Energy at work FORTIS BC™

2021 Green Bond Impact Report

JULY 2021

About FortisBC

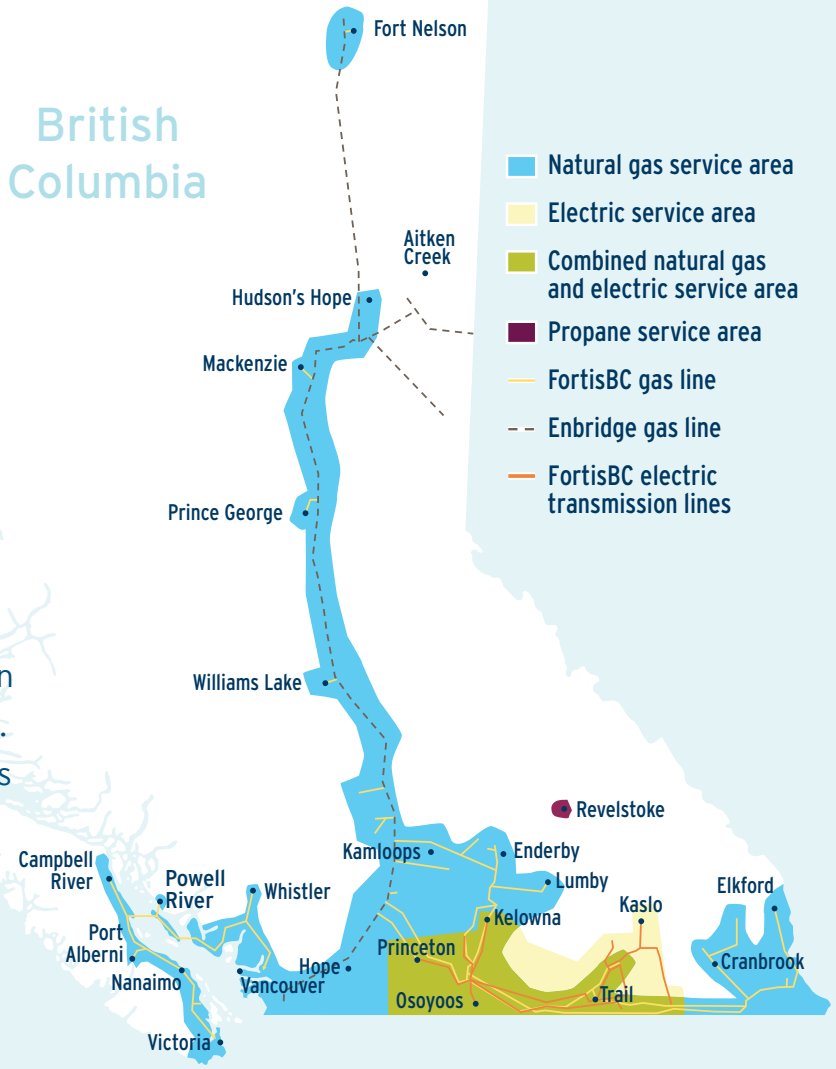
FortisBC[1] delivers the energy customers need safely, reliably and at a reasonable cost. Whether delivering electricity, natural gas, renewable energy or other innovative energy solutions, our more than 2,500 employees serve approximately 1.2 million customers in 135 British Columbia communities and 57 First Nations communities across 150 traditional territories.

ABOUT THE COMPANY

We own and operate approximately 50,000 kilometres of natural gas transmission and distribution pipelines, and approximately 7,300 kilometres of electricity transmission and distribution power lines.

Our energy infrastructure assets also include British Columbia's (BC) largest underground natural gas storage facility[2], two liquefied natural gas (LNG) storage facilities, and four hydroelectric generating plants.

FortisBC Inc. (FBC) and FortisBC Energy Inc. (FEI) do business as FortisBC. FortisBC is indirectly, wholly owned by Fortis Inc., a leader in the North American regulated electric and gas utility industry. Through its subsidiaries, Fortis Inc. serves more than 3.4 million natural gas and electricity customers.



1 FortisBC Inc. and FortisBC Energy Inc. do business as FortisBC. The companies are indirect, wholly owned subsidiaries of Fortis Inc. FortisBC uses the FortisBC name and logo under license from Fortis Inc. FortisBC Energy Inc. and FortisBC Inc. are collectively referred to as FortisBC in this report.

2 This facility is owned by a subsidiary of FortisBC Holdings Inc.

Our Commitment to Sustainability

FortisBC recognizes the importance of moving towards a lower carbon energy future for BC. Through engagement with our customers, industry, stakeholders and government, in 2019 we set an ambitious target to **reduce our customers' greenhouse gas (GHG) emissions by 30 per cent by 2030[3] (30BY30).**

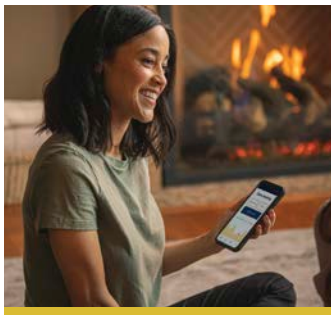
30BY30

Meeting our 30BY30 target for GHG emissions reduction is based on working with customers in four key areas set out in the Clean Growth Pathway:

Investing in low and zero-carbon vehicles and transportation infrastructure

Increasing renewable gas supply, including Renewable Natural Gas (RNG) and advancing hydrogen deployment

Positioning BC as a vital domestic and international LNG provider to lower global GHG emissions



Increasing investment in energy efficiency in homes, businesses and industry and developing innovative energy projects in BC's communities

Our existing natural gas and electricity infrastructure have roles to play in meeting our greenhouse gas emissions reduction goals and supporting the targets established by the Province of BC and Canada.

The safe, reliable, proven energy systems we use today can also provide flexible, diverse choices for the future. By adopting a more flexible approach that takes advantage of the strengths of different types of energy, we can help reduce emissions affordably and effectively. In fact, we commissioned a report by Guidehouse, a leading energy and environmental consultancy, to help us better understand the pathways we can take to work towards this target and a lower carbon energy future.

The report, published in August 2020, showed how we can achieve the province's goal of an 80 per cent GHG emissions reduction by 2050 through a diversified pathway using the province's gas and electricity infrastructures together for $100 billion[4] less than the cost of widespread electrification.[5]

By thinking ahead about the actions we can take, beyond reaching our 30BY30 target, we can help the province reach its goal of an 80 per cent GHG reduction by 2050.[5] This includes continuing to convert heavy and medium duty vehicles to natural gas from diesel, providing more energy efficiency options for our customers and increasing the amount of renewable gas in our system.

3 Relative to 2007 levels.
4 The societal value of costs associated with achieving the diversified pathway is expected to be in excess of $100 billion higher than the electrification pathway.
5 Pathways for British Columbia to achieve its GHG reduction goals; Guidehouse, 2020-page 24-25

A message from our CFO

FortisBC is focused on delivering cleaner energy in BC

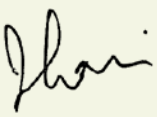
A MESSAGE FROM OUR CHIEF FINANCIAL OFFICER

As an energy utility with both gas and electricity infrastructure, we have an important role to play in developing innovative energy solutions to help us work towards a lower carbon energy future. To help guide our progress, we set our ambitious 30BY30 target to reduce our customers' greenhouse gas emissions by 30 per cent by 2030.

In support of our 30BY30 target and sustainability initiatives across our business, we issued our first green bond in July 2020. Through this green bond, we're able to provide funding for environmentally focused projects and provide investors with annual reporting on the specific environmental impact of their investment.

Our green bond primarily funded energy efficiency programs for our customers, helping them to reduce their greenhouse gas emissions through offering incentives for equipment upgrades. We also invested in natural gas for transportation incentives, which help reduce emissions in the transportation industries. As part of 30BY30, we plan to deliver 15 per cent renewable gases in our distribution system and a portion of our green bond was used to finance RNG production to meet this target. Renewable gases include RNG, which blends seamlessly into our natural gas distribution system. In addition it can be used as an alternative fuel in the transportation industry, helping to reduce greenhouse gas emissions further in heavy and medium duty transportation vehicles.

FortisBC has an important role to play in helping British Columbia move toward a lower carbon energy future. We thank the investors of our green bond for their continued support and look forward to future opportunities.



Ian Lorimer, Chief Financial Officer

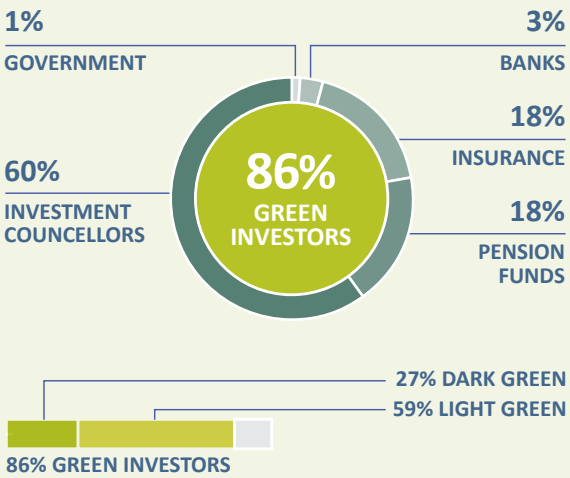
FortisBC's Green Bond Program

In 2020, we developed a dedicated FortisBC Green Bond Framework that follows the same fundamental principles as our Clean Growth Pathway and 30BY30 target.

FortisBC's Green Bond Framework aligns with the 2018 International Capital Market Association's Green Bond Principles and received second-party opinion from CICERO Shades of Green. Our Green Bond Framework includes five eligible project categories (the Eligible Projects).

HIGHLIGHTS OF THE ISSUANCE

- On July 9, 2020, FEI priced a highly successful $200 million 30-year inaugural Green Bond, representing the first Green Bond issued by a natural gas utility in Canada. The transaction was priced at an all-in coupon of 2.54 per cent, payable semi-annually until maturity on July 13, 2050.
- The transaction generated considerable interest from investors which resulted in significant oversubscription. The offering was broadly distributed between 56 buyers with green investors representing 86 per cent of the final book.



USE OF PROCEEDS

Per FortisBC's Green Bond Framework, the proceeds from the issuance of Green Bonds can be used to finance or refinance, in part or in full, new or existing projects that offer tangible environmental benefits. Eligible Projects may include expenditures incurred by FortisBC within 36 months preceding the date of the Green Bond issuance. FortisBC is committed to fully allocate the net proceeds of a Green Bond within 24 months of issuance.

Capital raised by the 2020 Green Bond was used to fund RNG projects in Salmon Arm, City of Vancouver and Kelowna, Demand Side Management (DSM) initiatives, and Natural Gas for Transportation (NGT) on-road vehicle and LNG marine vessel incentives. The net proceeds after issuance costs amounted to $199 million and were maintained in a segregated bank account. From July 2020 to December 2020, all of the $199 million proceeds of this bond issuance were released from the segregated account, representing funds invested in Eligible Projects. The majority of the proceeds were allocated towards Eligible Project expenditures incurred in the 36 months prior to the issuance.

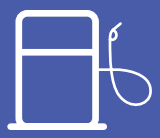
FortisBC's Internal Audit group provided assurance on the use of proceeds. Internal Audit issued an unqualified Audit Report.

The Green Bond Impact Reporting period for use of proceeds is July 1, 2020 to June 30, 2021 to align with the date of issuance. Annual results (ex-ante and actual) are calculated on a calendar basis consistent with FortisBC's fiscal year and corporate and sustainability reporting.

FortisBC's Green Bond Program

ELIGIBILITY CRITERIA

FortisBC's Green Bond Framework is comprised of five Eligible Project categories:

 Renewable Energy	Production, storage, and distribution of renewable energy such as geothermal, hydrogen, wind, and solar.
 Renewable Natural Gas	Purchase, production, processing, storage, and distribution of RNG, which is also referred to as bio-methane. This includes financial incentives provided to customers to convert their engines to RNG and investments in infrastructure to support production, processing, storage, and distribution of RNG.
 Energy Efficiency	DSM initiatives, including: • projects that reduce energy consumption, emissions or improve overall efficiency; and • supporting initiatives such as research and energy use studies. FortisBC equipment upgrades for monitoring energy performance such as digital controls, sensors, building information systems, or energy management and reduction systems.
 Pollution Prevention and Control	Financial incentives provided to customers in the marine and commercial transportation sector to convert their engines to cleaner fuels[6], such as Compressed Natural Gas (CNG) and LNG.
 Clean Transportation	The electrification of on-road transportation, including fleets, which may include maintenance and support vehicles, and infrastructure for clean energy vehicles.

6 When compared to gasoline, diesel or heavy marine oil powered vehicles and vessels.

FortisBC's Green Bond Program

FORTISBC PROCESS FOR PROJECT EVALUATION AND SELECTION

The selection of Eligible Projects was the responsibility of the Selection Committee, which was comprised of individuals from the Finance Department and the Sustainability Department.

The Selection Committee[7] was responsible for evaluating and screening projects. The decision as to the selection of the Eligible Projects was unanimous. This process was completed in consultation with FortisBC's internal business units.

FortisBC's Internal Audit group provided assurance on the Process for Project Evaluation and Selection[7]. Internal Audit issued an unqualified Audit Report.

Identified Eligible Projects may only have partial eligibility. During the allocation process, spending on projects is screened for ineligible amounts based on the requirements of the Green Bond.

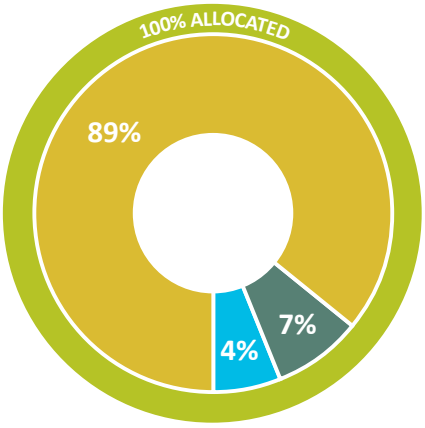
Such ineligible portions of projects include, but are not limited to:

- Fossil fuel infrastructure;
- Fossil fuel related shipping and trucking activities; and
- Incentives offered to companies in the mining industry or railways.

As part of the annual reporting and disclosure process, the Selection Committee reviewed the existing Eligible Projects to ensure that they continued to comply with the Eligibility Criteria.[7]

GREEN BOND PORTFOLIO OVERVIEW

Category	Amount Allocated $'000
ENERGY EFFICIENCY	176,955
POLLUTION PREVENTION AND CONTROL	14,930
RENEWABLE NATURAL GAS	7,115
Total Allocated	**199,000**
Total Net Proceeds	**199,000**



7 As defined in the FortisBC Green Bond Framework

FortisBC's Green Bond Program

IMPACT OF FORTISBC GREEN BONDS AND GREEN BOND PROJECTS

The following section presents the detailed metrics for individual green bond projects. Impact metrics have been selected from the 2018 Harmonized Framework for Impact Reporting, where applicable, or from peer Green Bond impact reports.

Energy Efficiency

Project	Green Bond Amount Allocated ($'000)	Green Bond Funded Annual GHG Emissions Avoided (tCO_2e)	Green Bond Funded Lifetime GHG Emissions Avoided (tCO_2e)	Green Bond Funded NPV of Annual Gas Savings (GJ)
DSM Initiatives	176,955	140,111	1,313,976	21,972,863
TOTAL	**176,955**	**140,111**	**1,313,976**	**21,972,863**

UN SDGs[8]

- SDG 7: Affordable and Clean Energy
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation and Infrastructure

Pollution Prevention and Control

Project	Green Bond Amount Allocated ($'000)	Green Bond Funded Annual GHG Emissions Avoided (tCO_2e)	Green Bond Funded Lifecycle GHG Emissions Avoided (tCO_2e)	Green Bond Funded Reduction of NOx and SOx (tonnes)
On-road NGT Incentives	5,930	9,201	35,894	152
LNG Marine Vessel Incentives	9,000	18,140	387,584	1,683
TOTAL	**14,930**	**27,341**	**423,478**	**1,835**

UN SDGs[8]

- SDG 3: Good Health and Well-Being
- SDG 11: Sustainable Cities and Communities
- SDG 12: Responsible Consumption and Production

Renewable Natural Gas

Project	Green Bond Amount Allocated ($'000)	Green Bond Funded Annual GHG Emissions Avoided (tCO_2e)	Green Bond Funded Lifecycle GHG Emissions Avoided (tCO_2e)	Green Bond Funded Energy Generated from RNG (GJ)
Salmon Arm, Kelowna and City of Vancouver Landfills	7,115	762	14,500	355,735
TOTAL	**7,115**	**762**	**14,500**	**355,735**

UN SDGs[8]

- SDG 7: Affordable and Clean Energy
- SDG 8: Decent Work and Economic Growth
- SDG 9: Industry, Innovation and Infrastructure
- SDG 11: Sustainable Cities and Communities

8 United Nation Sustainable Development Goals (SDG) were adopted by the United Nations in 2015 as a universal call to action to end poverty, protect the planet, and ensure that by 2030 all people enjoy peace and prosperity.

Specific Projects

ENERGY EFFICIENCY

DSM Initiatives

Project	Green Bond Amount Allocated ($'000)	Total Project Cost ($'000)	Forecast Project Annual Emissions Avoided (tCO_2e)	Forecast Project Lifecycle GHG Emissions Avoided (tCO_2e)	Forecast Project Net Gas Savings (GJ)
2017 DSM	22,054	34,039	26,991	285,198[a]	4,769,193
2018 DSM	35,472	35,472	28,128	323,026[a]	5,401,773
2019 DSM	64,495	64,495	49,751	462,281	7,730,460
2020 DSM	54,934	75,821	61,757	474,642	7,937,164
Total DSM Initiatives	**176,955**	**209,827**	**166,627**	**1,545,147**	**25,838,590**

Methodology
Total Project Cost and Environmental Impacts as published in FEI annual DSM reports to the British Columbia Utilities Commission. The total project lifecycle GHG emissions avoided is based on a lifecycle well head to burner tip emission as derived using GHGenius.

[a] Lifecycle GHG emissions avoided not published in the 2017 and 2018 DSM reports. The lifecycle GHG emission factor of 0.0598 tCO_2e/GJ, as published in 2019 and 2020 DSM reports, was adopted and applied to the Total Project Net Gas Savings.

The DSM initiatives are a natural gas conservation and efficiency program that supports customers with reducing energy usage, emissions and costs. This is done by providing rebates to customers on various energy efficiency upgrades.

BC emits nearly 63 million tonnes of carbon emissions annually, and 10 percent of that comes from homes and commercial buildings.[9] That's why at FEI, we've increased investment in energy efficiency programs for homes, businesses and industry to a forecasted $325 million over four years from 2019 to 2022. A large portion of the FEI incentive cost from 2017 through 2020 was funded from the 2020 Green Bond.

These programs are designed to help our customers make better energy choices at a lower cost. For example, our rebate programs support customers who are upgrading to higher efficiency furnaces, hot water heaters and replacing insulation, and over time will help them achieve significant energy savings. We also provide our customers with information to help them understand their home's energy needs and tips to help them manage their energy use.

When our customers are ready to move forward with improving their home's energy efficiency, we provide a directory of licensed contractors who are educated in energy efficient equipment and quality installation.

We believe that knowledge is one of the greatest assets when it comes to energy conservation, so through the DSM initiatives we offer several tools to assist our customers. This includes My energy use, which assists customers in putting together an energy-saving action plan, setting goals and providing energy saving tips and tools.

9 Pathways for British Columbia *to achieve its GHG reduction goals; Guidehouse, 2020, p11.*

Specific Projects

ENERGY EFFICIENCY

We have a variety of programs that target income-qualified households, not-for-profits, and rental units while also offering educational programs to our customers. We believe this helps build a culture of energy conservation across the province, which will help all our customers make better energy choices every day.

New and innovative energy efficiency technologies are continually being developed. FortisBC examines these technologies through technical studies and pilot projects to assess their potential to create energy efficiencies and identify new measures and markets that will become part of the portfolio of energy efficiency rebate programs.

Through the DSM initiatives, FortisBC supports customers, communities, trades and supply chains as well as codes and standards enabling organizations to increase energy efficiency and reduce GHG emissions throughout BC. Through this continued reduction in our customers' GHG emissions we get one step closer to our 30BY30 target.

Equipment funded by our 2017 through 2020 rebate programs is expected to, over the lifetime of the equipment, help customers conserve enough natural gas to heat more than

300,000 homes for a year.

Specific Projects

POLLUTION PREVENTION AND CONTROL

Natural Gas Vehicle Incentives

Project	Green Bond Amount Allocated ($'000)	Actual Project Incentives ($'000)	Actual Project Annual Emissions Avoided (tCO_2e)	Forecast Project Energy (GJ)	Forecast Project GHG Emissions Avoided (tCO_2e)	Forecast Project Reduction of NOx and SOx (tonnes)
NGT On-road Vehicle Incentives	5,930	23,459	36,400	4,560,000[a]	142,000	600

Methodology

Actual Project Incentives are the Total Project Cost and are incentives from inception of the program to the end of 2020. Actual Project Annual Emissions Avoided are adopted from the FortisBC 2020 Corporate and Sustainability Report. Forecast Project Energy is calculated based on the calculated average GJ/incentive dollar multiplied by the total incentive dollar provided. Forecast Project GHG Emissions Avoided is calculated using the Forecast Project Energy and the emissions avoided calculation from FortisBC 2020 Corporate and Sustainability Report. Forecast Project Reduction of NOx and SOx is calculated based on Argonne National Laboratory GREET model.

[a] Forecast project energy is based on annual contract volume minimums and contract average vehicle lifetime of 7 years. As such, the forecast value is considered a conservative estimation of the potential environmental benefit associated with the project.

Our CNG and LNG vehicle incentive programs provide financial assistance to customers who are looking to reduce emissions by transitioning their medium or heavy duty fleet vehicles to natural gas. To help mitigate the higher cost of a natural gas vehicle versus a diesel vehicle, FortisBC's incentive program will cover up to 50 per cent of the incremental cost of purchasing an Original Equipment Manufacturer natural gas vehicle. FortisBC's program offering natural gas vehicle incentives is prescribed in the British Columbia Ministerial Regulation, the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR).

Natural gas offers an affordable and effective way for medium and heavy duty vehicle fleet operators to reduce their emissions. FEI incentives have assisted fleet operators in adopting over 1,000 natural gas powered vehicles, subsequently decreasing GHG emissions by up to 25 per cent[10] and save up to 45 per cent[11] in fuel costs compared to diesel.

Even as we bring on new CNG and LNG customers, we continue to work with our existing partners who are transitioning more of their fleets to natural gas. By the end of 2020 BC Transit had added CNG-powered buses in Whistler, Nanaimo, Kamloops and Abbotsford and Langford. An additional 30 CNG-powered buses are expected to be added during 2021, which will bring BC Transit's fleet of CNG buses to over 200 by the end of 2021.

Customers have an option to further decarbonize the fuel stream, by adopting RNG as a drop in fuel without further technical modification and without any incremental capital costs.

13 transportation organizations

in BC added natural gas vehicles to their fleet in 2020.

10 https://www2.gov.bc.ca/assets/gov/farming-natural-resources-and-industry/electricity-alternative-energy/transportation/renewable-low-carbon-fuels/pathway_assessment_2017.pdf, *page 10*

11 Fuel costs are based on an average of FortisBC rates as of April 2021 and the average cost of diesel per litre in Vancouver as of April 2021.

CNG Vehicle Highlight

TRANSLINK SETS THE BAR

While using conventional CNG is one alternative to gasoline or diesel, RNG can also be used without further technical modification and without any incremental capital costs. In 2019, the BC Ministry of Energy, Mines and Petroleum Resources approved RNG to be included in the province's Low Carbon Fuel Standard as another way to reduce emissions in the transportation sector.

In 2019, TransLink set the bar by being the first transit authority in Canada to use RNG in their fleet. In partnership with FortisBC, TransLink announced they would move their entire CNG fleet to 100 per cent RNG by 2024. Over this five-year period, TransLink will reduce their annual GHG emissions by approximately 50,000 tonnes of carbon dioxide equivalent by using RNG, the equivalent of removing 10,000 cars from the road for one year.[12] This commitment is a positive step for TransLink as they work toward their goal of using 100 per cent renewable energy by 2050. It also takes us a step closer to reaching our 30BY30 target.

12 https://www.translink.ca/news/2019/april/translink%20introduces%20renewable%20natural%20gas%20to%20its%20bus%20fleet

Specific Projects

POLLUTION PREVENTION AND CONTROL

LNG Marine Vessel Incentives

Project	Green Bond Amount Allocated ($'000)	Actual Project Incentives ($'000)	Actual Project Annual Emissions Avoided (tCO_2e)	Forecast Project Energy (GJ)	Forecast Project GHG Emissions Avoided (tCO_2e)	Forecast Project Reduction of NOx and SOx (tonnes)
LNG Marine Vessel Incentives	9,000	19,250	38,800	26,570,000[a]	829,000	3,600

Methodology

Actual Project Incentives are the Total Project Cost and are incentives from inception of the program to the end of 2020. Actual Project Annual Emissions Avoided are adopted from the FortisBC 2020 Corporate and Sustainability Report. Forecast Project Energy is calculated based on the calculate average GJ/incentive dollar multiplied by the total incentive dollar provided. Forecast Project GHG Emissions Avoided is calculated using the Forecast Project Energy and the emissions avoided calculation from FortisBC 2020 Corporate and Sustainability Report. Forecast Project Reduction of NOx and SOx is calculated based on Argonne National Laboratory GREET model.

[a] Forecast project energy is based on lifetime contract volume minimums. As such, the forecast value is considered a conservative estimation of the potential environmental benefit associated with the project.

The marine vessel incentive program offers funding support to help cover the incremental cost of upgrading to an LNG-powered vessel, compared to the equivalent vessel operating on marine gas oil or heavy fuel oil.

As a pathway to reach our 30BY30 target, increasing accessibility to LNG to meet the needs of the marine sector is key to lowering global GHG emissions. Our LNG plants, based in Delta and Ladysmith, were the first facilities to produce LNG along the North American West Coast. Since 2016, we've completed more than 3,000 marine bunkering (truck to ship fueling) events with our local marine customers, BC Ferries and Seaspan Ferry Corporation.

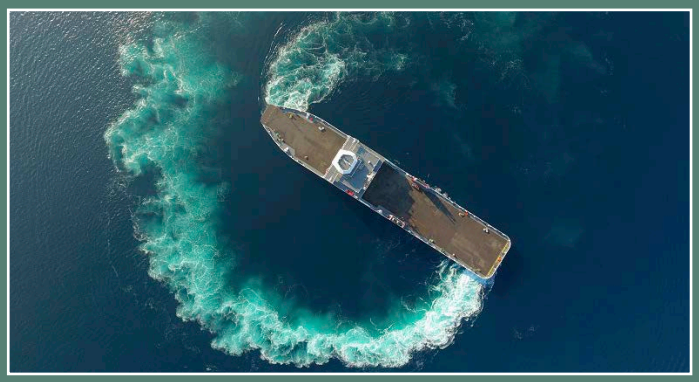
While our truck to ship on-board bunkering system has established Vancouver as a local LNG hub, we have a unique opportunity to become a global LNG hub for international shipping.

To meet increasingly strict emissions guidelines in the marine sector, many shipping organizations are exploring switching their vessels to LNG from traditional marine fuels. FortisBC's vision is to give international vessels using LNG a bunkering option in the Pacific Northwest, providing vessels an opportunity to improve air quality and reduce GHG emissions from marine shipping. Adopting LNG from traditional marine fuel reduces lifecycle GHG emissions by up to 27 per cent and fueling costs by more than half.[13]

13 https://talkingenergy.ca/project/tilbury-LNG-expansion-project

LNG Vehicle Highlight

BC FERRIES AND SEASPAN FERRY CORPORATION



With BC Ferries and Seaspan adopting LNG-powered propulsion for their ferries, we can expect to see reductions in GHG emissions from the marine sector.

In 2019 through the use of LNG instead of marine diesel oil, we saw a reduction of 34,200 tonnes of carbon dioxide equivalent (tCO_2e) compared to 26,000 tCO_2e in 2017 and 2018 combined.[14] This 2019 reduction equates to decreasing CO_2 emissions equivalent to removing more than 7,000 cars from the road for a year.[14] Using LNG can effectively decrease emissions in the marine sector[15] and help move BC to a lower carbon energy future.

With more than 50 years of experience in LNG production and over three years in providing on-board truck to ship LNG bunkering for domestic marine customers, collaborating with other industry partners gives FortisBC new and valuable perspectives as we continue to support the expansion of the LNG industry in the province.

14 Environmental benefits as reported in the 2019 Corporate and Sustainability Report.
15 https://talkingenergy.ca/project/tilbury-LNG-expansion-project

Photo credit: BC Ferries

Specific Projects

RENEWABLE NATURAL GAS

Project	Green Bond Amount Allocated ($'000)	Total Project Cost ($'000)	Forecast Project Annual Emissions Avoided (tCO_2e)	Project Lifetime (years)	Forecast Project GHG Avoided (tCO_2e)	Forecast Project Energy Generated from RNG (GJ)
Salmon Arm, Kelowna and Vancouver Landfills	7,115	84,000	9,000	15-20	171,200	4,200,000[a]

Methodology
The Forecast Project Energy Generated is based on the minimum annual contract volumes for each funded RNG site and the project lifetime. Emissions Avoided are calculated using the carbon intensity differential between conventional natural gas and the RNG site. Total Project Cost includes historical costs and projected costs until the end of each contracted lifetime.

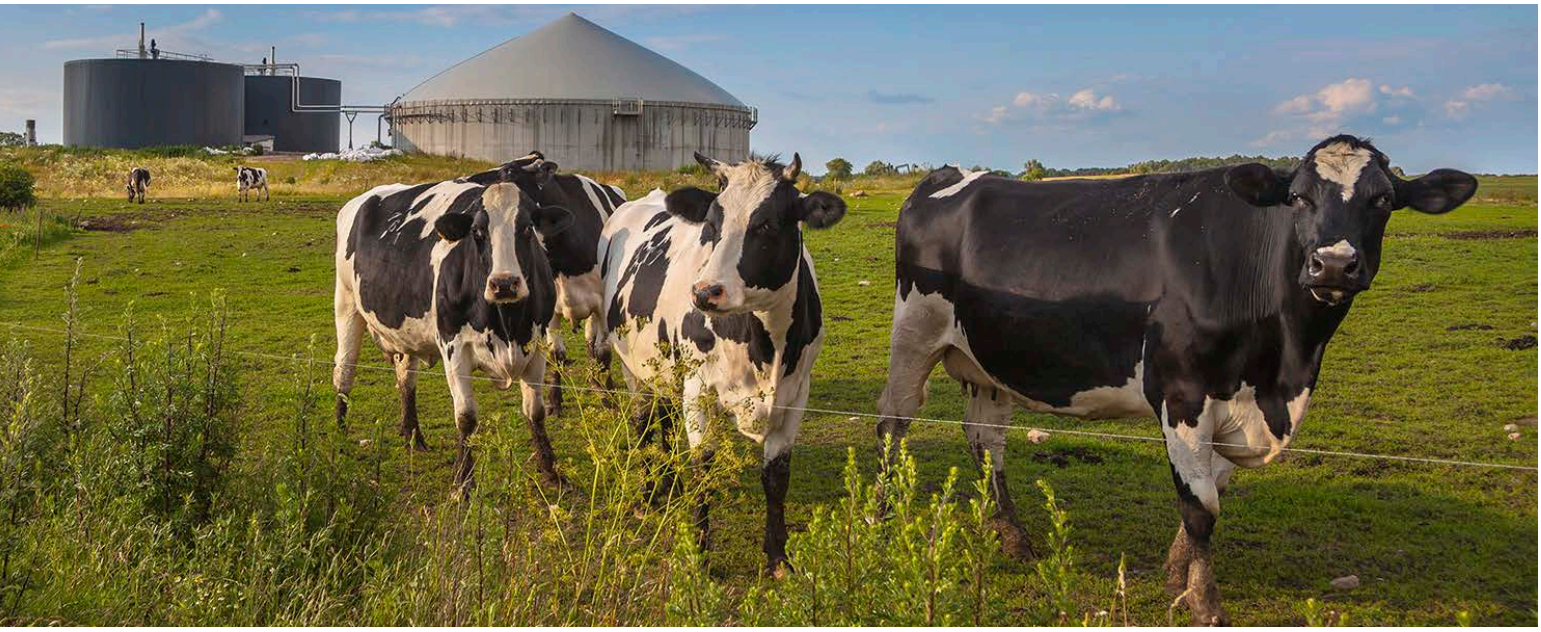
[a] Forecast project energy is based on contract minimums and contract average RNG plant lifetime. As such, the forecast value is considered a conservative estimation of the potential environmental benefit associated with the project.

Renewable Natural Gas is made from organic waste produced by everyday activities. As organic matter, such as food or cow manure, decomposes it releases methane. Instead of releasing the methane into the atmosphere and contributing to GHG emissions, RNG facilities capture that methane and purify it to make RNG. This RNG can be added to our existing distribution network alongside natural gas and functions the same in all applications.

For more than 10 years we have been working with suppliers, including local farms, landfills, green energy companies and municipalities to increase our supply of RNG and provide it as an option to our customers.

For some customers, such as TransLink, this means using RNG in place of natural gas in CNG engines. The implementation of this fuel in the transportation sector is a meaningful development as it is a carbon neutral energy source for what is considered a hard to decarbonize economic sector.

We were the first energy utility in North America to make RNG an option to our customers, but we haven't stopped there. Our team is constantly building our supply of carbon-neutral RNG and this is an important part of our 30BY30 target, which includes a goal to have 15 per cent of our gas supply renewable by 2030.



Specific Projects

RENEWABLE NATURAL GAS

SALMON ARM LANDFILL RNG FACILITY

The 2020 Green Bond allowed for a contribution of approximately $2.6 million to the operations of the Salmon Arm landfill RNG facility. This is the longest running FortisBC owned RNG facility and it has been operational since 2012 and under contract since 2010.

A partnership between Columbia Shuswap Regional District and FortisBC exists to purchase raw biogas and invest in upgrading equipment, along with the distribution main and interconnection facilities. Activities performed on site include gas quality monitoring, pressure regulation and odorizing and converting this raw landfill gas into pipeline quality RNG. This is then delivered to the FortisBC pipeline for distribution to homes and businesses in Salmon Arm.

Since it began production in 2012 the project has won a Sustainable Community Award and has served as an example of what is possible for other communities.

20 supply agreements

have been signed as of the end of 2020, to purchase RNG in BC and out of province.

Specific Projects

RENEWABLE NATURAL GAS

KELOWNA LANDFILL RNG FACILITY

The Kelowna landfill RNG facility was also partially funded by the 2020 Green Bond. Approximately $2.6 million was allocated to this project and those funds were used in operations including improvements to the facility equipment.

At the Glenmore landfill in Kelowna BC, biogas that is created from landfill waste is captured and cleaned so that it can be injected into the local natural gas distribution system. FortisBC owns and operates the biogas upgrading plant, working in cooperation with the City of Kelowna.

The contract with the City of Kelowna was signed in 2012 and the plant began operating in 2015.

At the end of 2020, we had more than

10,000 RNG customers.

Specific Projects

RENEWABLE NATURAL GAS

CITY OF VANCOUVER LANDFILL RNG FACILITY

The City of Vancouver landfill RNG facility is a newer project, which is currently under development. Approximately $1.9 million from the 2020 Green Bond was used to further this development.

The project is located in Delta, BC at the landfill owned and operated by the City of Vancouver. The project will consist of connecting to the existing landfill gas collection system, installing an upgrading plant, and connecting to the existing FortisBC natural gas distribution infrastructure through an interconnect station.

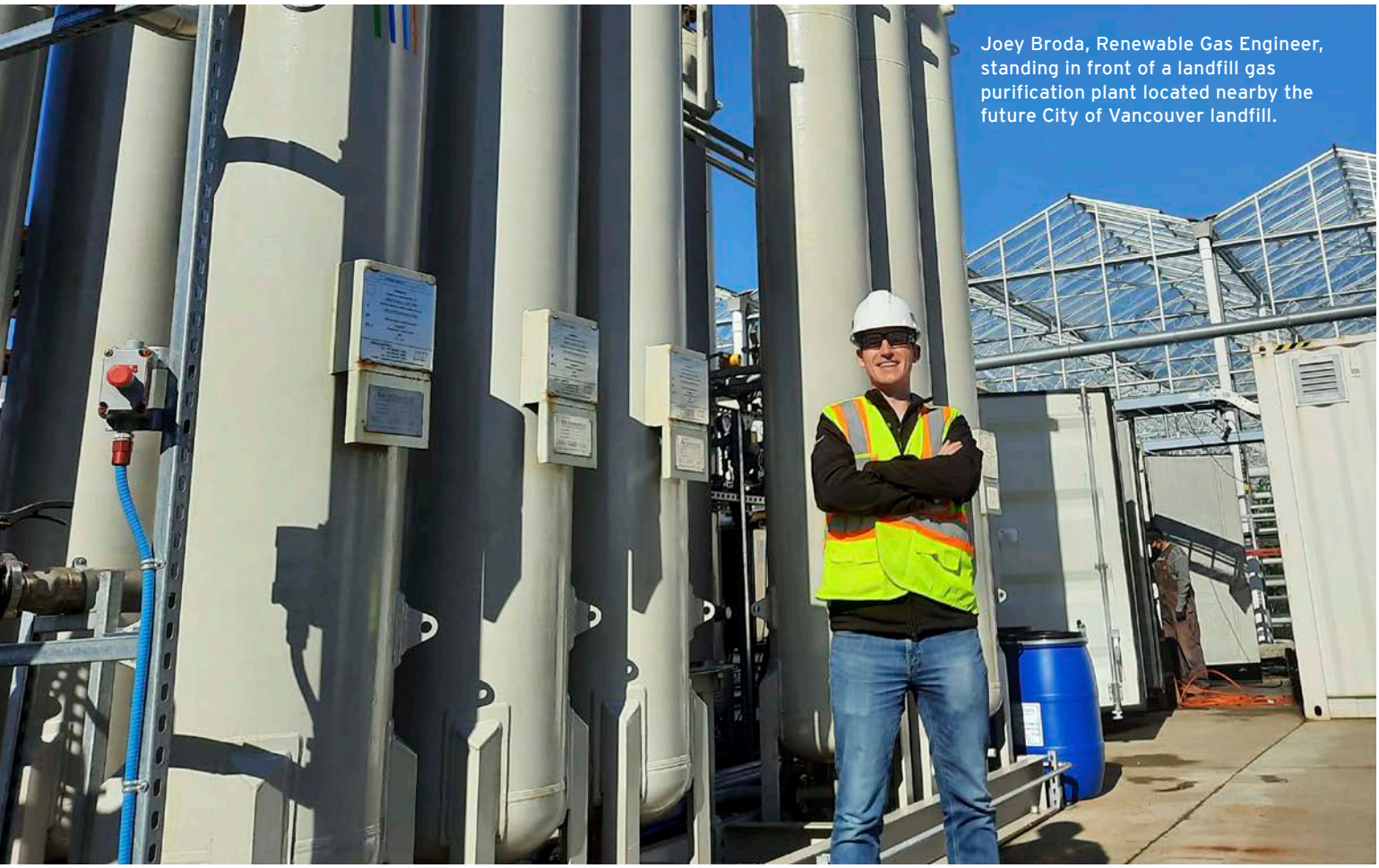
The infrastructure will be similar to the FortisBC owned landfill gas upgrading projects located in Salmon Arm and Kelowna. The City of Vancouver will be responsible for facilities necessary to collect the raw biogas at the landfill. FortisBC will be responsible for upgrading the landfill gas, the interconnection, compression, and pipeline necessary to inject the RNG into the FortisBC natural gas distribution system.

Once completed, the City of Vancouver landfill is expected to host the largest FortisBC owned RNG project to date. This project will contribute to helping us achieve our 30BY30 target.

In 2020 we generated and purchased

252,000 GJ

of Renewable Natural Gas.



Joey Broda, Renewable Gas Engineer, standing in front of a landfill gas purification plant located nearby the future City of Vancouver landfill.

Appendices

KEY ASSUMPTIONS AND APPROACH

Ex-ante Projections: Estimates for target results represent ex-ante projections of expected results once projects are at normal operating capacity. The impact report thus serves as an illustration of expected results made possible through Green Bond Eligible Projects, but it is not intended to and does not provide actual results achieved in a specific year or reporting period. Target results have been updated with actual results at project completion when feasible. Where the amounts are based on actual results this is noted in the discussion of the impact.

Co-financed Projects: Through various incentive programs, FortisBC co-finances projects with customers for energy efficient upgrades. The results from these projects or portfolio of projects are based on the entire project including customer financing.

Partial Project Eligibility: In cases where a project or portfolio of projects is only partially Green Bond eligible, the allocated amount reported reflects only that portion that is Green Bond eligible. Allocations to support disbursements of funds to partially Eligible Projects are made on a pro rata basis.

All Reported Results are from Publicly Available Sources: Impact reporting is based on publicly available impacts for the projects or portfolios of projects.

Period of Reporting: Allocation of proceeds is reported up to the date of this report. Impacts are reported based on calendar years to line up with other FortisBC public reporting.

Currency of reporting: All dollars are in Canadian $'s unless otherwise noted.

Appendices

FORWARD-LOOKING INFORMATION

Certain statements contained in this report contain forward-looking information within the meaning of applicable securities laws in Canada ("forward-looking information"). The purpose of the forward-looking information is to provide management's expectations regarding results of operations, performance, business prospects and opportunities, and it may not be appropriate for other purposes. All forward looking information is given pursuant to the safe harbour provisions of applicable Canadian securities legislation.

The forward-looking information in this report includes, but is not limited to, FortisBC's vision that efficiency and conservation will lead to lowered energy requirements and emissions, FortisBC's plans to reduce greenhouse gas emissions, FortisBC's plans to offer more and to increase investment in conservation and efficiency incentives in the future, including forecasted expenditures in energy efficiency programs, estimated project costs, and innovations and investments in biogas supply, carbon capture technology, low carbon vehicles.

The forward-looking information reflects management's current beliefs and is based on assumptions developed using information currently available to the FortisBC's management. Although FortisBC believes that the forward-looking statements are based on information and assumptions which are current, reasonable and complete, these statements are necessarily subject to a variety of risks and uncertainties. For additional information on risk factors that have the potential to affect FortisBC, reference should be made to FortisBC's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities and to the heading "Business Risk Management" in the FortisBC's annual and quarterly Management Discussion and Analysis. Except as required by law, FortisBC undertakes no obligation to revise or update any forward looking information as a result of new information, future events or otherwise after the date hereof.

All forward-looking information in this report and the information incorporated in this report by reference is qualified in its entirety by this cautionary statement. This report is provided for information purposes only and does not constitute an offer to sell, or solicitation of an offer to buy, any securities of FortisBC in any jurisdiction.