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April 14, 2021

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

Attention: Mr. Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

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

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

**Filing of Amending Agreements No. 2 and No. 3 to the Biomethane Purchase Agreement between FEI and Greater Vancouver Sewerage and Drainage District (Metro Vancouver)**

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FEI hereby files for acceptance by the BCUC, in accordance with section 71 of the UCA and the BCUC's Rules for Natural Gas Energy Supply Contracts, the attached fully executed copies of the Second Amending Agreement to the Biomethane Purchase Agreement (BPA) between FEI and Metro Vancouver, dated August 27, 2015 (Amending Agreement No. 2) and the Third Amending Agreement to the BPA between FEI and Metro Vancouver, dated February 22, 2021 (Amending Agreement No. 3). Copies of Amending Agreement No. 2 and Amending Agreement No. 3 are provided in Appendices A and B, respectively.

Amending Agreement No. 2 changes the terms of the BPA between FEI and Metro Vancouver by removing reference to "micro sludge" technology, which is no longer available as the provider of the technology became insolvent.

Amending Agreement No. 3 changes the terms of the BPA between FEI and Metro Vancouver in four respects:

- It resets the term of the BPA, extending it for another 20 years;
- It changes the volumes to better align with actual and forecast volumes;
- It increases the base rate for the purchase of biomethane to enable Metro Vancouver to increase the amount of biomethane produced; and
- It enables FEI to recover costs in the event of default from Metro Vancouver.

Under the Metro Vancouver BPA, Metro Vancouver will supply biomethane (Renewable Natural Gas or RNG)<sup>1</sup> to FEI for injection into FEI's existing natural gas system. In order to monitor the quantity and quality of the biomethane supplied to FEI from Metro Vancouver, and to inject the supplied biomethane into FEI's pipeline, FEI has constructed, owns, and operates an interconnection station and interconnection pipeline (collectively, the FEI Facilities). Collectively, the Metro Vancouver BPA and the FEI Facilities will be referred to as the Project.

The acquisition of biomethane (or RNG) in the Metro Vancouver 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).

### **Confidentiality Request**

The Metro Vancouver 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 version of the Amending Agreement No. 2 attached as Appendix A, Amending Agreement No. 3 attached as Appendix B, and the confidential financial schedules attached as Appendix C, be treated as confidential by the BCUC, pursuant to section 71(5) of the UCA, Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents adopted by Order G-15-19, and Section 6.0 of the Rules for Natural Gas Energy Supply Contracts. FEI believes this will ensure that market sensitive information is protected, preserving 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.

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<sup>1</sup> 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.

(3.8) The public utility acquires renewable natural gas

- (a) for which the public utility pays no more than \$30 per GJ [gigajoule], and
- (b) that, subject to subsection (3.9), in a calendar year, does not exceed 5% of the total volume of natural gas provided by the public utility to its non-bypass customers in 2015.

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

The BCUC in its Decision and Order G-122-19<sup>3</sup> determined that for a project to qualify as a prescribed undertaking under section 2(3.8) of the GGRR, it must satisfy the following three-part test:

- The public utility must be acquiring renewable natural gas (as opposed to some other form of commodity);
- The utility must pay no more than \$30 per GJ for that renewable natural gas; and
- Subject to certain exceptions, the annual volume of renewable natural gas acquired must not exceed 5% of the total volume of natural gas the utility provided to its non-bypass customers in 2015.<sup>4</sup>

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

- FEI is acquiring RNG through the Metro Vancouver BPA;
- The acquisition price for RNG in the Metro Vancouver BPA is below the \$30 per GJ maximum acquisition price in section 2(3.8)(a) of the GGRR. The terms of the Metro Vancouver BPA dictate that the maximum price payable by FEI to Metro Vancouver for finished biomethane cannot exceed the GGRR maximum acquisition cost; and
- The combined total volume of RNG is below the calculated maximum volume set out in section 2(3.8)(b) in the GGRR for FEI of approximately 8,900,000 GJs. The contractual maximum volume of RNG under the Metro Vancouver BPA is [REDACTED] GJs; however, [REDACTED] GJs is already accounted for under the original BPA. This means Amending Agreement No. 3 will add an additional [REDACTED] GJs annually. The current maximum supply contracted by FEI totals [REDACTED] GJs annually. The total maximum contracted RNG volume, if the Metro Vancouver BPA is accepted, would be [REDACTED] GJs annually, which is below the maximum volume under the GGRR.

<sup>2</sup> In the Matter of FEI's Application for Acceptance of the Biogas Purchase Agreement between FEI and the City of Vancouver, Exhibit C1-2.

<sup>3</sup> In the Matter of FEI's Application for Acceptance of the Biogas Purchase Agreement between FEI and the City of Vancouver.

<sup>4</sup> Decision and Order G-122-19, page 8.

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

FEI submits that satisfying the GGRR's three-part test is sufficient to determine that the Metro Vancouver BPA is a prescribed undertaking.

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

## 2. PROJECT OVERVIEW

This section provides a high-level overview of the Project that will supply finished biomethane to FEI.

### 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**

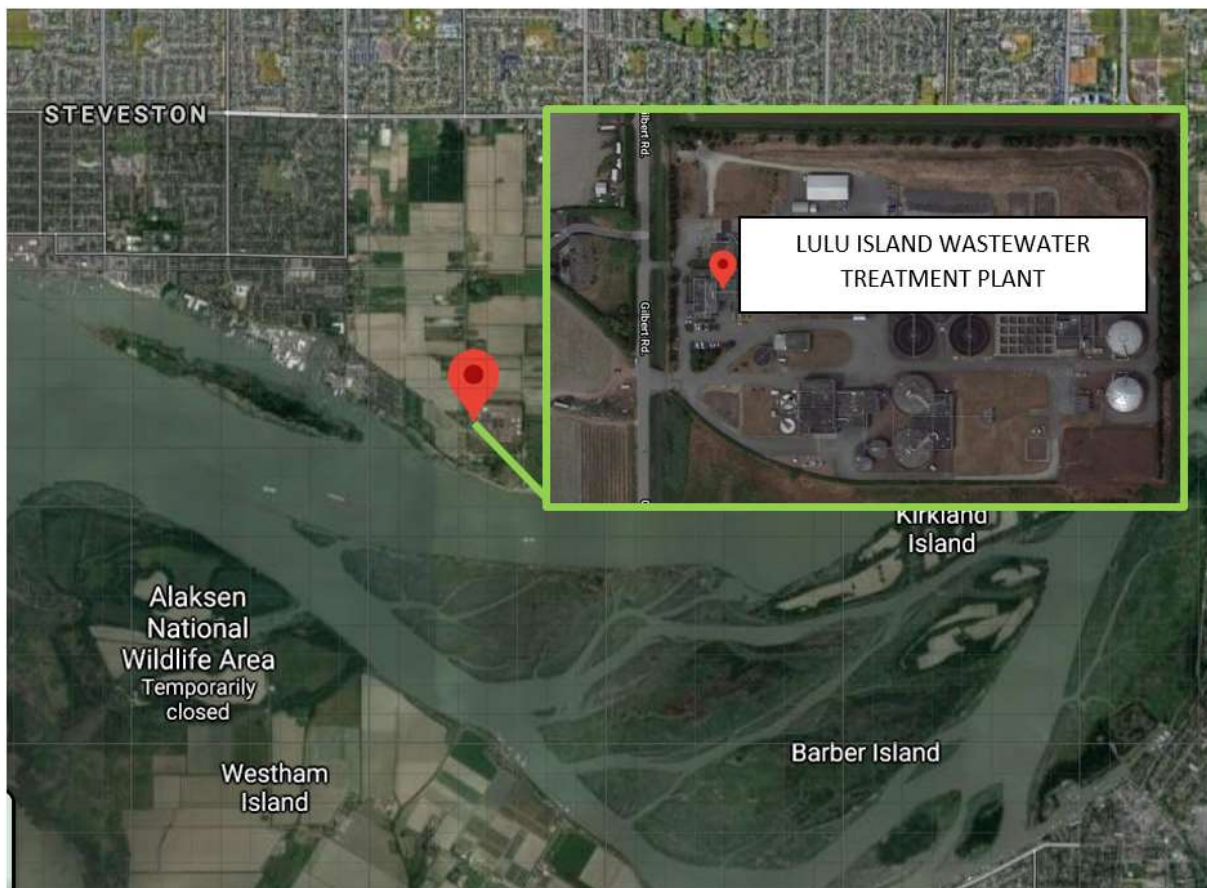
Project Characteristic	Description
Is FEI acquiring biogas or biomethane?	Yes - FEI is purchasing finished biomethane from Metro Vancouver
Is FEI making a capital investment?	Yes – FEI has made a capital investment of approximately \$1.3 million.
Are the costs of the capital investment recovered from the producer (if applicable)?	No. FEI has made a capital investment in the interconnection station and pipe (the FEI facilities).
Does the price to acquire biomethane (including any capital or operating costs incurred by FEI) exceed the \$30 per GJ maximum price at any time during the Project term?	No – Schedule C of the Metro Vancouver BPA stipulates that the Maximum Price payable to Metro Vancouver including the cost of the FEI facilities for RNG cannot exceed the GGRR Threshold (currently set at \$30 per GJ)
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 PROJECT LOCATION AND FACILITIES

Metro Vancouver owns and operates an existing wastewater treatment facility, which includes anaerobic digesters, located in Richmond, BC (see Figure 1). The plant has been operating since 1973, and processes wastewater from the Richmond, BC area. Biogas,

produced as a byproduct of the water treatment process, was previously flared. Metro Vancouver has recently constructed a biogas upgrading facility located on the existing wastewater treatment plant property which will allow it to produce pipeline quality RNG. Metro Vancouver anticipates fully commissioning the biogas facility before summer of 2021 and the RNG produced there can then be injected into FEI's distribution system.

**Figure 1: Metro Vancouver Wastewater Treatment Plant Location**



## **2.3 PROJECT HISTORY AND SUMMARY OF AMENDMENTS**

The Original Agreement between FEI and Metro Vancouver was accepted under section 71 of the UCA by Order E-13-13, dated September 30, 2013.<sup>5</sup> FEI's capital expenditures on the interconnection facilities were accepted by Order G-175-13, dated October 24, 2013.<sup>6</sup>

FEI entered into an initial amending agreement (Amending Agreement No. 1) dated November 12, 2013, which changed the Original Agreement in two ways:

<sup>5</sup> Available on the BCUC's website here: [https://www.bcuc.com/Documents/Proceedings/2013/DOC\\_35902\\_E-13-13\\_FEI\\_GVSDD%20Biomethane%20Purchase%20Agreement.pdf](https://www.bcuc.com/Documents/Proceedings/2013/DOC_35902_E-13-13_FEI_GVSDD%20Biomethane%20Purchase%20Agreement.pdf).

<sup>6</sup> Available on the BCUC's website here: <https://www.ordersdecisions.bcuc.com/bcuc/orders/en/118700/1/document.do>.



- Amended section 8.1 to extend the timeframe for Metro Vancouver to receive funding for the Project from 45 days to 120 days.
- Amended Schedule C to fix a typographical inconsistency and confirmed the negotiated purchase price inflation was [REDACTED] percent annually. The inflation was limited to the then maximum BCUC approved rate.

Amending Agreement No. 1 has been superseded by Amending Agreement No. 3, which deletes section 8.1 and replaces Schedule C in their entirety. Amending Agreement No. 1 is attached as Appendix D. As Amending Agreement No. 1 has been superseded by subsequent amendments, the need for any acceptance under section 71 of the UCA is moot.

Amending Agreement No. 2 dated August 27, 2015 changed the Original Agreement in two ways:

- Removed reference to “micro sludge” equipment from section 3.1, as it is no longer relevant. The “micro-sludge” equipment is no longer available because the provider, Paradigm Environmental, became insolvent. As the technology was no longer available, it was removed from the agreement.
- Replaced Schedule C, Purchase Price and adjustments, in its entirety. The price was simplified (but not increased) by removing language associated with adjusting the price based on capital cost. This was also necessary due to the change in the project structure related to the removal of the micro-sludge equipment. Restructuring the project by MetroVancouver required changes to the estimated capital cost and it was agreed upon reflection that a simpler pricing mechanism was a benefit.

As Amending Agreement No. 3 replaces Schedule C in its entirety, the only remaining effect of Amending Agreement No. 2 is the removal of the reference to “micro sludge” equipment from section 3.1. Due to an oversight, FEI did not seek BCUC acceptance of Amending Agreement No. 2 at the time it was executed. However, due to delays in the Project as described below, Amending Agreement No. 2 has had no practical effect.

While the original expected in-service date for the Metro Vancouver upgrader was summer of 2015, the in-service date was delayed to the first half of 2021. According to Metro Vancouver, it experienced significant project timeline delays for two main reasons. First, the unavailable micro-sludge equipment and second, a change in design philosophy to take a more integrated operational approach. The micro-sludge equipment would have boosted biogas production and its removal changed the expected gas production, which in turn affected other equipment selection. Metro Vancouver also had difficulty with the procurement process because of its requirement to integrate its plant operating software with the biogas upgrading plant. In 2019, Metro Vancouver proceeded with the construction of the upgrading equipment and FEI subsequently began construction of the interconnection station and pipeline.

In 2020, Metro Vancouver approached FEI with new plans for the utilization of the biogas on site. Metro Vancouver had decided to dedicate more raw biogas to RNG production by making other changes to the wastewater treatment plant. Through these changes, Metro Vancouver has immediately made approximately [REDACTED] GJs more RNG available to FEI, bringing the total expected volume of the Project to [REDACTED] GJs of RNG.

Metro Vancouver is also planning an effluent heat project that will capture unused heat from treated wastewater and use it to displace heat currently provided by burning biogas generated through wastewater treatment. This will make additional biogas available for purification and sale to FEI. This project is anticipated to allow FEI to acquire an additional [REDACTED] GJs of RNG bringing the total expected volume to about [REDACTED] GJs of RNG.

To maximize the RNG available from this project, Metro Vancouver needed a higher price for the RNG in order to account for the extra capital they were required to spend to increase the volume and to replace biogas now directed to RNG production, but previously used as heat for the wastewater treatment plant.

Amendment No. 3 includes clauses to protect FEI from risks that were not previously covered in the agreement.

A summary of the changes between the Original Agreement and Amending Agreement No. 3 is provided in Table 2 below.

**Table 2: Summary of Amending Agreement No. 3.**

Original Agreement		Amending Agreement No. 3	
Article 1 Approvals	Agreement does not come into effect until regulatory approvals are received.	Article 1 Approvals	Added abbreviation for British Columbia Utilities Commission "BCUC"
Section 2.1 Term	[REDACTED]	Section 2.1 Term	[REDACTED]
Section 5.2 Biomethane Volume and Delivery Quantity	No minimum volume. Max daily: [REDACTED] GJs Maximum annual: [REDACTED] GJs	Section 5.2 Volume	Min annual: [REDACTED] GJs per year Max annual: [REDACTED] GJs per year
Section 6.1 Purchase Price	Defined start of term: "First Delivery Date"	Section 6.1 Purchase Price	Defined start of term: "In-Service Date"
Section 7.1 Offsets for Natural Gas Displacement	FEI to have GHG reduction benefits from first [REDACTED] GJs. Metro Vancouver owns GHG credits in excess of the [REDACTED] GJs.	Section 7.1 Offsets	All environmental attributes of RNG passed to FEI
Section 7.2 Verification by Metro Vancouver	Metro Vancouver required to provide data to FEI to verify the RNG is carbon neutral.	Section 7.2 Support and Assistance	Metro Vancouver must support FEI in applications to the Renewable and Low Carbon Fuel Requirements (RLCFRA)
NA	NA	Section 7.3 Reporting Requirements	Both parties must comply with reporting requirements for RLCFRA
Section 8.1 Funding	Metro Vancouver has the ability to terminate the agreement if they do not receive funding.	Section 8.1 Reserved	Section deleted in entirety. No longer relevant.
Section 10.1	In the event of termination FEI is obligated to remove above ground facilities within 90 days.	Section 10.1 Removal of Interconnection Facilities	Added language regarding FEI's standard practice for leaving underground facilities.

Original Agreement		Amending Agreement No. 3	
NA	NA	Section 10.2 Termination payment	FEI may recover net costs associated with removing interconnection facilities and the unrecovered book value of stranded assets.
Section 17.5 Notice	Contact information	Section 17.5 Notice	Contact information updated.
Schedule B Drawing of License Area and Access Area	Previous version of site layout.	Schedule B Drawing of License Area and Access Area	Updated to reflect what was actually constructed.
Schedule C Purchase Rates and Adjustments	<p>██████ per GJ for first ██████ GJs</p> <p>Natural gas commodity price for volumes in excess of ██████ GJs</p> <p>Capital Cost adjustment mechanism for Metro Vancouver</p>	Schedule C Price and Adjustments	<p>Replaced with new Purchase Price of ██████ per GJ.</p> <p>Inflation remains at ██████.</p> <p>No adjustment will be made that results in the price exceeding the regulated maximum.</p>

The amended purchase price in the Amending Agreement No. 3 plus the cost of FEI facilities (per GJ of RNG) is below the maximum acquisition price of \$30 per GJ in the GGRR. Amending Agreement No. 3 increases the maximum annual purchase volume, as noted in the table above; however, the total amount of RNG on FEI's system remains within the limit in the GGRR, as discussed below.

## 2.4 COSTS FOR FEI FACILITIES

The capital cost for the FEI Facilities is estimated at \$1.235 million. This is a combination of approximately \$0.342 million for an interconnection pipeline and \$0.893 million for an interconnection station. The total estimated capital cost including AFUDC is \$1.275 million<sup>7</sup>.

The annual O&M cost for the FEI Facilities is forecast to start at approximately \$11 thousand. This amount, based on FEI's experience with similar stations, is primarily comprised of parts, labour, and odourant.

## 2.5 COST OF SERVICE AND INCREMENTAL RATE IMPACT

The levelized cost of service associated with the Metro Vancouver BPA includes the price paid to Metro Vancouver for biomethane of ██████ per GJ escalated annually by ██████ percent per year, as specified in Schedule C, up to ██████ per GJ by the end of the term, and a levelized cost of service related to the interconnection facilities. The total levelized cost per GJ is ██████ per GJ which includes ██████ per GJ for FEI's interconnection facilities and ██████ per GJ for the cost of the biomethane purchases.

<sup>7</sup> As of March 30, 2021 most of FEI's facilities have been completed with expenditures totaling \$1.235 million.



To calculate the cost of service and incremental rate impact, FEI used an expected annual volume of [REDACTED] GJs for the duration of the Metro Vancouver BPA term. This assumption regarding volumes is based on information provided by Metro Vancouver.

The incremental rate impact associated with the Metro Vancouver BPA is the difference between the biomethane acquisition cost and the amount recovered from biomethane customers at the current Biomethane Energy Recovery Charge (BERC) rate. FEI has calculated the initial delivery rate impact to non-bypass residential customers due to the difference between costs and recoveries to be 0.083 percent or \$0.003 per GJ<sup>8</sup>, resulting in an average annual bill impact of \$0.37. This analysis is based on an average residential customer consuming 90 GJs per year.

### **3. APPROVALS SOUGHT**

In this Application, FEI respectfully seeks acceptance from the BCUC of Amendment No. 2 and Amendment No. 3 to the Metro Vancouver 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 version of Amendment No. 2 and Amendment No. 3 attached as Appendix A and B respectively, and the confidential financial schedules attached as Appendix C, be treated as confidential by the BCUC pursuant to section 71(5) of the UCA, Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents adopted by Order G-15-19, and Section 6.0 of the Rules for Natural Gas Energy Supply Contracts.

A draft form of Order sought is provided in Appendix E.

### **4. CONCLUSION**

The Project meets the requirements of the three-part test as a prescribed undertaking under the GGRR. The Project is to acquire RNG, at a maximum acquisition price not exceeding the \$30 per GJ threshold, and FEI's annual volumes of biomethane supply will remain below the maximum volume. As such, Amending Agreements No. 2 and 3 should be accepted by the BCUC under section 71 of the UCA as a prescribed undertaking under the GGRR.

Approval of Amending Agreements No. 2 and 3 will support the advancement of RNG supply from the waste water treatment sector in BC. RNG supply from the waste water treatment sector supports the reduction of greenhouse gas emissions, which is a B.C. energy objective identified in the CEA.

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<sup>8</sup> Appendix B, Schedule 12, Line 10.

If further information is required or there are 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**

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**FEI-METRO VANCOUVER BIOMETHANE PURCHASE  
AGREEMENT – AMENDING AGREEMENT NO. 2**

**AMENDING AGREEMENT TO BIOMETHANE PURCHASE AGREEMENT  
(Amendment #2)**

THIS AMENDING AGREEMENT is made as at August 27, 2015 (the "Effective Date")

BETWEEN:

**GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT ("Metro Vancouver")**  
4330 Kingsway, Burnaby, BC V5H 4G8

AND:

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

**WHEREAS:**

- A. Metro Vancouver and FEI entered into Biomethane Purchase Agreement dated October 16, 2012, as amended by amending letter agreement dated November 12, 2013 (collectively, the "Purchase Agreement");
- B. The parties wish to amend the Purchase Agreement on the terms and conditions set out in this Amending Agreement.

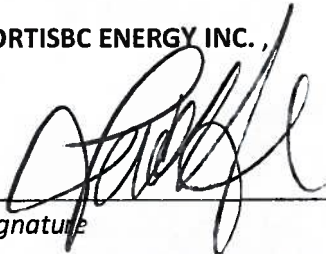
**NOW THEREFORE IN CONSIDERATION** of the promises and mutual covenants and agreements hereinafter contained and other good and valuable consideration, the parties hereto covenant and agree with each other as follows:

- 1. Metro Vancouver and FEI mutually agree to amend the Purchase Agreement in the following manner, effective as at the Effective Date:
  - (a) Delete the reference to "microsludge equipment" set out in section 3.1;
  - (b) Amend Schedule C by deleting it in its entirety and replacing it with the Schedule C attached to this Amending Agreement as Appendix I.
- 2. All other terms and conditions of the Purchase Agreement remain unchanged, including but not limited to, the volumes and quantities set out section 5.2 (*Biomethane Volume and Delivery Quantity*) and the Base Rate set out in section 1.1(a) (*Purchase Price*) of Schedule C.
- 3. The Purchase Agreement, as amended by this Amending Agreement, will remain in full force and effect and, together with this Amending Agreement, will be read and interpreted as one agreement.
- 4. This Amending Agreement may be executed and delivered in any number of counterparts with the same effect as if all parties had signed and delivered the same document and all

counterparts will be construed together to constitute one and the same agreement. A party may deliver an executed copy of this Amending Agreement in electronic form and will immediately deliver to the other party an originally executed copy of this Amending Agreement.

**IN WITNESS WHEREOF** the parties have executed this Amending Agreement as of the Effective Date.

**FORTISBC ENERGY INC.,**

  
\_\_\_\_\_  
Signature

Name: JASON WOLFE

Title: DIRECTOR, ENERGY SOLUTIONS

**GREATER VANCOUVER SEWERAGE AND DRAINAGE  
DISTRICT,**

  
\_\_\_\_\_  
Signature

Name: Carol Mason

Title: Commissioner



**APPENDIX 1**  
**SCHEDULE C**  
(attached)

**Schedule C**  
**Purchase Rates and Adjustments**

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- 1.1 **Purchase Price.** FEI shall pay Metro Vancouver for the quantity of Biomethane accepted by FEI per month commencing the First Delivery Date at the following rates, plus applicable taxes thereon:
- (a) subject to adjustment pursuant to section 1.2 of this Schedule, the rate of [REDACTED] per GJ (the "**Base Rate**") for the first [REDACTED] GJ accepted per year (the "**Base Quantity**"); and
  - (b) the rate, per GJ, for natural gas commodity pricing identified as the Sumas Monthly Index Price contained in "Inside FERC" published by Platts for the applicable month (the "**Excess Rate**") for each GJ accepted in excess of the Base Quantity.
- 1.2 **Annual Increase.** The Base Rate shall be subject to an annual increase of [REDACTED] from the previous year on 1<sup>st</sup> of November of each year of the Term beginning November 1<sup>st</sup>, in the year following the year in which the First Delivery Date occurs provided that no adjustment will be made which results in the Base Rate exceeding the then current BCUC - approved maximum rate for delivered biomethane.

**Appendix B**

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**FEI-METRO VANCOUVER BIOMETHANE PURCHASE  
AGREEMENT – AMENDING AGREEMENT NO. 3**

**AMENDING AGREEMENT TO BIOMETHANE PURCHASE AGREEMENT  
(Amendment #3)**

THIS AMENDING AGREEMENT is made as at Feb. 22, 2021 (the "Effective Date").

BETWEEN:

**FORTISBC ENERGY INC.**  
16705 Fraser Highway, Surrey, BC V4N E08

("FEI")

AND:

**GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT**  
4730 Kingsway, Burnaby, BC V5H 0C6

("Metro Vancouver")

WHEREAS:

- A. Metro Vancouver and FEI entered into the Biomethane Purchase Agreement dated October 16, 2012, as amended pursuant to an amending letter agreement dated November 12, 2013, and as further amended pursuant to an amending agreement dated August 27, 2015 (collectively, the "**Purchase Agreement**"); and
- B. The parties wish to further amend the Purchase Agreement on the terms and conditions set out in this Amending Agreement.

NOW THEREFORE IN CONSIDERATION of the mutual premises, terms and conditions hereinafter contained (the receipt and sufficiency of which are hereby acknowledged), the parties agree as follows:

**1. AMENDMENTS TO PURCHASE AGREEMENT**

1.1 As of the Effective Date, the Purchase Agreement is amended as follows:

(a) Article 1 is deleted in its entirety and replaced with the following:

- 1.1 **Approvals.** This Agreement will not come into effect and does not bind the parties until FEI has obtained the necessary approvals for this Agreement of all regulatory or other applicable governmental authorities having jurisdiction, including the

British Columbia Utilities Commission ("**BCUC**"), on terms and conditions which are satisfactory to FEI and Metro Vancouver.

(b) Section 2.1 is deleted in its entirety and replaced with the following:

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

- (a) the business day after FEI has accepted at least 30 gigajoules ("**GJ**") of Biomethane per day for seven (7) consecutive days; or
- (b) the business day after FEI has accepted Biomethane for a cumulative period of thirty (30) days.

(c) Section 5.2 is deleted in its entirety and replaced with the following:

5.2 **Biomethane Volume and Delivery Quantity.** The parties expect the volume of Biomethane produced by the Metro Vancouver Facilities to be up to approximately [REDACTED] GJ per year over the Term. Subject to Section 5.3, Metro Vancouver agrees to sell the Biomethane to FEI in the following quantities, as measured by equipment forming part of the Interconnection Facilities:

- (a) Minimum Yearly Delivery – [REDACTED] GJ per year;
- (b) Maximum Yearly Delivery – [REDACTED] GJ per year; and
- (c) Maximum Daily Delivery as follows:
  - (i) Summer term (for the months of June, July and August) – [REDACTED] GJ per day. For times between 8:00 pm and 6:00 am during these months, flow may be restricted to a rate equal to [REDACTED] GJ per hour;
  - (ii) Winter term (for the months of December, January and February) – [REDACTED] GJ per day; and
  - (iii) At all other times – [REDACTED] GJ per day.

FEI will be responsible for measurement of Biomethane flow and the calculation of energy delivered for the purpose of determining delivery quantities.



(d) Section 6.1 is amended by deleting the language in strikethrough and adding the underlined language as follows:

6.1 **Purchase Price.** Commencing from the ~~First Delivery Date~~ In-Service Date, FEI shall pay Metro Vancouver for the quantity of Biomethane delivered to the Interconnection Facilities and accepted by FEI, as determined by meter readings, at the rates and subject to the adjustments set out in Schedule C. Metro Vancouver shall not be entitled to receive any payment from FEI for any Biomethane which does not meet the Specifications.

(e) Section 7.1 is deleted in its entirety and replaced with the following:

7.1 **Offsets.** The parties agree FEI shall have the sole right, benefit, title and interest in and to the environmental benefits associated with, arising out of or resulting from the capture of and purification of biogas to produce Biomethane by the Metro Vancouver Facilities and the displacement of traditional natural gas by Biomethane in FEI's natural gas distribution system ("**GHG Reductions**"), whether such right, benefit, title or interest is in existence as of the Effective Date or arises thereafter, including:

- (a) the sole right to claim title to, interest in, the benefit of or the responsibility for the GHG Reductions;
- (b) the sole right to register, certify or apply for the issuance or validation of any current or future credits, allowance, instrument, offset, certificate, right, benefit or advantage or proprietary or contractual right, whether or not tradable, (a "**Credit**") associated with the GHG Reductions;
- (c) the sole right to hold and to transfer or assign to any person its title to, benefit of or responsibility for the GHG Reductions or the associated Credits;
- (d) the sole right to apply the GHG Reductions against its own or a third party's greenhouse gas emissions or to net those emissions to zero, whether or not as part of a legal obligation to reduce greenhouse gas emissions; and
- (e) all revenues, entitlement, benefits and other proceeds arising from or related to the foregoing;

(collectively, the "**Environmental Attributes**").

(f) Section 7.2 is deleted in its entirety and replaced with the following:

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

- (a) the quantification and verification of the carbon intensity of the Biomethane produced at the Metro Vancouver Facilities; and
- (b) authorization enabling FEI to apply on Metro Vancouver's behalf for designation as a Part 3 fuel supplier with respect to resulting Biomethane for the purposes of the *Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act* [SBC 2008] Chapter 16 ("**RLCFRA**").

The carbon intensity shall be calculated in accordance with the requirements of the government of British Columbia as set out in section 6(6) of the RLCFRA and shall be certified by Metro Vancouver's chief administrative officer.

**7.3 Reporting Requirements.** Subject to Section 7.1 [*Offsets*], each party shall be responsible for complying with the reporting requirements of all applicable environmental laws with respect to emissions from their respective facilities.

(g) Section 8.1 is deleted in its entirety and replaced with the following:

**8.1 [Reserved]**

(h) Section 10.1 is deleted in its entirety and replaced with the following:

**10.1 Removal of Interconnection Facilities.** Upon the expiry or early termination of this Agreement, unless otherwise agreed by the parties, FEI will, within 90 days following the expiry date of the Term or termination date, as the case may be, remove the Interconnection Facilities from the Lands and repair any damage to the Lands arising from such removal, or if requested by Metro Vancouver at such time, restore the Lands to the same condition as prior to the installation of the Interconnection Facilities to the reasonable satisfaction of Metro Vancouver provided such restoration is commercially reasonable and feasible; provided that FEI will be obligated to remove only those portions of the Interconnection Facilities located above surface level and may leave any un-removed portions in a safe manner in accordance with FEI standard practice and to the satisfaction of Metro Vancouver, acting reasonably. Any portion of the Interconnection Facilities not removed by FEI will become the property of Metro Vancouver at no cost to Metro Vancouver.

10.2 **Termination Payment.** If FEI terminates this Agreement pursuant to Section 9.2(c) as a result of the default of Metro Vancouver, then, in addition to any other amounts due and owing by Metro Vancouver to FEI, Metro Vancouver shall pay to FEI, within thirty (30) days of invoicing, the following amounts (plus applicable taxes thereon):

- (a) FEI's net costs associated with removing the Interconnection Facilities; and
- (b) the unrecovered net book value of the Interconnection Facilities that will be stranded, adjusted for the positive or negative salvage value of the Interconnection Facilities.

(i) Section 17.5 is deleted in its entirety and replaced with the following:

17.5 **Notice.** Any invoices, payments, notices or other communication required to be given or made pursuant to the Agreement shall, unless otherwise expressly provided herein, be in writing and shall be personally delivered to or sent by electronic transmission to either party at its address set forth below (or at such other address as designated by the receiving party in writing) and deemed to have been received the next business day following delivery or electronic transmission:

If to: **FortisBC Energy Inc.**  
16705 Fraser Highway, Surrey, BC  
V4N 0E8  
  
Attention: Joe Mazza, VP Energy Supply & Resource  
Development  
Email: joe.mazza@fortisbc.com  
With a copy to:  
scott.gramm@fortisBC.com

If to: **Greater Vancouver Sewerage and Drainage District**  
4730 Kingsway, Burnaby, BC  
V5H 0C8  
  
Attention: Jeff Carmichael,  
Division Manager, Business Development  
Email: jeff.carmichael@metrovanancouver.org

- (j) Schedule B is deleted in its entirety and replaced with the Schedule B attached hereto as Appendix I.
- (k) Schedule C is deleted in its entirety and replaced with the Schedule C attached hereto as Appendix II.

## **2. GENERAL PROVISIONS**

- 2.1 All capitalized terms used in this Amending Agreement and not otherwise defined herein shall have the respective meanings ascribed to them in the Purchase Agreement, unless the context otherwise requires or unless otherwise stated herein.
- 2.2 Except as set forth in this Amending Agreement, the terms and provisions of the Purchase Agreement are unaffected and shall continue in full force and effect and are hereby ratified and confirmed by the parties. Without limiting the generality of the foregoing, the amendments contained herein will not be construed as an amendment to or waiver of any other provision of the Purchase Agreement or as a waiver of or consent to any further or future action on the part of either party that would require the waiver or consent of the other party. On and after the Effective Date, each reference in the Purchase Agreement to "this Agreement", "the Agreement", "hereunder", "herein", or words of like import, will mean and be a reference to the Purchase Agreement as amended by this Amending Agreement. If there is a conflict between this Amending Agreement and the Purchase Agreement, the terms of this Amending Agreement will prevail.
- 2.3 This Amending Agreement may be executed in counterparts, each of which will be deemed to be an original and all of which taken together will be deemed to constitute one and the same instrument. Delivery of an executed signature page to this Amending Agreement by a party by electronic transmission will be as effective as delivery of a manually executed copy of this Amending Agreement by such party.

**[Signature Page Follows]**

**IN WITNESS WHEREOF** the parties have executed this Amending Agreement as of the Effective Date.

**FORTISBC ENERGY INC.**

by its authorized signatory:

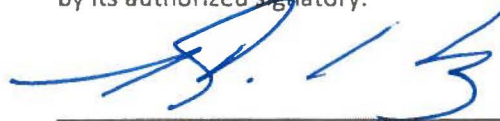


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Name: Roger Dall'Antonia  
Title: President & CEO

**GREATER VANCOUVER SEWERAGE AND  
DRAINAGE DISTRICT**

by its authorized signatory:



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Name: Jerry W. Dobrovlny, P.Eng., MBA  
Title: Commissioner

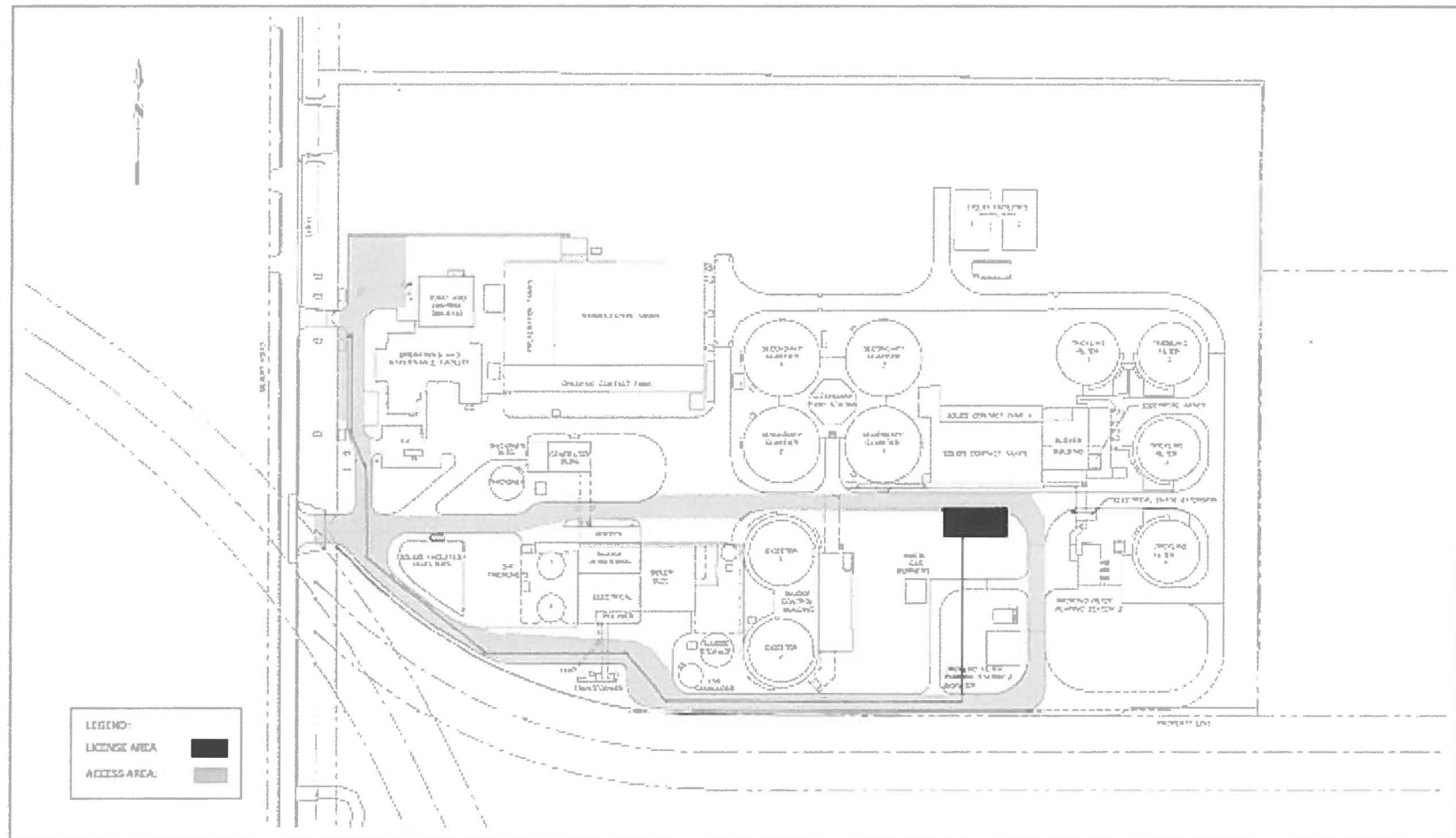


**APPENDIX I**  
**SCHEDULE B**

(See Attached)

### Drawing of License Area and Access Area

### Drawing of License Area and Access Area



**APPENDIX II**

**SCHEDULE C**

(See Attached)

## Schedule C

### Purchase Rates and Adjustments

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#### 1. PRICE AND ADJUSTMENTS

- 1.1. **Purchase Price.** FEI shall pay Metro Vancouver for the quantity of Biomethane accepted by FEI per month, commencing from the In-Service Date, at the following rate, subject to annual adjustment pursuant to Section 1.2 (*Annual Adjustment*) of this Schedule, plus applicable taxes thereon:

██████ per GJ (the "Base Rate").

- 1.2. **Annual Adjustment.** Subject to Section 1.3 (*Maximum Rate*) of this Schedule, the Base Rate shall be subject to an annual increase of ██████████ from the previous Base Rate effective November 1<sup>st</sup> of each year, commencing from the November 1<sup>st</sup> occurring after the first anniversary of the In-Service Date.

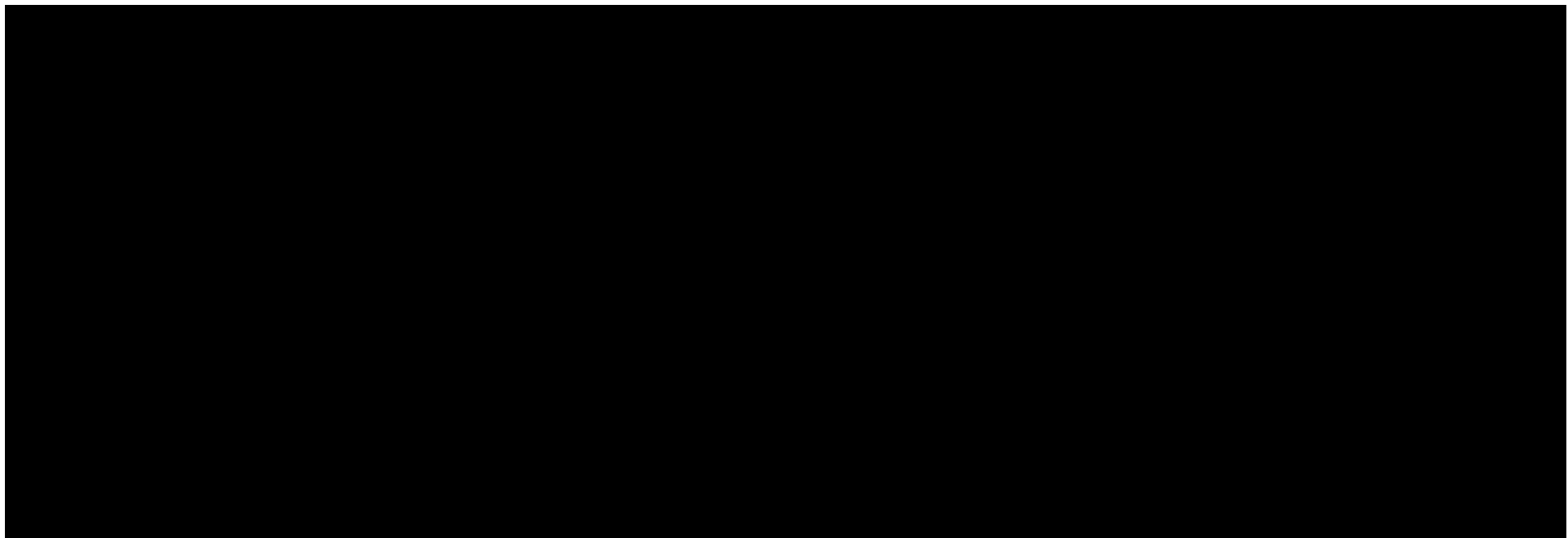
- 1.3. **Maximum Rate.** No adjustment will be made which results in the applicable rate payable by FEI exceeding the applicable of:

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

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**Appendix C**  
**FINANCIAL SCHEDULES**

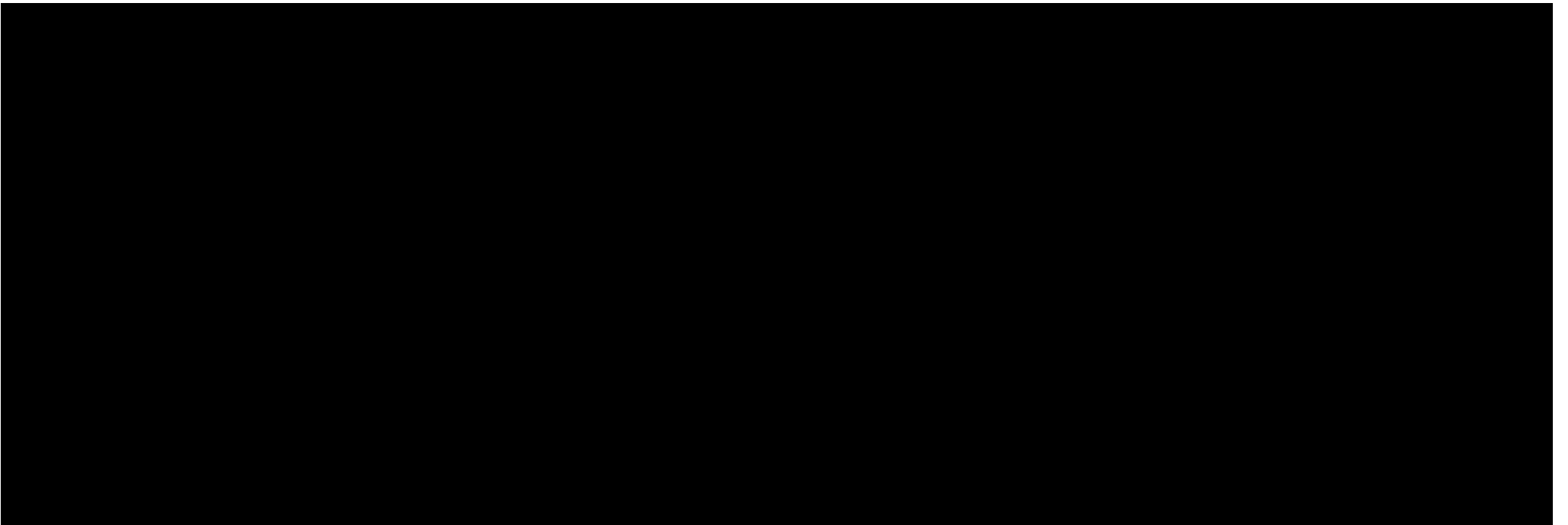
**FILED CONFIDENTIALY**

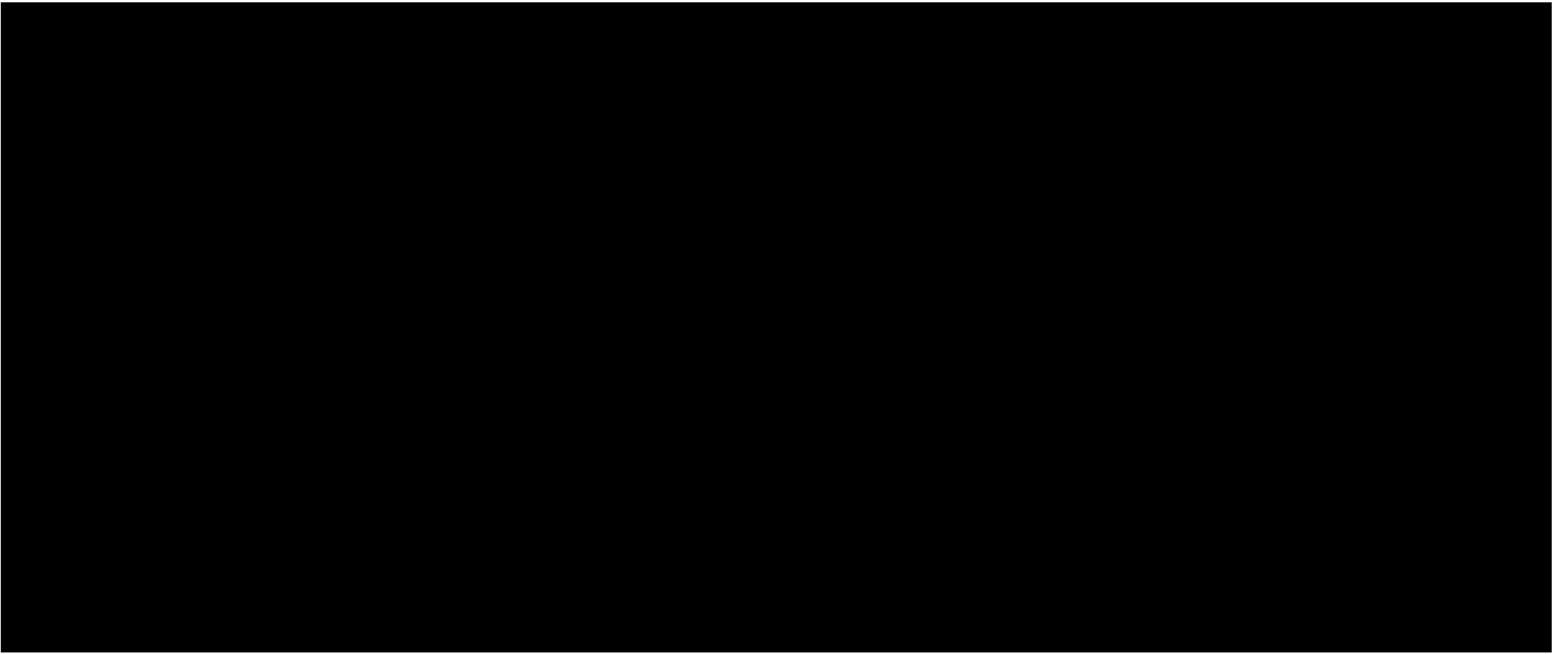


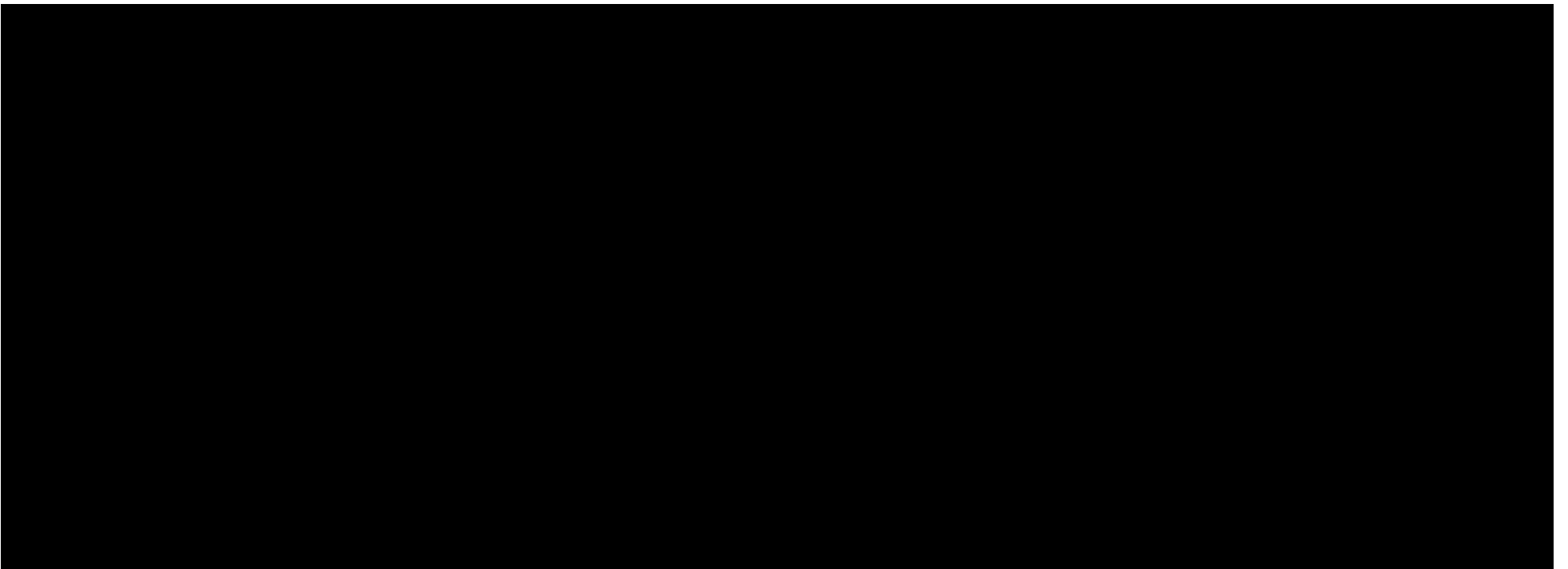


























**Appendix D**

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**FEI-METRO VANCOUVER BIOMETHANE PURCHASE  
AGREEMENT – AMENDING AGREEMENT NO. 1**



16705 Fraser Highway  
Surrey, British Columbia, V4N 0E8  
[www.fortisbc.com](http://www.fortisbc.com)

CONFIDENTIAL  
November 12, 2013

**GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT**  
4330 Kingsway  
Burnaby, BC V5H 4G8

Attention: Jeff Carmichael,  
Division Manager, Utility Research & Opportunity Projects

Dear Dr. Carmichael,

**Re: Biomethane Purchase Agreement (the "Agreement") dated October 16, 2012 between GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT ("Metro Vancouver") and FORTISBC ENERGY INC. ("FEI")**

Metro Vancouver and FEI mutually agree to amend the Agreement in the following manner, effective the date of this Amending Letter Agreement (the "**Effective Date**"): 120 

1. Extend the timeframe set out in section 8.1 for an additional 30 days from 45 days to ~~75~~ <sup>120</sup> days.
2. Amend section 1.4 of Schedule C by deleting it in its entirety and replacing it with the following section 1.4:

1.4 **Annual Increase.** The Base Rate shall be subject to an annual increase of [REDACTED] from the previous year on 1<sup>st</sup> of November of each year of the Term beginning November 1, 2013; provided that no adjustment will be made which results in the Base Rate exceeding the then current BCUC - approved maximum rate for delivered biomethane.

All other terms and conditions of the Agreement remain unchanged.

The Agreement, as amended by this Amending Letter Agreement, will remain in full force and effect and, together with this Amending Letter Agreement, will be read and interpreted as one agreement.

If you agree to the foregoing amendment(s), please sign and return a copy of this Amending Letter Agreement to me as soon as possible. If you have any questions, please do not hesitate to contact me.

Yours truly,

**FORTISBC ENERGY INC.**

  
Doug Stout  
VP Energy Solutions and External Relations

**AGREED TO AND ACCEPTED** effective November 12, 2013.

**GREATER VANCOUVER SEWERAGE AND DRAINAGE DISTRICT**, by its authorized signatory:

  
Carol Mason  
Commissioner



**ORDER NUMBER**

E-xx-xx

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

and

FortisBC Energy Inc.

Section 71 Filing of a Biomethane Purchase Agreement (BPA) between FEI and Greater Vancouver Sewerage and  
Drainage District (Metro Vancouver)

**BEFORE:**

[Panel Chair]  
Commissioner  
Commissioner

on Date

**ORDER**

**WHEREAS:**

- A. On April 14, 2021, 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) applied to the BCUC seeking acceptance for an Amending Agreement No. 2 and Amending Agreement No. 3 (Amending Agreements) to the Biomethane Purchase Agreement (BPA) between FEI and Greater Vancouver Sewerage and Drainage District (Metro Vancouver) (Application);
- B. By way of Order E-13-13, dated September 30, 2013, the BCUC accepted the BPA between FEI and Metro Vancouver, and by way of Order G-175-13, dated October 24, 2013, the BCUC approved FEI's capital expenditures on the interconnection facilities;
- C. Section 18(1) of the *Clean Energy Act* (CEA) defines a prescribed undertaking as "...a project, 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.";
- D. 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.";
- E. Section 2(3.8) of the Greenhouse Gas Reduction Regulation (GGRR) states that the acquisition of renewable natural gas is a prescribed undertaking subject to:
  - 1. the public utility paying no more than \$30/GJ; and
  - 2. the total volume of RNG purchased in a calendar year does not exceed 5% of the total volume of natural gas provided by public utility to its non-bypass customers in 2015.

- F. Under the Amending Agreements, Metro Vancouver will supply biomethane, which is a type of renewable natural gas (RNG), produced by the anaerobic digestion of waste water at the LuLu Island Waste Water Treatment Plant located in Richmond, British Columbia, which will be purchased by FEI for injection into FEI's existing natural gas system;
- G. The BCUC has not reviewed the Application from a public interest perspective as the BPA is a prescribed undertaking under section 18(1) of the CEA;
- H. FEI requests that the redacted portions of the Application and certain appendices be kept confidential due to their commercially sensitive nature; and
- I. The BCUC has reviewed the Application and considers the following determination is warranted.

**NOW THEREFORE** pursuant to section 71 of the UCA, the Rules, section 18 of the CEA and the GGRR, the BUCC orders as follows.

- 1. The BCUC accepts for filing the Amending Agreements to the BPA between FEI and Metro Vancouver.
- 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

Attachment (Yes? No?)