
NEWS RELEASE

For Immediate Release
2014MNGD0073-001602
October 23, 2014

Ministry of Natural Gas Development
Minister Responsible for Housing

Change supports municipalities and natural gas service

VICTORIA – A proposed change to provincial legislation will support municipalities on Vancouver Island and the Sunshine Coast and improve natural gas service in their communities.

The provincial government introduced an amendment to repeal Section 7(5) of the Vancouver Island Natural Gas Pipeline Act, which currently prevents local governments on Vancouver Island and the Sunshine Coast from collecting franchise fees – typically a 3% charge on customers’ bills collected by the utility company and paid to the municipality.

Under a common rate system, this will no longer be necessary as natural gas rates will drop substantially for these communities, keeping natural gas rates competitive on Vancouver Island and the Sunshine Coast.

Franchise fees are an important revenue source to help municipalities cover the costs of natural gas infrastructure in their communities. Costs that can include permits, inspections, gas relocation costs for municipal projects and wear and tear on municipal infrastructure.

The change comes at the request of local governments that asked the Province to address the fee restriction.

Currently, customers on Vancouver Island and the Sunshine Coast pay approximately 27% more for natural gas delivery than customers in the Lower Mainland or Interior. Adding additional fees would have discouraged natural gas use in communities already paying higher rates.

The decision was enabled in May 2014, when the Province approved a British Columbia Utilities Commission recommendation to amalgamate three FortisBC Energy Utilities and implement a common rate structure that will establish consistent natural gas rates for most FortisBC customers throughout British Columbia.

FortisBC intends to go to a common rate in January 2015. Under the common rate system, natural gas rates in communities served by the Vancouver Island Pipeline will drop by approximately 25% over three years. A change that will more than offset the new fees.

Quotes:

Rich Coleman, Minister of Natural Gas Development –

“Allowing franchise fees will create a more equitable relationship between the municipality and the utility and create lasting benefits for residents on Vancouver Island and the Sunshine Coast, with natural gas customers in these communities seeing the greatest benefit from the move to common rates.”

Joe Stanhope, Regional District of Nanaimo chairperson and past president of the Association of Vancouver Island and Coastal Communities –

“I would like to thank the Province for being so responsive to our concerns. We are delighted to see the introduction of these legislative amendments that will benefit the AVICC economy and promote greener energy alternatives.”

Learn More:

For more information about common rates visit: www.fortisbc.com/commonrates

Visit the BC Utilities Commission website at: <http://www.bcuc.com>

Media Contact:

Sandra Steilo
Ministry of Natural Gas Development
250 952-0617

Connect with the Province of B.C. at: www.gov.bc.ca/connect