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January 28, 2021

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
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Attention: Ms. Marija Tresoglavic, Acting Commission Secretary

Dear Ms. Tresoglavic:

Re: FortisBC Energy Inc. (FEI)

Biomethane Energy Recovery Charge (BERC) Rate Methodology – British Columbia Utilities Commission (BCUC) Decision and Order G-133-16 (BERC Decision) Compliance Filing – BERC Rate Assessment Report

FEI Reply on Process Alternatives

FEI writes to provide its reply to intervener submissions on process alternatives in accordance with BCUC Order G-301-20.

FEI has reviewed the four intervener submissions on process alternatives filed by the B.C. Sustainable Energy Association (BCSEA)¹, the Movement of United Professionals (MoveUP)², the Commercial Energy Consumers Association of British Columbia (CEC)³, and the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre (BCOAPO)⁴.

All Intervenors Support Alternative 2

All four intervenors support or favor Alternative 2, as set out in Order G-301-20, which is to establish a regulatory review process, consisting of two stages, or two separate processes, as presented by FEI in its letter dated November 17, 2020 (Exhibit B-2). Each intervener submission notes that for regulatory efficiency, the first stage of the process should be the review of the BERC Rate Assessment Report, with any relevant insights, outcome, or information being incorporated in the comprehensive review of the RNG Program.

¹ BCSEA Submission (Exhibit C1-2).

² MoveUP Submission (Exhibit C2-2).

³ CEC Submission (Exhibit C3-2).

⁴ BCOAPO Submission (Exhibit C4-2).

Stage One Review Should Not Aim to Redesign BERC Rate

BCSEA and CEC both indicate that the BERC Rate Assessment Report does not provide the foundation or evidentiary basis for commenting more broadly on the RNG Program.⁵ However, CEC “recommends that the BERC rate methodology review be concluded before new customers are added in 2021”⁶ and submits that it expects the BERC Rate Assessment Report review would allow for potential modifications to the BERC Rate methodology.⁷

FEI expects that the BCUC will undertake the review of the BERC Rate Assessment Report shortly, however, FEI does not believe that the review needs to be completed prior to FEI reopening the RNG Program to new subscribers once additional supply becomes available. In FEI’s view, the stage one review is unlikely to yield enough information on how or at what level to set a new BERC rate. As identified by BCSEA, it could be problematic to modify the BERC rate methodology in isolation and “it would be preferable to have FEI complete a comprehensive review of the RNG Program, formulate proposed changes, and then file the proposed changes with the BCUC for examination in a second stage (or new) proceeding.”⁸ FEI agrees, and expects that any redesign of the BERC rate would be part of the second stage review, which would take into account any findings from the BCUC coming out of the stage one review. FEI submits that this is the most reasonable course as it would be inefficient to re-design the BERC rate twice.

Premature to Set a Deadline for Stage Two

The RNG program is an important component of FEI’s commitment to climate action, and implementing a rate structure that will serve customers’ energy needs while aligning with climate objectives is key. As such, FEI is motivated to work expeditiously and thoughtfully as it develops its application to the BCUC. However, this process will take time and includes factors that are not in FEI’s direct control including but not limited to provincial and municipal policy objectives and any associated legislative or regulatory changes as noted below. FEI submits that it would be premature at this time to “establish a final date by which the comprehensive review should be complete,” as recommended by CEC.⁹

MoveUP, CEC and BCOAPO all mention the importance of the province’s evolving climate objectives and policy and the role FEI’s RNG Program can play in the province’s response to the climate crisis.¹⁰ CEC states that it “expects that a comprehensive review of the RNG program will be an important document in the future of natural gas and clean energy for the province, and should be provided with adequate time for information gathering and assessment.”¹¹

FEI agrees that the RNG Program will play a significant role in helping the province meet its climate action plan and achieving CleanBC’s 15 percent renewable gas target. FEI also

⁵ BCSEA Submission, p. 2; CEC Submission, p. 2.

⁶ CEC Submission, PDF p. 4.

⁷ CEC Submission, PDF p. 4.

⁸ BCSEA Submission, p. 2.

⁹ CEC Submission, PDF p. 4.

¹⁰ MoveUP Submission, p. 2;

¹¹ CEC Submission, PDF p. 4.

agrees that adequate time for information gathering and assessment is critical and needs to take into account some of the issues noted in FEI's November 17, 2020 letter, such as the evolving policy and legislative environment and any changes that may take place, and the time needed to complete the necessary research, analysis, and consultation and engagement activities that will inform proposals for changes to the RNG Program. In addition, FEI will require time to prepare and file the resulting Application with the BCUC.

Given that many of the activities FEI needs to undertake involve other parties, consultants, and stakeholders, the timeline is not within FEI's direct control. FEI, therefore, submits that it would not be reasonable for the BCUC to "establish a final date by which the comprehensive review should be complete," as recommended by CEC.¹²

FEI is motivated to move forward with its comprehensive review expeditiously and, to keep the BCUC and interveners informed of its progress, FEI has proposed to provide a status update on or before June 30, 2021, which will include expected timing for the upcoming application, currently anticipated to be later in 2021.

Conclusion

In conclusion, all intervener submissions support Alternative 2, to first undertake a review of the BERC Rate Assessment Report, which will allow FEI to incorporate consideration of any relevant insights, information or outcomes in its comprehensive review of the RNG Program, formulate proposed changes, and then file an Application with the BCUC for examination in a subsequent proceeding. As noted in FEI's November 17, 2020 letter, the timing for the subsequent process to review an Application for changes to the RNG Program will be dependent upon the progress of FEI's comprehensive review. As a result, FEI proposes to provide the BCUC and interveners with a status update on or before June 30, 2021, which will include expected timing for the upcoming application.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

cc (email only): Registered Intervenors

¹² CEC Submission, PDF p. 4.