.1, and 13.1.5.2 of the *Conditions of Service and Tariff*.

SCHEDULE 1: PRICE SENSITIVITY STUDY

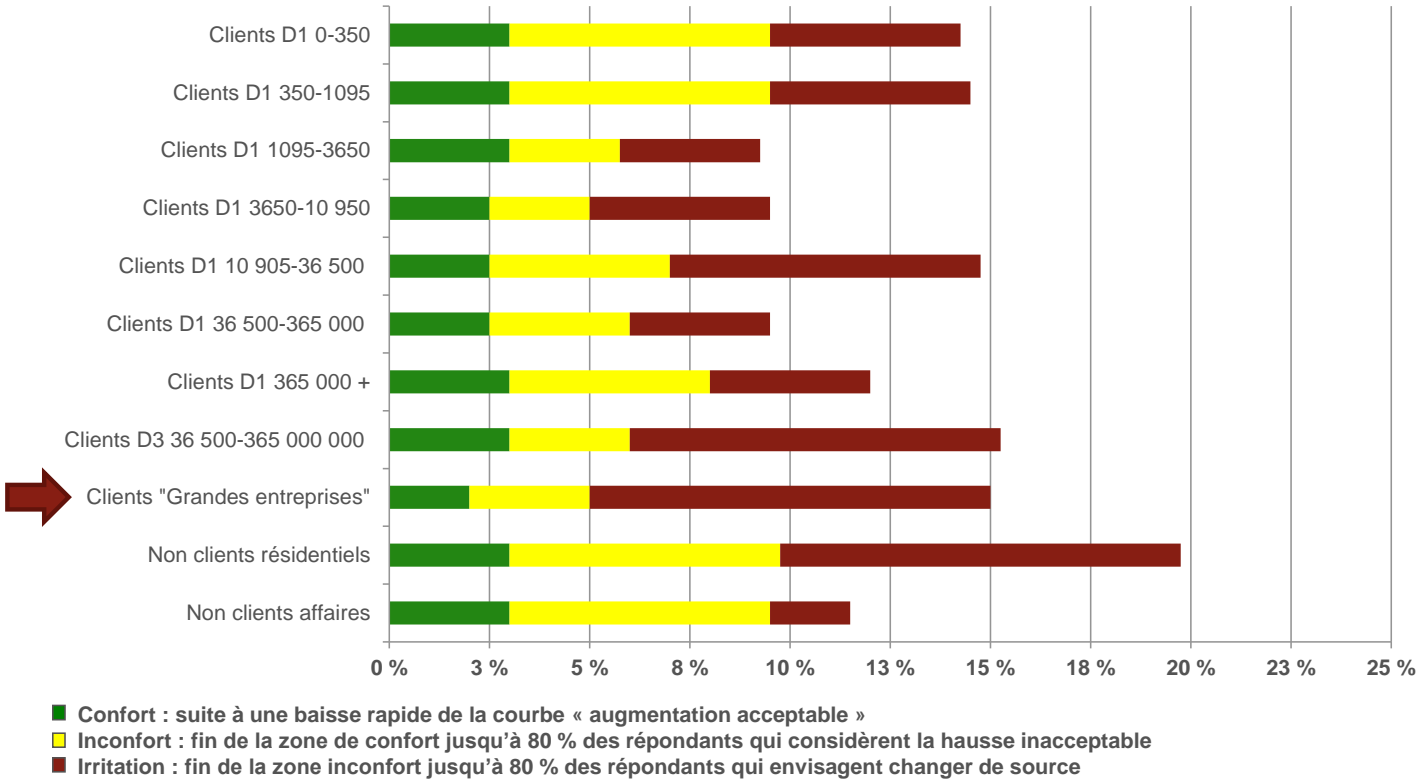
SENSIBILITÉ PRIX

Résumé

Mise à jour du modèle développé en 2008 pour l'étude « sensibilité prix ».

Clients « grandes entreprises » : inconfort à partir d'une hausse de 2,5 %-3 %.
 Courbes détaillées présentées à la page suivante.

Sensibilité prix – Comparaison des groupes



1
2

Source: Extract Recherche Marketing, 2013.

SCHEDULE 2: CURRENT AND PROPOSED LOAD-BALANCING RATES FOR VARIOUS DELIVERY PROFILES

1 Schedule 2 presents a rate simulation for the load-balancing service using the current and
2 proposed rates for a non-uniform delivery profile. Table 1, Table 2, Table 3, and Table 4 present
3 an example of how to calculate the total invoice for the load-balancing service.

4 The prices used to calculate the invoices are as follows:

- 5 1. Monthly supply prices (column 4): average cost of purchases by the supply service from
6 October 2013 to September 2014, reported in exhibit Gaz Métro-16, Document 5 of case
7 R-2014-3879 (B-0597), page 1, line 27, used to calculate the transfer of the cost from
8 the supply service to the load-balancing service. These prices are used to calculate the
9 adjustment fees for a non-uniform delivery profile.
- 10 2. Space and peak price for the load-balancing service: price of the load-balancing service
11 in effect from January 1 to December 31, 2015. These prices are used to calculate the
12 total invoice for the load-balancing service at the current rates.
- 13 3. Load-balancing rate – function of LF: unit price multiplied by , as presented in exhibit
14 Gaz Métro-5, Document 1, Section 7.3. The result is then multiplied by the annual
15 volume to obtain the load-balancing bill associated with the consumption profile.
- 16 4. Load-balancing rate – function of volume: unit price presented in exhibit Gaz Métro-5,
17 Document 1, Section 7.3. The result is multiplied by the annual volume to obtain the
18 load-balancing bill not associated with the consumption profile.

19 To calculate the load-balancing bill using the proposed rates for the delivery profile, the
20 multiplier proposed in section 7 of this document is used to estimate the peak consumption for
21 customers with monthly readings.

22 Finally, for customers who supply the distributor with natural gas that they withdraw at their
23 facilities, but who purchase the distributor's transportation service, the total bill for the load-
24 balancing service is determined by applying the proposals in section 8 of this document, and
25 reported as volume withdrawn. However, Gaz Métro cautions the reader against interpreting
26 a unit rate for the volume withdrawn, because the adjustment fees for the non-uniform delivery
27 profile are not based on volume.

1 In Table 1, Table 2, and Table 3, the rate impact of a non-uniform delivery profile is presented
2 for 11 different consumption profiles, including a *deliver and burn* consumption profile and
3 a uniform consumption profile. Table 1 presents the rate impact at the rates currently in effect.
4 Table 2 presents the rate impact for customers who deliver their supply to Gaz Métro's territory,
5 at the proposed rates. Table 3 presents the rate impact for customers who deliver to an
6 agreed-upon point outside of Québec, at the proposed rates.

7 Table 4 presents the rate impact for the various delivery profiles, for customers with a uniform
8 consumption profile who deliver to an agreed-upon point outside of Québec, at the proposed
9 rates. Table 4 present eight different delivery profiles.

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Table 1: Current rates for the load-balancing service for customers who supply the distributor with natural gas that they withdraw at their facilities

		jours	Prix du marché (\$/m ³)	Livraison uniforme	Livraison non- uniforme	Différents profils de consommation										Deliver & Burn	
(1)	(2)					(3)	(4)	(5)	(6)	Chauffage							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
Juillet	m ³	31	0,1689	53 082	86 563	0	0	0	19 602	19 602	19 602	83 902	49 101	96 024	86 563	53 082	
Août	m ³	31	0,1459	53 082	86 563	0	0	0	19 602	19 602	19 602	77 739	49 101	88 970	86 563	53 082	
Septembre	m ³	30	0,1492	51 370	83 695	0	0	0	19 045	19 045	19 045	70 367	47 517	11 923	83 695	51 370	
Octobre	m ³	31	0,1062	53 082	61 069	0	0	41 250	45 095	45 095	45 095	44 077	52 195	28 232	61 069	53 082	
Novembre	m ³	30	0,1254	51 370	35 420	0	124 172	75 000	67 320	67 320	92 927	29 819	53 142	42 146	35 420	51 370	
Décembre	m ³	31	0,1302	53 082	17 194	49 267	128 311	106 250	88 970	96 024	80 616	17 128	57 070	55 700	17 194	53 082	
Janvier	m ³	31	0,1519	53 082	10 140	508 787	128 311	130 625	96 024	88 970	69 636	96 024	58 898	60 116	10 140	53 082	
Février	m ³	28	0,1789	47 945	10 698	66 946	115 895	103 125	85 192	85 192	80 443	16 641	52 084	53 334	10 698	47 945	
Mars	m ³	31	0,2308	53 082	25 631	0	128 311	93 750	80 533	80 533	94 417	16 641	56 132	50 418	25 631	53 082	
Avril	m ³	30	0,1940	51 370	52 295	0	0	50 000	50 445	50 445	50 445	39 402	51 267	31 581	52 295	51 370	
Mai	m ³	31	0,1801	53 082	72 037	0	0	25 000	34 127	34 127	34 127	58 822	50 976	21 365	72 037	53 082	
Juin	m ³	30	0,1727	51 370	83 695	0	0	0	19 045	19 045	19 045	74 438	47 517	85 191	83 695	51 370	
			0,1610	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	
Selon livraison uniforme																	
(1)	A				m ³ /jour	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	
(2)	H				m ³ /jour	4 139	4 139	3 369	2 768	2 768	2 768	1 167	1 837	1 733	656	1 712	
(3)	P	novembre à mars			m ³ /jour	16 412	4 139	4 214	3 098	3 098	3 098	3 098	1 900	1 939	1 181	1 712	
(4)	P multiplié (multiplicateur actuel)				m ³ /jour	32 583	6 809	6 965	4 621	4 621	4 621	4 621	2 106	2 189	1 181	1 712	
(5)	CU	novembre à mars				5%	25%	25%	37%	37%	37%	37%	81%	78%	145%	100%	
(6)	(P - H)					28 444	2 669	3 596	1 853	1 853	1 853	3 454	270	456	524	0	
(7)	(H - A)					2 427	2 427	1 657	1 056	1 056	1 056	-545	124	21	-1 056	0	
(8)	Prix pointe (D-2014-213)					293,5	293,5	293,5	293,5	293,5	293,5	293,5	293,5	293,5	293,5	293,5	
(9)	Prix espace (D-2014-213)					1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	
(10)	Prix d'équilibrage				\$	122 436	46 789	37 151	22 391	22 391	22 391	1 388	2 786	1 672	-15 414	0	
(11)	Taux unitaire				¢/m³	19,590	7,486	5,944	3,583	3,583	3,583	0,222	0,446	0,268	-2,466	0,000	
Selon livraison non uniforme																	
(12)	A				m ³ /jour	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	
(13)	H transposé				m ³ /jour	5 195	5 195	4 425	3 825	3 825	3 825	2 223	2 893	2 789	1 712	2 768	
(14)	P transposé	novembre à mars			m ³ /jour	17 798	5 524	5 599	4 483	4 373	4 203	4 483	3 285	3 324	1 712	3 098	
(15)	P multiplié (multiplicateur actuel)				m ³ /jour	35 492	9 717	9 874	7 530	7 299	6 943	7 530	5 015	5 098	1 712	4 621	
(16)	CU	novembre à mars				5%	18%	17%	23%	23%	25%	23%	34%	34%	100%	37%	
(17)	(P - H)					30 296	4 522	5 449	3 706	3 475	3 119	5 307	2 123	2 308	0	1 853	
(18)	(H - A)					3 483	3 483	2 713	2 112	2 112	2 112	511	1 180	1 077	0	1 056	
(19)	Prix pointe (D-2014-213)					293,5	293,5	293,5	293,5	293,5	293,5	293,5	293,5	293,5	293,5	293,5	
(20)	Prix espace (D-2014-213)					1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	1605,2	
(21)	Prix d'équilibrage				\$	144 827	69 180	59 542	44 783	44 105	43 060	23 779	25 178	24 064	0	22 391	
(22)	Taux unitaire				¢/m³	23,172	11,069	9,527	7,165	7,057	6,890	3,805	4,028	3,850	0,000	3,583	

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Table 2: Proposed rates for the load-balancing service for customers who supply the distributor with natural gas that they withdraw from their facilities, as well as the transportation service used to transport this natural gas to the distributor’s territory

						Différents profils de consommation											
			Prix du marché (\$/m³)	Livraison uniforme	Livraison non-uniforme	Chauffage										Deliver & Burn	Uniforme
(1)	(2)	(3) jours	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	
Juillet	m³	31	0,1689	53 082	86 563	0	0	0	19 602	19 602	19 602	83 902	49 101	96 024	86 563	53 082	
Août	m³	31	0,1459	53 082	86 563	0	0	0	19 602	19 602	19 602	77 739	49 101	88 970	86 563	53 082	
Septembre	m³	30	0,1492	51 370	83 695	0	0	0	19 045	19 045	19 045	70 367	47 517	11 923	83 695	51 370	
Octobre	m³	31	0,1062	53 082	61 069	0	0	41 250	45 095	45 095	45 095	44 077	52 195	28 232	61 069	53 082	
Novembre	m³	30	0,1254	51 370	35 420	0	124 172	75 000	67 320	67 320	92 927	29 819	53 142	42 146	35 420	51 370	
Décembre	m³	31	0,1302	53 082	17 194	49 267	128 311	106 250	88 970	96 024	80 616	17 128	57 070	55 700	17 194	53 082	
Janvier	m³	31	0,1519	53 082	10 140	508 787	128 311	130 625	96 024	88 970	69 636	96 024	58 898	60 116	10 140	53 082	
Février	m³	28	0,1789	47 945	10 698	66 946	115 895	103 125	85 192	85 192	80 443	16 641	52 084	53 334	10 698	47 945	
Mars	m³	31	0,2308	53 082	25 631	0	128 311	93 750	80 533	80 533	94 417	16 641	56 132	50 418	25 631	53 082	
Avril	m³	30	0,1940	51 370	52 295	0	0	50 000	50 445	50 445	50 445	39 402	51 267	31 581	52 295	51 370	
Mai	m³	31	0,1801	53 082	72 037	0	0	25 000	34 127	34 127	34 127	58 822	50 976	21 365	72 037	53 082	
Juin	m³	30	0,1727	51 370	83 695	0	0	0	19 045	19 045	19 045	74 438	47 517	85 191	83 695	51 370	
			0,1610	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	
Selon livraison uniforme																	
(1)	A				m³/jour	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	
(2)	P	décembre à février			m³/jour	16 412	4 139	4 214	3 098	3 098	2 873	3 098	1 900	1 939	555	1 712	
(3)	CU	mensuel				10%	41%	41%	55%	55%	60%	55%	90%	88%	309%	100%	
(4)	P multiplié (multiplicateur proposé)				m³/jour	37 776	6 479	6 670	4 361	4 361	3 945	4 361	2 145	2 218	555	1 798	
(5)	CU	décembre à février				5%	26%	26%	39%	39%	43%	39%	80%	77%	309%	95%	
(6)	Taux d'équilibrage - fonction du CU				¢	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	
(7)	Taux d'équilibrage - unitaire				¢/m³	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	
(8)	Prix d'équilibrage				\$	236 193	31 256	32 502	17 382	17 382	14 662	17 382	2 875	3 351	-7 539	602	
(9)	Taux unitaire				¢/m³	37,791	5,001	5,200	2,781	2,781	2,346	2,781	0,460	0,536	-1,206	0,096	
Selon livraison non uniforme																	
(10)	A				m³/jour	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	
(11)	CU (mensuel)					10%	41%	41%	55%	55%	60%	55%	90%	88%	309%	100%	
(12)	P multiplié (multiplicateur proposé)				m³/jour	37 776	6 479	6 670	4 361	4 361	3 945	4 361	2 145	2 218	555	1 798	
(13)	P transposé				m³/jour	39 162	7 865	8 055	5 746	5 613	5 275	5 746	3 530	3 603	1 712	3 183	
(14)	CU transposé	décembre à février				4%	22%	21%	30%	31%	32%	30%	49%	48%	100%	54%	
(15)	Taux d'équilibrage - fonction du CU				¢	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	
(16)	Taux d'équilibrage - unitaire				¢/m³	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	
(17)	Prix d'équilibrage				\$	245 264	40 327	41 573	26 453	25 586	23 372	26 453	11 945	12 421	41	9 673	
(18)	Taux unitaire				¢/m³	39,242	6,452	6,652	4,232	4,094	3,740	4,232	1,911	1,987	0,007	1,548	

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Table 3: Proposed rates for the load-balancing service for customers who supply the distributor with natural gas, but who wish to purchase transportation service from the distributor to transport natural gas that they withdraw from their facilities to the distributor’s territory – variation of the load consumption with constant delivery profile

								Différents profils de consommation												
			Prix du marché (\$/m³)	Livraison uniforme	Livraison uniforme - 2%	Livraison uniforme + 2%	Livraison non-uniforme													
jours								Chauffage											Deliver & Burn	Uniforme
(1)	(2)	(3)	(4)	(5)	(5)'	(5)''	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)		
Juillet	m³	31	0,1689	53 082	52 021	54 144	86 563	0	0	0	19 602	19 602	19 602	83 902	49 101	96 024	86 563	53 082		
Août	m³	31	0,1459	53 082	52 021	54 144	86 563	0	0	0	19 602	19 602	19 602	77 739	49 101	88 970	86 563	53 082		
Septembre	m³	30	0,1492	51 370	50 342	52 397	83 695	0	0	0	19 045	19 045	19 045	70 367	47 517	11 923	83 695	51 370		
Octobre	m³	31	0,1062	53 082	52 021	54 144	61 069	0	0	41 250	45 095	45 095	45 095	44 077	52 195	28 232	61 069	53 082		
Novembre	m³	30	0,1254	51 370	50 342	52 397	35 420	0	124 172	75 000	67 320	67 320	92 927	29 819	53 142	42 146	35 420	51 370		
Décembre	m³	31	0,1302	53 082	52 021	54 144	17 194	49 267	128 311	106 250	88 970	96 024	80 616	17 128	57 070	55 700	17 194	53 082		
Janvier	m³	31	0,1519	53 082	52 021	54 144	10 140	508 787	128 311	130 625	96 024	88 970	69 636	96 024	58 898	60 116	10 140	53 082		
Février	m³	28	0,1789	47 945	46 986	48 904	10 698	66 946	115 895	103 125	85 192	85 192	80 443	16 641	52 084	53 334	10 698	47 945		
Mars	m³	31	0,2308	53 082	52 021	54 144	25 631	0	128 311	93 750	80 533	80 533	94 417	16 641	56 132	50 418	25 631	53 082		
Avril	m³	30	0,1940	51 370	50 342	52 397	52 295	0	0	50 000	50 445	50 445	50 445	39 402	51 267	31 581	52 295	51 370		
Mai	m³	31	0,1801	53 082	52 021	54 144	72 037	0	0	25 000	34 127	34 127	34 127	58 822	50 976	21 365	72 037	53 082		
Juin	m³	30	0,1727	51 370	50 342	52 397	83 695	0	0	0	19 045	19 045	19 045	74 438	47 517	85 191	83 695	51 370		
			0,1610	625 000			625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	
Selon livraison uniforme																				
(1)	A						m³/jour	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712		
(2)	P		décembre à février				m³/jour	16 412	4 139	4 214	3 098	3 098	2 873	3 098	1 900	1 939	555	1 712		
(3)	CU		mensuel					10%	41%	41%	55%	55%	60%	55%	90%	88%	309%	100%		
(4)	P multiplié (multiplicateur proposé)						m³/jour	37 776	6 479	6 670	4 361	4 361	3 945	4 361	2 145	2 218	555	1 798		
(5)	CU		décembre à février					5%	26%	26%	39%	39%	43%	39%	80%	77%	309%	95%		
(6)	Taux d'équilibrage - fonction du CU						¢	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794		
(7)	Taux d'équilibrage - unitaire						¢/m³	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007		
(8)	Prix d'équilibrage - consommation						\$	236 193	31 256	32 502	17 382	17 382	14 662	17 382	2 875	3 351	-7 539	602		
(9)	Frais d'ajustement pour livraison non-uniforme						\$	0	0	0	0	0	0	0	0	0	0	0		
(10)	Coût d'équilibrage total						\$	236 193	31 256	32 502	17 382	17 382	14 662	17 382	2 875	3 351	-7 539	602		
(11)	Taux unitaire**						¢/m³	37,791	5,001	5,200	2,781	2,781	2,346	2,781	0,460	0,536	-1,206	0,096		
Selon livraison non uniforme																				
(12)	A						m³/jour	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712		
(13)	P		décembre à février				m³/jour	16 412	4 139	4 214	3 098	3 098	2 873	3 098	1 900	1 939	555	1 712		
(14)	CU		mensuel					10%	41%	41%	55%	55%	60%	55%	90%	88%	309%	100%		
(15)	P multiplié (multiplicateur proposé)						m³/jour	37 776	6 479	6 670	4 361	4 361	3 945	4 361	2 145	2 218	555	1 798		
(16)	CU		décembre à février					5%	26%	26%	39%	39%	43%	39%	80%	77%	309%	95%		
(17)	Taux d'équilibrage - fonction du CU						¢	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794		
(18)	Taux d'équilibrage - unitaire						¢/m³	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007		
(19)	Prix d'équilibrage - consommation						\$	236 193	31 256	32 502	17 382	17 382	14 662	17 382	2 875	3 351	-7 539	602		
(20)	Frais d'ajustement pour livraison non-uniforme						\$	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728	3 728		
(21)	Coût d'équilibrage total						\$	239 921	34 984	36 230	21 110	21 110	18 390	21 110	6 602	7 078	-3 812	4 330		
(22)	Taux unitaire						¢/m³	38,387	5,597	5,797	3,378	3,378	2,942	3,378	1,056	1,133	-0,610	0,693		

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Table 4: Proposed rates for the load-balancing service for customers who supply the distributor with natural gas, but who wish to purchase transportation service from the distributor to transport natural gas that they withdraw from their facilities to the distributor’s territory – variation of the delivery profile with constant consumption profile

								Différents profils de livraison							
		jours	Prix du marché (\$/m³)	Livraison uniforme	Livraison uniforme - 2%	Livraison uniforme + 2%	Consommation uniforme	1	2	3	4	5	6	7	Uniforme
(1)	(2)	(3)	(4)	(5)	(5)'	(5)''	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Juillet	m³	31	0,1689	53 082	52 021	54 144	53 082	79 623	106 164	51 370	23 116	46 642	43 605	113 014	53 082
Août	m³	31	0,1459	53 082	52 021	54 144	53 082	79 623	106 164	53 082	26 541	46 642	43 605	13 271	53 082
Septembre	m³	30	0,1492	51 370	50 342	52 397	51 370	77 055	102 740	51 370	25 685	46 642	43 605	12 842	51 370
Octobre	m³	31	0,1062	53 082	52 021	54 144	53 082	79 623	106 164	53 082	26 541	46 642	43 605	13 271	53 082
Novembre	m³	30	0,1254	51 370	50 342	52 397	51 370	77 055	12 842	47 945	23 973	46 642	43 605	11 986	51 370
Décembre	m³	31	0,1302	53 082	52 021	54 144	53 082	79 623	13 271	53 082	26 541	55 970	58 140	13 271	53 082
Janvier	m³	31	0,1519	53 082	52 021	54 144	53 082	26 541	13 271	53 082	79 623	55 970	58 140	13 271	53 082
Février	m³	28	0,1789	47 945	46 986	48 904	47 945	23 973	11 986	51 370	77 055	55 970	58 140	12 842	47 945
Mars	m³	31	0,2308	53 082	52 021	54 144	53 082	26 541	13 271	53 082	79 623	55 970	58 140	106 164	53 082
Avril	m³	30	0,1940	51 370	50 342	52 397	51 370	25 685	12 842	51 370	77 055	55 970	58 140	102 740	51 370
Mai	m³	31	0,1801	53 082	52 021	54 144	53 082	26 541	13 271	53 082	79 623	55 970	58 140	106 164	53 082
Juin	m³	30	0,1727	51 370	50 342	52 397	51 370	23 116	113 014	53 082	79 623	55 970	58 140	106 164	51 370
			0,1610	625 000			625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000	625 000
Selon livraison non uniforme															
(1)	A						m³/jour	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712
(2)	P		décembre à février				m³/jour	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712
(3)	CU		mensuel					100%	100%	100%	100%	100%	100%	100%	100%
(4)	P multiplié						m³/jour	1 712	1 712	1 712	1 712	1 712	1 712	1 712	1 712
(5)	CU		décembre à février					100%	100%	100%	100%	100%	100%	100%	100%
(6)	Taux d'équilibrage - fonction du CU						¢	1,794	1,794	1,794	1,794	1,794	1,794	1,794	1,794
(7)	Taux d'équilibrage - unitaire						¢/m³	0,007	0,007	0,007	0,007	0,007	0,007	0,007	0,007
(8)	Prix d'équilibrage - consommation						\$	41	41	41	41	41	41	41	41
(9)	Frais d'ajustement pour livraison non-uniforme						\$	7 543	9 538	5	459	115	226	609	0
(10)	Coût d'équilibrage total						\$	7 585	9 579	46	501	156	267	650	41
(11)	Taux unitaire						¢/m³	1,214	1,533	0,007	0,080	0,025	0,043	0,104	0,007