



Public Comment Period on revised CER Filing Manual Supply and Markets (Guide A sections A.3.1, A.3.3) filing requirements

Regulatory Context

Edits to the Filing Manual were published on the CER website on 6 August 2020. These resulted from Royal Assent of the CER Act (2019) and related updates, including the CER's Early Engagement Guide. A series of technical updates to the Filing Manual are now underway in a process anticipated to occur over the next two years.

Public Comment Opportunity

The purpose of this note is to announce a 60-day public comment period from 1 December 2021 to 31 January 2022 on the proposed technical revisions affecting Filing Manual Supply and Markets (Guide A sections A.3.1, A.3.3) filing requirements. A feedback page has been created on the CER website, providing links to the draft revised sections, and a version tracking the proposed changes: <https://www.cer-rec.gc.ca/en/applications-hearings/submit-applications-documents/filing-manuals/filing-manual/filing-manual-updates/index.html>.

Proposed updates

Section A.3.1 (Supply) requires updating because energy markets have changed significantly since the last revisions, including the following:

- knowledge of the hydrocarbon resource base underpinning most projects has significantly changed, with more widely available information on the size of resources, now known to be large;
- new sources of oil and gas supply have emerged across Canada and the U.S., and competition between these new sources of supply is fierce; thus, assessing resource competitiveness is increasingly important;
- how supply competes with other supply determines whether a pipeline will remain used and useful. Information requests are often submitted to applicants about supply costs of production because that information isn't always provided in applications;
- some pipeline systems are large and complex, and many projects are being proposed and developed at the same time; and
- production can grow faster than pipelines can accommodate and proposed projects often depend on other proposed projects. There is an increased need to capture dependency of projects on one another.

Section A.3.3 (Markets) requires updating because:

- more information about a project's related upstream and downstream infrastructure is often needed, particularly if regulatory delays or denials affect the feasibility of the main proposal;
- competition between projects has intensified; and
- the section contains some unnecessary material.

The following proposed updates will improve clarity around the filing requirements and guidance related to supply and markets:

- generally only require resource estimates for projects extending into new areas (system extensions into new supply areas will continue to require detailed resource assessments);
- ask companies to describe each current and potential supply source that the applied-for facilities are relying upon;
- if estimates of resource potential are provided, ask for information on the methods used to derive these estimates;
- ask for a discussion of all potential supply sources and their competitiveness in the markets they will supply to demonstrate that the applied-for facilities could be expected to be used at a reasonable level over their economic life and would be in the public interest;
- ask for a forecast of the productive capacity for each product over the economic life of the facilities;
- if a project relies on or joins with other proposed or recently approved projects, ask the applicant to confirm there would be sufficient upstream and downstream pipeline capacity for this project if the other project(s) were not to proceed, e.g., discuss for the proposed facilities and any other facilities: the capacity; current and incremental contracted volumes; current summer/winter capabilities and projected flows; a schematic linking other projects to this project (recently approved, or proposed expansions/extensions) that have common connections, including related pipelines and shared facilities; and
- remove section A.3 wording relating to BC OGC guidance on cross-border metering, as it does not apply to the CER.

The following possible benefits include improved clarity around the filing requirements and guidance which will result in greater efficiency:

- companies don't need to provide costly and resource intensive supply studies in instances where that information is already widely available and well known to the CER;
- updating filing requirements to include more relevant information will reduce information requests and save time and costs for all parties;
- getting the needed information in the original application reduces assessment time and information processing for the staff and Commission; and
- removing material related to the BC OGC may eliminate the potential for this material not keeping up with regulatory change in BC and will eliminate unnecessary material.

The CER welcomes written feedback regarding Supply and Markets filing requirements during the comment period ending 31 January 2022, via the feedback page at: <https://www.cer-rec.gc.ca/en/applications-hearings/submit-applications-documents/filing-manuals/filing-manual/filing-manual-updates/index.html>.

Please contact filingmanual@cer-rec.gc.ca if you would like to request a meeting to discuss your feedback or concerns.