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April 29, 2022

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

Attention: Mr. Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

Re: FortisBC Energy Inc. (FEI)
2021 Biomethane Variance Account (BVA) Status Report

Pursuant to direction set out in the Decision accompanying British Columbia Utilities Commission (BCUC) Order G-133-16, FEI is to file an annual BVA status report by April 30 of each year with a reconciliation of the BVA for the immediately preceding calendar year. The attached materials provide the FEI 2021 BVA Status Report (2021 Status Report). The 2021 Status Report includes explanations of major variances from forecast for gas costs incurred and gas costs recovered.

The 2021 pre-tax result of the BVA activities amounted to a variance of \$2,988,500, after adjustment for unsold biomethane (Tab 1, Page 1, Column 4, Line 15). The net of tax account balance at December 31, 2021, after adjustment for unsold biomethane but before any transfer to the BVA Rate Rider Account, was \$8,863,900 deficit (Tab 1, Page 1, Column 2, Line 25); after transfer of the BVA net of tax deficit amount of \$8,863,900 (Tab 1, Page 1, Column 2, Line 27) to the BVA Rate Rider Account, the year end BVA balance was zero (Tab 1, Page 1, Column 2, Line 29).

FEI requests the information contained within Pages 3 and 3.1 to be treated as CONFIDENTIAL.

CONFIDENTIALITY

FEI requests that this information be filed on a confidential basis pursuant to Section 18 of the BCUC's Rules of Practice and Procedure regarding confidential documents as set out in Order G-15-19, and Section 71(5) of the *Utilities Commission Act* and requests that the BCUC exercise its discretion under Section 6.0 of the Rules for Natural Gas Energy Supply Contracts

and allow these documents to remain confidential. FEI believes this will ensure that market sensitive information is protected, and FEI's ability to obtain favourable commercial terms for future natural gas contracting is not impaired.

In this regard, FEI further believes that the Core Market could be disadvantaged and may well shoulder incremental costs if utility gas supply procurement strategies as well as contracts are treated in a different manner than those of other gas purchasers, and believes that since it continues to operate within a competitive environment, there is no necessity for public disclosure and risk prejudice or influence in the negotiations or renegotiation of subsequent contracts.

All of which is respectfully submitted. If you have any questions related to the attached report, please contact Scott Gramm at 604-576-7242.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachment

FORTISBC ENERGY INC. - MAINLAND AND VANCOUVER ISLAND SERVICE AREA
BVA STATUS REPORT
BVA SUMMARY (\$000)
FOR THE YEAR ENDED DECEMBER 31, 2021

TAB 1
PAGE 1

Line No.	Particulars	Recorded	Forecast ^(a)	Variance
	(1)	(2)	(3)	(4)
1	2021 BVA Opening Balance ^(b)			
2	December 31, 2020 Pre-Tax Balance (Before Transfer and Adjustment for Unsold Biomethane)	\$ 5,015.7	\$ -	\$ 5,015.7
3	December 31, 2020 Transfer to BVA Rate Rider Account (Net of Tax)	\$ (3,661.5)	\$ -	
4	Tax Recovery	(1,354.2)	-	
5	December 31, 2020 Pre-Tax transfer to BVA Rate Rider Account	<u>(5,015.7)</u>	<u>-</u>	<u>(5,015.7)</u>
6	Pre-Tax Balance January 1, 2021 (After Transfer and Before Adjustment for Unsold Biomethane)	\$ -	\$ -	\$ -
7	Pre-Tax Adjustment for Unsold Biomethane at January 1, 2021 ^(c)	-	-	-
8	Pre-Tax Balance (After Adjustment for Unsold Biomethane)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
9	Tax Recovery 27.00%	-	-	-
10	Net of Tax Balance (After Adjustment for Unsold Biomethane)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
11	2021 BVA Activities:			
12	Biomethane Costs Incurred	\$ 21,526.4	\$ 18,068.4	\$ 3,458.0
13	Biomethane Costs Recovered	(6,503.0)	(8,731.8)	2,228.8
14	Change in Unsold Biomethane Quantity	(2,881.1)	(182.8)	(2,698.3)
15	Total Activities - Pre-Tax	<u>\$ 12,142.3</u>	<u>\$ 9,153.8</u>	<u>\$ 2,988.5</u>
16	BVA Ending Balance at December 31, 2021			
17	Pre-Tax Balance (Before Transfer and Before Adjustment for Unsold Biomethane)			
18	(Line 2 + Line 5 + Line 12 + Line 13)	\$ 15,023.4	\$ 9,336.6	\$ 5,686.8
19	Pre-Tax Adjustment for Unsold Biomethane at December 31, 2021 ^(d)			
20	(Line 7 + Line 14)	(2,881.1)	(182.8)	(2,698.3)
21	Pre-Tax Balance (Before Transfer and After Adjustment for Unsold Biomethane)	<u>\$ 12,142.3</u>	<u>\$ 9,153.8</u>	<u>\$ 2,988.5</u>
22				
23	Tax Recovery 27.00%	(3,278.4)	(2,471.5)	(806.9)
24				
25	Net of Tax Balance (Before Transfer and After Adjustment for Unsold Biomethane)	<u>\$ 8,863.9</u>	<u>\$ 6,682.3</u>	<u>\$ 2,181.6</u>
26	^(e)			
27	Transfer to BVA Rate Rider Account (Net of Tax)	<u>\$ (8,863.9)</u>	<u>\$ (6,682.3)</u>	<u>\$ (2,181.6)</u>
28				
29	Balance (After Adjustment for Unsold & Transfer to BVA Rate Rider Account)	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

Slight differences in totals due to rounding.

**FORTISBC ENERGY INC. - MAINLAND AND VANCOUVER ISLAND SERVICE AREA
BVA STATUS REPORT
BVA SUMMARY (\$000)
FOR THE YEAR ENDED DECEMBER 31, 2021**

Notes:

- (a) The annual forecast amounts referenced in the report are defined as the aggregate of the forecasts used in the BVA reports listed below.
Jan - Oct 2021 forecasts from the 2020 BVA Annual Report.
Nov - Dec 2021 forecasts from the 2021 BVA Annual Report.

- (b) Recorded opening balance reconciles to the December 31, 2020 balance in the FortisBC Energy Inc. 2020 BVA Status Report filed on April 30, 2021.
Forecast opening balance as per the 2020 BVA Annual Report.

	<u>Recorded</u>	<u>Forecast</u>
(c) Calculation of Adjustment for Unsold Biomethane at January 1, 2021		
December 31, 2020 Quantity Unsold (in TJ)	-	-
January 1, 2021 effective BERC rate (in \$/GJ)	\$ 11.830	\$ 11.830
Value of Unsold Biomethane at January 1, 2021	<u>\$ -</u>	<u>\$ -</u>

	<u>Recorded</u>	<u>Forecast</u>
(d) Calculation of Adjustment for Unsold Biomethane at December 31, 2021		
December 31, 2020 Quantity Unsold (in TJ)	-	-
2021 Quantity Purchased (in TJ)	790.0	753.5
2021 Quantity Sold (in TJ)	(581.4)	(738.1)
Total Quantity Unsold at December 31, 2021 (in TJ)	<u>208.7</u>	<u>15.5</u>
BERC rate in effect at forecast (in \$/GJ)		\$ 11.830
January 1, 2022 effective BERC rate (in \$/GJ)	\$ 13.808	
Value of Unsold Biomethane at December 31, 2021	<u>\$ 2,881.1</u>	<u>\$ 182.8</u>

- (e) Pursuant to Order G-133-16, and the Decision issued concurrently, the net of tax balance at December 31 each year, after adjustment for the value of unsold biomethane quantities, is transferred to the BVA Rate Rider Account for recovery from / refund to all non-bypass customers.

Slight differences in totals due to rounding.

FORTISBC ENERGY INC. - MAINLAND AND VANCOUVER ISLAND SERVICE AREA
BVA STATUS REPORT
BVA GAS COST ACTIVITIES (\$000)
FOR THE YEAR ENDED DECEMBER 31, 2021

Line No.	Particulars (1)	Total Activities 2021			
		Recorded (2)	Forecast (3)	Variance (4)	
1	Total BVA Gas Costs Incurred	\$ 21,526.4	\$ 18,068.4	\$ 3,458.0	
2					
3	Total BVA Gas Costs Recovered	(6,503.0)	(8,731.8)	2,228.8	
4					
5	Change in Unsold Biomethane Quantity	(2,881.1)	(182.8)	(2,698.3)	
6					
7					
8	TOTAL BVA ACTIVITIES	\$ 12,142.3	\$ 9,153.8	\$ 2,988.5	
9					
10					
11					
12					
13	Particulars	Jan to Oct		Nov to Dec	
14		Recorded	Forecast	Recorded	Forecast
15	(1)	(2)	(3)	(5)	(1)
16					
17	BVA Gas Costs Incurred	\$ 16,068.6	\$ 13,332.8	\$ 5,457.8	\$ 4,735.5
18					
19	BVA Gas Costs Recovered	(4,002.5)	(5,209.4)	(2,500.5)	(3,522.5)
20					
21	Change in Unsold Biomethane Quantity	(3,309.5)	(1,637.0)	428.4	1,454.2
22					
23					
24	Total BVA Quarterly Activities	\$ 8,756.6	\$ 6,486.5	\$ 3,385.7	\$ 2,667.3

Slight differences in totals due to rounding.

FORTISBC ENERGY INC. - MAINLAND AND VANCOUVER ISLAND SERVICE AREA
BVA STATUS REPORT
BVA COSTS RECOVERED
FOR THE YEAR ENDED DECEMBER 31, 2021

Line No.	Particulars	Recoveries (\$000)			Quantities (TJ)			Average Price (\$/GJ)	Variance (\$000)	
		Recorded	Forecast	Variance	Recorded	Forecast	Variance		Quantity/Rate	Other
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
				(2)-(3)			(5)-(6)			(4)-(9)
1	RECOVERED									
2	Residential	\$ (1,227.4)	\$ (1,394.3)	\$ 166.9	(103.7)	(117.9)	14.1	\$ 11.831	\$ 166.9	\$ -
3	Commercial	(520.3)	(1,277.4)	757.1	(44.1)	(108.0)	63.9	\$ 11.808	757.1	-
4	On/Off System & Other	(4,755.3)	(6,060.1)	1,304.7	(433.6)	(512.2)	78.7	\$ 10.968	1,304.7	-
5	Total Recovered Before Adjustment	\$ (6,503.0)	\$ (8,731.8)	\$ 2,228.8	(581.4)	(738.1)	156.7		\$ 2,228.8	\$ -
6										
7										
8	Change in Unsold Biomethane Quantity	\$ (2,881.1)	\$ (182.8)	\$ (2,698.3)	(208.7)	(15.5)	(193.2)		\$ (2,698.3)	\$ -
9										
10										
11	Total BVA Recoveries After Unsold Adjustment	\$ (9,384.1)	\$ (8,914.6)	\$ (469.5)	(790.0)	(753.5)	(36.5)		\$ (469.5)	\$ -

Variance Explanations:

(A) FortisBC Energy Inc. BERC rates in effect during 2021, and during adjacent periods, were as follows:

	Short-Term BERC Rate	Long-Term BERC Rate
January 1, 2020	\$ 10.535 /GJ	\$ 10.000 /GJ
January 1, 2021	\$ 11.830 /GJ	\$ 10.830 /GJ
January 1, 2022	\$ 13.808 /GJ	\$ 12.808 /GJ

(B) Unsold inventory was higher than forecast primarily due to increased supply.

	Quantity	Price	Component (\$000)		Amounts	References
	(in TJ)	(\$/GJ)	Quantity	Price	(\$000)	
Breakdown of RECORDED change in inventory:						
Jan 1, 2021 (Opening Inventory)	-	\$ 11.830			\$ -	Reconciles to Tab 1, Page 1.1, Footnote (c)
Jan - Dec Change in Quantity	208.7	\$ 11.830	\$ 2,468.4			(Decrease in Inventory) x (\$11.830)
Dec 31, 2021 Balance x Increase in Price	208.7	\$ 1.978		\$ 412.7		(Dec 31 Balance) x (\$13.808 - \$11.830)
Dec 31, 2021 (Inventory at Jan 1, 2022 BERC)	208.7	\$ 13.808			\$ 2,881.1	Reconciles to Tab 1, Page 1.1, Footnote (d)
Breakdown of FORECAST change in inventory:						
Jan 1, 2021 (Forecast Opening Inventory)	-	\$ 11.830			\$ -	Reconciles to Tab 1, Page 1.1, Footnote (c)
Jan - Dec Forecast Change in Quantity	15.5	\$ 11.830	\$ 182.8			(Decrease in Inventory) x (\$11.830)
Dec 31, 2021 (Forecast Closing Inventory)	15.5	\$ 11.830			\$ 182.8	Reconciles to Tab 1, Page 1.1, Footnote (d)

Notes:

(a) The change in the quantity of unsold biomethane (purchases less sales during the year), valued at the effective BERC rate. The BVA balance needs to be adjusted to reflect the value of the unsold biomethane in order to determine the BVA surplus/deficit related to the over/under recovery of costs at the current BERC rate.

Slight differences in totals due to rounding.