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August 13, 2020

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

Attention: Ms. Marija Tresoglavic, Acting Commission Secretary

Dear Ms. Tresoglavic:

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 Quadrogen Power Systems Inc. (Quadrogen) (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 Quadrogen dated July 10, 2020 (Quadrogen BPA). A copy of the executed Quadrogen BPA is provided in Appendix A.

Under the Quadrogen BPA, Quadrogen will supply biomethane (Renewable Natural Gas or RNG)¹ to FEI for injection into FEI's natural gas system. Given that the initial term of the Quadrogen BPA will be [REDACTED] FEI will not construct interconnection facilities. Instead, FEI will contract with a third party, Certarus, to provide compression, transport and injection services (collectively, Midstream Services) to create a virtual pipeline connection between the Quadrogen facility and FEI's existing facilities. Collectively, the Quadrogen BPA and the Midstream Services will be referred to as the Project.

The acquisition of biomethane (or RNG) in the Quadrogen 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 Quadrogen 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 Quadrogen BPA attached as Appendix A, the Landlord Agreement attached as Appendix B, and the Midstream Services Contract 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 Order in Council (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, 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 GRR, 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 cost for RNG from the Project is below the \$30 per GJ maximum acquisition cost in section 2(3.8)(a) of the GRR. The total acquisition cost for the RNG is the sum of: (i) the RNG price specified in the terms of the Quadrogen BPA; (ii) the price for Midstream Services; and (iii) upfront operational costs incurred by FEI related to the Midstream Services. The sum of these costs represents the total acquisition cost and does not exceed the GRR maximum acquisition cost of \$30 per GJ; and
- The combined total volume of RNG is below the calculated maximum volume set out in section 2(3.8)(b) in the GRR 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 annually. The total maximum contracted RNG volume, if the Quadrogen BPA is accepted, would be [REDACTED] GJs annually, which is below the maximum volume under the GRR.

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 GRR.

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 GRR's three-part test is sufficient to determine that the Quadrogen BPA is a prescribed undertaking. As FEI submitted in its oral submissions⁵ 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

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

undertaking⁶ 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 Quadrogen 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 Quadrogen facility, the projected RNG volume, and a description of the Midstream Services.

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 Quadrogen. |
| Is FEI making a capital investment? | No |
| Are the costs of the capital investment recovered from the producer (if applicable)? | Not Applicable |
| 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 – Schedule D of the Quadrogen BPA stipulates that the Maximum Rate cannot exceed the GGRR Threshold. The Maximum Rate includes both the price paid to Quadrogen for finished biomethane and the price paid for Midstream Services, including the upfront operational costs. |
| 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 QUADROGEN

Quadrogen is a Canadian clean technology company that builds customized biogas clean-up systems that allow wastewater treatment plants, landfills, agricultural digesters and power

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

generation facilities to turn waste biogas into clean energy. Quadrogen utilizes a unique process that it calls C3P to clean biogas and other gases and make them usable as heat/electricity, biomethane, carbon dioxide (CO₂) for greenhouses/hydroponics, and/or hydrogen. With regard to this Project, Quadrogen is the owner and operator.

FEI had ongoing discussions with Quadrogen for more than five years and monitored Quadrogen's progress with interest. Over the past several years, Quadrogen has had various sources of grant funding, which has allowed it to make progress and build a demonstration project. One of its most recent goals with regard to its demonstration facility is to prove its capability to make ultra-pure biomethane from landfill gas.

2.3 QUADROGEN DEMONSTRATION FACILITY

This section provides a brief history and description of the Quadrogen facility and highlights key aspects of the Project. The Project provides FEI with a unique opportunity to both acquire RNG and support broader industry goals. FEI's involvement is limited to the purchase of RNG, which is the focus of this Application; however, FEI's short-term BPA with Quadrogen will support the broader demonstration project while providing an immediate supply of RNG to FEI customers.

2.3.1 History of the Demonstration Facility

Beginning in 2015, Quadrogen began construction of what it called a quad-generation project to demonstrate the co-production of four things: renewable electricity, heat, hydrogen, and greenhouse quality CO₂. The project features the use of a Fuel Cell Energy Direct FuelCell® (DFC®) power plant to generate the electricity, heat and CO₂. One of the outputs of the fuel cell is a gas mix containing hydrogen that remains in the fuel cell exhaust. Quadrogen intends to concentrate the leftover hydrogen with separation technology to capture pure hydrogen in small amounts. The input to the process is landfill gas (LFG). The LFG originates from the City of Vancouver's (COV) landfill and is currently being supplied to Village Farms International Inc. (Village Farms or VF), where the Quadrogen facility is located. Village Farms will provide a portion of its LFG to Quadrogen. The early goal for Quadrogen was to prove that it could use clean landfill gas in a fuel cell power plant along with carbon dioxide and heat for the co-located greenhouse.

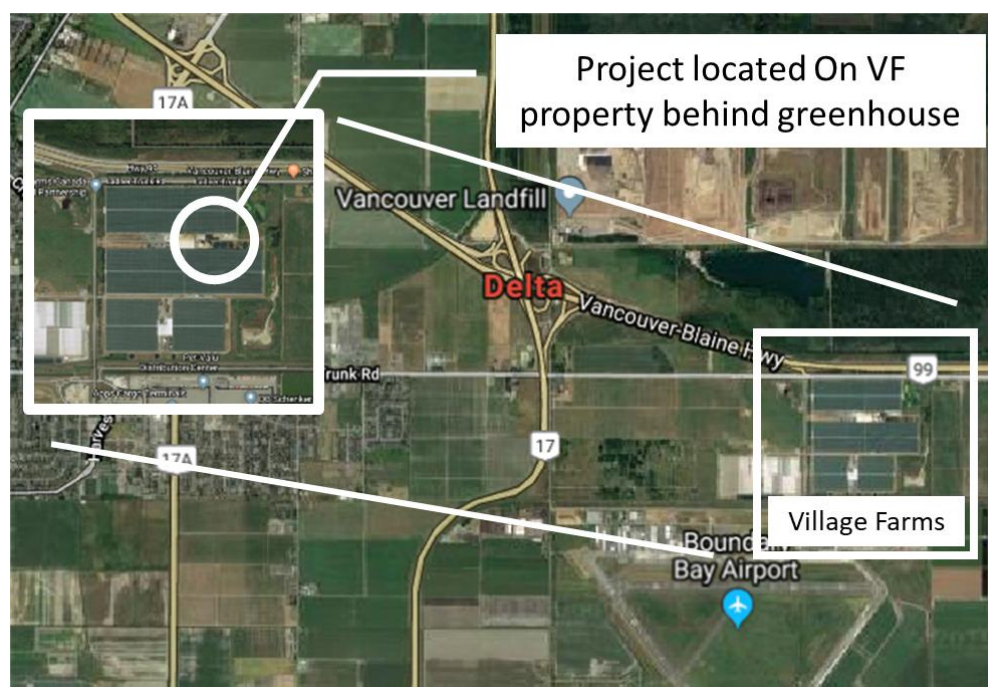
Over the last five years, Quadrogen has developed upgrading equipment which will provide a means of delivering biomethane in addition to its original core expertise. It plans to demonstrate its upgrading technology at this site to provide an anchor and a reference site in British Columbia.

The demonstration project has been supported over the years from various entities because it is seen as a novel approach to using energy efficiently while reducing GHGs. The original demonstration project received funding from Sustainable Development Technology Canada, British Columbia's Innovative Clean Energy Fund, the National Research Council Canada (NRC) Industrial Research Assistance Program, and a loan from BC Bioenergy Network. Early in the demonstration project timeline, Agri-Food Canada also invested in this project through the Canadian Agricultural Adaptation Program.

2.3.2 Project Location and Supply Process

The Quadrogen facility has been built to demonstrate multiple end uses of landfill gas. Quadrogen is responsible for the design, construction, operation and maintenance of the demonstration facility, which includes biomethane production. The facility is expected to operate between [REDACTED] commencing in July 2020; however, Quadrogen has thus far only secured space at its current location until the end of [REDACTED]. The Quadrogen BPA therefore establishes an initial supply term of [REDACTED] with the option for the BPA to be renewed for a maximum of [REDACTED] terms, should Quadrogen be able to retain the necessary space for the demonstration facility on the Village Farms property. The facility is located at Village Farms in Delta, BC. The Project location is shown in Figure 1 below.

Figure 1: Project Location



The existing raw landfill gas agreement between the COV and Village Farms is set to expire in [REDACTED]. Therefore, there is no long-term certainty that Village Farms and Quadrogen will have access to LFG beyond that term. As a result, FEI will not place permanent equipment on the Village Farms property. Instead, FEI will use a virtual pipeline concept for RNG, referred to as Midstream Services in this Application.

FEI has contracted with Certarus to provide the Midstream Services (see Figure 2 below) because FEI has experience with this vendor in the past and it can mobilize quickly to meet the short timeline for the Quadrogen BPA. The contract with Certarus (Midstream Services Contract) is provided as Appendix C to this Application.

Figure 2: Contractual Arrangement



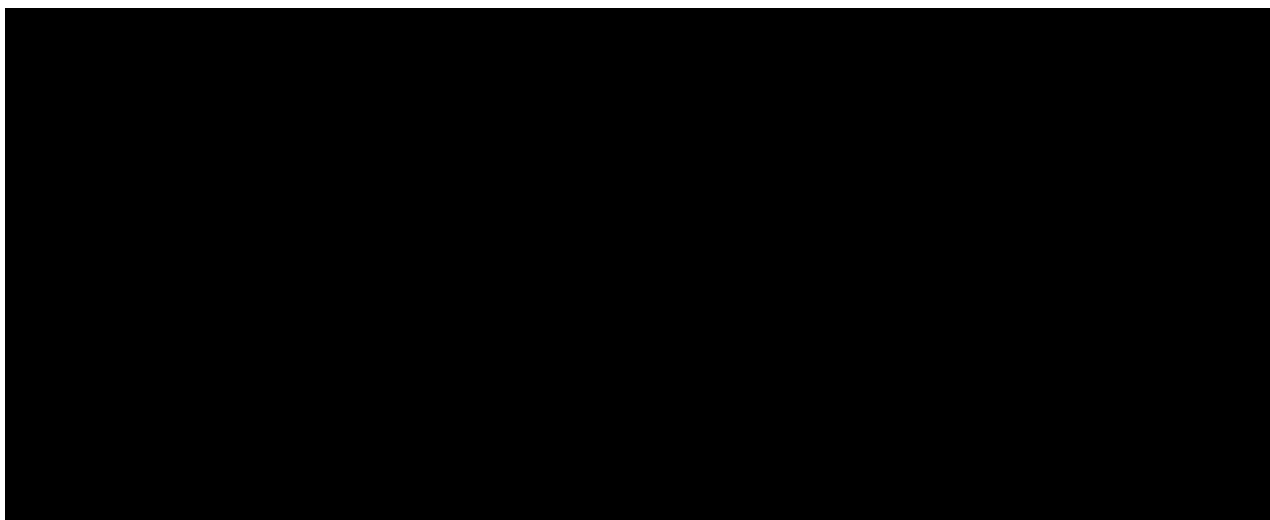
FEI has signed a lease agreement with Village Farms and Quadrogen in which Village Farms (the “Landlord”) consents to Quadrogen (the “Tenant”) granting FEI access to and use of the leased lands to operate the virtual pipeline (Landlord Agreement). The Landlord Agreement is provided as Appendix B to the Application.

2.4 PROJECTED SUPPLY AND INTERACTION WITH THE COV LANDFILL

Based on information provided by Quadrogen, the Project will be capable of producing up to [REDACTED] GJs of RNG annually, and the expected volume will be approximately [REDACTED] GJs. Quadrogen expects operation to commence in July 2020 and to continue until at least the [REDACTED]. After that time, Quadrogen may not be able to remain at the Village Farms location.

FEI notes that separate from the Project contemplated in this Application, it has an existing Biogas Purchase Agreement with the COV that was accepted by the BCUC in 2019⁷ (COV BPA). The LFG supplied by the COV to Village Farms is independent of the contemplated LFG volumes currently set aside for FEI under the COV BPA. The two paths of gas are illustrated below in Figure 3.

Figure 3: LFG Use



⁷ Decision and Order G-235-19.

2.5 VIRTUAL PIPELINE PROCESS AND MIDSTREAM SERVICES CONTRACT

2.5.1 Virtual Pipeline Process

FEI will not own an interconnect station for the Project, as the installation of in-ground pipe and any permanent structures such as concrete pads is not practical due to the short term of the Quadrogen BPA. Additionally, this Project will provide an opportunity for FEI to demonstrate the viability of a virtual pipeline for future RNG projects.

Instead of constructing and owning an interconnection facility, FEI will contract with Certarus to provide mobile gas transportation services (Midstream Services) to link the Project to an existing FEI natural gas station, creating a virtual pipeline. The process generally involves the use of two Certarus mobile fueling trailers alternating between filling at the Quadrogen facility and unloading at one or more of FEI's existing interconnection facilities. This is described in the following steps.

Step 1 – RNG Compression & Filling

A Certarus mobile fueling trailer will park next to the Quadrogen facility. Gas quality will be measured continuously by the Quadrogen facility to ensure the RNG meets the gas composition specification. If the RNG does not meet specification, it is returned to the Quadrogen facility for reprocessing. If the RNG meets specification, the Certarus equipment will compress it and fill the mobile fueling trailer.

Step 2 – Transport & Unload

Certarus will transport the loaded trailer to an existing FEI station over an equivalent period approximately equal to the filling time. All equipment related to pressure regulation and injection is contained as part of the Certarus equipment.

Step 3 – Re-filling

While the first trailer is unloading RNG at the FEI station, a second mobile trailer will be filling at the Quadrogen facility. This trailer unit will typically be connected just prior to stopping the fill of the first trailer, so that filling can happen continuously.

In the event Quadrogen is temporarily unable to deliver RNG, the rotation schedule of the mobile fueling trailers may be adjusted to reduce the trailers sitting idle, further eliminating any risk of FEI equipment being underutilized. Quadrogen has agreed to pay for any idle or re-scheduling charges from Certarus that are associated with the downtime of the Quadrogen facility.

The Quadrogen BPA will serve as a proof of concept to deploy a virtual pipeline in future RNG projects. FEI has previously explored RNG projects where installing physical interconnection facilities is not feasible due to the distance from the natural gas system or because the natural gas system located near an RNG project may not have adequate capacity to accept the required volume of RNG. Using mobile gas transportation (or a virtual pipeline) to serve as Midstream Services by interconnecting an RNG project to a part of the existing FEI natural gas system may support the development of more RNG projects in BC where these challenges are present.

2.5.2 Midstream Services Contract

FEI and Certarus reached an agreement on the terms of the Midstream Services Contract, an executed copy of which is attached as Appendix C to the Application.

FEI will pay Certarus a fixed fee for the Midstream Services of \$[REDACTED] per GJ. This fixed fee is inclusive of all services required for the virtual pipeline process, with the exception of the following upfront operational costs which FEI will incur during the Project start-up and are not recoverable from Certarus:

- A one-time mobilization cost of \$[REDACTED] and one-time demobilization cost of \$[REDACTED] payable to Certarus for its two mobile fuelling trailers (\$[REDACTED] per trailer); and
- Certain minor modifications to one of FEI's existing pressure regulation stations to accommodate Certarus' compression and decompression equipment. The estimated cost of these modifications is \$[REDACTED].

The upfront costs are one-time expenditures which will be treated as operation and maintenance (O&M) expenditures.

3. ANALYSIS OF THE PROJECT

This section provides an analysis of the Project, including the terms of the Quadrogen BPA, the risks and mitigation measures associated with the Project, and the incremental rate impact of the Project for FEI's non-bypass customers.

3.1 QUADROGEN BPA SUMMARY

The Quadrogen BPA is a [REDACTED] agreement that allows Quadrogen to sell biomethane to FEI, with the opportunity for the initial term to be extended for up to [REDACTED] terms subject to Quadrogen's ability to secure contractual gas and land use rights from Village Farms. The key terms of the Quadrogen BPA are summarized in Table 2 below.

Table 2: Quadrogen BPA Summary

| Item | Quadrogen BPA Amount | Contract Clause | Comment |
|-----------------------|--------------------------|-----------------------------|--|
| Contract Term | [REDACTED] | Section 3.1 | The initial contract term (Initial Term) of the Quadrogen BPA is [REDACTED]. |
| Renewal | [REDACTED] [REDACTED] | Section 3.2 | The Quadrogen BPA may be renewed for a period of [REDACTED], for a maximum of [REDACTED] renewals, at the written request of Quadrogen and with the written consent from FEI and from Village Farms. |
| Minimum Annual Volume | [REDACTED] GJs | Schedule D, Section 1.1 (b) | Represents the minimum biomethane volume Quadrogen agrees to sell FEI annually. |

| Item | Quadrogen BPA Amount | Contract Clause | Comment |
|-----------------------|---|-----------------------------|---|
| Maximum Annual Volume | ██████ GJs | Schedule D, Section 1.1 (a) | Represents the maximum biomethane volume FEI agrees to purchase annually from Quadrogen. |
| Price (per GJ) | \$██████ + Annual Adjustment (██████) | Schedule D, Section 2.1 | Represents the price FEI will pay to Quadrogen for finished biomethane, subject to the Maximum Rate in Section 2.3 of Schedule D. |
| Annual Adjustment | ██████ | Schedule D, Section 2.2 | ██████, the Price per GJ paid to Quadrogen for finished biomethane will be adjusted annually on each November 1 st of each year by ██████, if any, in ██████. The Annual Adjustment is also subject to the Maximum Rate, as defined in Section 2.3 of Schedule D. |
| Maximum Rate | BCUC or BC Government RNG supply Purchase Price (currently \$30 per GJ) | Schedule D, Section 2.3 | At no time will the total rate payable by FEI (i.e. the Maximum Rate) exceed the current BCUC-approved maximum RNG supply purchase price or the maximum RNG supply purchase price established by Provincial regulations. The Maximum Rate, as determined by FEI, includes both the Price payable to Quadrogen and all of FEI's costs, including the costs of collection, transportation, injection (i.e. Midstream Services) and operation of the FEI facilities, as calculated by FEI. |

3.2 RISKS AND MITIGATION

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

Table 3: Risk & Mitigation Summary

| Risk Item | Description | Risk Mitigation – BPA Clause | Description |
|-------------------------|--|------------------------------|--|
| Term | Quadrogen rights for biogas or land use expire. | Section 3.1 | The [REDACTED] Initial Term of the [REDACTED]. If Quadrogen is unable to extend its agreement with Village Farms then the BPA will not be renewed. |
| Acquisition Price | The purchase price and associated costs of acquiring RNG must not exceed the regulated maximum. | Schedule D, Section 2.3 | Section 2.3 of Schedule D defines the Maximum Rate payable by FEI as including both the price per GJ paid to Quadrogen and all of FEI's costs, including the costs of collection, transportation, injection and operation of the FEI facilities, as determined by FEI (i.e. the Midstream Services fee and upfront operational costs). This Maximum Rate must not exceed the GGRR Maximum Threshold. |
| Delay in Start-up | Quadrogen is unable to produce at least [REDACTED] GJs per day for seven consecutive days by July 30, 2020 or such later date as agreed by the parties in writing. | Sections 3.3, 10.2 | FEI may terminate at no cost and recover any third party costs incurred by FEI as a result of Quadrogen's default, up to a maximum of [REDACTED]. |
| Undersupply | Quadrogen is not able to deliver the minimum contractual volume of biomethane. | Sections 6.3, 10.2 | FEI may terminate at no cost and recover any third party costs incurred by FEI as a result of Quadrogen's default, up to a maximum of \$[REDACTED]. |
| Reimbursement for Costs | FEI incurs additional costs from its Midstream Services contractor based on a breach by Quadrogen. | Section 9.1 | Quadrogen will reimburse FEI for the costs incurred. |
| Stranded Assets | FEI assets not recoverable in the event the agreement is terminated. | Not Applicable | Quadrogen assumes all asset risk. FEI is not providing any capital investment in the Project; therefore, there is no risk to FEI of stranded assets. |

3.3 COST OF SERVICE AND INCREMENTAL RATE IMPACT

3.3.1 Cost of Service Impact

As previously described, FEI will contract with Certarus to provide compression, transport and injection services (Midstream Services) to create a virtual pipeline connection between

the Quadrogen facility and FEI's existing facilities. This eliminates the need for FEI to invest in new infrastructure for interconnection.

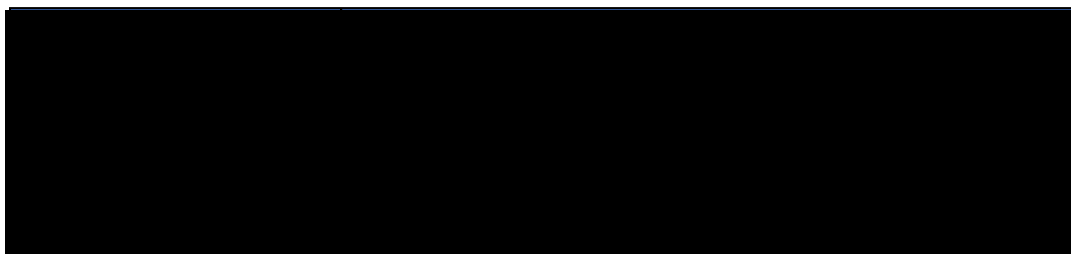
The cost of service associated with the Project includes three components:

- the price paid to Quadrogen for finished biomethane, which is \$ [REDACTED] per GJ [REDACTED];
- the fixed fee of [REDACTED] per GJ paid to Certarus for the Midstream Services (per the Midstream Services Contract, this fee is not subject to any escalation during the Quadrogen BPA term, [REDACTED]); and
- the upfront start-up costs of \$ [REDACTED] to cover a one-time fee to Certarus for trailer mobilization and demobilization (\$ [REDACTED]) and to make minor modifications to an existing FEI pressure regulation station (\$ [REDACTED]). These costs will be treated as O&M expenses.

Based on the above-described costs, the expected total cost of service for the Initial Term of the Quadrogen BPA is \$ [REDACTED] per GJ. This amount includes the expected RNG volume of [REDACTED] GJs, the price payable to Quadrogen of \$ [REDACTED] per GJ, the fixed fee payable to Certarus for the Midstream Services of \$ [REDACTED] per GJ, the fixed upfront trailer mobilization and demobilization costs of \$ [REDACTED] and the estimated minor modification costs of \$ [REDACTED].

FEI has provided a [REDACTED] outlook on the cost of service, which is the maximum number of years the Quadrogen BPA could be in place (i.e. the Initial Term plus the [REDACTED] renewals). As Table 4 shows, the acquisition cost for RNG does not exceed the GGRR maximum threshold.

Table 4: Project Cost of Service: Expected Scenario



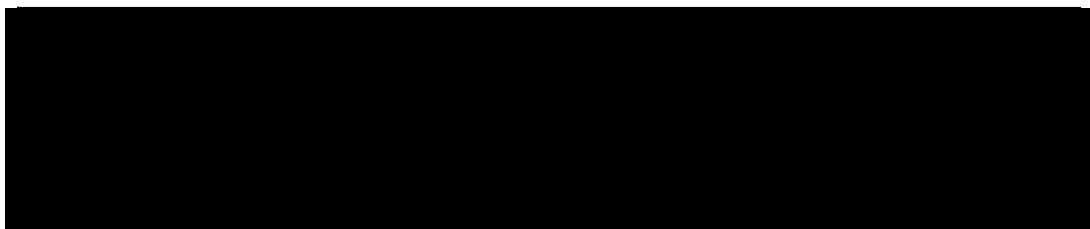
FEI further provides a "worst case scenario" [REDACTED] outlook which includes the following:

- Minimum Contractual Supply Volume of [REDACTED] GJs per year;
- the price paid to Quadrogen for finished biomethane, which is \$ [REDACTED] per GJ [REDACTED];
- the fixed fee of \$ [REDACTED] per GJ paid to Certarus for the Midstream Services (per the Midstream Services Contract, this fee is not subject to any escalation during the Quadrogen BPA term, [REDACTED]);

- the upfront start-up cost of \$[REDACTED] to cover a one-time fee to Certarus for trailer mobilization and demobilization. Per the Midstream Services Contract, this amount is fixed at \$[REDACTED]; and
- the upfront start-up costs to make minor modifications to an existing FEI pressure regulation station. While FEI does not expect these costs to exceed \$[REDACTED], for the purposes of this sensitivity analysis FEI has increased the costs by 50 percent to \$[REDACTED].

The results, as shown in Table 5 below, are that the total acquisition cost for RNG does not exceed the GGRR maximum threshold even under the “worst case scenario”.

Table 5 – Project Cost of Service: Worst Case Scenario



FEI notes that the only impact of the “worst case scenario” (i.e. lower RNG volumes and higher upfront O&M costs) is on the RNG acquisition cost in Year 1, as the upfront O&M costs will only be incurred in Year 1 and are the only costs which are sensitive to changes in the RNG volume.

Further, the Maximum Rate payable by FEI to Quadrogen for finished biomethane, as defined in Section 2.3 of Schedule D of the Quadrogen BPA, includes the price payable to Quadrogen, the Midstream Services fee paid to Certarus and FEI’s upfront operational costs, and the Maximum Rate cannot exceed the GGRR maximum acquisition cost. As a result, FEI’s acquisition cost for biomethane will not exceed the GGRR maximum of \$30 per GJ.

3.3.2 Incremental Rate Impact Analysis

The incremental rate impact associated with the Quadrogen BPA is the difference between: (i) the sum of the biomethane acquisition cost, the fixed fee paid for Midstream Services and the upfront start-up costs; and (ii) the amount recovered from biomethane customers at the current Biomethane Energy Recovery Charge (BERC) rate. At the expected volume of [REDACTED] GJs per year, FEI has calculated the delivery rate impact to non-bypass residential customers from the aforementioned difference between costs and recoveries to be 0.121 percent, resulting in an average bill impact of \$0.500 for residential customers consuming on average 90 GJs per year.

4. APPROVALS SOUGHT

In this Application, FEI respectfully seeks acceptance from the BCUC of the Quadrogen 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 Quadrogen BPA attached as Appendix A, the confidential Landlord Agreement attached as Appendix B, and the confidential Midstream Services Contract 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 Quadrogen BPA should be accepted by the BCUC under section 71 of the UCA as a prescribed undertaking under the GGRR.

Approval of the Quadrogen 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:

Diane Roy

Attachments

Appendix A

FEI-QUADROGEN BIOMETHANE PURCHASE AGREEMENT

BIOMETHANE PURCHASE AGREEMENT

THIS AGREEMENT made as of July 10th, 2020 (the "Execution Date")

BETWEEN:

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

("FEI")

AND:

QUADROGEN POWER SYSTEMS INC., Unit #110, 8288 North Fraser Way, Burnaby, BC
V3N 0E9

(the "Supplier")

WHEREAS:

- A. The Supplier intends to finance, design, construct, operate and maintain a biogas processing facility on premises located at 4700 80th Street, Delta, BC (the "Lands") to upgrade landfill gas to pipeline quality biomethane (the "Biomethane") for injection into FEI's natural gas distribution system.
- B. The Lands are leased to the Supplier, and landfill gas purchased by the Supplier, pursuant to a written agreement with the owner of the Lands, VILLAGE FARMS INTERNATIONAL, INC., (the "Landlord") dated [REDACTED] which expires [REDACTED] subject to annual renewals (the "VF Agreement").
- C. To monitor and measure the quality and quantity of the Biomethane and to odorize, accept, store and transport the Biomethane, FEI intends to place and operate mobile facilities on the Lands. The Supplier has agreed to grant FEI continued access to, and use of a portion of, the Lands to place, operate and maintain its facilities on the Lands and to store Biomethane.
- D. 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 and FEI (collectively the "Parties" and either of them a "Party") agree as follows:

ARTICLE 1 – CONDITIONS PRECEDENT

- 1.1 **Conditions Precedent.** Except for ARTICLE 1 (*Conditions Precedent*), ARTICLE 16 (*Confidentiality*), ARTICLE 17 (*Representations and Warranties*) and ARTICLE 17 (*General*), the obligation of FEI to carry out the transactions contemplated by this Agreement is subject to fulfillment of the following conditions on or before the dates set out below, which are for the sole benefit of FEI, and which may be waived by FEI, in its sole and absolute discretion, in writing:
 - (a) within five (5) business days of execution of this Agreement, the Supplier providing FEI a fully executed Landlord Consent Agreement, in the form acceptable to FEI, acting

reasonably, confirming the Landlord has consented to the Supplier granting FEI access to and use of the Lands pursuant to the terms and conditions herein contained; and

- (b) the Supplier providing evidence satisfactory to FEI, in its sole discretion, by June 30, 2020 or such later date agreed to by FEI, that the Supplier has sufficient financing committed and/or financial capability to construct and operate or to continue to operate the Supplier Facilities and otherwise comply with the terms of this Agreement throughout the Term.

If the foregoing conditions are not fulfilled or waived by FEI by the respective dates set out above, then 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 to survive the expiration or termination of this Agreement.

- 1.2 **Costs Incurred Prior to Condition Removal.** Except as provided in section 1.3 (*Obligation for Preliminary Costs*), the parties acknowledge and agree that if either party elects to undertake any work or incur any costs with respect to this Agreement prior to the waiver or satisfaction of the foregoing condition precedents, such party will be solely responsible for all costs so incurred.

- 1.3 **Obligation for Preliminary Costs.** The Supplier acknowledges that, as part of its application to BCUC, FEI will be required to submit cost estimates to BCUC, which may require FEI to retain third parties to conduct preliminary engineering and construction work (the "**Preliminary Work**"). Provided FEI has obtained the written agreement of the Supplier with respect to the scope and cost of the Preliminary Work, the Supplier covenants and agrees to reimburse FEI for costs paid or payable by FEI for the Preliminary Work (the "**Preliminary Costs**") in the following circumstances and in such amounts:

- (a) if the Supplier terminates this Agreement prior to: (i) fulfilment or waiver of the conditions precedent pursuant to ARTICLE 1 (*Conditions Precedent*); or (ii) receipt of approval of this Agreement by BCUC as identified in ARTICLE 2 (*Regulatory Review*) for reasons other than as a result of a default of FEI, 100% of the Preliminary Costs;
- (b) if the parties, by mutual agreement, terminate this Agreement prior to: (i) fulfilment or waiver of the conditions precedent pursuant to ARTICLE 1 (*Conditions Precedent*); or (ii) receipt of approval of this Agreement by BCUC as identified in ARTICLE 2 (*Regulatory Review*), 50% of the Preliminary Costs.

ARTICLE 2 – REGULATORY REVIEW

- 2.1 **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*.

2.2 Filing with BCUC.

- (a) **Filing Obligation.** FEI will file this Agreement with the BCUC within a reasonable period of time after satisfaction of the conditions precedent pursuant to ARTICLE 1 (*Conditions Precedent*).
- (b) **Supplier Assistance.** 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.

2.3 Regulatory Review Termination.

- (a) Either Party may terminate this Agreement if, within 180 days of the date this Agreement is filed with the BCUC, or such later date as agreed by the Parties in writing, this Agreement has not been accepted and approved by the BCUC on the terms and conditions contained herein or such other terms and conditions which are acceptable to each Party having regard to its *bona fide* business interests.
- (b) If this Agreement has not been accepted by BCUC within 365 days of the date of this Agreement, this Agreement shall automatically terminate without further action of the Parties, 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 (including, for greater certainty, under Section 1.3), other than any obligations that arose prior to such termination.
- (c) 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.
- (d) If this Agreement is terminated under this Article, 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 in this Agreement.

2.4 Costs Incurred Prior to BCUC Acceptance.

Except as provided in section 1.3 (*Obligation for Preliminary Costs*), the Parties acknowledge and agree that if either Party elects to undertake any work or incur any costs with respect to this Agreement prior to the satisfaction of the foregoing conditions, such Party will be solely responsible for all costs so incurred.

ARTICLE 3 - TERM

- 3.1 **Term.** This Agreement will commence on the Execution Date and expire concurrently with the expiration of the VF Agreement (the "**Initial Term**"), unless terminated earlier or renewed in accordance with the terms of this Agreement (the "**Term**").

- 3.2 **Renewal.** This Agreement may be renewed for a period of [REDACTED] for a maximum of [REDACTED] times at the written request of the Supplier and with the written consent from FEI and the Landlord.
- 3.3 **Delay in Startup.** 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 commercial diligence, if, solely as a result of the actions or inactions of Supplier, FEI has not been able to accept at least [REDACTED] gigajoules ("GJ") of Biomethane per day for seven (7) consecutive days by July 30, 2020 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 effective the date set out in such notice, without liability therefore or payment of any damages or penalties by FEI to the Supplier as a result of such termination, and the provisions of section 9.3 (*Effect of Default*) (a) or (c) shall apply.

ARTICLE 4 - CONSTRUCTION AND OPERATION OF FACILITIES

- 4.1 **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.
- 4.2 **FEI Facilities.** FEI will place, operate, maintain, repair, replace and support mobile facilities on the License Area (as defined below), as more particularly identified in Schedule C (the "**FEI Facilities**"), to connect to the Supplier Facilities, to measure and monitor Biomethane quantity and quality, to odorize and accept Biomethane and to store and transport the Biomethane.
- 4.3 **FEI Approvals.** FEI shall obtain and maintain any consents, permits, filings, orders or other approvals, including governmental consents and approvals (collectively, the "**Approvals**") required, affecting or necessary for the ownership, use, maintenance and operation of the FEI Facilities.
- 4.4 **Supplier Approvals.** The Supplier shall obtain and maintain the Approvals required, affecting or necessary for the ownership, installation, maintenance and operation of the Supplier Facilities.
- 4.5 **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.
- 4.6 **Existing Supplier Approvals.** If any existing Approvals issued to the Supplier or the Landlord 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 4.3 (*FEI Approvals*), the Supplier shall use its commercial best efforts to ensure such approvals are updated as required.
- 4.7 **Utilities.** The Supplier will, at no cost to FEI, provide the electrical connections to the limits of the FEI Facilities. FEI will pay for utility consumption as directly invoiced to FEI by the service provider. The Supplier shall not be liable for any disruptions in such services, unless caused by any negligent act or omission of the Supplier.

4.8 **Cooperation.** 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, maintenance and operation of their own facilities.

ARTICLE 5 – ACCESS TO AND USE OF LANDS

5.1 **Grant of License.** The Supplier, with the consent of the Landlord pursuant to the Consent Agreement, hereby grants to FEI, at no cost, a non-exclusive license during the Term 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 place, repair, maintain, use or replace the FEI Facilities, in whole or in part and to store and transport Biomethane.

5.2 **Access over the Lands.** The Supplier, with the consent of the Landlord pursuant to the Consent Agreement, hereby grants to FEI, at no cost, the free and unobstructed right during the Term 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 and to transport the FEI Facilities, as necessary, to and from the License Area; 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 and rights of ingress and egress. 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.

5.3 **Grant of Rights to Third Parties.** Subject to section 5.5 (*Non-Interference*), the grant of rights to FEI hereunder does not preclude or prevent the Supplier or the Landlord from granting easements, statutory rights of way or other grants, leases or licences over the Lands to any other person.

5.4 **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 4.5 (*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; and
- (g) co-ordinate all transportation activities to and from the License Area across the Lands with the Supplier.

5.5 **Non-interference.** The Supplier 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 maintenance, use, operation or transportation of the FEI Facilities, including but not limited to, anything which:

- (a) restricts or prevents access to or from the License Area;
- (b) interrupts, endangers, impedes, disturbs or causes damage to the FEI Facilities or its operation, use, security or functionality;
- (c) removes, diminishes or impairs any vertical or lateral support for, or causes the movement or settlement of, the FEI Facilities; and
- (d) 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.

ARTICLE 6 – QUALITY, QUANTITY, TITLE AND INDEMNITY

6.1 Quality and Quantity.

- (a) FEI will measure the Biomethane quality and quantity after injection into the FEI Facilities to determine whether the Biomethane meets the Specifications and the Volumetric Limits.
- (b) FEI agrees to accept and pay for any Biomethane injected into the FEI Facilities which:
 - (i) meets the specifications as prescribed by FEI from time to time, acting reasonably, (the “**Specifications**”), the current of which are set out in Schedule A; and
 - (ii) subject to the volumetric requirements set out in Schedule D (the “**Volumetric Limits**”).
- (c) FEI will promptly notify the Supplier if the Biomethane does not meet the Specifications (“**Non-Compliant Biomethane**”) and the manner in which FEI will handle such Non-Compliant Biomethane in accordance with section 6.2 (*Treatment of Non-Compliant Biomethane*).

6.2 Non-Compliant Biomethane.

- (a) Except to the extent FEI accepts or otherwise makes use of the Non-Compliant Biomethane in accordance with sub-section (b), FEI is under no obligation whatsoever to make any payment to the Supplier for Non-Compliant Biomethane and will arrange for its appropriate disposal for and on behalf of the Supplier.
- (b) FEI may:
 - (i) at its sole discretion and without any obligation to do so, accept the Non-Compliant Biomethane, in which event, such Non-Compliant Biomethane will be deemed to meet the Specifications, FEI shall be deemed to have waived any failure to satisfy the Specifications in relation thereto and FEI shall make payment for such Non-Compliant Biomethane in accordance with Schedule D; or
 - (ii) if FEI is able to make some reasonable commercial use of the Non-Compliant Biomethane, advise the Supplier accordingly and negotiate appropriate compensation therefore having regard to the value attributable to the alternate or limited use or value of the Non-Compliant Biomethane.

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

- (a) the Minimum Annual Quantity (as defined in Schedule D (*Commercial Terms*)) for any two (2) consecutive years, 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 Annual Quantity and/or the Minimum Monthly Quantity, as the case may be, to such quantities as established by FEI in its sole discretion.
- (d) terminate this Agreement upon written notice to the Supplier, whereupon the provisions of ARTICLE 10 will apply.

- 6.4 **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 FEI 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.
- 6.5 **Exclusivity.** The Supplier covenants and agrees to exclusively sell the Biomethane to FEI; provided that if FEI is, from time to time, unable to accommodate and accept all the Biomethane, the Supplier shall be entitled to use, sell or otherwise dispose of the excess production in a commercially and environmentally reasonable manner after consulting with FEI.
- 6.6 **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 20 days per year in aggregate.
- 6.7 **Title and Warranty.** Provided the Biomethane meets the Specifications, or having failed to meet the Specifications, is accepted or made use of by FEI pursuant to section 6.2(b) (*Non-Compliant Biomethane*), title to and responsibility for the Biomethane shall pass from the Supplier to FEI upon injection into the FEI Facilities. Title to and responsibility for any Non-Compliant Biomethane disposed of by FEI in accordance with section 6.2(a) (*Non-Compliant 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.
- 6.8 **Indemnity.** The Supplier 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.
- 6.9 **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 7 – PURCHASE PRICE AND PAYMENT

- 7.1 **Payment for Biomethane.** FEI shall pay the Supplier for the quantity of Biomethane accepted by FEI under this Agreement, 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 on account of Biomethane rejected by FEI in accordance with this Agreement and returned to the Supplier Facilities.
- 7.2 **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).

ARTICLE 8 – ENVIRONMENTAL ATTRIBUTES AND REPORTING

- 8.1 **Definitions.** For the purposes of this Article, the following definitions apply:
- (a) **“Biomethane Environmental Attributes”** means:
 - (i) all attributes associated with, or that may be derived from, the displacement of traditional natural gas by biomethane in FEI’s natural gas distribution system including any existing or future credit, allowance, certificate, right, benefit or advantage or proprietary or contractual right whether or not tradable;
 - (ii) any existing or future instrument, including any environmental emission allowances and reduction credits, reduction right, allowance, certificate or other unit of any kind whatsoever, whether or not tradable and any other proprietary or contractual right, whether or not tradable, and any resulting from, or otherwise related to the actual or assumed reduction, displacement or offset of emissions associated with, or that may be derived from the displacement of traditional natural gas by biomethane in FEI’s natural gas distribution system; and
 - (iii) all revenues, entitlement, benefits and other proceeds arising from or related to the foregoing.

(b) **“Methane Environmental Attributes” means:**

- (i) all attributes associated with, or that may be derived from the reduction of greenhouse gas emissions from the Lands as a result of the capture of biogas by the Supplier Facilities, including any existing or future credit, allowance, certificate, right, benefit or advantage or proprietary or contractual right whether or not tradable;
- (ii) any existing or future instrument, including any environmental emission allowances and reduction credits, reduction right, allowance, certificate or other unit of any kind whatsoever, whether or not tradable and any other proprietary or contractual right, whether or not tradable, and any resulting from, or otherwise related to the actual assumed reduction, displacement or offset of emissions associated with, or that may be derived from the elimination of methane discharges into the atmosphere from the Lands as a result of the capture of biogas by the Supplier Facilities ; and
- (iii) all revenues, entitlement, benefits and other proceeds arising from or related to the foregoing.

8.2 **Offsets for Natural Gas Displacement.** The parties agree FEI will own any Biomethane Environmental Attributes. The Supplier will, at FEI’s expense, support FEI in all applications for the Biomethane Environmental Attributes and provide any authorizations, documentation and information FEI reasonably requires in this regard.

8.3 **Offsets for Methane Reduction.** The parties agree the Supplier (or third parties with whom it has entered into agreements) will own any Methane Environmental Attributes. FEI will, at the Supplier’s expense, support the Supplier in all applications for the Methane Environmental Attributes and provide any authorizations, documentation and information the Supplier reasonably requires in this regard, including providing the Supplier with reasonable access to data with respect to the FEI Facilities required to determine the amount of biomethane injected into FEI’s natural gas distribution system.

8.4 **Right of First Refusal.** The Supplier hereby grants to FEI a right of first refusal to purchase, at fair market price, any of the Methane Environmental Attributes in excess of those the Supplier may retain for its own use.

8.5 **Reporting Requirements.** Each Party shall be responsible to comply with reporting requirements of all applicable environmental laws with respect to emissions from their respective facilities.

ARTICLE 9 –BREACH, DEFAULT AND EARLY TERMINATION

9.1 **Reimbursement for Impact of Supplier Breach.** If the Supplier breaches any term, covenant, agreement, condition or obligation imposed on the Supplier under this Agreement, and such breach, regardless of its duration or the Supplier’s attempts to remedy the breach, results in FEI being liable to its arms-length contractors and/or suppliers for any reasonable costs or expenses for services attempted, previously scheduled services, inconvenience or additional services required as a result of the Supplier’s breach, then in addition to and without liability therefore

or prejudice to any other right or remedy FEI may have as a result of such breach, the Supplier will promptly, upon request from FEI, reimburse FEI for such third party costs.

9.2 **Default.** Either 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 (the “**Non-Defaulting Party**”) provides the Defaulting Party 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 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.

9.3 **Effect of Default.** Upon default, the Non-Defaulting Party 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 10 (*Effect of Expiry or Termination*) shall apply.

9.4 **Expiry or Termination of Other Agreements.** If the VF Agreement:

- (a) is terminated for any reason;
- (b) is amended to exclude all or any portion of the Lands used by FEI for access to and use of the FEI Facilities;
- (c) is assigned by Supplier to any third party, without the written consent of FEI,

the Supplier shall forthwith notify FEI and the effective date thereof. In such event, this Agreement shall automatically terminate without further action of the Parties, 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, other than any obligations that arose prior to such termination.

ARTICLE 10 - EFFECT OF EXPIRY OR TERMINATION

10.1 **Removal of FEI Facilities.**

- (a) Upon the expiry or early termination of this Agreement, FEI will, within 90 days following the expiry date or termination date, as the case may be, remove the FEI Facilities from the Lands, excluding any concrete pad, and repair any damage to the Lands arising from such removal;

10.2 Termination Payment. If FEI terminates this Agreement:

- (a) pursuant to section 9.3(c) as a result of default of the Supplier; or
- (b) pursuant to section 9.4 (*Assignment, Expiry or Termination of Other Agreements*);

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, any third party costs incurred by FEI as a result of the Supplier's default or arising from the early termination of this Agreement, which amount shall be limited to no more than [REDACTED]

ARTICLE 11 - INSURANCE REQUIREMENTS

11.1 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 12 - ENVIRONMENTAL RELEASE AND INDEMNITY

12.1 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.

12.2 Supplier Release and Indemnity. Despite any other provision of this Agreement, the Supplier 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 agrees to 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 or on behalf of FEI or any Contaminants released from the Lands as a result of any negligent act or omission of FEI, its employees, directors, officers, agents or contractors.

- 12.3 **FEI Release and Indemnity.** Despite any other provision of this Agreement, FEI shall release and indemnify the Supplier 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 or on behalf of FEI or any Contaminants released from the Lands as a result of any negligent act or omission of FEI, its employees, directors, officers, agents or contractors.

ARTICLE 13 - INDEMNIFICATION AND LIMITATION OF LIABILITY

- 13.1 **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.

- 13.2 **Limitation of Liability.** Each Party's liability to the other Party under this ARTICLE 13 shall be limited to the payment of direct damages. In no event shall either Party be responsible or liable to the other Party for any indirect, consequential, punitive, exemplary or incidental damages of the other Party or any third party arising out of or related to this Agreement even if the loss is directly attributable to the negligence or wilful misconduct of such Party, its employees, or contractors.

- 13.3 **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 14 - FORCE MAJEURE

- 14.1 **Effect of Force Majeure.** Neither 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,. 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, pandemics (including COVID-19) 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.

- 14.2 **Notice of Force Majeure.** The Party whose performance is prevented by an event of Force Majeure must provide notification to the other Party of the occurrence of such event as soon as reasonably possible.

ARTICLE 15 - DISPUTE RESOLUTION

- 15.1 **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.
- 15.2 **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.
- 15.3 **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 16 - CONFIDENTIALITY

- 16.1 **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.

16.2 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.

16.3 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) disclosure is required by law, 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 17 – REPRESENTATIONS AND WARRANTIES

17.1 Mutual Representations and Warranties. Subject to the satisfaction of the conditions precedent pursuant to ARTICLE 1 (*Conditions Precedent*) and receipt of approval of this Agreement by BCUC as identified in ARTICLE 2 (*Regulatory Review*), each party represents and warrants to the other party that, as of the Agreement Date:

- (a) it has the full right, power and authority to enter into this Agreement and all necessary corporate action has been taken to authorize and approve the execution and delivery of this Agreement and performance of obligations hereunder;
- (b) to the best of its knowledge, this Agreement and the performance of its obligations hereunder do not breach any provisions of any other agreement or law that is binding on or applicable to such party;
- (c) it is not party to any action, suit or legal proceeding, actual or threatened, and there are no circumstances, matters or things known to such party which might give rise to any such action, suit or legal proceeding, and there are no actions, suits or proceedings pending or threatened against such party before or by any governmental authority, which could affect its ability to perform its obligations under this Agreement.

17.2 Additional Representation and Warranty of Supplier. The Supplier further represents and warrants to FEI, as a material term of this Agreement:

- (a) it has the necessary power, capacity and authority to provide the property use and access rights to FEI as contemplated in this Agreement; and

- (b) it has a commitment by the Landlord, pursuant to the terms of the VF Agreement, to supply of biogas to the Supplier.

ARTICLE 18 GENERAL

- 18.1 **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.
- 18.2 **Publicity.** Neither 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.
- 18.3 **Compliance with Laws.** Each Party covenants, as a material provision of this Agreement, it will comply with all codes, statutes, by-laws, regulations or other laws in force in British Columbia during the Term.
- 18.4 **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. The Parties hereby attorn to the jurisdiction of the courts of British Columbia and all courts competent to hear appeals therefrom.
- 18.5 **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:

Biogasprogram@fortisBC.com

If to: **Quadrogen Power Systems Inc.**

Unit # 110, 8288 North Fraser Way,
Burnaby, BC, V3N 0E9

Attention: President & CEO
Fax: [REDACTED]

- 18.6 **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.
- 18.7 **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*.
- 18.8 **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.

- 18.9 **Assignment.** The Supplier shall not assign its rights and obligations under this Agreement.. FEI may assign this Agreement, or parts thereof, to any third party or any of its affiliates.
- 18.10 **Enurement.** This Agreement enures to the benefit of and is binding on the Parties and their respective successors and permitted assigns.
- 18.11 **Survival.** The following provisions shall survive the termination or expiration of this Agreement: Section 6.8 (*Indemnity*), ARTICLE 12 (*Environmental Release and Indemnity*), ARTICLE 13 (*Indemnification and Limitation of Liability*), ARTICLE 15 (*Dispute Resolution*), ARTICLE 16 (*Confidentiality*), Section 18.4 (*Governing Law*) and Section 18.5 (*Notice*).
- 18.12 **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.
- 18.13 **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.
- 18.14 **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.
- 18.15 **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. 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.
- 18.16 **Time is of the essence.** Time is of the essence of this Agreement.
- 18.17 **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.
- 18.18 **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):



Vice President,
Market Development & External Relations

QUADROGEN POWER SYSTEMS INC.

by its authorized signatory(ies):



Schedules attached:

Schedule A – Biomethane Acceptance Specifications

Schedule B – Drawing of License Area

Schedule C – Description of Supplier Facilities and FEI Facilities

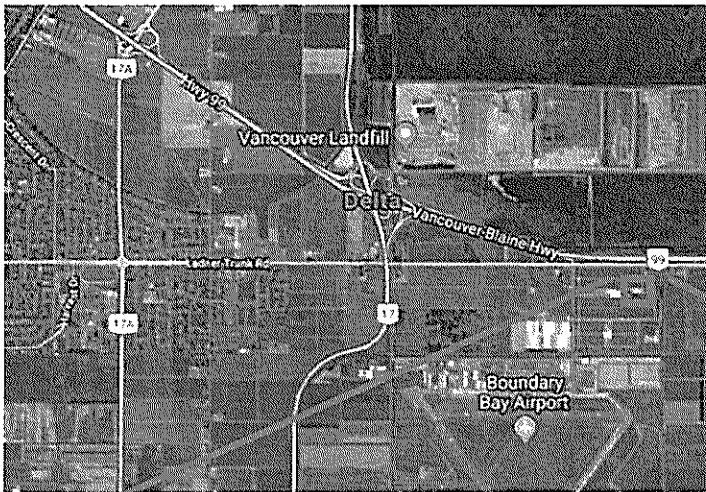
Schedule D – Commercial Terms

Schedule A
Biomethane Acceptance Specifications

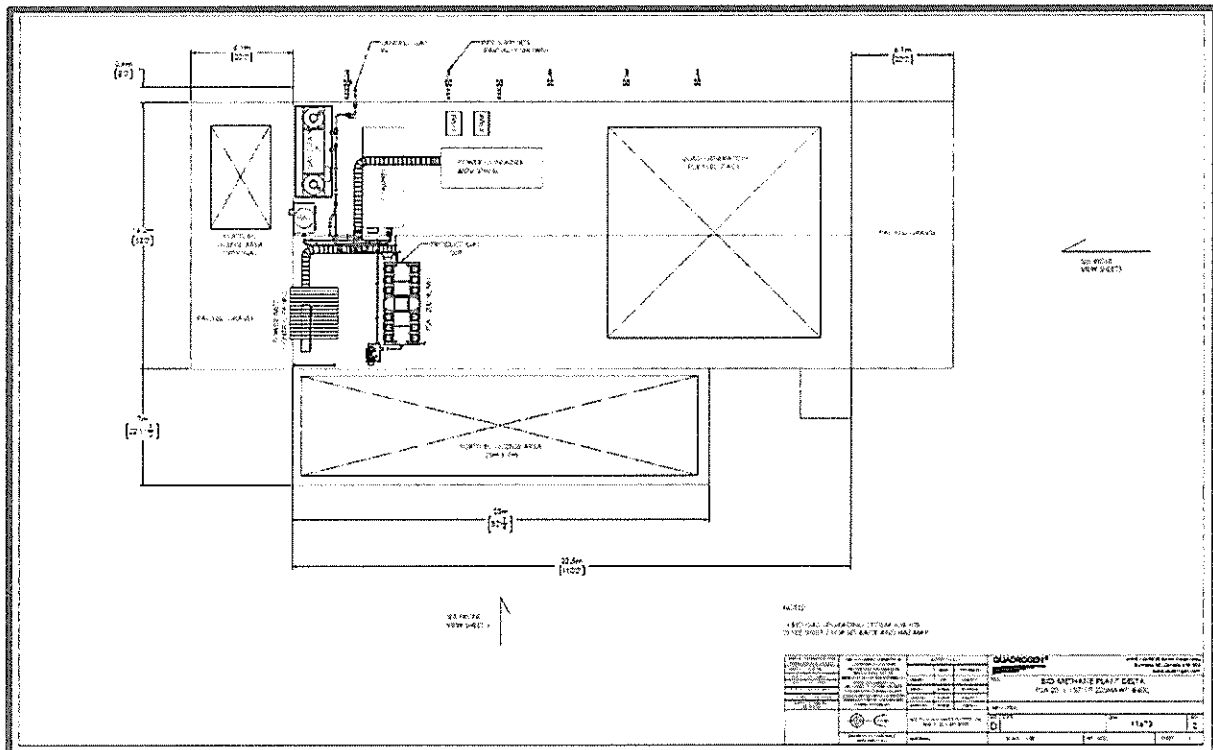
The Biomethane must be free of contaminants, bacteria and pathogens, and not contain sand, dust, gums, oils and other impurities or other objectionable substances, except in such quantities as approved in writing by FEI and which are not injurious to pipelines or do not interfere with the transmission or commercial utilization of the gas, as determined by FEI. Despite the foregoing, the Biomethane may contain the following properties / contaminants within the limits shown in the table below:

| PROPERTY/ CONTAMINANT | LIMITS |
|--------------------------------------|---|
| Pressure | not less than 1.2 Megapascals |
| 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 |
| 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% volume |
| Ammonia (NH ₃) | Less than 3mg/m ³ |
| Bacteria and pathogens | Impurity filter (0.3 to 5 microns) |

Schedule B Drawing of License Area



The Licence Area is located within the defined bounds of the Quadrogen leased area on the VF property in a location South of the Northernmost greenhouse.



Schedule C

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) biogas purification/upgrading equipment capable of purifying raw biogas into biomethane;
 - (b) compression equipment to reach the minimum delivery pressure;
 - (c) measurement equipment for real time monitoring of methane, nitrogen, carbon dioxide, hydrogen sulfide and dew point of the biomethane in accordance with Measurement Canada guidelines (or as approved by FEI).
 - (d) method of destroying non-compliant biomethane;
 - (e) adequate, level space to park one trailer and ability to turn around;
 - (f) piping between the purification/upgrading equipment and the FEI Facilities; and
 - (g) electrical connection for use by FEI ([REDACTED]).
- B. **FEI Facilities** means those facilities necessary to connect to the Supplier Facilities, measure quality and quantity of biomethane, store, transport and inject the accepted Biomethane into FEI's gas distribution system, including but not limited to:
- (a) compressed natural gas trailers for storage and transport;
 - (b) compression to reach tube trailer pressure;
 - (c) natural gas decanting equipment;
 - (d) sensors and transmitters to measure trailer pressure in real time.
 - (e) odorizing equipment;
 - (f) safety shut offs; and
 - (g) inlet shut-off valves.

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 -** [REDACTED]/hr).

2. PRICE AND ADJUSTMENTS

2.1. **Purchase Price.** FEI shall pay the Supplier for the quantity of Biomethane accepted by FEI per month 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.** [REDACTED], and subject to section 2.3 (*Maximum Rate*) of this Schedule, the Base Rate shall be adjusted annually on each November 1st of each year (commencing from the November 1st occurring after completion of the first full year of operations) by [REDACTED] if any, [REDACTED]
[REDACTED] from the previous twelve-month period.

2.3. **Maximum Rate.** At no time will the total rate payable by FEI exceed either the:

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

where the total rate will include both the rate payable to the supplier and all of FEI's costs including the costs of collection, transportation, injection and operation of the FEI facilities, as calculated by FEI.

Appendix B

THE LANDLORD AGREEMENT

CONSENT AND ACKNOWLEDGEMENT

THIS AGREEMENT made as of June 10th, 2020 (the "Effective Date")

BETWEEN:

FORTISBC ENERGY INC., 16705 Fraser Highway, Surrey, BC V4N 0E8 ("FEI")

AND:

VILLAGE FARMS INTERNATIONAL, INC., 4700 80th St, Delta, BC V4K 3N3 (the "Landlord")

AND:

QUADROGEN POWER SYSTEMS, INC., 110 - 8288 North Fraser Way, Burnaby, BC,
V3N 0E9 (the "Tenant")

WHEREAS:

- A. FEI is a natural gas utility with a distribution system in British Columbia;
- B. The Landlord, as owner of the lands and premises located at 4700 80 St, Delta, BC V4K 3N3 (the "Lands") leased the Lands to the Tenant pursuant to a lease agreement dated [REDACTED] which expires [REDACTED] (the "Lease Agreement").
- C. Pursuant to an agreement with the Tenant, FEI will install, store, operate and maintain certain equipment and facilities on the Lands (the "FEI Facilities") to enable FEI to collect and transport biomethane produced on the Lands for injection into FEI's natural gas distribution system.
- D. The Landlord acknowledges FEI's use of the FEI Facilities on the Lands and consents to the Tenant granting FEI access to and use of the Lands to install, store, operate and maintain the FEI Facilities pursuant to the terms and conditions of a Biomethane Purchase Agreement dated June 10th, 2020, a copy of which is attached hereto as Schedule A (the "Biomethane Purchase 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 parties agree as follows:

- 1. **Ownership of FEI Facilities.** The Landlord acknowledges and agrees the FEI Facilities are, and shall at all times remain, personalty and the property of FEI or FEI's contractors, as the case may be, and shall be freely alienable from the Land, 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. FEI shall be entitled to install signage and notices on the FEI Facilities identifying ownership.
- 2. **Consent to Use of Lands.** The Landlord hereby consents to the Tenant granting FEI access to and use of the Lands, all in accordance with the Biomethane Purchase Agreement.
- 3. **No Waiver or Modification.** The Tenant acknowledges and agrees this consent by the Landlord will not waive or modify in any respect the rights of the Landlord under the Lease Agreement or relieve the Tenant from observance or performance of any of the Tenant's covenants under the Lease Agreement.

4. **Continued Use of Lands by FEI.** The consent of the Landlord herein will not be construed as the approval by the Landlord of the terms of the Biomethane Purchase Agreement, nor to permit FEI to remain in possession of the Lands or any portion thereof beyond the term of the Lease Agreement or if the lease is terminated for any reason, except as otherwise agreed in writing between the Landlord and FEI.
5. **Change of Interest in Lands.** The Tenant agrees to provide FEI with at least thirty (30) days' notice of any sale or lease of the Lands or any loss or diminishment of the interest of the Tenant in and to the Lands, including any termination or expiry of the Lease Agreement.
6. **Removal of FEI Facilities.**
 - (a) In accordance with the provisions of the Biomethane Purchase Agreement, the Landlord acknowledges that upon the expiry or early termination of the Biomethane Purchase Agreement, including upon termination of the Lease Agreement, FEI will, within 30 days following the expiry date or termination date, as the case may be, remove the FEI Facilities from the Lands; provided that FEI will be obligated to remove only those portions of the FEI Facilities to surface level.
 - (b) Despite the foregoing, the Tenant acknowledges and agrees that at the expiry or earlier termination of the Lease Agreement, should the Landlord require, the Tenant will forthwith remove any portions of the FEI Facilities not removed by FEI and make good any damage caused to the Lands resulting from the installation or removal thereof, all at the Tenant's expense.
7. **Liability and Release.** FEI shall be liable for any damage to property or injury caused by the negligence of FEI, while FEI is on the Lands to install, operate or maintain the FEI Facilities pursuant to the terms and conditions of the Biomethane Purchase Agreement.
8. **Confidentiality.** The parties acknowledge and agree all information or documentation received by a party (the "Receiving Party") which has been specifically marked by other party (the "Disclosing Party") as confidential and the terms of this Agreement and the Biomethane Purchase Agreement (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, except to a contractor or consultant retained by the Receiving Party for the purposes contemplated in this Agreement or the Biomethane Purchase Agreement and to the extent that such disclosure is necessary for the proper performance of such Agreements or such disclosure is required by law. Despite the foregoing, the Receiving Party may use the Information in the preparation of and submissions to regulatory agencies. The obligation of confidentiality set out above shall not apply to material, data or information which is known to either party prior to their receipt thereof, which is generally available to the public or which has been obtained from a third party which has the right to disclose the same.

9. **Counterparts.** This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement. Delivery of an executed counterpart by electronic transmission shall be equally effective as delivery of a manually executed counterpart to this Agreement.

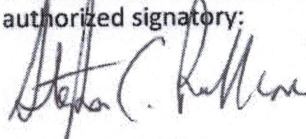
IN WITNESS WHEREOF the parties hereto have executed this Agreement as of the day and year first above written.

FORTISBC ENERGY INC.,
by its authorized signatory:



Douglas Stout

VILLAGE FARMS INTERNATIONAL, INC., by its
authorized signatory:

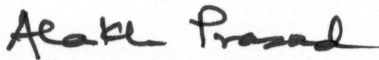


Stephen C. Ruffini

VP, Market Development & External Relations

EVP and CFO

QUADROGEN POWER SYSTEMS, INC., by its
authorized signatory:



Alakh Prasad

President & CEO

SCHEDULE A

BIOMETHANE PURCHASE AGREEMENT
[copy attached]

Appendix C

FEI-CERTARUS MIDSTREAM SERVICES CONTRACT

CRNG TRANSPORTATION SERVICES AGREEMENT

THIS AGREEMENT is made as of July 31st, 2020

BETWEEN:

Certarus Ltd., of Suite 1250, 555 4th Avenue SW, Calgary, AB, T2P3E7
(the "**Contractor**")

AND:

FORTISBC ENERGY INC., of 16705 Fraser Highway, Surrey, BC, V4N 0E8
(the "**FortisBC**")

WHEREAS FortisBC wishes to obtain certain services from the Contractor with respect to the transportation and delivery of CRNG and the Contractor wishes to provide such services to FortisBC, all on the terms and conditions set forth in this Agreement.

WHEREAS:

- A. FortisBC has entered into an agreement with Quadrogen Power Systems Inc. ("**Quadrogen**") dated July 10, 2020, to purchase RNG whereby Quadrogen will provide pipeline quality RNG ("**RNG Purchase Agreement**").
- B. Under the RNG Purchase Agreement, Quadrogen intends to finance, design, construct, operate and maintain a biogas processing facility on premises located at 4700 80th Street, Delta, BC (the "**Lands**") to upgrade landfill gas to pipeline quality biomethane (the "**Biomethane**") for injection into FortisBC's natural gas distribution system.
- C. The Lands are leased to Quadrogen pursuant to a written agreement with the owner of the Lands, **VILLAGE FARMS INTERNATIONAL, INC.**, (the "**Landlord**") dated [REDACTED], which expires [REDACTED] [REDACTED] (the "**VF Agreement**").
- D. FortisBC desires that the Contractor ship the RNG from the Lands to the Decompression Site by way of truck as described in Schedule "A", Scope of Services (the "**Services**").

NOW THEREFORE, in consideration for the mutual covenants and obligations contained herein and other good and valuable consideration (the receipt and sufficiency of which are hereby acknowledged), the parties hereto agree as follows:

Definitions - In this Agreement, except as otherwise defined elsewhere in this Agreement, the following terms have the meanings expressed below:

"**Agreement**" means this CRNG Transportation Services Agreement including all schedules attached hereto;

"**CEPA**" means the *Canadian Environmental Protection Act 1999* (S.C. 1999, c. 33);

"**Compression Site**" means the Quadrogen facility located on the Lands;

"CNG" means compressed natural gas;

"CRNG" means compressed renewable natural gas, which has equivalent properties and transport requirements as CNG;

"Decompression Site" means the FortisBC Richmond station located near [REDACTED] BC, or at [REDACTED], BC or at another location within [REDACTED] km as agreed by both Parties;

"Environmental Laws" means all applicable statutes, regulations, ordinances, by-laws and codes and all international treaties and agreements, now or hereafter in existence in Canada (whether federal, provincial or municipal) relating to the protection and preservation of the environment, occupational health and safety, product safety, product liability or Hazardous Substances; including without limitation the *Environmental Management Act*, (S.B.C. 2003, c.53) and CEPA;

"ERAP" means the Emergency Response Assistance Plan. The ERAP is to be created and maintained by the Contractor and approved by Transport Canada for the transportation of dangerous goods applicable to CRNG until delivered to the Decompression Site as may be amended, replaced or updated from time to time;

"Fees" means the fees, in Canadian dollars, for providing the Services, calculated as set out in Schedule B (*Rates and Fees*), which Fees are exclusive of sales taxes;

"Force Majeure" means any one or more of the following events:

- (i) war or hostilities, riot or civil commotion, pandemic;
- (ii) earthquake, flood, extreme weather condition or other natural physical disaster not foreseeable in the area of the performance of the Services, forest fire or suspensions of work ordered by the Ministry of Forests which prevent the performance of the Services, subject, however to sub-section 3.16(ii);
- (iii) denial of the use of any railway, port, airport, shipping service or other means of public transport, provided such denial is not due to any act or neglect of the Contractor;
- (iv) strike, lock-out or other industrial action or labour dispute by all workers in the affected industry and against all employers in that industry in British Columbia, but excluding strike, lock-out or other labour dispute by employees of the Contractor or its subcontractors, suppliers or agents; and
- (v) government embargo,

when such event is a major disabling event beyond the reasonable control of the affected party which prevents the normal operations of the affected party as a whole or the performance of the Services and which results in a material delay, interruption or inability to carry out the affected party's obligations under this Agreement. Lack of money, financing or credit to resolve such contingencies will not constitute a Force Majeure, nor will the shortage of labour, materials, supplies, equipment or utilities, unless such shortage is caused by circumstances which are themselves events of Force Majeure.

"FortisBC Equipment" means any equipment or supplies provided by FortisBC at the Compression or Decompression Site;

"Hazardous Substance" means collectively any:

- (i) waste as that term is defined in and determined under the Environmental Management Act;
- (ii) toxic substance or prohibited substance, as those terms are defined in the CEPA;
- (iii) dangerous goods as defined in the Transportation of Dangerous Goods Act (Canada), including, without limitation, radioactive materials; or
- (iv) substance, as that term is defined in CEPA, which does or could:
 - a. harm or endanger the health, safety or welfare of persons;
 - b. interfere with the enjoyment of, or cause damage to, life or property;
 - c. harm or endanger the health of animal life;
 - d. pollute the environment, as that term is defined in CEPA;

"Landlord" means Village Farms International, Inc., owner of the Lands;

"Lands" has the meaning ascribed thereto in the preamble;

"Laws" means laws, statutes, regulations, bylaws, permits, licences, certificates, certifications, approvals, authorizations, consents, orders, guidelines or legal requirements of or issued by or under the direction or authority of any governmental authority or regulatory body having jurisdiction within Canada or the United States;

"Party" means a party to this Agreement, and **"Parties"** means both of parties to this Agreement;

"Qualified drivers" means drivers that meet all regulatory requirements for transporting dangerous goods;

"RNG" means renewable natural gas, which has equivalent properties and transport requirements as natural gas;

"Services" has the meaning ascribed thereto in the preamble.

1 Conditions Precedent.

Except for ARTICLE 11 (*Representations and Warranties*) and ARTICLE 12 (*General*), the obligation of FortisBC to carry out the transactions contemplated by this Agreement is subject to fulfillment of the following conditions, which are for the sole benefit of FortisBC, and which may be waived by FortisBC, in its sole and absolute discretion, in writing:

- (i) FortisBC receiving British Columbia Utilities Commission acceptance of the RNG Purchase Agreement.

2 Term

- 2.1 **Initial Term** – The term of this Agreement shall commence on July 31st, 2020 and expires on [REDACTED] unless terminated earlier or renewed in accordance with this Agreement (the “Term”).
- 2.2 **Renewal** – FortisBC may, at its option, renew this Agreement for up to [REDACTED] additional terms of [REDACTED] (each a “Renewal Term”) upon three (3) months written notice to the Contractor prior to the expiry of the Term or a Renewal Term, on the same terms and conditions, save and except this right of renewal, and the amount of Fees, which will be as mutually agreed to by the parties.

3 Performance of Services

- 3.1 **Engagement** - FortisBC hereby retains the Contractor to perform the Services during the Term in accordance with the terms and conditions of this Agreement.
- 3.2 **Standard of Performance** - The Contractor agrees to perform the Services in a good and workmanlike manner applying best practices for safely handling and transporting dangerous goods and in accordance with good industry practices, Transport Canada and Laws.
- 3.3 **Access** - FortisBC shall provide the Contractor and its agents, employees, or subcontractors (including third-party contractors) with full access to the Compression Site and Decompression Site as required by the Contractor to exercise its rights and fulfill its obligations hereunder, provided that any such third-party contractors coming on to such Sites must be approved in writing by Company in advance, such approval not to be unreasonably withheld. Access to Lands, the Compression Site and the Decompression Site are limited to the hours of 6AM to 6PM, seven days a week.
- 3.4 **Compliance with Laws and Policies** - The Contractor covenants, as a material provision of this contract, it will comply with:
- (i) all applicable Laws, including but not limited to, the federal *Transportation of Dangerous Goods Act, 1992* (1992, c.34) applicable drivers’ hours of service regulations and any required manifests or permits;
 - (ii) all policies, procedures and instructions, if any, provided by FortisBC, including those related to environmental compliance, including reporting of spills and emissions; and
 - (iii) all policies, procedures, directions, on-signage, requirements and instructions, if any, of FortisBC related to access and CRNG offloading at the Decompression Site.
- 3.5 **Compliance with FortisBC Policies**

The Contractor must read and become familiar with the applicable FortisBC policies, procedures and standards posted on the following site, as updated from time to time:

[REDACTED]
Username: [REDACTED]

Password: [REDACTED]

and the Contractor must comply with such policies, procedures and standards throughout the term of this Agreement; and ensure that all of the Contractor's employees, subcontractors, vendors, suppliers, consultants, agents and workers comply with the terms of this section, and be liable for any failure thereby. Notwithstanding the foregoing, the Contractor shall not be bound by any changes to policies, procedures or standards until three days following FortisBC's delivery of written notice of such changes to the Contractor.

- 3.6 **Permits and Licences** - Except as otherwise provided herein, the Contractor will obtain and maintain any permits, licences or other authorizations necessary from any governmental authorities or as otherwise required by Law, for or related to the Services, including bulk haul permits, Transportation of Dangerous Goods certifications, and any permits or approvals required by Transport Canada or Technical Safety BC.
- 3.7 **Emergency Response** – The Contractor covenants and agrees to assist and support FortisBC in the implementation and compliance with the ERAP and any other procedures and protocols with respect to emergency response.
- 3.8 **Environmental Obligations** - The parties acknowledge and agree they each have responsibility for environmental compliance, management and reporting pursuant to environmental Laws arising from the Services, including related to emergency response, emissions and spills. The Parties covenant and agree to co-operate with each other in co-ordinating, establishing, implementing and verifying processes and procedures to manage and address environmental impacts and ensure each party's respective compliance with Environmental Laws.
- 3.9 **Environmental Response** - The Contractor shall take particular care to minimize pollution and avoid damage or disturbance to property and the environment and shall correct, to the satisfaction of FortisBC, acting reasonably, any condition which has resulted in, or which could result in, such damage or disturbance. The Contractor shall ensure suitable spill response material is accessible during the performance of the Services.
- 3.10 **Environmental Response Plans** - The Contractor will develop, implement and maintain an environmental response plan, including policies and procedures, satisfactory to FortisBC, acting reasonably, to manage all aspects of environmental protection and response relevant to the performance of the Services, and which will include an environmental incident and spill response plan. The Contractor shall submit a disposal plan to FortisBC prior to the removal of any hazardous material.

- 3.11 **Environmental and Emergency Reporting** - In addition to any other reporting requirements required by this Agreement, applicable Laws, the Contractor's environmental management plan, or otherwise, the Contractor shall immediately report any WorkSafeBC inspections or orders, warning letters, any charges or convictions under any Environmental Laws to FortisBC and promptly deliver a copy of the relevant documentation to FortisBC.

The Contractor shall report any environmental matters or issues, including spills, to FortisBC immediately by phone and in writing within three (3) business days; provided that if the performance of the Services results in a spill:

- (i) onto land over 1 litre;
- (ii) into a waterbody; or
- (iii) which is externally reportable pursuant to Environmental Laws;

the Contractor shall immediately notify FortisBC's Representative by phone and provide a written report regarding the spill to FortisBC within twenty (24) hours of the spill. For externally reportable spills and spills into a waterbody, FortisBC will be responsible for spill reporting to the appropriate agencies in accordance with Environmental Laws.

The Contractor represents that it has knowledge of and understands all Environmental Laws applicable to the Services.

The Contractor warrants that it will take all measures in the performance of the Work to prevent unacceptable disturbance or damage to the environment or, to minimize any such disturbance or damage in accordance with all Environmental Laws. For the purposes of the foregoing, "unacceptable disturbance or damage" means disturbance or damage which is contrary to or in excess of that allowed by Environmental Laws or applicable permits, approvals and orders, or damage or disturbance which may comply with Environmental Laws but is in excess of that which would necessarily occur through the use of good construction practices employed by environmentally sensitive contractors in the province of British Columbia.

- 3.12 **Quality Assurance and KPIs** - The Contractor shall establish a quality assurance program, satisfactory to FortisBC, acting reasonably, to monitor and ensure compliance with this Agreement, including reporting with respect to service delivery, including attainment of the following key performance indicators ("KPIs"):

- (i) no more than █ preventable vehicle, safety or security incidents per year (provided that vehicle incidents shall be deemed to be preventable if Contractor is determined to be at-fault by the police organization having jurisdiction, and safety or other security incidents shall be determined to be preventable by FortisBC in its discretion, acting reasonably);
- (ii) immediate verbal reporting of vehicle, safety or security incidents, and written report within █ days;
- (iii) maintaining sufficient quantity of Qualified Drivers and supervision of drivers in order to perform the Services; and
- (iv) maintaining suitable type and quantity of equipment in safe operating condition to perform the Services.

3.13 **Unsafe Conditions** - The Contractor covenants and agrees to immediately report unsafe conditions arising with respect to the performance of the Services, including with respect to the CRNG or the FortisBC Equipment, to FortisBC and in accordance with the requirement of any Laws, and shall immediately employ commercially reasonable efforts to mitigate any such unsafe conditions.

3.14 **Work Changes**

- (i) FortisBC may require the Contractor to perform any additions to or revisions of the Services which are within the scope of this Agreement and to make any deletions to the Services. If FortisBC requires such changes to the Services, the Parties will agree on any equitable adjustment of the amount to be paid for the Services changes and the time within which the Services changes and the Services are to be performed, and, failing such agreement, FortisBC shall establish in writing, any equitable adjustment of the amount to be paid for the Services changes or the time within which the Services or Services changes are to be performed.
- (ii) Any dispute as to the equitable adjustment established shall be resolved in accordance with Section 10 below.

3.15 **Extra Services**

- (i) FortisBC may request that the Contractor perform certain services that are in addition to the Services and may result in an increase to the cost of the Services ("**Extra Services**") and Contractor shall employ commercially reasonable efforts to provide such Extra Services.
- (ii) Prior to the commencement of the any Extra Services, the details of the Extra Services shall be discussed and mutually agreed upon in writing by the Parties.
- (iii) Extra Services shall be paid at the hourly rate outlined in Schedule "B" attached hereto, or if none has been set out then at a rate to be mutually agreed upon prior to commencing the Extra Services. Failing agreement as to cost the parties will resolve the matter in accordance with Section 10.
- (iv) FortisBC shall not accept any claim made by the Contractor for Extra Services unless the Contractor has complied with Sections 3.15 (i)-(iii) above.

3.16 **Force Majeure**

- (i) Subject to subsection (ii), neither party will be in default of this Agreement or be liable to the other party 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 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. The party whose performance is prevented by an event of Force Majeure must provide written notification to the other party of the occurrence of such event as soon as reasonably possible. The party whose performance is prevented by an event

of Force Majeure must take commercially reasonable steps to mitigate the effect of any such event.

- (ii) The Contractor shall bear the risk of adverse weather or weather downtime in the performance of the Services. Despite the foregoing, the parties acknowledge, from time to time, there may be severe weather conditions that, although foreseeable, create a situation in which it is not safe for the Contractor to provide transportation services for any of its customers in the affected service area. The Contractor shall be excused from a delayed delivery if it determines, in its reasonable commercial discretion, that its transportation services cannot be safely performed for all of its customers, including FortisBC, within the same service area, provided that it must provide FortisBC with advanced notice of the safety delay, and shall resume the performance of the Services as soon as it may practically do so.

3.17 **Monitoring** - FortisBC may undertake work observations of drivers and driver trainers to determine compliance with the terms and conditions of this Agreement. Despite any observations made by FortisBC, the Contractor is and continues to be liable for any acts or omissions of its employees, contractors and agents.

3.18 **Record Checks** - At the request of FortisBC, the Contractor shall cause any persons engaged in the performance of the Services to obtain and provide to FortisBC a Consent for Disclosure of Criminal Record Information from the Royal Canadian Mounted Police and such further information regarding such person's criminal record as may be requested by FortisBC.

3.19 **Safety and Safety Plan**

- (i) The Contractor is responsible for ensuring the safety and protection of persons providing, or affected by the provision of, the Services, including with respect to occupational health and safety. The Contractor shall comply with all safety procedures and site safety rules with respect to the Compression and Decompression Sites.
- (ii) The Contractor will develop, implement, maintain and enforce a detailed safety plan, including policies and procedures, satisfactory to FortisBC, acting reasonably, to manage all aspects of safety relevant to the performance of the Services and monitor compliance with the terms of this Agreement.
- (iii) The Contractor will make available a safety supervisor to ensure and monitor compliance with its safety plan and to provide customer site assessment and driver assessments, as required.
- (iv) The Contractor shall comply with the personal protective equipment ("PPE") requirements at both the Compression and Decompression Sites.

3.20 **Workers' Compensation** - The Contractor must, throughout the Term, (i) be registered and in good standing with the Workers' Compensation Board (WorkSafeBC), (ii) ensure persons providing the Services are covered by the *Workers' Compensation Act* or through Personal Optional Protection

coverage through WorkSafeBC; and (iii) within five (5) business days of executing this Agreement and thereafter upon request, provide to FortisBC a statement from WorkSafeBC demonstrating evidence of compliance with this provision.

3.21 **Corrective Action** – In no way limiting the Contractors’ obligations or liability hereunder, the Contractor shall, to the satisfaction of FortisBC acting reasonably, correct any condition cause by the Contractor which has resulted in, or could result in, any damage, loss or disturbance to Landlord's property, persons or the environment.

3.22 **Communication with Governmental Authorities** - If the Contractor is required to communicate with any governmental authority on any matter relating to the Services, including related to environmental matters, the Contractor shall immediately inform FortisBC and concurrently provide FortisBC with copies of all such communications. The Contractor will immediately notify FortisBC of any meetings with governmental authorities with respect to the Services and FortisBC shall have the right to attend any such meetings.

3.23 **Contractor Equipment**

- (i) Other than the FortisBC Equipment, the Contractor shall provide any and all equipment, supplies, PPE and facilities necessary to perform the Services and shall maintain the same in good, safe condition and repair, including in accordance with all applicable Laws. If, in the reasonable opinion of FortisBC, any equipment, personal protective equipment, supplies or facilities used by the Contractor in the performance of the Services do not meet the foregoing requirements or are inadequate, sub-standard, unsuitable, unsafe, subject to mechanical breakdowns or unable to perform the Services in an efficient, continuous and cost effective manner, the Contractor shall immediately replace such equipment, supplies and facilities at no cost to FortisBC.
- (ii) If, during the performance of the Services, the Contractor uses diesel tractors, the Contractor will ensure such tractors are equipped with a Positive Air Shut Off Device (also know as an Air Intake Emergency Shut Off Device) as required by applicable Laws.

3.24 **Use of FortisBC Equipment**

- (i) The Contractor acknowledges and agrees that all FortisBC Equipment is and, at all times, shall remain the property of FortisBC and the Contractor shall ensure the safe care, handling and custody of the FortisBC Equipment while such equipment is in the Contractor’s care, custody or control. The Contractor shall be responsible for any damage to the FortisBC Equipment arising during its use, reasonable wear and tear excepted.
- (ii) The Contractor shall promptly notify FortisBC of any repair or maintenance which may be required to the FortisBC Equipment.
- (iii) The Contractor shall return any FortisBC Equipment to FortisBC immediately upon request of FortisBC and, in any event, upon termination of this Agreement.

3.25 Confidentiality

- (i) All information or documentation received by one Party (the "**Receiving Party**") relating to the business, trade secrets, operations, finance, affairs, technologies, systems or activities of the other Party (the "**Disclosing Party**") which is disclosed or is otherwise made available to the Receiving Party in the course of or for the purposes of performance of the Services ("**Confidential 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 any such Confidential Information to any third party without the prior written consent of the Disclosing Party. Such consent is not required where the third party is another contractor or consultant retained by FortisBC for the purposes of this Agreement and to the extent that such disclosure is necessary for the proper performance of this Agreement or to the extent that such disclosure is required by law.
- (ii) Notwithstanding the foregoing, the Receiving Party may use such Confidential Information in the preparation for and conduct of submissions to regulatory agencies or governmental authorities or where otherwise required by law.
- (iii) The obligation of confidentiality set out above shall not apply to material, data or information which is known to the Receiving Party prior to their receipt thereof, which is generally available to the public or which has been obtained from a third party which has the right to disclose the same.
- (iv) The confidentiality covenants of the Contractor herein shall survive the termination of this Agreement.

4 Payment of Fees and Expenses

Subject to verification by FortisBC of the validity of the Fees, FortisBC will pay approved Fees plus applicable taxes thereon, in Canadian funds, within 30 days of receipt of invoice. Overdue payments shall be subject to a late payment charge of 1.5% per month (19.56% per annum). Each invoice shall set out the Fees in accordance with Schedule B (*Rates and Fees*). The Contractor is not entitled to receive or claim any other remuneration from FortisBC. No payment will be made by FortisBC in respect of any costs incurred or time expended by the Contractor in remedying errors or omissions of the Contractor. Payments made by FortisBC to the Contractor on account of the Services shall not be construed as a waiver of any right of claim FortisBC may have against the Contractor arising out of the Contractor's failure to perform the Services in accordance with this Agreement.

5 Records, Inspection and Audit

The Contractor will prepare and maintain full and detailed records with respect to the performance of the Services and will make copies of the same available to FortisBC during the Term and for two (2) years thereafter for inspection and audit.

6 Independent Contractor

The Contractor confirms it is an independent contractor and not an employee, agent or partner of FortisBC, and will not in any manner commit or purport to commit FortisBC to any obligation or undertaking. The Contractor will not assert or do anything that would result in the Contractor being considered an employee of FortisBC.

7 Subcontracting

The Contractor will not subcontract any of the Services without the prior written consent of FortisBC, which consent may be arbitrarily withheld. Despite FortisBC's consent to subcontracting, no subcontracting shall relieve the Contractor from its obligations and responsibilities to FortisBC pursuant to this Agreement. The Contractor shall be fully responsible for the acts and omissions of its subcontractors to the same extent as the Contractor for its own acts and omissions. Nothing herein contained shall be construed as creating any contractual relationship between FortisBC and the subcontractor. Notwithstanding the foregoing, the Contractor shall not require the written consent of FortisBC to subcontract trucking services.

8 Termination

8.1 **Termination Rights** – Either Party may terminate this Agreement by written notice to the other Party to take effect immediately if:

- (i) the other Party breaches any of its obligations under this Agreement;
- (ii) the other Party becomes insolvent, bankrupt or has a receiver appointed or makes any proposal under the *Bankruptcy and Insolvency Act* (Canada)
- (iii) where the other Party is the Contractor, if, for any reason, the Contractor becomes incapable of providing the Services;
- (iv) the RNG Purchase Agreement is terminated; or
- (v) the VF Agreement is terminated.

8.2 **Termination for convenience** – Either Party may terminate this Agreement for convenience by providing not less than ■ days' written notice to the other Party

8.3 **Effect of Termination** - Upon termination of this Agreement, the Contractor will not be entitled to any compensation other than for Services rendered up to and including the date of termination. Any deliveries in transit on the date of termination shall be completed in accordance with this Agreement. The Contractor hereby agrees, save as hereinbefore provided, the Contractor will not be entitled to claim or receive any other remuneration, compensation or payment whatsoever from FortisBC by reason of the termination of this contract.

9 Insurance

9.1 **Required Coverage** – FortisBC acknowledges that it has reviewed the Contractor's insurance certificate, attached as Schedule F hereto, and agrees that the coverage indicated therein is sufficient for the Contractor's performance of this Agreement. The Contractor shall maintain in

force such insurance coverage throughout the Term and shall, upon request by FortisBC, supply confirmation that such coverage remains in good standing.

9.2 **Terms of Coverage** - The Contractor shall be responsible for the full amount of all insurance premiums and deductibles. All insurance policies required herein shall provide that the insurance shall not be cancelled or reduced below the limits indicated in Schedule F, without the Contractor giving at least 30 calendar days written notice to FortisBC. The Contractor will give notice to FortisBC of any claim made against it or against a sub-contractor which may have the effect of reducing the coverage available to satisfy a claim arising from the Services. If the Contractor fails to comply with the insurance requirements, FortisBC may immediately terminate this Agreement. The Contractor shall include the same insurance requirements in any agreement with any sub-contractors.

9.3 **No Release from Liability** - Despite any insurance coverage obtained and maintained by the Contractor, the Contractor will not be released from any responsibility and liability arising under this Agreement, including for any shortfall if an insurer fails or refuses to pay any claims or if the amount of insurance is insufficient to cover the full amount of any claim.

9.4 **Indemnity of Contractor** - The Contractor shall be liable for, and as a separate and independent covenant, shall indemnify and hold FortisBC and the directors, officers, agents and employees thereof harmless from and against any actions, claims, damages, costs and expenses including without limitation all applicable solicitors' fees and disbursements, investigation expenses, adjusters' fees and disbursements whatsoever (collectively, "**Losses**") which may be brought against or suffered by FortisBC or which FortisBC may incur, sustain or pay arising as a result of the Contractor's breach of this Agreement or any negligent or intentionally wrongful act or omission of the Contractor, its agents, employees, or subcontractors (including third-party contractors) except in all cases where such Losses are caused by the gross negligence, fraud or willful misconduct of FortisBC or its agents, employees, or subcontractors (including third-party contractors).

The Contractor shall defend any such claims or suits provided that FortisBC shall have the right at its option to participate in the defence of such claims or suits and in such events the Contractor shall pay FortisBC's cost for defending such claims or suits.

This indemnity shall survive the termination of this Agreement.

10 Disputes

Where any dispute arises out of or in connection with this Agreement, including failure of the parties to reach agreement hereunder, the parties agree to try to resolve the dispute by participating in a structured mediation conference with a mediator under the National Arbitration Rules of the ADR Institute of Canada Inc.

If the parties fail to resolve the dispute through mediation, the unresolved dispute shall be referred to, and finally resolved or determined by arbitration under the National Arbitration Rules of the ADR

Institute of Canada Inc. Unless the parties agree otherwise the arbitration will be conducted by a single arbitrator.

The arbitrator shall issue a written award that sets forth the essential findings and conclusions on which the award is based. The arbitrator will allow discovery as required by law in arbitration proceedings.

If the arbitrator fails to render a decision within thirty (30) days following the final hearing of the arbitration, any party to the arbitration may terminate the appointment of the arbitrator and a new arbitrator shall be appointed in accordance with these provisions. If the parties are unable to agree on an arbitrator or if the appointment of an arbitrator is terminated in the manner provided for above, then any party to this Agreement shall be entitled to apply to a judge of the British Columbia Supreme Court to appoint an arbitrator and the arbitrator so appointed shall proceed to determine the matter mutatis mutandis in accordance with the provisions of this Section.

The arbitrator shall have the authority to award:

- (i) money damages;
- (ii) interest on unpaid amounts from the date due;
- (iii) specific performance; and
- (iv) permanent relief.

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. 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 parties will continue to fulfill their respective obligations pursuant to this Agreement during the resolution of any dispute in accordance with this Section 10.

11 Representations and Warranties

11.1 *Representations and Warranties of the Contractor*

The Contractor represents, warrants and covenants to FortisBC that:

- (i) it has the full right, power and authority to enter into this Agreement and all necessary corporate action has been taken to authorize and approve the execution and delivery of this Agreement and performance of obligations hereunder;
- (ii) this Agreement and the performance of its obligations hereunder do not breach any provisions of any other agreement or law that is binding on or applicable to such Party;
- (iii) it is not party to any action, suit or legal proceeding, actual or threatened, and there are no circumstances, matters or things known to such Party which might give rise to any such action, suit or legal proceeding, and there are no actions, suits or proceedings pending or threatened against such Party before or by any governmental authority, which could affect its ability to perform its obligations under this Agreement;

- (iv) all necessary mobilization activities, including development and approval of the ERAP, hiring and training of personnel and acquisition of equipment, have been completed by the agreed-upon start of the Term to enable the Contractor to commence providing the Services;
- (v) it has the skills, expertise and experience necessary to perform the Services and has, and will, at all times, maintain, sufficient personnel, including drivers, driver trainers and supervisory staff, to perform the Services in accordance with this Agreement;
- (vi) any persons providing the Services are properly trained, licensed and certified and otherwise have, at all times during the performance of the Services, the requisite skills, technical expertise, experience and qualifications necessary to perform the Services and will, at all times, perform the Services in a professional, respectful, courteous and safe manner and in compliance with all applicable Laws and the terms of this Agreement;
- (vii) it has, and at all times will maintain, suitable equipment, both in quantity and quality, to perform the Services in accordance with this Agreement as and when requested by FortisBC; and
- (viii) The Contractor will, upon request from FortisBC from time to time, provide proof of compliance with the foregoing requirements.

11.2 *Representations and Warranties of FortisBC*

FortisBC represents, warrants and covenants to the Contractor that:

- (i) it has the full right, power and authority to enter into this Agreement and all necessary corporate action has been taken to authorize and approve the execution and delivery of this Agreement and performance of obligations hereunder;
- (ii) this Agreement and the performance of its obligations hereunder do not breach any provisions of any other agreement or law that is binding on or applicable to such Party;
- (iii) the FortisBC Equipment and distribution line are in good working condition and have been maintained in accordance with good industry practice and all applicable law.

12 General

- 12.1 **Notices** - Any 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 delivered to the address set forth below:

If to FortisBC:

With respect to contract implementation, operational matters and day-to-day contract management, to FortisBC's Manager, RNG or any other person identified by FortisBC as its representative appointed for purpose.

For all formal legal notices:

FORTISBC ENERGY INC.

16705 Fraser Highway, Surrey, BC V4N 0E8

Attention: Doug Stout, Vice President, Energy
Solutions & External Relations

Fax Number: 604-592-7670

Copy to: Scott Gramm, Manager, RNG

Email: [REDACTED]
(or such alternate address set out in
an "out of office" reply)

If to the Customer:

Certarus Ltd.

Suite 1250, 555 4th Avenue SW, Calgary, AB,
T2P3E7

Attention: Dan Bertram, VP Corporate
Development

Email: [REDACTED]
(or such alternate address set out in an
"out of office" reply)

- 12.2 **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.
- 12.3 **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.
- 12.4 **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.
- 12.5 **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 in order to give full effect to this Agreement.
- 12.6 **Severability.** Each of the covenants, provisions, articles and sections contained in this Agreement are severable from every other covenant, provision, article and section and the invalidity or unenforceability of any one or more covenants, provisions, articles or sections under this Agreement shall not affect the validity or enforceability of the remaining covenants, provisions, articles and sections.

- 12.7 **Assignment.** The Contractor shall not assign its rights under this Agreement without the prior written consent of FortisBC, which consent may be arbitrarily withheld. FortisBC may assign this Agreement without the consent of the Contractor.
- 12.8 **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. 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.
- 12.9 **Enurement.** This Agreement shall be for the benefit of and be binding upon FortisBC and the Contractor and their respective successors and permitted assigns.
- 12.10 **Governing Law.** This Agreement will be governed by and construed in accordance with the laws of British Columbia and of Canada. The parties consent and attorn to the jurisdiction of the courts of the Province of British Columbia.
- 12.11 **Time.** Time is of the essence in this Agreement.
- 12.12 **Survival on Termination.** Sections 5 (*Records, Inspection and Audit*), 9.3/9.4/9.5 (*Liability and Indemnity*) and 12.13 (*Publicity*) will survive the expiration or termination of this contract.
- 12.13 **Publicity.** Except as required by applicable law, the Contractor shall not issue any press release or make any public announcement or disclosure concerning the terms and conditions of this Agreement, the nature and extent of this Agreement with FortisBC pursuant to this Agreement and performance of the Services, including publication or disclosure in any reference list, without the prior written consent of FortisBC.
- 12.14 **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.

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed by their duly authorized representatives on the day and year first above written.

FORTISBC ENERGY INC.

by its authorized signatory(ies):



Doug Stout, VP, Market Development & Ext Relations

CERTARUS LTD.

by its authorized signatory(ies):



Dan Bertram, VP, Corporate Development

Schedules attached:

Schedule A – Scope of Services

Schedule B – Rates and Fees

Schedule C – Compression Site Layout

Schedule D – Decompression Site Layout

Schedule E – FortisBC Biomethane Specification

Schedule F – Insurance Certificate

SCHEDULE A SCOPE OF SERVICES

1. CONTRACTOR SUPPLY

The Contractor, at its sole cost and expense, shall:

- 1.1. Provide at least two compressed natural gas trailers capable of storing and transporting CRNG.
- 1.2. Install high-pressure compressor package and provide compression of RNG at the Compression Site into the trailers.
- 1.3. Transport of CRNG from the Compression Site to the Decompression Site within a road-travel distance of [REDACTED] km.
- 1.4. Install sufficient pressure reduction package at Decompression Site to align to the pipeline requirements at the Site, and provide pressure reduction of CRNG into the FortisBC pipeline.
 - a. The Contractor shall ensure compliance with any maximum and minimum instantaneous injection pressure specified by FortisBC.
 - b. The Contractor shall ensure compliance with any maximum and minimum instantaneous injection flowrate specified by FortisBC. FortisBC will ensure that it can, at all times, accept a flowrate of at least [REDACTED] hr.
- 1.5. Provide live data monitoring of Compression and Decompression Sites, with remote information access available to both FortisBC and Contractor.
- 1.6. Provide and dispatch of CRNG storage trailers such that at least one trailer with capacity is available at all times to receive CRNG at the Compression Site.
- 1.7. Provide technological support, trucking staff, and logistics management. Equipment at both the Compression Site and Decompression Site is to be capable of safe, stable, and unmanned operation.
- 1.8. Provide necessary interface specifications and/or drawings for installation of the Compression equipment at the Compression Site and the CRNG pressure reduction package at the Decompression Site.

2. EQUIPMENT TECHNICAL REQUIREMENTS

The contractor will provide the assets required to compress RNG at the Compression Site, trailers to move the compressed RNG to a FortisBC designated injection point, and to inject (reduce pressure, maintain temperature) RNG at a FortisBC gate station. The required equipment specifications are as follows:

- 2.1. A dedicated compression unit capable of compressing [REDACTED] /h of RNG and equipment to handle fluctuations in flowrates without requiring an upstream buffer tank.
- 2.2. Two compressed natural gas trailers with capacities of at least [REDACTED] standard cubic metres of methane.
- 2.3. A decompression unit capable of reducing pressure of the CRNG to a pressure of [REDACTED] kPa(g) and a temperature between [REDACTED] .

3. SITE PROVISIONS

FortisBC shall, at its sole cost and expense, using third party contractors of its own choosing where desired, prepare the Compression and Decompression Sites as set out in Schedule C and Schedule D, including:

- 3.1. Providing a clear and level gravel base at each Site on which Contractor can position its CRNG Trailers and a Decompression unit.
- 3.2. Ensuring reasonable road quality conditions are suitable for Contractor access to each Site. Access suitability to be mutually agreed by Contractor and FortisBC.
- 3.3. Providing area lighting
- 3.4. Providing a power connection at the Compression Site with a [REDACTED], [REDACTED] connection rating
- 3.5. Providing a power connection at the Decompression Site with a [REDACTED], [REDACTED] connection rating
- 3.6. Supplying the Contractor with RNG in all respects (including time, rate, volume and specification quality of gas) sufficient to allow Contractor to discharge its obligations hereunder
- 3.7. Providing concrete blocks to define the trailer parking locations
- 3.8. Moving the station fencing to ensure sufficient room and site footprint to park the trailers within the fence-line

4. RNG SUPPLY CHARACTERISTICS

At no cost to the Contractor, FortisBC will provide the Contractor with RNG at the Compression Site as follows:

- 4.1. Compliant with the FortisBC Biomethane Specification as included in Schedule E.
- 4.2. Pressure of at least [REDACTED] kPa(g) and not exceeding [REDACTED] kPa(g).
- 4.3. A minimum of [REDACTED] GJ per day on a higher heating value basis.
- 4.4. A maximum of [REDACTED] GJ per day on a higher heating value basis.

**SCHEDULE B
RATES AND FEES**

1. TRANSPORTATION RATES

FortisBC agrees to pay the Contractor for the Services in accordance with the following:

1.1. A price per gigajoule of CRNG ("GJ") delivered to the Decompression Site that is determined based on the reinjection pressure at the Decompression Site at the time such CRNG is reinjected, as set out below:

- a. \$ [REDACTED] per GJ of CRNG transported by CRNG Trailer from the Compression Site to the Decompression Site (the "Midstream Fee Rate") that is determined based on metering upon delivery to the Decompression Site. Such price includes [REDACTED] hours of round-trip transportation from the Compression Site to the Decompression Site.
- b. \$ [REDACTED] per hour for any transportation time in excess of the [REDACTED] hours provided
- c. The price will be determined separately for each cargo of CRNG delivered to the Decompression site.

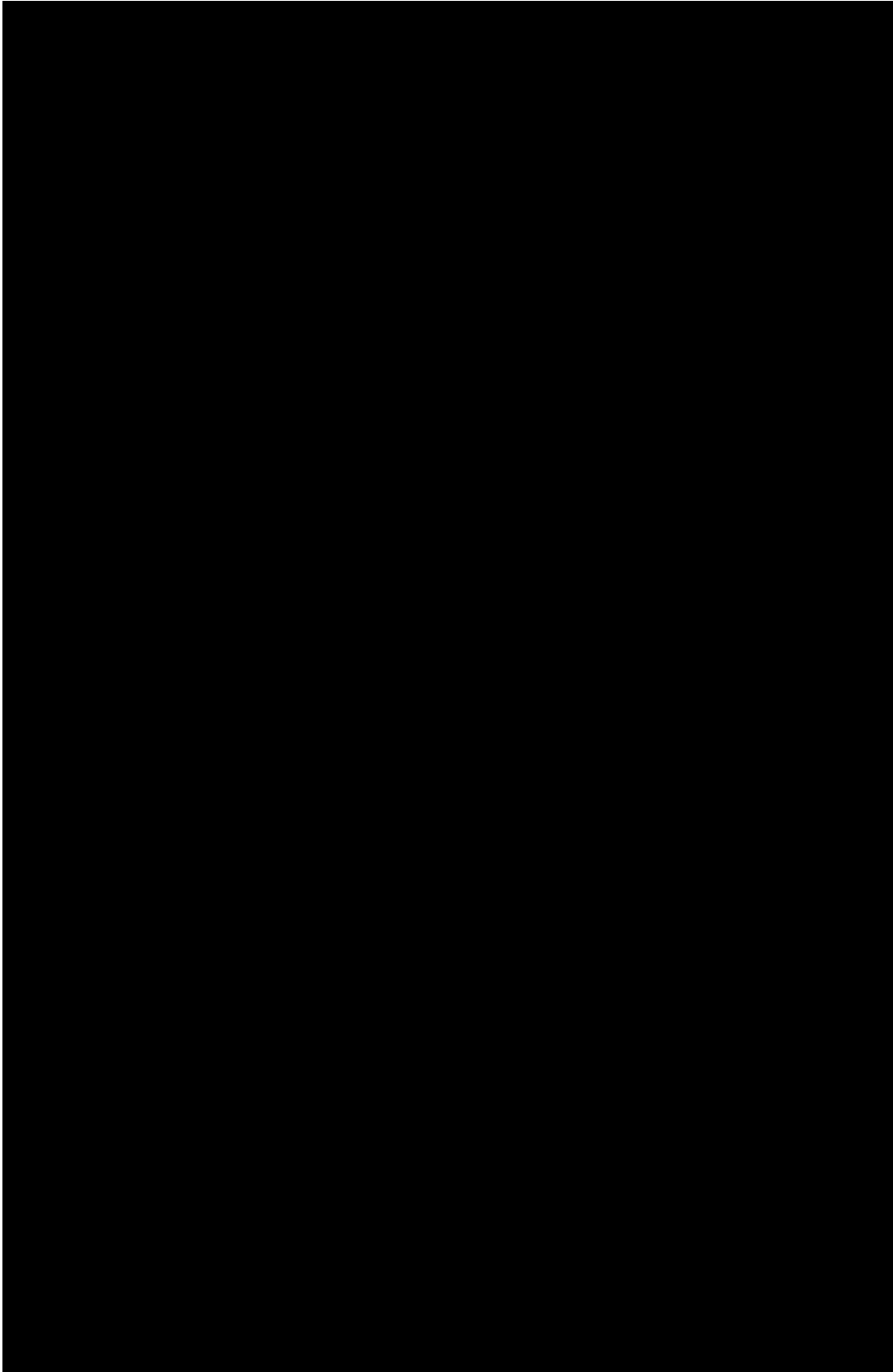
1.2. A one-time mobilization fee of [REDACTED]/trailer and one-time demobilization fee of [REDACTED]/trailer.

2. QUANTITY COMMITMENT

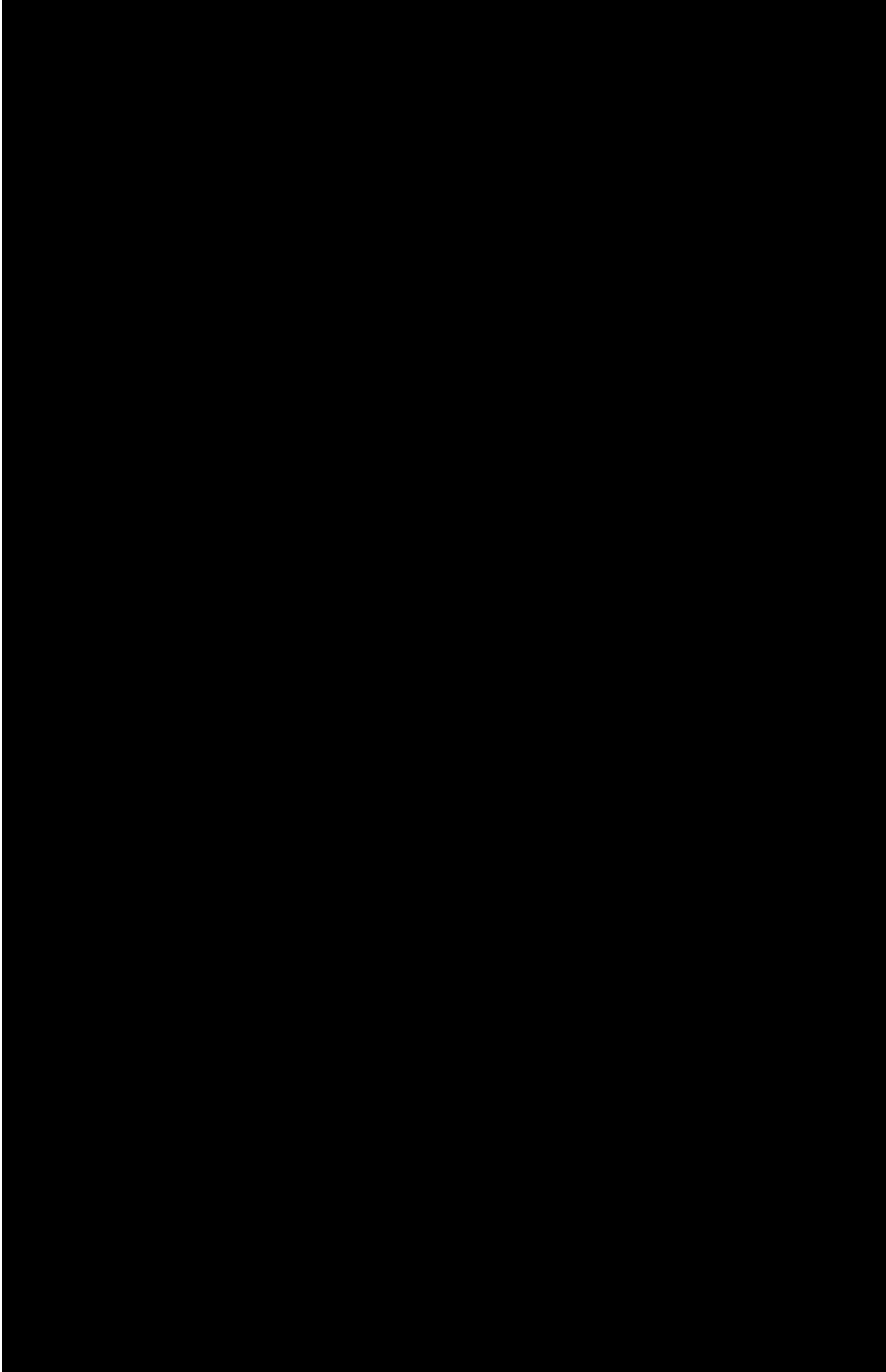
Commencing on the Completion Date and for the Initial Term of this Agreement:

- 2.1. FortisBC shall provide an amount of CRNG equal to [REDACTED] GJ per twelve-month period (the "Minimum Quantity").
- 2.2. If, at the end of the first twelve-month period, FortisBC has not supplied and paid for the Minimum Quantity during such period, FortisBC shall pay the Contractor upon demand from the Contractor, the amount by which the Minimum Quantity exceeds the amount of CRNG actually supplied and paid for by FortisBC during such period, multiplied by the Midstream Fee Rate.

SCHEDULE C
Compression Site Layout



SCHEDULE D
Decompression Site Layout

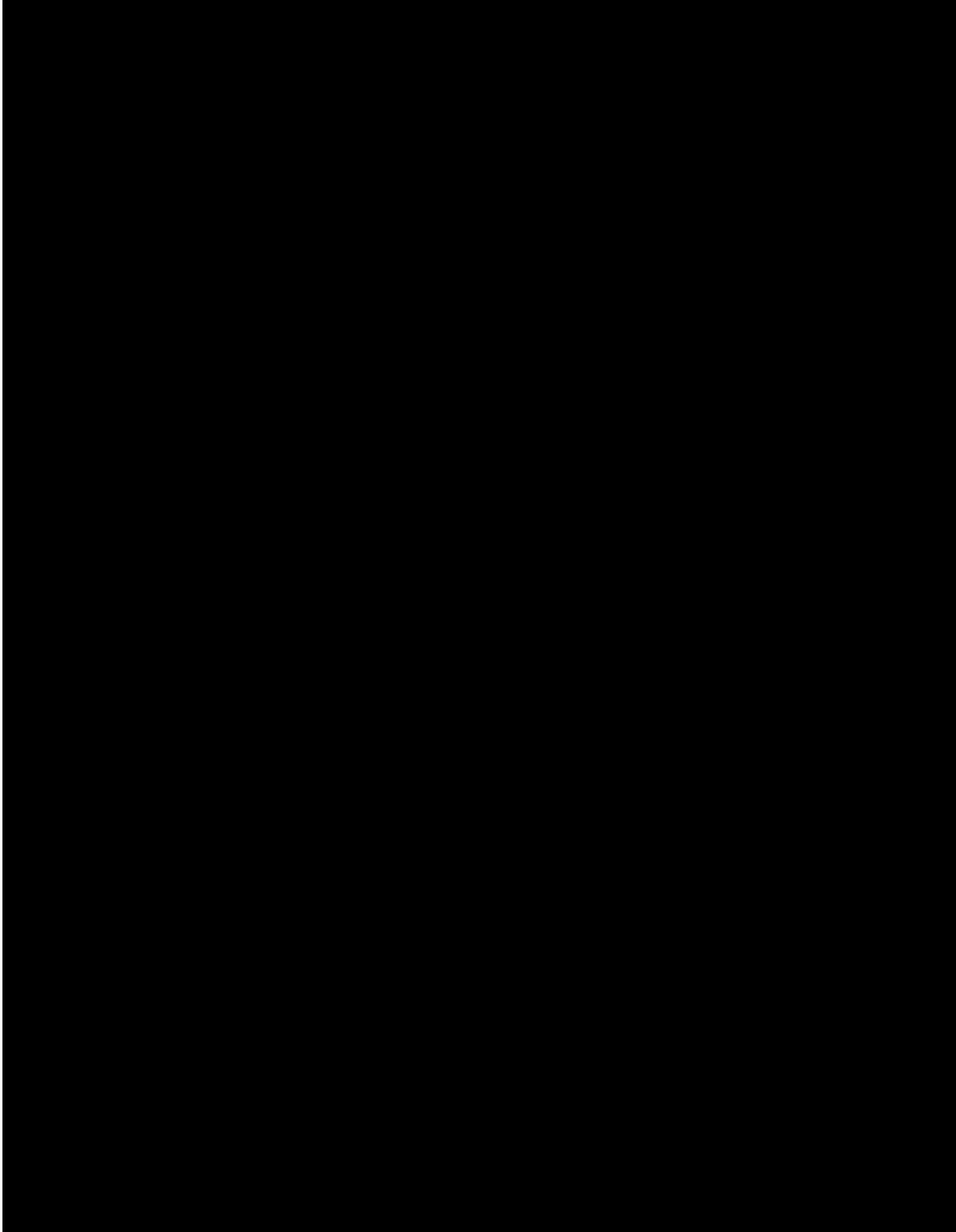


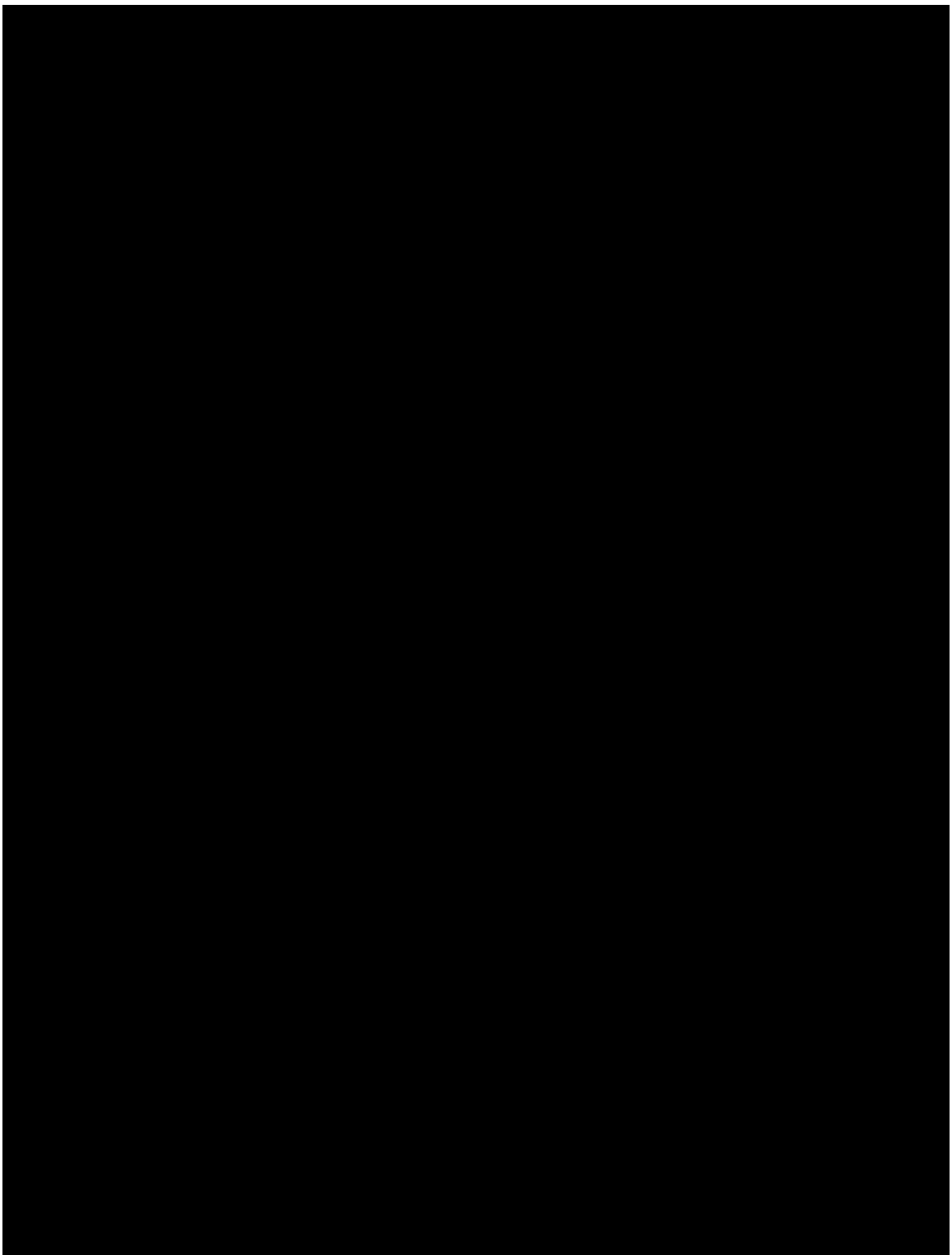
SCHEDULE E
FortisBC Biomethane Specification

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 FortisBC and which are not injurious to pipelines or do not interfere with the transmission or commercial utilization of the gas, as determined by FortisBC. Despite the foregoing, the Biomethane may contain the following properties / contaminants within the limits shown in the table below:

| PROPERTY/ CONTAMINANT | LIMITS |
|--------------------------------------|---|
| 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 |
| 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 | 49°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% volume |
| Ammonia (NH ₃) | Less than 3 mg/m ³ |
| Bacteria and pathogens | Impurity filter (0.3 to 5 microns) |

SCHEDULE F
Insurance Certificate







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 Quadrogen Power Systems Inc.

BEFORE:

[Panel Chair]
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

- A. On August 13, 2020, pursuant to section 71 of the *Utilities Commission Act* (UCA) and the British Columbia Utilities Commission (BCUC) Rules for Natural Gas Energy Supply Contracts (Rules), FortisBC Energy Inc. (FEI) filed with the BCUC an application for acceptance of a Biomethane Purchase Agreement (BPA) between FEI and Quadrogen Power Systems Inc. (Quadrogen) for a renewable natural gas (RNG) project (Application);
- B. Section 18(1) of the *Clean Energy Act* (CEA) defines a prescribed undertaking as “...a project or program, contract or expenditure that is in a class of projects, programs, contracts or expenditures prescribed for the purpose of reducing greenhouse gas emissions in British Columbia.”;
- C. 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.”;
- D. Section 2(3.8) of the *Greenhouse Gas Reduction (Clean Energy) Regulation* (GGRR) states that the acquisition of RNG is a prescribed undertaking subject to:
 - 1. the public utility paying no more than \$30 per gigajoule (GJ); and
 - 2. 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.;
- E. The BCUC has not reviewed the Application from a public interest perspective as it is a prescribed undertaking under section 18(1) of the CEA;

- F. FEI requests that the redacted portions of the Application and certain appendices be kept confidential due to their commercially sensitive nature; and
- G. The BCUC has reviewed the Application and considers the following determinations are warranted.

NOW THEREFORE pursuant to section 71 of the UCA, the Rules and section 18 of the CEA, the BCUC orders as follows:

1. The BCUC accepts for filing the BPA between FEI and Quadrogen.
2. 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