



CANADIAN ASSOCIATION
OF PETROLEUM PRODUCERS

Canada's Oil and Natural Gas Producers

July 16, 2014

BCUC Review Task Force
Peter Ostergaard, chair
Michael Costello and
R. Brian Wallace

via email: bcucreview@gov.bc.ca

Dear Task Force Members:

In reviewing the first round submissions to the BCUC Review Task Force it is clear that there are many perspectives and utility ratepayers of different classes frequently hold quite divergent views. However, there are many areas of agreement; there appears to be a strong consensus calling for a competent, adequately resourced, and independent, regulator that operates independently from government.

Please find outlined below, the Canadian Association of Petroleum Producers' (CAPP) second round comments:

Role of Government

In its first round submission, CAPP made the point that Government's role is to establish a framework of legislation and regulation within which the BCUC can then operate independently without political intervention. Similarly, there was no single point in the first round submissions that was made more consistently by ratepayers of all classes. We encourage the Task Force to recommend, and Government to make, this fundamental undertaking.

BCUC Independence

British Columbians and the British Columbia economy require a strong, competent, adequately resourced regulator; one who can confidently, within a framework established by government, make independent decisions. Quasi-judicial bodies like the BCUC may expect to be challenged in the courts from time to time but while acting within the mandate granted by government, act in accordance of broad government policy and in the public interest generally immune from government interference. The requirement for an independent BCUC was a theme picked up on by many other respondents, CAPP supports this consensus view.

Another theme that arose frequently in the round one submissions was the need for the commission to be adequately resourced. Respondents spoke to the number of full time commissioners, the staff

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levels, the need for an executive director and a compensation structure that could attract and retain qualified staff. CAPP does not have sufficient direct experience to comment on specifics but we accept that this critical piece of BC's economy requires qualified staff, in appropriate numbers, and competitively compensated.

Procedural Matters

CAPP agrees with most others that the both written and oral hearings can be appropriate depending on circumstances. We have been satisfied that the Commission has in the past done a good job of selecting the right tool given the circumstance, and are comfortable seeing this discretion remain with them.

The Negotiated Settlement Process (NSP) and the Streamlined Review Process (SRP) were broadly supported by round one respondents. CAPP reiterates its support for those processes. Though we did not previously raise the idea of a Pre-Hearing Issues list, several others did and we believe the concept could improve focus, reduce IR scatter and generally improve hearings.

Interveners

Views on intervener standing and funding were solicited in round one and many respondents weighed in. CAPP is satisfied with the status quo on both issues.

With respect to "standing" we believe that "granted thoughtfully" is a more appropriate admission standard than "wide open"; the latter having some potential for procedural gaming that could work against a procedural streamlining objective for no benefit to the public interest.

With respect to funding, PACA represents a reasonable benchmark. Some have pointed out that the quantum is uncertain, inadequate and paid ex-post. CAPP understands that the scheme may be commercially difficult for some interveners but the discretion (which creates the risk) afforded the Commission and the ex-poste nature of the scheme create the necessary incentive to ensure that intervention is focused and relevant.

Commitment to timelines and Performance Metrics

Uncertainty is unhelpful for industry, investors, government or the public. CAPP supports the BCUC having adequate time and resources to conduct procedurally fair and thorough hearings. Once properly resourced we believe it is appropriate to have firm indication that, barring extraordinary circumstances, decisions will be rendered within some stipulated timeframe. Besides reducing uncertainty for proponents, this could be a useful performance metric for the Commission.

Proposals that decisions be rendered 90 days from the close of a hearing or one year from the filing date of an application seem like a satisfactory benchmark, but we would defer to the Commission to make its own undertakings.

Scope of Responsibility

Several respondents suggested that the BCUC mandate be expanded in various directions. CAPP takes no position on the wisdom of bringing BC Ferries under the BCUC regulation but there were two suggestions that the Commission's scope be expanded to include environmental assessment. CAPP does not support this view. Environmental matters are an important part of obtaining a social license but they are beyond the mandate of the BCUC and are properly considered in other venues through established processes.

Once again, CAPP thanks the Task Force for the opportunity to provide comments in response to the first round of submissions on the BCUC review. Should there be any questions regarding the aforementioned comments, please contact the undersigned.

Sincerely,

A handwritten signature in black ink, appearing to read 'Geoff Morrison', with a long horizontal flourish extending to the right.

Geoff Morrison
Manager, BC Operations

Cc: Chris Trumpy, A/Director, Generation and Regulatory, BC Ministry of Energy and Mines