

BOARD STAFF QUESTIONS

NRG QRAM Application

EB-2011-0392

1. In the application, NRG has indicated on the introductory page that based on actual and forecast natural gas prices, the PGCVA balance is projected to be a charge of approximately \$6 per residential customer. This is further mentioned on page 11, line 5, "The PGCVA debit amounts to a charge of approximately \$5.99 for a typical residential customer.." Please clarify whether it is a charge or a credit of \$6.00. The calculations and the evidence on page 14 as well as the customer notice indicate that commodity charges for a typical customer would decrease by approximately \$6.
2. On page 5 of the application, line 21, NRG indicates

"NRG also tracks the October 2010 amount purchased from NRG Corp. in the PGCVA as directed in the Decision. The excess gas cost in October 2010 based on the price paid of \$0.3012 cents/m³ relative to the \$0.241357 cents/m³ on the volume of gas purchased from the NRG Corp. in that month (85,088 m³) is a cost of \$5,091.92 plus the associated year-to-date carrying charges."

Please answer the following questions with respect the amount being tracked:

- a) Is this amount a debit or credit in favour of ratepayers?
- b) The Board issued its Decision on commodity costs purchased from the related company and set a price of \$6.80 per mcf and that Decision was to be implemented as of December 6, 2010 (EB-2010-0018) and there was no retroactivity applied to the commodity costs. Prior to that, NRG was supposed to follow the methodology as directed in the Board's Decision in EB-2005-0544 and reset the purchase price on an annual basis (at the end of September every year). Since the price had to be reset based on the Board's methodology in EB-2005-0544 as of October 1, 2010, the Board in its December 6, 2010 Decision directed NRG to track any overpayments from October 1, 2010 to the date of the Decision (December 6, 2010). The overpayments were as a result of NRG failing to follow the Board order in the 2006 rates Decision (EB-2005-0544) and reflected the failure of NRG to set prices on an annual basis for gas purchased from the related company. Please explain why NRG has used a price of \$0.241357/m³ when this price was implemented by the Board as of December 6, 2010 and did not apply to gas purchased prior to that date. Prior to December 6, 2010,

NRG had to use the methodology in EB-2005-0544 to determine the cost of gas from the affiliate.

- c) Please provide a revised calculation that shows the overpayments from October 1, 2010 to December 5, 2010 based on the difference between the price of \$0.3012 cents/m³ and the price as determined following the Board's methodology as directed in EB-2005-0544.