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British Columbia Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC, V6Z 2N3
Attn: Laurel Ross, Acting Commission Secretary
By Web Posting

Dear Madam:

Re: Project No. 3698850; FortisBC Energy Inc. (FEI) Application for Approval of Biomethane Recovery Charge (BERC) Rate Methodology, BCSEA-SCBC Supplemental Argument in response to Exhibit A-10

This is the supplemental argument of the interveners BC Sustainable Energy Association and Sierra Club BC pursuant to Order G-60-16 [Exhibit A-10] the possibility of floor prices and ceiling prices for the proposed BERC rates (short term and long term). BCSEA-SCBC have reviewed FEI's May 9, 2016 supplemental argument.

In BCSEA-SCBC's view, the contingencies of extremely low or extremely high natural gas prices would be most effectively addressed by a requirement that FEI address such contingencies in its reporting to the Commission, with proposals for changes to the BERC prices if warranted by the circumstances that exist at the time. In BCSEA-SCBC's view, incorporating floor prices and ceiling prices into the BERC rates proposed by FEI is likely to be ineffective in coping with the contingency of extremely low or extremely high natural gas prices in the future.

The questions put to FEI seemed to assume that the main impact on RNG revenue due to extremely low or extremely high natural gas prices would be through the effect on the BERC rates. However, these contingencies would also impact RNG revenue through the effect on demand for RNG. It is submitted that it is impossible to know in advance that a BERC floor price would be a necessary or desirable response to an extremely low natural gas price, or that a BERC ceiling price would be a necessary or desirable response to an extremely high natural gas price. It should also be noted that the impact of extreme gas prices on RNG revenue will be quite different for short-term RNG sales than for long-term RNG sales for which the BERC rate is locked in for existing sales. In addition, extreme gas prices, whether low or high, may have a significant impact on energy consumption in general and gas sales in particular, which makes it that much more difficult to predict the impact of extreme gas prices on RNG revenues.

BCSEA-SCBC are concerned that the BERC rate not become overly complicated. The concept of the RNG product being a notional blend is already fairly abstract. The BERC rate being set at a certain dollar amount higher than the price of natural gas, and therefore varying with the price of natural gas for short-term sales, is also somewhat complex to explain to RNG customers and would-be RNG customers. In BCSEA-SCBC's view it would be undesirable to further complicate the BERC pricing in the absence of confidence that pre-defining floor and ceiling prices would obviate a Commission review of BERC pricing in the event of extreme gas prices.

All the above is respectfully submitted.

Yours truly,

William J. Andrews

A handwritten signature in black ink, appearing to be 'WJ Andrews', with a horizontal line extending to the right from the bottom of the signature.

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