

Stable Distribution Services D_3 and D_4

Distribution service costs

Components of distribution service costs

The components of the cost of the distribution service are those included in Énergir's cost of service. Among others, these are infrastructure costs (such as conduits, connections, meters), as well as the cost of their maintenance, customer services, taxes and income taxes.

Since these fixed costs are significant, economies of scale are possible. Servicing a customer who consumes a small volume of natural gas costs more than servicing a customer who consumes a large volume of natural gas, and that reality is reflected in the tariff structures of the distribution service.

Regulated rates

Every year, the Régie de l'énergie approves the revenues from distribution, as well as their breakdown by service. It also approves the various tariff structures and modifications, if any.

Various tariff structures have been put in place to match different consumption profiles. This fact sheet describes the structure of stable distribution rates D_3 and D_4 . Other fact sheets describing the general service and the interruptible service are also available.



Énergir's stable distribution rates D_3 and D_4

As is the case for all distribution rates, the stable service price reduces as the volume consumed increases. This rate also recognizes the stability of consumption: the more stable the consumption profile, the better the unit price paid by the customer.

Eligibility for the tariff

This tariff is reserved for medium- and high-volume consumption customers who have a relatively regular monthly consumption profile.

For Rate D_3 , the eligibility threshold is a commitment corresponding to a minimum volume of 333 m³/day.

- As well as this commitment, the customer must have an annual consumption of at least 75,000 m³ and a utilization coefficient (UC) of 60%. The UC is calculated by dividing the average daily consumption by the peak daily consumption.

For Rate D_4 , the eligibility threshold is a commitment corresponding to a minimum volume of 10,000 m³/day.

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Price of stable distribution service D_3

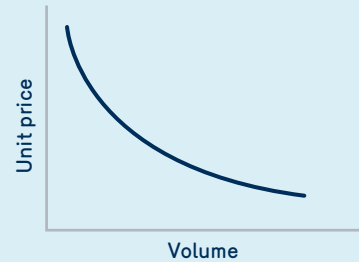
The unit price is the result of the factors described below.

1 Minimum daily obligation (MDO)

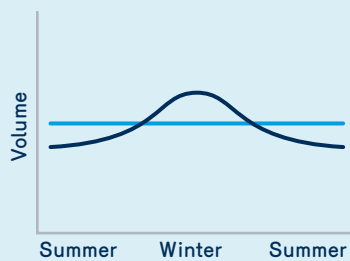
This is the fixed portion of the bill; the amount is established based on the consumption commitment, called the "subscribed volume" (SV). The daily rate is billed based on the number of days in the period, regardless of actual consumption during that period.

This method of calculating the MDO has two effects:

- The rate decreases when the subscribed volume increases, since it takes into account the economies of scale that high-volume consumption makes possible.



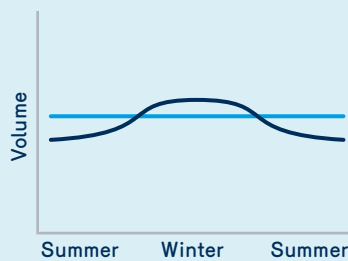
- The average rate becomes advantageous when consumption is very stable. The effect of volume stability on the rate paid can be seen in the following:



Heating profile

Annual consumption = 500,000 m³
Optimal subscribed volume = 2,300 m³/day

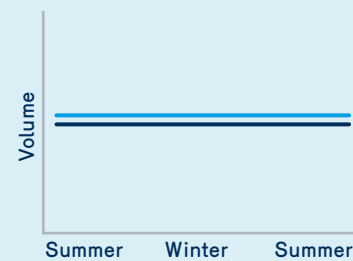
Average unit price = €9.5/m³



Stable profile

Annual consumption = 500,000 m³
Optimal subscribed volume = 2,000 m³/day

Average unit price = €8.5/m³



Perfectly stable profile

Annual consumption = 500,000 m³
Optimal subscribed volume = 1,400 m³/day

Average unit price = €6.0/m³

— Volume withdrawn — Optimal subscribed volume

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2 Unit price by volume withdrawn

The unit price by volume withdrawn is the variable portion of the bill. It is applied to the volume withdrawn during the billing period up to the subscribed volume, multiplied by the number of days in the billing period.

3 Reduction to bill

A reduction in the MDO and the unit price by volume withdrawn is granted for any contract with a term longer than twelve months. This reduction may reach 26% for a 20-year contract.

4 Withdrawals exceeding the subscribed volume

When the volume withdrawn during a month exceeds the subscribed volume multiplied by the number of days in the billing period, the excess volume is then billed according the general service rates.

5 Unauthorized withdrawals

From November to March, Énergir has to meet increased demand for natural gas due to heating needs. During these months, stable service customers who consume far more than their consumption commitment create unplanned pressure on the demand for natural gas.

A substantial penalty is thus applied when the volume consumed in a month exceeds 150% of the subscribed volume. This volume is subject to a rate for unauthorized withdrawals, to which is added the price for the natural gas supply service, based on the price traded at Iroquois at the time of the withdrawal.

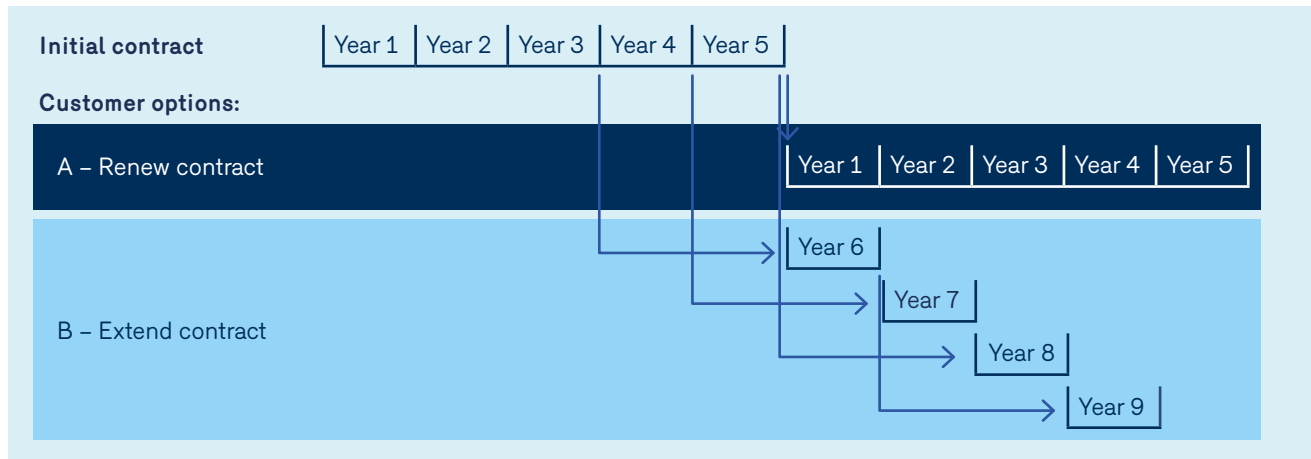
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Revisions to subscribed volume

The subscribed volume is fixed for the term of the contract. However, under certain conditions, revisions are permitted during this period. Similarly, revisions are also possible following implementation of certain energy efficiency programs.

Contract extension

Customers may extend their initial contract by one year while maintaining the reduction granted for the duration of the contract. However, a minimum term, calculated according to the initial term of the contract, must be observed. Customers thus have the choice of renewing or extending their contract, as illustrated below.



Combination of services

A stable service may be combined with an interruptible service (see fact sheet on interruptible service). In the case of a combination of services, the volume is first considered as continuous service up to the subscribed volume, then as interruptible service. This option may minimize the price paid, but it means that a portion of the volume is subject to interruption.

