IMPACT ANALYSIS OF DELIVERIES BY DIRECT PURCHASE CUSTOMERS

Follow-up on the decision

D-2016-126

T A B L E O F C O N T E N T S

INTRODUCTION

As part of phase 2 of the generic case on the allocation of costs and rate structure of Gaz Métro (R-3867-2013), the Régie de l'énergie (the "Régie") rendered procedural decision D-2016-126 in which it asked Gaz Métro Limited Partnership ("Gaz Métro") to submit additional evidence regarding deliveries of natural gas by direct purchase customers.

More specifically, the Régie issued the following statement:

> "*Other topics*
> *[72] As such, the Régie directs the Distributor to submit additional evidence on the following topics:*
> - […]
> - *importance of uniform deliveries in the supply plan:*
> - *delivery profiles for direct purchase customers;*
> - *purchasing profiles for system gas;*
> - *usefulness of requiring uniform deliveries by direct purchase customers;*
> - *impact of uniform deliveries on supply plan tools and the allocation of their costs;*
> - […]"

This document aims to address this specific follow-up.

For simplification purposes, Gaz Métro shall consider the supply structure moved to Dawn and deliveries by direct purchase customers, including deliveries of customers with a fixed-price agreement, carried out entirely at Dawn, even if some customers are still delivering their natural gas to Empress.

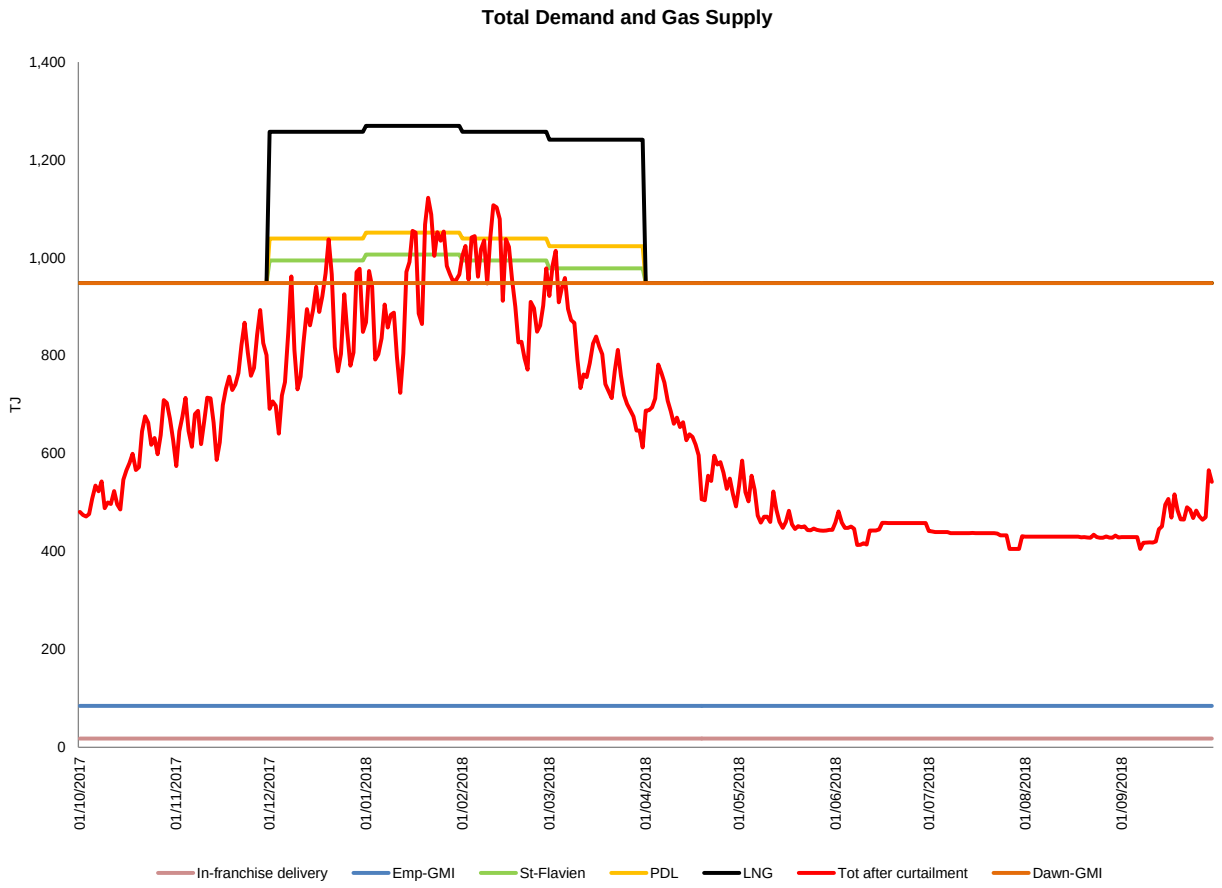
1. DESCRIPTION OF THE CURRENT SITUATION

1.1. General overview

When preparing its gas supply plan, Gaz Métro attempts to identify the supply structure that best meets its customers' needs and that ensures the security of the supply, taking into account the customers' power consumption profiles, tools already contracted, tools available

on the market, and costs specific to each combination of tools. This last criterion allows Gaz Métro to select the combination of tools that financially optimizes the supply plan, while meeting the other criteria. As such, Gaz Métro uses a range of tools: transportation capacities or swap contracts from Empress and Dawn (via Parkway) to its territory. In addition, it has a supply from storage sites on its territory (LSR, Pointe-du-Lac and Saint-Flavien), thereby rounding out the tools needed to meet ongoing demand on peak days and seasonal demands during a harsh winter. The following graph illustrates the total demand at normal temperature and the supply plan tools from the 2018 plan presented in the 2017-2020[1] supply plan.

Graph 1



[1] R-3970-2016, B-0176, Gaz Métro-2, Document 1.

Other than the supply plan tools, there is the consideration of the commodity to be provided in order to meet customer demand. Available sources of natural gas are the following:

- Deliveries from direct purchase customers who use the distributor's transportation service, i.e., customer-provided service with or without transfer of ownership (DP-customers). Customers with a fixed-price supply agreement are also deemed to belong to this category because they follow the same administrative rules for natural gas deliveries as DP-customers, e.g., nomination and volume imbalance rules;
- Deliveries by DP-customers on Gaz Métro's territory, i.e., customers who provide their own transportation service or who sell their commodity directly to franchise sites (T-customers); and
- Natural gas purchases made by Gaz Métro, either in advance or on a daily basis ("spot") to meet the demand of the distributor's supply service customers (SG-customers).

Gaz Métro also purchases the natural gas required by the carriers and the storage sites to meet all compressor fuel needs.

Surplus natural gas is used to meet the injection needs at the various storage sites, in order to achieve maximum inventory levels before the start of winter or to perform "cycling" during the winter, mainly at the Pointe-du-Lac storage site.

The natural gas stored in the summer will be used during the winter to meet demand. Withdrawals at the Union Gas site are concentrated between December and February. Gaz Métro aims to use approximately 87% of the natural gas stored at this site to meet demand. The withdrawal profile is therefore spread over these three months according to this objective, which in turn defines the system gas purchases required in winter to meet the gas requirements at Dawn needed to meet demand.

1.2. Rules applicable to direct purchase customers

The terms and conditions applicable to direct purchase customers are described in Article 11.2.3 of *Conditions of Service and Tariff*.

Direct purchase customers must make uniform deliveries throughout the year. The daily delivery made by DP-customers is established based on the customer's forecast needs during the contract period. The customer's estimated power consumption over the period is then divided by the number of days in the period to obtain the daily contract volume (DCV), thus corresponding to a uniform delivery over the contract period.

The customer may ask to review its DCV during the contract period following a change to its power consumption forecast. Where applicable, the DCV correction will be applied uniformly over the remaining term of the contract. For its part, Gaz Métro may require a review of the DCV if a volume imbalance (positive or negative) exceeding 5% of the volume withdrawn is expected for a given customer. Specific rules are in place to address volume imbalances observed over the contract period: the delivery overage (volume delivered exceeds the volume withdrawn) is purchased by the distributor, and the delivery shortage (volume delivered is less than the volume withdrawn) is sold to the customer. The financial settlement price corresponds to the system gas price for the first 5% of volume withdrawn, and the price for the overage imbalance would take into account the average market prices.[2]

When establishing the contract, the customer may also choose to carry forward a portion of the imbalance to the following year (up to 5% of the volume withdrawn during the contract period), with the excess being settled financially. The DCV for the following year will then be adjusted accordingly, uniformly over the year.

Daily volume imbalance rules are also provided in the *Conditions of Service and Tariff* to address the difference between the delivery agreed to by the customer and the actual delivery. This concept refers to a customer's failure to deliver. The delivery overage is purchased by the distributor and the delivery shortage is sold to the customer. The financial settlement price corresponds to the system gas price for the first 2% of volume withdrawn, and the price for the overage imbalance would take into account the average market prices.[3]

For most customers, the annual forecasts are established by Gaz Métro, mainly because these customers do not have the resources, tools, knowledge, or experience to establish these forecasts themselves. Therefore, they rely on Gaz Métro to do it for them. Only major industry (MI) customers that are mainly at rates D_4 and D_5 provide their own load forecasts via their MI advisor. Once these load forecasts have been determined, Gaz Métro manually enters

[2] *Conditions of Service and Tariff*, Article 11.2.3.3.2.
[3] *Conditions of Service and Tariff*, Article 11.2.3.3.1.

each customer's nomination in the gas supply management system. This exercise is repeated at least once a year, on the anniversary date of each customer's direct purchase contract.

As for T-customer deliveries, these are divided into two methods: those that deliver natural gas uniformly over the contract period and those that vary their delivery daily to be closer to their daily power consumption and reduce their balancing needs. Very few customers choose the latter method, since it requires highly specialized expertise in transportation capacity management as well as the management of the natural gas purchases of each customer.

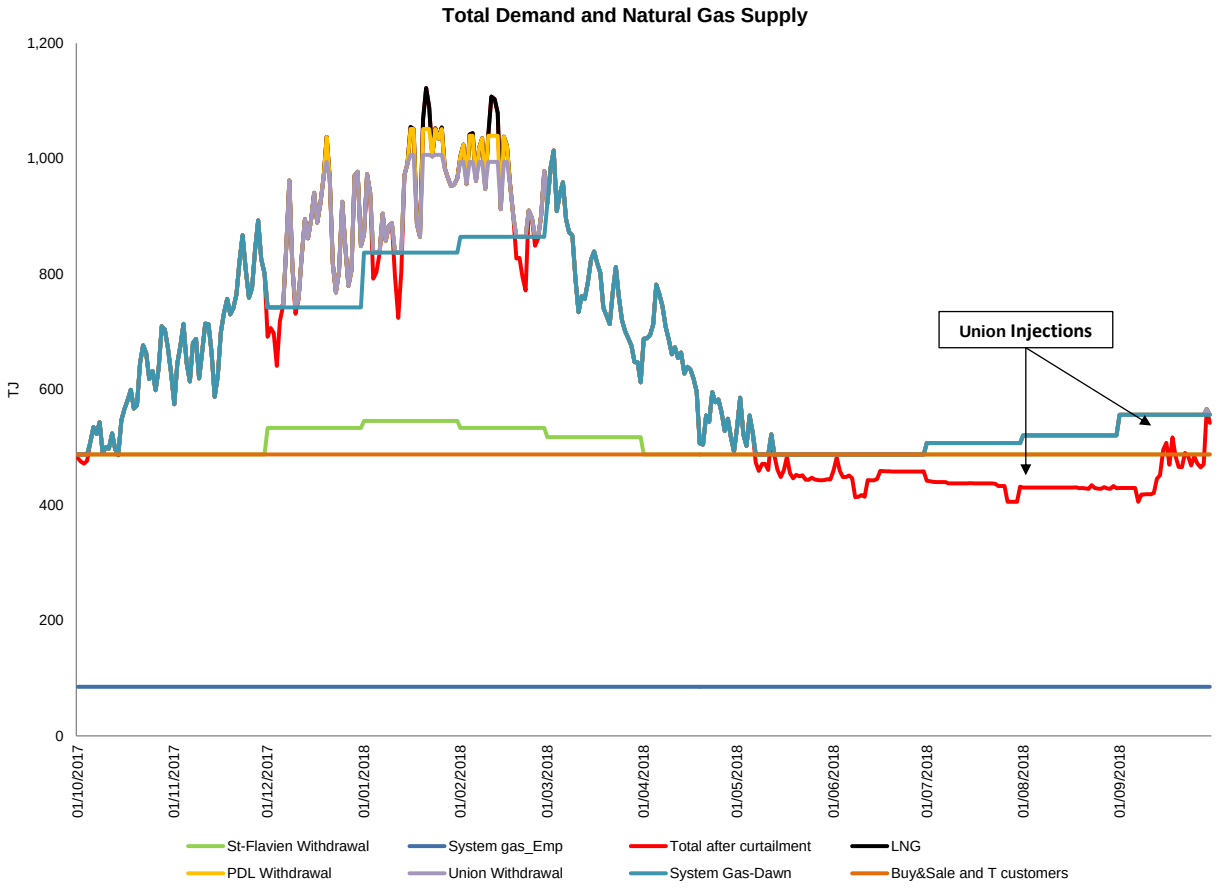
1.3. Supply planning

In supply planning, natural gas is considered globally in order to meet the various needs of the franchise sites or storage sites, regardless of the supply source. The notion of the commodity belonging to a specific type of customer does not exist. System gas purchases are the buffer in this type of planning and are established daily in order to meet the demand.

As such, once the forecast demand is identified (customers and injections), the supply plan tools are determined. The transportation capacities between Empress and the territory will be filled with system gas. The transportation capacities and swap contracts between Dawn and the territory will be filled, as needed, with natural gas from various sources: deliveries from DP-customers, withdrawals from the Dawn storage site (mainly in the winter), and purchases of system gas (contracted in advance or spot purchases).

The following graph illustrates the supply sources used to meet the total demand, at normal temperature, according to strategy.

Graph 2



Note:

- When the demand (red line) is less than the sum of the supply purchase sources, this results in an injection situation at Union Gas, as was the case between June and September and for a few days during the winter.

- For illustration purposes, the sources were accumulated in a certain order, but in reality, at a single point, all of the natural gas is mixed to meet the overall, customer, and storage injection needs. For example, for July to September, the graph shows that the natural gas from Empress and a portion of the gas delivered by DP-customers and T-customers was used to meet the demand, and that the balance of these deliveries combined with system gas purchases at Dawn was injected at Dawn. In fact, it is impossible to trace the commodity and specify the use to which each source was dedicated.

- In compliance with the management strategy for the Union Gas storage site,[4] and considering that October, November, April, and May are shoulder months with a more volatile demand, the system gas purchases at Dawn are forecast on a daily basis, thus corresponding to the total demand. In fact, if the quantities to purchase are significant—as in November, April, and May—a certain quantity can be contracted in advance, leaving a smaller quantity for "spot" purchasing. If purchases are required during the other months, they are considered based on average purchases for the month, whereas these purchases are actually contracted on a daily basis.

The forecasting of uniform deliveries of supply from DP-customers allows Gaz Métro to forecast its system gas purchasing needs at Dawn, but also to plan the quantities to contract in advance for the winter. In fact, system gas purchases represent the difference between the overall forecast demand and the volumes of natural gas delivered by DP-customers. Uniform delivery by DP-customers allows Gaz Métro to quantify gas needs in order to meet the total demand, specifically over the winter and, given the management strategy at Union Gas's storage site, to determine the quantities it will contract in advance.

1.4. Cost functionalization

To ensure equity between the different customer categories (direct purchase and system gas), functionalization rules were implemented, including, among others, a comparison between SG-customers' natural gas purchasing profile and DP-customers' uniform profile. These rules ensure that all customers who use the distributor's transportation service pay a similar supply price and the same transportation price, since they are all at the same reference point. The costs associated with the difference between the two profile types are recovered through the load-balancing rate. These rules also ensure equity between customers who use the distributor's transportation service (DP-customers and SG-customers) and customers who use their own service (T-customers).

[4] See R-3992-2016, B-0066, Gaz Métro-12, Document 8.

2. UNIFORM DELIVERY VERSUS NON-UNIFORM DELIVERY

In response to the follow-up requested by the Régie, Gaz Métro examined the option of imposing non-uniform delivery on direct purchase customers. This section will compare the advantages and disadvantages of this option.

2.1. Current context

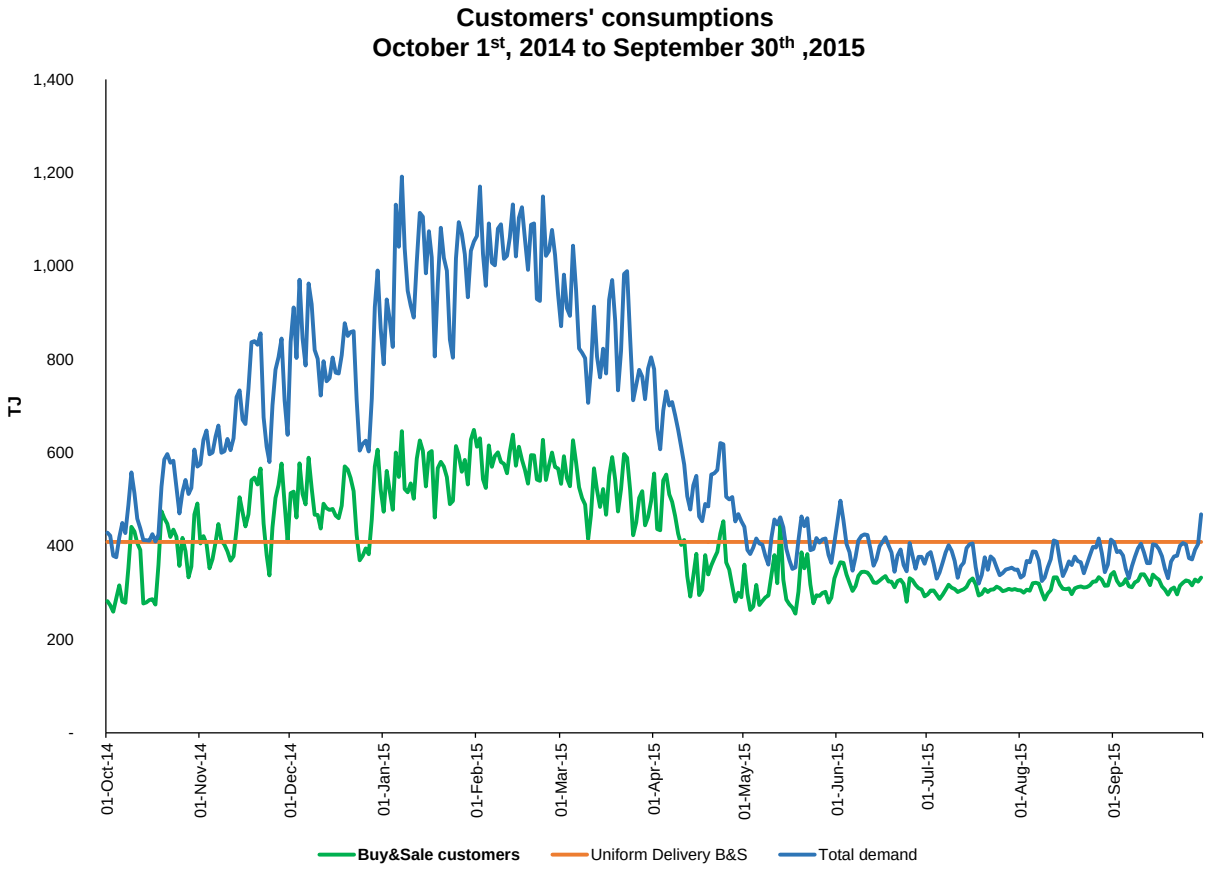
For 2018, direct purchase customers represent over 60% of the volume distributed by Gaz Métro. In September 2016, direct purchase customers were divided as follows between the different services:

	Number of customers	Volumetric distribution
Distributor's transportation		
Customer-provided service without transfer of ownerhip	2,247	75%
Customer-provided service with transfer of ownerhip	1,684	14%
Customers with fixed-price agreement	6,269	8%
Sub-total	**10,200**	97%
Customer-provided Transportation service	**14**	3%
Total	**10,214**	100%

The following graph illustrates the consumption profile for all direct purchase customers and that for direct purchase customers observed from October 1, 2014, to September 30, 2015. It also shows a curve for uniform delivery by DP-customers. Assumptions were used to convert the demand from monthly-reading DP-customers to a daily basis: the daily consumption for each month is prorated to the degree-days observed in the month; however, for the months of June to September, it was distributed evenly over each day since there was no degree-day.

So as to not to complicate the graph unnecessarily, a daily delivery equivalent to 1/365 was used throughout the year.

Graph 3



As illustrated in graph 3, DP-customers consume more than their delivery during the winter, and vice versa during the summer. Consumption for these customers is therefore balanced by Gaz Métro over the course of the year.

2.2. Non-uniform delivery in the past

From November 1991 to May 2001, direct purchase contracts required a non-uniform delivery equal to the average daily volume (1/365) adjusted by the distributor's forecast utilization coefficient (UC) for the upcoming fiscal year, i.e., a larger delivery in the winter (by dividing by the UC) and a smaller delivery in the summer (by multiplying by the UC).

This condition was adopted because the distributor would contract a specific volume of gas in advance from various suppliers on behalf of customers (equivalent to the UC) and then

ask customers under an "umbrella" direct purchase contract[5] to deliver more in the winter and less in the summer.

Starting in 1995-1996, the distributor's forecast UC was 100%. The application of this condition led to direct purchase customers being required to provide uniform delivery starting in July 1995. With the unbundling of services in October 2001, all rules applying to direct purchase customers were reviewed, and the adjustment of deliveries according to the distributor's UC was abolished.

The current context is completely different, with Gaz Métro considering an adjustment based on the "long haul" (LH) transportation UC to be unnecessary, given the move to Dawn. In fact, because the transportation capacities on the LH section are lower than the demand at the franchise sites, the former will be used in their entirety, and a UC of 100% will continue to be observed.

2.3. Non-uniform delivery method

For the purpose of this evidence, Gaz Métro has made certain assumptions.

First, the non-uniform delivery method for direct purchase customers would be applied to all customers, including customers with a fixed-price agreement. In other words, DP-customers would not have the choice between making uniform or non-uniform deliveries. This approach has the advantage of setting standard conditions for all customers and of avoiding the operational and financial management that comes with having two or more delivery methods for DP-customers.

While managing two or more delivery methods is not impossible in itself, it would complicate matters, which is a disadvantage. More specifically, functionalization and allocation rules would be needed to ensure equity between customer categories (SG and DP). If several delivery methods were to be offered to customers (yearly uniform, monthly uniform, weekly uniform, daily), each one would have different financial impacts on the supply of SG-customers that would be practically impossible to identify. Uniform delivery methods (yearly,

[5] Supply service available at the time.

monthly, or weekly) would each require a different load-balancing service, whereas a daily delivery method would not, in theory, require adjustment of gas supplies.

Second, a non-uniform delivery profile must be defined for each customer based on its own consumption. The use of a typical consumption profile (reflective of the consumption profile for all customers in general) for all customers would not allow Gaz Métro to fully benefit from a non-uniform delivery method. In fact, load-balancing would still be needed to make up the positive or negative difference between the typical consumption profile and the actual consumption profile. Cost functionalization and allocation rules would also be needed with this delivery method. However, the objective of non-uniform delivery is precisely to minimize or even eliminate the need to adjust the supplies of direct purchase customers.

Third, this analysis is based on the assumption that direct purchase customers or suppliers of fixed-price customers would make daily deliveries of the volume of natural gas equivalent to their consumption forecast for the next day, i.e., the "deliver & burn" method. The purpose of this assumption is to maximize the benefits of non-uniform delivery.

Any daily volume imbalance observed would be financially settled on the invoice covering the monthly period. The daily volume imbalance rules, similar to those currently applicable, would have to be defined, including the tolerance level (5% as for a contractual imbalance or 2% as for a daily imbalance).

The following sections cover the advantages and disadvantages of a non-uniform delivery method on a daily basis.

2.4. Operations

At the operational level, direct purchase customer deliveries must be sent to Gaz Métro before 10 a.m. each day to allow the Operations department to finalize system gas needs, determine the choice of tools, and make all gas transactions for the day, or several days in the case of weekends and statutory holidays.

So as not to generate a disproportionate amount of work, DP-customers (and T-customers) must be able to access Gaz Métro's supply administration system via a portal and enter their

next day's nominations in the system themselves (equivalent to the volume to be delivered). In fact, it would be impossible for Gaz Métro employees to maintain a manual nomination entry system for its 10,000 DP-customers. Currently, the Régie notes that such a portal does not exist. However, the new gas supply management system would allow for its development.[6] Moreover, rolling out this type of portal to DP-customers would be a major challenge given the large number of customers who would need training to transition to the new method.

As such, the system must allow nomination changes until the deadline and then display a message to customers saying that the deadline to enter nominations has expired and no further changes are allowed.

Training and a communication plan are needed to inform customers of these changes and to teach them how to enter daily nominations in the supply administration system.

2.5. Supply planning

This section covers certain issues related to supply planning.

System gas purchases

Given that system gas is always the balancing factor at the franchise site, system gas purchases are established at the last minute.

Uniform delivery allows for better planning of Gaz Métro's system gas purchases, given that the overall delivery by DP-customers is uniform throughout the year.

With non-uniform delivery, the overall forecast of daily deliveries by DP-customers would be uncertain in that it would fluctuate on a daily basis, depending on need. This would require Gaz Métro to be even more cautious about the quantities of natural gas contracted in advance. Therefore, it must maintain a certain latitude to deal with potential fluctuations in non-uniform (daily) deliveries by DP-customers.

[6] File R-3942-2015 on the project to modernize the gas supply management solution.

The quantity nominated by direct purchase customers would be confirmed by 10 a.m., before finalizing the planning for the gas day, which determines the quantity of system gas to be purchased. By taking the precaution of decreasing purchases contracted in advance, Gaz Métro could end up having to purchase large quantities of system gas on a daily basis, especially on cold days. This could impact Gaz Métro's ability to ensure supply security for its customers by increasing the risk of not finding enough commodity or of not being able to offer reasonable rates due to paying a higher price for the commodity.

Storage management

In theory, if DP-customers and T-customers deliver what they consume, they would no longer need adjustments to the supply plan tools and, as a result, they would have no need for storage.

This would mean that the four storage sites (Union Gas, Pointe-du-Lac, Saint-Flavien, and LSR) would be entirely dedicated to SG-customers. These sites would be maintained, even with non-uniform deliveries for DP-customers and T-customers. In fact, franchise storage sites reduce the need for transportation capacity upstream of the franchise, while the Dawn site meets the need for operational flexibility during the day.

However, the consumptions for DP-customers and T-customers will likely differ from the deliveries, as explained in section 2.4. As such, to compensate for surpluses or shortages of the commodity, the storage sites will, to some extent, be used to meet the overall customer demand. Identifying the supply plan tools actually used to offset the volume imbalance for DP-customers and T-customers would be a rather painstaking and likely highly inexact exercise that would require an in-depth analysis should the non-uniform delivery option be chosen and the other obstacles described herein be overcome.

Peak day supply

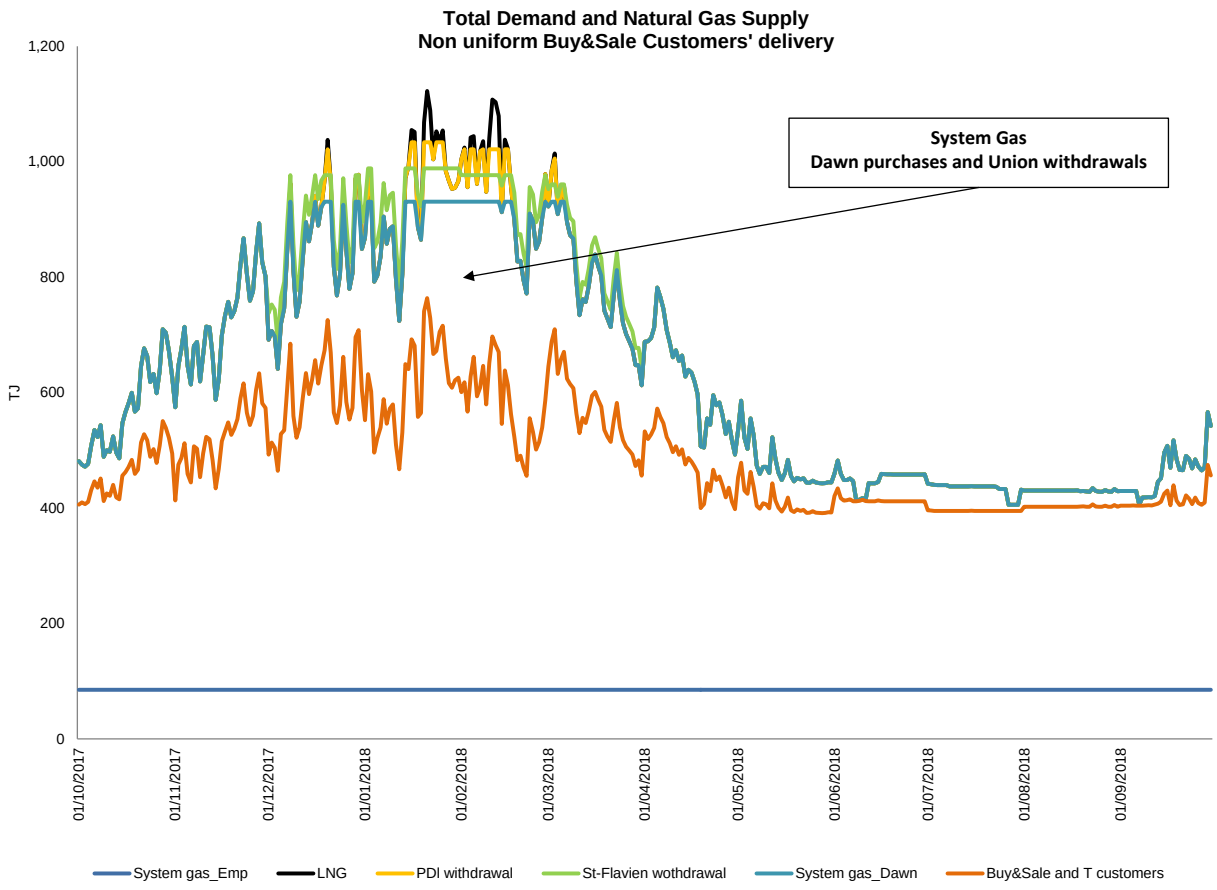
Given that DP-customers deliver natural gas to Dawn, Gaz Métro must always ensure that it has sufficient transportation capacity between Dawn and the franchise to transport the gas delivered and to meet their peak demand. For system gas customers, the ongoing demand

on peak days will be met with the transportation capacities from Empress or other eventual purchase points, the supply flows from the franchise (storage and interruption of liquefaction of GM LNG) and, where applicable, capacities from Dawn.

On the other hand, customers who deliver their supply directly to the franchise would be subject to the same rules as for a delivery equal to their consumption. They would therefore have to make sure to have the transportation capacities, or to purchase supply directly from the franchise, to meet their respective peak demands. Due to the costs associated with holding enough transportation capacity to meet their peak day load for T-customers, this would probably effectively eliminate this type of service and deprive customers of an option, which would run counter to the very principle of unbundling tariffs.

The following graph attempts to illustrate the impact of non-uniform delivery (daily) by DP-customers on SG-customers.

Graph 4



Note:

- A delivery forecast by DP-customers and T-customers was established using the linear regression method applied to the normal degree-days for 2018, which explains why both consumption curves have essentially the same profile.
- System gas purchases at Empress are presented at the bottom of the graph to simplify the presentation.
- The area between the “DP-customers and T-customers” and “LSR” curves represents the supply that will be used to meet the demand from SG-customers. This supply will come from Dawn (storage or gas purchases) and the franchise storage sites.

- Compared to graph 2, there is an additional use of the Pointe-du-Lac and LSR storage sites. In colder temperatures, the "DP-customers and T-customers" delivery curve would be higher, resulting in an increased use of transportation capacities for them and pushing upward the needs of SG-customers served by the Pointe-du-Lac and LSR storage sites. Also, depending on the scope of the increase in deliveries by DP-customers coming from Dawn, the system gas, also coming from Dawn (purchased or withdrawn from storage), could be limited due to use of the transportation capacities for deliveries by DP-customers. Supply management must therefore take into account these critical situations in order to remain flexible in meeting the various contract constraints (e.g., storage capacity at Dawn).

2.6. Impacts on direct purchase customers and suppliers

Direct purchase customers

In terms of managing direct purchase contracts, a non-uniform delivery profile could make it easier to prepare the different types of contracts. The contracts could stipulate that the customer agree to deliver on a daily basis the volume that it will consume, without specifying the exact quantity. This would eliminate the need to establish annual consumption forecasts to determine the daily quantity to be delivered. The contract could be shortened by specifying only the people to contact in the event of nomination problems, a force majeure, a service interruption, etc.

DP-customers would then be responsible for establishing their daily consumption forecast and the corresponding natural gas delivery, and for entering the nomination in the administrative system.

There are two problems with this that bear mentioning.

First, the vast majority of customers lack the expertise to perform this type of forecast. This could result in Gaz Métro having to produce these daily forecasts and send them to the customers/suppliers in time for the latter to deliver the natural gas and enter the nomination. However, the forecast consumption always differs from the actual consumption. The costs associated with this difference—the daily volume imbalance—should then have to be recovered from the customer. The question then becomes: Who is responsible for

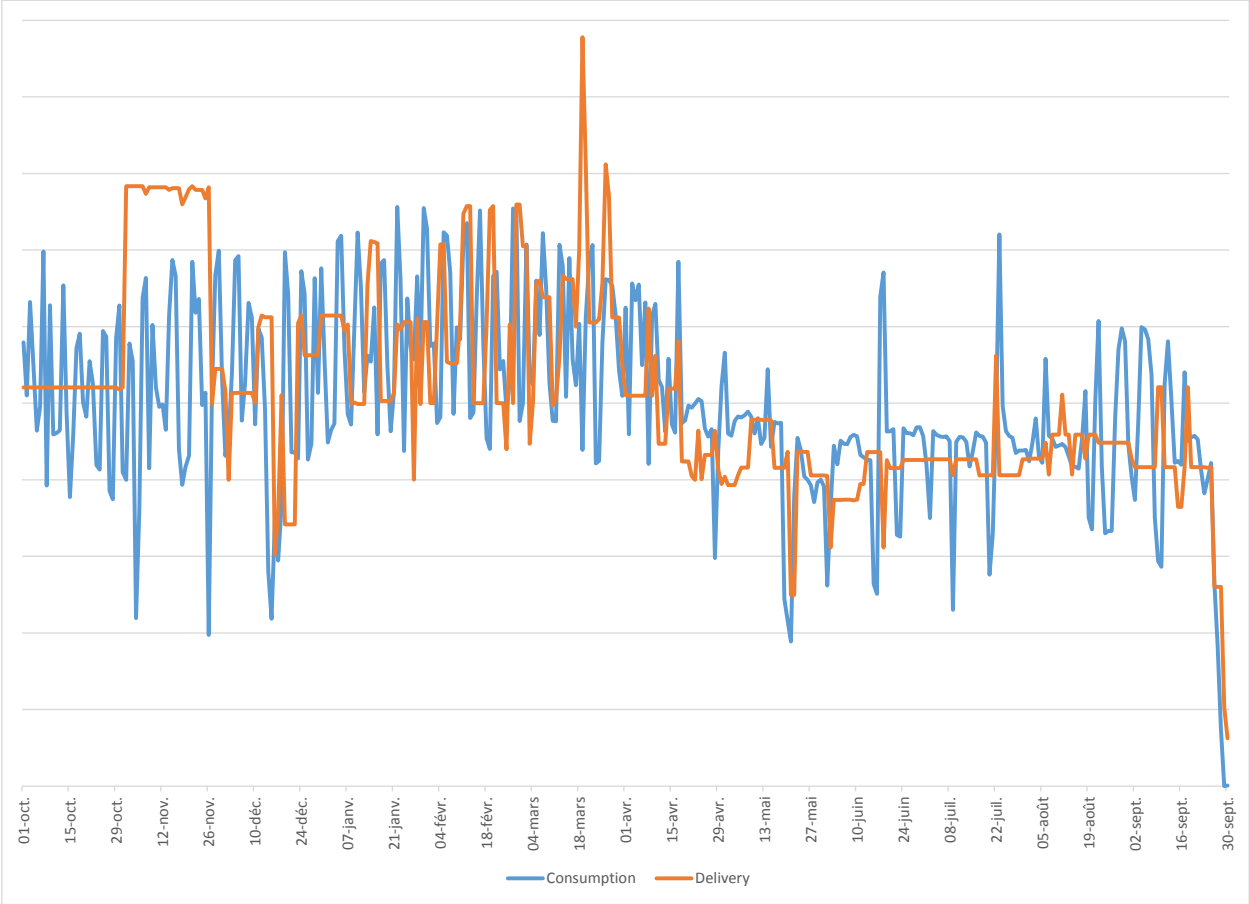
establishing the forecast and the volume imbalance? Is it Gaz Métro and its customers? Should it be so in all cases? If not, then under what circumstances? Would that mean that we would have to investigate the reasons for the imbalance and bill the cost to the "responsible" party? Shouldn't it instead be up to the customer to assume responsibility for the imbalance? If so, we have to wonder why the customer would agree to a delivery method that would expose it to potential fees due to circumstances beyond their control.

Then, assuming even that the customer is able to forecast its consumption for the next day, what about its load-balancing during the day? Gaz Métro balances the demand with the various nomination windows during the gas day. Should direct purchase customers do the same and have access to the NAESB windows (STS windows cannot be made accessible to DP-customers)? If so, each direct purchase customer should appoint an individual or group to oversee forecasts and nominations.

Lastly, assuming the two problems mentioned above can even be overcome, experience shows that the forecasts and actions taken during the day cannot guarantee that there will be no imbalance at the end of the gas day.

For illustration purposes, the following graph shows the consumption and deliveries of an existing customer with its own transportation service and who should normally adjust its deliveries on a daily basis to match its consumption in order to lower the costs of its load-balancing service.

Graph 5



For this customer, the gap between deliveries and consumption varies between -74% and +115%.

This leads Gaz Métro to question customers' ability to forecast their consumption with sufficient accuracy. Large margins of error will greatly influence customers' supply of system gas, which must be adjusted to meet the total demand from customers.

From a commercial standpoint, this seems to be a difficult thing to ask of customers (few, if any, customers can predict what they will consume the next day, let alone the next month), not to mention the unknown financial risk associated with this (price of their commodity and cost of the imbalance).

According to the consultations held by Gaz Métro over the years, customers want predictability in their energy costs. On the one hand, there is the impact on the price provided in the supply contract with their supplier and, on the other hand, there is the financial impact of daily volume imbalances, which is completely unpredictable in terms of

quantity (which varies according to the consumption forecast) and unit costs (which varies daily based on the gas market).

To conclude on the impacts of a non-uniform delivery method on direct purchase customers, Gaz Métro notes that the current conditions already allow customers who want to take advantage of a non-uniform delivery method (daily) and, as a result, be in full control of their needs, to withdraw from the distributor's transportation and load-balancing service. For Gaz Métro, it speaks volumes that no customer has chosen this option since the services were unbundled in October 2001, which can only lead it to conclude that customers are deterred from this option because of the overly high risk of volatility in terms of need and daily volume imbalance costs.

Suppliers

Non-uniform delivery (daily) by DP-customers would require suppliers to fluctuate natural gas purchases that they deliver to Gaz Métro at the Dawn receipt point. Contracts between customers and suppliers should therefore allow for daily volume variations without specific limits (maximum or minimum).

As previously mentioned, some suppliers currently estimate their customers' daily contractual volume themselves. These suppliers will need to be equipped to estimate the daily consumption and delivery, taking into account the weather, in order to limit volume imbalances.

It is also worth noting that some customers who belong to a group have very small daily volumes during the summer (e.g., 1 GJ/day). Will the suppliers be interested or even able to serve these customers?

2.7. Conditions of Service and Tariff

Non-uniform delivery by customers would require several changes to the tariffs.

First, such changes would have an effect on the cost functionalization. In section 2.2.3 of exhibit B-0133, Gaz Métro-5, Document 1, Gaz Métro indicates that the cost functionalization and the supply cost allocation take into account the fact that direct purchase customers make uniform deliveries.

In the event that deliveries were to be equivalent to the consumption profile, then the functionalization and application of tariffs to supply costs would have to be reviewed. In turn, this would also affect the functionalization of load-balancing costs.

Lastly, non-uniform delivery methods (which customers are eligible for this delivery method, margin, penalties, etc.) would require significant changes to the *Conditions of Service and Tariff*.

2.8. Development of IT and other areas

The implementation of a non-uniform (daily) delivery method for DP-customers and T-customers would result in significant changes to various administrative systems: gas supply, billing, and other related systems.

The following changes would be required (non-exhaustive list):

Gas supply

The gas supply system currently being developed is built based on current management methods, i.e., annual uniform delivery. It would have to be changed to:

- create a portal allowing customers and suppliers to enter their daily nomination and changes to the latter during the day, based on conditions related to daily confirmations of nominations and the management of nomination hours;
- enable Gaz Métro to evaluate the daily consumption, and therefore the delivery, by DP-customers who have entrusted it with this responsibility; and
- automate the entry of each customer's daily nominations, currently done manually once a year.

Billing

The following changes would be required:

- Change the current annual calculation of volume imbalances to a daily calculation;

- Change the layout of the bill to list the details of financial settlements for daily volume imbalances; and
- Provide technical support and training for customer service representatives to allow them to answer specific questions about the costs of daily volume imbalances.

2.9. Investment in the distribution system

To enable the daily management of consumptions and, consequently, daily volume imbalances, all DP-customers will have to be equipped for daily readings, therefore requiring suitable metering equipment. Currently, only the daily consumptions of approximately 150 DP-customers are processed in the billing systems. The consumptions for all other DP-customers are either measured monthly or daily, but processed monthly in the systems.

In section 7.1 of exhibit Gaz Métro-5, Document 5, Gaz Métro explains that, in the next 10 years, all customers will have their consumptions measured using a radiometric meter that will store hourly readings, allowing for a precise reconstruction of the consumption for a given period. However, it also explains that IT developments would be needed to transpose the information entered in the billing systems. For now, Gaz Métro does not know the cost of such a measure, which would need to be evaluated if the Régie decided that Gaz Métro should perform a more in-depth analysis. It would also have to study the possibility of prioritizing the installation of radiometric meters for DP-customers.

CONCLUSION

Beyond reducing the storage capacities, which could potentially lead to a non-uniform delivery method, there are still a certain number of major obstacles, both internally and with DP-customers and their suppliers. Therefore, if the Régie deems it necessary for Gaz Métro to perform more in-depth analyses, the latter will need to hold more extensive consultations with the customers involved to identify the problems and possible solutions. In tandem with this consultation, a more extensive analysis is required of the impacts on supply management, along with an assessment of the scope of changes needed to the internal systems as well as the associated timeline and costs.

Gaz Métro requests that the Régie acknowledge the responses to the follow-up to decision D-2016-126 and indicate its satisfaction therewith.