

In its decision D-2018-052, the Régie convened a hearing held on June 14 and 15, 2018 to learn the position of participants on the following issues:

- Best option or best portfolio of options for tariffs and conditions of service related to supply, transmission and delivery through which renewable natural gas (RNG) can be made available to Énergir's customers
- Elements or features of the proposed RNG tariff that ensure compliance with the Act
- Cost elements to be taken into account in the RNG supply price and the reciprocity elements between a service provided by a broker and a service provided by Énergir as well as the conditions for customer eligibility to the RNG tariff

It also asked participants to submit a discussion paper on these issues.

In this paper, CFIB presents its thoughts on these issues in light of the decision.

Best option or best portfolio of options for tariffs and conditions of service related to supply, transmission and delivery through which RNG can be made available to Énergir's customers

CFIB feels that the offer of RNG must be considered as a second supply service equivalent to the classic natural gas offer.

We therefore believe that equivalent tariff options should be available for this new market. This includes basic supply, the price of which varies according to the acquisition price of RNG, the fixed tariff offered by the distributor and direct purchases.

That said, supply at a fixed price would be possible in practice only to the extent that Énergir succeeds in contracting fixed-price supplies under the same terms governing existing fixed-price supply agreements for classic natural gas or any other approach that would make it possible to fix the cost of supply. CFIB would not be in favour of an approach that would offer fixed prices based on supplies that varied in cost since this would expose customers to a market risk.

CFIB reiterates that it favours the option of customers being able to choose and change their transmission service supplier provided this does not negatively affect the remaining customers. Since the plan is to functionalize the price of RNG at Dawn, CFIB sees no difference with the current situation.

Lastly, CFIB believes that customers should be able to obtain RNG and classic natural gas supplies according to any combination of direct and system gas purchases.

Elements or features of the proposed RNG tariff that ensure compliance with the Act

In paragraph 38 of its decision, the Régie states: *[translation]*

[38] As mentioned in the previous section, the Régie believes that it should process the Application based on the regulatory framework as it currently exists. However, the Application is based instead on expected regulatory foundations. In the Régie's opinion, this discrepancy in regulatory foundations could call into question the very structure of the Application.

CFIB concurs with this analysis. The starting point of Énergir's proposal is the obligation to purchase RNG. Énergir identifies a number of potential sources of demand in its evidence, but it does not present a formal evaluation of demand.

Under the existing regulatory framework, CFIB feels that the starting point of the analysis should instead be customers' needs. Supply should then be determined based on this demand. Obviously, this is the case for classic natural gas, and should also be for RNG. Consequently, the terms of purchase from RNG producers should be based foremost on the willingness of customers to pay for it. These conditions could be adjusted to prevent paying an excessive price for RNG should the willingness to pay exceeds producers' reserve price.

In CFIB's opinion, proceeding in the manner proposed by Énergir is more likely to generate unused RNG surpluses and to distance tariffs from a fair level, as required under section 31.

Furthermore, section 52 of the Act stipulates that "in any tariff for the supply of natural gas, the rates and other conditions applicable to a consumer or class of consumers must reflect the actual cost of acquisition to the distributor or any other terms granted to the distributor by producers of natural gas or their representatives in consideration of the consumption of that consumer or class of consumers."

Although it covers the administrative issues confronting Énergir, CFIB questions the compatibility of Énergir's proposal for the RNG inventories with this section.

CFIB also doubts that the proposal regarding the expiry of RNG after two years, should this situation arise, would comply with section 52 since, if RNG purchasing costs were functionalized outside the supply, tariffs would not necessarily more fully reflect the actual cost.

Cost elements to be taken into account in the RNG supply price and the reciprocity elements between a service provided by a broker and a service provided by Énergir as well as the conditions for customer eligibility to the RNG tariff

In principle, CFIB feels that setting of the RNG supply tariff should be similar to that of the regular tariff, meaning that the RNG supply price should reflect the actual acquisition price, as required under section 52. Obviously, this price would have to take into account functionalization of the transmission service.

As stated earlier, CFIB favours the availability of a maximum of tariff options in terms of the combination of services offered by Énergir and those by third parties. Consequently, there should be perfect reciprocity between Énergir's supply and transmission services, and those offered by brokers.

As regards eligibility, CFIB feels that, likewise, all customers should be able to obtain RNG subject to the availability of supply. Énergir, on the other hand, proposes limiting eligibility to customers contracting at least 5% of their volume of RNG supply. A priori, CFIB fails to see the necessity of this constraint.