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January 19, 2022

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

Re: FortisBC Energy Inc. (FEI)

FEI Application for Approval of Rates and Agreement for a CNG Fueling Station under the Greenhouse Gas Reduction (Clean Energy) Regulation for GFL Environmental Inc. and for Amendments to Rate Schedule 6P (Application)

Response to the British Columbia Utilities Commission (BCUC) Information Request (IR) No. 1

On October 27, 2021, FEI filed the Application referenced above. In accordance with the regulatory timetable established in BCUC Order G-320-21 for the review of the Application, FEI respectfully submits the attached response to BCUC IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc (email only): Registered Parties

FortisBC Energy Inc. (FEI or the Company) FEI Application for Approval of Rates and Agreement for a CNG Fueling Station under the Greenhouse Gas Reduction (Clean Energy) Regulation for GFL Environmental Inc. and for Amendments to Rate Schedule 6P (Application)	Submission Date: January 19, 2022
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1.0 Reference: GREENHOUSE GAS REDUCTION (CLEAN ENERGY) REGULATION (GGRR) REQUIREMENTS

Exhibit B-1, Application, Section 4.1, pp. 4–5

GGRR Expenditure Limits for Compressed Natural Gas (CNG) Fueling Stations

On page 4 of the Application for Approval of Rates and Agreements for Constructing and Operating a Compressed Natural Gas Fueling Station under the Province's Greenhouse Gas Reduction (Clean Energy) Regulation for GFL Environmental Inc. in Abbotsford, BC; and Amendments to Rate Schedule

6P – Public Service – Natural Gas Refueling Service (Application), Fortis Energy Inc. (FEI) provides section 2(2) of the GGRR, which includes:

Section 2(2)(b.1): expenditures, during the undertaking period, on administration and marketing do not exceed \$240,000; and

Section 2(3.01): The amount determined by adding the following must not exceed \$62.5 million:

- (a) total expenditures during the undertaking period on the undertaking described in subsection (2), including expenditures on administration and marketing;
- (b) total expenditures during the undertaking period on the undertaking described in subsection (3), including expenditures on administration and marketing.

On page 5 of the Application, FEI states:

Furthermore, FEI's total capital expenditure to date under the GGRR will remain under \$62.5 million for CNG or LNG [liquid natural gas] infrastructure.

1.1 Please provide FEI's total expenditures to date on administration and marketing as set out under section 2(2)(b.1) of the GGRR.

Response:

As of December 31, 2021, FEI has spent approximately \$130 thousand of the \$240 thousand budget under section 2(2)(b.1) of the GGRR.

1.2 Please provide FEI's total capital expenditure to date for CNG and LNG infrastructure as set out under section 2(3.01) of the GGRR.



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1 **Response:**

2 As of December 31, 2021, FEI has spent approximately \$44.2 million (includes capital
3 expenditures and administration and marketing) of the \$62.5 million available under section
4 2(3.01) of the GGRR.

5

FortisBC Energy Inc. (FEI or the Company) FEI Application for Approval of Rates and Agreement for a CNG Fueling Station under the Greenhouse Gas Reduction (Clean Energy) Regulation for GFL Environmental Inc. and for Amendments to Rate Schedule 6P (Application)	Submission Date: January 19, 2022
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2.0 Reference: PROPOSED RATES FOR FUELING SERVICE

Exhibit B-1, Section 3, p. 3; Section 5.3, p. 10

Natural Resources Canada (NRCAN) Funding Contribution

On page 10 of the Application, FEI states:

In accordance with the Contribution Agreement and amending agreement executed between FEI and NRCAN (collectively, NRCAN Contribution Agreement), FEI is required to provide NRCAN a portion of the annual profit equivalent to the percentage of the NRCAN contribution from the overall project budget, up to the funding amount of \$0.868 million over the ten year term of the NRCAN Contribution Agreement. [...]

FEI has prepared a sample of the NRCAN repayment model, provided in Appendix E, showing a forecast of the expected revenue and expenses arising from the GFL [GFL Environmental Inc.] Abbotsford Fueling Station. This model is based on the minimum annual take or pay volume commitment provided by GFL, and does not consider any third-party or public fueling volumes. The actual profit will include revenue from third-party and public fueling customers. FEI is not projecting to earn a profit on this station for the entirety of the initial ten year term. If the GFL Abbotsford Fueling Station does earn a profit during the term, a portion of the annual profit will be required to be remitted back to NRCAN.

2.1 Please provide a copy of the Contribution Agreement between FEI and NRCAN for the GFL Abbotsford Fueling Station and the amending agreement.

Response:

Please refer to Confidential Attachment 2.1 for the Contribution Agreement which includes Amending Agreement No. 1.

A portion of the Contribution Agreement contained in Attachment 2.1 is redacted pursuant to Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents as set out in Order G-15-19 as it contains commercially sensitive information that is the result of negotiations which, if disclosed, may prejudice negotiations with other parties and impede FEI's ability to negotiate terms to the benefit of ratepayers in the future. A confidential version of Attachment 2.1 is being filed with the BCUC under separate cover.

Since filing the Application, FEI and NRCAN executed Amending Agreement No. 1 which extends the project completion deadline to March 31, 2022 to allow for equipment delivery and contractor delays due to a significant weather event causing major flooding, mudslides, and landslides in southern British Columbia that occurred in November 2021.

<p style="text-align: center;">FortisBC Energy Inc. (FEI or the Company)</p> <p>FEI Application for Approval of Rates and Agreement for a CNG Fueling Station under the Greenhouse Gas Reduction (Clean Energy) Regulation for GFL Environmental Inc. and for Amendments to Rate Schedule 6P (Application)</p>	<p>Submission Date: January 19, 2022</p>
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In conjunction with NRCAN Amendment No. 1, FEI and GFL agreed to extend the condition precedent date to December 31, 2021 to account for permitting delays and the significant weather event. Please refer to Attachment 2.1 for the extension letter.

2.2 Please provide the amount of the expected funding contribution FEI has received to date from NRCAN under the NRCAN Contribution Agreement and when FEI expects to receive the remainder of the funding contribution.

Response:

As of December 31, 2021, FEI has not yet received any funding from NRCAN for the GFL Abbotsford Fueling Station. FEI expects to receive funding in 2022 once a final report and documents are submitted and reviewed by NRCAN. FEI expects to receive the full \$868,000 in funding from NRCAN.

2.3 Please provide the minimum repayment amount to NRCAN in a given year that would result in the Fueling Services Agreement between FEI and GFL (GFL Fueling Agreement) recovering less than 60 percent of the forecast operating costs of the GFL Abbotsford Fueling Station over the first seven years of operation as set out under section 2(2)(c)(ii) of the GGRR.

2.3.1 Please provide the amount of additional revenue and volume (in GJ) necessary to result in the minimum repayment amount provided in response to the preceding information request (IR).

Response:

There is no minimum or any other repayment amount to NRCAN in any given year or over the initial ten years of the GFL Abbotsford Fueling Station that would result in FEI recovering less than 60 percent of the forecast operating costs as set out under section 2(2)(c)(ii) of the GGRR.

Pursuant to Section 8.1 of the NRCAN Contribution Agreement, a repayment to NRCAN will only occur if the station generates a profit. In the reporting template provided by NRCAN (Appendix E of the Application), profit is calculated on a cumulative basis and only a portion of the profit will be repaid back to NRCAN, with the total repayment not exceeding the amount of the NRCAN contribution. To be clear, the repayment only occurs if FEI recovers greater than 100 percent of the operating costs on a cumulative basis of the GFL Abbotsford Fueling Station.

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There is no GGRR requirement for the fueling station to generate a profit on a standalone basis (i.e., recovery from the fueling customer against the station operating costs). The requirement under section 2(2)(c)(ii) of the GGRR is that the fueling agreement(s) with the anchor customer(s) must recover a minimum of 60 percent of the forecast operating costs for the first seven years of operation with a minimum seven year initial term. Therefore, as described in the Application and also demonstrated by Financial Schedule 10 of Appendix I (Line 68 to 85), the proposed station rates (Capital and O&M rates of the GFL Abbotsford Fueling Station) are set to recover 60 percent of the station's forecast cost of service over the first ten years, from GFL, at the GFL Abbotsford Fueling Station based on the contracted volumes over a ten-year initial term.¹

Given that the capital and O&M rates for the GFL Abbotsford Fueling Station are set at 60 percent recovery of the station's forecast operating costs over a total of ten years, while the NRCan repayment only occurs when the station has a profit and only shares a portion of the profit, there is no amount of NRCan repayment that could result in the GFL Abbotsford Fueling Station falling below the minimum GGRR requirement of 60 percent recovery over the initial term.

For example, if FEI is able to obtain a profit of 50 percent (i.e., a recovery of 150 percent over the operating costs before accounting for the NRCan repayment), then, even if FEI had to repay all profits, the percent recovery would only reduce to 100 percent (i.e., Revenue of \$150 / (Cost of \$100 + Repayment of all profit of \$50) = 100 percent). In other words, the resulting NRCan repayment amount (i.e., a portion of the profit) could never result in recovery of operating costs less than 100 percent, let alone less than 60 percent.

Please also refer to the response to BCUC IR1 2.5 for an additional example that demonstrates there are no volumes above the contracted volumes that could cause the GFL Abbotsford Fueling Station to fall below a 60 percent recovery even when an NRCan repayment is included.

2.4 Please provide the maximum annual volume (in GJ) of CNG that can be delivered to customers from the GFL Abbotsford Fueling Station.

Response:

In the theoretical scenario in which FEI is fueling two vehicles simultaneously, with six minutes between each fill, 24 hours per day without factoring in any time for CNG storage replenishment or station maintenance, the maximum annual volume that can be delivered to customers at the GFL Abbotsford Fueling Station is 172,658 GJs in one year. However, this theoretical scenario is not reasonable, as station volume capacity depends on a realistic projection of customer fueling behavior, such as the time when vehicles would fuel (during operating hours) and how long

¹ Contracted volume means that GFL (Anchor Customer) will pay for the minimum volumes as defined in the fueling service agreement at the fueling station rates regardless if the customer uses that amount of volume.

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customers are willing to wait to fuel their vehicles. Based on expected fueling times and fueling duration expectations, an estimated realistic maximum annual station volume is 43,675 GJs. This assumes the equivalent of 15 fills per day with a volume of 75 Diesel Gallon Equivalent per fill.

2.5 Please discuss whether the GFL Fueling Agreement would meet the criteria set out under section 2(2)(c)(ii) of the GGRR if the maximum volume of CNG that can be dispensed from the station is delivered annually. As part of the response, please include an updated repayment model (i.e. Appendix E) and financial schedules (i.e. Appendix D) and identify any assumptions used.

Response:

This response addresses BCUC IR1 2.5 and the BCUC IR1 2.6 series.

In this IR and BCUC IR1 2.6 series, the BCUC is exploring whether the GFL Abbotsford Fueling Station would continue to meet prescribed undertaking criteria set out under section 2(2)(c)(ii) of the GGRR using a number of different volume scenarios. As discussed in the response to BCUC IR1 2.3, it is impossible for the station to achieve a profit, trigger a payment to NRCan and fall below 60 percent cost recovery. Furthermore, any of the volume scenarios requested in this and BCUC IR1 2.6 series, or any other level of increase volume from the GFL Abbotsford Fueling Station's contracted volume, as set out in Table 3 of the Application, will only improve the station's cost recovery above the minimum 60 percent, even when including the NRCan repayment. None of the scenarios would reduce the cost recovery to below 60 percent of the forecast operating cost. Therefore, the GFL Abbotsford Fueling Station will continue to meet the criteria set out under section 2(2)(c)(ii) of the GGRR.

To be responsive, FEI has provided a working excel spreadsheet, as Attachment 2.5, which illustrates that the percentage of cost recovery over the initial contract term will always remain above 60 percent (Line 81) regardless of the volumes² (Line 3) even with the NRCan Repayment included. FEI notes the NRCan Repayment calculations shown in Attachment 2.5 follow the calculation from the reporting template provided by NRCan, as provided in Appendix E of the Application. For this analysis, FEI conservatively assumed that O&M expenses increase proportional to the volume throughput of the station.

FEI notes that for the estimated realistic maximum annual station volume of 43,675 GJs and the absolute maximum of 172,658 GJs, as discussed in response to BCUC IR1 2.4, the percent recoveries including the NRCan Repayment are 112 percent and 180 percent, respectively, both well above the minimum GGRR requirement of 60 percent.

² If the total volume is less than the contracted volumes, the GFL (Anchor Customer) is still charged at the contracted volume in the applicable year for the GFL Abbotsford Fueling Station.

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2.6 Please provide a functional Excel model that includes the following information for the previous five years (i.e. 2017 to 2020 actuals and 2021 projected) for each of FEI's existing CNG fueling stations that are in-service:

- (i) The actual annual volume (in GJ) delivered to all customers broken down by customer type (i.e. Anchor, third-party, and public);
- (ii) The minimum annual take-or-pay volume (in GJ) broken down by customer type (i.e. Anchor, third-party, and public);
- (iii) The difference between (i) and (ii);
- (iv) The percentage of actual volume above the minimum take-or-pay volume delivered from each of the CNG fueling stations (annually and over the five-year period); and
- (v) The average percentage of actual volume above the minimum take-or-pay volume delivered across all the CNG fueling stations (annually and over the five-year period).

2.6.1 Please identify any CNG fueling stations in the preceding IR that do not allow for third-party and public fueling.

2.6.2 Please provide a revised NRCAN repayment model (i.e. Appendix E) and financial schedules (i.e. Appendix D) based on a scenario where the GFL Abbotsford Fueling Station's forecast volume reflects the highest 5-year average actual volume above the minimum take-or-pay volume delivered from the CNG fueling stations as calculated in IR 2.6 (iv). For example, if the highest 5-year average percentage calculated in IR 2.6 (iv) is 50 percent, then the forecast volume for the GFL Abbotsford Fueling Station would be 11,250 GJs (= 7,500 GJs x 1.5 in year 1); 17,250 GJs (= 11,500 GJs x 1.5 in year 2); and 23,250 GJs (=15,500 GJs x 1.5 in years 3 to 10). Please identify any assumptions used.

2.6.3 Please provide a revised NRCAN repayment model (i.e. Appendix E) and financial schedules (i.e. Appendix D) based on a scenario where the GFL Abbotsford Fueling Station's forecast volume reflects the 5-year average actual volume above the minimum take-or-pay volume delivered across all the CNG fueling as calculated in IR 2.6 (v). For example, if the 5-year average percentage calculated in IR 2.6 (v) is 25 percent, then the forecast volume for the GFL Abbotsford Fueling Station would be 9,375 GJs (= 7,500 GJs x 1.25 in year 1); 14,375 GJs (= 11,500 GJs x 1.25 in year 2); and 19,375 GJs (=15,500 GJs x 1.25 in years 3 to 10). Please identify any assumptions used.

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Response:

Please refer to the responses to BCUC IR1 2.3 and 2.5.

On page 3 of the Application, FEI states:

The GFL Abbotsford Fueling Station is located in Abbotsford near Highway 1, which is a major transportation route for medium and heavy-duty trucks. The GFL Abbotsford Fueling Station is strategically located to allow CNG fleets to fuel their CNG vehicles on a third-party and public fueling basis.

2.7 Given the GFL Abbotsford Fueling Station's strategic location, please discuss the station's ability to attract third-party and public fueling volume relative to the fueling stations identified in IR 2.6.

Response:

The GFL Abbotsford Fueling Station is located in Abbotsford near Highway 1, which is a major transportation route for medium and heavy-duty trucks. The GFL Abbotsford Fueling Station is FEI's second Abbotsford CNG station and the only Abbotsford CNG station that allows for third party and public fueling. This location is in close proximity to potential customers who are located in and serving the Chilliwack, Mission and Abbotsford areas. This station is expected to be attractive to numerous customers as it is located in between the FEI Surrey public fueling station and the Environmental 360 Solutions Ltd. Kelowna public fueling station. This allows for convenient fueling for customers who are regularly travelling between the Lower Mainland and Okanagan regions.

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3.0 Reference: **PROPOSED RATES FOR FUELING SERVICE**

Exhibit B-1, Section 3, p. 3; Section 5.2, p. 8

Cost of Service

On page 8 of the Application, FEI presents a summary of the inputs and outputs for the cost of service model in Table 3. With respect to the Annual operations and maintenance (O&M) input, FEI states:

- Annual amount for regular and preventive maintenance and ongoing training as required of GFL Abbotsford Fueling Station
 - o Average annual repair and maintenance of approximately \$16,000 in Year 1, \$25,000 in Year 2, and \$34,000 in Year 3 to Year 10.
 - o Electricity cost of approximately \$9,000 in Year 1, \$14,000 in Year 2, and \$20,000 in Year 3 to Year 10.

On page 3 of the Application, FEI states:

The GFL Abbotsford Fueling Station is designed as a fast-fill station to provide fuel to GFL, future third-party and public fueling customers. The station will consist of one two hose fast fill dispenser, a single compressor and point of sales system.

3.1 Please confirm, or explain otherwise, that the GFL Abbotsford Fueling Station also consists of a storage tank.

3.1.1 If not confirmed, please explain why a storage tank is not needed.

Response:

Confirmed. The GFL Abbotsford Fueling Station consists of a storage tank which is included in the forecast capital expenditure. The O&M for the storage tank is also included in the forecast operating costs.

3.2 Please provide the actual annual repair and maintenance and electricity costs for the previous five years (i.e. 2017 to 2020 actuals and 2021 projected) for FEI's other CNG fueling stations that are fast-fill stations. Please also provide the number of fast-fill dispensers, storage tanks and compressors for each fast-fill station.

3.2.1 Please compare the forecast repair and maintenance and electricity costs of the GFL Abbotsford Fueling Station with the cost of FEI's other fast-fill CNG fueling stations provided in the preceding IR. Please explain any differences greater than 10 percent.

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Response:

Table 1 below provides the previous five years of annual O&M costs for FEI's other fast-fill CNG fueling stations.

Table 1: O&M 2017-2021 CNG Fast-Fill Stations

	2017	2018	2019	2020	Projected 2021	Total 2017-2021	Average by Station
Burnaby Ops	120,722	35,560	22,085	14,671	49,975	243,013	48,603
Kamloops Operations*		32,798	39,811	59,065	61,119	192,793	48,198
Langford Ops	38,297	272,568	98,590	53,679	52,766	515,900	103,180
Mid-Island Co-Op - Nanaimo	131,312	118,646	53,385	43,644	20,165	367,152	73,430
Surrey Ops	120,748	79,723	45,652	96,468	57,943	400,534	80,107
5 Year Average for all CNG Fast-Fill Stations: \$70,704							

Table 2 below provides the number of dispensers, storage tanks and compressors at these fast-fill stations which has a direct impact on O&M costs.

Table 2: Equipment at CNG Fast-Fill Stations

	Fast-Fill Dispensers	Storage Tanks	Compressors
Burnaby Ops	1	6	2
Kamloops Operations	1	3	2
Langford Ops	1	3	2
Mid-Island Co-op - Nanaimo	2	6	2
Surrey Ops	1	3	2
GFL Abbotsford	1	3	1

The forecast average annual O&M for the GFL Abbotsford Fueling Station is \$25 thousand in Year 1, \$39 thousand in Year 2, and \$54 thousand in Year 3 to Year 10. Year 1 includes \$16 thousand for repair and maintenance (R&M) and \$9 thousand for electricity. Year 2 includes \$25 thousand for R&M and \$14 thousand for electricity. Year 3 to Year 10 includes \$34 thousand for R&M and \$20 thousand for electricity.

Table 3 below compares the average O&M cost by station from Table 1 above to the GFL Abbotsford Fueling Station forecast O&M expenditure. Note that not all stations have electricity costs included in the O&M Rate. In some cases, the anchor customer will hold the electricity account and pay the electricity cost, such that FEI does not incur electricity costs when operating the associated station. For those stations where the electricity is paid directly by the anchor customer and not through the O&M Rate, in Table 3 below FEI compares only the R&M associated with the station to the GFL Abbotsford Fueling Station. The O&M forecast for the GFL

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1 Abbotsford Fueling Station for years 3 to 10 is used for the comparison as it represents the
2 operating expenditures for the majority of the 10 year term.

3 **Table 3: Comparison at CNG Fast-Fill Stations Operating Expenditures**

	Avg. R&M Expenditure	GFL Abbotsford Forecast R&M Expenditure	Percentage Difference
<i>Electricity costs not included</i>			
Burnaby Ops	48,603	34,000	43%
Mid-Island Co-op - Nanaimo	73,430	34,000	116%
<i>Electricity costs included</i>			
Kamloops Operations	48,198*	54,000	-11%
Langford Ops	103,180	54,000	91%
Surrey Ops	80,107	54,000	48%

4 **The Kamloops Operations station was in operation on October 2017 and incurred \$39,202 of*
5 *O&M expenditures for 2017. Since the station was not operating for a full year, the O&M*
6 *expenditures for the station are excluded from the average O&M cost as only full year O&M has*
7 *been included.*

8 The variances are explained below.

- 9 • Burnaby Ops has two lower capacity compressors that accumulate greater projected run
10 hours than the GFL Abbotsford Fueling Station per GJ volume, thus reaching major
11 service intervals more frequently and increasing O&M costs in comparison. The Burnaby
12 Ops average minimum volume is 13,300 GJ per year, compared with an average minimum
13 volume at GFL Abbotsford of 15,500 GJs for year 3 to year 10.
- 14 • Mid-Island Co-Op - Nanaimo has two lower capacity compressors that accumulate more
15 projected run hours than the GFL Abbotsford Fueling Station per GJ volume, thus reaching
16 major service intervals more frequently and increasing maintenance costs. Mid-Island Co-
17 Op – Nanaimo also had higher than expected O&M costs due to unexpected equipment
18 failures in 2017 and 2018 that inflated the five year average O&M cost. Additionally,
19 stations located on Vancouver Island encounter a premium for servicing due to the
20 capabilities of local service contractors and spare part availability. Out of town technicians
21 and parts need to be brought in more frequently. The average minimum volume at Mid-
22 Island Co-op is 16,500 GJs per year.
- 23 • Kamloops Operations is a lower volume station in comparison to the GFL Abbotsford
24 Fueling Station, with a minimum annual volume of 3,000 GJs per year. The compressor
25 at GFL Abbotsford Fueling Station is expected to have substantially more run hours
26 resulting in greater O&M costs.
- 27 • Langford Ops has more volume being dispensed at the station than the projected volumes
28 at the GFL Abbotsford Fueling Station, with an average minimum volume of 24,500 GJs

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1 per year. Therefore, the run time and operation of the Langford Ops station is greater
2 than GFL Abbotsford. The station also has two compressors, increasing the required
3 scheduled preventative maintenance. These factors increases the maintenance
4 expenditures at the station compared to GFL Abbotsford Fueling Station. Additionally,
5 stations located on Vancouver Island encounter a premium for servicing due to the
6 capabilities of local service contractors and spare part availability. Out of town technicians
7 and parts need to be brought in more frequently.

- 8 • Surrey Ops has two compressors, increasing the required scheduled preventative
9 maintenance and resulting in higher O&M costs in comparison to the GFL Abbotsford
10 Fueling Station. One of the Surrey Ops compressors was manufactured in 1986 and is
11 nearing the end of its usable life, increasing forecasted O&M costs in comparison to a new
12 compressor. Surrey Ops does not have a minimum volume and only provides public
13 fueling through Rate Schedule 6P.
14

Attachment 2.1

REDACTED

DEPARTMENT OF NATURAL RESOURCES
CONTRIBUTIONS IN SUPPORT OF TRANSPORTATION AND ALTERNATIVE FUELS
PROGRAM
ELECTRIC VEHICLE AND ALTERNATIVE FUEL INFRASTRUCTURE DEPLOYMENT
INITIATIVE
REPAYABLE CONTRIBUTION AGREEMENT

THIS AGREEMENT is made in duplicate

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF CANADA ("Canada"), represented by the Minister of Natural Resources,

AND:

FORTISBC ENERGY INC., a for-profit organization, incorporated under the laws of British Columbia (the "Proponent").

WHEREAS Canada wishes to encourage the adoption of the **ELECTRIC VEHICLE AND ALTERNATIVE FUEL INFRASTRUCTURE DEPLOYMENT INITIATIVE** (the "Program");

WHEREAS the Proponent has submitted to the Minister a Proposal for the funding of a Project called "**CNG STATION - CUMBERLAND**" which qualifies for support under the Program;

WHEREAS Canada and the Proponent agree that in order for the Proponent to develop and implement the Project as described in Schedule A (Statement of Work), the Proponent will require financial assistance from Canada;

AND WHEREAS, to the extent the Proponent derives any Profit from the Project, the Proponent agrees to repay Canada for its financial assistance pursuant to this Agreement;

NOW, THEREFORE, Canada and the Proponent agree as follows:

1: INTERPRETATION

1.1 In this Agreement:

"Agreement" means this Agreement and the attached Schedules A, B, C, and D;

"Claim Period" means the period to which each payment claim pertains as set out in Schedule C (Reports), Section 1;

"Contribution" means the funding provided by the Minister under this Agreement;

"Eligible Expenditures" means any expenditures Incurred by the Proponent, as set out in Schedule B (Budget and Eligible Expenditures), within the Eligible Expenditure Period in accordance with the terms and conditions of this Agreement;

"Eligible Expenditure Period" means the period starting when this Agreement is signed to July 31, 2020;

"Fiscal Year" means the period beginning on April 1st of any year and ending on March 31st in the next year;

"Fixed Asset" means a tangible non-current asset, including buildings and equipment, acquired for use rather than for sale during the Eligible Expenditure Period;

"Incurred" means, in relation to an Eligible Expenditure, such Eligible Expenditure or a portion thereof that is owing and due by the end of each Claim Period;

"Incurred and Paid" means, in relation to an Eligible Expenditure, that the Proponent has paid for the said Eligible Expenditure;

"Intellectual Property" means any Intellectual Property right recognized by the law, including any intellectual property right protected through legislation including governing patents, copyright, trademarks, and industrial designs;

"Interest Rate" means the Bank Rate, as defined in the *Interest and Administrative Charges Regulations*, in effect on the due date, plus 300 basis points, compounded monthly. The Interest Rate for any given month can be found at: <http://www.tpsgc-pwgsc.gc.ca/recgen/txt/taux-rates-eng.html>;

"Minister" means the Minister of Natural Resources and includes any duly authorized officers or representatives;

"Party" means either the Proponent or Canada;

"Profit" means in relation to the Project, the net income of the Proponent received from any product or Intellectual Property directly derived from the Project, as determined whether using Generally Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS);

"Project" means the Project described in Schedule A (Statement of Work);

"Project Completion" means the date on which the Proponent provides Canada with evidence, satisfactory to Canada, that the Project is complete and open to the public together with the Project's sales report of the first week after the Project is open to the public;

"Proposal" means a written Proposal signed by the Proponent on March 22, 2018, which is accepted by the Minister for the Project;

"Total Government Funding" means cash contributions provided by the federal government and other contributions from the provincial/territorial and municipal governments toward the Total Project Costs; and

"Total Project Costs" means the Contribution and other verifiable cash or in-kind contributions either received or contributed by the Proponent and directly attributable to the Project from July 18, 2018 to July 31, 2020.

1.2 In case of conflict between provisions of this Agreement, the order of precedence shall be the following:

- a) these Articles of Agreement;
- b) Schedule A (Statement of Work);
- c) Schedule B (Budget and Eligible Expenditures);
- d) Schedule C (Reports); and
- e) Schedule D (Certification of Eligible Expenditures Incurred and Paid).

1.3 Grammatical variations of the above defined terms have similar meanings. Words importing the singular number only shall include the plural and vice versa.

2: REPRESENTATIONS AND WARRANTIES

2.1 The Proponent represents and warrants that all factual matters contained in the Proposal and all supporting material submitted are true and accurate in all material respects, and that all estimates, forecasts and other related matters involving judgement were prepared in good faith and to the best of its ability, skill and judgement.

2.2 The Proponent represents and warrants that it is duly incorporated or registered and validly existing in good standing under the laws of British Columbia and has the power and authority to carry on its business, to hold property, and undertakes to take all necessary action to maintain itself in good standing and preserve its legal capacity during the term of this Agreement.

2.3 The Proponent represents and warrants that the signatory to this Agreement has been duly authorized to execute and deliver this Agreement on its behalf.

2.4 The Proponent represents and warrants that the execution, delivery, and performance of this Agreement have been duly authorized and when executed and delivered will constitute a legal, valid, and binding obligation of the Proponent enforceable in accordance with its terms.

2.5 The Proponent represents and warrants that it has not, nor has any person offered or promised to any official or employee of Her Majesty the Queen in Right of Canada, for or with a view to obtaining this Agreement any bribe, gift or other inducement and it has not nor has any person on its behalf employed any person to solicit this Agreement for a commission, fee or any other consideration dependent upon the execution of this Agreement.

3: COMING INTO FORCE

3.1 This Agreement comes into force when signed by the Parties.

3.2 Except as otherwise provided in the articles below, this Agreement will terminate on the latest of:

- a) the date the Proponent has met, to the satisfaction of the Minister, all the obligations to repay the Contribution as described in the *Repayment of Contribution Article* of this Agreement; or,
- b) the date on which the Proponent paid to the Minister all amounts due under this Agreement.

3.3 The following clauses shall survive the termination of this Agreement for an additional three (3) years:

- a) Contribution Article, Paragraph 6.4;
- b) Method of Payment Article;
- c) Accounts and Audits Article;
- d) Intellectual Property Article;
- e) Indemnity Article;
- f) Default Article;
- g) Access Article;
- h) Reports Article;
- i) Disposition Article; and
- j) Dispute Resolution Article.

4: CONDUCT OF PROJECT

4.1 The Proponent shall carry out the Project promptly, diligently and in a professional manner and in accordance with the terms and conditions of this Agreement.

4.2 The Proponent shall complete the Project by July 31, 2020, unless terminated earlier pursuant to the provisions of this Agreement.

4.3 The Proponent shall comply with all applicable federal, provincial and municipal laws in relation to the Project.

4.4 The Parties are satisfied that any legal duty to consult with Aboriginal groups affected by the Project, and where appropriate, to accommodate Aboriginal group's concerns has been met and continues to be met. If as a result of changes to the nature or scope of the Project Canada determines that a legal duty to consult is triggered, the Proponent agrees that all of Canada's obligations pursuant to this Agreement will be suspended from the moment that Canada informs the Proponent that a legal duty to consult arises.

In the event that a legal duty to consult arises, the Proponent agrees that:

- a) Canada will withhold any payment of the Contribution toward Eligible Expenditures until Canada is satisfied that any legal duty to consult with, and where appropriate, to accommodate Aboriginal groups has been met and continues to be met;
- b) if, as a result of such changes to the Project, Canada determines that further consultation is required, the Proponent will work with Canada to ensure that the legal duty to consult, and where appropriate, to accommodate Aboriginal groups, is met and continues to be met to Canada's satisfaction; and

c) it will consult with Aboriginal groups that might be affected by the changes to the Project, explain the Project to them, including Canada's role, and will provide a report to Canada, which will include:

- i. a list of all Aboriginal groups contacted;
- ii. a summary of all communications to date with the Aboriginal groups, indicating which groups support or object to the Project, and whether their positions are final, preliminary or conditional in nature;
- iii. a summary of any issues or concerns that the Aboriginal groups have raised and an indication of how the Proponent has addressed or proposes to address those issues or concerns; and
- iv. any other information Canada may deem appropriate.

5: ENVIRONMENT

5.1 The Proponent represents and warrants that the Project is not a designated project under the *Canadian Environmental Assessment Act, 2012* and that it is under no obligation or prohibition, nor is it subject to or threatened by any actions, suits or proceedings, including those arising out of the *Canadian Environmental Assessment Act, 2012* which could or would prevent compliance with this Agreement and undertakes to advise the Minister forthwith of any such occurrence during the term of this Agreement.

5.2 Notwithstanding any other provision of this Agreement, if during the Eligible Expenditure Period, a change that would transform this Project into a designated project under the *Canadian Environmental Assessment Act, 2012* is proposed for, or made to the Project, the Parties agree that Canada's obligation under this Agreement will be suspended until the Proponent has fully complied with the obligations arising out of the *Canadian Environmental Assessment Act, 2012*.

6: CONTRIBUTIONS

6.1 Notwithstanding any other provision of this Agreement, the Contribution shall not in any circumstances exceed the lesser of:

- a) Fifty percent (50%) of Total Project Costs incurred; or
- b) Eight Hundred Sixty Eight Thousand dollars (\$868,000).

6.2 The Fiscal Year allocations for the Contribution are as follows:

2018-2019 Eight Hundred Sixty Thousand dollars (\$860,000)
2019-2020 Eight Thousand dollars (\$8,000)

Any reallocation of the Contribution amounts in whole or in part from one Fiscal Year to another shall require a written amendment signed by the Parties.

6.3 In order to be eligible to receive payment for any remaining portion of the Contribution as described herein, the Proponent must submit its final claim for payment on or before August 31, 2020.

6.4 The Minister will not contribute to any Eligible Expenditure Incurred by the Proponent prior to or after the Eligible Expenditure Period.

6.5 If by the Project Completion, the Total Government Funding as set out in Schedule B (Budget and Eligible Expenditures), the Proponent has received exceeds seventy five percent (75%) of the Total Project Costs incurred, the Minister may require the Proponent to reimburse such excess back to Canada.

6.6 The Proponent represents that no other federal, provincial, territorial or municipal government assistance, other than those described below and listed in Schedule B (Budget and Eligible Expenditures), has been or will be provided in respect of the Total Project Costs incurred:

Canada (NRCan):	Eight Hundred Sixty Eight Thousand dollars (\$868,000)
Other Federal:	No dollars (\$0)
Provincial:	No dollars (\$0)
Territorial:	No dollars (\$0)
Municipal:	No dollars (\$0)
Total Government Funding:	Eight Hundred Sixty Eight Thousand dollars (\$868,000)

The Proponent shall advise the Minister promptly of any change in the Total Government Funding listed above during the term of this Agreement.

6.7 Within sixty (60) days after Project Completion, the Proponent shall provide the Minister with a declaration as to the total amount of contributions or payments, including Total Government Funding, received by the Proponent.

7: METHOD OF PAYMENT

7.1 Subject to the terms and conditions of this Agreement, Canada shall make the Contribution toward the Eligible Expenditures Incurred for which the goods have been received or the services have been rendered.

7.2 Subject to the terms and conditions of this Agreement, Canada shall make the Contribution toward the Eligible Expenditures Incurred for which the goods have not been received or for which the services have not been rendered, provided that:

a) For equipment, materials, or products, or contracting services related to the purchase of equipment, materials, or products:

i) any claim for an Eligible Expenditure greater than \$100,000, is supported by proper documentation which includes, but is not limited to a signed contract, a payment schedule showing milestone payment due dates, and invoice(s) due by said claim period;

ii) any claim for an Eligible Expenditure of up to \$100,000, is supported by proper documentation which includes, but is not limited to a purchase order, and an invoice(s) due by said Claim Period;

b) For Eligible Expenditures that are not described in paragraph a) above:

i) any claim for an Eligible Expenditure greater than \$50,000, is supported by proper documentation which includes, but is not limited to a signed contract or purchase order, showing payment due dates, and invoice(s) due by said claim period, and is subject to Canada's approval to reimburse the Eligible Expenditure before the goods or services pertaining to said Eligible Expenditure are received or rendered;

ii) any claim for an Eligible Expenditure of up to \$50,000, is supported by proper documentation which includes, but is not limited to a purchase order, and an invoice(s) that is due by said Claim Period.

For greater clarity, the amounts described herein include the total cost of the Eligible Expenditure, and not the amount of any individual invoice related to said Eligible Expenditure.

7.3 The Minister shall withhold ten percent (10%) from each payment until:

a) the Project has been completed to the satisfaction of the Minister;

b) a final report documenting the completion of the Project and any other final report as set out in Schedule C (Reports) have been received and approved by the Minister;

c) the Proponent has certified, in the manner set out in Schedule D (Certification of Eligible Expenditures Incurred and Paid), that all claims for the payment of Eligible Expenditures of the Project have been Incurred and Paid by the Proponent; and,

d) the Minister has received and approved a final statement of Eligible Expenditures Incurred and Paid in respect of the Project.

7.4 In order to receive payment of Eligible Expenditures, the Proponent shall submit claims for payment, as set out in Schedule C (Reports). All claims must be submitted no later than thirty (30) days after the end of each quarter, except the claim for the final payment.

7.5 Notwithstanding the *Amendments Article*, following receipt of a written request from the Proponent in accordance with the *Notices Article*, the Minister may approve in writing at its sole discretion an extension to submit any claim or any report required to be submitted in accordance with this Agreement.

7.6 Where for any reason the Minister determines that the amount of the Contribution disbursed exceeds the amount to which the Proponent is entitled or the Proponent is not entitled to the Contribution, the Proponent must repay to Canada no later than thirty (30) days from the date of the Minister's notice, the amount of the overpayment or the amount of the Contribution disbursed. If the amount is not repaid by its due date, interest accrues at the Interest Rate for the period beginning on the due date and ending on the day before the day on which repayment to Canada is received. Any such amount is a debt due to Her Majesty in Right of Canada and is recoverable as such.

7.7 Without limiting the scope of the set-off rights provided for under the *Financial Administration Act*, it is understood that the Minister may set off against any amount that may be payable to the Proponent pursuant to this Agreement, any amounts owed and past due by the Proponent to Her Majesty the Queen in Right of Canada under any legislation or contribution agreements and the Proponent shall declare to the Minister all amounts outstanding in that respect when making any claim under this Agreement.

8: REPAYMENT OF CONTRIBUTION

8.1 For a period of ten (10) years commencing on the day immediately following the Project Completion, the Proponent shall pay to Canada annually the Profit arising from the Project in the same ratio as that of Canada's Contribution to the Total Project Costs, except that Canada's share shall not exceed its Contribution.

8.2 The Proponent shall submit financial reports and payments to Canada as described in Schedule C (Reports), for the period set out in the paragraph above.

8.3 The Proponent agrees that all considerations to be received by the Proponent in respect of the licensing, selling, marketing or commercialization of the Intellectual Property arising in the course of the Project to non-arms' length parties shall be deemed to be that which would be established in bona fide arm's length transactions between the Parties.

8.4 The Proponent shall pay to Canada interest at the Interest Rate on any payment that is overdue from the date such amount becomes overdue and ending on the day before the day on which repayment to Canada is received.

9: ACCOUNTS AND AUDITS

9.1 Prior to the Project Completion and for three (3) years after the termination of this Agreement, as described in Article 3 (*Coming Into Force*), the Proponent shall, at its own expense:

- a) keep proper and accurate books, accounts, and records of its revenue received and expenses Incurred and Paid in connection with the Project and shall keep its invoices, receipts, and vouchers relating thereto;
- b) keep proper and accurate records of all data, analyses, and other scientific or technical assessments and reports, and any and all information relating to the outputs and outcomes of the Project;
- c) on demand, make available to the Minister such books, accounts, records, invoices, receipts, and vouchers referred to above and permit the Minister to examine and audit and take copies and extracts from such documents;
- d) allow the Minister, at the Minister's own expense and discretion, to conduct a technical audit to verify that the proposed measures outlined in Schedule A (Statement of Work) were implemented in accordance with this Agreement; and
- e) allow the Minister, at the Minister's own expense and discretion, to conduct an audit to verify the accuracy of reports submitted under Schedule C (Reports).

9.2 In respect of Eligible Expenditures related to professional, scientific and contracting services outlined in Schedule B (Budget and Eligible Expenditures), Canada's auditors may, acting reasonably, request that the Proponent's books, accounts and records be supplemented by information from the books, accounts and records of the subcontractors engaged by the Proponent having contracts in excess of twenty percent (20%) of the Contribution for the purposes of the Project. The Proponent will use commercially reasonable efforts to obtain such information as is reasonably requested by Canada's auditors from the Proponent's subcontractors, subject to and to the extent permitted by terms of the applicable contracts and, in particular, the audit provisions of such contracts.

10: INTELLECTUAL PROPERTY

10.1 All Intellectual Property that arises in the course of the Project shall vest in the Proponent, or be licensed to the Proponent in the event that a Proponent's subcontractor retains title to such Intellectual Property.

10.2 The Proponent shall supply to Canada the reports and documents described in Schedule C (Reports) or as otherwise required by the Minister under the *Reports Article*, and the Proponent hereby grants to Canada a non-exclusive, irrevocable, world-wide, free and royalty-free license in perpetuity to use, modify, and, subject to the *Access to Information Act*, make publicly available such reports and documents for non-commercial governmental purposes.

11: INDEMNITY

11.1 Neither Canada, nor its employees, officers and agents, will have any liability in respect of claims of any nature, including claims for injury or damages, made by any person involved in the activities of the Project or as a result of or arising out of this Agreement, and the Proponent will indemnify and save harmless Canada, its employees, officers and agents, in respect of such claims.

12: DEFAULT

12.1 The Minister may declare that an event of default has occurred if:

- a) the Proponent becomes insolvent or is adjudged or declared bankrupt or if it goes into receivership or takes the benefit of any statute from time to time in force relating to bankrupt or insolvent debtors;
- b) an order is made which is not being contested or appealed by the Proponent or a resolution is passed for the winding up of the Proponent or it is dissolved;
- c) in the opinion of the Minister, there has been a misrepresentation or breach of warranty under the *Representations and Warranties Article*;
- d) in the opinion of the Minister, acting reasonably, a material adverse change in risk affecting the fulfilment of the terms and conditions of this Agreement has occurred;
- e) any term, condition or undertaking in this Agreement is not complied with, including, without limitation, any of those in the *Conduct of Project Article* or the *Environment Article*, and any such defect has not been cured by or remedied by the Proponent within thirty (30) days of written notice of such defect having been provided to the Proponent; or,
- f) the Proponent neglects or fails to pay the Minister any amount due in accordance with this Agreement.

12.2 If the Minister declares that an event of default has occurred, in addition to all other remedies provided under contract law, the Minister may exercise one or more of the following remedies:

- a) suspend any obligation of Canada to contribute or continue to contribute to the Eligible Expenditures of the Project or a part of the Project, including any obligation to pay any amount owing prior to the date of such suspension;
- b) terminate any obligation of Canada to contribute or continue to contribute to the Eligible Expenditures, including any obligation to pay any amount owing prior to the date of such termination;
- c) terminate this Agreement; and,

d) direct the Proponent to repay all or part of the Contribution which has been paid to the Proponent, together with interest from the date of demand at the Interest Rate. Any such amount is a debt due to Her Majesty in Right of Canada and is recoverable as such.

For greater clarity, all above remedies are cumulative.

12.3 The fact that the Minister does not exercise a remedy that the Minister is entitled to exercise under this Agreement will not constitute a waiver of such right and any partial exercise of a right will not prevent the Minister in any way from later exercising any other right or remedy under this Agreement or other applicable law.

13: ACCESS

13.1 The Proponent shall provide the Minister or Minister's representatives, during the Eligible Expenditure Period and for a period of three (3) years after the Project Completion, reasonable access to any premises where the Project takes place to assess the Project's progress or any element thereof.

14: REPORTS

14.1 The Proponent shall submit Project reports satisfactory to the Minister in accordance with the provisions of Schedule C (Reports) or as otherwise requested by the Minister.

15: DISPOSITION OF ASSETS

15.1 If, prior to the Project Completion and for ten (10) years thereafter, the Proponent sells, leases or otherwise disposes of any Fixed Asset excluding Intellectual Property, where the cost of the Fixed Asset is part of the Eligible Expenditures under the Project to which Canada has contributed under this Agreement, the Proponent shall immediately notify the Minister in writing of such sale, lease or disposition and, if the Minister so requires, the Proponent shall share with Canada the proceeds of the sale, lease or any other disposition in the same ratio as that of Canada's Contribution to the purchase of the Fixed Asset by the Proponent, except that Canada's share shall not exceed the Contribution.

16: SUBCONTRACTS

16.1 The Proponent shall not subcontract all or any part of the Project except as provided in the Proposal. The Proponent shall advise the Minister of any other new contract, not originally included in the Proposal, the Proponent enters into with a third party to undertake work on the Project where the estimate of the cost of the work to be performed exceeds twenty percent (20%) of the Contribution. The notice shall include a description of the extent and nature of the contracted work, the identity of the contractor, and the estimated cost of the contracted work. For greater certainty, for the purposes of this Article, there is no privity of contract between Canada and any of the Proponent's subcontractors; as such, the selection and amendment of any of the Proponent's subcontractors as may be listed in the Proposal is the sole responsibility of the Proponent and is not subject to the Minister's consent.

17: LEGAL RELATIONSHIP

17.1 Nothing contained in this Agreement shall create the relationship of principal and agent, employer and employee, partnership or joint venture between the Parties.

17.2 The Proponent shall not make any representation that:

- a) the Proponent is an agent of Canada; or,
- b) could reasonably lead any member of the public to believe that the Proponent or its contractors are agents of Canada.

18: ACKNOWLEDGEMENT

18.1 The Proponent shall acknowledge the financial support of Canada in all public information produced as part of the Project.

18.2 The Proponent will seek prior written consent of the Minister for any public acknowledgement of the financial support of Canada to this Project through news releases, public displays, and public and media events.

18.3 Except for releases of information required to comply with securities regulations or other laws, where media announcements and public events relating to this Project are to be made by a Party, the Party shall use commercially reasonable efforts to give to the other a three (3) weeks prior written notice of any media announcement or public event and a reasonable opportunity to review and comment thereon.

18.4 The Proponent acknowledges that the Proponent's name, the amount awarded, and the general nature of the activities supported under this Agreement may be made publicly available by the Government of Canada.

19: TIME OF ESSENCE

19.1 Time is of the essence with respect to all provisions of this Agreement that specify a time for performance.

20: MEMBERS OF PARLIAMENT

20.1 No Member of the House of Commons or Senate shall be admitted to any share or part of this Agreement or to any benefit arising therefrom that is not otherwise available to the general public.

21: CONFLICT OF INTEREST

21.1 It is a term of this Agreement that all current or former public servants to whom the federal *Values and Ethics Code* for the Public Sector, federal *Policy on Conflict of Interest and Post-Employment*, or *NRCAN Values and Ethics Code* applies shall comply with the Codes or Policy, as applicable.

21.2 If any individual working for the Proponent formerly provided consultancy services to the Minister that are related to this Agreement, particularly any services associated with developing the Agreement or developing the Project which is the subject of this Agreement, the Proponent is considered to be in a real, perceived, or potential conflict of interest situation.

21.3 If a conflict of interest situation arises during the Agreement, the Proponent shall notify the Minister, in the manner prescribed in the *Notices Article*. Upon request, the Proponent shall notify the Minister of all reasonable steps taken to identify, avoid, prevent, and where it exists, resolve any conflict of interest situation.

21.4 The Minister may investigate a real, perceived, or potential conflict of interest and take such steps and measures as the Minister considers appropriate, including without limitation: informing the Proponent that it is in a conflict of interest situation; requesting specific actions be taken to correct the situation; requiring the Proponent to withdraw any individual from participation in the Project for reasons of conflict of interest; suspending payments under the Agreement; or terminating the Agreement.

22: FORCE MAJEURE

22.1 The Parties shall not be in default or in breach of this Agreement due to any delay or failure to meet any of their obligations caused by or arising from any event beyond their reasonable control and without their fault or negligence, including any act of God or other cause which delays or frustrates the performance of this Agreement (a "force majeure event"). If a force majeure event frustrates the performance of this Agreement, Canada will only be liable for its proportionate share of the Eligible Expenditures Incurred and Paid to the date of the occurrence of the event.

22.2 The performance of the obligation affected by a "force majeure event" as set out above shall be delayed by the length of time over which the event lasted. However, should the interruption continue for more than thirty (30) days, this Agreement may be terminated by Canada.

22.3 Should either Party claim the existence of a "force majeure event" as above, prompt notice thereof shall be given to the other Party and the Party claiming the existence of a "force majeure event" shall have the obligation to provide reasonable satisfactory evidence of the existence of such event and use its best efforts to mitigate any damages to the other Party.

23: GOVERNING LAW

23.1 This Agreement shall be interpreted in accordance with the applicable federal laws and the laws in force in the Province of British Columbia.

24: ASSIGNMENT

24.1 No benefit arising from this Agreement shall be assigned in whole or in part by the Proponent without the prior written consent of the Minister and any assignment made without that consent is void and of no effect.

25: NOTICES

25.1 The claims for payment, requests, reports, notices, repayments and information referred to in this Agreement shall be sent in writing or by any method of telecommunication and, unless notice to the contrary is given, shall be addressed to the Party concerned at the following address:

To Canada:

Paula Vieira
Director, Transportation and Alternative Fuels Division
Natural Resources Canada
580 Booth Street, room 18 D-3
Ottawa, Ontario K1A 0E4
Telephone: (343) 292-6387
Fax: (613) 995-8961
E-mail: paula.vieira@canada.ca

To the Recipient:

Sarah Smith
Director, NGT, Regional LNG and RNG Supply
FortisBC Energy Inc
16705 Fraser Highway
Surrey, British Columbia V4N 0E8
Telephone: (604) 592-7528
E-mail: sarah.smith2@fortisbc.com

25.2 Requests, notices and documents are deemed to have been received, if sent by registered mail, when the postal receipt is acknowledged by the other Party; by facsimile or electronic mail, when transmitted and receipt is confirmed; and by messenger or specialized courier agency, when delivered.

25.3 The Minister and the Proponent agree to notify each other in writing if the above contact information changes. This requirement will not cause an Amendment.

26: AMENDMENTS

26.1 No amendment of this Agreement or waiver of any of its terms and conditions shall be deemed valid unless effected by a written amendment signed by the Parties.

27: DISPUTE RESOLUTION

27.1 If a dispute arises concerning the application or interpretation of this Agreement, the Parties will attempt to resolve the matter through good faith negotiation, and may, if necessary and the Parties consent in writing, resolve the matter through mediation by a mutually acceptable mediator.

28: APPROPRIATION

28.1 The payment of monies by Canada under this Agreement is subject to there being an appropriation by Parliament for the Fiscal Year in which the payment of monies is to be made.

28.2 Notwithstanding any other provision of this Agreement, Canada may reduce or cancel the Contribution to the Project upon written notice to the Proponent in the event that the funding levels for the Department of Natural Resources are changed by Parliament during the term of this Agreement. In the event that Canada reduces or cancels the Contribution, the Parties agree to amend the Project and the Eligible Expenditures of the Project, namely this Agreement, to take into account the reduction or cancellation of the Contribution.

29: LOBBYING ACT

29.1 The Proponent shall ensure that any person lobbying on behalf of the Proponent is registered pursuant to the *Lobbying Act* and that the fees paid to the lobbyist are not to be related to the value of the Contribution.

30: SUCCESSORS AND ASSIGNS

30.1 This Agreement shall inure to the benefit of and be binding on the Parties and their respective representatives, successors and assigns.

31: OFFICIAL LANGUAGES/LANGUES OFFICIELLES

31.1 This Agreement is drawn in English at the request of the Parties. Les Parties ont convenu que le présent Accord soit rédigé en anglais.

31.2 All public information documents related to the Project prepared or paid for in whole or in part by Canada must be made available in both official languages, when the Department of Natural Resources judges that this is required under the *Official Languages Act*. Tout document d'information publique préparé ou payé en tout ou en partie par le Canada ayant trait au Projet doit être offert dans les deux langues officielles, lorsque le Ministère des ressources naturelles le juge pertinent, conformément à la *Loi sur les langues officielles*.

32: COUNTERPART SIGNATURE

32.1 This Agreement (and any amendments) may be signed in counterparts including facsimile, PDF and other electronic copies, each of which when taken together, will constitute one instrument.

33: SEVERABILITY

33.1 Any provision of this Agreement prohibited by law or otherwise ineffective, will be ineffective only to the extent of such prohibition or ineffectiveness and will be severable without invalidating or otherwise affecting the remaining provisions of the Agreement. The Parties agree to negotiate in good faith a substitute provision which most nearly reflects the Parties' intent in entering into this Agreement.

34: ENTIRE AGREEMENT

34.1 This Agreement constitutes the entire Agreement between the Parties with respect to the subject matter of this Agreement and supersedes all previous negotiations, communications, and other agreements, whether written or verbal between the Parties.

IN WITNESS THEREOF, this Agreement is duly executed on behalf of Her Majesty the Queen in Right of Canada by an officer duly authorized by the Minister of Natural Resources and on behalf of the Proponent, by an officer duly authorized on its behalf.

HER MAJESTY THE QUEEN IN RIGHT OF CANADA

Jan 2, 2019 Jay Khosla
Date Jay Khosla
Assistant Deputy Minister, Energy Sector

FORTISBC ENERGY INC.

Dec 3/18 Douglas Stout
Date Douglas Stout
VP, Market Development and External Relations

SCHEDULE A

To the Agreement between

HER MAJESTY THE QUEEN IN RIGHT OF CANADA

And

FORTISBC ENERGY INC.

STATEMENT OF WORK

1. Project Description

TITLE	CNG Station -- Cumberland
OBJECTIVE	The purpose of this Project is to increase awareness, availability and use of lower carbon vehicles and fuels in Canada by supporting the installation of a natural gas refuelling station in British Columbia.
DESCRIPTION	<p>The Proponent will be leveraging the experience gained from previously building and operating 19 CNG / LNG refuelling stations throughout the province of British Columbia by developing a CNG fuelling station in the Village of Cumberland as a joint project with Emterra Environmental Inc (Emterra).</p> <p>The fuelling station will aid both in the service of existing and new CNG fleet at Emterra as well as be open for third party public use for other adopters of CNG in and around the surrounding area. Operating at 3,600 psi, the station will consist of two (2) time-fill posts with four (4) CNG hoses and a single fast-fill dispenser with two (2) hoses (i.e., ability to fuel 6 vehicles at once).</p> <p>The Proponent will continue to work with other potential customers in the area and promote the economic and environmental benefits of CNG. The Proponent will provide end-to-end support for customers including the construction, operation and maintenance of the natural gas fuelling infrastructure as well as promoting the adoption of natural gas as a transportation fuel in British Columbia.</p> <p>In order to ensure the success of this fueling station, the Proponent will work with partners, local municipality, and other relevant organizations to develop a signage program.</p>
BENEFITS	<p><u>Benefits to Stakeholders:</u></p> <ul style="list-style-type: none">• Increase capacity to encourage awareness, availability and use of lower carbon transportation options such as alternative fuel vehicles and fuels.• Encourage a clean economic growth and the creation of jobs by installing and managing infrastructure.• Encourage Canadian companies who have positioned themselves as leaders in the development and deployment of alternative fuels and clean technologies. <p><u>Benefits to Canada:</u></p> <ul style="list-style-type: none">• Encourage strategic deployment of the infrastructure network that offers lower carbon options in the transportation sector.• Encourage the use of electric and alternative fuel vehicles in Canada.• Supply and demand for lower carbon transportation options in Canada continues to grow in the transportation sector.

2. Tasks and Timelines

<u>Tasks</u>	<u>Timelines</u>
Task 1 – Engineering and design	From October 29, 2018 to August 30, 2019
Task 2 – Permit acquisition	From March 18, 2019 to August 30, 2019
Task 3 – Equipment procurement	From November 27, 2018 to July 15, 2019
Task 4 – Construction	From May 6, 2019 to August 19, 2019
Task 5 – Inspection as to completion and full operation of the infrastructure	From August 19, 2019 to August 30, 2019
Task 6 – Project management and reporting	From October 22, 2018 to August 30, 2019
Task 7 – Open to the public and sales activities have begun.	No later than July 31, 2020

3. Key Performance Indicators

- Number of infrastructures installed or built.
 - Infrastructure is operational and open to the public before July 31, 2020.
4. The Proponent must submit a written request to Canada to make an adjustment to station location. This request is subject to the approval in writing by Canada's representative identified in the *Notices Article*.

SCHEDULE B

To the Agreement between

HER MAJESTY THE QUEEN IN RIGHT OF CANADA

And

FORTISBC ENERGY INC.

BUDGET AND ELIGIBLE EXPENDITURES

- Subject to the limitations set out in the *Contributions Article*, Eligible Expenditures shall be approved in accordance with Treasury Board Guidelines associated with the execution of the various Activities as described in Schedule A (Statement of Work).

Approved Budgets	2018/19	2019/20	Total (6)
The Program (NRCan Contribution)	\$ 860,000	\$ 8,000	\$868,000
ELIGIBLE EXPENDITURES			
Salaries and benefits			
Professional services			
Reasonable travel costs, including transportation, meals and accomodation, at rates comparable to the Treasury Board travel guidelines			
Capital expenses, including informatics and other equipment or infrastructure			
Rental fees or leasing costs			
License fees and permits			
Costs associated with Environmental Assessment			
GST, PST and HST net of any tax rebate to which the recipient is entitled			
Overhead expenses directly related to the Project will be considered to a maximum of 15% of Eligible Expenditures			
INELIGIBLE COSTS			
INELIGIBLE EXPENDITURES			
None			
IN-KIND COSTS			
TOTAL BUDGET COSTS			

Source of Contributions	Cash (\$)	In-Kind (\$)	Total (\$)
The Program	868,000		868,000
The Proponent			
TOTAL			912,000

NOTE: the following limitations apply to the approved budget above:

- 1) In accordance with the departmental GST/PST/HST certification form, the reimbursable Provincial Sales Tax, the Goods and Services Tax and the Harmonized Sales Tax costs must be net of any tax rebate to which the Proponent is entitled.
- 2) In-kind costs are those contributions of goods or services provided by the Proponent or other contributors that are considered towards Total Project Costs; however, they are not eligible for reimbursement.
- 3) The Proponent will be paid travel and living expenses, reasonably and properly incurred in the performance of the tasks outlined in Schedule A (Statement of Work), at cost, without any allowance for overhead profit in accordance with the National Joint Council Travel Directive, updated as required to cover the period during which the travel takes place at: <http://www.tbs-sct.gc.ca/psm-fpfn/pay-remuneration/travel-deplacements/menu-travel-voyage-eng.asp>

2. Eligible Expenditures:

- Salary and benefits;
- Professional services (e.g. scientific, technical, management; contracting; engineering; construction; installation, testing and commissioning of equipment; training; marketing; data collection; logistics; maintenance; printing; distribution; audit and evaluation);
- Reasonable travel costs, including transportation, meals and accommodation;
- Capital expenses, including informatics and other equipment or infrastructure;
- Rental fees or leasing costs;
- License fees and permits;
- Costs associated with Environmental Assessments;
- GST, PST and HST net of any tax rebate to which the recipient is entitled; and
- Overhead expenses directly related to the Project will be considered to a maximum of 15% of Eligible Expenditures.

3. Non-Eligible Expenditures:

- In-kind;
- Land costs;
- Legal costs; and
- Costs incurred outside the Eligible Expenditure Period.

4. Notwithstanding the *Amendments Article*, provided the Contribution for any given Fiscal Year is not exceeded, the Proponent may adjust any cost allocated by Eligible Expenditure as listed above by up to twenty percent (20%) of that cost without providing notice to Canada. At the time of submitting a claim for payment, the Proponent must provide Canada with a revised budget.

The Proponent must submit a written request to Canada to make an adjustment greater than twenty percent (20%). The request must include a revised budget. This request is subject to the approval in writing by Canada's representative identified in the *Notices Article*.

SCHEDULE C

To the Agreement between

HER MAJESTY THE QUEEN IN RIGHT OF CANADA

And

FORTISBC ENERGY INC.

REPORTS

1. Payment Claims:

The Proponent shall provide the following documentation when submitting each claim for payment in accordance with the frequency set out below:

Covering period:	Claim for payment due no later than:
From the date of signature of the Agreement by Canada to December 31, 2018.	January 31, 2019
From January 1, 2019 to March 31, 2019.	April 30, 2019
From April 1, 2019 to June 30, 2019.	July 31, 2019
From July 1, 2019 to September 30, 2019.	October 31, 2019
From October 1, 2019 to December 31, 2019.	January 31, 2020
From January 1, 2020 to March 31, 2020.	April 30, 2020
From April 1, 2020 to June 30, 2020.	July 31, 2020
From July 1, 2020 to July 31, 2020.	August 31, 2020

- i. a financial report signed by the Chief Financial Officer or Duly Authorized Officer of the organization which outlines Eligible Expenditures Incurred by nature of cost;
- ii. an Employees' Time Summary sheet when claiming salary and benefits. On this summary sheet, the Proponent must detail the number of hours, rate per hour and total amount for each task in this Agreement for each employee (or category of employees) and be certified by the Chief Financial Officer or Duly Authorized Officer of the organization;
- iii. a detailed report of all travel including a breakdown of all transportation (e.g. airline costs, train costs, taxis), accommodation, travel times, per diem meal amounts, and any other travel costs;
- iv. an updated Project quarterly cash flow statement and budget;
- v. a written summary report on the progress achieved in the task(s) which will demonstrate the outcomes achieved in the reporting period; this report must identify any delays, issues or risks and details of mitigation plans regarding these issues; and
- vi. any permit issued during the reporting period.

Subject to the terms and conditions of this Agreement, if the Proponent cannot submit a claim for payment on or before March 31 of a Fiscal Year, the Proponent shall no later than April 5 provide the Minister with a signed statement of anticipated Eligible Expenditures Incurred up to March 31, in order for the Minister to establish a Payable at Year-End.

2. Final Reports (Financial and Progress/Technical):

The Proponent shall submit, no later than 60 days (September 30, 2020) after Project Completion:

- i. a financial report that shall demonstrate how the Contribution was spent, including the receipt of goods and/or services being funded by Canada;
- ii. a Project's sales report of the first week after the Project is open to the public;
- iii. a final narrative report to describe how its activities have contributed to the achievement of the objectives, the benefits and the key performance indicators of the Project as described in Schedule A (Statement of Work), including the results of the Project in comparison to the original outputs and work plan;
- iv. a report outlining any unfinished components of the Project, along with a declaration that the Proponent intends to complete the Project within the specified time period;
- v. a certification, in the manner set out in Schedule D (Certification of Eligible Expenditures Incurred and Paid), that the claims for payment of Eligible Expenditures of the Project have been Incurred and Paid by the Proponent.

The Proponent shall provide the following documentation no later than 60 days (September 30, 2020) after the Eligible Expenditures period:

- vi. as specified in Paragraph 6.7 of this Agreement, the Proponent shall provide the Minister with a declaration as to the total amount of contributions or payments, including the Total Government Funding, received in respect of the Project, as per Schedule B (Budget and Eligible Expenditures).

3. Repayment Reports:

The Proponent shall provide to the Minister no later than 30 days following the Project Completion in each calendar year, for the period of the payment obligation described in the *Repayment of Contribution Article* of this Agreement, a complete and accurate report (including nil reports) of any Profit received by the Proponent and shall include any payments to Canada. The report shall contain:

- i. net income directly related to the Project as determined using GAAP or IFRS;
- ii. a computation of any share of the Profit, if any, due and payable to Canada;
- iii. the following information for each natural gas station:
 - Total natural gas dispensed in diesel litre equivalent. The conversion rate is 1kg of natural gas equals 1.462 litres of diesel
- iv. be certified as correct by the Chief Financial Officer or Duly Authorized Officer of the Proponent.

SCHEDULE D

To the Agreement between

HER MAJESTY THE QUEEN IN RIGHT OF CANADA

And

FORTISBC ENERGY INC.

CERTIFICATION OF ELIGIBLE EXPENDITURES INCURRED AND PAID

1. Pursuant to the *Method of Payment Article* of this Agreement, the Proponent must submit, no later than **September 30, 2020**, the following certification in writing on company letterhead and signed by the duly authorized officer as follows.

"All claims for payment submitted to Canada for the reimbursement of Eligible Expenditures of the Project have been Incurred and Paid by FortisBC Energy Inc. ("the Proponent") as of the date of this certification by the undersigned and all supporting documents to this effect have been kept in our records and will be made available to the Minister upon request."

In accordance with the Contributions Article, the Proponent, as of the date of this certification by the undersigned has reported all contributions and payments, including Total Government Funding, received by the Proponent.

"I _____ an officer of FortisBC Energy Inc., duly authorized on behalf of the Proponent hereby represent and warrant that the above noted declarations are true and accurate. I understand that if, in the opinion of the Minister, there has been a misrepresentation or a breach of this warranty, the Minister could place the Proponent in default of the terms, conditions or obligations of the Agreement, and may exercise the Minister's right to terminate this Agreement, and direct the Proponent to repay forthwith all or any part of the monies paid by Canada pursuant to this Agreement."

Date: _____

Signature: _____

Title: _____

DEPARTMENT OF NATURAL RESOURCES

**CONTRIBUTIONS IN SUPPORT OF TRANSPORTATION AND ALTERNATIVE FUELS
PROGRAM**

**ELECTRIC VEHICLE AND ALTERNATIVE FUEL INFRASTRUCTURE DEPLOYMENT
INITIATIVE**

AMENDMENT NO. 1 TO THE REPAYABLE CONTRIBUTION AGREEMENT

THIS AMENDING AGREEMENT is made in duplicate

BETWEEN:

HER MAJESTY THE QUEEN IN RIGHT OF CANADA ("Canada"), represented by the Minister of Natural Resources,

AND:

FORTISBC ENERGY INC., a for-profit organization, incorporated under the laws of British Columbia (the "**Proponent**").

WHEREAS Canada and the Proponent entered into a Contribution Agreement signed by Canada on January 2, 2019 and by the Proponent on December 3, 2018 (the Agreement);

WHEREAS the Proponent is requesting an amendment to the Project Completion date and budget allocation by fiscal year;

AND WHEREAS Canada and the Proponent wish to amend the Agreement;

NOW, THEREFORE, Canada and the Proponent agree as follows:

1. The definition of "**Eligible Expenditure Period**" under *Interpretation Article* is revoked and replaced by the following:

"**Eligible Expenditure Period**" means the period starting when this Agreement is signed to **December 31, 2021**;
2. The definition of "**Total Project Costs**" under *Interpretation Article* is revoked and replaced by the following:

"**Total Project Costs**" means the Contribution and other verifiable cash or in-kind contributions either received or contributed by the Proponent and directly attributable to the Project from **July 18, 2018 to December 31, 2021**.
3. Paragraph 4.2 of the Agreement is revoked and replaced by the following:

The Proponent shall complete the Project by **December 31, 2021**, unless expired earlier pursuant to the provisions of this Agreement.

4. Paragraph 6.2 of the Agreement is revoked and replaced by the following:

6.2 The Fiscal Year allocations for the Contribution are as follows:

2018-2019	Eight Hundred Sixty Thousand dollars (\$860,000)
2019-2020	Eight Thousand dollars (\$8,000)
2020-2021	Zero dollars (\$0)
2021-2022	Zero dollars (\$0)

Any reallocation of the Contribution amounts in whole or in part from one Fiscal Year to another shall require a written amendment signed by the Parties.

5. Paragraph 6.3 of the Agreement is revoked and replaced by the following:

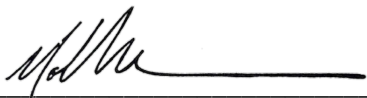
6.3 In order to be eligible to receive payment for any remaining portion of the Contribution as described herein, the Proponent must submit its final claim for payment on or before **April 30, 2020.**

6. Schedule A (Description of the Project) is revoked and replaced by the attached Schedule A.
7. Schedule B (Budget and Eligible Expenditures) is revoked and replaced by the attached Schedule B.
8. Schedule C (Reports) is revoked and replaced by the attached Schedule C.
9. Schedule D (Certification of Eligible Expenditures Incurred and Paid) is revoked and replaced by the attached Schedule D.
10. All other terms and conditions of the Agreement remain in full force and in effect.
11. This Amending Agreement comes into force when signed by the Parties.

IN WITNESS WHEREOF this Amending Agreement has been executed on behalf of **Her Majesty the Queen in right of Canada** by an officer duly authorized by the Minister of Natural Resources and on behalf of the **Proponent**, by an officer duly authorized on its behalf.

HER MAJESTY THE QUEEN IN RIGHT OF CANADA

March 26, 2021
Date



Mollie Johnson
Assistant Deputy Minister
Low Carbon Energy Sector

FORTISBC ENERGY INC.

March 18, 2021
Date



Mike Leclair
VP, Major Projects and LNG

SCHEDULE A

To the Agreement between

HER MAJESTY THE QUEEN IN RIGHT OF CANADA

And

FORTISBC ENERGY INC.

DESCRIPTION OF THE PROJECT

1. Project Description

TITLE	CNG Station – Abbotsford
OBJECTIVE	The purpose of this Project is to increase awareness, availability and use of lower carbon vehicles and fuels in Canada by supporting the installation of a natural gas refueling station in British Columbia.
DESCRIPTION	<p>The Proponent will be leveraging the experience gained from previously building and operating 19 CNG / LNG refueling stations throughout the province of British Columbia by developing a CNG fueling station in Abbotsford.</p> <p>The fuelling station will aid both in the service of existing and new CNG fleet vehicles from GFL Environmental as well as be open for third party public use for other adopters of CNG in and around the surrounding area. Operating at 3,600 psi, the station will consist of a single fast-fill dispenser with two (2) hoses (i.e., ability to fuel 2 vehicles at once).</p> <p>The Proponent will continue to work with other potential customers in the area and promote the economic and environmental benefits of CNG. The Proponent will provide end-to-end support for customers including the construction, operation and maintenance of the natural gas fuelling infrastructure as well as promoting the adoption of natural gas as a transportation fuel in British Columbia.</p>
BENEFITS	<p><u>Benefits to Canada:</u></p> <ul style="list-style-type: none">• Encourage strategic deployment of the infrastructure network that supports lower carbon options in the transportation sector.• Encourage the use of alternative fuel vehicles in Canada.• Supply and demand for lower carbon transportation options in Canada continues to grow in the transportation sector. <p><u>Benefits to Stakeholders:</u></p> <ul style="list-style-type: none">• Increase capacity to encourage awareness, availability and use of lower carbon transportation options such as alternative fuelled vehicles and fuels.• Encourage a clean economic growth and the creation of jobs by installing and managing infrastructure.• Encourage Canadian companies who have positioned themselves as leaders in the development and deployment of alternative fuels and clean technologies.

2. Tasks and Timelines

<u>Tasks</u>	<u>Timelines</u>
Task 1 – Engineering and design	June 2021
Task 2 – Permit acquisition	August 2021
Task 3 – Equipment procurement	August 2021
Task 4 – Construction	September 2021
Task 5 – Inspection as to completion and full operation of the infrastructure	September 2021
Task 6 – Project management and reporting	December 2021
Task 7 – Open to its intended users and activities have begun.	No later than December 31, 2021

3. Key Performance Indicators

- Number of infrastructures installed or built.
 - Infrastructure is operational and open to its intended users before **December 31, 2021**.
4. The Proponent must submit a written request to Canada to make an adjustment to station location. This request is subject to the approval in writing by Canada's representative identified in Article 25 (*Notices*).

SCHEDULE B

To the Agreement between

HER MAJESTY THE QUEEN IN RIGHT OF CANADA

And

FORTISBC ENERGY INC.

BUDGET AND ELIGIBLE EXPENDITURES

1. Subject to the limitations set out in Article 6 (*Contributions*), Eligible Expenditures shall be approved in accordance with Treasury Board Guidelines associated with the execution of the various Activities as described in Schedule A (Description of the Project).

Approved Budget (\$)	2018-19	2019-20	2020-21	2021-22	TOTAL (\$)
The Program (NRCan Contribution)	\$ 860,000	\$ 8,000	\$ -	\$ -	\$868,000
ELIGIBLE EXPENDITURES					
Salaries and benefits					
Professional services					
Reasonable travel costs, including transportation, meals and accomodation, at rates comparable to the					
Capital expenses, including informatics and other					
Rental fees or leasing costs					
License fees and permits					
Costs associated with Environmental Assessment					
Overhead expenses					
Total Eligible Expenditures					
INELIGIBLE COSTS					
INELIGIBLE EXPENDITURES					
	Total Ineligible Expenditures				
IN-KIND COSTS					
	Total In-Kind Costs				
Total Ineligible Costs					
TOTAL PROJECT COSTS					

Source of Contributions:	Percentage (%)	Cash (\$)	In-Kind (\$)	Total (\$)
The Program		868,000	N/A	868,000
The Proponent				
TOTAL	100%			

NOTE: the following limitations apply to the approved budget above:

- 1) In accordance with the departmental GST/PST/HST certification form, the reimbursable Provincial Sales Tax, the Goods and Services Tax and the Harmonized Sales Tax costs must be net of any tax rebate to which the Proponent is entitled.
- 2) In-kind costs are those contributions of goods or services provided by the Proponent or other contributors that are considered towards Total Project Costs; however; they are not eligible for reimbursement.
- 3) The Proponent will be paid travel and living expenses, reasonably and properly incurred in the performance of the tasks outlined in Schedule A (Description of the Project), at cost, without any allowance for overhead profit in accordance with the National Joint Council Travel Directive, updated as required to cover the period during which the travel takes place at: <http://www.tbs-sct.gc.ca/psm-fpfm/pay-remuneration/travel-deplacements/menu-travel-voyage-eng.asp>
- 4) Overhead expenses shall be directly related to the Project and are limited to fifteen percent (15%) of total Eligible Expenditures.

1. Eligible Expenditures:

- Salary and benefits;
- Professional services (e.g. scientific, technical, management; contracting; engineering; construction; installation, testing and commissioning of equipment; training; marketing; data collection; logistics; maintenance; printing; distribution; audit and evaluation);
- Reasonable travel costs, including transportation, meals and accommodation;
- Capital expenses, including informatics and other equipment or infrastructure;
- Rental fees or leasing costs;
- License fees and permits;
- Costs associated with Environmental Assessments;
- GST, PST and HST net of any tax rebate to which the recipient is entitled; and
- Overhead expenses directly related to the Project will be considered to a maximum of fifteen percent (15%) of Eligible Expenditures.

2. Non-Eligible Expenditures:

- In-kind;
- Land costs;
- Legal costs; and
- Costs incurred outside the Eligible Expenditure Period.

3. Notwithstanding Article 26 (*Amendments*), provided the Contribution for any given Fiscal Year is not exceeded, the Proponent may adjust any cost allocated by Eligible Expenditure as listed above by up to **twenty percent (20%)** of that cost without providing notice to Canada. At the time of submitting a claim for payment, the Proponent must provide Canada with a revised budget.

The Proponent must submit a written request to Canada to make an adjustment greater than **twenty percent (20%)**. The request must include a revised budget. This request is subject to the approval in writing by Canada's representative identified in Article 25 (*Notices*).

SCHEDULE C

To the Agreement between

HER MAJESTY THE QUEEN IN RIGHT OF CANADA

And

FORTISBC ENERGY INC.

REPORTS

1. Payment Claims:

The Proponent shall provide the following documentation in accordance with the frequency set out below:

Claim period:	Due no later than:
From the date of signature of the Agreement by Canada to March 31, 2019 .	April 30, 2019
From April 1, 2019 to June 30, 2019 .	July 31, 2019
From July 1, 2019 to September 30, 2019 .	October 31, 2019
From October 1, 2019 to December 31, 2019 .	January 31, 2020
From January 1, 2020 to March 31, 2020 .	April 30, 2020

- i. a financial report signed by the Chief Financial Officer or Duly Authorized Officer of the Proponent which outlines Eligible Expenditures Incurred by nature of cost;
- ii. an Employees' Time Summary sheet when claiming salary and benefits. On this summary sheet, the Proponent must detail the number of hours, rate per hour and total amount for each task in this Agreement for each employee (or category of employees) and be certified by the Chief Financial Officer or Duly Authorized Officer of the Proponent;
- iii. a detailed report of all travel including a breakdown of all transportation (e.g. airline costs, train costs, taxis), accommodation, travel times, per diem meal amounts, and any other travel costs;
- iv. an updated Project quarterly cash flow statement and budget;
- v. a written summary report on the progress achieved in the task(s) which will demonstrate the outcomes achieved in the reporting period; this report must identify any delays, issues or risks and details of mitigation plans regarding these issues; and
- vi. any permit issued during the reporting period.

Subject to the terms and conditions of this Agreement, if the Proponent cannot submit a claim for payment on or before **March 31** of a Fiscal Year, the Proponent shall **no later than April 3** provide the Minister with a signed statement of anticipated Eligible Expenditures Incurred up to **March 31**, in order for the Minister to establish a Payable at Year-End.

2. Progress Reports

The Proponent shall provide the following documentation in accordance with the frequency set out below:

Reporting period:	Due no later than:
From April 1, 2020 to June 30, 2020 .	July 31, 2020
From July 1, 2020 to September 30, 2020 .	October 31, 2020
From October 1, 2020 to December 31, 2020 .	January 31, 2021
From January 1, 2021 to March 31, 2021 .	April 30, 2021
From April 1, 2021 to June 30, 2021 .	July 31, 2021
From July 1, 2021 to September 30, 2021 .	October 31, 2021
From October 1, 2021 to December 31, 2021 .	January 31, 2022

- i) a written summary report on the progress achieved in the task(s) which will demonstrate the outcomes achieved in the reporting period; this report must identify any delays, issues or risks and details of mitigation plans regarding these issues

2. Final Reports (Financial and Progress/Technical):

The Proponent shall submit, **no later than sixty (60) days (February 28, 2022) after Project Completion:**

- i. a financial report that shall demonstrate how the Contribution was spent, including the receipt of goods and/or services being funded by Canada;
- ii. a Project's activity report of the first week after the Project is open to its intended users;
- iii. a final narrative report to describe how its activities have contributed to the achievement of the objectives, the benefits and the key performance indicators of the Project as described in Schedule A (Description of the Project), including the results of the Project in comparison to the original outputs and work plan;
- iv. a certification, in the manner set out in Schedule D (Certification of Eligible Expenditures Incurred and Paid), that the claims for payment of Eligible Expenditures of the Project have been Incurred and Paid by the Proponent.

The Proponent shall provide the following documentation **no later than sixty (60) days (February 28, 2022) after the Eligible Expenditures period:**

- v. as specified in Paragraph 6.7 of this Agreement, the Proponent shall provide the Minister with a declaration as to the total amount of contributions or payments, including the Total Government Funding, received in respect of the Project, as per Schedule B (Budget and Eligible Expenditures).

3. Repayment Reports:

The Proponent shall provide to the Minister **no later than thirty (30) days following the Project Completion in each calendar year**, for the period of the payment obligation described in Article 8 (*Repayment of contribution*) of this Agreement, a complete and accurate report (including nil reports) of any Profit received by the Proponent and shall include any payments to Canada. The report shall contain:

- i. net income directly related to the Project as determined using GAAP or IFRS;
- ii. a computation of any share of the Profit, if any, due and payable to Canada;
- iii. the following information for each natural gas station:
 - Total natural gas dispensed in diesel litre equivalent. The conversion rate is 1kg of natural gas equals 1.462 litres of diesel
- iv. be certified as correct by the Chief Financial Officer or Duly Authorized Officer of the Proponent.

SCHEDULE D

To the Agreement between

HER MAJESTY THE QUEEN IN RIGHT OF CANADA

And

FEDERATED CO-OPERATIVES LIMITED

CERTIFICATION OF ELIGIBLE EXPENDITURES INCURRED AND PAID

1. Pursuant to Article 7 (*Method of Payment*) of this Agreement, the Proponent must submit, no later than **February 28, 2022**, the following certification in writing on company letterhead and signed by the duly authorized officer as follows.

“All claims for payment submitted to Canada for the reimbursement of Eligible Expenditures of the Project have been Incurred and Paid by FortisBC Energy Inc. (“the Proponent”) as of the date of this certification by the undersigned and all supporting documents to this effect have been kept in our records and will be made available to the Minister upon request.”

In accordance with Article 6 (Contributions), the Proponent, as of the date of this certification by the undersigned has reported all contributions and payments, including Total Government Funding, received by the Proponent.

“I _____ an officer of FortisBC Energy Inc., duly authorized on behalf of the Proponent hereby represent and warrant that the above noted declarations are true and accurate. I understand that if, in the opinion of the Minister, there has been a misrepresentation or a breach of this warranty, the Minister could place the Proponent in default of the terms, conditions or obligations of the Agreement, and may exercise the Minister’s right to terminate this Agreement, and direct the Proponent to repay forthwith all or any part of the monies paid by Canada pursuant to this Agreement.”

Date: _____

Signature: _____

Title: _____

Attachment 2.5

REFER TO LIVE SPREADSHEET MODEL

Provided in electronic format only

(accessible by opening the Attachments Tab in Adobe)