

Execution of Phase 2B

Impact of amending the evidence in relation to the application of the three-tier method

Presented at the preparatory meeting on May 13, 2020

Original: 2020-05-12

*Gaz Métro-12, Document 2
(7 pages in a bundle)*

- **November 20, 2019:** Procedural decision on Phase 2 of the R-3867-2018 file.
- **December 4, 2019:** Énergir submits comments on the allocation of parts 1 and 2 of Phase 2B and the impact of the Elenchus report on its evidence on file.
- **February 17 and March 2, 2020:** Working sessions with Elenchus.
- **April 3, 2020:** Énergir files a list of points of convergence and divergence between its evidence and the expert's report. In light of the meetings held in February and March 2020, Énergir concludes that it would be necessary to amend its evidence to adjust the method of functionalizing gas supply costs and to add explanations to some points.

Amendments

1. Review the method of functionalizing gas supply costs
2. Add information on targeted topics

Although Énergir deems that it would be necessary to adjust its proposal, the proposed conceptual framework and the proposal to have a comprehensive view of supply tools will not change. The proposed amendment would affect the method of applying this new conceptual framework. The resulting rate structure would remain the same.

- **Details on amendments (points 2a and 2c of A-0257):**

Énergir wants to review its proposal to functionalize supply costs to take into account the three-tier method proposed by Elenchus. This adjustment involves changes in several sections of the evidence.

Énergir also plans to add information on the nature of supply costs (variation in costs based on CU) and the redistribution of supply costs to transportation and load balancing services. The treatment of overpayments and shortfalls at the end of the year would also be included in the additions covered by the forthcoming amendments; separate additional evidence would therefore not be required.

- **Comprehensiveness and scope of the work (point 2b of A-0257):**

The scope of the work lies mainly in updating tables, numerical examples and numerous schedules.

Given the volume of evidence on file and the concern for simplicity, Énergir proposes filing new, comprehensive evidence that would replace the existing evidence and present all the elements in a single document.

- **Planned timeline and impact on the segmentation of the file (points 2d and 2e of A-0257):**

Given the current context, Énergir may be able to file its new evidence by August 31, 2020.¹ The segmentation proposed in paragraph 78 of D-2020-006 will not be affected.

¹ Énergir will file the English translation of the documents within weeks of filing its evidence.

Sections to be changed²

Document	Sections	Description	Items to be changed	Items to be improved	Topic covered
GM-5, Doc. 1 (B-133)	1	Objectives	-	-	Part 1
	2	Cost causation of gas supply	-	Causal link between costs and CU	Part 1
	3	Presentation of all supply costs	-	-	Part 1
	4	Pricing of adjustment costs related to inventories	-	-	Part 2
	5	Functionalization and pricing of the supply service costs	-	Redistribution of supply costs to transportation and load balancing services	Parts 1 and 2
	6	Functionalization and pricing of transportation service costs	Section 6.3 – Proposal Section 6.4 – Maintenance of FTLH capacity	Nature of overpayments/shortfalls and functionalization	Parts 1 and 2
	7	Functionalization and pricing of load balancing service costs	Section 7.2 – Functionalization of load balancing costs	Nature of overpayments/shortfalls and functionalization	Parts 1 and 2
	8	Calculation of transportation and load balancing rates: 2015 rate case	Section 8.2 – Transportation rate Section 8.3 Load balancing rate		Part 2
	9	Administrative deadlines			Part 2
	Schedules 1 to 6		Updated schedules		Parts 1 and 2

² Sections of items GM-5, Documents 2 to 4 could also be modified.

Sections to be changed³

Document	Sections	Description	Items to be changed	Items to be improved	Topic covered
GM-5, Doc. 5 (B-485)	1	Information relative to the 2017 supply plan	-	-	Part 1
	2	Allocation of supply costs	Section 2.1: Review of the initial evidence Section 2.4: Optimizations of the 2017 plan		Part 1
	3	Functionalization of the Champion pipelines	To be removed	-	-
	4	Benchmarking	-	-	Part 1
	5	Cross-subsidization	-	-	Parts 1 and 2
	6	Hourly management of the network	-	-	Parts 1 and 2
	7	Advanced metering infrastructure	-	-	Parts 1 and 2
	8	Parameters used for the load balancing rates	-	-	Part 2
	9	Supply service with transfer of ownership	-	-	Part 2
	Schedules 1 to 6		Updated schedules		

³ Sections of exhibit GM-5, Documents 6 and 7 could also be modified.

Sections to be changed

Document	Sections	Description	Items to be changed	Items to be improved	Topic covered
GM-5, Doc. 8 (B-331)	1	Supply planning	-	-	Part 1
	2	Links between supply planning and Énergir's proposal	-	-	Part 1
	3	Guiding principle adopted for functionalization and cost allocation	To be changed	-	Part 1
	4	Subdividing Phase 2	To be removed	-	-
	5	Additional information to supplement the evidence	To be changed	-	Part 1