



Doug Slater
Director, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (778) 578-3874
Cell: (778) 214-3842
Fax: (604) 576-7074
Email: doug.slater@fortisbc.com
www.fortisbc.com

April 2, 2020

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

Re: FortisBC Energy Inc. (FEI)

Section 71 of *Utilities Commission Act* (UCA) and British Columbia Utilities Commission (BCUC) Rules for Natural Gas Energy Supply Contracts

Filing of a Biomethane Purchase Agreement (BPA) between FEI and Dicklands Farms (Dicklands) (Application)

In accordance with section 71 of the UCA and the BCUC Rules for Natural Gas Energy Supply Contracts (Rules), FEI respectfully files for BCUC acceptance of a Biomethane Purchase Agreement (BPA) between FEI and Dicklands dated March 6, 2020 (Dicklands BPA). A copy of the executed Dicklands BPA is provided in Appendix A.

Under the Dicklands BPA, Dicklands will supply biomethane (Renewable Natural Gas or RNG)¹ to FEI for injection into FEI's existing natural gas system. In order to monitor the quantity and quality of the biomethane supplied to FEI from Dicklands, and to inject the supplied biomethane into FEI's pipeline, FEI will construct, own, and operate an interconnection station and interconnection pipeline (collectively, the FEI Facilities). The actual capital cost of the FEI Facilities will be fully paid for by Dicklands through a contribution in aid of construction (CIAC). Additionally, the actual operating and maintenance (O&M) costs incurred by FEI for the FEI Facilities will be recovered from Dicklands annually. Collectively, the Dicklands BPA and the FEI Facilities will be referred to as the Project.

The acquisition of biomethane (or RNG) in the Dicklands BPA qualifies as a prescribed undertaking under section 18 of the *Clean Energy Act* (CEA), and section 2(3.7) to (3.9) of the *Greenhouse Gas Reduction (Clean Energy) Regulation* (GGRR).

¹ RNG or Renewable Natural Gas is interchangeable with the term "biomethane" for this Application. In previous regulatory decisions, FEI and the BCUC have used biomethane and RNG, while the GGRR uses the term renewable natural gas.

Confidentiality Request

The Dicklands BPA contains confidential and commercially sensitive terms, including negotiated rates and volumes. The public disclosure of this information could compromise FEI's ability to negotiate favourable terms with other Biomethane suppliers which could serve to increase overall costs of the Biomethane Program and potentially impact rates for all non-bypass customers. FEI has redacted the confidential information from the public version of this Application.

FEI requests that the confidential, unredacted version of this Application, including the unredacted versions of the Dicklands BPA attached as Appendix A and the Letter of Acknowledgement attached as Appendix B, and the confidential financial schedules attached as Appendix C, be treated as confidential by the BCUC, pursuant to section 71(5) of the UCA, Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents adopted by Order G-15-19, and Section 6.0 of the Rules for Natural Gas Energy Supply Contracts. FEI believes this will ensure that market sensitive information is protected, protecting FEI's ability in the future to negotiate competitive pricing.

1. LEGISLATIVE AND REGULATORY FRAMEWORK

On April 18, 2010, the Province of BC enacted the CEA. The CEA established a number of energy objectives and provided that the Lieutenant Governor in Council (LGIC) can prescribe undertakings to encourage public utilities to pursue certain greenhouse gas (GHG) reducing initiatives.

On May 14, 2012, the LGIC issued OIC 295/2012 approving the GGRR, which described classes of prescribed undertakings pursuant to section 18 of the CEA.

On March 21, 2017, the LGIC issued OIC 161/2017 approving an amendment to the GGRR related to RNG as follows:

- (3.7) A public utility's undertaking that is in the class defined in subsection (3.8) is a prescribed undertaking for the purposes of section 18 of the Act.
- (3.8) The public utility acquires renewable natural gas
 - (a) for which the public utility pays no more than \$30 per GJ [gigajoule], and
 - (b) that, subject to subsection (3.9), in a calendar year, does not exceed 5% of the total volume of natural gas provided by the public utility to its non-bypass customers in 2015.

The Ministry has stated that the "amendments were made to the Greenhouse Gas Reduction (Clean Energy) Regulation in the spring of 2017 to increase incentives for using renewable natural gas in transportation and to establish measures to increase the supply of RNG."²

² In the Matter of FEI's Application for Acceptance of a Biogas Purchase Agreement Between FEI and the City of Vancouver, Exhibit C1-2.

The BCUC in its Decision and Order G-122-19³ determined that for a project to qualify as a prescribed undertaking under section 2(3.8) of the GGRR, it must satisfy the following three-part test:

- The public utility must be acquiring renewable natural gas (as opposed to some other form of commodity);
- The utility must pay no more than \$30 per GJ for that renewable natural gas; and
- Subject to certain exceptions, the annual volume of renewable natural gas acquired must not exceed 5% of the total volume of natural gas the utility provided to its non-bypass customers in 2015⁴.

FEI submits that the Project satisfies the three-part test and qualifies as a prescribed undertaking based on the following:

- FEI is acquiring RNG from the Project;
- The acquisition price for RNG from the Project is below the \$30 per GJ maximum acquisition price in section 2(3.8)(a) of the GGRR. The terms of the Dicklands BPA dictate that the maximum price payable by FEI to Dicklands for biomethane cannot exceed the GGRR maximum acquisition cost, and Dicklands will fully pay for the capital and O&M costs of the FEI Facilities; and
- The combined total volume of RNG is below the calculated maximum volume set out in section 2(3.8)(b) in the GGRR for FEI of approximately 8,900,000 GJs. The contractual maximum volume of RNG for the Project is [REDACTED] GJs and the current maximum supply contracted by FEI totals [REDACTED] GJs annually⁵. The total maximum contracted RNG volume, if the Dicklands BPA is accepted, would be [REDACTED] GJs annually, which is well below the maximum volume under the GGRR. FEI notes that there are two BPA applications currently filed with and are awaiting acceptance by the BCUC – Matter Global Solutions BC (Matter) and Faromor CNG Corporation (Faromor) – which include contractual maximum RNG supply volumes of [REDACTED] GJs and [REDACTED] GJs, respectively. Approval of the BPAs with Matter and Faromor would further increase FEI's total contracted maximum RNG supply to [REDACTED] GJs annually.

As FEI has demonstrated above, and will further explain in this Application, the Project satisfies the three-part test under Section 2(3.8) of the GGRR.

Due to its design and location, the Project will physically reduce GHG emissions in BC. However, it is not necessary for FEI to demonstrate this. Rather, satisfying the GGRR's three-part test is sufficient to determine that the Dicklands BPA is a prescribed undertaking.

³ In the matter of FEI's Application for Acceptance of a Biogas Purchase Agreement between FEI and the City of Vancouver.

⁴ Decision and Order G-122-19, page 8.

⁵ Includes only accepted agreements to date and not the agreements under consideration by the BCUC from Matter Global Solutions BC (Matter) and Faromor CNG Corporation (Faromor).

As FEI submitted in its oral submissions⁶ in the FEI Application for Acceptance of BPAs between FEI and Tidal Energy Marketing Inc. (Tidal Application), it would be an error of law to interpret section 18(1) of the CEA as a “fourth test” regarding physical GHG emissions reductions in BC that an acquisition of RNG must meet to qualify as a prescribed undertaking.⁷ Rather, the purpose language in the definition of “prescribed undertaking” in section 18(1) of the CEA sets out the purpose for which the LGIC may prescribe in a regulation certain classes of undertakings to which sections 18(2) to (4) of the CEA apply. In accordance with that purpose, the LGIC has prescribed in section 2(3.8) of the GGRR the conditions under which an acquisition of RNG qualifies as a prescribed undertaking. The BCUC accepted the acquisition of RNG from out-of-province in the Tidal BPAs by Order G-40-20.

Increasing biomethane supply aligns with a number of the energy objectives in the CEA. The acceptance of the Dicklands BPA will contribute to achieving these objectives.

2. PROJECT OVERVIEW

This section provides a high-level overview of the Project. It includes a summary of the Project, background on the Project developer, a description of the Dicklands facility, the projected volume, and the FEI Facilities required for interconnection to FEI’s existing natural gas pipeline.

2.1 PROJECT SUMMARY

The following table summarizes the Project and its concordance with the GGRR’s three-part test.

Table 1: Table of Concordance

| Project Characteristic | Description |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Is FEI acquiring biogas or biomethane? | Yes - FEI is purchasing finished biomethane from Dicklands. |
| Is FEI making a capital investment? | Yes - FEI will construct, own and operate an interconnection facility. |
| Are the costs of the capital investment recovered from the producer (if applicable)? | Yes - Dicklands will pay for the actual capital cost of FEI’s interconnection facilities and will pay for FEI’s annual operating costs related to the interconnection facilities. |
| Does the price to acquire biomethane (including any capital or operating costs incurred by FEI) exceed the maximum price (currently set at \$30 per GJ) at any time during the Project term? | No – Sections 2.4 and 3 of Schedule D in the Dicklands BPA stipulate that the Maximum Price payable to Dicklands for RNG cannot exceed the GGRR Threshold and that Dicklands will pay for the actual costs (capital and O&M) of FEI’s interconnection facilities. |

⁶ In the Matter of the FEI Application for Acceptance of BPAs between FEI and Tidal, Transcript Volume 1, pp. 5-38.

⁷ In the Matter of the FEI Application for Acceptance of BPAs between FEI and Tidal, Transcript Volume 1, pp. 6-7 and 14-16.

| Project Characteristic | Description |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|
| Will the Project's supply of biogas or biomethane result in FEI's total annual volume of biomethane exceeding 5% of the total volume of natural gas provided by FEI to its non-bypass customers in 2015? | No |

2.2 BACKGROUND ON DICKLANDS

Dicklands originally executed an agreement with FEI in 2012 for the sale of biomethane (Original Agreement). The Original Agreement was approved by the BCUC pursuant to Order G-79-13 dated May 13, 2013. Subsequent to BCUC approval, Dicklands completed an initial project design and updated its cost estimates and FEI proceeded with installing a 168 mm distribution pressure (DP) main, as was contemplated under the original project design. However, in 2015, Dicklands formally notified FEI that the project could not be built and operate economically and as a result terminated the Original Agreement.

In the following years, legislative policy and the regulatory framework has advanced (as described in Section 1 of the Application) and Dicklands has been closely monitoring the development of agriculture-based RNG projects. Some of the challenges faced by other farmers in the industry, as observed by Dicklands, have included technology, odour, and digestate management. Based on the lessons learned from its original project and in consideration of the legislative policy changes and the challenges experienced in the industry, Dicklands came forward to FEI with a restructured project design and proposal (i.e. the Project). Specifically, the newly developed Project will include reliable upgrading technology, de-packing equipment which will allow Dicklands to accept a variety of organic feedstock, odour control, and a multi-step nutrient management process to enable cost-effective digestate management.

FEI is satisfied with the terms of the Dicklands BPA and the overall Project design and location and has thus entered into an amended and restated agreement. The Dicklands BPA amends, restates and replaces, in its entirety, the Original Agreement.

The following table compares the Original Agreement with the Dicklands BPA.

Table 2: BPA Comparison

| Item | Original Agreement 2012 | Amended and Restated Agreement 2020 |
|--------------------------------------------|-------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------|
| Volumes | Minimum yearly volume: █ GJ Maximum yearly volume: █ GJs | Minimum yearly volume: █ GJs Maximum yearly volume: █ GJs |
| Price | █ per GJ + █ inflation for first █ GJs █ per GJ + █ inflation for anything above █ GJs | █ per GJ + █ inflation up to the GGRR Threshold Price (i.e. the Price cannot exceed the prescribed maximum price) |
| Capital and Operating Costs | FEI responsible for Capital and Operating costs for FEI Facilities. | Dicklands will provide a CIAC for the actual Capital costs and will pay for operating costs on an annual basis. |

2.3 DICKLANDS FACILITY

Dicklands will design, build, own, and operate a facility designed to utilize anaerobic digestion technology to process on and off farm organics into RNG and inject the RNG into FEI's natural gas system. The plant will process approximately [REDACTED] tonnes of manure and [REDACTED] tonnes of food waste per year. Like other digester projects, Dicklands will mix organic waste in a digester to produce raw biogas and upgrade it with proven technology. FEI will own and operate interconnection facilities onsite to test and odourize the RNG before it enters FEI's distribution system.

As described further in Tables 3 and 4 of the Application, Dicklands is contractually obligated to provide a minimum annual supply volume of finished biomethane to FEI, thus the risk of reliability and long-term viability of supply is borne by Dicklands. The primary impact of the revised Project design, as illustrated in Table 2 above, is that the biomethane acquisition price has increased compared to the Original Agreement, although the Dicklands BPA stipulates that the price will remain at or below the prescribed maximum price.

Dicklands has incorporated the lessons learned in the industry over the past few years and included some specific elements in the Project to reduce operating cost risk and to improve reliability and long-term viability for a facility like this in the region. Some of those items are discussed in more detail in this section.

First, in order to remove non-organic contaminants from food waste being received, Dicklands will install food waste de-packing equipment which will allow Dicklands to accept food waste from a wide range of sources, thus decreasing the risk of having an undersupply of organic feedstock. The de-packing equipment also avoids the need for a third-party de-packer which eliminates Dicklands' exposure to future price escalation from a third party.

Second, the feedstock will be held in odour-tight storage, and the biogas equipment will be housed in a building that is kept under negative pressure in order to mitigate the risk of odour emissions from the plant. This measure will add capital costs for Dicklands at the onset of the Project, but it will ensure that in the future Dicklands will avoid any unnecessary costs associated with odour complaints.

Third, Dicklands has taken additional time to evaluate and select its biogas upgrader. Rather than using the same technology in use at other farms such as Seabreeze, Dicklands has opted to use membrane technology, which has been well-proven in other jurisdictions.

Finally, Dicklands has also chosen to install equipment that will dry and pelletize the digestate that comes out of the plant. Existing regulations set a limit on the amount of digestate Dicklands can spread on its land. By pelletizing the digestate it enables Dicklands to remove the digestate from Dicklands' facility and truck the digestate to other regions where it can be utilized. Pelletized digestate is more cost effective to transport than digestate in its original liquid form.

George Dick, a partner in Dicklands, is the owner of certain lands and premises in Chilliwack, BC on which Dicklands operates a dairy farm and on which the biogas plant facilities will be located. A preliminary layout of the site can be seen in Figure 1 below.

Figure 1: Dicklands Biogas Plant



2.4 PROJECTED SUPPLY

Based on information provided by Dicklands, the Project will be capable of producing up to [REDACTED] GJs of RNG annually and has an expected annual volume of [REDACTED] GJs. Dicklands expects commercial operation to commence in the Summer of 2021.

2.5 FEI FACILITIES

In order to monitor the quantity and quality of the biomethane supplied to FEI from the Dicklands facility, and to inject the supplied biomethane into FEI's pipeline, FEI will construct, own, and operate the FEI Facilities, which include an interconnection station and interconnection pipeline. As previously discussed in Section 2.2, in 2015 FEI installed a 168 mm DP main as part of the original project design. This work was completed prior to Dicklands terminating the original agreement. The capital cost of the 168 mm main was [REDACTED]. Dicklands has confirmed in a Letter of Acknowledgement (see Appendix B) that the costs of the previously installed main are included as part of the FEI Facilities and will

thus be included in the CIAC payable to FEI. In summary, Dicklands will fully pay for the actual capital cost of the FEI Facilities, including the previously constructed main, through a CIAC and FEI will recover the O&M costs for the FEI Facilities from Dicklands annually.

The interconnection station will serve the same function as other biomethane injection stations, including the following:

- Gas composition analysis (methane, oxygen, carbon dioxide, carbon monoxide, hydrogen, and hydrogen sulphide);
- Biomethane flow measurement;
- Pressure regulation;
- Safety shutoff and return to customer flow;
- Odourization;
- Communications; and
- Automatic control.

As stated in Section 2.3, the Dicklands facility is located in Chilliwack, BC. FEI will construct an approximate 110-metre pipeline between the FEI interconnect station and the existing 168 mm DP main running parallel to the property, as shown in Figure 2 below.

Figure 2: FEI Interconnection



3. ANALYSIS OF THE PROJECT

This section provides an analysis of the Project, including the Dicklands BPA, the FEI Facilities costs, the cost of service attributable to the Dicklands BPA, the incremental rate impact of the Project for FEI's non-bypass customers, and the risks and mitigation measures associated with the Project.

3.1 *DICKLANDS BPA SUMMARY*

The Dicklands BPA is a 20-year agreement that allows Dicklands to sell biomethane to FEI. The key terms of the Dicklands BPA are summarized in Table 3 below.

Table 3: Dicklands BPA Summary

| Item | Dicklands BPA Amount | Contract Clause | Comment |
|------------------------------------|---------------------------------------------------------------|-----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Contract Term | 20 years | Section 2.1 | The initial contract term (Initial Term) of the Dicklands BPA is 20 years. |
| Renewal | 2 years | Section 2.3 | The Dicklands BPA will automatically renew for one additional term of two years unless Dicklands or FEI provides written notice of its intention not to renew. Written notification must be made at least one year prior to the expiry of the Initial Term. |
| Minimum Annual Volume | ██████ GJs | Schedule D, Section 1.1 (b) | Represents the minimum biomethane volume Dicklands agrees to sell FEI annually. |
| Maximum Annual Volume | ██████ GJs | Schedule D, Section 1.1 (a) | Represents the maximum biomethane volume FEI agrees to purchase annually from Dicklands. |
| Price (per GJ) | ██████ + Inflation Factor | Schedule D, Section 2.1 | Represents the price FEI will pay to Dicklands for biomethane, subject to the Maximum Price described below. Price will reach the GRR Threshold at ██████ and inflate no further unless the GRR Threshold price is amended in the future. |
| Inflation Factor on Price | ████ | Schedule D, Section 2.2 | Adjusted annually each anniversary of in-service date subject to the Maximum Price. |
| Maximum Price | BCUC or BC Government RNG supply Purchase Price | Schedule D, Section 2.4 | Maximum Price as determined by FEI will not exceed the GRR maximum acquisition cost. |
| Capital Cost of the FEI Facilities | Estimated at ██████ plus ██████ for previously installed main | Section 6.3; Schedule D, Section 3.1; Letter of Acknowledgement | Dicklands will pay the actual capital cost of the FEI Facilities through a CIAC. |
| Annual O&M Fee | Estimated at ██████ per year, escalated annually by ██████ | Section 6.3; Schedule D, Section 3.1 | Dicklands will be invoiced annually by FEI for the actual O&M costs attributable to the FEI Facilities. |

3.2 FEI SYSTEM

3.2.1 Costs for the FEI Facilities

The estimated capital cost for the FEI Facilities is [REDACTED] excluding Allowance for Funds Used During Construction (AFUDC) which is estimated to be [REDACTED] as well as the actual capital costs of [REDACTED] already incurred by FEI to construct the 168 mm DP main. As specified in the Dicklands BPA and further clarified in the Letter of Acknowledgement, Dicklands will pay to FEI, in the form of a CIAC, the actual capital cost of the FEI Facilities, inclusive of AFUDC and the cost of the previously constructed main, subsequent to the completion of the construction of the FEI Facilities.

The annual O&M cost for the FEI Facilities is forecast to be approximately [REDACTED]. This amount is primarily comprised of parts, labour, and odourant. FEI will invoice Dicklands annually for the actual O&M costs incurred for the FEI Facilities.

In summary, all actual costs associated with the FEI Facilities will be recovered from Dicklands, either through a CIAC (capital) or through annual invoicing (O&M expenses).

3.2.2 Cost of Service and Bill Impact

The cost of service associated with the Dicklands BPA includes the price paid to Dicklands for biomethane, which is [REDACTED] per GJ escalated annually by [REDACTED] up to a maximum price of \$30 per GJ, as specified in Schedule D of the Dicklands BPA. There is no cost of service impact related to the FEI Facilities due to Dicklands' contractual agreement to pay for the actual capital costs and the actual annual O&M costs for the FEI Facilities.

Based on the terms of the Dicklands BPA, as described in Section 3.1 above, the maximum price payable by FEI to Dicklands for biomethane cannot exceed the GGRR maximum acquisition cost. This contractually established maximum price, coupled with Dicklands' agreement to fully pay for the capital and O&M costs of the FEI Facilities, results in an acquisition cost for biomethane that does not exceed the maximum prescribed by section 2(3.8)(a) of the GGRR, currently set at \$30 per GJ.

The incremental rate impact associated with the Dicklands BPA is the difference between the biomethane acquisition cost and the amount recovered from biomethane customers at the current Biomethane Energy Recovery Charge (BERC) rate. At the expected volumes of [REDACTED] GJs per year, FEI has calculated the levelized delivery rate impact to non-bypass residential customers from the aforementioned difference between costs and recoveries to be 0.2 percent, resulting in an average bill impact of \$0.917⁸ for residential customers consuming on average 90 GJs per year.

3.3 RISKS AND MITIGATION

FEI describes the primary risks in the following table and how these risks have been mitigated by contractual provisions in the Dicklands BPA.

⁸ Appendix C, Schedule 12, Line 21.

Table 4: Risk & Mitigation Summary

| Risk Item | Description | Risk Mitigation – BPA Clause | Description |
|-----------------------|--------------------------------------------------------------------------------|------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------|
| Delays from Dicklands | Dicklands decides to delay the Project. | Section 2.2 | If Dicklands is not making reasonable efforts to construct the Project within a predefined time frame, then FEI may terminate the contract. |
| Undersupply | Dicklands is not able to deliver the minimum contractual volume of biomethane. | Section 9.2 & 9.3 | In the event of default by Dicklands, FEI may terminate at no cost and recover the cost of the FEI Facilities, including the cost of removal. |

As shown in the above table, the key Project risks have been mitigated through the contractual provisions in the Dicklands BPA. Further, the maximum price payable by FEI to Dicklands for biomethane cannot exceed the GGRR maximum acquisition cost. This contractually established maximum price, coupled with Dicklands' agreement to fully pay for the capital and O&M costs of the FEI Facilities, mitigates the risk that FEI's acquisition cost for biomethane will exceed the GGRR maximum of \$30 per GJ.

4. APPROVALS SOUGHT

In this Application, FEI respectfully seeks acceptance from the BCUC of the Dicklands BPA, pursuant to section 71 of the UCA and the Rules, as a prescribed undertaking under section 18 of the CEA and the GGRR.

FEI further requests, as explained on page 2 of the Application, that the confidential, unredacted version of this Application, including the unredacted versions of the Dicklands BPA attached as Appendix A and the Letter of Acknowledgement attached as Appendix B, and the confidential financial schedules attached as Appendix C, be treated as confidential by the BCUC, pursuant to section 71(5) of the UCA, Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents adopted by Order G-15-19, and Section 6.0 of the Rules for Natural Gas Energy Supply Contracts. A draft form of order sought is provided in Appendix D.

5. CONCLUSION

The Project meets the requirements of the three-part test for a prescribed undertaking under section 2(3.8) of the GGRR. The Project is to acquire RNG, at a maximum acquisition price not exceeding the GGRR threshold, currently set at \$30 per GJ, and FEI's annual volumes of biomethane supply will remain well below the maximum volume. As such, the Dicklands BPA should be accepted by the BCUC under section 71 of the UCA as a prescribed undertaking under the GGRR.

Approval of the Dicklands BPA will support the advancement of RNG supply from the agricultural sector in BC. RNG supply from the agricultural sector supports the reduction of greenhouse gas emissions, which is an objective identified in the CEA.

If further information is required or have any questions regarding this submission, 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 to the Tidal BPA Proceeding

Appendix A

FEI-DICKLANDS BIOMETHANE PURCHASE AGREEMENT

BIOMETHANE PURCHASE AGREEMENT
(Amended and Restated)

THIS AGREEMENT made as of MARCH 6 2020 (the "Execution Date")

BETWEEN:

FORTISBC ENERGY INC., 16705 Fraser Highway, Surrey, British Columbia, V4N 0E8

(**"FEI"**)

AND:

DICKLANDS FARMS, a partnership carrying on business at 41984 Sinclair Rd., Chilliwack, BC, V2R 4N8

(the **"Supplier"**)

AND:

GEORGE ROBERT DICK and MICHELLE ELAINE DICK, both of 5553 Blackburn Rd., Chilliwack, BC V2R 4N8

(collectively, the **"Property Owner"**)

WHEREAS:

- A. The parties entered into a Biomethane Purchase Agreement, dated for reference November 30, 2012 (the **"Original Agreement"**) and wish to amend and restate the Original Agreement as set out herein.
- B. The Property Owner is the legal and beneficial owner of certain lands and premises located at 42238 Sinclair Rd. Chilliwack, BC V2R 4N8 the (the **"Lands"**) on which the Supplier operates a dairy farm which will produce biogas through the anaerobic digestion of agricultural waste and related activities.
- C. The Supplier intends to finance, design, construct, operate and maintain an anaerobic digestion facility on the Lands to capture, purify and upgrade the biogas to pipeline quality biomethane (the **"Biomethane"**) for injection into FEI's existing natural gas distribution system.
- D. To monitor the quality and quantity of the Biomethane and inject the Biomethane into FEI's existing natural gas distribution system adjacent to the Lands, FEI intends to construct and operate facilities on the Lands to connect the Supplier's facilities to FEI's gas distribution system. The Supplier has agreed to grant FEI continued access to, and use of a portion of the Lands to operate and maintain its facilities on the Lands.
- E. The Property Owner and the Supplier have agreed to grant FEI continued access to and use of the Lands for the purpose of operating and maintaining the FEI Facilities (as defined below) pursuant to the terms and conditions herein contained.

- F. FEI wishes to purchase and the Supplier wishes to sell the Biomethane to FEI on the terms and conditions provided in this Agreement.

NOW THEREFORE, in consideration of the mutual promises set out herein and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) the Supplier, the Property Owner and FEI (collectively the "**Parties**" and each of them a "**Party**") agree that this Agreement amends, restates and replaces, in its entirety, the Original Agreement, as follows:

ARTICLE 1 – CONDITIONS PRECEDENT

- 1.1 **Application of *Utilities Commission Act*.** The Supplier acknowledges FEI is a public utility as defined in the British Columbia *Utilities Commission Act* and this Agreement, and any amendments thereto, are subject to acceptance and approval by the British Columbia Utilities Commission ("**BCUC**") in accordance with the *Utilities Commission Act*.
- 1.2 **Filing with BCUC.**
- (a) FEI will file this Agreement with the BCUC within a reasonable period of time after the Execution Date.
 - (b) The Supplier will, at the request of FEI, provide any assistance reasonably required by FEI to secure BCUC acceptance and approval, including filing documents in support of FEI's application to the BCUC and providing argument and witnesses in support of the filing.
- 1.3 **Regulatory Review Termination.**
- (a) If BCUC approval is not granted, or is granted on terms and conditions which are not reasonably satisfactory to the Parties having regard to their *bona fide* business interests, the Parties agree to negotiate in good faith to address the impacts thereof, including mitigation of costs; provided that if the Parties are unable to reach an agreement as to the manner in which to address such terms and conditions, either Party may terminate this Agreement upon written notice of termination to the other Party.
 - (b) If the Agreement is terminated under this section 1.3, the Parties' obligations under this Agreement will be at an end, and thereafter neither Party shall have any further or continuing obligation to the other under this Agreement, except for those obligations and provisions which are specifically stated.
- 1.4 **Costs Incurred Prior to BCUC Acceptance.** The Parties acknowledge and agree that if a Party elects to undertake any work or incur any costs with respect to this Agreement prior to BCUC approval, such Party will be solely responsible for all costs so incurred.

ARTICLE 2 - TERM

- 2.1 **Term.** This Agreement will commence on the Execution Date and will expire on October 31st following the twentieth (20th) anniversary of the In-Service Date (the "**Initial Term**"), unless terminated earlier or renewed in accordance with the terms of this Agreement (the "**Term**"), where "**In-Service Date**" means the earlier of:

- (a) the business day after FEI Facilities have accepted at least [REDACTED] gigajoules ("GJ") of Biomethane per day for seven (7) consecutive days; and
 - (b) the business day after the FEI Facilities have accepted Biomethane for a cumulative period of thirty (30) days.
- 2.2 **Delay in In-Service Date.** Unless the Supplier, in the reasonable opinion of FEI, is continuing to undertake the work necessary to construct and install the Supplier Facilities with reasonable diligence, if the In-Service Date does not occur within eighteen (18) months of acceptance of this Agreement by BCUC, or such later date as agreed by the Parties in writing, FortisBC may, at its option, and in addition to and without prejudice to any other right or remedy it may have, terminate this Agreement by written notice to the Supplier and the Property Owner effective the date set out in such notice, without liability therefore or payment of any damages or penalties by FEI to the Supplier or the Property Owner as a result of such termination, and the provisions of section 8.2 [Effect of Default] shall apply.
- 2.3 **Renewal.** This Agreement will renew automatically for one additional term of two (2) years (the "Renewal Term") unless a Party provides the other Party with written notice of its intention to not renew this Agreement for the Renewal Term at least one (1) year prior to the expiry of the Initial Term.

ARTICLE 3 - DIVISION OF RESPONSIBILITIES

- 3.1 **Supplier Facilities.** The Supplier will design, build, operate, maintain, repair, upgrade, replace and support facilities on the Lands, as more particularly identified in Schedule C (the "Supplier Facilities"), to produce, capture and purify biogas and deliver Biomethane to the FEI Facilities.
- 3.2 **FEI Facilities.** FEI will design, build, operate, maintain, repair, upgrade, replace and support facilities on the License Area (as defined below), as more particularly identified in Schedule C (the "FEI Facilities"), to connect to the Supplier Facilities, measure and monitor Biomethane quantity and quality and inject the accepted Biomethane into FEI's existing gas distribution system.
- 3.3 **Prime Contractor.** For the purposes of the *Workers Compensation Act* (British Columbia), FEI is designated the prime contractor in relation to the construction, operation, maintenance and support of the FEI Facilities.
- 3.4 **FEI Approvals.** FEI shall obtain and maintain any consents, permits, filings, orders or other approvals, including governmental consents and approvals, building and construction permits, environmental permits, zoning changes or variances (collectively the "Approvals") required, affecting or necessary for the ownership, installation, maintenance and operation of the FEI Facilities.
- 3.5 **Supplier and Property Owner Approvals.** The Supplier and Property Owner shall obtain and maintain all approvals required, affecting or necessary for the ownership, installation, maintenance and operation of the Supplier Facilities.
- 3.6 **Ownership of FEI Facilities.** The FEI Facilities are, and shall at all times remain, personalty and the property of FEI, despite the degree to which they may be annexed or affixed to the Lands and

despite any rule of law or equity to the contrary and shall be freely alienable by FEI as its own property. FEI shall be entitled to install notices on the FEI Facilities identifying FEI's ownership.

- 3.7 **Existing Supplier and Property Owner Approvals.** If any existing Approvals issued to the Supplier or the Property Owner need to be updated to reflect the operation of the FEI Facilities on the Lands, and FEI is not able to update such Approvals in accordance with section 3.4 [FEI Approvals], the Supplier and/or the Property Owner shall ensure such approvals are updated as required.
- 3.8 **Utilities.** The Supplier and/or the Property Owner as the case may be will, at no cost to FEI, provide the electrical and telephone connections to the limits of the FEI Facilities. The Supplier shall not be liable for any disruptions in such services, unless caused by any negligent act or omission of the Supplier.
- 3.9 **Cooperation.** To facilitate the connectivity between the Supplier Facilities and the FEI Facilities and manage the monitoring and injection of Biomethane into FEI's natural gas distribution system, the Parties agree to:
- (a) cooperate in the design, permitting, construction and connection of the respective facilities, including any upgrades and modifications to such facilities; provided that despite the exchange or review of, or comment on, any design drawings, by the other Party, each Party shall be solely responsible for the design and construction of their respective facilities;
 - (b) share operating data and data related to the interface between the FEI Facilities and the Supplier Facilities, and work together to optimize operation of their respective facilities; and
 - (c) notify each other in advance of proposed operational changes or system modifications or upgrades to their respective facilities and cooperate in the design of upgrades and modifications to the respective facilities, to ensure such changes, modifications or upgrades do not negatively impact the operation of the other Party's facilities; provided that despite the exchange or review of, or comment on, any design drawings, by the other Party, each Party shall be solely responsible for the design, construction, operation and maintenance of their own facilities.

ARTICLE 4 – ACCESS TO AND USE OF LANDS

- 4.1 **Grant of License.** The Supplier, and the Property Owner, hereby grants to FEI, at no cost, a non-exclusive irrevocable license to those portions of the Lands shown outlined on the drawings attached as Schedule B (the "License Area") at all times and from time to time, with or without vehicles, machinery and equipment, for FEI and its authorized employees, contractors and agents, to excavate, install, place, construct, renew, alter, repair, maintain, use, abandon, remove or replace the FEI Facilities, in whole or in part.
- 4.2 **Access over the Lands.** The Supplier, and the Property Owner, hereby grants to FEI, at no cost, the free and unobstructed right to access over and across the Lands, with or without vehicles, machinery and equipment, as required from time to time, for FEI and its authorized employees, contractors and agents to access the FEI Facilities; provided however this right shall in no way restrict the Supplier from maintaining, changing or improving the Lands as long as FEI and its

authorized employees, contractors and agents continue to have access to the FEI Facilities. FEI's right of access over the Lands is subject to FEI's compliance with the reasonable requirements of the Supplier for the safety and security of the Lands, including as to access points and limitation on access during normal working hours except in the case of emergency.

4.3 Grant of Rights to Third Parties. Subject to section 4.5 [*Non-Interference*], the grant of rights to FEI hereunder does not preclude or prevent the Supplier or the Property Owner from granting easements, statutory rights of way or other grants, leases or licenses over the Lands to any other person.

4.4 Use of License Area. FEI shall:

- (a) not do, suffer or permit anything in, on or from the License Area that may be or become a nuisance or annoyance to the owners, occupiers or users of land or premises adjacent to or near the Lands or to the public, including the accumulation of rubbish or unused personal property of any kind;
- (b) not do, suffer or permit any act or neglect that may in any manner directly or indirectly cause injury to the License Area;
- (c) use the License Area only for the purposes set out in this Agreement;
- (d) except as otherwise provided in this Agreement, pay all costs and expenses of any kind whatsoever associated with and payable in respect of FEI's use of the License Area, the FEI Facilities and all equipment, furniture and other personal property brought onto the License Area by FEI, including without limitation, property taxes, levies, charges and assessments, permit and license fees, repair and maintenance costs, administration and service fees, gas, water, sewage disposal and other utility and service charges and payments for work and materials;
- (e) carry on and conduct its activities in, on and from the License Area in compliance with any and all applicable laws from time to time in force, and to obtain all required approvals and permits thereunder, and not to do or omit to do anything in, on or from the License Area in contravention thereof;
- (f) not erect or place any sign or advertising within the License Area (save and except signage identifying FEI's ownership of the FEI Facilities in accordance with section 3.6 [*Ownership of FEI Facilities*]) without the prior written approval of the Supplier, acting reasonably; not to bring on or deposit any soil or fill onto the License Area except with the written consent of the Supplier;
- (g) co-ordinate all installation and construction activities on the License Area with the Supplier;
- (h) cover all below ground works and restore the surface of the License Area to the same condition that existed at the commencement of the works to the reasonable satisfaction of the Supplier; and

- (i) discharge any builders' lien which may be filed against the title to the Lands within 30 days of filing, and comply at all times with the *Builders Lien Act* (British Columbia), in respect of any improvements, work or other activities undertaken by or on behalf of FEI.
- 4.5 **Non-Interference.** The Supplier or the Property Owner will not do or knowingly permit to be done anything in, under, over, upon or with respect to the Lands which, in the reasonable opinion of FEI, may interfere with, diminish or injure FEI's rights hereunder or the installation, maintenance use or operation of the FEI Facilities, including but not limited to, anything which:
 - (a) interrupts, endangers, impedes, disturbs or causes damage to the FEI Facilities or its operation, use, security or functionality;
 - (b) removes, diminishes or impairs any vertical or lateral support for, or causes the movement or settlement of, the FEI Facilities; and
 - (c) causes, permits or suffers any structure, equipment, act or function to exert any vertical load or lateral load upon or against, or impair the structural integrity of, the FEI Facilities;without the prior written consent of FEI and in accordance with any conditions FEI may reasonably specify as a condition of such consent.
- 4.6 **Sale or Transfer of the Lands.** The Supplier or the Property Owner shall not sell, lease or otherwise transfer its interest in and to the Lands, unless, with the written consent of FEI in accordance with section 16.9 [Assignment], the transferee assumes all the terms and conditions of this Agreement.

ARTICLE 5 – QUALITY, QUANTITY, TITLE AND INDEMNITY

- 5.1 **Biomethane Quality and Delivery Quantity.**
 - (a) FEI will monitor Biomethane quality and quantity at the interconnection point between the Supplier Facilities and the FEI Facilities, as generally shown in the schematic drawing attached as part of Schedule C (the "Interconnection Point") to determine whether the Biomethane meets the Specifications and the Volumetric Limits.
 - (b) FEI agrees to accept any Biomethane made available by the Supplier which:
 - (i) meets the specifications set out in Schedule A (the "Specifications"); and
 - (ii) subject to the volumetric requirements set out in Schedule D (the "Volumetric Limits").
 - (c) Any Biomethane not accepted by FEI will be returned to the Supplier Facilities or will be prevented from entering the FEI Facilities at the Interconnection Point.
- 5.2 **Acceptance of Non-Compliant Biomethane.** FEI, at its sole discretion and without any obligation to do so, may accept Biomethane that does not meet the Specifications or is outside the Volumetric Limits. Any such Biomethane accepted by FEI into the FEI Facilities will be deemed to meet the Specifications and FEI shall be deemed to have waived any failure to satisfy the Volumetric Limits in relation thereto.

5.3 Minimum Annual Biomethane Supply. If the Supplier does not supply:

- (a) the Minimum Yearly Quantity (as defined in Schedule D (*Commercial Terms*)) for any two (2) consecutive Contract Years (as defined in Schedule D (*Commercial Terms*)), or
- (b) the Minimum Monthly Quantity (as defined in Schedule D (*Commercial Terms*)) for any six (6) consecutive months;

FEI, at its option, may:

- (c) reduce the Minimum Yearly Quantity and/or the Minimum Monthly Quantity, as the case may be, to such quantities as established by FEI in its sole discretion [having regard to, among other things, the quantity of Biomethane actually supplied by the Supplier and the ability of FEI to assign the released quantity to other biogas producers/owners.]
- (d) terminate this Agreement upon written notice to the Supplier, whereupon the provisions of ARTICLE 9 will apply.

5.4 Increased Production Volume. The Supplier will notify FEI of any proposed changes or improvements to the Supplier Facilities or the Lands or any other activity or circumstance which may result in a long-term increase to Biomethane flow by more than 10% above the Maximum Yearly Quantity to allow FEI to evaluate the impacts of such increase on the FEI Facilities and its gas distribution system and FEI's ability to accommodate and accept such increased production volume. Provided such Biomethane meets the Specifications, FEI may, in its discretion and upon notice to the Supplier, accept and purchase all or any portion of the additional production volume at the rates determined by Schedule D (*Commercial Terms*) either temporarily or permanently.

5.5 Exclusivity. In addition to its obligations to supply the minimum quantities of Biomethane as established in Schedule D (*Commercial Terms*), the Supplier covenants and agrees to exclusively sell any additional Biomethane available (the "**Excess Biomethane**") to FEI; provided that if FEI is, from time to time, unable to accommodate and accept the Excess Biomethane, the Supplier shall be entitled to use, sell or otherwise dispose of the excess production in a commercially and environmentally reasonable manner after consultation with FEI.

5.6 Excuse from Non-Performance for Maintenance. Neither Party will be considered to be in default under this Agreement where such Party's non-performance is as a result of undertaking maintenance or repair on their respective facilities provided that such Party is diligently undertaking such maintenance or repair to minimize its impacts and it being the intention of the Parties that maintenance or repair work will not exceed 5 days per month and 60 days per year in aggregate.

5.7 Title and Warranty. Provided the Biomethane meets the Specifications, or having failed to meet the Specifications, is accepted by FEI pursuant to section 5.2 [*Acceptance of Non-Compliant Biomethane*], title to and responsibility for that Biomethane shall pass from the Supplier to FEI at the Interconnection Point. Any Biomethane rejected by FEI will be redirected back to the Supplier Facilities and title to and responsibility for such Biomethane shall not pass to FEI. The Supplier warrants that it has the right to convey and will transfer good and merchantable title to the Biomethane free and clear of all liens, encumbrances and claims.

- 5.8 **Indemnity.** The Supplier and the Property Owner, jointly and severally, hereby agrees to indemnify and save FEI harmless from all losses, liabilities or claims, including reasonable legal fees and costs of court, arising from or out of claims of title, personal injury or property damage from the Biomethane or other charges thereon ("**Claims**") which attach before title passes to FEI. FEI hereby agrees to indemnify and save the Supplier harmless from all Claims which attach after title passes to FEI. Despite the foregoing, the Supplier will be liable for all Claims arising from the failure to deliver title to the Biomethane to FEI free and clear of any encumbrances.
- 5.9 **Audit and Verification.** Each Party will provide access to the other Party, from time to time during ordinary business hours, to its records and measurement equipment as reasonably requested by the other Party to verify compliance with the terms of this Agreement, including to verify the quality and quantity of Biomethane.

ARTICLE 6 – PURCHASE PRICE AND PAYMENT

- 6.1 **Payment for Biomethane.** Commencing from the In-Service Date and each month during the Term thereafter, FEI shall pay the Supplier for the quantity of Biomethane accepted by FEI into the FEI Facilities, as determined by meter readings, at the rates and subject to the adjustments and any deductions set out in Schedule D, plus applicable taxes thereon. The Supplier shall not be entitled to receive any payment from FEI for any Biomethane rejected by FEI and returned to the Supplier Facilities.
- 6.2 **Payment Terms.**
- (a) On or about the 15th day of each month, FEI shall generate a statement for the preceding month showing the quantity of Biomethane accepted by FEI in GJ, the applicable rates and adjustments, the net amount payable and the cumulative quantity of Biomethane accepted for the then current year up to that month. If the quantity of Biomethane accepted is not known by the billing date, FEI will issue the statement based on a reasonable estimate of the quantity accepted and make the necessary adjustments as soon as practical and in any event by the next billing date.
 - (b) FEI will pay the net amount payable within 30 days of delivery of the statement to the Supplier.
 - (c) Any errors in any statement or disputes as to amounts due shall be promptly reported to FEI and any resulting underpayments or overpayments identified will be refunded or repaid with accrued interest at the rate of 1.5% per month (19.56% per annum).
- 6.3 **Contribution in Aid of Construction.** The Supplier hereby agrees to contribute towards all capital costs associated with the design and construction of the FEI Facilities as well as the extension of and upgrades to FEI's natural gas distribution system to enable connectivity to the FEI Facilities. The Supplier also agrees to contribute towards the annual operating and maintenance costs associated with the operation of the FEI Facilities, on the terms described in Section 3.1 of Schedule "D" – Commercial Terms below *attached hereto* (the "Supplier Contribution") and in the following manner:

Capital Cost Contribution

- (a) The Supplier Contribution for the capital costs shall be a one-time monetary lump sum payment made to FEI directly by the Supplier, that is due no sooner than 12 months after the In-Service Date or at another later date as determined by FEI's in its sole discretion and payment is due 90 days upon receipt by the Supplier of an itemized invoice for those capital costs incurred by FEI; and/or
- (b) at FEI's request and discretion, as a monetary payment made to FEI's designated contractors promptly upon receipt of notice from FEI as to the contractor name and payment details; and/or
- (c) through undertaking some of the work for the FEI Facilities of a scope and manner agreed to by FEI, at its sole discretion; and/or
- (d) in such other manner as required by FEI, in its sole discretion.

Annual Operations and Maintenance Costs

- (e) The Supplier shall pay FEI for the operations and maintenance costs annually. FEI shall send the Supplier an invoice for the actual costs incurred by FEI for the operation and maintenance of the FEI Facilities no later than January 31st of each calendar year and payment is due 30 days after receipt of the invoice by the Supplier.
- (f) The Supplier may demand further documentation or explanation of annual operations and maintenance costs once it received an invoice from FEI. Any disputed costs shall be resolved in the manner described in Article 14 – Dispute Resolution below.

For greater clarity, the Supplier acknowledges that FEI has included the Supplier Contribution in its calculation of the Base Rate payable for the Biomethane."

ARTICLE 7 – ENVIRONMENTAL ATTRIBUTES AND REPORTING

- 7.1 Offsets.** The parties agree FEI shall have the sole right, benefit, title and interest in and to, arising out of or resulting from the environmental benefits associated with the displacement of traditional natural gas by biomethane in FEI's natural gas distribution system, where the displacement of traditional natural gas means that the carbon intensity of the biomethane cannot exceed █ kg of CO₂e per GJ. ("FEI GHG Reductions"), whether such right, benefit, title or interest is in existence as of the Effective Date or arises thereafter, including:

- (a) the sole right to claim title to, interest in, the benefit of or the responsibility for the FEI GHG Reductions;
- (b) the sole right to register, certify or apply for the issuance or validation of any current or future credits, allowance, instrument, offset, certificate, right, benefit or advantage or proprietary or contractual right, whether or not tradable (a "Credit") associated with the FEI GHG Reductions;

- (c) the sole right to hold and to transfer or assign to any person its title to, benefit of or responsibility for the FEI GHG Reductions or the associated Credits;
 - (d) the sole right to apply the FEI GHG Reductions against its own or a third party's greenhouse gas emissions or to net those emissions to zero, whether or not as part of a legal obligation to reduce greenhouse gas emissions;
 - (e) all revenues, entitlement, benefits and other proceeds arising from or related to the foregoing;
- (collectively, the "**Environmental Attributes**").

7.2 Support and Assistance. The Supplier will, at FEI's expense, support FEI in all applications for the Environmental Attributes and provide any assistance, authorizations, documentation and information FEI reasonably requires in this regard, including:

- (a) the quantification and verification of the carbon intensity of the Biomethane produced at the Supplier's Facilities; and
- (b) authorization enabling FEI to apply on the Supplier's behalf for designation as a Part 3 fuel supplier with respect to resulting biogas for the purposes of the *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act* and its regulations.

7.3 Reporting Requirements. Subject to section 7.1 [Offsets], each Party shall be responsible to comply with reporting requirements of all applicable environmental laws with respect to emissions from their respective facilities.

ARTICLE 8 – DEFAULT

8.1 Default. Each Party (the "**Defaulting Party**") shall be in default of this Agreement if the Defaulting Party is in breach of any term, covenant, agreement, condition or obligation imposed on it under this Agreement, provided that:

- (a) the other Party(ies) (the "**Non-Defaulting Party**") provides the Defaulting Party(ies) with a written notice of such default and a 10-day period within which to cure such a default (the "**Cure Period**"); and
- (b) the Defaulting Party(ies) fails to cure such default during the Cure Period, or if such default is not capable of being cured within the Cure Period, fails in good faith to commence the curing of such default upon receipt of notice of default and to continue to diligently pursue the curing of such default thereafter until cured.

8.2 Effect of Default. Upon default, the Non-Defaulting Party(ies) may, at its option and in addition to and without liability therefore or prejudice to any other right or remedy it may have:

- (a) cease performing its obligations under this Agreement, including suspending or refusing to make any payment due hereunder, until the default has been fully remedied, and no such action shall relieve the Defaulting Party from any of its obligations under this Agreement;

- (b) undertake the necessary steps to remedy the default at the Defaulting Party's expense, and such action shall not relieve the Defaulting Party from any of its obligations under this Agreement; or
- (c) terminate this Agreement immediately upon notice to the other Party, whereupon the provisions of ARTICLE 9 shall apply.

ARTICLE 9 - EFFECT OF EXPIRY OR TERMINATION.

9.1 **Removal of FEI Facilities.** Upon the expiry or early termination of this Agreement, unless otherwise agreed by the Parties, FEI will, within 90 days following the expiry date or termination date, as the case may be, remove the FEI Facilities from the Lands and repair any damage to the Lands arising from such removal; provided that FEI will be obligated to remove only those portions of the FEI Facilities located above surface level and may leave any un-removed portions in a safe manner in accordance with FEI standard practice. Any portion of the FEI Facilities not removed by FEI will become the property of the Supplier at no cost to the Supplier.

9.2 **Termination Payment.** If:

- (a) FEI terminates this Agreement pursuant to section 8.2(c) as a result of default of the Supplier or the Property Owner; or
- (b) the Supplier or the Property Owner sells or otherwise transfers its interest in and to the Lands in contravention of section 4.6 (*Sale or Transfer of the Lands*);

then, in addition to any other amounts due and owing by the Supplier to FEI, the Supplier shall pay to FEI, within thirty (30) days of invoicing, the following amounts (plus applicable taxes thereon):

- (i) FEI's net costs associated with removing the FEI Facilities, plus
- (ii) the unrecovered net book value of the FEI Facilities that will be stranded, adjusted for the positive or negative salvage value of the FEI Facilities.

9.3 **Letter of Credit.** The Supplier shall, if requested by FEI, provide FEI with a letter of credit issued by a Canadian Chartered Bank, or other form of security acceptable to FEI, in an amount not less than the value of the underground portions of the FEI Facilities which can reasonably be expected to be stranded in the event of early termination of this Agreement. FEI shall be entitled to draw on the letter of credit or realize on any other security provided for any amounts due and owing under this Agreement by the Supplier, including the termination payment set out in section 9.2 [*Termination Payment*].

ARTICLE 10 - INSURANCE REQUIREMENTS

10.1 **Insurance.** Each Party shall obtain and maintain the following insurance coverage and provide proof of coverage to the other Party:

- (a) General Commercial Liability Insurance from insurers registered in and licensed to underwrite insurance in British Columbia for bodily injury, death and property damage in

the amount of \$5,000,000 per occurrence naming the other Party as an additional insured with respect to this Agreement; and

- (b) Such other insurance as reasonably required by the other Party from time to time.

Each Party shall be responsible for payment of any deductibles of their policies. All such policies shall provide that the insurance shall not be cancelled or changed in any way without the insurer giving at least 10 calendar days' written notice to the other Party.

ARTICLE 11 - ENVIRONMENTAL RELEASE AND INDEMNITY

- 11.1 Definition of Contaminants.** "Contaminants" means collectively, any contaminant, toxic substances, dangerous goods, or pollutant or any other substance which when released to the natural environment is likely to cause, at some immediate or future time, material harm or degradation to the natural environment or material risk to human health, and includes any radioactive materials, asbestos materials, urea formaldehyde, underground or aboveground tanks, pollutants, contaminants, deleterious substances, dangerous substances or goods, hazardous, corrosive or toxic substances, hazardous waste or waste of any kind, pesticides, defoliants, or any other solid, liquid, gas, vapour, odour or any other substance the storage, manufacture, disposal, handling, treatment, generation, use, transport, remediation or release into the environment of which is now or hereafter prohibited, controlled or regulated by law.

- 11.2 Supplier Release and Indemnity.** Despite any other provision of this Agreement, the Supplier and the Property Owner acknowledges and agrees that FEI is not and shall not be responsible for any Contaminants now present, or present in the future, in, on or under the Lands, or that may or may have migrated on or off the Lands and hereby releases and agree to jointly and severally indemnify FEI and its directors, officers, employees, successors and permitted assigns, from any and all liabilities, actions, damages, claims (including remediation cost recovery claims), losses, costs, orders, fines, penalties and expenses whatsoever (including all consulting and legal fees and expenses on a solicitor-client basis) arising from or in connection with:

- (a) any release or alleged release of any Contaminants at or from the Lands;
(b) the presence of any Contaminants on or off the Lands before or after the Execution Date;

except with respect to any Contaminants brought onto the Lands by FEI or any Contaminants released from the Lands as a result of any negligent act or omission of FEI.

- 11.3 FEI Release and Indemnity.** Despite any other provision of this Agreement, FEI shall release and indemnify the Supplier and the Property Owner and its directors, officers, employees, successors and permitted assigns, from any and all liabilities, actions, damages, claims (including remediation cost recovery claims), losses, costs, orders, fines, penalties and expenses whatsoever (including all consulting and legal fees and expenses on a solicitor-client basis) arising from or in connection with to any Contaminants brought onto the Lands by FEI or any Contaminants released from the Lands as a result of any negligent act or omission of FEI.

ARTICLE 12 - INDEMNIFICATION AND LIMITATION OF LIABILITY

- 12.1 **Indemnification.** Each Party hereby indemnifies and holds harmless the other Party and its employees, directors and officers from and against any and all adverse claims, losses, suits, actions, judgments, demands, debts, accounts, damages, costs, penalties and expenses (including all legal fees and disbursements) arising from or out of:
- (a) the negligence or wilful misconduct of such Party, its employees, directors, officers or contractors; or
 - (b) the breach by such Party of any of the provisions contained in this Agreement.
- 12.2 **Limitation of Liability.** Each Party's liability to the other Party under this ARTICLE 12 shall be limited to the payment of direct damages. Except with respect to third party claims and as otherwise provided in this agreement, in no event shall a Party be responsible or liable to the other Party for any indirect, consequential, punitive, exemplary or incidental damages of the other Party arising out of or related to this Agreement even if the loss is directly attributable to the gross negligence or wilful misconduct of such Party, its employees, or contractors.
- 12.3 **Duty to Mitigate.** Each Party has a duty to mitigate the damages that would otherwise be recoverable from the other Party pursuant to this Agreement by taking appropriate and commercially reasonable actions to reduce or limit the amount of such damages or amounts.

ARTICLE 13 - FORCE MAJEURE

- 13.1 **Effect of Force Majeure.** No Party will be in default of this Agreement by reason only of any failure in the performance of such Party's obligations pursuant to this Agreement if such failure arises without the fault or negligence of such Party and is caused by any event of Force Majeure (as defined below) that makes it commercially impracticable or unreasonable for such Party to perform its obligations under this Agreement and, in such event, the obligations of the Parties will be suspended to the extent necessary for the period of the Force Majeure condition, save and except neither Party will be relieved of or released from its obligations to make payments to the other Party as a result of an event of Force Majeure. For the purpose of this section, "Force Majeure" means any cause which is unavoidable or beyond the reasonable control of any Party to this Agreement and which, by the exercise of its reasonable efforts, such Party is unable to prevent or overcome, including, acts of God, war, riots, intervention by civil or military authority, strikes, lockouts, accidents, acts of civil or military authority, or orders of government or regulatory bodies having jurisdiction, or breakage or accident to machinery or lines of pipes, or freezing of wells or pipelines or the failure of gas supply, temporary or otherwise; provided however, the lack of funds or other financial cause shall not be an event of Force Majeure.
- 13.2 **Notice of Force Majeure.** The Party whose performance is prevented by an event of Force Majeure must provide notification to the other Party(ies) of the occurrence of such event as soon as reasonably possible.

ARTICLE 14 - DISPUTE RESOLUTION

- 14.1 **Dispute Resolution.** The Parties will make a *bona fide* attempt to settle any dispute which may arise under, out of, in connection with or in relation to this Agreement by amicable negotiations between their respective senior representatives and will provide frank and timely disclosure to one another of all relevant facts and information to facilitate negotiations. If the Parties are unable to resolve the dispute within fifteen (15) days, or if the Parties agree to waive such discussions in respect of a particular issue, either Party may refer the dispute to a single arbitrator who is appointed and renders a decision in accordance with the then current "Domestic Commercial Arbitration Shorter Rules of Procedure" or similar rules of the British Columbia International Commercial Arbitration Centre ("BCICAC"). The decision of the arbitrator shall be final and binding. The costs and expenses of the arbitration, but not those incurred by the Parties, shall be shared equally, unless the arbitrator determines that a specific Party prevailed, and in such a case the non-prevailing Party shall pay all costs and expenses of the arbitration, but not those of the prevailing Party. The arbitration will take place in Vancouver, British Columbia and be conducted in English.
- 14.2 **Performance of Obligations.** The Parties shall continue to fulfill their respective obligations pursuant to this Agreement during the resolution of any dispute in accordance with this section.
- 14.3 **Litigation.** Nothing contained in this Article precludes either Party from:
- (a) having a dispute determined by the BCUC if the dispute is within the jurisdiction of the BCUC; and
 - (b) having a dispute that has not been referred to arbitration be determined by a court of competent jurisdiction in the Province of British Columbia.

ARTICLE 15 - CONFIDENTIALITY



- 15.1 **Confidentiality.** All information or documentation (no matter in what form or media) received by a Party (the "Receiving Party") which has been specifically marked by other Party (the "Disclosing Party") as confidential (the "Information") shall be deemed to be confidential and proprietary to the Disclosing Party. Except as otherwise provided herein, the Receiving Party shall not directly or indirectly disclose the Information to any third party without the prior written consent of the Disclosing Party. Such consent is not required where the Receiving Party discloses such Confidential Information:
- (a) to its directors, officers, employees, agents, accountants, lawyers, consultants or financial advisers or those of its affiliates; or
 - (b) to a third party that is another contractor or consultant retained by the Disclosing Party for the purposes of this MOU and the activities described herein;
- who need to know such information for the proper performance of the Parties' respective obligations contemplated herein.
- 15.2 **Exception for Regulatory Submission.** Despite the foregoing, the Receiving Party may use the Information in connection with the preparation for and conduct of submissions to regulatory agencies, subject to requesting that the regulatory agency treat the Information as confidential in accordance with the agency's rules of procedure for confidential filings.

- 15.3 **Exclusions** The obligation of confidentiality set out above shall not apply to material, data or information which: (1) is known to the Receiving Party prior to its receipt thereof; (2) is generally available to the public; (3) has been obtained from a third party which has the right to disclose the same; and (4) is required by law to be disclosed, provided that where disclosure is required by law, the Receiving Party will, unless prohibited by law, forthwith notify the Disclosing Party to enable the Disclosing Party to mount a defense to such disclosure.

ARTICLE 16 – GENERAL

- 16.1 **Costs.** Except as otherwise set out in this Agreement, each Party will be responsible for the payment of its own costs related to performing its obligations under this Agreement.
- 16.2 **Publicity.** No Party shall initiate any media releases, interviews, or presentations to the media regarding the terms of this Agreement without the agreement and approval of the other Party, not to be unreasonably withheld or delayed.
- 16.3 **Compliance with Laws.** Each Party covenants, as a material provision of this Agreement, it will comply with all applicable codes, statutes, by-laws, regulations or other laws in force in British Columbia during the Term.
- 16.4 **Governing law.** This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada. To the extent 0 (*Dispute Resolution*) is not applicable to a dispute between the Parties, the Parties hereby attorn to the jurisdiction of the courts of British Columbia and all courts competent to hear appeals therefrom.
- 16.5 **Notice.** Any invoices, payments, notices or other communication required to be given or made pursuant to the Agreement shall, unless otherwise expressly provided herein, shall be in writing and shall be personally delivered to or sent by facsimile to either Party at its address set forth below and deemed to have been received the next business day following delivery or facsimile transmittal:

If to: **FortisBC Energy Inc.**
16705 Fraser Highway, Surrey, BC V4N 0E8
Attention: Director, Natural Gas for
Transportation and Regional LNG
Fax: 604 592 7444
With a copy to:
renewablenaturalgas@fortisBC.com

If to: **DICKLANDS FARMS**
41984 Sinclair Rd, Chilliwack, BC, V2R 4N8
Attention: **George Dick**
Fax: 
With a copy to:


- 16.6 **Schedules.** The schedules attached to this agreement are an integral Part of this Agreement and are hereby incorporated into this Agreement as a part thereof.
- 16.7 **Amendments to be in writing.** Except as set out in this Agreement, no amendment or variation of the Agreement shall be effective or binding upon the Parties unless such amendment or variation is set forth in writing and duly executed by the Parties, and accepted by the BCUC if required pursuant to the *Utilities Commission Act*.

- 16.8 **Waiver.** No Party is bound by any waiver of any provision of this Agreement unless such waiver is consented to in writing by that Party. No waiver of any provisions of this Agreement constitutes a waiver of any other provision, nor does any waiver constitute a continuing waiver unless otherwise provided.
- 16.9 **Assignment.** No Party shall assign its rights and obligations under this Agreement without the prior written consent of the other Party, such consent not to be unreasonably withheld, delayed or conditioned. Despite the foregoing, FEI may assign this Agreement, or parts thereof, to any of its affiliates.
- 16.10 **Enurement.** This Agreement enures to the benefit of and is binding on the Parties and their respective successors and permitted assigns.
- 16.11 **Survival.** The following provisions shall survive the termination or expiration of this Agreement: Section 5.8 [*Indemnity*], ARTICLE 11 [*Environmental Release and Indemnity*], ARTICLE 12 [*Indemnification and Limitation of Liability*], 0 [*Dispute Resolution*], ARTICLE 15 [*Confidentiality*], Section 16.4 [*Governing Law*] and Section 16.5 [*Notice*].
- 16.12 **Remedies Cumulative.** All rights and remedies of each Party under this Agreement are cumulative and may be exercised at any time and from time to time, independently and in combination.
- 16.13 **Severability.** If any provision of this Agreement is determined by a court of competent jurisdiction to be invalid, illegal or unenforceable in any respect, such determination does not impair or affect the validity, legality or enforceability of any other provision of this Agreement.
- 16.14 **Further Assurances.** The Parties shall sign such further and other documents and do and perform and cause to be done and performed such further and other acts and things as may be necessary or desirable to give full effect to this Agreement.
- 16.15 **Entire Agreement.** This Agreement constitutes the entire agreement between the Parties with respect to the subject matter of this Agreement and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, including the Original Agreement. There are no conditions, covenants, representations, warranties or other provisions, whether express or implied, collateral, statutory or otherwise, relating to the subject matter of this Agreement except as provided in this Agreement.
- 16.16 **Time is of the essence.** Time is of the essence of this Agreement.
- 16.17 **Execution.** This Agreement may be executed in counterparts, each of which shall be deemed as an original, but all of which shall constitute one and the same instrument. Delivery of an executed counterpart of this Agreement by facsimile or electronic transmission hereof shall be as effective as delivery of an originally executed counterpart hereof.
- 16.18 **Interpretation.** In and for the purpose of this Agreement:
- (a) this “**Agreement**” means this agreement as the same may from time to time be modified, supplemented or amended in effect,

- (b) the headings are for convenience only and do not form a part of this Agreement and are not intended to interpret, define or limit the scope, extent or intent of this Agreement, and
- (c) the singular of any term includes the plural, and vice versa, the use of any term is generally applicable to any gender and, where applicable, a corporation, the word "or" is not exclusive and the word "including" is not limiting (whether or not non-limiting language (such as "without limitation" or "but not limited to" or words of similar import) is used with reference thereto).

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day and year first above written.

FORTISBC ENERGY INC.


by its authorized signatory(ies):


 Roger Dall'Antonia
 President & CEO
 FortisBC



 GEORGE ROBERT DICK (Property Owner)



 MICHELLE ELAINE DICK (Property Owner)


DICKLANDS FARMS, by its partners:


 Jacob Aron Dick


 Marie Ann Dick


 Aron Dick


 Shari Dick


 George Robert Dick


 Michelle Elaine Dick

Schedules attached:

Schedule A - Biomethane Acceptance Specifications

Schedule B - Drawing of License Area

Schedule C - Description of Supplier Facilities and FEI Facilities

Schedule D - Commercial Terms

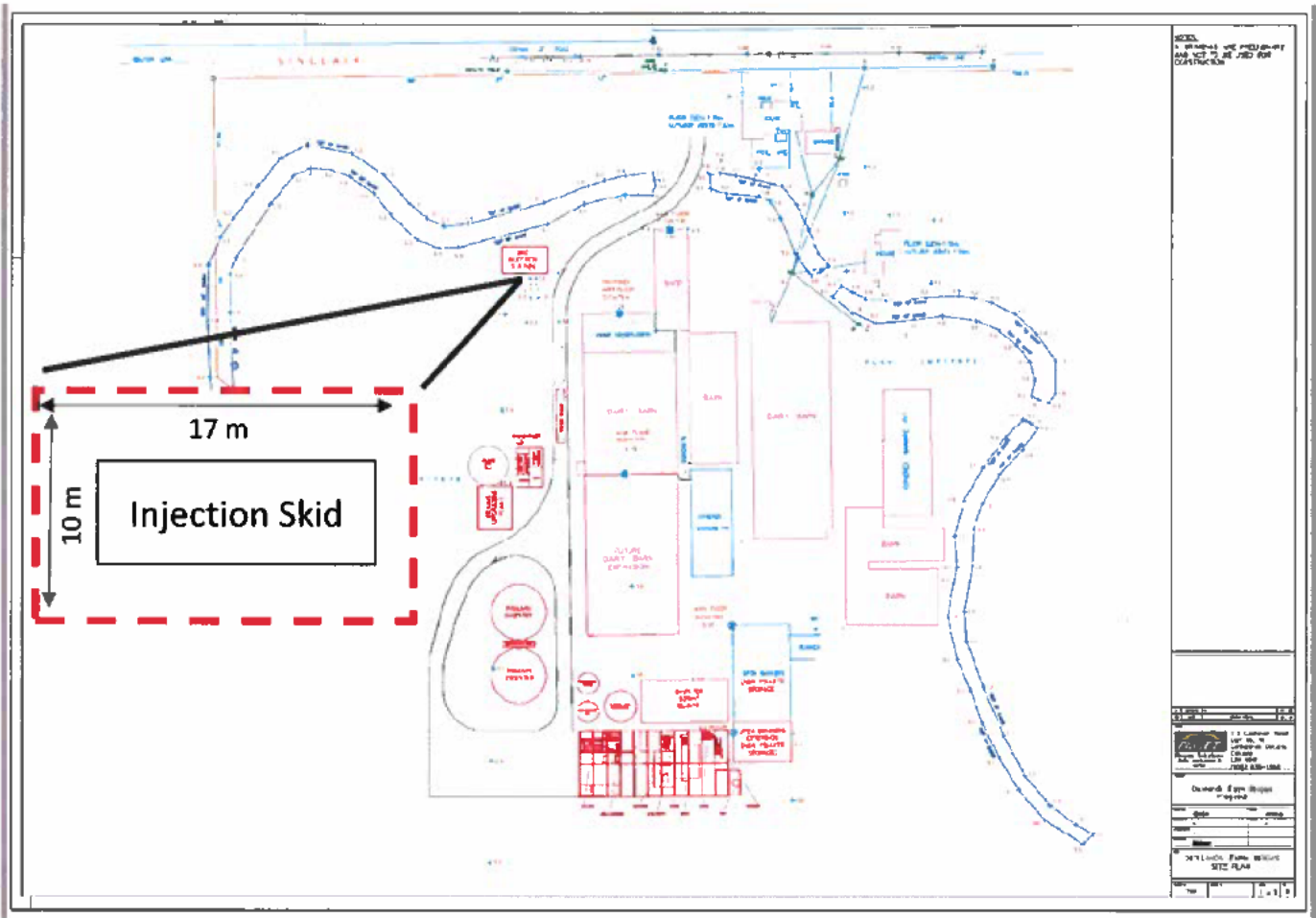
Schedule A
Biomethane Acceptance Specifications

The Biomethane must be free of contaminants, bacteria and pathogens, and not contain sand, dust, gums, oils and other impurities or other objectionable substances, except in such quantities as approved in writing by FEI and which are not injurious to pipelines or do not interfere with the transmission or commercial utilization of the biomethane within the FEI distribution system, as determined by FEI.

Despite the foregoing, the Biomethane may contain the following properties / contaminants within the limits shown in the table below, provided that FEI may revise this list (including adding properties / contaminants and/or revising limits) should property / contaminants and/or limits be shown to be injurious to pipelines or interfere with the transmission or commercial utilization of the Biomethane, as determined by FEI:

| PROPERTY/ CONTAMINANT | LIMITS |
|--------------------------------------|---------------------------------------------------------------------------------|
| Pressure | not less than 420 kilopascals |
| Hydrogen Sulphide (H ₂ S) | Less than 6 mg/m ³ |
| Water | Less than 65 mg/m ³ of water vapour |
| | No liquid water |
| Hydrocarbons | Not have a hydrocarbon dewpoint in excess of minus 9°C at the delivery pressure |
| | No hydrocarbons in liquid form |
| Total Sulfur | Less than 23 mg/m ³ |
| Carbon Dioxide (CO ₂) | Less than 2% by volume |
| Oxygen (O ₂) | Less than 0.4% by volume |
| Temperature | 54°C maximum |
| Heating value/calorific power | 36.00 MJ/m ³ minimum (15°C, 101.3kPa) |
| Siloxanes | Less than 1 mg/m ³ |
| Carbon monoxide (CO) | Less than 2% by volume |
| Inert gases | Less than 4% by volume |
| Ammonia (NH ₃) | 3mg/m ³ |
| Bacteria and pathogens | Impurity filter (0.3 to 5 microns) |

Schedule B
Drawing of License Area



Description of Supplier Facilities and FEI Facilities

- A. Supplier Facilities** means those facilities necessary to capture and purify biogas and deliver the resulting Biomethane to the FEI Facilities, including but not limited to:
- (a) anaerobic digesters
 - (b) waste receiving and conditioning facilities (such as pasteurizer);
 - (c) biogas purification/upgrading equipment;
 - (d) control systems,
 - (e) compression equipment to reach the minimum delivery pressure;
 - (f) a flare system; and
 - (g) piping between the purification/upgrading equipment and the FEI Facilities.
- B. FEI Facilities** means those facilities necessary to connect to the Supplier Facilities, measure and monitor Biomethane quantity and quality and inject the accepted Biomethane into FEI's existing gas distribution system, including but not limited to:
- (a) main extension and connection;
 - (b) metering;
 - (c) gas quality monitoring;
 - (d) pressure regulation;
 - (e) odorizing;
 - (f) safety shut offs;
 - (g) monitoring sensors and communications equipment capable of automatically re-starting injection of Biomethane into the distribution system once Biomethane has met the Specifications, if the Biomethane has temporarily failed to meet the Specifications;
 - (h) foundation;
 - (i) signage;
 - (j) fencing;
 - (k) outlet piping from fenced area to main line located adjacent to the Lands; and
 - (l) inlet shut-off valves located immediately adjacent to fenced area built by FEI.
- C. Interconnection Point** - The Interconnection Point between the Supplier Facilities and the FEI Facilities is within the location shown on the schematic diagram attached to this Schedule C.

1. VOLUMETRIC LIMITS

1.1 The following quantity limitations, as established as a result of the system and capacity limitations of the Supplier Facilities and the limitations and thresholds established by the BCUC and applicable to FEI with respect to acceptance and injection of Biomethane into its natural gas distribution system, as measured by equipment forming part of the FEI Facilities (the "**Volumetric Limits**") apply to this Agreement:

- (a) **Maximum Yearly Quantity** - [REDACTED] GJ per Contract Year, where "**Contract Year**" means the period from November 1st to October 31st of each year; provided that the Maximum Yearly Quantity will be prorated for part years;
- (b) **Minimum Yearly Quantity** - [REDACTED] GJ per Contract Year.
- (c) **Minimum Monthly Quantity** - 1/12th of the Minimum Yearly Quantity.
- (d) **Maximum Hourly Flow Rate**
 - (i) Summer term - for the months of June, July and August - [REDACTED] GJ per hour; for times between 8:00 pm and 6:00 am during these months [REDACTED] GJ per hour;
 - (ii) Winter term- for the months December, January, February [REDACTED] GJ per hour.
 - (iii) At all other times - [REDACTED] GJ per hour.

2. PRICE AND ADJUSTMENTS

2.1. **Purchase Price.** FEI shall pay the Supplier for the quantity of Biomethane accepted by FEI per month, commencing from the In-Service Date, at the following rate, subject to annual adjustment pursuant to section 2.2 (*Annual Adjustment*) of this Schedule, plus applicable taxes thereon:

[REDACTED] per GJ (the "**Base Rate**").

2.2. **Annual Adjustment.** Subject to section 2.4 (*Maximum Rate*) of this Schedule, the Base Rate shall be subject to an annual increase of [REDACTED] from the previous Base Rate effective November 1st of each year, commencing from the November 1st occurring after the first anniversary of the In-Service Date.

2.3. **Application of Natural Gas Rate:** Despite the rate set out in section 2.1 (*Purchase Price*) of this Schedule and subject to section 2.4 (*Maximum Rate*) of this Schedule, if the natural gas commodity prices identified as the Sumas Monthly Index Price contained in 'Inside FERC' published by Platts on a "per GJ" basis (the "**Natural Gas Rate**") exceeds the Base Rate in any month, FEI shall pay the Natural Gas Rate in lieu of the Base Rate for that month.

2.4. **Maximum Rate.** No adjustment will be made which results in the applicable rate payable by FEI exceeding the applicable of:

- (a) then current BCUC - approved maximum RNG supply purchase price; or
- (b) the maximum RNG supply purchase price established by provincial regulations;

as calculated by FEI.

The current purchase price will not be decreased as a result of changes to:

- (c) The BCUC - approved maximum RNG supply purchase price; or

(d) the maximum RNG supply purchase price established by provincial regulations.

3. CONTRIBUTION IN AID OF CONSTRUCTION - SUPPLIER CONTRIBUTION

- 3.1. The Parties agree the Supplier Contribution payable by the Supplier to FEI shall be calculated based on FEI's actual capital cost, to be finalized by FEI no later than 12 months after the In-Service Date and subject to BCUC approval. An estimate of the Supplier Contribution amounts are as follows:

| COST COMPONENT | DESCRIPTION AND PURPOSE | ESTIMATED AMOUNT* |
|----------------------------------|--------------------------------------------------------------------|-------------------------------------------------------|
| Initial capital costs | Actual costs of FEI's Facilities | ██████████ |
| Operations and maintenance costs | Annual costs for the operation and maintenance of FEI's Facilities | ██████████ per year, escalated annually by ██████████ |

*To be determined by FEI once it calculates actual capital costs incurred, no later than 12 months after the In-Service Date for the initial capital cost, and by January 31 of each calendar year for the operations and maintenance costs.

Appendix B

DICKLANDS ACKNOWLEDGEMENT LETTER

FortisBC Energy Inc.
16705 Fraser Highway
Surrey, British Columbia V4N 0E8

Re: Biomethane Purchase Agreement between FortisBC Energy Inc. ("FortisBC") and
Dicklands Farms ("Dicklands")

To Whom It May Concern:

The purpose of this letter is to document Dicklands agreement and acknowledgement that the Contribution in Aid of Construction payable by Dicklands to FortisBC pursuant to section 6.3 of the Biomethane Purchase Agreement (Amended and Restated) dated March 6, 2020, shall also include a contribution in the amount of [REDACTED] to the costs previously incurred by FortisBC in relation to the original Dicklands biomethane project and Biomethane Purchase Agreement between FortisBC and Dicklands dated November 30, 2012 (approved by BCUC Order G-79-13). The additional [REDACTED] shall be provided as a capital cost contribution in a manner described in section 6.3 (a) or (d) of the Biomethane Purchase Agreement (Amended and Restated) dated March 6, 2020.

Sincerely,

A handwritten signature in cursive script, appearing to read "George Dick", written in black ink.

George Dick
Dicklands Farms

Appendix C
FINANCIAL SCHEDULES

FILED CONFIDENTIALY



ORDER NUMBER

E-xx-xx

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Application for Acceptance of a Biomethane Purchase Agreement between
FortisBC Energy Inc. and Dicklands Farms

BEFORE:

[Panel Chair]
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

- A. On April 2, 2020, pursuant to section 71 of the *Utilities Commission Act* (UCA), FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) an application for acceptance of a Biomethane Purchase Agreement (BPA) between FEI and Dicklands Farms (Dicklands) for a renewable natural gas (RNG) project (Application);
- B. The Application satisfies the criteria for an acquisition of RNG (also referred to as biomethane) as a prescribed undertaking under the *Greenhouse Gas Reduction (Clean Energy) Regulation* (GGRR);
- C. By Order G-130-06 dated October 26, 2006, the BCUC approved the Rules for Natural Gas Energy Supply Contracts (Rules). The Rules are intended to facilitate the BCUC's review of natural gas supply contracts pursuant to section 71 of the UCA;
- D. On April 18, 2010, the Province of BC enacted the *Clean Energy Act* (CEA). The CEA established a number of energy objectives and provided that the Lieutenant Governor in Council (LGIC) can prescribe undertakings to encourage public utilities to pursue certain greenhouse gas (GHG) reducing initiatives;
- E. On May 14, 2012, the LGIC issued Order in Council (OIC) 295/2012 approving the GGRR, which described classes of prescribed undertakings pursuant to section 18 of the CEA;
- F. On March 21, 2017, by OIC 161/2017, the LGIC approved an amendment to the GGRR which, among other things, indicated that the acquisition of RNG is a prescribed undertaking subject to:
 - the public utilities paying no more than \$30/GJ; and

- the total volume of RNG purchased in a calendar year not exceeding 5% of the total volume of natural gas provided by a public utility to its non-bypass customers in 2015.
- G. Section 18(3) of the CEA states that “the commission must not exercise a power under the UCA in a way that would directly or indirectly prevent a public utility...from carrying out a prescribed undertaking.”;
- H. FEI requests that the redacted portions of the Application and certain appendices be kept confidential due to their commercially sensitive nature; and
- I. The BCUC has not reviewed the Application from a public interest perspective as it is a prescribed undertaking.

NOW THEREFORE pursuant to section 71 of the UCA, the Rules and section 18 of the CEA, the BCUC accepts the BPA between FEI and Dicklands. The BCUC will keep the redacted portions of the Application and certain appendices confidential as requested by FEI as they contain commercially sensitive information.

DATED at the City of Vancouver, in the Province of British Columbia, this (XX) day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner

Attachment (Yes? No?)