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January 16, 2019

Sent via email/eFile

<b>FEI AND TIDAL ENERGY BIOMETHANE PURCHASE AGREEMENTS EXHIBIT A-6</b>
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Mr. Doug Slater  
Director, Regulatory Affairs  
FortisBC Energy Inc.  
16705 Fraser Highway  
Surrey, BC V4N 0E8  
gas.regulatory.affairs@fortisbc.com

**Re: FortisBC Energy Inc. – Application for Acceptance of Biomethane Purchase Agreements between FortisBC Energy Inc. and Tidal Energy Marketing Inc. – Panel Information Request No. 1**

Dear Mr. Slater:

The Panel has reviewed the evidence on record for the proceeding and has determined there is a need for additional information and further clarification on particular issues. Please find enclosed the Panel Information Request No. 1 on the above Application. **Please file your responses by Friday, January 31, 2020.**

Further regulatory process is to be established following receipt of Information Request responses.

Sincerely,

*Original signed by:*

Patrick Wruck  
Commission Secretary

/ad  
Enclosure



FortisBC Energy Inc.  
Filing of Biomethane Purchase Agreements between  
FortisBC Energy Inc. and Tidal Energy Marketing Inc.

**PANEL INFORMATION REQUEST NO. 1 TO FORTISBC ENERGY INC.**

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**A. INTERPROVINCIAL RENEWABLE NATURAL GAS TRANSPORTATION**

**1.0 Reference: INTRODUCTION  
FEI Final Argument, p. 1  
Transportation of Renewable Natural Gas**

FortisBC Energy Inc. (FEI) states on page 1 of its Final Argument:

FEI’s BPA’s with Tidal are for the purchase of renewable natural gas from projects in Niagara Falls and London, Ontario. The “Niagara BPA” establishes the terms and conditions on which Tidal will provide renewable natural gas from a landfill project located in Niagara Falls, Ontario to FEI at the Huntingdon interconnection point on FEI’s system. The “London BPA” establishes the terms and conditions on which Tidal will provide renewable natural gas from an organic waste digestion project located in London, Ontario to FEI at the Huntingdon interconnection point.

- 1.1 Please confirm that natural gas can physically flow from the project locations in Niagara Falls and London, Ontario, to the Huntingdon interconnection point on the FEI system, and describe the operational layout that would allow the renewable natural gas (RNG) to flow from the two production facilities in Ontario to the interconnection point on the FEI system.
- 1.2 Please confirm whether FEI expects that RNG would physically flow from the two production facilities in Ontario to the Huntingdon interconnection delivery point on the FEI system under normal operating conditions.
- 1.3 Please describe how RNG injected into pipelines at Niagara Falls and London, Ontario, will physically displace conventional natural gas from entering BC’s pipeline network.

## **B. LOCATION OF PHYSICAL GREENHOUSE GAS EMISSION REDUCTION**

### **2.0 Reference: INTRODUCTION FEI Final Argument, p. 1 Physical Greenhouse Gas Emission Reduction**

FEI states on page 1 of its Final Argument:

While the production of the renewable natural gas will occur in Ontario, FEI's purchase of the renewable natural gas will reduce greenhouse gas emissions in BC, as greenhouse gas emission reductions are accounted for at the end use.

- 2.1 Please confirm whether the physical volume of greenhouse gases emitted into the atmosphere at the end use is reduced when FEI customers use renewable natural gas instead of conventional natural gas.
  - 2.1.1 If not confirmed, please explain where the most significant reduction of greenhouse gases physically released into the atmosphere would occur under the proposed BPAs.
- 2.2 Please explain how the location of physical greenhouse gas (GHG) emission reduction from the proposed Biomethane Purchase Agreements (BPAs) compares to the location of physical GHG reduction under FEI's existing BPAs within BC.

## **C. REGULATORY FRAMEWORK FOR GREENHOUSE GAS EMISSION ACCOUNTING**

### **3.0 Reference: PROPOSED BIOMETHANE PURCHASE AGREEMENTS IN THE PUBLIC INTEREST FEI Final Argument, p. 10 Greenhouse Gas Emission Accounting**

FEI states on page 10 of its Final Argument:

While the production of the renewable natural gas will occur in Ontario, FEI's purchase of the renewable natural gas will reduce greenhouse gas emissions in BC, as greenhouse gas emission reductions are accounted for at the end use. Claiming reductions in emissions due to the use of renewable natural gas requires a clear contractual path for the environmental attributes, real displacement of conventional gas, and the retirement of environmental attributes upon use. The BPAs with Tidal meet these requirements, such that the reduction in greenhouse gas emissions will be accounted for in B.C. where the renewable natural gas is used.

- 3.1 Please confirm what legislation, regulations or standards prescribe the requirements and accounting methodology that FEI refers to when it states that greenhouse gas emissions reductions are "accounted for at end use" and that "The BPAs with Tidal meet these requirements, such that the reduction in greenhouse gas emissions will be accounted for in B.C. where the renewable natural gas is used."
  - 3.1.1 Please confirm, or explain otherwise, that the accounting methodology referenced has no limitations on the location of supply for renewable natural gas.
- 3.2 Please describe the regulatory framework in place in British Columbia for accounting greenhouse gas emissions as they relate to biomethane producers and consumers.
- 3.3 Please describe the regulatory framework in place in Ontario for accounting greenhouse gas emissions as they relate to biomethane producers and consumers.

- 3.4 Please explain how the actual carbon intensity of the RNG purchased under the proposed BPAs will be accounted for under BC and Ontario carbon accounting frameworks.
- 3.5 Please confirm, or explain otherwise, that the production facilities in Ontario receive no direct or indirect benefit from the GHG reduction related to the biomethane being purchased by FEI under the proposed BPAs
  - 3.5.1 Please explain how GHG emissions would be accounted at the RNG production facilities in Ontario under Ontario legislation, before and after the landfill gas recovery operations are in service.
- 3.6 Please discuss if there is any potential that the same physical GHG emission reduction arising from biomethane usage could be accounted twice – both at the production facility and the end use.
- 3.7 Please explain what federal or inter-provincial regulatory oversight is in place to ensure that the same physical GHG emission reductions are not accounted for more than once if provinces use different GHG accounting schemes.
- 3.8 Please discuss whether any regulations exist in Canada that would allow the transfer of environmental attributes of GHG emissions between provinces, without an agreement for delivery of natural gas.
- 3.9 Please discuss whether large natural gas customers in BC have any options for sourcing their own renewable natural gas that would qualify for an emission reduction under BC regulations.
- 3.10 Please discuss whether FEI customers looking to reduce their greenhouse gas emissions would be able to do so by purchasing carbon offsets from other organizations in BC or other provinces, in the context of the regulatory framework present in BC.
- 3.11 Please discuss whether an FEI customer purchasing carbon offsets to reduce their carbon footprint would be entitled to the same benefits as a customer purchasing notional RNG through FEI, in the context of the regulatory framework present in BC.

**D. PRICE OF NATURAL GAS**

**4.0 Reference: ANNUAL VOLUME OF RENEWABLE NATURAL GAS WILL NOT EXCEED MAXIMUM  
FEI Final Argument, p. 11  
No Delay to BC Projects**

FEI states on page 2 of its Final Argument:

FEI has an opportunity now to secure long-term contracts ahead of other jurisdictions that have been slower in their adoption of renewable natural gas. This opportunity will allow FEI to secure renewable natural gas at better prices than if it were competing for the renewable natural gas with other jurisdictions, leading to lower overall renewable natural gas supply costs for customers

- 4.1 Please provide the average price of conventional natural gas purchased by FEI in 2019.
- 4.2 Please provide the average price of RNG purchased by FEI in 2019.
- 4.3 Please provide the average RNG commodity price paid by FEI’s RNG customers in 2019.
- 4.4 Please discuss the basis for the FEI’s current RNG pricing model.

**E. NO DELAY TO BC PROJECTS**

**5.0 Reference: ANNUAL VOLUME OF RENEWABLE NATURAL GAS WILL NOT EXCEED MAXIMUM  
FEI Final Argument, p. 11  
No Delay to BC Projects**

FEI states on page 11 of its Final Argument:

FEI expects to fully utilize all renewable natural gas from prospective projects. FEI does not expect to delay, terminate or curtail any in-province projects as a result of the purchase of renewable natural gas from out-of-province. FEI expects that it will need to develop all of the renewable natural gas supply available within BC, as well as projects outside of BC, to reach the CleanBC plan target of 15 percent renewable gas content. The CleanBC plan confirms the critical role that renewable gas will play in reducing emissions, accounting for approximately 75 percent of the emissions reduction in the building sector. As a result, FEI sees continued growth and development of the renewable gas portfolio in the future in order to achieve these objectives.

- 5.1 Please confirm that FEI is unaware of any RNG projects in BC that would provide a suitable alternative to the proposed BPAs at the present time.
- 5.2 Please discuss to what extent FEI considers that it is aware of all current opportunities to purchase significant volumes of RNG within BC.
- 5.3 Please discuss to what extent FEI considers that it can estimate the total volume of RNG that will become economical to produce in BC for \$30/GJ, over the entire duration of the proposed BPAs.
- 5.4 Please discuss the likelihood that FEI may be unable to purchase the entire volume of RNG produced from any RNG projects in BC in the future due to reaching the prescribed undertaking volume limit before the proposed BPAs come to an end.