

February 21, 2013

BC Sustainable Energy Association  
c/o William J. Andrews, Barrister & Solicitor  
1958 Parkside Lane  
North Vancouver, B.C.  
V7G 1X5Attention: William J. Andrews

Dear Mr. Andrews:

**Re: FortisBC Energy Inc. ("FEI")****Application for Approval to Amend Rate Schedule 16 on a Permanent Basis (the  
"Application")****Response to the BC Sustainable Energy Association ("BCSEA") Information  
Request ("IR") No. 2**

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On September 24, 2012, FEI filed the Application as referenced above. In accordance with the British Columbia Utilities Commission Order No. G-14-13 setting out the Revised Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to BCSEA IR No. 2.

If there are any questions regarding the attached, please contact the undersigned.

Yours very truly,

**FORTISBC ENERGY INC.*****Original signed:***

Diane Roy

Attachment

cc (e-mail only): Commission Secretary  
Registered Parties

FortisBC Energy Inc. ("FEI" or the "Company") Application for Approval to Amend Rate Schedule 16 on a Permanent Basis (the "Application")	Submission Date: February 21, 2013
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1   **13.0   Topic:           Potential future non-transportation LNG market**

2           **Reference:   Exhibit : Exhibit B-1, page 8, footnote 9, and Exhibit B-6, response to**  
3           **BCSEA 1.9.1; 1.9.4**

4           Footnote 9 says:

5                   "Rate Schedule 16 was established primarily to serve the emerging needs of the  
6                   transportation market. The present tariff, however, contains no restrictions with  
7                   respect to the end market to which LNG is sold under this tariff. FEI is of the view  
8                   that this continues to be appropriate. Thus, the term "commercial LNG market" is  
9                   used to more correctly describe the set of markets that may be served; however,  
10                  the demand projections contained in this application continue to be based on  
11                  transportation market applications as more fully explained in Section 5 of this  
12                  Application."

13          FEI's response to BCSEA 1.9.1 says:

14                   "FEI's vision for the types of additional end uses of LNG services includes the  
15                   traditional residential, commercial and industrial gas distribution applications in  
16                   communities as well as the less traditional uses for heavy duty trucking, power  
17                   generation, and mobile equipment in mines, marine and rail applications. ..."  
18                   [underline added]

19  
20          13.1   What are the "traditional residential, commercial and industrial gas distribution  
21                  applications [of LNG] in communities" [BCSEA 1.9.1] that are included within  
22                  FEI's vision for the types of additional end uses of LNG services? Does this go  
23                  beyond FEI's current use of LNG to meet peak demand on the natural gas  
24                  distribution system and to provide emergency or short-term gas supply as  
25                  needed?  
26

27          **Response:**

28                  The traditional residential, commercial and industrial gas distribution applications of LNG in  
29                  communities refers to the same applications that would be found in communities connected to  
30                  the natural gas pipeline system. These applications include space heating, domestic and  
31                  process water heating, lifestyle appliances, commercial and industrial process equipment  
32                  heating. A community that is currently not serviced by a natural gas distribution system could  
33                  potentially be converted to such a system, with the fuel source being from a local satellite LNG  
34                  system instead of from the natural gas pipeline system. The provision of LNG to these  
35                  communities is considered to be a replacement of current energy supply and therefore this



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1 service is different or beyond FEI's current use of LNG for meeting peak demand and  
2 emergency situations.

3 FEI's current use of LNG to meet peak demand and to provide emergency or short-term gas  
4 supply will remain. The additional LNG service that is possible for some communities is similar  
5 to service for other commercial LNG customers in that the allowable take from the LNG plant is  
6 weighed against the ability to provide the peak and emergency demands on the natural gas  
7 distribution system.

8

9

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1   **14.0   Topic:            Non-incentives LNG potential customers**

2           **Reference:   Exhibit B-6 BCSEA IR 1.10.2**

3           "FEI has engaged in discussions regarding LNG service with a wide variety of potential  
4           customers. These include:

- 5           1. Heavy Duty Transportation market customers who have applied for incentives under  
6           the NGT Vehicle Incentive program. (e.g. Ledcor, Arrow, Sutco, Westcan)
- 7           2. Operators of ferries in coastal waters (e.g. BC Ferries, Seaspan Group)
- 8           3. Industrial Fuel Users (e.g. Pulp Mills)
- 9           4. Operators of power generation systems in remote regions (e.g. Mining sector  
10           applications)
- 11          5. Operators of locomotives (e.g. CN Rail and CP Rail)
- 12          6. Other utilities interested in LNG supply (e.g. Atco, and Yukon Energy Corp)
- 13          7. Other fuel suppliers (e.g. Encana, Shell, Clean Energy)
- 14          8. Operators of heavy duty off-road transportation equipment (e.g. mine haul trucks)

15          14.1 For each of these types of potential LNG customer with which FEI has had  
16          discussions other than those who have applied for incentives under the  
17          Regulation, please indicate the current status of the discussion, the estimated  
18          volumes and the estimated timing.

19

20    **Response:**

21    Based on the category of numbering in the question, the following is an update to the  
22    information requested.

23    2. Operators of ferries in coastal waters (e.g. BC Ferries, Seaspan Group)

24          a) BC Ferries (BCF) Queen of Capilano discussions are on hold pending feedback from  
25          BCF planning activities. General BCF consumption data shared with FEI in 2012  
26          indicates Queen class vessel consumption on the order of 115,000 GJ/yr. Total fleet  
27          consumption is on the order of 1,700,000 GJ/yr. A possible in-service date for the Queen  
28          of Capilano according to BCF is 2015.

29          b) Seaspan has applied to the incentive program for one ferry vessel.

30

31    3. Industrial Fuel Users (e.g. Pulp Mills)

32          A mill has enquired about possible replacement of existing fuels with Natural Gas. The  
33          current status involves continued assessment and negotiation for infrastructure costs and  
34          associated feasibility. Consumption for such opportunities ranges from approximately



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- 1 370,000 GJ/yr to 1,500,000 GJ/yr and is dependent on the feasibility analysis for equipment  
2 conversion.
- 3
- 4 4. Operators of power generation systems in remote regions (e.g. Mining sector applications)
- 5 a) Discussions were held in 2011 and 2012 with mines in BC regarding LNG supply. Status  
6 update conversations with mine staff indicate ongoing preparation for approvals and  
7 financial assessment. Timing is uncertain depending on mine feasibility assessments.
- 8 b) Masset, Haida Gwaii discussions have been held but are on hold pending a  
9 determination from BC Hydro regarding the RFEOI issued for clean power in Q4 2012  
10 for Masset electrical generation. FEI submitted a proposal for the RFEOI to supply LNG.  
11 The potential consumption is 260,000 GJ/yr. The timing is uncertain depending on BC  
12 Hydro's review of respondent proposals.
- 13
- 14 5. Operators of locomotives (e.g. CN Rail and CP Rail)
- 15 Discussions have been held in 2012 and 2013 regarding the potential for FEI inclusion in  
16 future LNG fuel supply RFPs for demonstration tests. Potential consumption and timing is  
17 uncertain and depends on locomotive testing and feasibility assessments.
- 18
- 19 6. Other utilities interested in LNG supply (e.g. Atco, and Yukon Energy Corp (YEC))
- 20 a) Atco has signed an agreement for firm contract demand of LNG under the current Rate  
21 Schedule 16. The expected range of consumption is 12,000 to 36,000 GJ per year,  
22 beginning no later than January 2014.
- 23 b) Discussions were held in 2012 with other northern utilities. No further discussions have  
24 been held subsequent to FEI advising of the potential supply terms pending approval of  
25 this Application.
- 26
- 27 7. Other fuel suppliers (e.g. Encana, Shell, Clean Energy)
- 28 Fuel suppliers such as Shell and Clean Energy have made inquiries to FEI regarding LNG  
29 supply however discussions have been placed on hold until resolution of this Application.  
30 FEI suspects it is unlikely Encana will continue to purchase LNG under Rate Schedule 16  
31 due to the recent commissioning of their own LNG facility in Alberta.
- 32
- 33 8. Operators of heavy duty off-road transportation equipment (e.g. mine haul trucks)
- 34 Discussions with mining companies have begun to explore possible LNG supply scenarios  
35 and associated end-use equipment options. Potential consumption from demos to mine  
36 fleet conversions ranges from 100,000 GJ/yr to over 6,000,000 GJ/yr depending on fleet



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1 size. Timing of demos could be 2014. Fleet conversions depend on other OEMs and could  
2 begin in 2017. Refer to BCSEA IR 2.15.2 for general market size estimates.

3

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1   **15.0   Topic:           Potential future non-transportation LNG market**

2           **Reference:   Exhibit : Exhibit B-1, page 8, footnote 9, and Exhibit B-6, response to**  
3           **BCSEA 1.9.1; 1.9.4**

4           "Yes, FEI's vision for LNG services includes stationary commercial and industrial  
5           applications. In these cases the LNG from the storage tank(s) would be vapourized back  
6           to a gaseous state and then distributed to the end uses in a traditional manner. Possible  
7           end uses include process heat for boilers or drying in mills, heating of water and steam  
8           in building physical plants, or electrical power production in generators." [B-6, BCSEA IR  
9           1.9.4]

10          "The approximate amount of fuel for each [non-transportation] application varies widely.  
11          A few examples are listed below:

- 12          • A town of 1,500 people with residential and commercial customers can consume  
13            200,000 GJ per year.
- 14          • A generator producing electricity for a town of 1,000 people can consume 250,000 GJ  
15            per year.
- 16          • A fleet of 10 trucks hauling rock waste in a mine can consume 500,000 GJ per year."  
17          [B-6 BCSEA IR 1.9.1]

18          15.1   FEI has provided several examples of possible non-transportation LNG uses  
19            within FEI's vision. Please provide generic annual energy estimates for the types  
20            of uses for which figures haven't been given.

21  
22    **Response:**

23    Additional examples of potential LNG use and consumption include the following;

- 24          • Electrical generation for mining can consume from 300,000 GJ/yr to 2,000,000 GJ/yr  
25            depending on the processes and type of mining involved.
- 26          • Ferry vessel fuel consumption can range from less than 100,000 GJ/yr to greater than  
27            400,000 GJ/yr. The estimated BC Ferry fleet consumption is in the order of 1,700,000  
28            GJ/yr.
- 29          • Marine LNG bunkering activities that supply LNG to one coastal freighter could consume  
30            1,600,000 GJ/yr.
- 31          • A boiler in a pulp mill could consume from 300,000 GJ/yr to 800,000 GJ/yr.

32



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15.2 What is FEI's estimate of the size (in GJ per year) of the potential market for each of these non-transportation uses, BC-wide?

**Response:**

FEI's estimate for potential consumption at towns using a satellite LNG system in BC ranges from approximately 750,000 GJ/yr down to 450,000 GJ/yr.

FEI's estimate for potential consumption at mines, mills or towns requiring power generation or process heating using a satellite LNG system in BC ranges from greater than 4,000,000 GJ/yr down to approximately 550,000 GJ/yr.

FEI's estimate for potential consumption at mines using haul trucks in BC ranges from greater than 20,000,000 GJ/yr down to approximately 10,000,000 GJ/yr.

15.3 With reference to Section 5 of the Application, please confirm that FEI's forecast of the amount of LNG that would be provided under RS 16 is based only on transportation uses.

**Response:**

The forecast of the amount of LNG that would be provided under Rate Schedule 16 is based on LNG demand related to vehicles that are part of Prescribed Undertaking 1, transportation uses. However, vehicles, customers or projects developed outside of the NGT Incentive Program are not excluded from purchasing LNG under Rate Schedule 16. Rate Schedule 16 is an open tariff.

As indicated in Section 5.2 of the Application, FEI has received expressions of interest from various parties, some of which could be provided LNG under Rate Schedule 16 and are not transportation uses. One example of this is Atco Gas.





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- 1
- 2           15.4   What is FEI's forecast of the amount of LNG that would be provided under RS 16
- 3                   for non-transportation uses?
- 4
- 5   **Response:**
- 6   Please refer to the response to BCUC IR 1.8.4.
- 7

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1   **16.0   Topic:           Greenhouse gas emissions**

2           **Reference:   Exhibit B-6 BCSEA IR 1.12.1, 1.12.2, 1.12.3.1; 1.12.3.2; 1.9.1; 1.9.4**

3           "FEI agrees that British Columbia's energy objectives in Section 2 (g) and (h) of the  
4           Clean Energy Act are relevant to this Application. When used as a transportation fuel  
5           LNG reduces greenhouse gas ("GHG") emissions by 25 to 30 percent compared to  
6           diesel fuel.<sup>1</sup> LNG-fuelled vehicles also produce other emissions and air quality benefits,  
7           such as reduced particulate emissions, and reduced NOx and SOx. Supplying and  
8           delivering LNG through Rate Schedule 16 creates a potential opportunity to help the  
9           Province address the GHG emissions generated from the transportation sector, which  
10          comprise between 35% and 40% of overall Provincial GHG emissions.<sup>2</sup> [B-6 BCSEA  
11          12.1, underline added]

12          "FEI has calculated the potential GHG emission reductions from NGT LNG using  
13          GHGenius version 4.01 and based on the LNG demand in the Application.<sup>5</sup> The table  
14          below summarizes these results under FEI's expected growth scenario. ..."

15          "... The cumulative GHG emission reductions over the period from 2012-2017 are  
16          approximately 256 thousand tCO<sub>2</sub>e, which is the equivalent to removing 53 thousand  
17          passenger vehicles from the road."

18          "LNG can be transported to locations that are not currently connected to an integrated  
19          gas or electric grid system. Satellite LNG stations can receive, store and vapourize the  
20          LNG for end uses in heating systems and engine systems to produce heat and  
21          electricity. LNG can displace the use of higher emission factor fuels such as oil, diesel  
22          and propane. [B-6 BCSEA 1.9.1, underline added]

23          16.1   Please provide estimates of GHG reductions due to the use of LNG for non-  
24          transportation applications of the types identified in B-6 BCSEA 1.9.1 and 1.9.4,  
25          expressed in percent and using GHGenius for comparability with the estimate  
26          provided for LNG used for transportation in replacement of diesel.

27  
28          **Response:**

29          To the best of FEI's understanding, the GHGenius model only provides emission factors related  
30          to the combustion of fuels used in transportation engines (i.e. trucking, rail, marine, air) and not  
31          for heating systems or stationary engines.

32          To illustrate some comparisons, FEI has summarized the GHG reductions for transportation  
33          activities when switching from high carbon fuels such as diesel, crude oil, fuel oil, and propane  
34          or liquefied petroleum gas ("LPG") to LNG. The table below shows these reductions by  
35          percentage for the fuels which are relevant to each application.

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1

**Table 1: GHG savings by percentage when switching to LNG<sup>1</sup>**

Sector	Diesel	LPG	Crude Oil	Fuel Oil
Trucking	30.7%	24.5%	-	-
Rail	-	-	24.5%	-
Marine	-	-	-	21.6%

2

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<sup>1</sup> GHGenius version 4.01, BC region, "Freight Emissions" tab

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1   **17.0   Topic:           Renewable and Low Carbon Fuel Requirement Regulation**

2           **Reference:   Exhibit B-1, page 18 and Exhibit B-6, FEI response to BCSEA IR**  
3                   **1.11.1, 1.11.2 and 1.11.2.1**

4           “Fuel vendors of low carbon fuels such as CNG and LNG can earn credits that can be  
5           sold to parties who do not achieve their targets. Hence vendors of natural gas, like FEI,  
6           will receive economic benefits from this regulation while vendors of gasoline and diesel  
7           will likely face economic penalties.” [B-1, p.18]

8           “...If FEI is required to meet obligations under the Low Carbon Fuel Requirement  
9           Regulation (“LCFRR” or the “Regulation”), FEI will be below the carbon intensity  
10          baseline currently set by the regulation. A diesel baseline of 92.38 gCO<sub>2</sub>e/MJ is  
11          presently set for the July 1, 2013 compliance period. The default carbon intensity values  
12          of CNG and LNG are 62.14 gCO<sub>2</sub>e/MJ and 63.26 gCO<sub>2</sub>e/MJ respectively, which  
13          indicate strong potential to generate low carbon compliance credits.” [B-6, BCSEA IR  
14          1.11.1]

15          “As stated in the response to BCSEA 1.11.1, the carbon intensity of CNG and LNG fuels  
16          is far below the carbon intensity baseline set by the Regulation for diesel. The differential  
17          provides an opportunity to generate low carbon compliance credits as recognized by the  
18          LCFRR. At this time, FEI expects the value of these credits will depend on what the  
19          market will bear, but notes the compliance penalty is set at \$200 per tCO<sub>2</sub>e.” [B-6  
20          BCSEA 1.11.2]

21  
22          17.1   If FEI sells LCFRR low carbon compliance credits, accrued from its sale of  
23          natural gas, to vendors of higher-carbon fuels, does that notionally increase the  
24          carbon emissions intensity of the fuel sold by FEI? If so, does that change the  
25          carbon intensity calculation that should be imputed to FEI’s fuels for purposes of  
26          assessing their contribution to greenhouse gas reductions?  
27

28          **Response:**

29          No, the sale of low carbon compliance credits does not impact the average carbon intensity  
30          value which FEI reports under the LCFRR. The sale of low carbon compliance credits only  
31          reduces the balance of available credits which FEI has under the LCFRR. Therefore, there is  
32          no consequential impact to FEI’s assessment of its contribution to GHG emission reductions.

33

34

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1           17.2   Please discuss whether and how FEI's sale of LCFRR low carbon compliance  
2                   credits should affect the assessment of the greenhouse gas emissions  
3                   reductions of natural gas for transportation projects for which FEI has obtained or  
4                   will seek approval by the Utilities Commission.  
5

6           **Response:**

7           FEI does not believe the potential sale of LCFRR compliance credits should affect the  
8           assessment of GHG reduction benefits for NGT activities. At this time, there is no certainty FEI  
9           will be able to generate revenues in this manner as the credit generation period has yet to  
10           commence and the market for these credits has not been determined.

11           Furthermore, the sale of credits under the LCFRR is not presently recognized by other  
12           Provincial carbon reduction legislation (as previously stated in BCSEA IR 1.11.2.1). FEI  
13           believes the GHG emissions achieved by NGT projects stand on their own merit regardless of  
14           the activities under the LCFRR. This is because the switch from a high carbon fuel to a lower  
15           carbon fuel results in actual reductions in GHG emissions from engines. The potential sale of  
16           LCFRR credits is a related monetary transaction but whether the sale is made or not has no  
17           impact on the actual GHG reductions that are generated.

18

19

20

21

22           17.3   Please confirm that FEI normally calculates the incremental greenhouse gas  
23                   emissions reductions of the natural gas it sells based on the difference between  
24                   the carbon intensity of natural gas and the alternative fuel (e.g. diesel), as  
25                   opposed to the difference between natural gas and the LCFRR's required  
26                   standards.  
27

28           **Response:**

29           Confirmed. FEI normally calculates GHG emission reductions based on the difference between  
30           the carbon intensity (measured in grams of CO<sub>2</sub>e per kilometre) of natural gas and diesel using  
31           the GHGenius modeling tool. While the carbon intensity values used in the LCFRR are also  
32           derived from the GHGenius model, further calculations are made to arrive at the baseline and  
33           default values set for the LCFRR compliance period. Thus variances in the percentage of GHG  
34           emission reductions are likely between these two approaches.

35

36



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1  
2           17.4   Please confirm that FEI does not currently sell LCFRR low carbon compliance  
3                   credits.

4  
5    **Response:**

6    Confirmed. Credit generation does not begin until July 1, 2013.

7  
8  
9  
10           17.5   Does FEI plan to sell LCFRR low carbon compliance credits? If so, please  
11                   provide an outline of the plan.

12  
13   **Response:**

14   This response also addresses BCSEA IRs 2.17.5.1 and 2.17.6.

15   FEI has not yet developed a plan to sell low carbon compliance credits under the LCFRR. The  
16   first compliance period is set to commence on July 1, 2013 and run through December 31,  
17   2014.

18   FEI is awaiting further clarification from the Ministry regarding the definition of Part 3 fuel  
19   suppliers (refer to BCSEA IR 1.11.1) and further details on the credit trading system that will be  
20   introduced before drafting any strategic plans for selling credits.

21   While a compliance penalty is set at \$200 per tCO<sub>2</sub>e it is premature to suggest what revenues,  
22   if any, FEI expects from the sale of low carbon compliance credits. The market price will likely  
23   be determined by the demand for compliance credits from those fuel supplies facing penalties  
24   before the end of the first compliance period. The pricing and demand for low carbon  
25   compliance credits in the market remains to be seen. FEI has no further information on the  
26   number of potential non-compliant fuel suppliers or credit volumes that may result under the  
27   LCFRR.

28  
29  
30  
31           17.5.1 How many LCFRR low carbon compliance credits does FEI anticipate  
32                   selling? To whom? At what price? When?

33



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1 **Response:**

2 Please refer to the response to BCSEA IR 2.17.5.

3  
4

5

6 17.6 FEI implies that the price of LCFRR low carbon compliance credits would be  
7 determined by a market. What form would such a market take? For example,  
8 does FEI anticipate a transparent market, or bilateral sales?

9

10 **Response:**

11 Please refer to the response to BCSEA IR 2.17.5.

12

13

14

15 17.7 How would FEI's revenues from the sale of LCFRR low carbon compliance  
16 credits be allocated between FEI's ratepayers and FEI's shareholders?

17

18 **Response:**

19 In the 2012-2013 Revenue Requirements Application Decision (Order No. G-44-12, page 111),  
20 the Commission approved the establishment of the Emission Regulations Deferral Account. It is  
21 FEI's intention that potential revenues generated under the LCFRR be accrued and allocated to  
22 FEI's ratepayers through this mechanism.

23

24

25

26 17.8 Does FEI require Commission approval before selling LCFRR low carbon  
27 compliance credits? Would FEI commit to seeking Commission approval before  
28 selling LCFRR low carbon compliance credits?

29

30 **Response:**

31 FEI does not require Commission approval before selling low carbon compliance credits under  
32 the LCFRR. However, FEI intends to comply with the following direction related to the Emission  
33 Regulations Deferral Account (BCUC Order No. G-44-12, p.111);



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- 1            *"In the event the FEU determine that costs and/or revenues have occurred that should*
- 2            *accrue to the deferral account, they are to provide to the Commission with a detailed*
- 3            *description of the accounting methodologies that they are using to track and record such*
- 4            *costs and/or revenues."*
  
- 5            If the FEU determine costs and/or revenues should accrue to the deferral account, a description
- 6            of the accounting methodologies will be discussed in the applicable RRA filing.



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1    **18.0    Topic:            Projected Market Growth: Revelstoke conversion from propane**

2            **Reference:    Exhibit B-4, FEI response to BCUC IR 1.10, and FEI response to**  
3            **BCSEA IR 1.11.1, 1.11.2 and 1.11.2.1**

4            18.1    If FEI's Revelstoke customers were to be supplied with LNG rather than propane,  
5                    what regulatory approvals would be required?  
6

7    **Response:**

8    A Certificate of Public Convenience and Necessity is required under Section 45 of the UCA to  
9    convert Revelstoke from a propane system to natural gas. This would include building the  
10    necessary LNG infrastructure (mainly storage tank(s) and vaporization equipment) and  
11    converting customer appliances from propane to natural gas.

12   Other approvals related to the safe and reliable provision of LNG supply and service, such as  
13   OGC, BCSA, local Fire Department, and Transport Canada, would also be addressed if a  
14   decision was made to proceed with a conversion of Revelstoke to LNG.

15  
16

17

18            18.2    Would LNG service to the FEU's Revelstoke customers be provided under RS  
19                    16?  
20

21   **Response:**

22    Yes, subject to Commission approval.  
23  
24

25  
26

27

28            18.3    Please provide an update on the status of the required "further work" described in  
29                    response to BCUC IR 1.10.3.1.  
30

31   **Response:**

32    The status of the further work is unchanged due to a focus on other LNG related assessments.  
33

34

35

36

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1  
2           18.4    How does the supply of propane to the Revelstoke customers compare against  
3                    the carbon intensity requirements of the LCFRR?  
4

5    **Response:**

6    The default carbon intensity for propane is presently set in the Regulation for July 1, 2013 at  
7    75.35 gCO<sub>2</sub>e/MJ. This is lower than the diesel baseline set at 92.38 gCO<sub>2</sub>e/MJ, but higher than  
8    the CNG and LNG intensity values of 62.14 gCO<sub>2</sub>e/MJ and 63.26 gCO<sub>2</sub>e/MJ respectively.

9    However the LCFRR is only applicable to fuels when used for transportation and would not  
10   apply to a heating project such as Revelstoke.

11  
12

13  
14           18.5    If the FEU were to supply their Revelstoke customers with LNG rather than  
15                    propane, would the FEU be able to earn and sell Low Carbon Compliance  
16                    Credits under the LCFRR?  
17

18    **Response:**

19   No, FEI does not believe Revelstoke would qualify under the LCFRR. The LCFRR only applies  
20   to fuels when used in transportation applications.

21  
22

23  
24           18.5.1 If so would that notionally increase the carbon emissions of the fuel  
25                    supplied to the Revelstoke customers, and would that change the carbon  
26                    intensity calculation that should be imputed in assessing the contribution  
27                    to greenhouse gas reductions of switching the Revelstoke customers  
28                    from propane to LNG?  
29

30    **Response:**

31   Please refer to the response to BCSEA IR 2.18.5.

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1    **19.0    Topic:            Renewable and Low Carbon Fuel Requirement Regulation**

2            **Reference:    Exhibit B-6, FEI response to BCSEA IR 1.11**

To illustrate the potential economic benefit, FEI has used the follow example. Consider a case where FEI contracts for LNG sales to a customer of 150,000 GJ per year.

Item	Value
LNG Carbon Intensity (gCO <sub>2</sub> e/MJ)	63.26
Diesel Carbon Intensity (gCO <sub>2</sub> e/MJ)	92.38
Difference (gCO <sub>2</sub> e/MJ)	(29.12)
Quantity (MJ)	150,000,000
Supplier Emission Credit (tonne CO <sub>2</sub> e)	(4,368)

The Supplier Emission Credit is calculated by multiplying 29.12 grams of CO<sub>2</sub>e/MJ by the quantity of fuel (150,000,000 MJ), and converting grams into tonnes (divide by 1,000,000) of CO<sub>2</sub>e.

3  
4            BCSEA asks: "Please address how the concept of additionality would apply, i.e. the  
5            principle that, for a carbon reduction credit to be valid, the reduction in question must be  
6            in addition to whatever reduction is required by law."

7            FEI responds: "...the compliance credit trading set within the context of the LCFRR has  
8            no relationship with other Provincial carbon reduction legislation. The Regulation defines  
9            its credits as Low Carbon Compliance Credits, rather than GHG emission reduction or  
10           carbon credits. ..."

11           19.1    In the example provided in the response to BCSEA IR 1.11.2, is it assumed that  
12           the LNG being sold is to be used for a purpose that would otherwise be achieved  
13           with diesel?

14  
15           **Response:**

16           Yes, in this example LNG (lower carbon intensity) is displacing diesel (higher carbon intensity)  
17           for use in transportation. The calculation shown in the response to BCSEA IR 1.11.2 calculates  
18           the value of the supplier emission credit by measuring the carbon intensity of LNG supplied by  
19           FEI against the diesel baseline set by the Regulation.

20  
21  
22  
23           19.2    Please file a copy of the Low Carbon Fuel Requirement Regulation ("LCFRR").



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- 1
- 2 **Response:**
- 3 Please refer to Attachment 19.2 for a copy of the LCFRR.

**Attachment 19.2**

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**IMPORTANT INFORMATION**

B.C. Reg. 394/2008

Deposited December 9, 2008

O.C. 907/2008

effective January 1, 2009

## ***Greenhouse Gas Reduction***

### ***(Renewable and Low Carbon Fuel Requirements) Act***

## **RENEWABLE AND LOW CARBON FUEL**

## **REQUIREMENTS REGULATION**

[includes amendments up to B.C. Reg. 232/2011, December 14, 2011]

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## **Part 1 — Interpretation**

### **Definitions**

1 (1) In this regulation:

**"Act"** means the *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act*;

**"appeal"** means an appeal under section 14 (2) [*what decisions may be appealed, who may appeal, process of appeal*] of the Act;

**"CNG"** means compressed natural gas;

**"compliance report"** means a Part 2 compliance report or a Part 3 compliance report;

**"component"** means a component under section 11.05 (2);

**"feedstock"** means the raw material, including, without limitation, biological and geological sources, from which fuel is produced;

**"GHGenius"** means the spreadsheet model of that name designed for analyzing the components attributable to the stages of the life cycles of fuels for the purpose of determining all greenhouse gases resulting from the production and use of those fuels for transportation purposes;

**"hydrogenation-derived renewable diesel fuel"** means a fuel that is

- (a) made from plant or animal matter using a hydrogenation process, and
- (b) suitable for use in
  - (i) a diesel engine, as defined in section 1 (1) of Schedule 1 of the *Carbon Tax Act*, or
  - (ii) a furnace or boiler to produce heat;

**"life cycle"**, in relation to a fuel, includes the stages under section 11.05 (3) that occur in the production of the fuel, including, without limitation, in the preparation of land for and the production of feedstock for that fuel;

**"LNG"** means liquefied natural gas;

**"Part 2 compliance report"** means a report required under section 3 of the Act;

**"Part 3 compliance report"** means a report required under section 7 of the Act;

**"vehicle"** means a vehicle, including one run on tracks or cables, whose propulsive power is derived from fuel and includes a carrier without propulsive power towed by such a vehicle.

(2) For the purposes of the definition of "carbon dioxide equivalent" in section 1 of the Act, the carbon dioxide equivalent for a given mass of a greenhouse gas specified in Column 2 of the Schedule to the Carbon Neutral Government Regulation, B.C. Reg. 392/2008, is the number set out in Column 4 of that Schedule, opposite that greenhouse gas, multiplied by the mass of that greenhouse gas.

[am. B.C. Reg. 320/2009, s. 2.]

### **Standard for biodiesel fuel**

- 2 A fuel must meet the ASTM International standard ASTM D6751 Standard Specification for Biodiesel Fuel Blend Stock (B100) for Middle Distillate Fuels, as amended from time to time, to qualify as biodiesel fuel for the purposes of the Act.

### **Exclusion from "gasoline class fuel"**

- 3 Gasoline class fuel does not include fuel that, at the time of sale, the fuel supplier reasonably expects will be used in an aircraft.

[am. B.C. Reg. 320/2009, s. 3.]



### Exclusion from "diesel class fuel"

**3.1** (1) In this section, "**military operation**" means an operation undertaken to protect national security, support humanitarian relief efforts, participate in multilateral military or peace-keeping activities under the auspices of international organizations or defend a member of the North Atlantic Treaty Organization.

(2) Diesel class fuel does not include diesel fuel that is sold to the Department of National Defence (Canada) if at the time of sale the fuel supplier reasonably expects that the diesel fuel will be used

(a) in an aircraft,

(b) by the Department of National Defence (Canada) in military vessels, vehicles, aircraft or equipment for military operations, or

(c) in military vessels, vehicles, aircraft or equipment of a foreign country.

[en. B.C. Reg. 320/2009, s. 4.]

### Part 2 fuel supplier

**4** (1) For the purposes of paragraph (b) of the definition of "Part 2 fuel supplier" in section 1 of the Act, the following are prescribed as Part 2 fuel suppliers:

(a) a person who, for the person's own use, manufactures Part 2 fuel in British Columbia;

(b) a person who, for the person's own use, brings Part 2 fuel into British Columbia;

(c) a person who, for the person's own use, receives Part 2 fuel brought into British Columbia on that person's behalf.

(2) Subsection (1) (b) does not apply to a person who brings Part 2 fuel into British Columbia in the fuel tank of the vehicle the person is driving or in a fuel tank for a device necessary for the intended use of that vehicle, if the fuel is used only to power that vehicle or device, as applicable.

### Part 3 fuel supplier

**4.1** (1) For the purposes of paragraph (b) of the definition of "Part 3 fuel supplier" in section 1 of the Act, the following are prescribed as Part 3 fuel suppliers:

(a) a person who, for the person's own use, manufactures Part 3 fuel in British Columbia;

(b) a person who, for the person's own use, brings Part 3 fuel into British Columbia;

(c) a person who, for the person's own use, receives Part 3 fuel brought into British Columbia on that person's behalf.

(2) Subsection (1) (b) does not apply to a person who brings Part 3 fuel into British Columbia in the fuel tank of the vehicle or vessel the person is driving or operating or in a fuel tank for a device necessary for the intended use of that vehicle, if the fuel is used only to power that vehicle or device, as applicable.

[en. B.C. Reg. 320/2009, s. 4.]

### **Renewable diesel class fuel**

5 Hydrogenation-derived renewable diesel fuel is prescribed as a renewable fuel in relation to diesel class fuel.

### **Part 3 fuel**

5.1 The following energy sources are prescribed as Part 3 fuels:

- (a) electricity;
- (b) hydrogen.

[en. B.C. Reg. 320/2009, s. 4.]

### **Exclusions from "supply"**

6 (1) The definition of "supply" in section 1 of the Act does not apply in relation to Part 2 fuel in the following circumstances:

- (a) the Part 2 fuel supplier, at the time of sale, reasonably expects that the Part 2 fuel will be exported from British Columbia;
- (b) the Part 2 fuel is sold by one Part 2 fuel supplier to another Part 2 fuel supplier and the purchasing Part 2 fuel supplier agrees in writing with the selling Part 2 fuel supplier to include for the applicable compliance period that Part 2 fuel in its calculations for the purposes of section 2 of the Act;
- (c) the Part 2 fuel is sold by its importer or manufacturer to a Part 2 fuel supplier and the Part 2 fuel supplier agrees in writing with the importer or manufacturer, as applicable, to include for the applicable compliance period that Part 2 fuel in its calculations for the purposes of section 2 of the Act.

(2) Repealed. [B.C. Reg. 338/2010, Sch. s. 1 (b).]

(3) The sale of Part 2 fuel by a Part 2 fuel supplier that purchased the Part 2 fuel in circumstances described in subsection (1) (b) or (c) is deemed to be the first sale of that fuel after it is manufactured or brought into British Columbia.

[am. B.C. Regs. 320/2009, s. 5; 338/2010, Sch. s. 1.]

### **Exclusions from "supply" — Part 3 fuels**

6.1 (1) The definition of "supply" in section 1 of the Act does not apply in relation to a Part 3 fuel in the following circumstances:

(a) the Part 3 fuel supplier, at the time of sale, reasonably expects that the Part 3 fuel will be exported from British Columbia;

(b) the Part 3 fuel is sold by one Part 3 fuel supplier to another Part 3 fuel supplier and the purchasing Part 3 fuel supplier agrees in writing with the selling Part 3 fuel supplier to include for the applicable compliance period that Part 3 fuel in its calculations for the purposes of section 6 (1) of the Act;

(c) the Part 3 fuel is sold by its importer or manufacturer to a Part 3 fuel supplier and the Part 3 fuel supplier agrees in writing with the importer or manufacturer, as applicable, to include for the applicable compliance period that Part 3 fuel in its calculations for the purposes of section 6 (1) of the Act.

(2) Repealed. [B.C. Reg. 338/2010, Sch. s. 2 (b).]

(3) The sale of Part 3 fuel by a Part 3 fuel supplier that purchased the Part 3 fuel in circumstances described in subsection (1) (b) or (c) is deemed to be the first sale of that fuel after it is manufactured or brought into British Columbia.

[en. B.C. Reg. 320/2009, s. 6; am. B.C. Reg. 338/2010, Sch. s. 2.]

## Part 2 — Requirements in Relation to Renewable Fuels

### Requirements for renewable fuel content

7 (1) A Part 2 fuel supplier must ensure that the volume of diesel fuel it supplies contains at least the following percentage of renewable fuel content by volume:

(a) for the 2010 compliance period, 3%;

(b) for the 2011 compliance period, 4%;

(c) for compliance periods after 2011, 4%.

(2) A Part 2 fuel supplier must ensure that the volume of gasoline class fuel it supplies in a compliance period contains at least 5% renewable fuel content by volume.

(3) For the purposes of subsections (1) and (2), the percentage of renewable fuel by volume must be calculated using the following formula:

$$\frac{(\text{RF}_{\text{supplied}} - \text{RF}_{\text{transferred out}} + \text{RF}_{\text{transferred in}} - \text{RF}_{\text{retained}} + \text{RF}_{\text{credit}} + \text{RF}_{\text{deferred}} - \text{RF}_{\text{added}})}{\text{F}_{\text{supplied}}} \times 100$$

where

$\text{RF}_{\text{supplied}}$  = the volume of renewable fuel supplied by the Part 2 fuel supplier in the compliance period;

$\text{RF}_{\text{transferred out}}$  = the volume of renewable fuel notionally transferred by the fuel supplier under section 5 (1) (a) of the Act for the compliance period;

out

$\text{RF}_{\text{transferred in}}$  = the volume of renewable fuel notionally transferred to the fuel supplier under section 5 (1) (b) of

	the Act for the compliance period;
RF <sub>retained</sub>	= the volume of renewable fuel retained by the fuel supplier under section 5 (3) (a) of the Act for the compliance period;
RF <sub>credit</sub>	= the volume of renewable fuel credited by the fuel supplier under section 5 (3) (b) of the Act for the compliance period;
RF <sub>deferred</sub>	= the volume of renewable fuel deferred by the fuel supplier under section 5 (4) (a) or 29.1 (1) (a) of the Act for the compliance period;
RF <sub>added</sub>	= the volume of renewable fuel added by the fuel supplier under section 5 (4) (b) or 29.1 (1) (b) of the Act for the compliance period;
F <sub>supplied</sub>	= the volume of Part 2 fuel supplied by the Part 2 fuel supplier in the compliance period.

[am. B.C. Regs. 320/2009, s. 7; 338/2010, Sch. s. 3; 379/2010; 232/2011, s. 1.]

### **Retaining, deferring and transferring renewable fuel obligations**

**7.1** (1) Each Part 2 fuel supplier that is a party to a notional transfer of renewable fuel under section 5 (1) of the Act must ensure the transfer occurs in a manner that ensures accurate records are kept of the matters that must be reported under section 9 (4) of this regulation in respect of the transfer.

(2) For the purposes of section 5 (3) (a) of the Act, 5% of the Part 2 fuel supplier's renewable fuel obligation in respect of each of gasoline class fuel and diesel class fuel for the compliance period is prescribed as the amount that may be notionally retained and applied towards that Part 2 fuel supplier's renewable fuel obligation in respect of gasoline class fuel or diesel fuel, as applicable, for the next compliance period.

(3) For the purposes of section 5 (4) (a) of the Act, 5% of the Part 2 fuel supplier's renewable fuel obligation in respect of each of gasoline class fuel or diesel class fuel for the compliance period is prescribed as the amount that may be deferred and added to that Part 2 fuel supplier's renewable fuel obligation in respect of gasoline class fuel or diesel class fuel, as applicable, for the next compliance period.

(4) Despite subsection (2), for the 2010 and 2011 compliance periods only, a Part 2 fuel supplier that exceeds its renewable fuel obligation in respect of diesel class fuel for the applicable compliance period may notionally retain the excess up to 20% of the Part 2 fuel supplier's renewable fuel obligation in respect of diesel class fuel for that compliance period and apply that amount to its renewable fuel obligation in respect of diesel class fuel for the next compliance period.

[en. B.C. Reg. 338/2010, Sch. s. 4.]

### **Exemption from "Part 2 fuel supplier"**

**7.2** (1) A person who would otherwise be a Part 2 fuel supplier for a compliance period is not considered to be a Part 2 fuel supplier for the compliance period if

(a) for the

(i) 2010 compliance period, the person supplies not more than 200 million litres of Part 2 fuels,

- (ii) 2011 compliance period, the person supplies not more than 50 million litres of Part 2 fuels, and
- (iii) 2012 compliance period and any compliance period after 2012, the person supplies not more than 75 million litres of Part 2 fuels, and

(b) on or before March 31 of the calendar year following the applicable compliance period, the person provides a report to the director in the form specified by the director under section 9 (7) for a Part 2 compliance report, which report

- (i) sets out
  - (A) as applicable, the person's identifying and contact information as described in section 9 (3),
  - (B) the compliance period to which the report relates, and
  - (C) the volume of Part 2 fuel supplied by the person in that compliance period, and
- (ii) includes the signature of the officer or employee submitting the report on behalf of the Part 2 fuel supplier and a declaration of that officer or employee containing
  - (A) a statement that the records evidencing the volume of Part 2 fuel supplied in the compliance period are available on request, and
  - (B) the statements described in section 9 (5) (c) and (d).

(2) Section 9 (6) (a) applies for the purposes of evidencing the volume of Part 2 fuel reported under subsection (1) (b) (i) (C).

[en. B.C. Reg. 338/2010, Sch. s. 5; am. B.C. Reg. 232/2011, s. 2.]

### **Renewable fuel labelling requirements**

- 7.3** (1) On and after January 1, 2011, a person that provides to a purchaser
- (a) gasoline class fuel that contains more than 10% ethanol, or
  - (b) diesel class fuel that contains more than 5% biodiesel

must comply with subsection (2).

- (2) In the circumstances described in subsection (1), the person must
- (a) if fuel is provided from fuel dispensing equipment that displays the volume of fuel dispensed and the price of that fuel, post a label on the fuel dispensing equipment in accordance with subsection (3), and
  - (b) if fuel is provided from fuel dispensing equipment that does not display the volume or price of the fuel dispensed, give notice in accordance with subsection (4).

(3) A label for the purposes of subsection (2) (a) must

- (a) be placed on the fuel dispensing equipment near where the fuel volume and price are displayed so that the label is visible to a person to whom the volume and price are visible,
- (b) be in good condition and resistant to automotive fuel, oil, grease, solvents, detergents and water,
- (c) be able to withstand extremes of weather for at least one year,
- (d) measure not less than 7.5 cm in width and 6.5 cm in height,
- (e) be divided horizontally into 2 bands,
  - (i) the top band of which must be not less than 2.5 cm in height and have a black background with coloured print that is
    - (A) not less than 18 point Helvetica bold or Arial bold font,
    - (B) not less than 0.3 cm from the edges, and
    - (C) centered horizontally and vertically within the band, and
  - (ii) the bottom band of which must be not less than 4 cm in height and have a coloured background with black print that is
    - (A) not less than 14 point Helvetica bold or Arial bold font,
    - (B) not less than 0.3 cm from the edges, and
    - (C) centered horizontally and vertically within the band,
- (f) in the case of a label respecting biodiesel content, use non-fade Blue: PMS 277 ink for the print in the top band and the background in the bottom band,
- (g) in the case of a label respecting ethanol content, use non-fade Orange: PMS 1495 ink for the print in the top band and the background in the bottom band, and
- (h) set out the range of biodiesel or ethanol, as applicable, contained in the fuel using words or phrases approved by the director.

(4) In the circumstances described in subsection (2) (b), the person must provide to the purchaser an invoice, bill of lading, shipping paper or other document that has clearly set out on it the type and range of renewable fuel contained in the fuel provided.

[en. B.C. Reg. 338/2010, Sch. s. 6.]

### **Compliance period**

- 8 The compliance period for the purposes of section 2 of the Act is the calendar year.

### **Part 2 compliance reports**

9 (1) In this section, "**attorney**" and "**head office**" have the same meanings as in the *Business Corporations Act*.

(2) A Part 2 compliance report must be provided to the director on or before March 31 of the calendar year following the compliance period.

(3) A Part 2 compliance report must set out, as applicable, all the following identifying and contact information respecting the Part 2 fuel supplier:

- (a) legal name;
- (b) operating name;
- (c) name of the officer or employee submitting the report on behalf of the Part 2 fuel supplier;
- (d) address of the head office in British Columbia, if applicable, and otherwise, the name and address of the corporation's attorney in British Columbia, including, as applicable, street address, postal address, city and postal code;
- (e) telephone and fax numbers;
- (f) email address.

(4) A Part 2 compliance report must set out, as applicable, all the following information in relation to the Part 2 fuel supplier for the compliance period set out under paragraph (a):

- (a) the compliance period to which the report relates;
- (b) the volume of renewable fuel supplied;
- (c) the volume of renewable fuel notionally transferred to the Part 2 fuel supplier under section 5 (1) of the Act;
- (d) for each Part 2 fuel supplier from which the Part 2 fuel supplier received a notional transfer of renewable fuel,
  - (i) the legal name and address of that Part 2 fuel supplier, and
  - (ii) the volume of renewable fuel notionally transferred;
- (e) the volume of renewable fuel notionally transferred by the Part 2 fuel supplier under section 5 (1) of the Act;
- (f) for each Part 2 fuel supplier to which the Part 2 fuel supplier notionally transferred Part 2 fuel,
  - (i) the legal name and address of that Part 2 fuel supplier, and
  - (ii) the volume of renewable fuel notionally transferred;
- (g) the volume of Part 2 fuel supplied in the compliance period;
- (h) a record and the result of the calculation under section 7 (3) [*requirements for renewable fuel content*];
- (i) the volume of the Part 2 fuel supplier's renewable fuel obligation

the Part 2 fuel supplier is deferring for the compliance period under section 7.1 (3) of this regulation or section 29.1 of the Act;

(j) the volume of renewable fuel the Part 2 fuel supplier is adding to its renewable fuel obligation for the compliance period from deferrals under section 7.1 (3) of this regulation or section 29.1 of the Act in previous compliance periods and, in the case of a deferral under section 29.1 of the Act, the compliance period from which the obligation was deferred;

(k) the volume of renewable fuel the Part 2 fuel supplier supplied in the compliance period the Part 2 fuel supplier is retaining under section 7.1 (2) or (4) of this regulation for credit in the next compliance period;

(l) the volume of renewable fuel the Part 2 fuel supplier is applying to its renewable fuel obligation for the compliance period from the previous compliance period.

(5) A Part 2 compliance report must be signed by the officer or employee referred to in subsection (3) (c) and include a declaration of that officer or employee containing, as applicable, all the following:

(a) a statement that records evidencing the renewable nature of all renewable fuel supplied in the compliance period are available on request;

(b) a statement that records evidencing each matter reported under subsection (4) (b) to (g) are available on request;

(c) if the report is submitted by an employee, a statement that a record evidencing the employee's authority to submit the report on behalf of the Part 2 fuel supplier is available on request;

(d) the following statement:

I certify that the information in this report is true and complete to the best of my knowledge and I understand that I may be required to provide to the director records evidencing the truth of that information.

(6) For the purposes of subsection (5), records evidencing a matter include, but are not limited to, the following types of records:

(a) dated bills of lading, invoices, sales receipts, records of payments, records of metered values and records of transactions for the volume of each class of Part 2 fuels reported under subsection (4) as supplied in a compliance period;

(b) dated contracts, records of transfer, invoices and records of payments for volumes of renewable fuel notionally transferred to or by the Part 2 fuel supplier in the compliance period.



(7) A Part 2 compliance report must be in the form specified by the director.

[am. B.C. Reg. 338/2010, Sch. s. 7.]

### Supplementary Part 2 compliance report

**10** A supplementary compliance report referred to in section 3 (3) of the Act must

(a) comply with section 9 [*Part 2 compliance reports*] of this regulation, and

(b) indicate which information is different from the information provided in the Part 2 compliance report it supplements.

### Records

**11** (1) A Part 2 fuel supplier must retain at its principal place of business in British Columbia, if any, or the place of business of its attorney, otherwise, books of accounts and the records necessary for the fuel supplier to demonstrate compliance with section 2 of the Act for a compliance period.

(2) Records referred to in subsection (1) must be retained for 7 years after the end of the compliance period to which they relate.

## Part 2.1 — Requirements in Relation to Carbon Intensity of Fuels

### Compliance periods

**11.01** (1) Subject to subsection (2), the compliance period for the purposes of section 6 of the Act is the calendar year.

(2) In 2012 to 2014, the compliance periods for the purposes of section 6 of the Act are the following:

(a) January 1, 2012 to June 30, 2013;

(b) July 1, 2013 to December 31, 2014.

[en. B.C. Reg. 232/2011, s. 3.]

### Requirement for reduced carbon intensity

**11.02** A Part 3 fuel supplier must ensure that the weighted average of the carbon intensities of all Part 3 fuels it supplies in a compliance period is not greater than the carbon intensity set out in the table to this section for that compliance period.

<b>Table</b>	
<b>Compliance Period</b>	<b>Prescribed level of carbon intensity (g/MJ)</b>
2010	82.40
2011	90.21

January 1, 2012 to June 30, 2013	90.21
July 1, 2013 to December 31, 2014	80.79
2014	80.79
2015	79.97
2016	79.15
2017	77.92
2018	76.69
2019	75.46
2020 and subsequent compliance periods	73.82

[en. B.C. Reg. 320/2009, s. 8; am. B.C. Regs. 338/2010, Sch. s. 8; 77/2011, s. 1; 232/2011, s. 4.]

### **Crediting retained carbon dioxide equivalent emissions**

**11.021** (1) In this section, "**greenhouse gas emission credits**", in respect of a Part 3 fuel supplier for a compliance period, means the carbon dioxide equivalent emissions transferred to the Part 3 fuel supplier under section 8 (1) (a) (i) of the Act from the compliance period or retained by the Part 3 fuel supplier under section 8 (3) (a) of the Act from that compliance period.

(2) Subject to subsections (2.1) and (2.2), a Part 3 fuel supplier may apply all or part of its greenhouse gas emission credits from a compliance period as credit against its attributable greenhouse gas emissions in that compliance period or in any one or more of the subsequent compliance periods.

(2.1) Greenhouse gas emission credits from the 2011 compliance period may not be used for any compliance period other than the 2011 compliance period.

(2.2) Greenhouse gas emission credits from the January 1, 2012 to June 30, 2013 compliance period may not be used for any compliance period other than that compliance period.

(3) For certainty, the total amount of greenhouse gas emission credits applied by a Part 3 fuel supplier under subsection (2) from a particular compliance period must not exceed the Part 3 fuel supplier's greenhouse gas emission credits from that compliance period.

[en. B.C. Reg. 338/2010, Sch. s. 9; am. B.C. Reg. 77/2011, s. 2; 232/2011, s. 5.]

### **Exemption from "Part 3 fuel supplier"**

**11.022** A person who would otherwise be a Part 3 fuel supplier is not considered to be a Part 3 fuel supplier for any compliance period for which the Part 3 fuel supplier is not considered to be a Part 2 fuel supplier in accordance with section 7.2.

[en. B.C. Reg. 338/2010, Sch. s. 10.]

### **Calculating weighted average**

**11.03** (1) For the purposes of section 6 (1) of the Act, the weighted average of the

carbon intensities of all Part 3 fuels a Part 3 fuel supplier supplies in a compliance period, before taking into account notional transfers under section 8 (1) of the Act, is determined using the following formula:

$$\text{weighted average} = \frac{\text{sum of (CI x EC for each fuel)}}{\text{sum of (EER x EC for each fuel)}}$$

where

CI = carbon intensity of each fuel;  
 EC = energy content of each fuel;  
 EER = the energy effectiveness ratio of each fuel.

(2) For the purposes of section 6 (1) of the Act, the weighted average of the carbon intensities of all Part 3 fuels a Part 3 fuel supplier supplies in a compliance period, taking into account notional transfers under section 8 (1) of the Act, is determined using the following formula:

$$\text{weighted average} = \frac{\text{sum of (CI x EC for each fuel)} - \text{NE}_{\text{credit}} + \text{NE}_{\text{increase}}}{\text{sum of (EER x EC for each fuel)}}$$

where

CI = carbon intensity of each fuel;  
 EC = energy content of each fuel;  
 EER = the energy effectiveness ratio of each fuel;  
 $\text{NE}_{\text{credit}}$  = notional emissions credited under section 8 of the Act;  
 $\text{NE}_{\text{increase}}$  = notional emissions increased under section 8 of the Act.

(3) In this section:

**"carbon intensity"**, in relation to a fuel, means the carbon intensity determined for the fuel under section 11.04, 11.06 or 11.07;

**"energy content"** and **"energy effectiveness ratio"**, in relation to a fuel, have the same meanings as in section 10 (1.1) of the Act;

**"notional emissions credited under section 8 of the Act"** has the same meaning as "notional emissions credited under section 8" in section 10 (1.1) of the Act;

**"notional emissions increased under section 8 of the Act"** has the same meaning as "notional emissions increased under section 8" in section 10 (1.1) of the Act.

(4) For the purposes of the definition of "energy content" in section 10 (1.1) of the Act, the energy density set out for the fuel in the Table is prescribed.

(5) For the purposes of the definition of "energy effectiveness ratio" in section 10 (1.1) of the Act, the energy effectiveness ratio set out for the fuel in the Table is prescribed.

Fuel	Energy Density/Unit Energy Effectiveness Ratio
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Diesel	38.65 MJ/L	1.2
Hydrogenation-derived renewable diesel	36.51 MJ/L	1.2
Biodiesel	36.94 MJ/L	1.2
Gasoline	34.69 MJ/L	1.0
Ethanol	23.58 MJ/L	1.0
Hydrogen	120.00 MJ/kg	2.3
LNG	52.87 MJ/kg	1.2
CNG	38.26 MJ/m <sup>3</sup>	1.0
Propane	25.59 MJ/L	1.0
Electricity	3.60 MJ/kWh	3.0

[en. B.C. Reg. 320/2009, s. 8; am. B.C. Reg. 338/2010, Sch. s. 11.]

### Default carbon intensity

**11.04** For the purposes of section 6 (3) (a) of the Act, the carbon intensity for a Part 3 fuel is deemed to be the carbon intensity set out for the Part 3 fuel in the table to this section.

<b>Table</b>	
<b>Fuel</b>	<b>Carbon Intensity</b>
Gasoline class	90.21
Propane	78.29
Diesel class	93.33
CNG	59.74
LNG	66.54
Electricity	11.94
Hydrogen	92.06

[en. B.C. Reg. 320/2009, s. 8.]

### Components

**11.05** (1) In this section:

**"fuelling station"** means a facility equipped to dispense fuel into fuel tanks or batteries of vehicles or vessels and includes a retail service station, a card lock, or a facility used primarily to fuel a fleet of vehicles or vessels;

**"fuel production facility"** means a facility that manufactures or produces fuel from feedstock or using natural resources;

**"net greenhouse gas emissions"** , used in relation to a stage in the life cycle of a fuel, includes all greenhouse gases emitted or absorbed in any process or activity that is part of that stage, whether or not the process or activity is specifically mentioned in the description of the stage in subsection (3), unless those greenhouse gases are specifically taken into account in another stage.

(2) For the purpose of determining the carbon intensity of a fuel, the net

greenhouse gas emissions from each stage, as described in subsection (3), that occurs in the life cycle of the fuel, is established as a component deemed attributable to that fuel.

(3) For the purposes of subsection (2), the following stages of the life cycle of a fuel are established:

**"carbon dioxide and hydrogen sulphide removed from natural gas"**

means the activities and processes associated with removing carbon dioxide and hydrogen sulphide from natural gas;

**"carbon from air incorporated in fuel"** means the processes by which carbon is incorporated in biological feedstock in the feedstock production process;

**"co-products production"** means the production of usable products, other than the fuel being analyzed, in a fuel production process, whether the co-product is produced at the point of feedstock recovery or at the fuel production facility;

**"direct land use change"** means the activities and processes associated with changing the use of land from another use to

- (a) feedstock production and recovery,
- (b) fuel production,
- (c) roads for access to feedstock or an energy source,
- (d) feedstock exploration activities, or
- (e) pipelines, transmission lines or other means of transporting feedstock or fuel;

**"feedstock production and recovery"** means activities and processes associated with producing and recovering feedstock, including, without limitation, processing, handling and storage that occurs before transporting the feedstock to a fuel production facility;

**"feedstock transport"** means activities and processes associated with transporting feedstock from the location of production or recovery to a fuel production facility, including, without limitation, the manufacture and maintenance of vehicles, vessels and pipelines used for transporting and leaks and spills that occur in the process of transferring the feedstock to a means of transportation;

**"fertilizer and pesticide manufacture"** means activities and processes associated with the use of fertilizers and pesticides for agricultural feedstock, including, without limitation, recovering and transporting raw materials and manufacturing, transporting and using fertilizers and pesticides;

**"fuel dispensing"** means activities and processes associated with the

transfer of fuel from storage at a fuelling station into a vehicle or vessel for use in the engine of that vehicle or vessel or a device necessary for the intended use of the vehicle or vessel, including, without limitation, leaks and spills that occur in the transfer process;

**"fuel production"** means activities and processes associated with manufacturing or producing fuel at a fuel production facility, including, without limitation, fugitive emissions, flaring and leaks of substances during the fuel production process;

**"fuel storage and distribution"** means activities and processes associated with storing, handling and transporting fuel from the fuel production facility to and at the fuelling station;

**"leaks and flaring"** means fugitive emissions, leaks and flaring of substances during feedstock production and recovery;

**"vehicle or vessel operation"** means the consumption of fuel in the operation of vehicles and vessels, including, without limitation, in the operation of any device necessary to the intended operation or use of the vehicle or vessel.

[en. B.C. Reg. 320/2009, s. 8.]

### **Carbon intensity by component — calculation**

**11.06** (1) In this section, **"approved GHGenius"** means a version of GHGenius approved by the director for the applicable compliance period.

(2) For the purposes of section 6 (3) (b) (ii) of the Act, the carbon intensities for the components must be calculated using an approved GHGenius.

[en. B.C. Reg. 320/2009, s. 8.]

### **Carbon intensity by component — alternative method**

**11.07** (1) For the purposes of section 6 (3) (b) (iii) of the Act, a person may apply to the director for approval of an alternative method by submitting a proposal in writing so that it is received by the director on or before the end of the compliance period for which approval of the alternative method is requested.

(2) A proposal under subsection (1) must include the following information:

- (a) legal name;
- (b) operating name;
- (c) name of the person submitting the proposal on behalf of the applicant;
- (d) the address of the applicant, including, as applicable, street address, postal address, city and postal code;
- (e) telephone and fax numbers;

(f) name and contact information for a person who can be contacted for additional information;

(g) the alternative method proposed for determining the carbon intensity of a component and an explanation of the basis on which the applicant asserts that the alternative method results in a more accurate determination of the carbon intensity for the component than is determined under section 11.06 for that component;

(h) any other information the applicant considers relevant to the application.

(3) An applicant must provide further information in respect of an application under this section on request of the director.

(4) A proposal under subsection (1) and further information provided under subsection (3) must be signed by the officer or employee referred to in subsection (2) (c) and include the following statement:

I certify that the information in this proposal is true and complete to the best of my knowledge and I understand that I may be required to provide to the director records evidencing the truth of that information.

(5) For the purposes of subsection (4), records evidencing a matter include, but are not limited to, scientifically defensible materials, including refereed journals.

(6) The director must provide an applicant under subsection (1) with an opportunity to be heard before deciding to refuse to accept the alternative method.

(7) An opportunity to be heard for the purposes of subsection (6) may be provided, as the director considers appropriate in the circumstances,

(a) in person,

(b) in writing, including by facsimile transmission or electronic mail, or

(c) by video conference, audio conference, telephone or other electronic means, if available.

(8) The director must include written reasons with a decision referred to in section 6 (4) of the Act.

[en. B.C. Reg. 320/2009, s. 8; am. B.C. Reg. 232/2011, s. 6.]

### Part 3 compliance reports

**11.08** (1) In this section, "**attorney**" and "**head office**" have the same meanings as in the *Business Corporations Act*.

(2) Subject to subsection (2.1), a Part 3 compliance report must be provided to the director on or before March 31 of the calendar year following the compliance period.

(2.1) A Part 3 compliance report for the January 1, 2012 to June 30, 2013 compliance period must be provided to the director on or before September 31, 2013.

(3) A Part 3 compliance report must set out, as applicable, all the following identifying and contact information respecting the Part 3 fuel supplier:

- (a) legal name;
- (b) operating name;
- (c) name of the officer or employee submitting the report on behalf of the Part 3 fuel supplier;
- (d) the address of the head office in British Columbia, if applicable, and otherwise, the name and address of the corporation's attorney in British Columbia, including, as applicable, street address, postal address, city and postal code;
- (e) telephone and fax numbers;
- (f) email address.

(4) A Part 3 compliance report must set out, as applicable, all the following information in relation to the Part 3 fuel supplier for the compliance period set out under paragraph (a):

- (a) the compliance period to which the report relates;
- (b) the quantity of each Part 3 fuel supplied in the compliance period and included in the determination of carbon intensity for the purposes of section 6 (1) of the Act;
- (c) the carbon intensity determined for each Part 3 fuel reported under paragraph (b), showing how carbon intensities were determined;
- (d) the quantity of each Part 3 fuel supplied in the compliance period that is excluded under section 6 (2) of the Act from the determination of carbon intensity for the purposes of section 6 (1) of the Act;
- (e) for each Part 3 fuel supplier from which the Part 3 fuel supplier received a notional transfer of carbon dioxide equivalent emissions,
  - (i) the legal name and address of the transferring Part 3 fuel supplier, and
  - (ii) the mass of carbon dioxide equivalent emissions notionally received;
- (f) for each Part 3 fuel supplier to which the Part 3 fuel supplier notionally transferred carbon dioxide equivalent emissions,
  - (i) the legal name and address of the Part 3 fuel supplier transferred to, and
  - (ii) the mass of carbon dioxide equivalent emissions notionally



transferred;

(g) the determination of weighted average of the carbon intensities of all Part 3 fuels reported under paragraph (b), including, if applicable,

(i) a copy of the GHGenius spreadsheets used to determine the carbon intensities of each fuel, or

(ii) a copy of the director's approval of an alternative method and, if the alternative method uses a spreadsheet model designed for the same purpose as GHGenius or another electronic method of calculating carbon intensity, a copy of the spreadsheets from that alternative method or the electronic calculation.

(h) the mass of carbon dioxide equivalent emissions the Part 3 fuel supplier is retaining under section 8 (3) of the Act for credit in a later compliance period;

(i) the mass of carbon dioxide equivalent emissions the Part 3 fuel supplier retained from a previous compliance period that the Part 3 fuel supplier is using as a credit in the compliance period and the compliance period in which it was first retained.

(5) A Part 3 fuel supplier must provide other information in respect of the Part 3 fuel supplier and the compliance period on request of the director.

(6) If a Part 3 fuel supplier calculates carbon intensity under section 11.06, or determines carbon intensity under section 11.07 using GHGenius, another spreadsheet model designed for the same purpose or another electronic method of calculating carbon intensity, the GHGenius spreadsheets, other spreadsheets or electronic method must be provided in digital format, either separately or with the report.

(7) A Part 3 compliance report must be signed by the officer or employee referred to in subsection (3) (c) and include a declaration of that officer or employee containing, as applicable, all the following:

(a) a statement that records evidencing the carbon intensity of all Part 3 fuel reported under subsection (4) (b) are available on request;

(b) a statement that records evidencing each matter reported under subsection (4) (b) to (f) are available on request;

(c) if the report is submitted by an employee, a statement that a record evidencing the employee's authority to submit the report on behalf of the Part 3 fuel supplier is available on request;

(d) the following statement:

I certify that the information in this report is true and complete to the best of my knowledge and I understand that I may be required to provide to the director records evidencing the truth of that

information.

(8) Subsection (7) (c) and (d) apply in respect of further information provided under subsection (5).

(9) For the purposes of subsections (7) and (8), records evidencing a matter include, but are not limited to, the following types of records:

(a) dated metered-values, bills of lading, invoices, sales receipts, records of payments and records of transactions for the quantity of each class of Part 3 fuels reported under subsection (4) as supplied in a compliance period;

(b) dated contracts, records of transfer, invoices and records of payment for the masses of carbon dioxide equivalent emissions notionally transferred to or by the Part 3 fuel supplier in the compliance period.

(10) A Part 3 compliance report must be in the form specified by the director.

[en. B.C. Reg. 320/2009, s. 8, am. B.C. Reg. 338/2010, Sch. s. 12; 232/2011, s. 7.]

### **Supplementary Part 3 compliance report**

**11.09** A supplementary compliance report referred to in section 7 (3) of the Act must

(a) comply with section 11.08 [*compliance reports*], and

(b) indicate which information is different from the information provided in the Part 3 compliance report it supplements.

[en. B.C. Reg. 320/2009, s. 8.]

### **Records**

#### **11.10**

(1) A Part 3 fuel supplier must retain at its principal place of business in British Columbia, if any, or the place of business of its attorney, otherwise, books of accounts and the records necessary for the fuel supplier to demonstrate compliance with section 6 of the Act for a compliance period.

(2) Records referred to in subsection (1) must be retained for 7 years after the end of the compliance period to which they relate.

[en. B.C. Reg. 320/2009, s. 8.]

## **Part 3 — Administrative Penalties**

### **Prescribed contraventions**

**12** For the purposes of section 12 (1) [*administrative penalties in relation to other matters*] of the Act, the following contraventions are prescribed:

- (a) a failure to provide a Part 2 fuel compliance report by the date it is due;
- (b) a failure to retain records as required under section 11 (1) or (2) *[records]* of this regulation;
- (c) a failure to provide a Part 3 fuel compliance report by the date it is due;
- (d) a failure to retain records as required under section 11.10 (1) or (2) of this regulation.
- (e) a failure to post a label in the circumstances required under section 7.3 (1) *[renewable fuel labelling requirements]*;
- (f) a failure to give notice in the circumstances required under section 7.3 (1);
- (g) posting a label that does not meet the requirements of section 7.3 (3) (a), (b), (c), (d), (e), (f), (g) or (h);
- (h) providing notice that does not meet the requirements of section 7.3 (4);
- (i) a failure to pay an administrative penalty when it is due under section 9 (2), 10 (2) or 11 (5) of the Act or under section 18 (2) of this regulation, as applicable.

[am. B.C. Regs. 320/2009, s. 9; 338/2010, Sch. ss. 13 to 15.]

### **Amount of administrative penalties**

**13** (1) For the purposes of sections 9 (1) *[automatic administrative penalties]* and 11 (2) *[imposed administrative penalties: fuel requirements]* of the Act, the penalty rate is

- (a) \$0.30/litre for gasoline class fuel, and
- (b) \$0.45/litre for diesel class fuel.

(1.1) For the purposes of sections 10 (1) and 11 (4) of the Act, the penalty rate is \$200 per tonne of carbon dioxide equivalent emissions.

(2) The maximum amount of an administrative penalty that may be imposed

- (a) for a failure to provide a fuel compliance report on the date it is due is \$100 000, and
- (b) is \$500 for
  - (i) a failure to retain records as required under section 11 (1) or (2) or 11.10 (1) or (2) *[records]*,
  - (ii) a failure to post a label in the circumstances required under section 7.3 (1) *[renewable fuel labelling requirements]*,
  - (iii) a failure to give notice in the circumstances required under

section 7.3 (1),

(iv) posting a label that does not meet the requirements of section 7.3 (3) (a), (b), (c), (d), (e), (f), (g) or (h), or

(v) providing a notice under section 7.3 (2) (b) that does not meet the requirements of section 7.3 (4).

(3) If all or a portion of an administrative penalty is not paid when it is due, an additional penalty of up to 10% of the outstanding balance may be imposed for each 14-day period it remains unpaid.

[am. B.C. Regs. 320/2009, s. 10; 338/2010, Sch. ss.16 to 18.]

### **Notice of intention to impose administrative penalty**

**14** (1) Before sending an administrative penalty notice to a fuel supplier under section 11 (2) or 12 (2) or (4) of the Act, the director must

(a) serve the person with a notice of intent to impose an administrative penalty, and

(b) provide the fuel supplier with an opportunity to be heard.

(2) An opportunity to be heard for the purposes of this section may be provided, as the director considers appropriate in the circumstances,

(a) in person,

(b) in writing, including by facsimile transmission or electronic mail, or

(c) by video conference, audio conference, telephone or other electronic means, if available.

(3) A notice of intent to impose an administrative penalty must set out

(a) the alleged non-compliance, including the provision of the Act or regulations the person is alleged to have contravened and the circumstances of that non-compliance, and

(b) the time, date, place and manner of hearing or the due date for written submissions.

(4) A notice of intent to impose an administrative penalty must be served on the person not less than 21 days before the date of a hearing under subsection (2) (a) or (c) or the due date of a submission under subsection (2) (b).

(5) On application, the director may change a time, date or manner of hearing specified under subsection (3) (b).

[am. B.C. Regs. 320/2009, s. 11; 338/2010, Sch. s. 19.]

### **Consequences of failing to appear or provide submissions**

**15** If a person who is served with notice under section 14 (1) of this regulation fails to appear or provide submissions when required by the notice or under section 14

- (5) of this regulation, as applicable, the director may proceed without further notice to serve the person with an administrative penalty notice under section 11 (2) or 12 (2) or (4) of the Act.

[am. B.C. Reg. 338/2010, Sch. s. 20.]

### **Determining the amount of an administrative penalty**

- 16** (1) In determining the amount of an administrative penalty for a failure to submit a compliance report by the date it was due, the director must consider

(a) whether the fuel supplier has previously submitted compliance reports late and how often, and

(b) Repealed. [B.C. Reg. 338/2010, Sch. s. 21.]

(c) any other matter the director considers relevant.

- (2) In determining the amount of an administrative penalty for a failure to retain records as required under section 11 (1) or (2) or 11.10 (1) or (2) [*records*], the director must consider

(a) whether the fuel supplier has previously failed to retain the proper records or has failed to retain those records for 7 years, and how often, and

(b) any other matter the director considers relevant.

- (3) The director must not serve an administrative penalty notice on a person who has satisfied the director that the person exercised due diligence to prevent the contravention or failure in respect of which an administrative penalty may be imposed.

[am. B.C. Regs. 320/2009, Sch. s. 12; 338/2010, Sch. s. 21.]

### **Notice of administrative penalty**

- 17** A notice of administrative penalty for the purposes of section 11 (2) or 12 (2) or (4) of the Act must include all the following information:

(a) the date by which the administrative penalty must be paid;

(b) acceptable methods of payment;

(c) the address to which the payment must be sent;

(d) that the determination of non-compliance, the extent of the non-compliance or, in the case of an administrative penalty under section 12 of the Act, the amount of the administrative penalty, may be appealed to the Environmental Appeal Board in accordance with Part 5 of the Act and Part 4 of this regulation.

[am. B.C. Reg. 338/2010, Sch. s. 22.]

### **Payment of administrative monetary penalty**

**18** (1) An administrative penalty must be made payable to the Minister of Finance.

(2) An administrative penalty under section 12 [*administrative penalties in relation to other matters*] of the Act must be paid within 30 days after the date the fuel supplier is subject to the administrative penalty in accordance with section 11(5) or 12 (3) of the Act, as applicable.

[am. B.C. Regs. 320/2009, s. 13; 338/2010, Sch. s. 23.]

#### **Time limit for imposing administrative penalties**

**19** (1) A notice under section 14 [*notice of intention to impose administrative penalty*] must not be sent

(a) more than 3 years after the date of the non-compliance to which it relates, or

(b) if the minister issues a certificate described in subsection (2), 18 months after the date on which the minister learned of that non-compliance.

(2) A certificate purporting to have been issued by the minister certifying the date referred to in subsection (1) (b) is proof of that date.

#### **Publication of names**

**20** (1) The minister may publish, including by electronic means, all the following information in respect of a fuel supplier on whom an administrative penalty has been imposed under section 9, 11 or 12 of the Act:

(a) legal name;

(b) amount of the penalty;

(c) the provision of the Act or regulations with which the fuel supplier failed to comply.

(2) Publication under subsection (1) in relation to an administrative penalty under section 11 or 12 of the Act may not occur until the fuel supplier is subject to the administrative penalty in accordance with section 11 (5) or 12 (3) of the Act, as applicable.

[am. B.C. Reg. 320/2009, s. 14.]

## **Part 4 — Appeals**

#### **Time limit for commencing appeal**

**21** The time limit for commencing an appeal is 30 days after the notice of administrative penalty to which it relates is served.

#### **Procedures on appeal**

**22** An appeal must be

- (a) commenced by notice of appeal in accordance with the Environmental Appeal Board Procedure Regulation, and
- (b) conducted in accordance with Part 5 [*Appeals to Environmental Appeal Board*] of the Act and the Environmental Appeal Board Procedure Regulation.

### **Powers of appeal board on appeal**

**23** (1) On an appeal, the appeal board may

- (a) send the matter back to the person who made the decision with directions,
- (b) confirm, reverse or vary the decision being appealed, or
- (c) make any decision that the person whose decision is appealed could have made, and that the appeal board considers appropriate in the circumstances.

(2) The appeal board may conduct an appeal by way of a new hearing.

## **Part 5 — Enforcement**

### **Inspectors**

**24** (1) The director may

- (a) designate a person as an inspector or a class of persons as inspectors, and
- (b) issue identification to a person, or a person in a class, designated under paragraph (a), identifying the person as an inspector.

### **Inspection and seizure powers**

**25** (1) For the purposes of ensuring compliance with this Act or the regulations, an inspector, at any reasonable time, may enter land or premises, other than premises or a part of premises used solely as a private residence, and inspect any place, process, thing or activity that is the business premises or operations of a fuel supplier.

(2) An inspector who enters on land or premises under this section may do any of the following for the purposes referred to in subsection (1):

- (a) inspect, analyze, measure, sample or test anything;
- (b) use or operate anything or require the use or operation of anything, under conditions specified by the inspector;
- (c) take away samples;

- (d) make or take away copies of records.
- (3) An inspector who enters land or premises in accordance with this section
  - (a) may take along the persons and equipment that the inspector considers may be necessary for the purposes of the inspection, and
  - (b) on request, must provide proof of identity to a person present on the land or premises entered.
- (4) Section 112 of the *Environmental Management Act* is adopted for the purposes of the Act and for that purpose
  - (a) a reference in section 112 to "this Act" or to "this Act or the regulations" must be read as a reference to the Act or the Act and this regulation,
  - (b) a reference in section 112 to a director must be read as a reference to the director under the Act, and
  - (c) a reference in section 112 to an officer is to be read as a reference to an inspector.
- (5) A person who is the subject of an inspection under this section, or who is or was a director, receiver, receiver manager, officer, employee, banker, auditor or agent of a person who is the subject of an inspection under this section, on request of an inspector, must
  - (a) produce, without charge or unreasonable delay, for examination by the inspector, any record relating to requirements under this Act, and
  - (b) provide the inspector with information relevant to the purposes of the inspection.

## Part 6 — Transition

### Part 2 fuel suppliers — transition

- 26** (1) For the purposes of demonstrating compliance with section 2 [*requirements for renewable fuel content*] of the Act for the 2010 compliance period, a Part 2 fuel supplier may report in its compliance report for that compliance period renewable fuel supplied by the Part 2 fuel supplier in the 2009 calendar year as if it had been supplied in the 2010 compliance period.
- (2) For the purpose of section 29.1 of the Act, a Part 2 fuel supplier may apply to defer up to 50% of its renewable diesel class fuel obligation for the 2010 or 2011 compliance period.
- (3) An application under section 29.1 of the Act must
  - (a) be received by the director on or before the last date of the



compliance period for which authority for the deferral is requested,  
and

(b) include

- (i) the information respecting the Part 2 fuel supplier specified in section 9 (3) (a), (b) and (d) to (f) of this regulation,
- (ii) the name of the officer or employee submitting the application on behalf of the Part 2 fuel supplier, and
- (iii) the compliance period to which the application relates.

[am. B.C. Reg. 338/2010, Sch. s. 24.]

#### **Exclusion from "diesel class fuel"**

**27** Until January 1, 2013, Part 2 fuel does not include diesel class fuel that, at the time of sale, the fuel supplier reasonably expects will be used in a locomotive or other rolling stock.

[am. B.C. Regs. 320/2009, s. 15; 338/2010, Sch. s. 25.]

[Provisions relevant to the enactment of this regulation: *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act*, S.B.C. 2008, c. 16, sections 25 to 30]