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September 17, 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 a Biomethane Purchase Agreement (BPA) between FEI and Tidal Energy Marketing Inc. (Tidal Rockford)

In accordance with section 71 of the UCA and the BCUC's Rules for Natural Gas Energy Supply Contracts (Rules), FEI files the attached fully executed BPA between FEI and Tidal Energy Marketing Inc. ("Tidal"), (Tidal Rockford BPA). A copy of the executed Tidal Rockford BPA is provided in Appendix A.

The Tidal Rockford BPA establishes the terms and conditions for Tidal's provision of finished biomethane, or renewable natural gas (RNG)¹, to FEI at the Huntingdon, Station 2, or Nova Inventory Transfer (NIT) delivery points. The biomethane will be produced at a landfill gas to biomethane facility located in Rockford, Illinois, USA.

The acquisition of biomethane under the Tidal Rockford 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. APPROVALS SOUGHT

FEI is seeking acceptance from the BCUC of the Tidal Rockford BPA, pursuant to section 71 of the UCA and the Rules. As the Tidal Rockford BPA is a prescribed undertaking under section 18 of the CEA and the GGRR, FEI respectfully submits that the BCUC should accept the BPA without any regulatory process. FEI acquires RNG in an increasingly competitive market, and unnecessary regulatory process can adversely impact FEI's ability to negotiate acquisitions of RNG at the lowest reasonable cost. The BCUC has previously accepted

¹ RNG is a synonym for biomethane.

numerous BPAs that are prescribed undertakings without regulatory process. E.g., BCUC Orders E-28-20, E-24-20, E-18-20 and E-20-21.

FEI further requests that the confidential, unredacted version of this Application, including the unredacted version of the Tidal Rockford BPA attached as Appendix A, and the confidential financial schedules attached as Appendix B, 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.

The Tidal Rockford 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. Keeping this information confidential will ensure that market sensitive information is protected, preserving FEI's ability to negotiate competitive pricing for RNG in the future.

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

2. LEGAL COUNSEL

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3. 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. Section 18 of the CEA states:

18 (1) In this section, "prescribed undertaking" means 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.

(2) In setting rates under the Utilities Commission Act for a public utility carrying out a prescribed undertaking, the commission must set rates that allow the public utility to collect sufficient revenue in each fiscal year to

enable it to recover its costs incurred with respect to the prescribed undertaking.

(3) The commission must not exercise a power under the Utilities Commission Act in a way that would directly or indirectly prevent a public utility referred to in subsection (2) from carrying out a prescribed undertaking.

(4) A public utility referred to in subsection (2) must submit to the minister, on the minister's request, a report respecting the prescribed undertaking.

(5) A report to be submitted under subsection (4) must include the information the minister specifies and be submitted in the form and by the time the minister specifies.

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 [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.

(3.9) The volume referred to in subsection (3.8) (b) does not include renewable natural gas acquired by the public utility that the public utility provides to a customer in accordance with a rate under which the full cost of the following is recovered from the customer:

(a) the acquisition of the renewable natural gas;

(b) the service related to the provision of the renewable natural gas.

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 the Biogas Purchase Agreement between FEI and the City of Vancouver, Exhibit C1-2.

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

- The public utility must be acquiring renewable natural gas (as opposed to some other form of commodity);
- The utility must pay no more than \$30 per GJ for that renewable natural gas; and
- Subject to certain exceptions, the annual volume of renewable natural gas acquired must not exceed 5% of the total volume of natural gas the utility provided to its non-bypass customers in 2015.⁴

On May 25, 2021 the LGIC issued OIC 306/2021 which further amended section 2 to the GGRR related to RNG, including as follows:

(a) by adding the following subsection:

(3.71) For the purposes of subsection (3.8), “acquires renewable natural gas” includes producing renewable natural gas by producing or purchasing biogas and upgrading it to renewable natural gas. , and

(b) by repealing subsection (3.8) and substituting the following:

(3.8) The public utility acquires renewable natural gas

(a) at costs that meet the following criteria, as applicable:

(i) if the public utility acquires renewable natural gas by purchasing it, the price of the renewable natural gas does not exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the contract for purchase is signed;

(ii) if the public utility acquires renewable natural gas by producing it, the levelized cost of production reasonably expected by the public utility does not exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the public utility decides to construct or purchase the production facility, and

(b) that, in a calendar year, does not exceed 15% of the total amount, in GJ, of natural gas provided by the public utility to its non-bypass customers in 2019, subject to subsection (3.9) and section 10.

³ In the Matter of FEI’s Application for Acceptance of the Biogas Purchase Agreement between FEI and the City of Vancouver.

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

OIC 306/2021 also added section 9 of the GGRR, which sets a maximum price of \$31 dollars for fiscal year 2021/22.⁵ The maximum price increases each fiscal year.

OIC 306/2021 also added section 10 of the GGRR, which indicates that acquisitions of hydrogen, synthesis gas, and lignin under sections 6, 7 and 8 of the GGRR also count towards the maximum volume.

The maximum volume of 15 percent in the GGRR is the implementation of the Province's CleanBC plan. The CleanBC plan states that it will put in place a minimum requirement for 15 per cent renewable content in natural gas by 2030, stating:⁶

As part of CleanBC, we will work with natural gas providers to put in place a minimum requirement for 15 per cent renewable content in natural gas by 2030. That means the gas we use in our furnaces, water heaters, dryers, stoves and other gas appliances will have less impact on the environment, and the methane that is wasted from agriculture, sewage and landfills will be significantly reduced. Waste hydrogen can also be mixed with the natural gas we use in our homes and will provide additional renewable natural gas for our needs.

The purpose of this class of prescribed undertaking is to facilitate FEI acquiring RNG, or other renewable gases, up to the maximum amount so that the Province can realize its greenhouse gas reduction goals in the CleanBC plan.

4. THE TIDAL ROCKFORD BPA IS A PRESCRIBED UNDERTAKING

Under the amended GGRR, the three part-test for a BPA or project to qualify as a prescribed undertaking can be restated as follows:

- The public utility must be acquiring RNG (as opposed to some other form of commodity);
- The public utility must pay no more than the applicable maximum price for that RNG; and
- The volume of RNG, hydrogen, synthesis gas, and lignin that the public utility acquires in a calendar year must not exceed 15% of the total amount, in GJ, of natural gas provided by the public utility to its non-bypass customers in 2019, subject to subsection (3.9) and section 10 of the GGRR.⁷

The Tidal Rockford BPA satisfies the three-part test and qualifies as a prescribed undertaking based on the following:

1. Under the BPA, FEI is acquiring finished biomethane from Tidal. Biomethane is a synonym for RNG.

⁵ Beginning April 1, 2021.

⁶ CleanBC plan, at page 36. Online: [CleanBC: our nature. our power. our future. \(gov.bc.ca\)](https://gov.bc.ca/cleanbc)

⁷ Decision and Order G-122-19, page 8.

The *Interpretation Act* states that, in an enactment, “acquire” means “to obtain by any method and includes accept, receive, purchase, be vested with, lease, take possession, control or occupation of, and agree to do any of those things, but does not include expropriate.” [Emphasis added.]

Section 1 of the Transaction Confirmation defines “Biomethane” as “pipeline quality Gas derived from the decomposition of organic matter. Pipeline quality means meeting the gas quality requirements of the receiving pipeline at the Delivery Point.” This is consistent with the definition of “biomethane” in the *Carbon Tax Act*, SBC 2008, Chapter 40⁸ and in FEI’s approved General Terms and Conditions of Service.⁹

Amongst other applicable terms, Section 5 of the Transaction Confirmation states that “All Gas supplied by the Seller to the Buyer pursuant to this Transaction shall be exclusively Biomethane from the Facilities...” In Section 10(a) of the Transaction Confirmation, the “Seller represents and warrants that the Biomethane produced is generated through the anaerobic digestion of organic matter and is not supplemented, replaced in whole or in part with fuels purchased or extracted other than from the Production Location.”

Therefore, FEI is acquiring RNG through the Tidal Rockford BPA.

2. The Tidal Rockford BPA was signed July 29, 2021 and, therefore, the applicable maximum price is \$31 per GJ as set out in GGRR section (9a).
3. FEI’s total capacity to acquire RNG is well below the calculated maximum volume set out in section 2(3.8)(b) in the GGRR for FEI of approximately 30.079 PJs. The contractual maximum volume of RNG under the Tidal Rockford BPA is [REDACTED] GJs, and the total maximum of FEI’s contracted RNG volume in its portfolio, if the Tidal Rockford BPA is accepted, would be [REDACTED] GJs annually.¹⁰ FEI has not yet acquired any hydrogen, synthesis gas, or lignin. If FEI acquires more than the maximum in any calendar year, FEI will sell an equivalent amount of RNG at full cost such that it does not count towards the cap per s. 2(3.9) of the GGRR.

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

In Order G-40-20, the BCUC first determined that an acquisition of RNG from out-of-province can be a prescribed undertaking, as it accepted FEI’s BPAs with Tidal Energy Marketing Inc. (Tidal) which acquired RNG from Ontario. The BCUC has subsequently approved other out-of-province RNG acquisitions in Orders G-40-20, E-14-20, E-16-20, E-17-20, E-18-20, E-24-20, E-28-20, E-14-21 and E-20-21. Notably, in Orders E-14-21 and E-20-21, the BCUC accepted the acquisition of RNG from the United States as a prescribed undertaking.

⁸ *Carbon Tax Act*, SBC 2008, Chapter 40, s. 1: “biomethane” means methane produced from biomass.

⁹ FEI General Terms and Conditions, Definitions:

Biogas Means raw gas substantially composed of methane that is produced by the breakdown of organic matter in the absence of oxygen.

Biomethane Means Biogas purified or upgraded to pipeline quality gas, also referred to as renewable natural gas.

¹⁰ Figure is inclusive of the Net Zero Waste BPA, GrowTEC BPA, and the Evergreen BPA.

5. PROJECT OVERVIEW

This section provides a high-level overview of the project that will supply finished biomethane to FEI under the Tidal Rockford BPA (Project).

5.1 PROJECT SUMMARY

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

Table 1: Table of Concordance

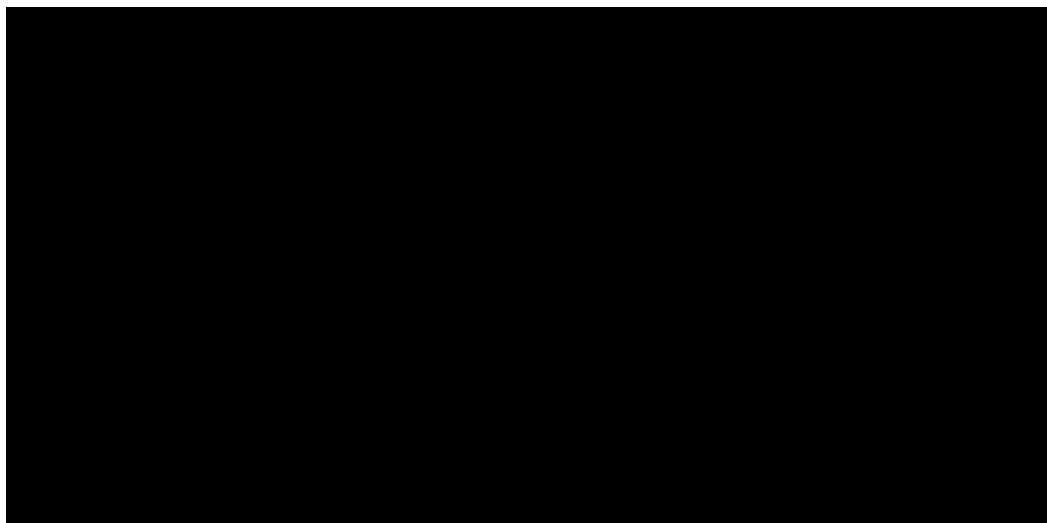
Project Characteristic	Description
Is FEI acquiring biogas or biomethane?	Yes - FEI is purchasing finished biomethane from Tidal
Is FEI making a capital investment?	No
Are the costs of the capital investment recovered from the producer (if applicable)?	Not Applicable
Does the price to acquire biomethane (including any capital or operating costs incurred by FEI) exceed the \$31 per GJ maximum price at any time during the Project term?	No – Section 9 of the Transaction Confirmation in the Tidal Rockford BPA stipulates that the Maximum Price payable to Tidal for RNG cannot exceed the GGRR maximum
Will the Project's supply of biogas or biomethane result in FEI's total annual volume of biomethane, hydrogen, synthesis gas, and lignin exceeding 15% of the total volume of natural gas provided by FEI to its non-bypass customers in 2019?	No

5.2 PROJECT LOCATION AND FACILITIES

Tidal, a wholly owned subsidiary of Enbridge, has entered into an exclusive agreement to purchase RNG produced from the [REDACTED] outside of Rockford, Illinois (see Figure 1). Tidal will buy and market the RNG from an upstream seller, [REDACTED], who will build, own, and operate a landfill gas upgrading facility. The pipeline quality RNG will be injected into the [REDACTED] pipeline owned by the local distribution company, [REDACTED]. Tidal will take ownership of the RNG at the injection point and deliver it to FEI at Huntingdon, Station 2, or NIT. The expected annual RNG production is approximately [REDACTED] GJ/year¹¹.

Figure 1: Facility Location

¹¹ [REDACTED]



5.3 GAS ELECTRONIC DATA INTERCHANGE (GASEDI) STANDARD FORM OF CONTRACT FOR THE TIDAL ROCKFORD BPA

FEI and Tidal have entered into a GasEDI standard form of contract for the Tidal Rockford BPA, similar to the previous BCUC-accepted BPAs with Tidal, Matter Global Solutions BC Ltd., Bradam Canada Inc., Lethbridge Biogas LP, Faromor CNG Corporation, EPCOR RNG Limited Partnership, Walker RNG Inc., Shell Energy North America (Canada) Inc, and Assai Energy, LLC. This form of contract is similar to FEI's Rate Schedule (RS) 30 – Off-System Sales and Purchases Rate Schedule and Agreement (Canada and U.S.A.). FEI has experience using RS 30 for acquiring conventional natural gas from within or outside BC. The GasEDI standard form of contract offers an industry standard form of contract for FEI to purchase out-of-province and/or off-system RNG.

The elements of the contract specific to RNG are captured in a Transaction Confirmation (the Confirm) that is subject to the General Terms and Conditions (including special provisions) of the GasEDI. The terms and conditions of the GasEDI cover the elements of the Tidal Rockford BPA that are common to all conventional natural gas transactions, while the Confirm addresses the following items:

1. **Term of agreements, delivery point and quantities.** The Confirm sets out a minimum and maximum daily and annual volume which the supplier must meet.
2. **Nominations.** Tidal must give FEI advance notice (3 days) for the amount of biomethane that it will deliver to FEI at the delivery point each month.
3. **Environmental attributes and Carbon Intensity.** All environmental attributes, namely GHG emissions reduction benefits, of the biomethane purchased under the Tidal Rockford BPA will be transferred to FEI. This ensures the full value of the RNG will be received by FEI and its customers and is the same as FEI's agreements to purchase RNG from projects located within BC. The environmental attributes, namely GHG reductions, associated with RNG are an essential element of the RNG program for customers. Tidal will ensure that the carbon intensity of the biomethane will not

exceed [REDACTED] grams of CO₂ equivalent per megajoule. In the Tidal Rockford BPA, the avoided methane emissions arise from capturing and processing methane from the landfill. The landfill gas from the landfill would have otherwise been flared.

4. **Reports and Audit rights.** FEI will receive regular meter data to confirm biomethane volumes and has the right to request and receive records from the Project. FEI may also physically access the Project.
5. **Default termination payment.** In the event of default, there is a reciprocal termination payment over the term of the Tidal Rockford BPA. FEI wishes to ensure that Tidal meets its long-term commitments to supply RNG while Tidal wishes to ensure FEI purchases RNG for the term of the BPA. In the event of supplier default, Tidal is obligated to supply an equal amount of RNG from the market (if available) or pay FEI an amount equal to the value of that RNG up to the maximum limits established. In the event of FEI default, Tidal is entitled to payment for the unpurchased RNG if it cannot find another buyer. This is different from some RNG projects within BC, where FEI has stranded asset risk. In the Tidal Rockford BPA, FEI does not have physical assets that are at risk of being stranded; this risk is borne by the supplier.

6. ANALYSIS OF THE PROJECT

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

6.1 SUMMARY OF THE TIDAL ROCKFORD BPA

The Tidal Rockford BPA is a [REDACTED]-year agreement that allows FEI to acquire RNG from Tidal. The key elements of the Tidal Rockford BPA are summarized in the table below.

Table 2: Tidal Rockford BPA Summary

Item	Tidal Rockford	Confirm Contract Clause	Comment
Contract Term	[REDACTED] Years	Section 3	
Minimum Annual Volume	[REDACTED] GJs	Section 5 (b)	Represents the minimum biomethane volume that FEI agrees to purchase annually from Tidal.
Maximum Annual Volume	[REDACTED] GJs	Section 5 (d)	Represents the maximum biomethane volume that FEI agrees to purchase annually from Tidal.

Item	Tidal Rockford	Confirm Contract Clause	Comment
Price (per GJ)	<div> <div></div> + Inflation Factor delivered to Huntingdon <div></div> + Inflation Factor delivered to Station 2 or NIT </div>	Section 9 (a)	Represents the price (in CAD), including delivery to BC, that FEI will pay to Tidal for biomethane, subject to the maximum acquisition price.
Inflation Factor on Price	<div></div>	Section 9 (b)	Adjusted annually each November 1 st after the first anniversary of the start date.
Maximum Price	BCUC or BC Government RNG Supply Purchase Price	Section 9 (c)	Maximum Price as determined by FEI will not exceed the GGRR maximum acquisition cost.
Delivery Point	Huntingdon, Station 2, NIT	Section 4	Receipt points in BC for biomethane, including environmental attributes.
Carbon Intensity (CI)	<div></div> kgCO ₂ e/GJ	Section 10	CI of the biomethane will be <div></div> kgCO ₂ e per GJ.

6.2 RISKS AND MITIGATION

FEI is not providing any capital investment to Tidal as part of the Tidal Rockford BPA and is thus assuming no capital risk. FEI has obtained contractual assurances from Tidal within the BPA on the biomethane volume and quality. FEI also has the ability to audit the Project in order to ensure accuracy of volumes, gas quality and carbon intensity.

FEI has included measures to mitigate risk to ensure that the Tidal Rockford BPA is consistent with previous biomethane projects and established criteria for biogas or biomethane purchase agreements. The risks and associated mitigation measures are summarized in Table 3.

Table 3: Risks and Mitigation

Risk Item	Description of Risk Item	Risk Mitigation	Description of Risk Mitigation
Biomethane Purchase from Out-of-province Supply	FEI is purchasing RNG in the same manner as it purchases conventional natural gas from out-of-province.	Gas EDI	The GasEDI standard form of contract for the Tidal Rockford BPA relies on established and tested terms and conditions used for many years across North America.

Risk Item	Description of Risk Item	Risk Mitigation	Description of Risk Mitigation
Acquisition Price	The purchase price and associated costs of acquiring RNG must not exceed the regulated maximum.	Section 9, Contract Price	Section 9 of the Confirm states that the purchase price must not exceed the maximum regulated purchase price established by the Province of BC. There are no other associated costs of acquiring RNG for the Project.
Supplier Default	In the event the supplier defaults and is unable to deliver Biomethane to FEI, FEI may be at risk of being in a supply deficit for its voluntary program.	Section 15, Remedies for Default	In the event of default by Tidal, it is obligated to pay a termination payment.
Technical Risk	Project underperformance.	Confirm Section 1, Event of Default (iv)	Tidal will be required to supply the Minimum Annual Volume or may considered in default if they do not make up the volume the following year whereby FEI may terminate and be entitled to the termination payment.
Stranded Assets	FEI assets not recoverable in the event the agreement is terminated.	Gas EDI/Confirm	FEI is not providing any capital investment in the Project; therefore, there is no risk to FEI of stranded assets.

6.3 *INCREMENTAL RATE IMPACT*

The cost associated with the Tidal Rockford BPA is the price paid to Tidal for biomethane, which is [REDACTED] if delivered to Huntingdon and [REDACTED] if delivered to Station 2 or NIT, escalated annually by CPI up to the maximum supply purchase price established by the Province of BC, as specified in Section 9 of the Confirm.

To calculate the incremental rate impact, FEI used the expected annual volume of [REDACTED] GJs for the duration of the Tidal Rockford BPA term. This assumption regarding volumes is based on information provided by Tidal Rockford. FEI has also assumed the annual volumes are delivered equally to Huntingdon and Station 2 or NIT.

The incremental rate impact associated with the Tidal Rockford 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 0.065 percent or \$0.029 per GJ¹², resulting in an average annual bill impact of \$2.62. This analysis is based on an average residential customer consuming 90 GJs per year.

¹² Appendix B, Schedule 12, Line 10.

7. CONCLUSION

The CleanBC plan provides policy direction in BC to increase renewable gas supply to 15 percent by 2030. To help achieve that policy goal, the recent amendments to the GGRR facilitate the acquisition of renewable gases, including RNG, hydrogen, synthesis gas, and lignin, up to 15 percent of the total amount, in GJ, of natural gas provided by FEI to its non-bypass customers in 2019.

The Tidal Rockford BPA is an important step towards achieving the Province's 15 percent target as the expected annual RNG that will be delivered to FEI under the BPA is approximately [REDACTED] GJ/year.

The Tidal Rockford BPA satisfies the three-part test to be a prescribed undertaking under section 2(3.8) of the GGRR. The Tidal Rockford BPA is for the acquisition of RNG at an acquisition price that cannot exceed the GGRR maximum price. While FEI's current capacity to acquire RNG, hydrogen, synthesis gas, and lignin does not approach the maximum volume in the GGRR at this time, in the future FEI will manage its volumes of RNG supply to be within the maximum volume allowed by the GGRR each calendar year.

FEI has filed a copy of the Tidal Rockford BPA with the BCUC pursuant to FEI's obligation under section 71 of the UCA to file energy supply contracts. RNG is methane and, therefore, the Tidal Rockford BPA is an energy supply contract as defined in section 68 of the UCA. As the acquisition of RNG under the Tidal Rockford BPA is a prescribed undertaking, the BCUC must accept the BPA under section 71 of the UCA due to section 18 of the Clean Energy Act, which forbids the BCUC from exercising its powers in any way that would directly or indirectly prevent FEI from carrying out a prescribed undertaking. Therefore, FEI respectfully requests that the BCUC accept the BPA under section 71 of the UCA without regulatory process.

If further information is required, please contact Scott Gramm, Manager, Renewable Gas Supply, at (604) 576-7242.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

Appendix A

**FEI-TIDAL
BIOMETHANE PURCHASE AGREEMENT**

TRANSACTION CONFIRMATION

Date: July 29, 2021
("Effective Date")

Transaction Confirmation #: _____

This is a Transaction under the 2000 GasEDI Base Contract for Short-Term Sale and Purchase of Natural Gas dated March 19, 2019 ("**Base Contract**") and the Special Provisions attached to the Base Contract made between the parties hereto and is made subject to the conditions set forth in Section 16 of this Transaction Confirmation.

IT IS AGREED:

1. Definitions.

- (a) Capitalized terms used, but not defined in this Transaction Confirmation, have the meanings given to those terms in the General Terms and Conditions of the Base Contract and in addition:

"**Biogas**" means raw gas composed primarily of methane derived from the decomposition of organic matter at the Production Location and collected, recovered, purified, and processed at the Facility.

"**Biomethane**" means pipeline quality Biogas. Pipeline quality means meeting the gas quality requirements of the receiving pipeline at the Delivery Point.

"**Carbon Offsets**" means, for the purposes of calculating Market Value, Offsets that are created from emissions reduction at a facility or project located in Canada and are verified using a standard that is at least equivalent to the protocols established under the British Columbia Greenhouse Gas Emission Control Regulation or a replacement standard which might include, but is not limited to, standards that are recognized by the International Carbon Reduction & Offset Alliance (ICROA) as compliant with the ICROA Code of Best Practice.

"**Commodity Cost Recovery Charge**" means the Buyer's cost to supply conventional Gas to its utility customers which shall be established by the Commodity Cost Recovery Charge set out in the Buyer's Table of Charges in Rate Schedule 1 for Residential Service as approved by the British Columbia Utilities Commission from time to time.

"**Condition**" means the condition set out in Section 16 of this Transaction Confirmation.

"**Condition Removal Date**" has the meaning set forth in Section 16 of this Transaction Confirmation.

"**Contract Quantity**" shall mean the quantity of Biomethane to be delivered and received pursuant to this Transaction.

"**Contract Year**" means each twelve (12) consecutive month period starting on the Start Date.

"Director" means the British Columbia government employee designated as the director for the purposes of the RLCFRA.

"Environmental Attribute" means

- (i) all attributes associated with, or that may be derived from the actual or assumed reduction, displacement or offset of emissions associated with the Facilities;
- (ii) the right to quantify and register the interests and rights associated with such attributes or characteristics with competent authorities;
- (iii) any existing or future instrument, including any Offset, 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 actual or assumed reduction, displacement or offset of emissions associated with the Facilities and related activities;
- (iv) all revenues, entitlement, benefits and other proceeds arising from or related to the foregoing.

"Facilities" means the landfill gas processing facility located at the Production Location.

"Green Premium" means the difference between the Contract Price and the Commodity Cost Recovery Charge.

"Offset" means any credits, emission offsets or other tradable or recognized instruments issued or granted by a government or program authority or recognized under a regulation, in recognition of emission reductions or sequestration that may be applied to achieving compliance with any emissions related obligations or commitments whether voluntary or mandatory.

"Production Audit" means the records and physical audit described in Section 13 of this Transaction Confirmation.

"Production Location" means the [REDACTED] [REDACTED] [REDACTED] [REDACTED]
[REDACTED]

"RLCFRA" means the British Columbia Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act and its regulations and amendments thereto.

"Upstream Seller" means [REDACTED]

"Shortfall Volume" means, for a given Contract Year, a volume of GJs equal to the Minimum Annual Quantity *minus* the volume of GJ that Seller delivered during such Contract Year.

"Start Date" means the start date for the delivery of Biomethane to the Buyer set out in Section 3.

- (b) For the purposes of this Transaction Confirmation, the definitions of Event of Default and Market Value set out in the General Terms and Conditions of the Base Contract shall be replaced by the definitions set out below:

"Event of Default" shall mean

- (i) the failure to make payment when due under the Contract, which is not remedied within two (2) Business Days after receiving Notice thereof (except for a failure to pay an Accelerated Payment invoice which shall immediately constitute an Event of Default);
- (ii) the making of an assignment or any general arrangement for the benefit of creditors, the filing of a petition or otherwise commencing, authorizing, or acquiescing in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or having such petition filed or proceeding or cause under any bankruptcy or similar law for the protection of creditors commenced against it, any bankruptcy or insolvency (however evidenced) or the inability to pay debts as they fall due;
- (iii) the failure to provide Performance Assurance in accordance with Section 10.1 of the General Term and Conditions and this Transaction Confirmation;
- (iv) with respect to Seller, Seller's failure to deliver at least the Minimum Daily Quantity or the Minimum Annual Quantity unless:
 - (a) excused by supply interruption in accordance with Section 8 (Basis of Sale, Purchase) of this Transaction Confirmation,
 - (b) excused by Buyer's Non-Performance, or
 - (c) prevented by Force Majeure, or
 - (d) if, as permitted by Section 5, Seller makes up for the Shortfall Volume in the 12 months following the Contract Year;
- (v) with respect to Buyer, Buyer's failure to receive up to the Maximum Daily Quantity unless:
 - (a) excused by supply interruption in accordance with Section 8 (Basis of Sale, Purchase) of this Transaction Confirmation,
 - (b) excused by Seller's Non-Performance, or
 - (c) prevented by Force Majeure;
- (vi) breach by Seller of (x) any representation or warranty set forth in Section 10 (Environmental Attributes) of this Transaction Confirmation and, with respect to the representation or warranty set forth in Section 10(b), (i) such breach has occurred due to events or circumstances within the reasonable control of Seller, (ii) such representation or warranty remains untrue pursuant to the report described in Section 12 (Carbon Intensity Reports below) that is issued for the first full calendar year following the breach of such representation and warranty, and (iii) a party has not requested that the other party enter into good faith negotiations pursuant to Section 18, or (y) its obligations under Section 14 (Part 3 Fuel under the RLCFRA), which are not remedied within ninety (90) Business Days after receiving Notice thereof;
- (vii) a party makes any other representation or warranty which is proven to have been false or misleading in any material respect at the time when the representation or warranty was given, or deemed repeated;
- (viii) a Buyer's finding or, in the case a dispute was arbitrated, an arbitrator's decision made pursuant to the Production Audit finds that the gas delivered

hereunder does not meet the definition of Biomethane under Section 1 (Definitions);

- (ix) if Buyer is prevented from completing a Production Audit due to the actions or inaction of the Seller or Upstream Seller which is not remedied within ten (10) Business Days after receiving Notice thereof; or
- (x) the failure to perform any other material obligation under the Contract, which is not remedied within ten (10) Business Days after receiving Notice thereof.

"Market Value" The market value of the Transaction means the net present value (applying the Present Value Discount Rate) of the product of (1) the Minimum Annual Quantity for each Contract Year (or part of a Contract Year, prorated) remaining under the Transaction set out in this Confirmation multiplied by (2) a market price for a similar transaction considering the Environmental Attributes of the Biomethane and the remaining Delivery Period, Minimum Annual Quantity and Delivery Point, either as follows:

- (i) in the case of an Event of Default by Seller, at the Buyer's option, either as
 - (a) a transaction consisting of Biomethane; or,
 - (b) a transaction consisting of conventional Gas plus Carbon Offsets equal to the greenhouse gas reduction that would have been achieved by the Biomethane supply for the remainder of the Transaction; the number of Carbon Offsets to be equivalent to the product of (1) the difference between 0.05 metric tonnes of CO₂e/GJ (being the CO₂ equivalency of conventional Gas) and the carbon intensity of the Biomethane set out in Section 10 *multiplied by* (2) the Minimum Annual Quantity for each Contract Year (or part of a Contract Year prorated) remaining under the Transaction, provided such Carbon Offsets with the required quality are readily available in the market, and
- (ii) in the case of an Event of Default by Buyer, at the Seller's option, either as:
 - (a) a transaction consisting of Biomethane; or,
 - (b) a transaction consisting of conventional Gas plus Carbon Offsets equal to the greenhouse gas reduction that would have been achieved by the Biomethane supply for the remainder of the Transaction; the number of Carbon Offsets to be equivalent to the product of (1) the difference between 0.05 metric tonnes of CO₂e/GJ (being the CO₂ equivalency of conventional Gas) and the carbon intensity of the Biomethane set out in Section 10 *multiplied by* (2) the Minimum Annual Quantity for each Contract Year (or part of a Contract Year prorated) remaining under the Transaction provided such Carbon Offsets with the required quality are readily available in the market, and

The Non-Defaulting Party shall determine the Market Value using good faith and in a commercially reasonable manner but is not required to actually enter into a transaction in order to determine the market price.

2. Parties.

Seller: Tidal Energy Marketing Inc.
Buyer: FortisBC Energy Inc.

3. Delivery Period.

Start Date:

- (a) Buyer acknowledges that Seller will source the entire Contract Quantity of Biomethane, from the Upstream Seller's Facilities which are being designed and constructed;
- (b) No more than twelve months after the Condition Removal Date, Seller shall provide Buyer with written Notice of the date (the "Start Date") Seller reasonably anticipates by which the Facilities will be fully operational and the Seller will begin to deliver Biomethane to the Buyer;
- (c) If the Start Date is [REDACTED] after Condition Removal Date or if the Seller fails to provide the Buyer with timely written notice of the Start Date, then Buyer may, in its sole and unfettered discretion, elect to either (i) terminate this Transaction Confirmation without penalty or further liability on the part of the Buyer effective on Seller's receipt of Notice from Buyer of such election to terminate, or (ii) specify a later date as the date that the Seller will begin to deliver Biomethane to the Buyer (the "Amended Start Date") by providing written Notice to Seller. In the case of the latter, the provisions of this section shall apply to the Amended Start Date, if any; and
- (d) In the case of subsection 3(c)(ii) above, if the Seller cannot commence delivery of Biomethane on the Amended Start Date, then Buyer shall elect to either: (i) terminate this Transaction Confirmation without penalty or further liability on the part of the Buyer effective on Seller's receipt of Notice from Buyer of such election to terminate; or (ii) specify a later date as the date that the Seller will begin to deliver Biomethane to the Buyer (the "Further Amended Start Date") by providing written Notice to Seller. In the case of the latter, the provisions of this section shall apply to each additional Further Amended Start Date, if any.

End Date: [REDACTED] Contract Years from the Start Date.

4. **Delivery Point.** Huntingdon, British Columbia, Station 2, British Columbia or Nova Inventory Transfer ("NIT").
5. **Contract Quantity of Biomethane.** All Gas supplied by the Seller to the Buyer pursuant to this Transaction shall be exclusively Biomethane from the Facilities within the Contract Quantity below:

(a) *Minimum Daily Quantity:* [REDACTED] GJ per day.

(b) *Minimum Annual Quantity:* [REDACTED] GJ per Contract Year; [REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

(c) *Maximum Daily Quantity:* [REDACTED] GJ per day. Seller may exceed Maximum Daily Quantity on a case-by-case basis, at Buyer's discretion, in order to meet but not exceed Maximum Annual Quantity unless agreed to under Section 5(d) of the Transaction Confirmation.

(d) *Maximum Annual Quantity:* [REDACTED]
[REDACTED]
[REDACTED]

6. **Exclusivity.** The Seller covenants to supply Buyer exclusively with all the Biomethane produced by the Upstream Seller at the Facilities and any expansions thereof, up to the Maximum Annual Quantity, [REDACTED]

7. **Nominations.** At least three (3) Business Days prior to the start of each Month, Seller shall notify Buyer of the quantity of Biomethane that the Seller shall nominate for delivery at the Delivery Point on each Day for that Month and the Delivery Point for that Month. The Seller may only nominate to one Delivery Point in each Month however the choice of the Delivery Point for a Month is at the Seller's discretion. Without expanding or limiting the Seller's obligation to supply the Minimum Daily Quantity, the Seller may revise its daily nominations for that month in the event of unplanned maintenance of the Facilities or for reasons of Force Majeure. These obligations are in addition to those set out in Section 4.2 of the General Terms and Conditions.

8. **Basis of Sale, Purchase.** Firm, subject to the following: Seller shall not be considered to be in default of the Contract if its failure to supply at least Minimum Annual Quantity is for the following reasons:

- (a) Upstream Seller is undertaking maintenance or repair on the Facilities;
- (b) an interruption of electricity service by the electric LDC that prevents the production of Biomethane; or
- (c) an interruption of service by gas utility serving the Facilities that prevents the production of Biomethane; or
- (d) the suspension, interruption, curtailment, inability, and/or delay of the operator of the Production Location to supply, produce, generate, deliver, and/or transport Gas;

provided, however, in the case of clauses (a), (b), and (c) above, on the conditions that:

- a. Upstream Seller is diligently undertaking maintenance or repair on the Facilities or otherwise using reasonable efforts to minimize the supply interruption;
- b. Seller provides as much notice to the Buyer as Seller is reasonably able, of supply interruptions and maintenance and repair, whether planned or unplanned, and the anticipated length thereof; and
- c. the number of days of actual or anticipated supply interruption does not exceed ninety (90) days in any one Contract Year.

In the event of Force Majeure and/or clause (d) above, the Minimum Annual Quantity shall be reduced by an amount equal to the Minimum Annual Quantity *divided by* 365 Days multiplied by the number of Days on which a party is excused by reason of Force Majeure, and/or clause (d) during the same Contract Year.

9. Contract Price.

- (a) Subject to subsection (b) below, the Contract Price per GJ (the "**Base Rate**") payable for the Contract Quantity at each Delivery Point is:

██████████	██████████ ██████████
██████████	██████████ ██████████
██████	██████████ ██████████

- (b) Subject to subsection (c) below, commencing from the November 1st occurring after the first anniversary of the Start Date and on every November 1st thereafter, the Base Rate will be adjusted by [REDACTED] [REDACTED]
[REDACTED]
- (c) No adjustment of the Base Rate will be made which results in the applicable rate payable by the Buyer exceeding the applicable of:
- (i) the then current maximum RNG supply purchase price approved by the British Columbia Utilities Commission; or
 - (ii) the maximum RNG supply purchase price established by the Province of British Columbia.

10. Environmental Attributes and Representations.

- (a) Seller represents and warrants that the Biomethane produced is generated through the decomposition of organic matter in a landfill and is not supplemented, replaced in whole or in part with fuels purchased or extracted other than from the Production Location.
- (b) Seller represents that the calculated carbon intensity of the Biomethane shall be [REDACTED] grams of CO2 equivalent or less per mega joule (gCO2e/MJ) as set forth in a report described in Section 12 (Carbon Intensity Reports below) to be provided by Seller to Buyer as soon as commercially reasonable after the Start Date.
- (c) Except for Biomethane that the Upstream Seller is required to reserve in connection with a pipeline interconnection agreement, Seller represents and warrants that, under the contractual agreement for the purchase of Biomethane with the Upstream Seller, all Environmental Attributes that could be associated with the produced Biomethane at the time of delivery to Buyer are attached thereto and that neither the Biomethane nor the Environmental Attributes associated therewith have been sold more than once by either the Seller or by the Upstream Seller, at any point between production and sale to Buyer whether by sales into carbon markets or otherwise.
- (d) Seller represents and warrants that, Seller does not have and, to the best of Seller's knowledge after making due inquiry, no third party has any valid claim to the Environmental Attributes associated with the Biomethane purchased by Buyer under this Transaction Confirmation.
- (e) Seller represents and warrants that, up to the point of delivery to Buyer, neither the Biomethane purchased by Buyer under this Transaction Confirmation nor the Environment Attributes attributable thereto have been used by Seller or the Upstream Seller to meet any federal, state, provincial or local renewable energy requirement, renewable energy procurement, renewable energy portfolio standard, or other renewable energy mandate.

- (f) Seller shall transfer to Buyer at the Delivery Point all Environmental Attributes, whether current or future, known or unknown at the time of delivery, associated with the Biomethane purchased by Buyer under this Transaction Confirmation along with the transfer of title in such Biomethane.

11. Reports. Seller shall provide Buyer the following information, in respect of the Month of delivery, and supporting documentation acceptable in industry practice:

- (a) daily production volume of Biomethane produced at the Facilities;
- (b) daily Gas nominations made by Seller in total on the [REDACTED] pipeline system; and
- (c) daily load balancing account activity.

12. Carbon Intensity Report. Following the first full calendar year, Seller shall provide Buyer with a report no later than sixty (60) days following each full calendar year certifying the carbon intensity of the Biomethane produced at the Facilities and delivered to the Buyer during the previous calendar year. The carbon intensity shall be calculated in accordance with the requirements of the government of British Columbia as set out in the RLCFRA and shall be certified by an Officer of the Upstream Seller. [REDACTED]

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

13. Production Audit.

- (a) Seller shall, upon reasonable request by Buyer provide the following:
 - (i) no more than twice in any 12-month period, records and other documentation; and
 - (ii) no more than once in any 12-month period, to provide Buyer and Buyer's consultant with reasonable and physical access to the Facilities;

for the purpose of confirming compliance with the obligations, representations and warranties regarding the Biomethane and the Environmental Attributes associated therewith.

- (b) No more than twice in any 12-month period, Buyer may request Seller to confirm in writing that the representations and warranties concerning the Biomethane and Environmental Attributes associated therewith, as made by Seller, under Section 10 (*Environmental Attributes*) remain valid.
- (c) Seller agrees to cooperate and provide all reasonable assistance to Buyer regarding any audit of the Facilities for the purpose of confirming compliance with the obligations, representations and warranties regarding the Biomethane and the Environmental Attributes associated therewith and shall seek the co-operation and reasonable assistance of Upstream Seller to Buyer for the same purposes.
- (d) If Buyer, acting reasonably, finds that the obligations, representations or warranties regarding the Biomethane and the Environmental Attributes associated therewith are in non-compliance with this Transaction Confirmation, then Seller may, acting reasonably, dispute such finding. Each Party agrees to provide the other Party and Upstream Seller with its findings and supporting documentation and agrees to

cooperate, in good faith, with each other and with Upstream Seller to resolve the dispute.

- (e) Any dispute of the nature described in, and not resolved under, subsection (d) above shall be resolved in accordance with Section 13.10 of the GasEDI Base Contract as amended by the Special Provisions.

14. Part 3 Fuel under the RLCFRA.

- (a) Seller acknowledges that Buyer may wish to resell Biomethane purchased under this Transaction Confirmation to its customers in British Columbia who may intend to use Biomethane as a transportation fuel and Buyer and its customers wish to report such use under Part 3 of the RLCFRA. If Buyer notifies Seller of Buyer's intention to resell the Biomethane to its customers for use as a transportation fuel, , then:
 - a. Immediately following notice from the Buyer, Seller shall (or shall cause Seller's designee to) apply under the RLCFRA for a determination by the Director of the carbon intensity of the Biomethane supplied to Buyer under this Transaction Confirmation for the purposes of Part 3 of the RLCFRA and observe the requirements of the RLCFRA applicable to a producer of Part 3 fuel.
 - b. If the Seller becomes aware that the carbon intensity of the Biomethane will [REDACTED] gCO₂e/MJ, Seller shall promptly give written notice required by the RLCFRA and shall provide a copy of such notice to the Buyer.
 - c. Seller shall (or shall cause Seller's designee to) apply for new determination of the carbon intensity of the Biomethane, if the carbon intensity of the Biomethane [REDACTED] gCO₂e/MJ or if the determination by the Director under sub-clause (a) above has expired.
 - d. Seller may authorize Buyer or Seller's designee to act on its behalf in applying for a determination by the Director of the carbon intensity of the Biomethane.
 - e. Seller shall indemnify and hold Buyer, its directors, officers, agents and employees harmless from and against all out-of-pocket costs and expenses from actions, claims, and damages, which are brought against or suffered by Buyer, its directors, officers, agents and employees arising out of any failure by the Seller to comply with the provisions of this Section 14.

15. Remedies for Default.

- (a) Section 3.2 of the GasEDI Base Contract shall not apply to this Transaction.
- (b) For the purposes of this Transaction, the definition of Market Value set out in Section 2.1 of the GasEDI Base Contract shall not apply to this Transaction and the definition of Market Value set out in Section 1 (*Definitions*) of this Transaction Confirmation shall apply.
- (c) For the purposes of Section 10.1, 10.3, and 10.4 of the GasEDI Base Contract, the Termination Payment of this Transaction [REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

- [REDACTED] [REDACTED]
[REDACTED] [REDACTED]
- (d) If Buyer's determination or, in the case a dispute was arbitrated, an arbitrator's decision made pursuant to the Production Audit, finds that the Gas delivered under this Transaction failed to meet the definition of Biomethane under Section 1 (Definitions) or the Environmental Attributes delivered were not associated with the Biomethane as represented and warranted under Section 10 (*Environmental Attributes*) then, Seller shall either not charge or return the Green Premium paid by Buyer in respect of such Gas.
 - (e) The following is added to the end of the definition of "Termination Payment" in Section 2.1 of the GasEDI Base Contract: "Any loss with respect to a Transaction will be owed by the Defaulting Party to the Non-Defaulting Party and any gain with respect to a Transaction will be owed by the Non-Defaulting Party to the Defaulting Party."
 - (f) The following is added to the end of Section 8.3 of the GasEDI Base Contract: "Notwithstanding anything in the Contract to the contrary, neither party shall be required to indemnify the Claims of the other party resulting from the gross negligence or willful misconduct of such other party."
 - (g) The following is added to the end of the second-to-last sentence of Section 14.1 of the GasEDI Base Contract: ", EXCEPT HOWEVER IN CASE OF GROSS NEGLIGENCE OR WILLFUL MISCONDUCT, IN WHICH CASE NONE OF THE ABOVE LIMITATIONS SHALL APPLY."

16. Condition.

- (a) Except with respect to this Section 16 and Section 19 of this Transaction Confirmation and Sections 13.10 and 13.11 of the GasEDI Base Contract, as amended by the Special Provisions, and the applicable definitions applicable to such Sections, the provisions of this Transaction Confirmation shall be of no force or effect and the parties are not obligated to perform their respective obligations under this Transaction Confirmation, and shall have no liability with respect thereto, unless and until the following conditions ("**Conditions**") are removed, satisfied, or waived by Buyer or the Seller, as the case may be, on or before [REDACTED] [REDACTED] (the "**Target Date**"):
 - (i) with respect to Buyer, this Transaction has obtained the necessary regulatory approvals, if any, required to be obtained by Buyer to purchase energy, including but not limited to approval from the British Columbia Utilities Commission;
 - (ii) with respect to Seller, this Transaction has obtained board approval of the Upstream Seller; and
 - (iii) with respect to Seller, the Facility has obtained the necessary agreements and regulatory approval to be obtained by the Upstream Seller including but not limited to the pipeline interconnection agreement, permitting, sourcing contract signature, power supply contract secured, land lease, rights of way.
- (b) "**Condition Removal Date**" means the date that the Condition is removed, satisfied, or waived by Buyer or Seller, as the case may be.
- (c) Buyer shall make reasonable good faith efforts to satisfy or, shall waive, the Condition by the then-current Target Date. Buyer shall provide written notice to Seller upon the removal, satisfaction or waiver of the Condition, if any, on or prior to the then-current Target Date.

(d) If, for any reason whatsoever (including, without limitation, the failure of a party to perform or Force Majeure), both (x) the Condition is not removed, satisfied, or waived by Buyer or the Seller, as the case may be, on or before December 1, 2021 and (y) Seller has not received written notice from Buyer that the Condition set forth in Section 16(a)(i) above is removed, satisfied, or waived by Buyer on or before December 1, 2021, then either Party may elect, at its sole and unfettered discretion, to terminate the Contract, without penalty, damages, or liability, effective immediately by providing written notice to the other Party of its election to terminate the Contract.


17. Performance Assurance.

18. Change of Law. If on or after the date of this Transaction Confirmation, there is any change to the methodologies prescribed by a governmental authority under applicable laws and regulations for calculating the carbon intensity of Biomethane (including, but not limited to, changes in quantification methods, emission factors, global warming potentials, and other input values) with which Buyer or Seller is required to comply and, as a result, a party is unable to comply with, or faces a materially negative impact from one or more provisions of this Transaction Confirmation (a "Change"), then, at the written request of either party, the parties shall enter into good faith negotiations and may amend this Transaction Confirmation to take account of the Change or, if agreed, take such other actions as commercially reasonable to take account of the Change, so that the Transactions contemplated hereunder can be completed in keeping with the intentions of the parties at the time of entry into this Transaction Confirmation.

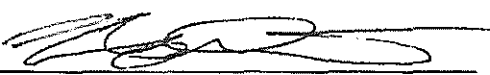
19. Miscellaneous. Neither party shall be entitled to the benefit of the provisions of Section 11 of the General Terms and Conditions of the Base Contract to the extent performance is affected by economic hardship, including, without limitation, (a) lack of finances, (b) Seller's ability to sell Gas at a higher or more advantageous price than the Contract Price, and (c) Buyer's ability to purchase Gas at a lower or more advantageous price than the Contract Price.

Executed by the Parties on the dates specified below.

TIDAL ENERGY MARKETING INC.


Judd Florence (Aug 3, 2021 15:20 PDT)
Signed
Judd Florence
Name
President
Title
Aug 3, 2021
Date

FORTISBC ENERGY INC.


Signed:
R. DALL'ANTONIA
Name
PRESIDENT + CEO
Title
June 30, 2021
Date

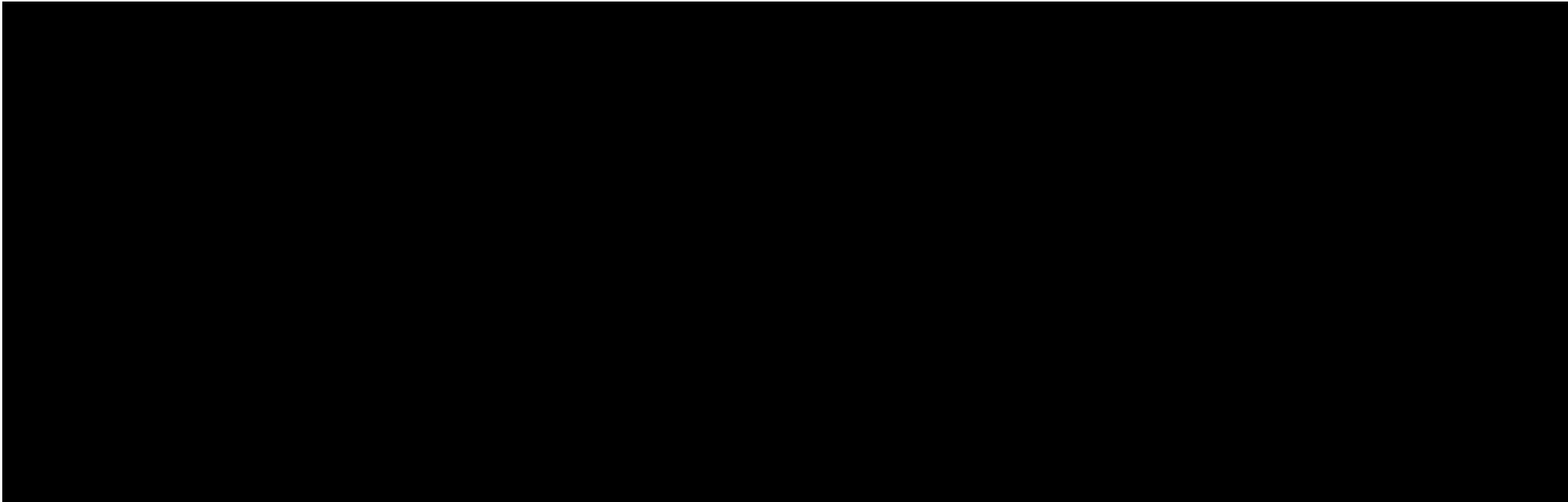
Appendix B
FINANCIAL SCHEDULES

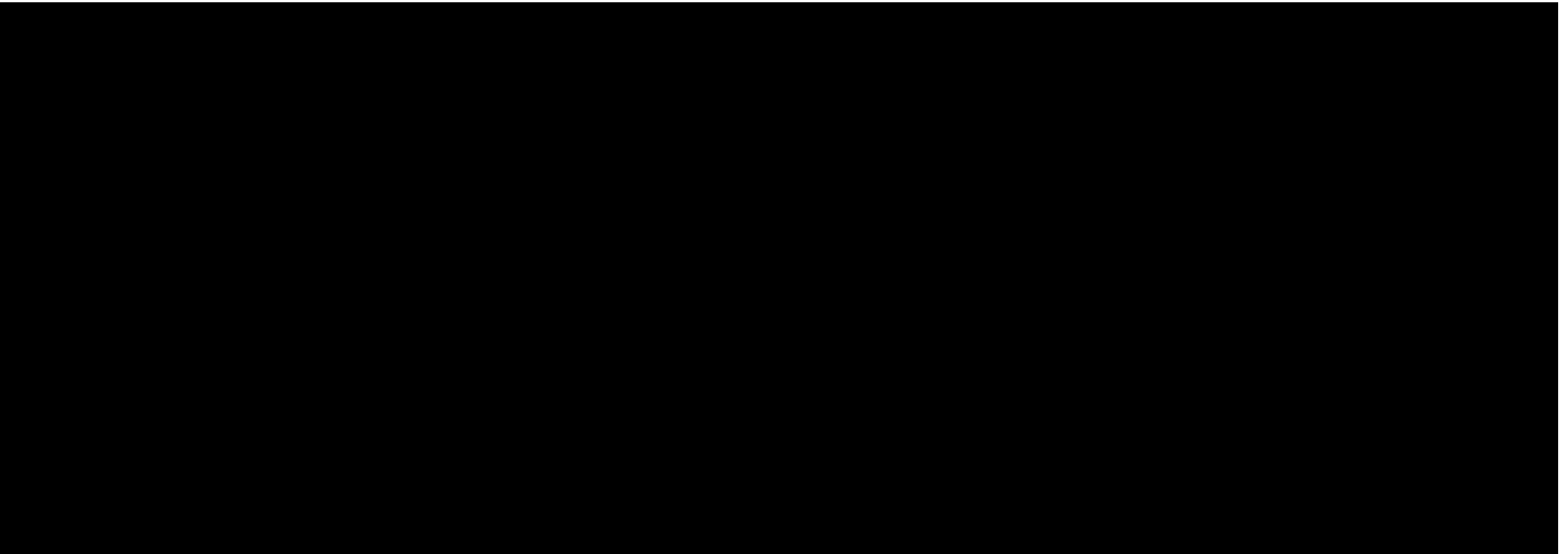
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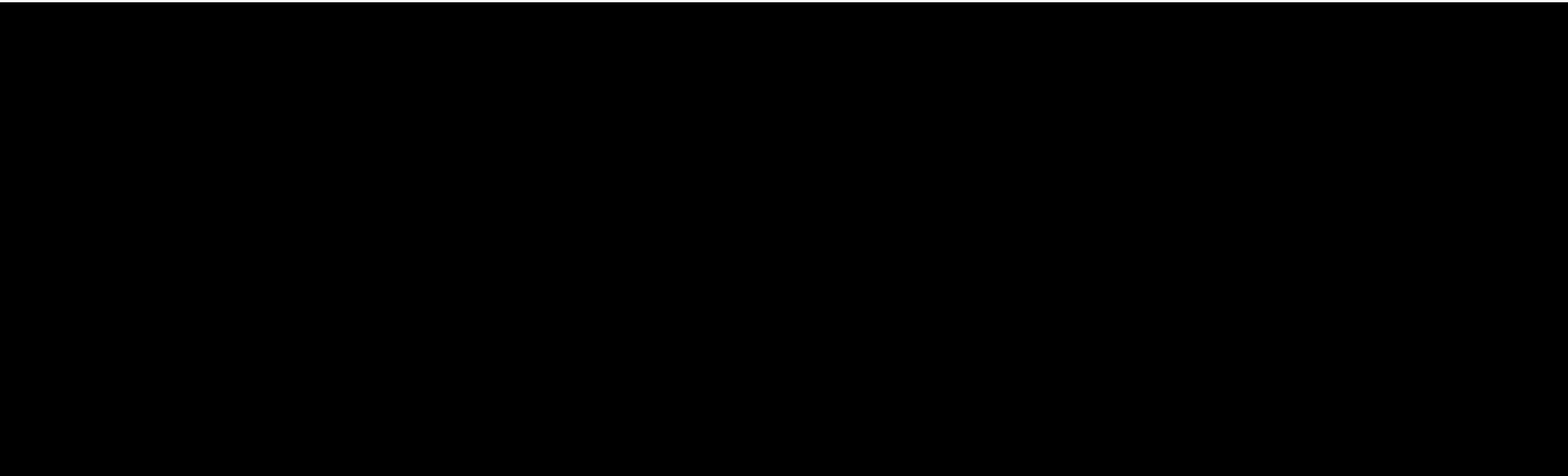
FORTISBC ENERGY INC.
Tidal Air Liquide BPA

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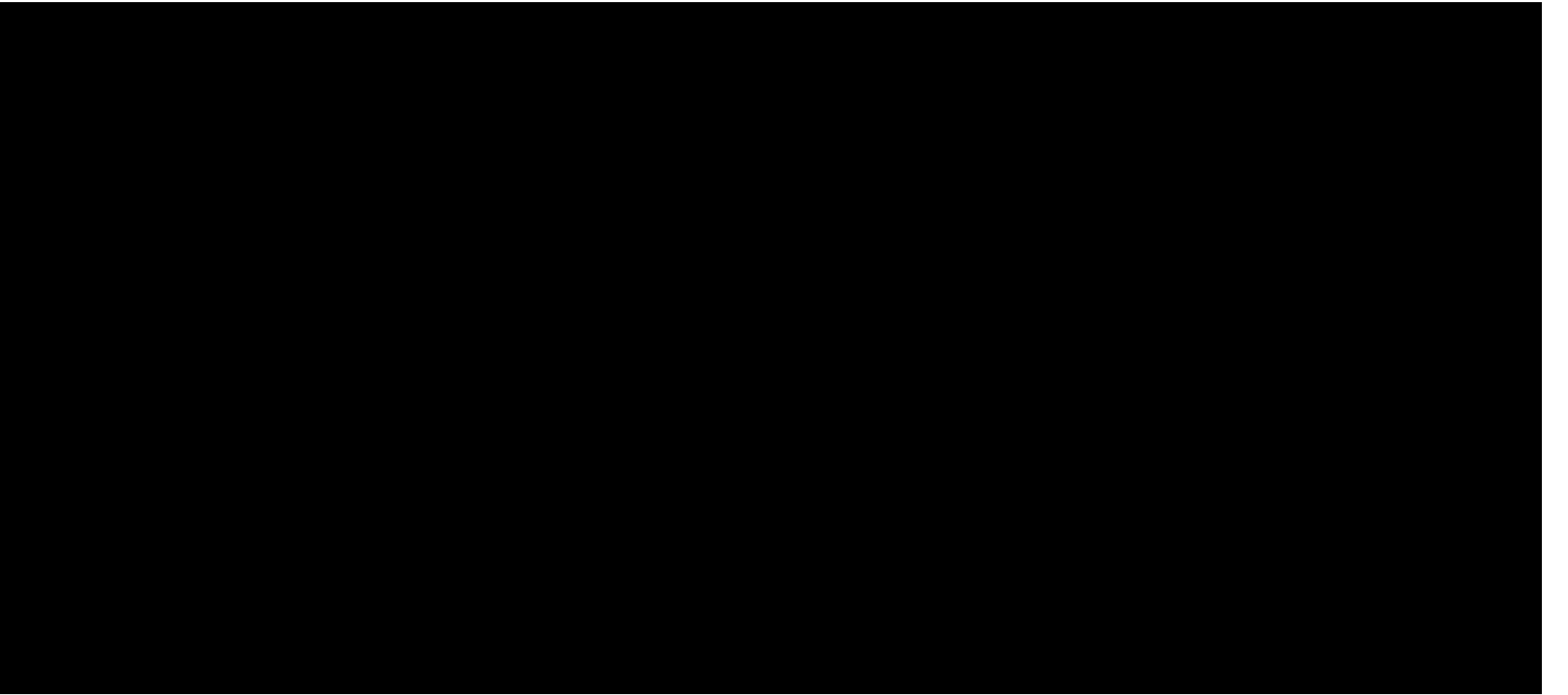
Schedule	Forecast Cost of Service
Schedule 1	Forecast Cost of Service and BVA Impact
Schedule 2	Forecast O&M, Other Revenue and Property Tax
Schedule 3	Forecast Income Tax Expense
Schedule 4	Forecast Capital Cost Allowance
Schedule 5	Forecast Rate Base
Schedule 6	Forecast Capital Spending
Schedule 7	Forecast Gross Plant in Service & Contributions in Aid of Construction
Schedule 8	Forecast Accumulated Depreciation & Amortization
Schedule 9	Forecast Deferred Charges
Schedule 10	Cost of Energy
Schedule 11	Levelized Rate Calculation
Schedule 12	Customer Delivery Rate Impact

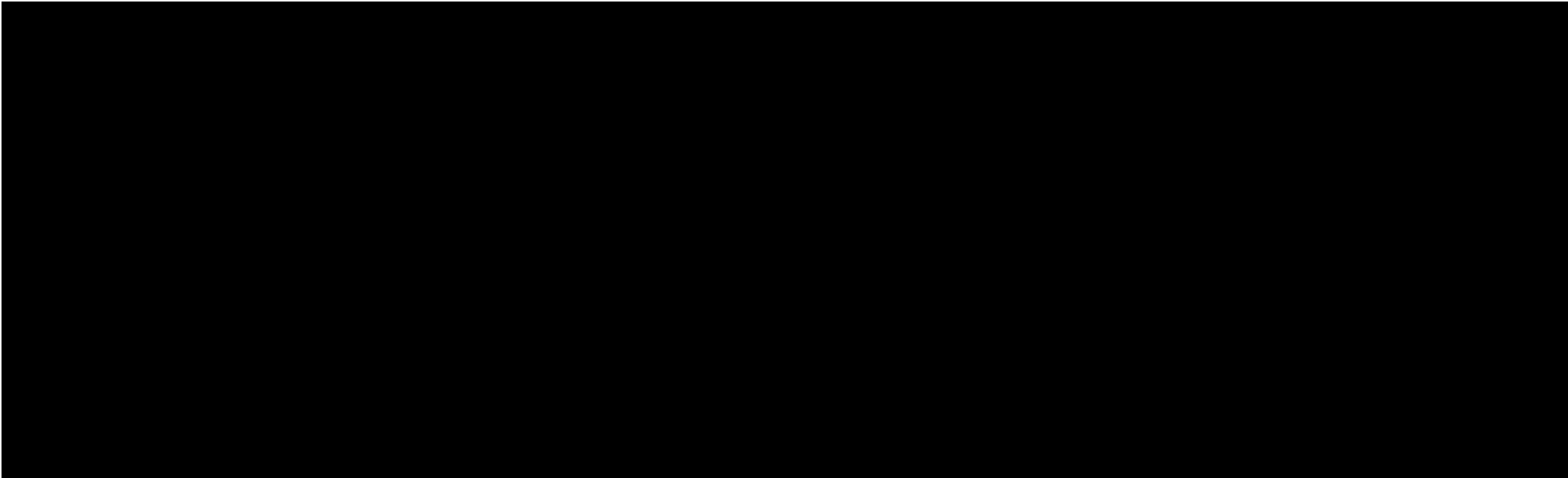


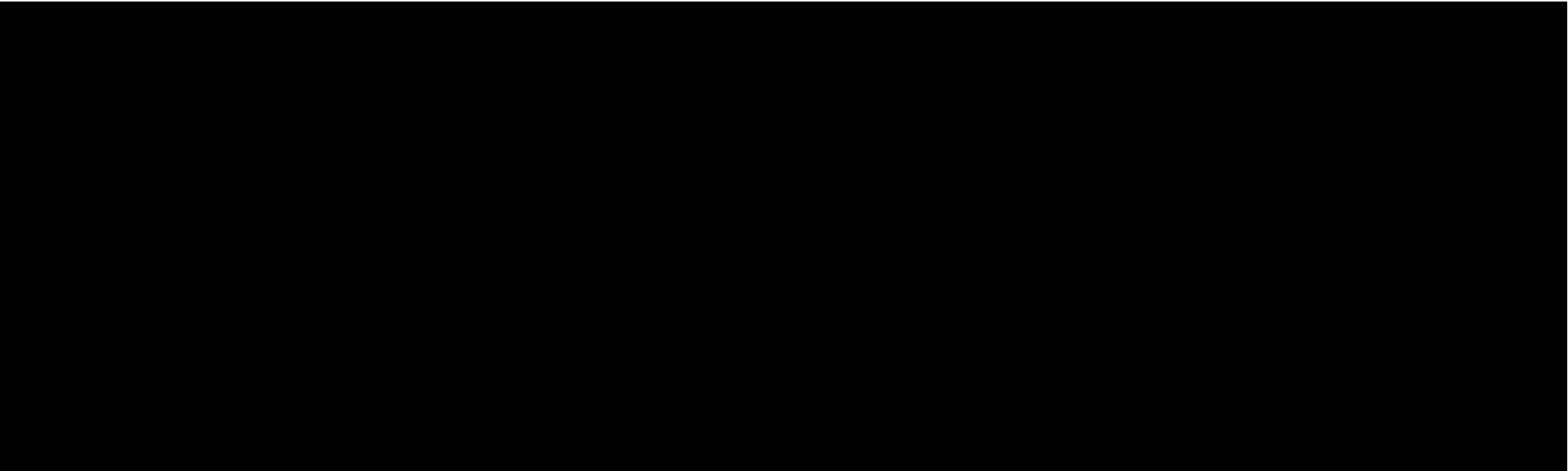


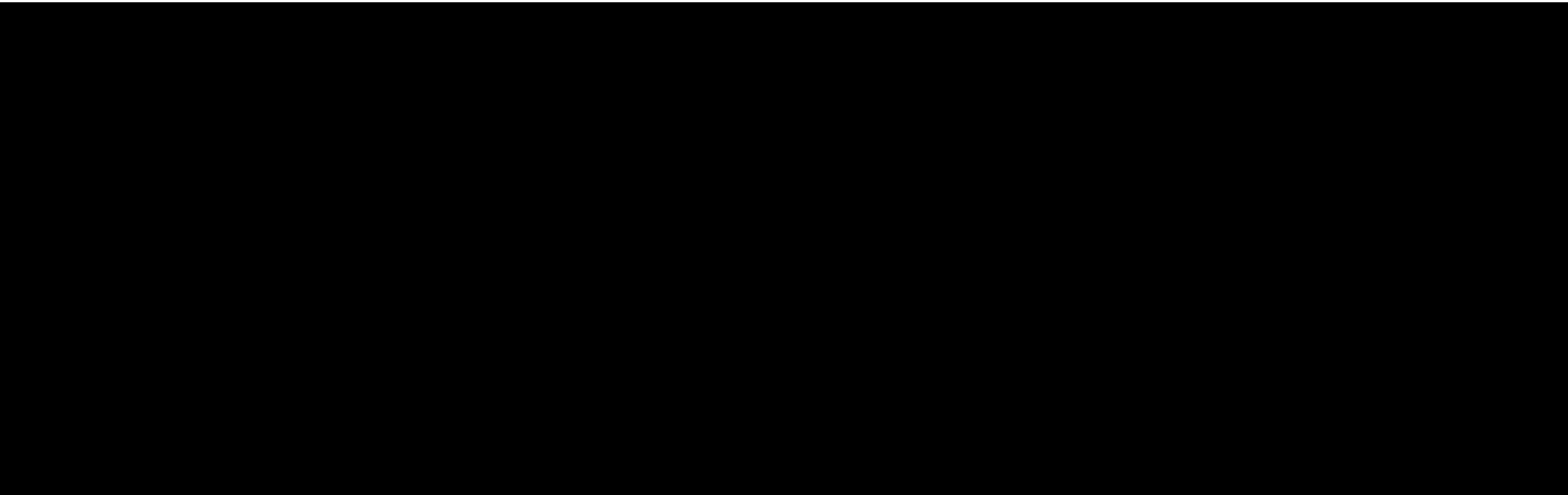


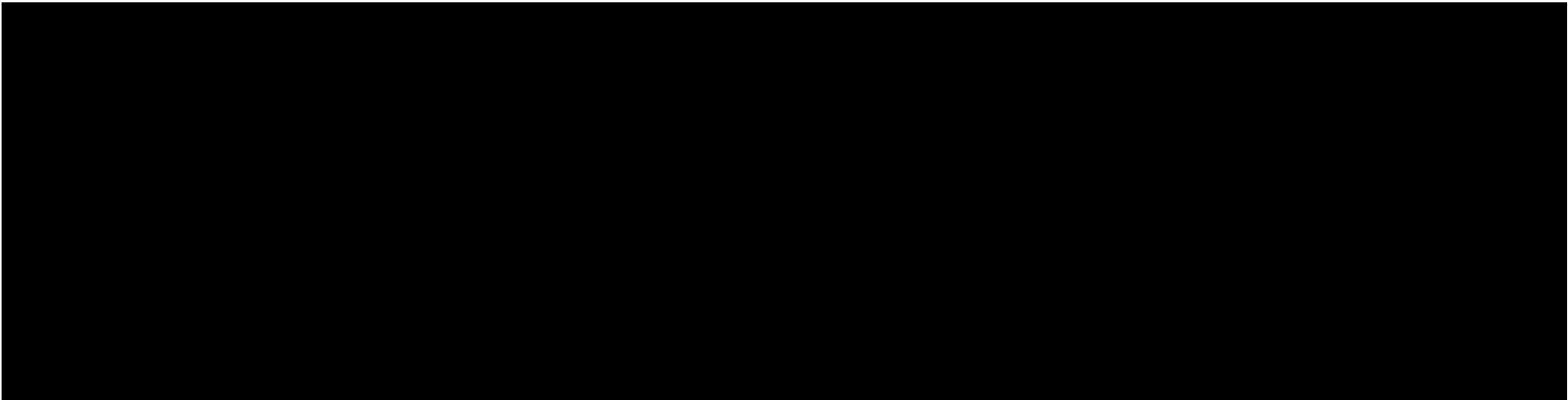


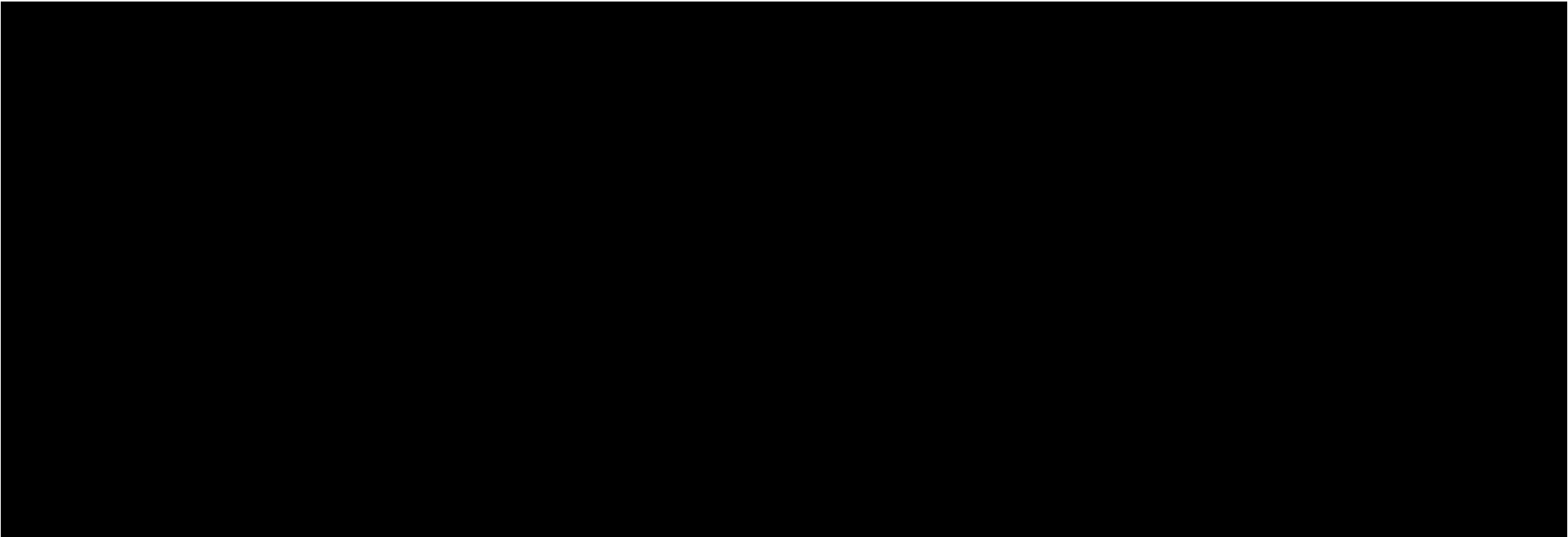
















ORDER NUMBER

E-xx-xx

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

and

FortisBC Energy Inc.

Filing of a Biomethane Purchase Agreement between FEI and Tidal Energy Marketing Inc. (Tidal) pursuant to
Section 71 of the *Utilities Commission Act* and BCUC Rules for Natural Gas Energy Supply Contracts

BEFORE:

[Panel Chair]
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

- A. On September 17 2021, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) an application for acceptance of a Biomethane Purchase Agreement (BPA) between FEI and Tidal Energy Marketing Inc. (Tidal) pursuant to section 71 of the *Utilities Commission Act* (UCA) and BCUC Rules for Natural Gas Energy Supply Contracts (Application);
- B. On April 18, 2010, the Government of British Columbia enacted the Clean Energy Act (CEA). The CEA provides that the Lieutenant Governor in Council (LGIC) can enact “prescribed undertakings” that are intended to encourage “the use of electricity, or energy directly from a clean or renewable resource instead of the use of other energy sources that produce higher greenhouse gas emissions”¹;
- C. Section 18(1) of the 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”²;
- D. On May 25, 2021, the LGIC, by Order in Council (OIC) 306/2021, approved an amendment to the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR), which among other things, repealed and replaced section 2 (3.8) to state:

(3.8) The public utility acquires renewable natural gas

a) at costs that meet the following criteria, as applicable:

- i. if the public utility acquires renewable natural gas by purchasing it, the price of the renewable natural gas does not exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the contract for purchase is signed;
 - ii. if the public utility acquires renewable natural gas by producing it, the levelized cost of production reasonably expected by the public utility does not exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the public utility decides to construct or purchase the production facility, and
 - b) that, in a calendar year, does not exceed 15% of the total amount, in GJ, of natural gas provided by the public utility to its non-bypass customers in 2019, subject to subsection (3.9) and section 10;
- E. The BCUC has not reviewed the Application from a public interest perspective as BPAs are prescribed undertakings 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 determines that the BPA qualifies as a prescribed undertaking under the GGRR and makes the following determinations.

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

1. The BCUC accepts for filing the BPA between FEI and Tidal.
2. The BCUC will keep the redacted portions of the Application 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?)