

Heating bills to soar in Calgary

Average tab could hit \$162 in October

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CALGARY HERALD

Unpack the sweaters, turn down your thermostats and crack open your wallets — Calgaryans will be paying more than ever to heat their homes this winter, despite provincial government rebates worth hundreds of millions of dollars.

In a sign of things to come, Calgary's main natural gas supplier, Direct Energy Regulated Services, said Tuesday consumers can expect to pay a whopping \$12.26 per gigajoule for the fuel starting Saturday, a full month before Alberta's rebate program takes effect.

The average October heating bill will hit \$162.

"It's going to hurt. It's ridiculous," said Sherry MacInnis of the Calgary Seniors' Resources Society, noting there are between

18,000 and 22,000 seniors on low incomes in Calgary who will have difficulty dealing with higher energy costs.

"It's definitely a hardship. Something has to give and sadly, in our experience, it'll be food," MacInnis added.

October's record rate is 23 per cent higher than the already unprecedented price of \$10 per GJ consumers faced in September. If the rate were applied to a typical January consumption rate, bills would rise

above \$400. **ALSO SEE** "I don't think it's trite to say we feel their pain," said Gary Newcombe, D1 Direct Energy's vice-

president of government and regulatory affairs, noting the company doesn't make money from the sale of gas itself, but rather its delivery, and runs into friction whenever prices rise.

"We're always concerned any time that prices rise and the impact that may have on our customer base."

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No help in October from the Alberta government

The October rate includes a major portion of September cost recovery, more than \$1 per GJ, because Direct Energy forecast its gas costs too low in September.

The company offers conservation tips on its website such as reducing your home temperature and ensuring your furnace is maintained properly. Any consumer balances remaining at the year-end, this October, will be rolled into homeowners' new monthly budget rates, Newcombe said.

Newcombe didn't offer much hope that skyrocketing natural gas prices will return any time soon to the \$5.19 per GJ price they sat at last October.

"The fundamentals of supply and demand throughout North America have certainly changed and we're heading into a higher-priced environment," Newcombe said.

Hurricanes Katrina and Rita have severely restricted natural gas supply in the key Gulf Coast area, driving higher North American prices that were already elevated as demand exceeds supply and fears of shortages drive prices higher.

There will be no help from the Alberta government in October. The rebate program applies only between November and March, when 70 per cent of annual consumption takes place, said Donna McColl of Alberta Energy.

Energy Minister Greg Melchin is in Johannesburg, South Africa, for the World Petroleum Congress and could not be reached, however McColl said the government is examining whether to broaden the application of the controversial rebate pro-

What's a gigajoule?

A gigajoule (GJ) is a metric term used for measuring energy use.

Similar to the energy released when burning a million wooden matches, a gigajoule of gas will cook more than 2,500 hamburgers, and a gigajoule of electricity will keep a 60-watt bulb continuously lit for six months.

More specifically, one GJ is equal to:

- 277.8 kWh of electricity;
- 26.9 m³ of natural gas;
- 25.9 litres of heating oil.

SOURCE, NATURAL RESOURCES CANADA

Were the program in effect in October, and it was triggered, it would rebate \$3.25 per gigajoule for a gas rate over \$12 per GJ, and then match, penny for penny, increases above \$12, effectively capping consumer rates during the November to March period at \$8.75 per GJ, but leaving open-ended the hit on government finances.

The program kicks in when gas rises above \$5.50 per GJ and cost \$278 million last year, with \$285 million budgeted for this year.

The price of natural gas for October delivery on the New York Mercantile Exchange closed Tuesday at \$12.66 US per million British thermal units (similar to a gigajoule), with the price for January delivery exceeding \$14 US per mBtu.

In Canada, the spot price at Alberta's AECO C hub, the country's largest export point, finished Tuesday's session at \$10.43 per GJ, up 34 cents, while the price at the