

Meetings to discuss the provincial carbon levy related to natural gas for heating

Meeting date February 28, 2017 **Facilitator** AUC staff

Location AUC Calgary office:
Fourth floor
425 First Street S.W.

AUC Edmonton office:
Tenth floor
10055 - 106 Street

Teleconference
Phone: 1-866-792-1318
Conference code: 8665992

1 Introductions

Name	Company
Christine Armitage	Alberta Department of Energy
Azad Arora	Alberta Treasury Board and Finance
Jeri Yerichuk	Alberta Treasury Board and Finance
Angelina Leung	Alberta Treasury Board and Finance – Tax and Revenue Administration
Ulrich Drachenberg	Alberta Treasury Board and Finance – Tax and Revenue Administration
Anne Glass	Alberta Utility Billing Inc.
Andrew Baboneau	AltaGas Utilities Inc.
Edwin Loo	AltaGas Utilities Inc.
Heather Hart	AltaGas Utilities Inc.
Veronica Mulvena	AltaGas Utilities Ltd.
Jessica Laird	ATCO Energy
Alise Chmait	ATCO Gas
Carol Benoit	ATCO Gas
Andrea Laroiya	AUC
Geoff Scotton	AUC
Raymond Lee	AUC
Rose Ferrer	AUC
Cindy Carnelli	City of Medicine Hat
Dwayne Singer	Cognera Corp.
Lori Harnack	Cognera Corp.
Akelina DeMelo	Direct Energy
Jessica Halland	Direct Energy
Karen Cooke	Direct Energy

Name	Company
Nicole Black	Direct Energy
Paul Seely	Direct Energy
Mark McGillivray	ENMAX Corporation
Ray Poon	ENMAX Commercial Services
Helen McKinlay	ENMAX Customer Care
Lise Cox	EPCOR Energy Alberta Inc.
Naomi Broni	EPCOR Energy Alberta Inc.
Dana MacPherson	Just Energy
Luis Lopez	UCA
Joanne Mulders	Utility Network & Partners Inc.
Christina Binmore	Xoom Energy

2 Background

- A meeting was held on February 28, 2017, to discuss with stakeholders how the processes for the provincial carbon levy related to natural gas for heating were working post implementation.
- Tax and Revenue Administration (TRA) staff was also in attendance to provide an update on a number of outstanding action items, and to answer any stakeholder questions related to the carbon levy implementation.

3 Carbon levy post-implementation update – distributors and retailers

- AUC staff asked retailers and distributors to comment on how their systems and processes were working since implementing the carbon levy on January 1, 2017, along with any implementation issues.
 - Both retailers and distributors expressed that their systems and processes for handling the carbon levy had been working well.
 - Although the majority of customer bills which had been sent out had only contained a partial month of carbon levy charges, retailers indicated that they had already seen a noticeable increase in phone calls to their call center on billing inquiries as a result of the carbon levy.
 - Retailers continued to see an increase in call volumes and customer questions related to the carbon levy. One retailer also indicated that it had seen an increase in the number of partial payments being received from its customers.
 - In order to help distinguish between a Lloydminster and Saskatchewan site, ATCO Gas staff advised that as of March 11, 2017, Sequence 32 – Unformatted Address – within the Site ID Catalogue of Rule 028, would be populated with the province (either Alberta or Saskatchewan) that the site is located in.
 - Retailers and distributors also advised that they had received a lot of questions regarding the GST that is being charged on top of the carbon levy. The group agreed that questions of this nature should be forwarded on to the federal government.
 - One retailer noted that there had been some instances where it was required to obtain carbon levy exempt information for first nations status from a band office, and asked the TRA what documentation would be required for these types of scenarios. TRA staff

indicated that retailers should ask for an “original certificate” from the band office, and also advised retailers to refer to the information required by the federal government on the Canada Revenue Agency website for GST exemptions.

4 Update – Alberta Treasury Board and Finance

- TRA staff gave a presentation highlighting the Natural Gas Reimbursement filing process that retailers would have to follow in order to claim bad debt write-offs related to the carbon levy. Retailers asked whether the presentation could be circulated to the group, however, TRA staff noted that because the content was still in draft form, a copy of the presentation would not be circulated.
- Final details regarding the retailer reimbursement process for bad debt will be released by the end of March 2017.
- Highlights from the TRA’s presentation are noted below:
 - TRA staff confirmed that retailers would have to apply for bad debt write-offs using a separate form and submit this form through a secured electronic system called TRACS. This would follow a similar process already being used by distributors to file their natural gas returns with Treasury Board and Finance.
 - Natural gas retailers are required to submit a completed registration form (available on the Treasury Board and Finance website as “Carbon levy Claimant Registration – Natural Gas Retailers – Bad Debt), by mail or fax only, to the TRA for registration processing. Once a retailer’s registration form has been processed, natural gas retailers will then be recorded into the TRA’s internal database. Two confirmation letters will be sent back to the natural gas retailers confirming registration. One letter indicating that the retailer’s registration form has been processed and they can now enroll in the TRACS system, and another letter containing information to be used by retailers to enroll in the TRACS system.
 - TRA staff advised that the government would only provide a refund for the portion of the bad debt that was related to the carbon levy. They also reminded stakeholders that for first nations and federal government, exemption certificates would not be issued.
 - It is anticipated that the first claim for retailers would cover the period from January 1 to March 31, 2017.
 - Currently, the TRACS system does not have the ability to go back and capture previously submitted information; therefore, TRA staff noted that once a claim has been submitted in TRACS, it is important that retailers print the claim confirmation page for record purposes.
- Treasury Board and Finance staff advised that prior to conducting any auditing processes; a compliance or specified procedure review would be offered to interested retailers and distributors to see how parties were maintaining their books and records related to the carbon levy. The purpose of these reviews would help retailers and distributors identify any process or booking keeping deficiencies that needed to be improved ahead of time so that there would be no surprises should a full audit be conducted in the future. Interested retailers and distributors should contact TRA staff directly to arrange a mutually agreed timeline for the review.
- Stakeholders asked Treasury Board and Finance staff to confirm how the following three scenarios would be handled:
 - (1) Customers that should have been billed the carbon levy but have not been billed the carbon levy

- TRA staff confirmed that it would be up to the customer to identify themselves and notify their retailer that they should not be carbon levy exempt. The expectation would be for the customer to reimburse the government the carbon levy charge that should have been paid during the period of time the customer was mistakenly exempt.
- (2) Customers that have been billed the carbon levy but should have been exempt from the carbon levy
 - From a transaction point of view, it was understood by stakeholders that once a customer had provided proof that they were exempt, the retailer would send an updated CLE to the distributor to flag the customer as exempt going forward.
 - In order for a customer to receive a rebate for the period of time they had been charged for the carbon levy but should have been exempt, TRA staff confirmed that it would be up to the customer to present proof of exemption status to the government and receive reimbursement directly from the government.
- (3) Incorrect information received by a retailer from a customer regarding carbon levy exemptions
 - Stakeholders inquired about cases where a retailer may have unknowingly received false proof of exemption status from a customer, but still flagged that customer as exempt. For such cases, stakeholders asked TRA who would be responsible for reimbursing the government should it be discovered that false information was provided. It would be difficult to generalize that using one procedure could deal with various types of scenario; therefore, TRA staff advised that it would assess each case based on the evidence received.

5 Exemption certificates

- TRA staff advised that a number of updates had been made to the FAQ regarding carbon levy exemptions located on the Treasury Board and Finance website. TRA staff highlighted the updates to the group.
- TRA staff reiterated that customers should remain as non-exempt from the carbon levy until the necessary exempt information has been received by a retailer confirming a customer's exemption status.
- If there are additional topics that stakeholders feel should be included in the Carbon Levy FAQ, AUC staff requested stakeholders to forward suggestions to regulatorpolicy@auc.ab.ca, and AUC staff would pass on information to the TRA for consideration.

6 Unique exemption scenarios

- As noted by stakeholders, there are a number of unique scenarios which do not fall within one of the valid exempt reason codes listed under Rule 004, Table 4-20. Provincial carbon levy (CLE) transaction content, Element Sequence 8 – Exempt Reason Code.
- The group discussed whether a new reason code should be added to Element Sequence 8 to encompass unique exemption scenarios. However, stakeholders agreed that their preference was to not build a new code into Rule 004. Instead, it was agreed that for a unique exemption scenario, distributors and retailers would track internally the true reason for an exemption when an existing exempt reason code has not been accurately reflected in the CLE.

7 AUC Rule 004, Table 3-1. Tariff Billing Events, Table Ref ID 21 – Provincial carbon levy price change – AltaGas Utilities

- AltaGas Utilities raised Discussion 07 in the Rule 004 discussion community regarding Rule 004, Table 3-1. Tariff Billing Events, Table Ref ID 21 – Provincial carbon levy price change. As noted by AltaGas staff, upon reviewing Table Ref ID 21, they noticed that the carbon levy unit price was being treated differently than other energy based tariff price changes (e.g., Table Ref ID 13 - Distribution or transmission tariff price change (energy based charges)). Based on AltaGas staff' interpretation of Table 3-1, distributors are required to create a TH, DU and CH split for the unit price change, whereas in Table Ref ID 13, distributors are just required to create a DU and CH split. Based on this, AltaGas staff proposed that Table Ref ID 21 be changed to align with Table Ref 13, and asked retailers whether there would be any impact if Table Ref ID 21 was changed as follows:

Table Ref ID	Tariff Billing Event	Description	Tariff Bill File Event	Tariff Bill Period Event	Usage Period Event	Charge Period Event
21	Provincial carbon levy price change	The provincial carbon levy price change has occurred affecting energy based charges, having a component basis code of "E" as a result of the following: <ul style="list-style-type: none"> Change in provincial carbon levy price per GJ 	E N	M O	M	M

- Retailers agreed to email regulatorypolicy@auc.ab.ca by March 7, 2017, indicating the impact of aligning Table Reference ID 21 with Table Reference ID 13 in Table 3-1 Tariff Billing Events in Rule 004.

ACTION: Retailers to email regulatorypolicy@auc.ab.ca by March 7, 2017, indicating the impact of aligning Table Reference ID 21 with Table Reference ID 13 in Table 3-1 Tariff Billing Events in Rule 004.

8 Other issues

- Industry cost of implementing the carbon levy:
 - AUC staff requested that an estimate of how much it cost stakeholders to implement the carbon levy be sent to regulatorypolicy@auc.ab.ca by March 7, 2017. AUC staff expressed that these estimates would be provided to the DOE and TRA for information purposes only, and confirmed that this information would be kept confidential and would be submitted in a manner to ensure anonymity.

ACTION: Stakeholders to provide regulatorypolicy@auc.ab.ca an estimate of how much it cost to implement the carbon levy.

9 Next steps

- Stakeholders agreed that another carbon levy follow-up meeting was not needed. Should any issues arise in the future related to the carbon levy, stakeholders were requested to contact regulatorypolicy@auc.ab.ca.
- AUC staff thanked all stakeholders for their hard work and commitment to work collaboratively to ensure a successful implementation of the carbon levy.