

## PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

COMMISSION ADVISORY AND  
COMPLIANCE DIVISION  
Energy Branch

RESOLUTION G-2967  
November 6, 1991

R E S O L U T I O N

RESOLUTION G-2967. PACIFIC GAS AND ELECTRIC COMPANY (PG&E) SUBMITS PROPOSED SUPPLEMENTAL TARIFFS AND RULES TO COMPLY WITH DECISION 91-02-041 UNDER ORDER INSTITUTING RULEMAKING (OIR) 86-06-006 AND 90-02-008 FOR THE CORE AGGREGATION PROGRAM.

BY SUPPLEMENTAL ADVICE LETTER 1637-G-C FILED ON JULY 31, 1991

---

SUMMARY

This Resolution addresses core aggregator's access to Canadian supplies over the Pacific Gas Transmission Company (PGT) pipeline. This issue remains from advice letter filings made by PG&E concerning its core aggregation program. It conditionally approves the supplemental Advice Letter 1637-G-C, requiring PG&E to provide service to agent-identified gas customers on Pacific Gas Transwestern (PGT) pipeline.

BACKGROUND

1. On February 21, 1991, the Commission adopted D.91-02-040, which set forth final rules for a pilot program providing transportation-only service to core customers who aggregate their loads.
2. PG&E filed Advice Letter (A.L.) 1637-G on March 15, 1991 and supplemental A.L. 1637-G-A on May 21, 1991.
3. On June 19, 1991, the Commission approved Interim Resolution G-2956, which addressed PG&E's A.L. 1637-G and ordered PG&E to revise its core aggregation filing accordingly. PG&E filed supplemental A.L. 1637-G-B on June 26, 1991.
4. On July 24, 1991, the Commission approved Resolution G-2958, which addressed PG&E's supplemental A.L. 1637-G-A. PG&E filed supplemental A.L. 1637-G-C on July 31, 1991.

November 6, 1991

### NOTICE

Public notice of the above mentioned advice letters was made by utility's mailing copies to other utilities, governmental agencies, to the service list of OIR 90-02-008, and to all interested parties who requested notification.

### PROTESTS

Several parties filed protests with the Commission Advisory and Compliance Division (CACD) to PG&E's supplemental A.L. 1637-G-B and A.L. 1637-G-C.

1. Sunrise Energy Company, SunPacific Energy Management, Inc., GasMark, Inc. and GasMark West, Inc. (Sunrise/GasMark) filed a protest to A.L. 1637-G-B on July 16, 1991. PG&E responded on July 25, 1991.
2. Access Energy Corporation (Access) filed a protest to A.L. 1637-G-B on July 17, 1991, and a protest to A.L. 1637-G-C on August 20, 1991. PG&E responded to the July 17 protest on July 25, 1991, and to the August 20 protest on August 27, 1991.
3. SPURR filed a protest on August 19, 1991 to A.L. 1637-G-C. PG&E responded on August 27, 1991.

CACD's past resolutions have addressed several issues raised by the above protests. This Resolution only addresses the outstanding issue not discussed and resolved under the previous resolutions.

### DISCUSSION

#### Canadian Gas

SPURR protests that PG&E has not made agent-identified gas available from Canada. This issue has been protested previously by Access and Sunrise/GasMark as well.

#### Discussion

Under the recent gas restructuring, PG&E was ordered to file tariffs implementing rules set forth in Appendix A of D.91-02-040 by March 15, 1991. However, PG&E's initial filing was incomplete and did not offer provisions for an agent-identified gas program (buy-sell arrangement) for core aggregators.

PG&E, along with Alberta Petroleum Marketing Commission (APMC), and the Independent Petroleum Association of Canada (IPAC), filed applications for rehearing of D.91-02-040 regarding core access to Canadian gas. The applicants claimed that the program envisioned by the Commission could not be effectively implemented to provide core customers with reliable gas supplies. PG&E claimed that it has no transportation rights on

November 6, 1991

PGT, and consequently could not offer transportation access to core aggregators as ordered in D.91-02-040. The Commission found no grounds for rehearing and denied their request on May 22, 1991.

PG&E filed supplemental A.L. 1637-G-B on May 21, 1991, which for the first time offered core aggregators agent-identified gas arrangements under Schedule AIG. This access, however, was offered only through Topock, Arizona and not through Malin, Oregon. The lack of service through Malin raised several protests. Access filed a protest stating that it has access to non-A&S (Alberta and Southern Company) gas which is ready to be removed/exported from Canada, but could not do so because there were no provisions in PG&E's proposed tariffs allowing core aggregators capacity for their Canadian gas supplies. SPURR protested that it has been offered Canadian gas from Alberta and British Columbia at a lower price than PG&E's gas price. Sunrise/GasMark argued that the Commission's intent was to provide pro rata access to interstate capacity for core customers over both the PGT and the El Paso pipelines and, therefore, PG&E's filings were inconsistent with the Commission's intent.

PG&E responds that it has only firm sales rights and no transportation rights on PGT to offer. PG&E states that until Federal Energy Regulatory Agency (FERC) approves capacity brokering over PGT, it cannot make capacity available to core transportation customers. In addition, PG&E notes that current Alberta energy policy does not allow short term export permits and removal of gas, if the downstream arrangements have been changed from those that were originally formed under the permit. PG&E concludes that establishment of an "access agreement" for core customers similar to the one accepted for noncore customers may be the only vehicle to ship gas out of Canada on a firm basis. Until such an agreement is established, there is uncertainty in the flow of any firm gas supplies from a third-party supplier in Canada. PG&E offered its cooperation with all interested parties to develop an access agreement for core customers, similar to the one accepted in D.90-09-089.

Interim Resolution G-2956 of June 19, 1991, deferred the discussion of access to Canadian gas to a future resolution. On July 24, 1991, all related protests and PG&E's responses were addressed under in Resolution G-2958. The Commission concluded that core access to Canadian gas was ordered under D.91-02-040, and did not expand the discussion further.

PG&E filed supplemental A.L. 1637-G-C on August 1, 1991, still offering agent-identified gas through Topock and not through Malin. Again, this lack of service resulted in a protest by SPURR.

November 6, 1991

CACD has reviewed protests and responses filed by all parties and finds PG&E's filing does not comply with the adopted Rule 9 of D.91-02-040, which states that:

"Participating customers shall receive access to transportation services equivalent to the access provided to core procurement customers and in proportion to their share of total core demand. Capacity available to core transport customers shall not be included in amounts available to noncore customers pursuant to D.90-09-089."

PG&E has proposed to establish an access agreement for core customers similar to the one that was accepted for noncore customers. Under the access agreement for noncore customers, purchases from Canada are limited to A&S pool producers. Similarly, core customers would be limited to A&S producers if an access agreement were established.

CACD believes that this limited option is inconsistent with Commission's intent in D.91-02-040. PG&E should offer core customers access to gas supplies of their choice, not restricted to the A&S pool on the PGT pipeline. Also, D.91-02-040 at page 7 states:

"We will not require core aggregators to purchase gas according to agreements between the utilities and their gas suppliers, including the agreement regarding supplies under contract to A&S."

PG&E's proposed tariffs limit core aggregation customers to Southwest supplies, and consequently make all Canadian gas unavailable to core transporters. Core aggregation customers are denied access to all gas supply options available to PG&E's core customers. CACD believes PG&E's actions are exclusionary and noncompliant with D.91-02-040.

CACD believes another option is available to PG&E for compliance. CACD recommends the following:

- PG&E could immediately convert some of its firm sales rights on PGT to firm transportation rights up to the amount needed to transport core aggregation volumes.

As of July, 1991 PG&E may convert up to 50% of its firm sales rights on PGT to firm transportation rights according to the open access provisions of 18 CFR 284.10. Conversion could provide unrestricted access to core aggregators, as described under D.91-02-040, because it would allow PG&E to purchase gas from any producer, not just the A&S producer pool. PG&E could then use its firm transportation rights to take title to the gas and transport the gas that is purchased on behalf of the customers. Contrary to PG&E's claim, this mechanism is not capacity brokering, because no capacity is being assigned to any

November 6, 1991

customers. PG&E would only use its own transportation rights on behalf of the core aggregators to move gas on PGT.

CACD believes that this option would fully satisfy the Commission's orders in D.91-02-040 and recommends that the Commission require PG&E to adopt this action.

#### FINDINGS

1. PG&E has not offered core customers agent-identified gas through Malin.
2. PG&E's agent-identified gas program, Schedule G-AIG, is not in compliance with Rule 9 of D.91-02-040.
3. PG&E may convert up to 50% of its firm sales rights on PGT to firm transportation rights on PGT.

#### CONCLUSIONS

1. Under the agent-identified gas program, PG&E is required by D.91-02-040 to offer core transportation customers service through Malin, not restricted to the A&S producer's pool.
2. PG&E should convert some of its firm sales rights to firm transportation rights on PGT to provide core aggregators access to Canadian supplies.

#### THEREFORE, IT IS ORDERED that:

1. Pacific Gas and Electric Company shall convert some of its firm sales rights to firm transportation rights on Pacific Gas and Transmission Company's pipeline up to the amount needed to transport core aggregation volumes in order to provide core aggregators access to Canadian supplies.
2. Pacific Gas and Electric Company shall offer core aggregation customers delivery of agent-identified gas from Canada through Malin, Oregon for delivery in California.
3. Pacific Gas and Electric Company shall purchase gas arranged for by core aggregation customers and their agents and transport it for delivery in California.
4. Pacific Gas and Electric Company shall offer this service on a nondiscriminatory basis and shall not restrict this service to the purchase of gas from producers with contracts with Alberta and Southern Gas Co., Ltd.

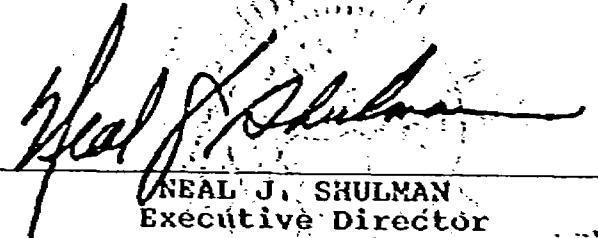
November 6, 1991

5. Pacific Gas and Electric Company shall file a revised advice letter and tariff sheets in compliance with the provisions of General Order 96-A, consistent with each of the findings and conclusions listed above.

6. Pacific Gas and Electric Company shall file a revised advice letter and tariff sheets to replace Schedule AIG within five business days from the effective date of this resolution and to all other parties of the record as soon as possible, but no later than November 15, 1991.

7. This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on November 6, 1991. The following Commissioners approved it:

  
NEAL J. SHULMAN  
Executive Director

PATRICIA M. ECKERT  
President  
JOHN B. OHANIAN  
DANIEL Wm. FESSLER  
NORMAN D. SHUMWAY  
Commissioners