

REFERENCE:

Application p.7

PREAMBLE TO IR (IF ANY):

Centra will “...add value to customers...” by “Ensuring that retailer competition remains on a level playing field.”

QUESTION:

- a) Did Centra consider “slice of system” as a way to enhance fair competition between WTS marketers? If not, please explain the reasons why this alternative was not considered.
- b) How many marketers are currently serving Centra’s small volume distribution customers? How many marketers were serving Centra’s small volume distribution system customers in 2006?
- c) In order to enhance competition in Manitoba for natural gas supply and add value to customers, will Centra phase out its one, three and five year fixed price–fixed term contracts to customers by November 1, 2022 and allow WTS marketers to serve this fixed price–fixed term need and provide creative solutions for customers? If not, please explain the reasons.
- d) What component of the Centra utility bill reflects the costs of the marketing and the maintenance of Centra’s fixed price–fixed term contracts?
- e) Do Centra’s fixed price-fixed term contracts include a reasonable return margin for Centra, to allow for a “level playing field” between Centra and marketers?

RESPONSE:

- a) Centra’s Rate Re-bundling Application maintains fair competition between WTS marketers. Fundamental changes to WTS were not required as part of Centra’s rate re-bundling proposal. The main change to WTS proposed in Centra’s Application is the shift in WTS delivery point from Empress to AECO, made possible by Centra’s NGTL expansion

capacity. The greater liquidity at AECO could potentially enhance competition between WTS marketers. Feedback from WTS marketers on this proposed change was positive.

- b) There is currently 1 marketer serving small volume customers. In 2006, there were 9 marketers serving small volume customers.
- c) One of Centra's roles in the Manitoba natural gas marketplace is to facilitate retail competition, including the provision of benchmark fixed rate commodity service offerings to increase customer choice and transparency. If Centra ceased its participation in the fixed-rate market in Manitoba, customer choice would diminish, resulting in less value for customers. Centra has no market share target in providing fixed rate commodity service, rather it seeks to enhance the competitive landscape in Manitoba by providing more options for customers.

Response to parts d) and e):

Centra's FRPGS program has been vetted and approved by the PUB. The FRPGS program cost rate, currently approved at \$0.0243/m³ as per Order 161/19, is embedded in FRPGS billed rates to consider the non-gas cost aspects of fixed-rate contracts.

REFERENCE:

Application p.10

PREAMBLE TO IR (IF ANY):

“Centra held a stakeholder engagement on January 19, 2019. The engagement consisted of a presentation by Centra on the topic of re-bundling rates, followed by an exchange of thoughts and ideas amongst the participants.”

QUESTION:

- a) Please explain why this application was submitted on March 23, 2021, which is about 26 months after the stakeholder engagement session was held.
- b) What allowed Centra to submit the application on March 23, 2021 that prevented it from submitting the application in 2020?

RESPONSE:

Response to parts a) and b)

Following the January 2019 stakeholder engagement, Centra held one-on-one consultations with WTS marketers in February-March 2019. Based on the feedback from the stakeholder engagement and WTS marketer consultations, Centra informed the PUB in April 2019 that its next step in the process would be to conduct market research using a third-party firm to gauge consumer preferences with respect to unbundled and re-bundled rates. However, this step was put on hold for the balance of calendar 2019 to allow Centra’s resources to direct their time to other competing priorities such as Centra’s 2019 General Rate Application (“GRA”). Following completion of the GRA, Centra consulted with the CAC in January 2020 with respect to its plan to conduct focus group studies by using an external market research firm. In February and March 2020, Prairie Research Associates conducted the focus group studies.

In late March 2020, business continuity practices related to the COVID-19 pandemic required many Centra staff to commence performing their duties from home and for several months, the corporation re-prioritized and re-directed its efforts towards ensuring essential services. Once operations were stabilized under the COVID-19 circumstances, Centra commenced communication with WTS marketers in the summer of 2020 to determine potential timelines for implementation and notice requirements.

During the fall of 2020 and early 2021, Centra spent time synthesizing customer and WTS marketer feedback into an adapted proposal and commenced discussions with the Public Utilities Board as to potential filing dates and process for an application with consideration of ongoing COVID-19 protocols.

In summary, the time following the January 2019 stakeholder engagement process was required to allow Centra to:

- Conduct focus group research;
- Manage competing priorities and the changes in the work requirements caused by the COVID-19 pandemic;
- Gather and interpret stakeholder feedback and further consult with WTS marketers; and
- Synthesize information into a thoughtful and cohesive Application.

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QUESTION:

- c) Please detail how the natural gas market in Manitoba has changed between January 19, 2019 and March 23, 2021.

RESPONSE:

No fundamental changes have transpired in the natural gas market in Manitoba in the referenced timeframe.