



Proposed Gas Cost Consolidation Frequently Asked Questions Updated October 2022

Why is PNG proposing to consolidate gas rates?

Since 1968, PNG has safely and reliably delivered natural gas to our valued customers throughout northern B.C.

PNG's pipeline systems and infrastructure deliver heat to homes and businesses in the communities we serve. We operate effectively and efficiently, working hard to keep our costs low and to keep rates stable and fair.

In response to customer feedback and direction from our regulator, the British Columbia Utilities Commission (BCUC), PNG has evaluated new pricing methods for allocating gas costs to our customers.

As a result of that process, PNG now proposes to consolidate gas costs across our five service areas: PNG West, Granisle, Dawson Creek, Fort St. John and Tumbler Ridge.

Today, customers in each service area pay a different price for gas. Under our proposal, customers will pay the same price. We believe this proposed gas cost consolidation will provide customers with the right balance of pricing simplicity, fairness and efficiency.

How will residential customers be impacted?

Moving to consolidated gas costs will result in modest bill reductions for most residential customers.

In the PNG West, Dawson Creek and Fort St. John service areas, residential customers will see an average bill reduction in the range of 0.8% to 1.2% per year, for a typical annual savings of approximately \$10 to \$20.

Customers in Granisle and Tumbler Ridge—who currently pay the highest rates due to the higher costs of serving energy to these communities—will see larger bill reductions.

- In Tumbler Ridge, residential customers will see an average bill reduction of 3.2%, for a typical annual savings of approximately \$50.
- In Granisle, which has a population of just over 300 people and is served entirely by propane, residential customers will see an average bill reduction of 45.3%, for a typical annual savings of approximately \$650. Bill savings are higher in Granisle because of the price difference between natural gas and propane, with propane being much more expensive.



How will business customers be impacted?

The impacts of consolidating gas costs will vary depending on a customer's location (service territory) and by rate class (i.e., commercial or industrial).

Moving to consolidated gas rates will result in modest bill reductions for most small commercial customers in the PNG West, Dawson Creek and Fort St. John service areas. These small commercial customers will see an average bill reduction in the range of 0.7% to 1.0%, for a typical annual savings of approximately \$45 to \$60.

Small commercial customers in Granisle and Tumbler Ridge—who currently pay the highest rates—will see larger bill reductions.

- In Tumbler Ridge, small commercial customers will see an average bill reduction of 3.8%, for a typical annual savings of approximately \$250.
- In Granisle, small commercial customers will see an average bill reduction of 48.4%, for a typical annual savings of approximately \$2,350. Bill savings are higher in Granisle because of the price difference between natural gas and propane, with propane being much more expensive

Large commercial customers across PNG's service areas will see modest bill changes, ranging from an average 4.2% bill decrease in Tumbler Ridge to a 0.8% bill increase in PNG West, and a 1.1% bill increase in Dawson Creek and Fort St. John.

Small industrial customers across PNG's services areas will see modest bill changes, ranging from an average 0.1% bill increase in Dawson Creek, 0.2% average bill increase in Fort St. John, to a 1.1% average bill increase in PNG West.

What support does PNG provide to help lower my gas bill?

PNG has a robust set of Smart Energy Solutions rebates and incentive offers available to business customers to help use less energy and save money, mitigating bill impacts.

Visit our [Smart Energy Solutions](#) page to learn more about current offers. We recommend checking our website before planning any upgrades, as the Smart Energy Solutions page will be updated as new offers become available.

To what degree will customers in Granisle and Tumbler Ridge be positively impacted?

Tumbler Ridge and Granisle currently experience the highest rates.

Based on rates effective July 1, 2022, the proposed changes would result in the following annual bill differences:

- Tumbler Ridge

- Residential: average an average bill reduction of 3.2%, for typical annual savings of approximately \$50
- Small commercial: average bill reduction of 3.8%, for typical annual savings of approximately \$250
- Large commercial: average bill reduction of 4.2%
- Granisle (propane)
 - Residential: average bill reduction of 45.3%, for a typical annual savings of approximately \$650
 - Small commercial” average bill reduction of 48.4%, for a typical annual savings of approximately \$2,350

There are no large commercial, or industrial, customers in Granisle.

How does PNG currently set commodity gas cost rates?

Natural gas and propane are energy commodities traded on the open market like other commodities, such as wheat, coffee or lumber. As with most commodities, the market price is primarily driven by supply and demand. When demand is high and supply is low, the price typically rises. When demand is low and supply is high, the price typically drops.

PNG buys gas on behalf of our customers. We pass on these direct costs to you without markup. Simply put, **you pay what we pay**.

The gas commodity charge on your bill is made up of three parts:

- the market cost of buying gas;
- the delivery cost of transporting the gas from market to each PNG service area;
- and the cost of storage to ensure the gas is available when you need it.

PNG consolidates these gas costs into a single \$/GJ charge, called the Commodity Charge on your bill. This charge on your bill reflects the actual cost of gas you've consumed during each billing period.

Go to [Understanding Rates](#) for more information on how rates are set.

How are consolidated gas rates different from how gas commodity rates are set today?

Currently, PNG's pricing methodology allocates gas commodity costs based on service territory, as well as by rate class. Consolidating gas costs would provide all customers in the same rate class with the same rate for the same service, regardless of where that customer is located within our system.

Is gas cost consolidation how other utilities set their rates?

Yes. Consolidated gas cost rates (also known as “postage stamp rates”) is a method of cost allocation common to many gas and electricity utilities, including FortisBC and BC Hydro, and is used in jurisdictions across North America.



Will consolidating gas costs impact our delivery charge rates?

No. The proposed gas cost consolidation will not impact the Delivery Charge. The Delivery Charge covers the costs of operating and maintaining PNG's natural gas pipeline system to deliver safe and reliable gas service to your home or business. No changes are being proposed to the Delivery Charge at this time. PNG plans to engage with the public on this topic in 2023.