

NOVA SCOTIA UTILITY AND REVIEW BOARD

IN THE MATTER OF THE GAS DISTRIBUTION ACT

- and -

IN THE MATTER OF AN APPLICATION by HERITAGE GAS LIMITED for Approval of a Capacity Assignment Framework for Self-Supply Customers pursuant to the *Gas Distribution Act*

BEFORE:  Peter W. Gurnham, Q.C., Chair

DECISION and ORDER

WHEREAS Heritage Gas Limited filed an application with the Nova Scotia Utility and Review Board, on June 28, 2019, for approval of a capacity assignment framework for self-supply customers;

AND WHEREAS by Order dated July 16, 2019, the Board set a timeline for this matter to be considered in a paper process;

AND WHEREAS Information Requests were filed and responded to from Board staff and Board Counsel consultant Brian Byers;

AND WHEREAS Brian Byers filed evidence dated September 26, 2019 which was generally supportive of Heritage's application. No other parties filed evidence in this proceeding. Mr. Byers stated:

The Protocol itself is comprehensive and consistent with the Board approved set of principles from Matter No. M08473. I recommend that Heritage Gas regularly review it to see if further changes would improve the flexibility of its timing to allow more frequent opportunities to elect the self-supply option on an annual basis.

The \$1-2 million cost to implement the Protocol could lead to a financial barrier to moving to self-supply depending on how the costs are allocated and how many customers make the switch. I recommend that, where practical, existing resources are relied upon until customer interest in self-supply solidifies.

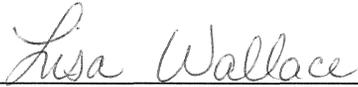
The allocation of these costs needs to be formally addressed to ensure fairness and I recommend reviewing the practices employed in other jurisdictions.

[Exhibit H-5, pp. 7-8]

AND WHEREAS in its reply evidence Heritage Gas agreed to accept Mr. Byers' recommendations.

IT IS ORDERED that the natural gas capacity assignment protocol attached as Appendix "A hereto, is approved and is to be implemented in accordance with the application.

DATED at Halifax, Nova Scotia, this 11th day of October, 2019.



Clerk of the Board

RM

Appendix "A"



Natural Gas Capacity Assignment Protocol

June 28th, 2019

1 **NATURAL GAS TRANSPORTATION ASSIGNMENT PROTOCOL**

2 The following outlines Heritage Gas Limited’s (“Heritage Gas” or the “Company”) mandatory protocol
3 for the assignment of capacity to customers who opt for self-supply.

- 4 1. Self-supply customers or their marketers/agents will have the following notice periods:
- 5 ○ **April 1 (optional)** – Customer/marketer/agent notifies Heritage Gas which customers¹
6 are anticipated to be added/removed to/from its system supply portfolio for the
7 upcoming gas year (e.g. Nov 1).
 - 8 ▪ April 15 – Heritage Gas provides an estimate of the customers expected
9 assignment capacity for each asset.
 - 10 ○ **April 30 (Mandatory)** – Customer/marketer/agent notifies Heritage Gas, in writing,
11 which customers will be added/removed to/from its system supply portfolio for the
12 upcoming gas year.
 - 13 ▪ May 31 – Heritage Gas will inform customer/marketer/agent, in writing, of its
14 respective final assignment capacity for each asset.
 - 15 ○ **November 1** – Temporary capacity assignment term begins.
- 16
- 17 2. Heritage Gas will temporarily assign a portion of each asset to all self-supply customers for a
18 1-year term² to be re-evaluated annually and adjusted if demand factors change to influence
19 the assignment by more than +/-5% from the current capacity assignment.
- 20
- 21 3. The self-supply customer or its marketer/agent will be responsible for paying full applicable
22 tolls and associated fees on the assigned capacity directly to the asset provider.
- 23 ○ Additionally, the self-supply customer or its marketer/agent will receive an annual bill
24 for the customer’s proportionate share of costs imposed on Heritage Gas by the asset
25 provider to support the long-term capacity commitment.
- 26
- 27 4. Customers will receive their proportionate share of each asset, in lieu of receiving a larger
28 portion of a single asset, e.g. the “Slice-of-System” approach.
- 29
- 30 5. Assignment capacity volume will be determined using Heritage Gas’ calculation of the
31 customer’s proportionate share of the forecasted system coincident peak under design day
32 conditions (e.g. if a customer represents 1% of the system coincident peak, they will receive 1%
33 of each asset).
- 34
- 35 6. The assigned volume will be associated with the customer, not the marketer/agent they employ
36 (e.g. if a self-supply customer migrates to a different marketer or back to system supply, the
37 assigned capacity migrates with them).

¹ Heritage Gas will require written consent from customers for the release of their confidential information.

² Marketers will be required to aggregate a minimum volume of Rate Class 1 customers prior to Heritage Gas assigning capacity.

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7. In the event a self-supply customer who has procured additional assets wishes to return to system supply it will be at the Company's sole discretion as to whether the Company would incorporate these additional assets into the Company's system supply portfolio.
8. In the event a self-supply customer who was a self-supply customer prior to Heritage Gas entering into any long-term transportation commitments wishes to return to system supply, it will be at the Company's sole discretion to identify if reincorporating them back into system supply will negatively impact current customers. If Heritage Gas deems it harmful, the notice periods above may be extended to allow Heritage Gas the ability to secure additional assets (if available) to serve the returning customer.
9. Implementation of this protocol remains subject to prerequisite conditions related to Company software and system equipment enhancements and customer metering requirements.