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March 13, 2020

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, B.C.  
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Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

**Re: FortisBC Energy Inc. (FEI)**

**Filing of a Biomethane Purchase Agreement (BPA) between FEI and REN Energy International Corp. (REN) (Application)**

**Response to the British Columbia Utilities Commission (BCUC) Information Request (IR) Staff No. 1**

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On February 7, 2020, FEI filed the Application referenced above. In advance of the deadline established in BCUC Order G-44-20 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to BCUC IR Staff No. 1.

If further information is required, please contact Scott Gramm, Manager, Renewable Natural Gas, at (604) 576-7242.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Doug Slater

Attachments

cc (email only): Registered Parties



FortisBC Energy Inc. (FEI or the Company) Filing of a Biomethane Purchase Agreement (BPA) between FEI and REN Energy International Corp.(REN) (Application)	Submission Date: March 13, 2020
Response to British Columbia Utilities Commission (BCUC) Staff Information Request (IR) No. 1	Page 1

1   **1.0   Reference:   Exhibit B-1 (Application), p. 1**

2                               **On page 3 of the Application, (FortisBC Energy Inc.) FEI states:**

3                               The acquisition price for RNG from the Project is below the \$30 per gigajoule (GJ)  
4                               maximum acquisition price in section 2(3.8)(a) of the GRR. The terms of the REN BPA  
5                               dictate that the maximum price payable by FEI to REN for biomethane cannot exceed  
6                               the GRR maximum acquisition cost, and REN will fully pay for the capital and O&M  
7                               costs of the FEI Facilities

8                               1.1       Please confirm that FEI will not pay more than \$30 per GJ at any time over the  
9                               duration of the 20-year agreement with REN Energy International Corp (REN).

10  
11   **Response**

12   Confirmed. The terms of the REN BPA dictate that the maximum price payable by FEI to REN  
13   for biomethane cannot exceed the GRR maximum acquisition cost (currently set at \$30 per  
14   GJ), and REN will fully pay for the actual capital and actual O&M costs of the FEI  
15   interconnection facilities. Please also refer to:

- 16                               • Table 1 of the Application and Schedule 2 in Appendix B which demonstrate that FEI will  
17                               recover its actual O&M costs and property taxes on an annual basis from REN;
- 18                               • Table 1 of the Application and Schedule 5 in Appendix B which demonstrate that FEI will  
19                               receive a contribution in aid of construction to cover the actual capital costs of the  
20                               project; and
- 21                               • Table 1 of the Application and Schedule 11 of the Application which demonstrate that  
22                               the maximum price does not exceed \$30 per GJ in any year of the BPA term.

23   Finally, as discussed in Table 2 in Section 3.3 of the Application, REN is obligated to provide a  
24   letter of credit equivalent to the cost of FEI's interconnection facilities, including the cost of  
25   removal, in the event of supplier default.

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28                               1.1.1       If not confirmed, please explain.

29   **Response**

30   Please refer to the response to BCUC Staff IR1 1.1.

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1           1.2     Please confirm that there are no additional costs outside of the \$30 per GJ that  
2                     will be incurred by FEI in relation to any aspect of the Biomethane Purchase  
3                     Agreement between FEI and REN (REN BPA).

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5     **Response**

6     Confirmed. Please also refer to the response to BCUC Staff IR1 1.1 which describes that actual  
7     O&M costs and actual capital costs will be recovered from REN.

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11                     1.2.1     If not confirmed, please explain and provide additional details.

12     **Response**

13     Please refer to the response to BCUC Staff IR1 1.2.

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1   **2.0   Reference:   Clean Energy Act, Section 18(1)**

2                                   **In Section 18(1) of the Clean Energy Act states:**

3                   A prescribed undertaking means a project, program, contract or expenditure that is in a  
4                   class of projects, programs, contracts or expenditures prescribed for the purpose of  
5                   reducing greenhouse gas emissions in British Columbia.

6                   2.1    Please confirm that the REN BPA will reduce greenhouse gas emissions in  
7                   British Columbia.

8    **Response**

9    Confirmed. The project involves the production, injection and use of biomethane in British  
10   Columbia and, although not a requirement under the 3-part test set out in the Greenhouse Gas  
11   Emissions Reduction Regulation<sup>1</sup>, the project will reduce emissions in the following ways:

- 12           • Biomethane will be produced from biogenic feedstock<sup>2</sup>, in this case woody biomass, and  
13           will reduce emissions near the point of production of the biomethane;
- 14           • The use of biomethane will result in the displacement of conventional natural gas which  
15           avoids the emissions associated with conventional natural gas extraction and production  
16           because the conventional natural gas remains in the ground at the point of production,  
17           including in locations such as British Columbia; and
- 18           • The purchase of biomethane will result in reductions in GHG emissions at the end use  
19           because it will result in transportation customers switching from diesel to CNG or LNG.

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23                                   2.1.1    If confirmed, please provide additional information supporting this claim.

24    **Response**

25    Please refer to the response to BCUC Staff IR1 2.1.

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<sup>1</sup> In the Matter of FEI Application for Acceptance of BPAs between FEI and Tidal Energy Marketing. Transcript Volume 1, pp. 5 to 7 and pp. 15 to 16.

<sup>2</sup> Ministry of Environment and Climate Change. 2017 BC Best Practices Methodology for Quantifying Greenhouse Gas Emissions. p. 11, footnote 14. Online: <https://www2.gov.bc.ca/assets/gov/environment/climate-change/cng/methodology/2017-pso-methodology.pdf>.