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August 8, 2022

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

Attention: Ms. Sara Hardgrave, Acting Commission Secretary

Dear Ms. Hardgrave:

Re: FortisBC Energy Inc. (FEI)

Section 71 of the *Utilities Commission Act* (UCA) and British Columbia Utilities Commission (BCUC) Rules for Natural Gas Energy Supply Contracts
Filing of a Biomethane Purchase Agreement (BPA) between FEI and Lacombe Biorefinery LP (Lacombe)

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

The Lacombe BPA establishes the terms and conditions for Lacombe's provision of finished biomethane, or renewable natural gas (RNG)¹, to FEI at the [REDACTED]. The biomethane will be produced at an anaerobic digestion facility in Lacombe, Alberta Canada.

The acquisition of biomethane under the Lacombe BPA qualifies as a prescribed undertaking under section 18 of the *Clean Energy Act* (CEA) and section 2(3.7) to (3.9) of the *Greenhouse Gas Reduction (Clean Energy) Regulation* (GGRR).

1. APPROVALS SOUGHT

FEI is seeking acceptance from the BCUC of the Lacombe BPA, pursuant to section 71 of the UCA and the Rules. As the Lacombe BPA is a prescribed undertaking under section 18 of the CEA and the GGRR, FEI respectfully submits that the BCUC should accept the BPA, without

¹ RNG is a synonym for biomethane.

regulatory process, by October 1, 2022 to meet the requirements of Lacombe. It is a condition precedent of the BPA that FEI obtain regulatory approval by October 1, 2022.

FEI further requests that the confidential, unredacted version of this Application, including the unredacted version of the Lacombe BPA attached as Appendix A, and the confidential financial schedules attached as Appendix B, be treated as confidential by the BCUC pursuant to section 71(5) of the UCA, Section 19 of the BCUC's Rules of Practice and Procedure regarding confidential documents as set out in Order G-178-22, and Section 6.0 of the Rules for Natural Gas Energy Supply Contracts.

The Lacombe BPA contains confidential and commercially sensitive terms, including negotiated rates, specific volumes, and specific financial or banking information contained in the Cover Sheet. The public disclosure of this information could compromise FEI's ability to negotiate favourable terms with other Biomethane suppliers which could serve to increase overall costs of the Biomethane Program and potentially impact rates for all non-bypass customers. FEI has redacted the confidential information from the public version of this Application. Keeping this information confidential will ensure that market sensitive information is protected, preserving FEI's ability to negotiate competitive pricing for RNG in the future.

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

2. LEGAL COUNSEL

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3. LEGISLATIVE AND REGULATORY FRAMEWORK²

On April 18, 2010, the Province of BC enacted the CEA. The CEA established a number of energy objectives and provided that the Lieutenant Governor in Council (LGIC) can prescribe undertakings to encourage public utilities to pursue certain greenhouse gas (GHG) reducing initiatives. Section 18 of the CEA states:

18 (1) In this section, "prescribed undertaking" means a project, program, contract or expenditure that is in a class of projects, programs, contracts or expenditures prescribed for the purpose of reducing greenhouse gas emissions in British Columbia.

² The BCUC's Phase 1 Report in the RNG Inquiry was released on July 29, 2022. FEI is reviewing the report and will make any necessary updates to this section in its next BPA filing.

(2) In setting rates under the Utilities Commission Act for a public utility carrying out a prescribed undertaking, the commission must set rates that allow the public utility to collect sufficient revenue in each fiscal year to enable it to recover its costs incurred with respect to the prescribed undertaking.

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

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

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

On May 14, 2012, the LGIC issued Order in Council (OIC) 295/2012 approving the GGRR, which described classes of prescribed undertakings pursuant to section 18 of the CEA.

On March 21, 2017, the LGIC issued OIC 161/2017 approving an amendment to the GGRR related to RNG as follows:

(3.7) A public utility's undertaking that is in the class defined in subsection (3.8) is a prescribed undertaking for the purposes of section 18 of the Act.

(3.8) The public utility acquires renewable natural gas

(a) for which the public utility pays no more than \$30 per GJ [gigajoule], and

(b) that, subject to subsection (3.9), in a calendar year, does not exceed 5% of the total volume of natural gas provided by the public utility to its non-bypass customers in 2015.

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

(a) the acquisition of the renewable natural gas;

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

The Ministry has stated that the “amendments were made to the Greenhouse Gas Reduction (Clean Energy) Regulation in the spring of 2017 to increase incentives for using renewable natural gas in transportation and to establish measures to increase the supply of RNG.”³

³ In the Matter of FEI's Application for Acceptance of the Biogas Purchase Agreement between FEI and the City of Vancouver, Exhibit C1-2.

The BCUC in its Decision and Order G-122-19⁴ determined that for a project to qualify as a prescribed undertaking under section 2(3.8) of the GRR, it must satisfy the following three-part test:

- The public utility must be acquiring renewable natural gas (as opposed to some other form of commodity);
- The utility must pay no more than \$30 per GJ for that renewable natural gas; and
- Subject to certain exceptions, the annual volume of renewable natural gas acquired must not exceed 5% of the total volume of natural gas the utility provided to its non-bypass customers in 2015.⁵

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

(a) by adding the following subsection:

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

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

(3.8) The public utility acquires renewable natural gas

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

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

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

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

⁴ In the Matter of FEI’s Application for Acceptance of the Biogas Purchase Agreement between FEI and the City of Vancouver.

⁵ Decision and Order G-122-19, page 8.

OIC 306/2021 also added section 9 of the GRR, which sets a maximum price of \$31 dollars for fiscal year 2021/22.⁶ The maximum price increases each fiscal year.

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

The maximum volume of 15 percent in the GRR is the implementation of the Province's CleanBC plan. The CleanBC plan states that it will put in place a minimum requirement for 15 per cent renewable content in natural gas by 2030, stating:⁷

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

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

4. THE LACOMBE BPA IS A PRESCRIBED UNDERTAKING

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

- The public utility must be acquiring RNG (as opposed to some other form of commodity);
- The public utility must pay no more than the applicable maximum price for that RNG; and
- The volume of RNG, hydrogen, synthesis gas, and lignin that the public utility acquires in a calendar year must not exceed 15% of the total amount, in GJ, of natural gas provided by the public utility to its non-bypass customers in 2019, subject to subsection (3.9) and section 10 of the GRR.⁸

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

⁶ Beginning April 1, 2021.

⁷ CleanBC plan, at page 36. Online: [CleanBC: our nature. our power. our future. \(gov.bc.ca\)](https://www.gov.bc.ca/cleanbc/)

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

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

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

Section 1 of the Transaction Confirmation defines “Biomethane” as “pipeline quality Gas derived from the decomposition of organic matter. Pipeline quality means meeting the gas quality requirements of the receiving pipeline at the Delivery Point.” This is consistent with the definition of “biomethane” in the *Carbon Tax Act*, SBC 2008, Chapter 40⁹ and in FEI’s approved General Terms and Conditions of Service.¹⁰

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

Therefore, FEI is acquiring RNG through the Lacombe BPA.

2. The acquisition price for RNG in the Lacombe BPA is no more than the maximum acquisition price in the GRR.

The Lacombe BPA was signed July 11, 2022, in the 2022/2023 fiscal year, and, therefore, the applicable maximum price is \$32.21 per GJ. Section 2(3.8)(a)(2) states that the cost of the RNG acquired must meet the following criterion: “if the public utility acquires renewable natural gas by purchasing it, the price of the renewable natural gas does not exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the contract for purchase is signed.” Section 9(b) of the GRR states that, “for fiscal years subsequent to the 2021/2022 fiscal year, the maximum amount is calculated on April 1 of each year by multiplying (i) the maximum amount in effect in the immediately preceding fiscal year, and (ii) the sum of (A) 1, and (B) the annual percentage change for the previous calendar year”. The “annual percentage change” in the GRR “means the annual percentage change in the annual average All-items Consumer Price Index for British Columbia, as published by Statistics Canada under the authority of the Statistics Act (Canada)”. Based on the Statistics Canada output (see Appendix B) to determine the annual percentage change, the calculation of the maximum amount for 2022/2023 fiscal year below.

⁹ *Carbon Tax Act*, SBC 2008, Chapter 40, s. 1: “biomethane” means methane produced from biomass.

¹⁰ FEI General Terms and Conditions, Definitions:

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

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

$$\$32.21 \text{ per GJ} = \$31.00 \text{ per GJ} \times (1 + 3.9\%^{11})$$

The acquisition price for RNG in the Lacombe BPA is no more than the \$32.21 per GJ maximum acquisition price. Section 11 of the Transaction Confirmation states that the purchase price must not exceed the maximum regulated purchase price established by the Province of BC. There are no other associated costs of acquiring RNG for the Project.

3. FEI's total capacity to acquire RNG is well below the calculated maximum volume set out in section 2(3.8)(b) in the GGRR for FEI of approximately 30 PJ. The maximum volume in section 2(3.8)(b) applies to the amount that FEI acquires in a given year, not the maximum amount that FEI has contracted for. However, even if FEI were to acquire the maximum contractual amount under the Lacombe BPA and the rest of its portfolio in a given year, FEI would still be well below the maximum volume amount. The contractual maximum volume of RNG under the Lacombe BPA is [REDACTED] and the total maximum of FEI's contracted RNG volume in its portfolio, if the Lacombe BPA is accepted, would be approximately 23 PJ annually. FEI expects that it will acquire approximately 75 percent of its contractual maximum amounts in any given year. Therefore, FEI is not yet close to reaching the maximum volume amount in the GGRR. A summary of approved BPAs and contracted volumes is included in Appendix C. FEI has not yet acquired any hydrogen, synthesis gas, or lignin. If FEI acquires more than the maximum in any calendar year, FEI will sell an equivalent amount of RNG at full cost such that it does not count towards the cap per s. 2(3.9) of the GGRR.

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

In Order G-40-20, the BCUC first determined that an acquisition of RNG from out-of-province can be a prescribed undertaking, as it accepted FEI's BPAs with Tidal Energy Marketing Inc. (Tidal) which acquired RNG from Ontario. The BCUC has subsequently approved other out-of-province RNG acquisitions in Orders G-40-20, E-14-20, E-16-20, E-17-20, E-18-20, E-24-20, E-28-20, E-14-21, E-20-21, E-22-21, E-23-21, E-24-21, E-4-22, and E-11-22.

5. PROJECT OVERVIEW

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

5.1 PROJECT SUMMARY

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

¹¹ Statistics Canada, BC All-Items, annual percentage change December 2020 to December 2021 of 3.9 percent set out in Appendix B.

Table 1: Table of Concordance

Project Characteristic	Description
Is FEI acquiring biogas or biomethane?	Yes - FEI is purchasing finished biomethane from Lacombe
Is FEI making a capital investment?	No
Are the costs of the capital investment recovered from the producer (if applicable)?	Not Applicable
Does the price to acquire biomethane (including any capital or operating costs incurred by FEI) exceed the \$32.21 per GJ maximum price at any time during the Project term?	No – Section 11 of the Transaction Confirmation in the Lacombe BPA stipulates that the price cannot exceed the GRR maximum.
Will the Project’s supply of biogas or biomethane result in FEI’s total annual volume of biomethane, hydrogen, synthesis gas, and lignin exceeding 15% of the total volume of natural gas provided by FEI to its non-bypass customers in 2019?	No

5.2 PROJECT LOCATION AND FACILITY

Lacombe will design, build, own and operate an anaerobic digester facility in Lacombe, Alberta. The facility will use [REDACTED] to create RNG. The RNG produced at the facility will be injected into the local utility distribution system and then delivered by displacement to the [REDACTED]. FEI will take delivery of the RNG including environmental attributes at [REDACTED] and transport the RNG to FEI’s natural gas system in BC.

Figure 1: Project Location



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

FEI and Lacombe have entered into a GasEDI standard form of contract for the Lacombe BPA, similar to the previous BCUC-accepted BPAs. This form of contract is similar to FEI's Rate Schedule (RS) 30 – Off-System Sales and Purchases Rate Schedule and Agreement (Canada and U.S.A.). FEI has experience using RS 30 for acquiring conventional natural gas from within or outside BC. The GasEDI standard form of contract offers an industry standard form of contract for FEI to purchase out-of-province and/or off-system RNG.

Table 3: Lacombe BPA Summary

Item	Lacombe	Confirm Clause	Comment
Contract Term	██████████	Section 4	
Minimum Annual Volume	██████████ ██████████ ██████████	Section 6	Represents the minimum biomethane volume that FEI agrees to purchase annually from Lacombe.
Maximum Annual Volume	██████████	Section 6	Represents the maximum biomethane volume that FEI agrees to purchase annually from Lacombe.
Initial Price (per GJ) delivered to ██████████ ██████████	██████████	Section 11 (a)	Represents the Initial price (in CAD), including transport, that FEI will pay to Lacombe for biomethane to ██████████
Inflation Factor on Price	██████████	Section 11(b)	██████████ ██████████ ██████████
Maximum Price	BCUC or BC Government RNG Supply Purchase Price	Section 11 (c)	The purchase price must not exceed the maximum regulated purchase price established by the Province of BC.
Delivery Point	██████████ ██████████	Section 5	██████████ ██████████ ██████████ ██████████
Carbon Intensity (CI)	██████████	Section 14 Section 1, "CI Threshold"	██████████ ██████████ ██████████ ██████████

6.2 RISKS AND MITIGATION

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

FEI has included measures to mitigate risk to ensure that the Lacombe BPA is consistent with previous biomethane projects and established criteria for biogas or biomethane purchase agreements. The risks and associated mitigation measures are summarized in Table 4.

Table 4: Risks and Mitigation

Risk Item	Description of Risk Item	Risk Mitigation	Description of Risk Mitigation
Biomethane Purchase from Out-of-province Supply	FEI is purchasing RNG in the same manner as it purchases conventional natural gas from out-of-province.	Gas EDI	The GasEDI standard form of contract for the Lacombe BPA relies on established and tested terms and conditions used for many years across North America.
Acquisition Price	The purchase price and associated costs of acquiring RNG must not exceed the regulated maximum.	Confirm Section 11, Contract Price	Section 11 of the Confirm states that the purchase price must not exceed the maximum regulated purchase price established by the Province of BC. There are no other associated costs of acquiring RNG for the Project.
Supplier Default	In the event the supplier defaults and is unable to deliver Biomethane to FEI, FEI may be at risk of being in a supply deficit for its voluntary program.	Confirm Section 17, Remedies for Breach	In the event of default by Lacombe, it is obligated to pay a termination payment.
██████████	████████████████████ ████████████████████ ████████████████████	████████████████████ ████████████████████	████████████████████ ████████████████████ ████████████████████
Technical Risk	Project underperformance.	Confirm Section 1, Event of Default (iv) and Gas EDI Section 10	Lacombe will be required to supply the Minimum Annual Volume or be considered in default whereby FEI may receive remedies and/or terminate and be entitled to the termination payment.
Stranded Assets	FEI assets not recoverable in the event the agreement is terminated.	Gas EDI/Confirm	FEI is not providing any capital investment in the Project; therefore, there is no risk to FEI of stranded assets.

6.3 INCREMENTAL RATE IMPACT

The cost associated with the Lacombe BPA includes the price paid to Lacombe as specified in Section 11. The ██████████ up to the maximum supply purchase price established by the Province of BC.

To calculate the incremental rate impact, FEI used the expected (████████████████████) annual volume for the duration of the Lacombe BPA term.

The incremental rate impact associated with the Lacombe BPA is the difference between the RNG acquisition cost and the amount recovered from biomethane customers at the current Biomethane Energy Recovery Charge (BERC) rate. FEI has calculated the levelized delivery rate impact to non-bypass residential customers due to the difference between costs and

recoveries to be \$0.015 per GJ¹², resulting in an average annual bill impact of \$ [REDACTED] based on an average residential customer consuming 84 GJs per year.

7. CONCLUSION

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

The Lacombe BPA is an important step towards achieving the Province's 15 percent target as the expected annual RNG that will be delivered to FEI under the BPA is up to [REDACTED] per year. Further, the Lacombe BPA enables FEI to acquire RNG for its customers beginning late 2023, increasing FEI's ability to meet demand for RNG from its customers.

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

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

If further information is required, please contact Scott Gramm, Senior Manager, Renewable & Low Carbon Fuel Development, at (604) 576-7242.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

¹² Appendix B, Schedule 3, Line 15.

Appendix A

FEI-LACOMBE BIOMETHANE PURCHASE AGREEMENT

**GasEDI BASE CONTRACT FOR SHORT-TERM SALE AND PURCHASE OF NATURAL GAS
COVER SHEET**

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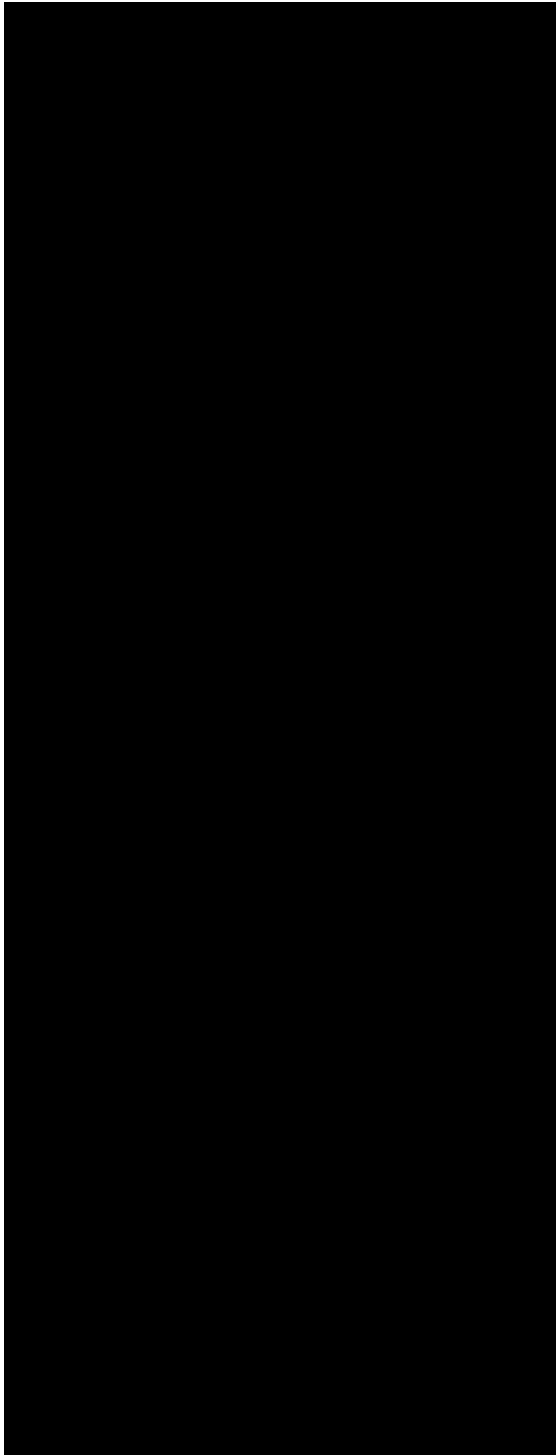
Page 1 of 3
October 26, 2000

**GasEDI BASE CONTRACT FOR
SHORT-TERM SALE AND PURCHASE OF NATURAL GAS
COVER SHEET**

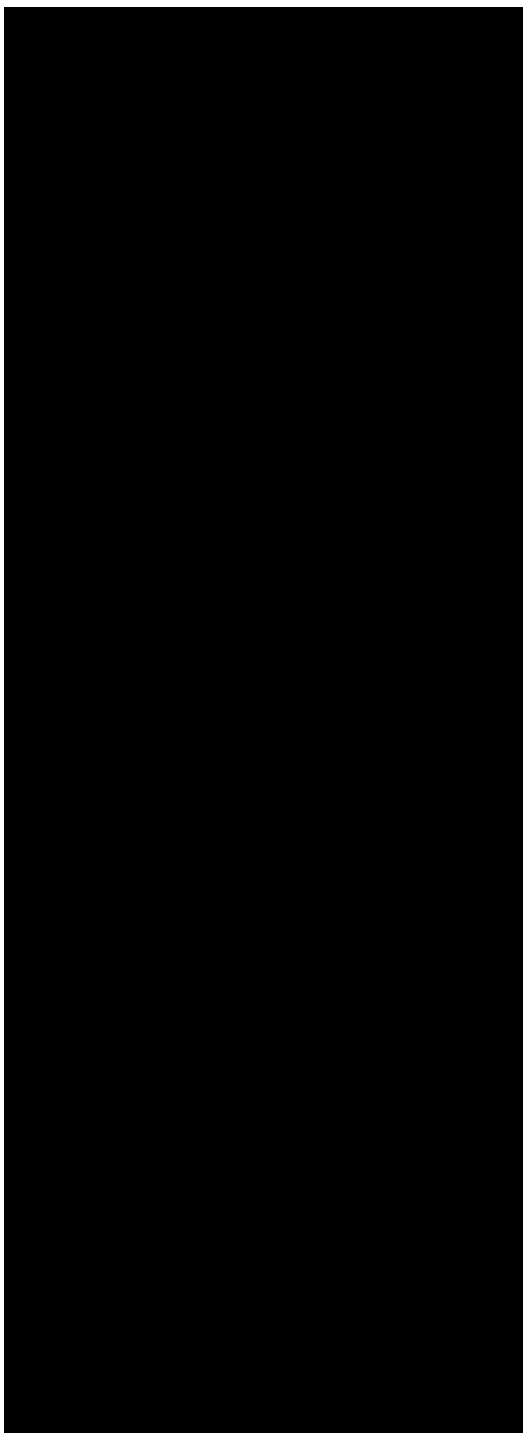
This Base Contract is entered into as of the following date: July 11, 2022

The parties to this Base Contract are the following:

PARTY A



PARTY B



Party

Address 1

Address 2

City

State / Province

Zip / Postal Code

Base Contract #

Duns #

US Federal Tax ID #

Canadian GST #

Bank

NOTICES

Contact

Phone

Fax

Email

Copy to:

24 HOUR OPERATIONS

Contact

Phone

Fax

Email

INVOICES & PAYMENTS

Contact

Phone

Fax

Email

CONFIRMATIONS

Phone

GasEDI BASE CONTRACT FOR SHORT-TERM SALE AND PURCHASE OF NATURAL GAS

COVER SHEET

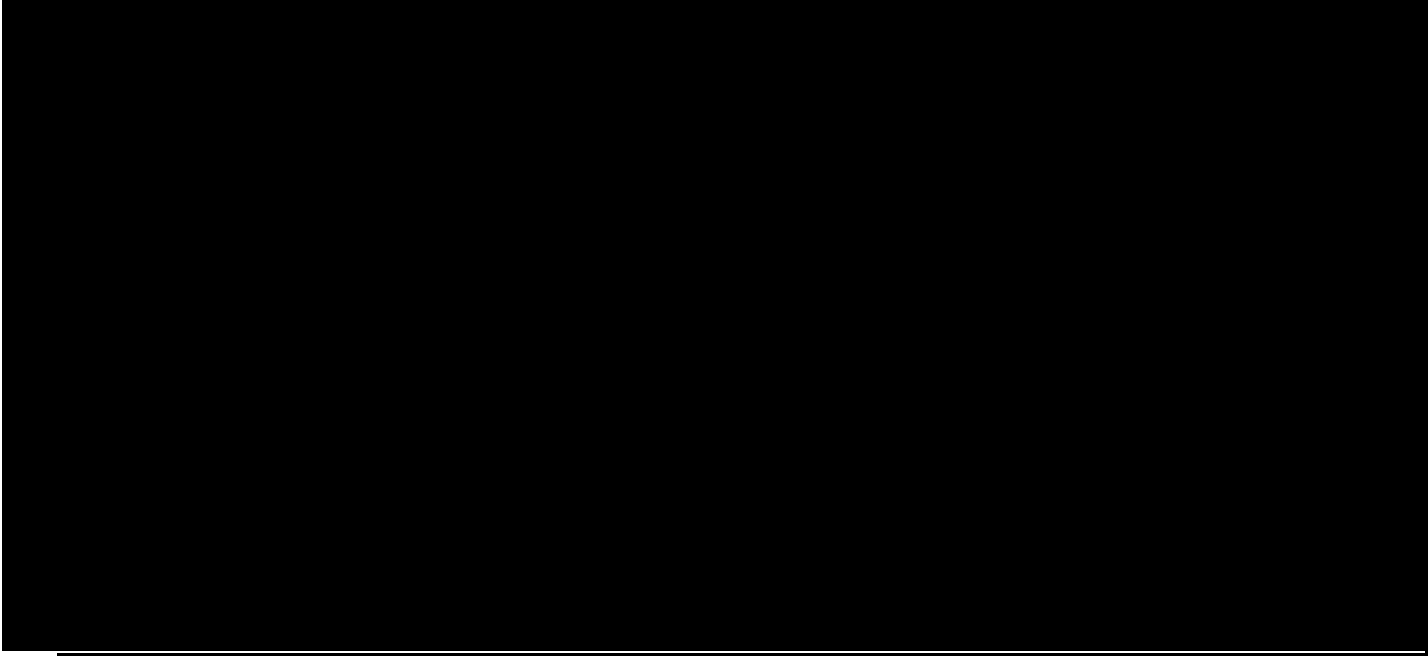
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Page 2 of 3

October 26, 2000

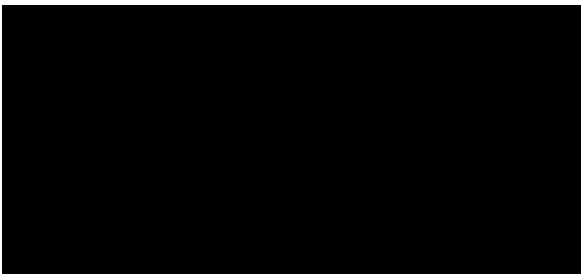
Fax

This Base Contract incorporates by reference for all purposes the General Terms and Conditions of the GasEDI Base Contract for Short-Term Sale and Purchase of Natural Gas as published by GasEDI. The parties hereby agree to the following provisions offered in said General Terms and Conditions (select only one from each box, but see "Note" relating to Section 3.2.):




IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

PARTY A



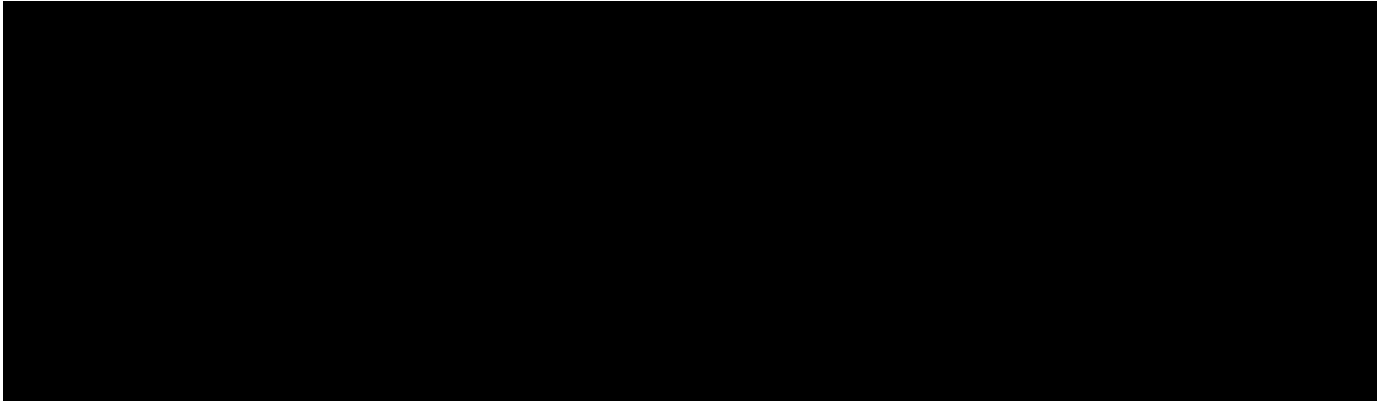
PARTY B

Party	FortisBC Energy Inc.
Signature	
Name	Roger Dall'Antonia
Title	President & CEO
Date	July 8, 2022

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of sale, purchase or exchange of natural gas. This Contract is intended for interruptible transactions or firm transactions of one year or less and may not be suitable for transactions of longer than one year. Further, GasEDI does not mandate the use of this Contract by any party. GasEDI DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO GasEDI's DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT GasEDI KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL GasEDI BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

BANKING INFORMATION ADDENDUM

Canadian Banking Information



**GasEDI BASE CONTRACT FOR
SHORT-TERM SALE AND PURCHASE OF NATURAL GAS**

GENERAL TERMS AND CONDITIONS

TABLE OF CONTENTS

SECTION 1 - PURPOSE AND PROCEDURES	1
SECTION 2 - DEFINITIONS	2
SECTION 3 - PERFORMANCE OBLIGATION	6
SECTION 4 - TRANSPORTATION, NOMINATIONS AND IMBALANCES	6
SECTION 5 - QUALITY AND MEASUREMENT	7
SECTION 6 - TAXES	7
SECTION 7 - BILLING, PAYMENT AND AUDIT	8
SECTION 8 - TITLE, WARRANTY AND INDEMNITY	9
SECTION 9 - NOTICES	9
SECTION 10 - FINANCIAL RESPONSIBILITY, DEFAULTS AND REMEDIES	10
SECTION 11 - FORCE MAJEURE	11
SECTION 12 - TERM	11
SECTION 13 - MISCELLANEOUS	11
SECTION 14 - LIMITATIONS	12

SECTION 1 - PURPOSE AND PROCEDURES

1.1 These General Terms and Conditions are intended to facilitate Transactions on a Firm or Interruptible basis.

1.2.a Any Transaction may be effected orally or electronically with the offer and acceptance constituting the valid, binding and enforceable agreement of the parties. The parties are legally bound from the time they agree to Transaction terms. Any such Transaction is considered a "writing" and to have been "signed". Notwithstanding the previous sentence, the parties agree that Confirming Party shall confirm a Transaction by sending the other party a Transaction Confirmation by facsimile or mutually agreeable electronic means by the close of the next Business Day. Confirming Party adopts its confirming letterhead or the like as its signature on any Transaction Confirmation and as the identification and authentication of Confirming Party.

1.2.b If a Transaction Confirmation sent by Confirming Party is materially different from the other party's understanding of the agreement referred to in Section 1.2.a, that party shall give Confirming Party Notice clearly identifying such difference on Confirming Party's Transaction Confirmation and return the annotated Transaction Confirmation to the Confirming Party by the Confirm Deadline. The failure of the other party to so notify Confirming Party by the Confirm Deadline is further evidence of the agreement between the parties and constitutes the other party's acknowledgement that the terms of the Transaction described in Confirming Party's Transaction Confirmation are accurate.

1.2.c If the other party does not receive a Transaction Confirmation from Confirming Party by the deadline set out in Section 1.2.a, then the other party shall notify Confirming Party by sending its own Transaction Confirmation by the close of the Business Day following the deadline set out in Section 1.2.a. If a Transaction Confirmation sent by the other party is materially different from Confirming Party's understanding of the agreement referred to in Section 1.2.a, Confirming Party shall give the other party Notice clearly identifying such difference on the other party's Transaction Confirmation and return the annotated Transaction Confirmation to the other party by the Confirm Deadline. The failure of Confirming Party to so notify the other party by the Confirm Deadline is further evidence of the agreement between the parties and constitutes the Confirming Party's acknowledgement that the terms of the Transaction described in the other party's Transaction Confirmation are accurate.

1.2.d The entire agreement between the parties shall be those provisions contained in (i) an effective Transaction Confirmation, (ii) the oral or electronic agreement of the parties, (iii) the Base Contract, and (iv) these General Terms and

Conditions (collectively, the "Contract"). In the event of a conflict among the foregoing, the terms shall govern in the priority listed in the previous sentence. The parties agree that all Transactions entered into shall form a single integrated agreement between the parties and each Transaction shall be merged into the Contract.

1.3 Communications occurring via a telephone conversation may be recorded by either party and each party consents to same without further notice to, or consent from, the other party. Each party shall, to the extent required by applicable law, give notice to, and obtain consent from, each of its employees, contractors and other representatives who may have their communications recorded hereunder. Any recordings of communications relevant to a Transaction may be used as evidence in any legal, arbitration or other dispute resolution procedure, and the parties hereby expressly waive all rights to, and expressly agree not to, contest or otherwise argue against such use of any recordings relevant to the disputed Transaction.

1.4 Each party shall be entitled, upon reasonable request, to access the other party's recording(s), if any, associated with a disputed Transaction.

1.5 The parties hereby expressly waive all rights to, and expressly agree not to, contest any Transaction, or assert or otherwise raise any defences or arguments related to any Transaction to the effect that such is not binding, valid or enforceable in accordance with its terms because either the employee(s) or representative(s) who entered into the Transaction on behalf of a party, and who appeared to have the requisite authority to do so, did not, in fact, have such authority or because the provisions of certain applicable laws require the Transaction to be in writing and/or executed by one or both parties.

SECTION 2 - DEFINITIONS

2.1 The following terms, when used herein, shall have the following meanings:

"10³m³" shall mean the quantity of Gas occupying a volume of 1000 cubic metres at a temperature of 15 degrees Celsius and at a pressure of 101.325 kilopascals absolute.

"Accelerated Payment Invoice" shall have the meaning set forth in Section 7.7.

"Base Contract" shall mean a contract executed by the parties that incorporates these General Terms and Conditions by reference; that specifies the agreed selections of provisions contained herein; and that sets forth other information required herein.

"British Thermal Unit" or "Btu" shall mean the International Btu, which is also called the Btu(IT).

"Business Day" shall mean any day except Saturday, Sunday, or a statutory or banking holiday observed in the jurisdiction specified pursuant to Section 13.5. A Business Day shall open at 8:00 a.m. and close at 5:00 p.m. local time for the relevant party's principal place of business. The relevant party, in each instance unless otherwise specified, shall be the party to whom the notice, payment or delivery is being sent and by whom the notice or payment or delivery is to be received.

"Buyer" refers to the party receiving Gas hereunder.

"Claims" shall have the meaning set forth in Section 8.3.

"Confirm Deadline" shall mean 5:00 p.m. in the receiving party's time zone on the second Business Day following the Business Day a Transaction Confirmation is received, or if applicable, on the Business Day agreed to by the parties in the Base Contract; provided, if the Transaction Confirmation is time stamped after 5:00 p.m. in the receiving party's time zone, it shall be deemed received at the opening of the next Business Day.

"Confirming Party" shall mean the party designated in the Base Contract to prepare and forward Transaction Confirmations to the other party.

"Contract" shall have the meaning set forth in Section 1.2.d.

"Contract Price" shall mean, if the Delivery Point is in the United States, the amount expressed in U.S. Dollars per MMBtu or U.S. Dollars per Dekatherm or, if the Delivery Point is in Canada, the amount expressed in Canadian Dollars per GJ, unless specified otherwise in a Transaction.

"Contract Quantity" shall mean the quantity of Gas to be delivered and received pursuant to a Transaction.

"Contract Value" of a Transaction is the net present value (applying the Present Value Discount Rate) of the product of (1) the quantity of Gas remaining under a Transaction which the parties are obligated to transact, multiplied by (2) the Contract Price.

"Costs" shall mean all reasonable costs, legal fees and expenses incurred by the Non-Defaulting Party to replace a Transaction or in connection with termination of a Transaction pursuant to Section 10.

"Cover Standard" as referred to in Section 3.2 shall mean, if applicable, if there is an unexcused failure to take or deliver any quantity of Gas pursuant to the Contract, then the Performing Party shall use commercially reasonable efforts to obtain Gas or alternate fuels, or sell Gas, at a price reasonable for the delivery or production area, as applicable, consistent with: the amount of notice provided by the Non-Performing Party; the immediacy of the Buyer's Gas consumption needs or Seller's Gas sales requirements, as applicable; the quantities involved; and the anticipated length of failure by the Non-Performing Party.

"Day" shall mean 9:00 a.m. to 9:00 a.m. central clock time.

"Defaulting Party" shall have the meaning set forth in Section 10.2.

"Dekatherm" shall mean one million British Thermal Units.

"Delivery Period" shall be the period during which deliveries are to be made as set forth in the Transaction Confirmation.

"Delivery Point(s)" shall mean such point(s) as are mutually agreed upon between Seller and Buyer as set forth in the Transaction Confirmation.

"Early Termination Date" shall have the meaning set forth in Section 10.3.

"EFP" shall mean the purchase, sale or exchange of natural Gas as the "physical" side of an exchange for physical transaction involving gas futures contracts. EFP shall incorporate the meaning and remedies of "Firm".

"ETA" shall mean the Excise Tax Act (Canada).

"Event of Default" shall mean (i) the failure to make payment when due under the Contract, which is not remedied within 2 Business Days after receiving Notice thereof (except for a failure to pay an Accelerated Payment invoice which shall immediately constitute an Event of Default); (ii) the making of an assignment or any general arrangement for the benefit of creditors, the filing of a petition or otherwise commencing, authorizing, or acquiescing in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or having such petition filed or proceeding commenced against it, any bankruptcy or insolvency (however evidenced) or the inability to pay debts as they fall due; (iii) the failure to provide Performance Assurance in accordance with Section 10.1; (iv) a party's failure to deliver or receive Gas, unless excused by the other party's Non-Performance or prevented by Force Majeure, for the greater of 4 cumulative Days or 5% of the number of Days in a Delivery Period, rounded up to a full Day, in any one Transaction; or (v) the failure to perform any other material obligation under the Contract, other than a failure to deliver or accept delivery of

Gas which remedy is as set forth in Section 7.7 (except as provided in part (iv) of this definition), if not remedied within 5 Business Days after receiving Notice thereof.

"Firm" shall mean that either party may interrupt its performance without liability only to the extent that such performance is excused by the other party's Non-Performance or is prevented by Force Majeure; provided, however, that during Force Majeure interruptions, the party invoking Force Majeure may be responsible for any Imbalance Charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by the Transporter.

"Gas" shall mean any mixture of hydrocarbons and non-combustible gases in a gaseous state consisting primarily of methane.

"GJ" shall mean 1 gigajoule; 1 gigajoule = 1,000,000,000 Joules. The standard conversion factor between Dekatherms and GJ's is 1.055056 GJ's per Dekatherm.

"GST" shall have the meaning set forth in Section 6.2.

"Imbalance Charges" shall mean any fees, penalties, costs or charges (in cash or in kind) assessed by a Transporter for failure to satisfy the Transporter's balance and/or nomination requirements.

"Interruptible" shall mean that either party may interrupt its performance at any time for any reason, whether or not caused by an event of Force Majeure, with no liability, except such interrupting party may be responsible for any imbalance charges as set forth in Section 4.3 related to its interruption after the nomination is made to the Transporter and until the change in deliveries and/or receipts is confirmed by Transporter.

"Joule" shall mean the joule specified in the SI system of units.

"Liquidation Amount" shall have the meaning set forth in Section 10.4.

"Market Value" of a Transaction is the net present value (applying the Present Value Discount Rate) of the product of (1) the quantity of gas remaining under a Transaction which the parties are obligated to transact, multiplied by (2) a market price for a similar transaction considering the remaining Delivery Period, Contract Quantity and Delivery Point; with such market price to be established by either (i) a bona fide offer accepted by the Non-Defaulting Party from a third party in an arms-length negotiation for a replacement transaction or (ii) quotations obtained by the Non-Defaulting Party, in good faith, from five Reference Market Makers, where the highest and lowest of such quotations shall be disregarded, and the arithmetic average of the three remaining quotations shall be the market price.

"MMBtu" shall mean one million British Thermal Units which is equivalent to one Dekatherm.

"Month" shall mean the period beginning on the first Day of the calendar month and ending immediately prior to the commencement of the first Day of the next calendar month.

"Non-Defaulting Party" shall have the meaning set forth in Section 10.2.

"Non-Performance" shall mean the failure by a party to purchase and receive, or sell and deliver, Gas required by any Transaction hereunder which is not excused because of the non-performance (non-delivery or non-receipt, as applicable) of the other party, or by Force Majeure.

"Non-Performing Party" shall mean a party in relation to which a Non-Performance has occurred.

"Notice" shall have the meaning set forth in Section 9.1.

**GasEDI BASE CONTRACT FOR SHORT-TERM SALE AND PURCHASE OF NATURAL GAS
GENERAL TERMS AND CONDITIONS**

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Page 5 of 12
October 26, 2000

"Payment Date" shall mean a date, selected by the parties in the Base Contract, on or before which payment is due Seller for Gas received by Buyer in the previous Month.

"Performance Assurance" shall mean security in the form, amount and term reasonably specified by the party demanding the Performance Assurance, including, but not limited to, a standby irrevocable letter of credit, a prepayment, a security interest in an asset acceptable to the demanding party or performance bond or guarantee by an entity acceptable to the party demanding the Performance Assurance.

"Performing Party" shall mean, if a Non-Performance has occurred, the party which is not the Non-Performing Party.

"Potential Event of Default" shall mean any event or circumstance which would, with Notice, the passage of time, or both, constitute an Event of Default.

"Present Value Discount Rate" shall mean with respect to any Transaction: (i) if the amount payable is in Canadian currency, the yield of Canadian Government Treasury Bills with a term closest to the time remaining in the Delivery Period, plus 100 basis points; or (ii) if the amount payable is in United States currency, the "Ask Yield" interest rate for United States Government Treasury notes as quoted in the "Treasury Bonds, Notes, and Bills" section of the Wall Street Journal most recently published with a term closest to the time remaining in the Delivery Period, plus 100 basis points.

"Receiving Transporter" shall mean the Transporter receiving Gas at a Delivery Point, or absent such receiving Transporter, the Transporter delivering Gas at a Delivery Point.

"Reference Market Makers" shall mean leading dealers in the physical gas trading market or the energy swap market, selected by the Non-Defaulting Party from among dealers of the highest credit standing, which satisfy all the criteria that such party applies generally at the time in deciding whether to offer or to make an extension of credit.

"Scheduled Gas" shall mean the quantity of Gas confirmed by Transporter(s) for movement, transportation or management.

"Seller" refers to the party delivering Gas hereunder.

"Spot Price" as referred to in Section 3.2 shall mean, if applicable, the price listed in the publication specified by the parties in the Base Contract, under the listing applicable to the geographic location closest in proximity to the Delivery Point(s) for the relevant Day; provided, if there is no single price published for such location for such Day, but there is published a range of prices, then the Spot Price shall be the average of such high and low prices. If no price or range of prices is published for such Day, then the Spot Price shall be the average of the following: (i) the price (determined as stated above) for the first Day for which a price or range of prices is published that next precedes the relevant Day; and (ii) the price (determined as stated above) for the first Day for which a price or range of prices is published that next follows the relevant Day.

"Taxes" shall have the meaning set forth in Section 6.1.

"Termination Payment" for a Transaction is the difference between the Market Value and the Contract Value, adjusted for Costs, as of the Early Termination Date. If the Non-Defaulting Party is Seller and Market Value minus Costs is greater than the Contract Value, the Termination Payment will be positive (gain) and if the Market Value minus Costs is less than the Contract Value, the Termination Payment will be negative (loss). If the Non-Defaulting Party is the Buyer and the Contract Value minus Costs is greater than the Market Value, the Termination Payment will be positive (gain) and if the Contract Value minus Costs is less than the Market Value, the Termination Payment will be negative (loss).

"Total Termination Payment" will be the sum of the Termination Payments for all Transactions terminated pursuant to Section 10. The Total Termination Payment is a reasonable pre-estimate of the loss suffered, and is not intended as a penalty.

"Transaction" shall mean any gas sale, purchase or exchange agreement effected pursuant to the Base Contract.

"Transaction Confirmation" shall mean the document, substantially in the form of Exhibit A, setting forth the terms of a Transaction formed pursuant to Section 1 for a particular Delivery Period.

"Transporter(s)" shall mean all Gas gathering or pipeline companies, or local distribution companies, acting in the capacity of a transporter, transporting Gas for Seller or Buyer upstream or downstream, respectively, of the Delivery Point pursuant to a particular Transaction.

SECTION 3 - PERFORMANCE OBLIGATION

3.1 Seller agrees to sell and deliver, and Buyer agrees to receive and purchase, the Contract Quantity for a particular Transaction in accordance with the terms of the Contract. Sales and purchases will be on a Firm or Interruptible basis, as agreed in a Transaction.

The parties have selected either the "Cover Standard" version or the "Spot Price Standard" version as indicated on the Base Contract.

Cover Standard:

3.2 In addition to any liability for Imbalance Charges, which shall not be recovered twice by the following remedy, subject to Section 10.5, the exclusive and sole remedy of the parties in the event of a breach of a Firm obligation shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the positive difference, if any, between the purchase price paid by Buyer utilizing the Cover Standard for replacement Gas or alternative fuels and the Contract Price, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller for such Day(s); or (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the positive difference, if any, between the Contract Price and the price received by Seller utilizing the Cover Standard for the resale of such Gas, adjusted for commercially reasonable differences in transportation costs to or from the Delivery Point(s), multiplied by the difference between the Contract Quantity and the quantity actually taken by Buyer for such Day(s); or (iii) in the event that Buyer has used commercially reasonable efforts to replace the Gas or Seller has used commercially reasonable efforts to sell the Gas to a third party, and no such replacement or sale is available, then the exclusive and sole remedy of the non-breaching party shall be any unfavorable difference between the Contract Price and the Spot Price, adjusted for such transportation to the applicable Delivery Point, multiplied by the difference between the Contract Quantity and the quantity actually delivered by Seller and received by Buyer for such Day(s).

Spot Price Standard:

3.2 In addition to any liability for Imbalance Charges, which shall not be recovered twice by the following remedy, subject to Section 10.5, the exclusive and sole remedy of the parties in the event of a breach of a Firm obligation shall be recovery of the following: (i) in the event of a breach by Seller on any Day(s), payment by Seller to Buyer in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the Contract Price from the Spot Price; (ii) in the event of a breach by Buyer on any Day(s), payment by Buyer to Seller in an amount equal to the difference between the Contract Quantity and the actual quantity delivered by Seller and received by Buyer for such Day(s), multiplied by the positive difference, if any, obtained by subtracting the applicable Spot Price from the Contract Price.

SECTION 4 - TRANSPORTATION, NOMINATIONS AND IMBALANCES

4.1 Seller shall have the sole responsibility for transporting the Gas to the Delivery Point(s) and for delivering such Gas at a pressure sufficient to effect such delivery but not to exceed the maximum operating pressure of the Receiving Transporter. Buyer shall have the sole responsibility for transporting the Gas from the Delivery Point(s).

4.2 The parties shall coordinate their Gas nomination and scheduling activities, giving sufficient time to meet the deadlines of the affected Transporter(s). Each party shall give the other party timely prior operational notice, sufficient to meet the requirements of all Transporter(s) involved in the Transaction, of the quantities of Gas to be delivered and purchased each Day. Such operational notice may be made by any mutually agreeable means, including phone, fax and email. Should either party become aware that actual deliveries at the Delivery Point(s) are greater or lesser than the Scheduled Gas, such party shall promptly notify the other party.

4.3 The parties shall use commercially reasonable efforts to avoid imposition of any Imbalance Charges. If Buyer or Seller receives an Invoice from a Transporter that includes Imbalance Charges, the parties shall determine the validity as well as the cause of such Imbalance Charges. If the Imbalance Charges were incurred as a result of Buyer's actions or inactions (which shall include, but shall not be limited to, Buyer's failure to accept quantities of Gas equal to the Scheduled Gas), then Buyer shall pay for such Imbalance Charges, or reimburse Seller for such Imbalance Charges paid by Seller to the Transporter. If the Imbalance Charges were incurred as a result of Seller's actions or inactions (which shall include, but shall not be limited to, Seller's failure to deliver quantities of Gas equal to the Scheduled Gas), then Seller shall pay for such Imbalance Charges, or reimburse Buyer for such Imbalance Charges paid by Buyer to the Transporter.

SECTION 5 - QUALITY AND MEASUREMENT

5.1 All Gas delivered by Seller shall meet the quality and heat content requirements of the Receiving Transporter. The unit of quantity measurement for purposes of the Contract shall be specified as one MMBtu dry, one Dekatherm dry, one GJ or one 10⁸m³. Measurement of Gas quantities hereunder shall be in accordance with the established procedures of the Receiving Transporter.

SECTION 6 - TAXES

The parties have selected either the "Buyer Pays At and After Delivery Point" version or the "Seller Pays Before and At Delivery Point" version as indicated on the Base Contract.

Buyer Pays At and After Delivery Point:

6.1 Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses, interest or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas at the Delivery Point(s) and all Taxes after the Delivery Point(s). If a party is required to remit or pay Taxes that are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

Seller Pays Before and At Delivery Point:

6.1 Seller shall pay or cause to be paid all taxes, fees, levies, penalties, licenses, interest or charges imposed by any government authority ("Taxes") on or with respect to the Gas prior to the Delivery Point(s) and all Taxes at the Delivery Point(s). Buyer shall pay or cause to be paid all Taxes on or with respect to the Gas after the Delivery Point(s). If a party is required to remit or pay Taxes which are the other party's responsibility hereunder, the party responsible for such Taxes shall promptly reimburse the other party for such Taxes. Any party entitled to an exemption from any such Taxes or charges shall furnish the other party any necessary documentation thereof.

6.2 The Contract Price does not include any amounts payable by Buyer for the goods and services tax ("GST") imposed pursuant to the ETA or any similar or replacement value added or sales or use tax enacted under successor legislation. Notwithstanding the selection made pursuant to Section 6.1, Buyer will pay to Seller the amount of GST payable for the purchase of Gas in addition to all other amounts payable under the Contract. Seller will hold the GST paid by Buyer and will remit such GST as required by law. Buyer and Seller will provide each other with the information required to make such GST remittance or claim any corresponding input tax credits, including GST registration numbers.

6.3.a Where Buyer is not registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes. If Seller, in its sole discretion, agrees to so treat such Gas, then Buyer hereby declares, represents and warrants to Seller that Buyer will: (i) export such Gas as soon as is reasonably possible after Seller delivers such Gas to Buyer (or after such Gas is delivered to Buyer after a zero-rated storage service under the ETA) having regard to the circumstances surrounding the export and, where applicable, normal business practice; (ii) not acquire such Gas for consumption or use in Canada (other than as fuel or compressor gas to transport such Gas by pipeline) or for supply in Canada (other than to supply natural gas liquids or ethane the consideration for which is deemed by the ETA to be nil) before export of such Gas; (iii) ensure that, after such Gas is delivered and before export, such Gas is not further processed, transformed or altered in Canada (except to the extent reasonably necessary or incidental to its transportation and other than to recover natural gas liquids or ethane from such Gas at a straddle plant); (iv) maintain on file, and provide to Seller, if required, or to the Canada Customs and Revenue Agency, evidence satisfactory to the Minister of National Revenue of the export of such Gas by Buyer; and/or (v) comply with all other requirements prescribed by the ETA for a zero-rated export of such Gas.

6.3.b Where Buyer is registered for GST under the ETA and Buyer indicates to Seller that Gas will be exported from Canada, Buyer may request Seller treat such Gas as "zero-rated" Gas for export within the meaning of the ETA for billing purposes, and Buyer hereby declares, represents and warrants to Seller that Buyer intends to export such Gas by means of pipeline or other conduit in circumstances described in Section 6.3.a (i) to (iii).

6.3.c Without limiting the generality of Section 6.3, Buyer indemnifies Seller for any GST, penalties and interest and all other damages and costs of any nature arising from breach of the declarations, representations and warranties contained in Section 6.3.a or 6.3.b, or otherwise from application of GST to Gas declared, represented and warranted by Buyer to be acquired for export from Canada.

6.4 In the event that any amount becomes payable pursuant to the Contract as a result of a breach, modification or termination of the Contract, the amount payable shall be increased by any applicable Taxes or GST remittable by the recipient in respect of that amount.

SECTION 7 - BILLING, PAYMENT AND AUDIT

7.1 Seller shall invoice Buyer for Gas delivered and received in the preceding Month and for any other applicable charges, providing supporting documentation acceptable in industry practice to support the amount charged. If the actual quantity delivered is not known by the billing date, billing will be prepared based on the quantity of Scheduled Gas. The invoiced quantity will then be adjusted to the actual quantity on the following Month's billing or as soon thereafter as actual delivery information is available.

7.2 Buyer shall remit the amount due in the manner specified in the Base Contract, in immediately available funds, on or before the later of the Payment Date or 10 days after receipt of the invoice by Buyer; provided that if the Payment Date is not a Business Day, payment is due on the next Business Day following that date. If Buyer, in good faith, disputes the amount of any such statement or any part thereof, Buyer will pay to Seller such amount as it concedes to be correct; provided, however, if Buyer disputes the amount due, Buyer must provide supporting documentation acceptable in industry practice to support the amount paid or disputed.

7.3 In the event any payments are due Buyer hereunder, payment to Buyer shall be made in accordance with Section 7.2 above.

7.4 If a party fails to remit the full amount payable by it when due, interest on the unpaid portion shall accrue from the date due until the date of payment at a rate equal to the lower of: (i) if the amount payable is in United States currency, the then-effective prime rate of interest published under "Money Rates" by The Wall Street Journal, plus two percent per annum, compounded monthly; or, if the amount payable is in Canadian currency, the per annum rate of interest identified from time to time as the prime lending rate charged to its most credit worthy customers for commercial loans by The Toronto Dominion Bank, Main Branch, Calgary, Alberta, Canada, plus two percent per annum, compounded monthly; or (ii) the maximum applicable lawful interest rate.

7.5 Payment shall be made in the currency of the Contract Price.

7.6 The parties shall net all same currency amounts due and owing, and/or past due, arising under the Contract such that the party owing the greater amount shall make a single payment of the net amount to the other party in accordance with Section 7; provided that no payment required to be made pursuant to the terms of any credit support document or agreement shall be subject to netting under this or any other provision of the Contract. In the event that the parties have executed a separate netting agreement, the terms and conditions therein shall prevail.

7.7 A Performing Party may accelerate the payment owed by the Non-Performing Party related to a Non-Performance by sending to the Non-Performing Party an invoice (an "Accelerated Payment Invoice") for the amounts due it under Section 3.2, setting forth the calculation thereof and a statement that pursuant to this Section 7.7 such amount is due in 3 Business Days. If the Performing Party does not deliver an Accelerated Payment Invoice, amounts payable pursuant to Section 3.2 shall be invoiced and payable in accordance with Sections 7.1 and 7.2. The Non-Performing Party must pay the Accelerated Payment Invoice when due and the Non-Performing Party: (i) shall not be entitled to net amounts owed to it hereunder by the Performing Party against its obligation to make payment on an Accelerated Payment Invoice; and (ii) shall, notwithstanding Section 7.2, pay the full amount of the Accelerated Payment Invoice despite any dispute it may have as to the amount owing thereunder.

7.8 A party shall have the right, at its own expense, upon reasonable notice and at reasonable times, to examine the books and records of the other party only to the extent reasonably necessary to verify the accuracy of any statement, charge, payment, or computation made under the Contract. This examination right shall not be available with respect to proprietary information not directly relevant to Transactions. All invoices and billings shall be conclusively presumed final and accurate unless objected to in writing, with adequate explanation and/or documentation, within two years after the Month of Gas delivery. All retroactive adjustments under Section 7 shall be paid in full by the party owing payment within 30 days of notice and substantiation of such inaccuracy.

SECTION 8 - TITLE, WARRANTY AND INDEMNITY

8.1 Unless otherwise specifically agreed, title to the Gas shall pass from Seller to Buyer at the Delivery Point(s). Seller shall have responsibility for and assume any liability with respect to the Gas prior to its delivery to Buyer at the specified Delivery Point(s). Buyer shall have responsibility for and assume any liability with respect to said Gas after its delivery to Buyer at the Delivery Point(s).

8.2 Seller warrants that it will have the right to convey and will transfer good and merchantable title to all Gas sold hereunder and delivered by it to Buyer, free and clear of all liens, encumbrances, and claims.

8.3 Seller agrees to indemnify Buyer and save it harmless from all losses, liabilities or claims including reasonable legal fees and costs of court ("Claims"), from any and all persons, arising from or out of claims of title, personal injury or property damage from said Gas or other charges thereon which attach before title passes to Buyer. Buyer agrees to indemnify Seller and save it harmless from all Claims, from any and all persons, arising from or out of claims regarding payment, personal injury or property damage from said Gas or other charges thereon which attach after title passes to Buyer.

8.4 Notwithstanding the other provisions of this Section 8, as between Seller and Buyer, Seller will be liable for all Claims to the extent that such arise from the failure of Gas delivered by Seller to meet the quality requirements of Section 5, or Seller's warranty obligations pursuant to Section 8.2.

SECTION 9 - NOTICES

9.1 All Transaction Confirmations, invoices, payments and other communications made pursuant to the Contract ("Notices") shall be in writing and made to the addresses for Notices specified by each respective party from time to time.

9.2 All Notices required hereunder may be sent by facsimile or mutually agreeable electronic means, a nationally recognized overnight courier service or hand delivered.

9.3 Notice shall be given when received on a Business Day by the addressee. In the absence of proof of the actual receipt date, the following presumptions will apply. Notices sent electronically or by facsimile shall be deemed to have been received upon the sending party's receipt of confirmation of a successful transmission; if the day on which such electronic or facsimile Notice is received is not a Business Day or is after five p.m. on a Business Day, then such Notice shall be deemed to have been received on the next following Business Day. Notice by overnight mail or courier shall be deemed to have been received on the next Business Day after it was sent or such earlier time as is confirmed by the receiving party.

SECTION 10 - FINANCIAL RESPONSIBILITY, DEFAULTS AND REMEDIES

10.1 If a party has reasonable grounds for insecurity regarding the payment, performance or enforceability of any obligation under the Contract, such party may demand Performance Assurance, whether or not an Event of Default, Non-Performance or Potential Event of Default has occurred, which Performance Assurance shall be provided by the other party by the end of the 5th Business Day after the demand is received. The Performance Assurance shall not exceed the amount calculated in accordance with the procedure for determining the Total Termination Payment, as of the date of the demand, as if all Transactions had been terminated plus all other outstanding amounts owed or accrued under the Contract.

10.2 If an Event of Default or Potential Event of Default occurs with respect to a party (the "Defaulting Party"), then the other party (the "Non-Defaulting Party") shall have the right to, in addition to any other remedies available hereunder: (i) upon 1 Business Day's Notice, suspend its performance under any or all Transactions under the Contract; and/or (ii) withhold any amounts owed to the Defaulting Party under the Contract, any Transaction or any other agreement between the parties (whether or not yet due) and setoff against such withheld amounts any amounts owed the Non-Defaulting Party hereunder (whether or not yet due).

10.3 In addition to the provisions of Section 10.2, upon the occurrence of an Event of Default, the Non-Defaulting Party may, for so long as the Event of Default is continuing, terminate, accelerate and liquidate all Transactions then outstanding or not yet commenced in accordance with the provisions of this Section 10 by (i) providing Notice to the Defaulting Party, and (ii) establishing an early termination date, which date shall be between 1 and 20 Business Days following the Event of Default, on which all such Transactions shall terminate ("Early Termination Date"). If an Early Termination Date has been designated, the Non-Defaulting Party shall calculate the Total Termination Payment and notify the Defaulting Party of such amount including detailed support for the Total Termination Payment calculation.

10.4 The Non-Defaulting Party may net the Total Termination Payment against all other amounts owing (whether or not yet due) between the parties under the Contract and any other agreements between the parties. This amount constitutes the "Liquidation Amount" payable by the Defaulting Party within 2 Business Days or payable by the Non-Defaulting Party on the 25th of the Month following the Early Termination Date, as applicable. A disputed amount hereunder shall be paid by the Defaulting Party, subject to refund.

10.5 In the event a party is a Non-Performing Party, the Performing Party shall have the right to, in addition to any other remedies available hereunder: (i) withhold any or all payments due the Non-Performing Party hereunder for the period of the applicable Non-Performance and net or set-off amounts due the Performing Party against such withheld amounts; (ii) during the period of the applicable Non-Performance, upon at least 1 Business Day's Notice, suspend its performance under any or all Transactions; and/or (iii) if the Non-Performing Party fails to pay any Accelerated Payment Invoice when due, the Performing Party may, without further Notice to the Non-Performing Party, declare an Early Termination Date with respect to the particular Transaction to which the Non-Performance relates in accordance with Section 10.3. The failure of the Performing Party to exercise any of the rights or remedies contained in this Section 10.5 shall not constitute a waiver of the Non-Performance, the requirement for payment as contemplated by Section 3.2 or any of the other rights or remedies of the Performing Party in connection therewith.

10.6 Each party reserves to itself all rights, set-offs, counterclaims, and other defences which it is or may be entitled to arising from the Contract.

SECTION 11 - FORCE MAJEURE

11.1 Except with regard to a party's obligation to make payment due under the Contract, neither party shall be liable to the other for failure to perform a Firm obligation, to the extent such failure was caused by Force Majeure.

11.2 Force Majeure shall include but not be limited to the following: (i) physical events such as acts of God, landslides, lightning, earthquakes, fires, storms or storm warnings, such as hurricanes, which result in evacuation of the affected area, floods, washouts, explosions, breakage or accident or necessity of repairs to machinery or equipment or lines of pipe; (ii) weather related events affecting an entire geographic region, such as low temperatures which cause freezing or failure of wells or lines of pipe; (iii) interruption of firm transportation and/or storage by Transporters; (iv) acts of others such as strikes, lockouts or other industrial disturbances, riots, sabotage, insurrections or wars; and (v) governmental actions such as necessity for compliance with any court order, law, statute, ordinance, or regulation promulgated by a governmental authority having jurisdiction. Seller and Buyer shall make reasonable efforts to avoid the adverse impacts of a Force Majeure and to resolve the event or occurrence once it has occurred in order to resume performance.

11.3 Neither party shall be entitled to the benefit of the provisions of Force Majeure to the extent performance is affected by any or all of the following circumstances: (i) the curtailment of interruptible or secondary firm transportation unless primary, in-path, firm transportation is also curtailed; (ii) the party claiming Force Majeure failed to remedy the condition and to resume the performance of such covenants or obligations with reasonable dispatch; or (iii) economic hardship. The party claiming Force Majeure shall not be excused from its responsibility for Imbalance Charges.

11.4 Notwithstanding anything to the contrary herein, the parties agree that the settlement of strikes, lockouts or other industrial disturbances shall be entirely within the sole discretion of the party experiencing such disturbance.

11.5 The party whose performance is prevented by Force Majeure must provide notification to the other party. Initial notification may be given orally; however, Notice with reasonably full particulars of the event or occurrence is required as soon as reasonably possible. Upon providing notification of Force Majeure to the other party, the affected party will be relieved of its obligation to make or accept delivery of Gas as applicable to the extent and for the duration of Force Majeure, and neither party shall be deemed to have failed in such obligations to the other during such occurrence or event.

SECTION 12 - TERM

12.1 The Contract may be terminated on 30 days' Notice, but shall remain in effect until the expiration of the latest Delivery Period of any Transaction Confirmation(s). The rights of either party pursuant to Section 7.8, the obligations to make payment hereunder, and the obligation of either party to indemnify the other, pursuant hereto shall survive the termination of the Contract.

SECTION 13 - MISCELLANEOUS

13.1 The Contract shall be binding upon and inure to the benefit of the successors, assigns, personal representatives, and heirs of the respective parties hereto, and the covenants, conditions, rights and obligations of the Contract shall run for the full term of the Contract. No assignment of the Contract, in whole or in part, will be made without the prior written consent of the non-assigning party, which consent will not be unreasonably withheld or delayed; provided, either party may transfer its interest to any parent or affiliate by assignment, merger or otherwise without the prior approval of the other party. Upon any transfer and assumption, the transferor shall not be relieved of nor discharged from any obligations hereunder.

13.2 If any provision in the Contract is determined to be invalid, void or unenforceable by any court having jurisdiction, such determination shall not invalidate, void, or make unenforceable any other provision, agreement or covenant of the Contract.

13.3 No waiver of any breach of the Contract shall be held to be a waiver of any other or subsequent breach.

13.4 The Contract sets forth all understandings between the parties respecting each Transaction, and any prior contracts, understandings and representations, whether oral or written, relating to such Transactions are merged into and superseded by the Contract and any effective Transaction Confirmation(s). The Base Contract may be amended only by a writing executed by both parties.

13.5 The interpretation and performance of the Contract shall be governed by the laws of the jurisdiction specified by the parties in the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction.

13.6 The Contract and all provisions herein will be subject to all applicable and valid statutes, rules, orders and regulations of any Federal, State, Province, or local governmental authority having jurisdiction over the parties, their facilities, or Gas supply, or the Contract.

13.7 There is no third party beneficiary to the Contract.

13.8 Each party to this Contract represents and warrants that it has full and complete authority to enter into and perform this Contract. Each person who executes the Contract on behalf of either party represents and warrants that it has full and complete authority to do so and that such party will be bound thereby.

13.9 For currency conversions required under the Contract, to convert Canadian or United States currency to the other, the parties shall use the average of the Bank of Canada posted noon spot exchange rates as quoted for each Day during the Month during which Gas was, or was obligated to be, delivered and received.

13.10 Any controversy or claim arising out of or relating to the Contract shall be determined by arbitration in accordance with the International Arbitration Rules of the American Arbitration Association.

SECTION 14 - LIMITATIONS

14.1 EXCEPT AS SET FORTH HEREIN, THERE IS NO WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND ANY AND ALL IMPLIED WARRANTIES ARE DISCLAIMED. FOR BREACH OF ANY PROVISION FOR WHICH AN EXPRESS REMEDY OR MEASURE OF DAMAGES IS PROVIDED, SUCH EXPRESS REMEDY OR MEASURE OF DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, A PARTY'S LIABILITY HEREUNDER SHALL BE LIMITED AS SET FORTH IN SUCH PROVISION, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. IF NO REMEDY OR MEASURE OF DAMAGES IS EXPRESSLY PROVIDED HEREIN OR IN A TRANSACTION, A PARTY'S LIABILITY SHALL BE LIMITED TO DIRECT ACTUAL DAMAGES ONLY, SUCH DIRECT ACTUAL DAMAGES SHALL BE THE SOLE AND EXCLUSIVE REMEDY, AND ALL OTHER REMEDIES OR DAMAGES AT LAW OR IN EQUITY ARE WAIVED. UNLESS EXPRESSLY HEREIN PROVIDED, NEITHER PARTY SHALL BE LIABLE FOR CONSEQUENTIAL, INCIDENTAL, PUNITIVE, EXEMPLARY OR INDIRECT DAMAGES, LOST PROFITS OR OTHER BUSINESS INTERRUPTION DAMAGES, BY STATUTE, IN TORT OR CONTRACT, UNDER ANY INDEMNITY PROVISION OR OTHERWISE. IT IS THE INTENT OF THE PARTIES THAT THE LIMITATIONS HEREIN IMPOSED ON REMEDIES AND THE MEASURE OF DAMAGES BE WITHOUT REGARD TO THE CAUSE OR CAUSES RELATED THERETO, INCLUDING THE NEGLIGENCE OF ANY PARTY, WHETHER SUCH NEGLIGENCE BE SOLE, JOINT OR CONCURRENT, OR ACTIVE OR PASSIVE. TO THE EXTENT ANY DAMAGES REQUIRED TO BE PAID HEREUNDER ARE LIQUIDATED, THE PARTIES ACKNOWLEDGE THAT THE DAMAGES ARE DIFFICULT OR IMPOSSIBLE TO DETERMINE, OR OTHERWISE OBTAINING AN ADEQUATE REMEDY IS INCONVENIENT AND THE DAMAGES CALCULATED HEREUNDER CONSTITUTE A REASONABLE APPROXIMATION OF THE HARM OR LOSS.

TRANSACTION CONFIRMATION

Date: July 11, 2022
("Effective Date")

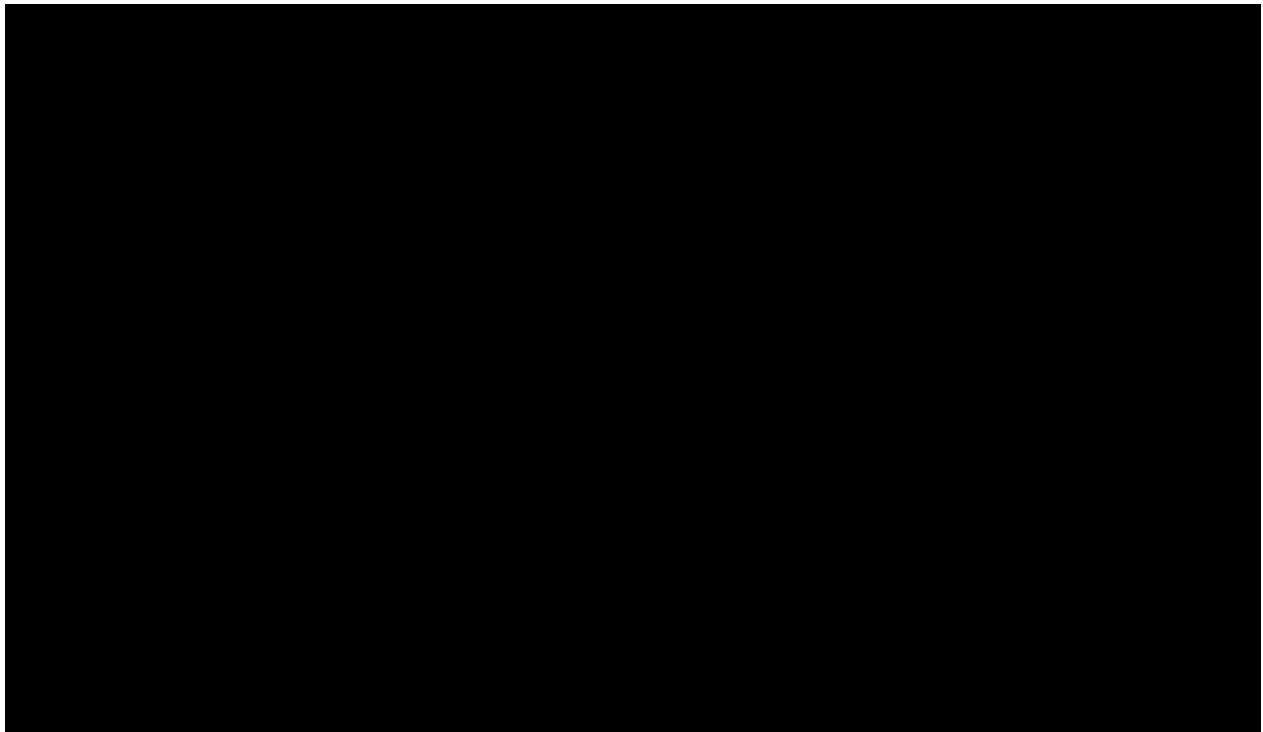
Transaction Confirmation #: 1

This is a Transaction under the GasEDI Base Contract for the Sale and Purchase of Natural Gas dated October 26, 2000 including the General Terms and Conditions, as amended by this Transaction Confirmation, and is made between the parties hereto subject to the terms and conditions set forth herein.

IT IS AGREED:

1. Definitions.

Capitalized terms used, but not defined in this Transaction Confirmation, have the meanings given to those terms in the General Terms and Conditions of the Base Contract. Capitalized terms that are defined in this Transaction Confirmation replace or are in addition to, as applicable, those in the General Terms and Conditions:



"**Base Rate**" has the meaning set out in Section 11(a) of this Transaction Confirmation.

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

"**BCUC**" means the British Columbia Utilities Commission.

"**Biomethane**" means pipeline quality Gas derived from the decomposition of organic matter. Pipeline quality means meeting the gas quality requirements of the Gas distribution system at the closest point to the Facility.

"**Buyer's Conditions**" has the meaning set out in Section 3(a) of this Transaction Confirmation.

"**Buyer's Conditions Removal Date**" means the date on which each of the Buyer's Conditions have been waived or satisfied, each in accordance with this Transaction Confirmation.

"**CI Threshold**" means [REDACTED]

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

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

"**Contract Year**" means each twelve (12) consecutive months period starting on the first Day of the Month immediately following the Start Date, except for the final Contract Year which shall commence on the first Day following the prior Contract Year and end on the End Date.

"**Conventional Gas**" means pipeline quality Gas known as fossil fuel. Pipeline quality means meeting the gas quality requirements of the receiving pipeline at the Delivery Point.

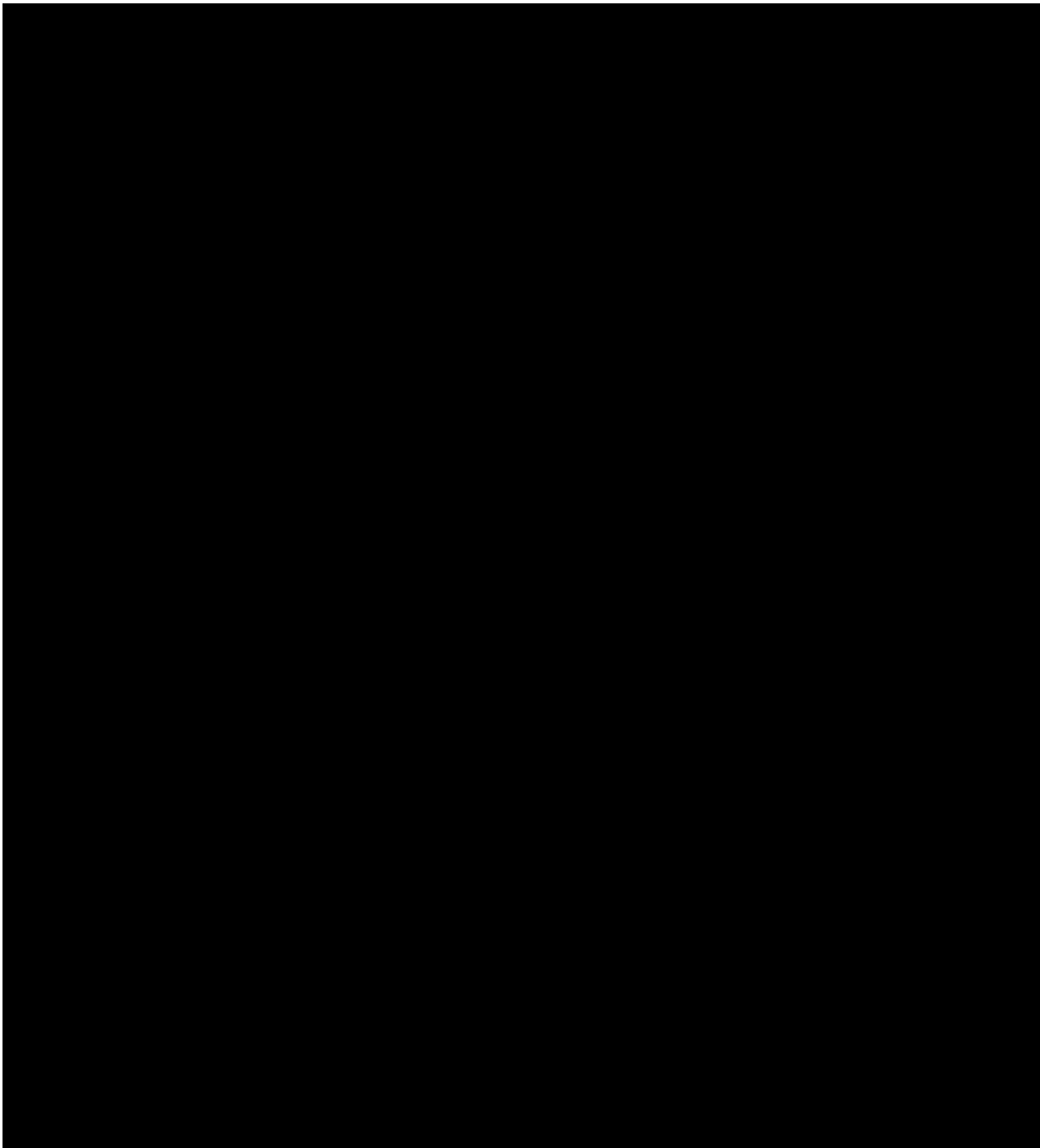
"**Delivery Period**" means the period commencing on the Start Date and ending on the End Date.

[REDACTED]

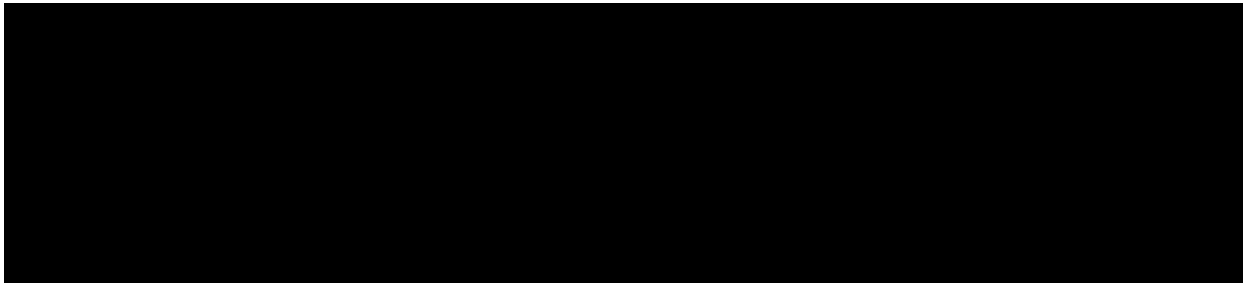
[REDACTED]

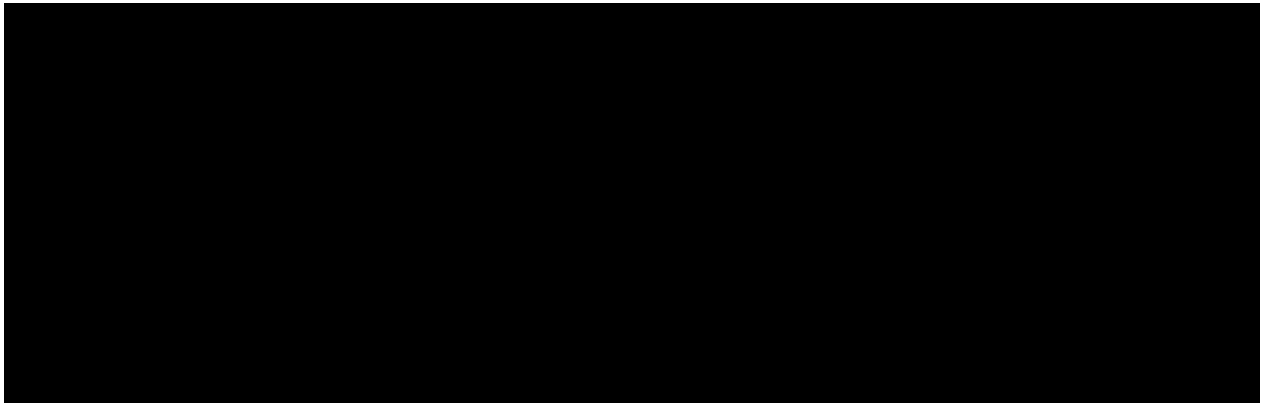
"**Director**" means the British Columbia government employee designated as the director for the purposes of the RLCFRA.


[REDACTED]



"**End Date**" has the meaning given in Section 4 of this Transaction Confirmation.





"Facility" means an anaerobic digestion facility to be constructed on land located in Lacombe, Alberta at 

"Gas" means any mixture of hydrocarbons and non-combustible gases in a gaseous state consisting primarily of methane, including Biomethane.

"GHGenius" has the meaning given to such term in the RLCFRA.

"Market Green Premium" means the per gigajoule green value of replacement Biomethane determined by reference to the average quarterly price of low carbon fuel credits as reported, from time to time, by the Ministry of Energy, Mines and Low Carbon Innovation (or any successor Ministry) under the title Renewable and Low Carbon Fuel Requirements Regulation - Low Carbon Fuel Credit Market Report – Monthly or successor report (collectively, the "Report") and more specifically as follows:

where:

"CI of CNG" means the carbon intensity (in units of gCO₂e/MJ) for CNG (compressed natural gas) set out under the Table "Default Carbon Intensities for Fuels Supplied On or After January 1, 2017" as reported by the Ministry of Energy, Mines and Low Carbon Innovation (or any successor Ministry) under the title Renewable and Low Carbon Fuel Requirements Regulation, Carbon Intensity Records, Information Bulletin RLCF 006, as may be revised or replaced from time to time (the "Carbon Intensity Information Bulletin");

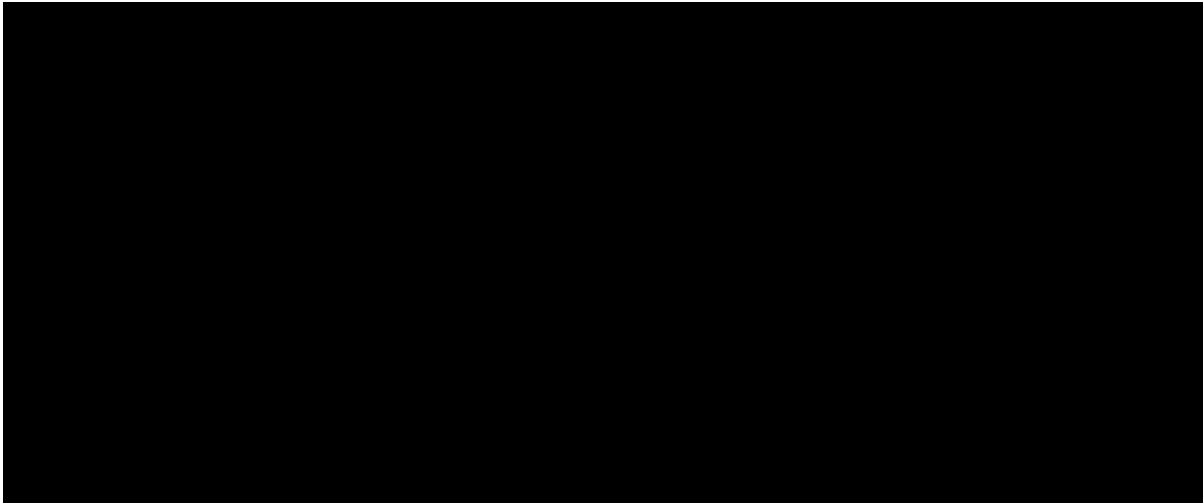
and

"Price" means the average quarterly price per low carbon fuel credit (defined in the Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements Act) for the month during which the Early Termination Date occurs, or if not yet available, the month preceding the Early Termination Date; and

calculated as follows:

$$((\text{CI of CNG} - \text{CI Threshold}) * \text{Price} / 1,000) = \$ \text{ per GJ of Biomethane,}$$

or if the Report, or Carbon Intensity Information Bulletin, is not available for the relevant reference period, a measure of the market price of Environmental Attributes, expressed in terms of \$ CAD per GJ, as the Non-Defaulting Party determines, acting reasonably.



2. **Parties.**

Seller: Lacombe Biorefinery LP

Buyer: FortisBC Energy Inc.

3. **Conditions Precedent.**

Buyer's Conditions

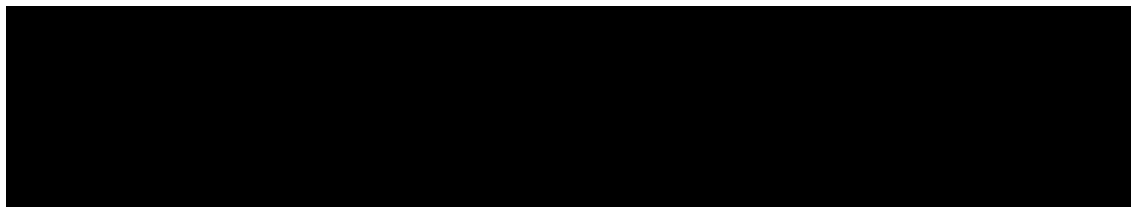
(a) This Transaction shall be of no force or effect and shall automatically terminate without liability of either party to the other unless the following conditions precedent (the "**Buyer's Conditions**") are satisfied, or waived, in the sole and absolute discretion of Buyer, on or before **October 1, 2022** or such later date agreed upon by the parties in writing (the "**Buyer's Conditions Removal Date**");

(i) Buyer has obtained the necessary regulatory approvals, if any, required to be obtained by Buyer to purchase Biomethane hereunder, including but not limited to, BCUC acceptance of this Transaction as a "prescribed undertaking" under section 18 of the *Clean Energy Act* and section 2(3.8) of the *Greenhouse Gas Reduction (Clean Energy) Regulation*; and

(ii) Seller provides Buyer with Performance Assurance in such form and amount as is satisfactory to Buyer, securing Seller's obligations to pay the total Termination Payment.

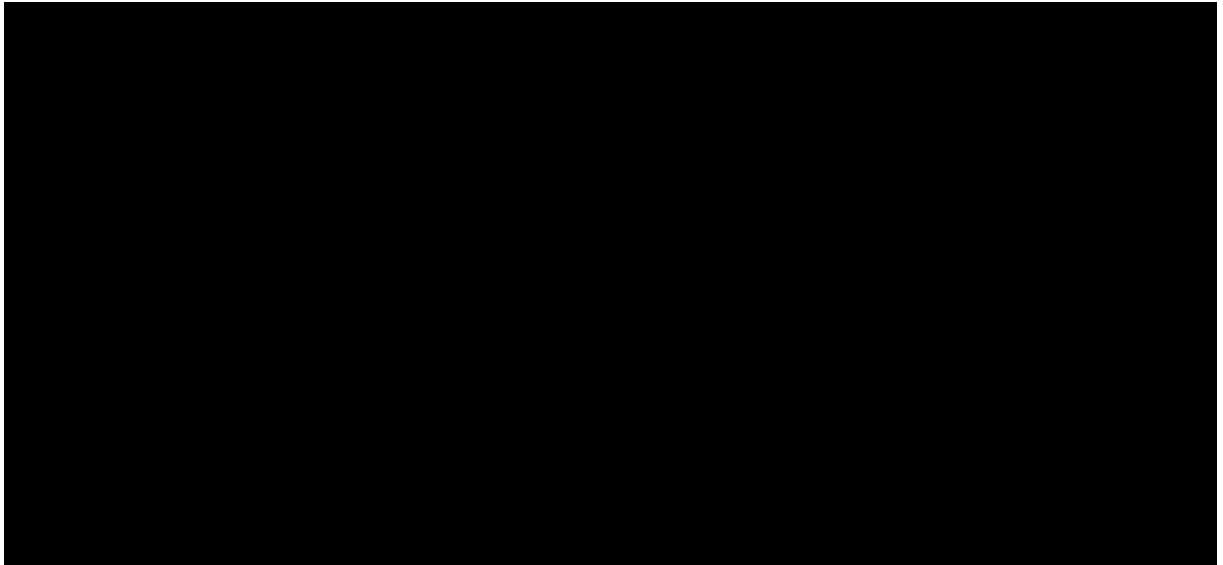
(b) In the event Buyer has submitted an application to the BCUC for the approval of this Transaction no less than three (3) months before the Buyer's Condition Removal Date, and the BCUC has not made its decision by the Buyer's Condition Removal Date, then the Buyer's Condition Removal Date shall be deemed extended for another three (3) months.

(c)



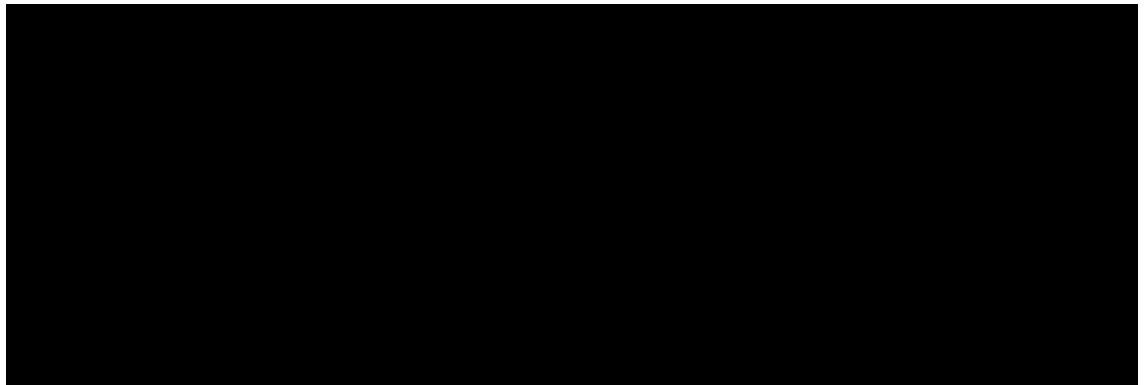
at Buyer's sole cost, including filing documents in support of Buyer's application to the BCUC and any other applicable regulators, and providing argument and witnesses in support of the filing.

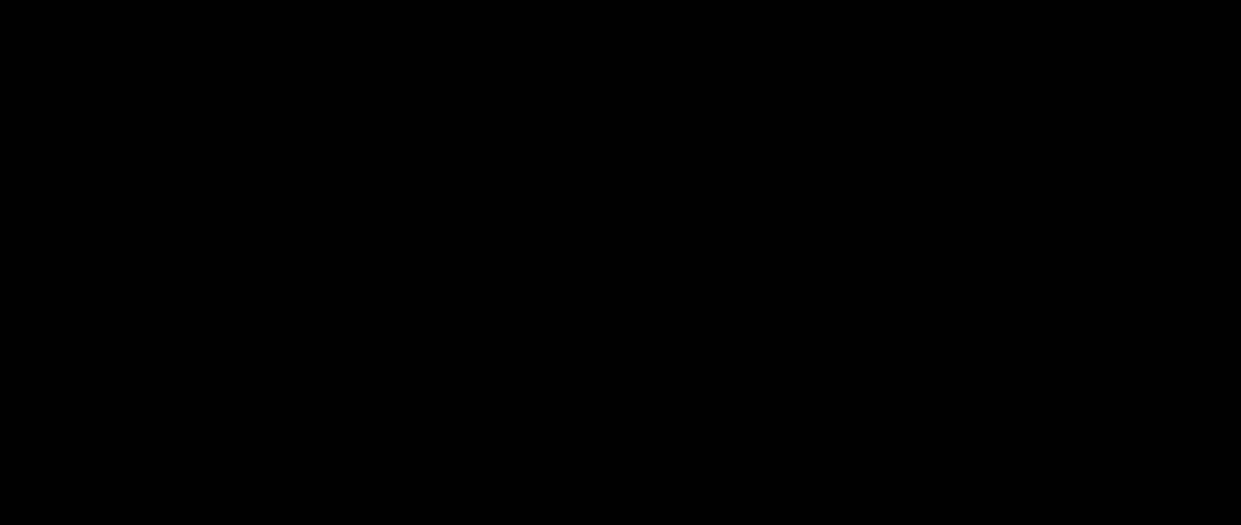
- (d) At the request of Buyer, Seller will provide any assistance reasonably required by Buyer to obtain necessary regulatory approvals, if any, required to be obtained by Buyer to purchase Biomethane hereunder, including but not limited to, approvals from the BCUC, at Seller's sole cost, including filing documents in support of Buyer's application to the BCUC and any other applicable regulators, and providing argument and witnesses in support of the filing.
- (e) Buyer shall provide Notice to Seller of any waiver of the Buyer's Condition to Seller on or prior to the Buyer's Conditions Removal Date. Buyer shall provide Notice to Seller of the satisfaction of Buyer's Conditions as soon as reasonably practicable following the date any applicable condition precedent is satisfied. If such satisfaction or waiver of the Buyer's Condition does not occur on or prior to the then current Buyer's Conditions Removal Date, then the Buyer's Condition shall be deemed to have not been satisfied. If such satisfaction or waiver does not occur on or prior to the then-current Buyer's Conditions Removal Date, then the Buyer's Conditions shall be deemed to have not been satisfied, and Buyer may elect to terminate this Transaction Confirmation, with such termination being without penalty or liability.



4. **Delivery Period.**

- (a)

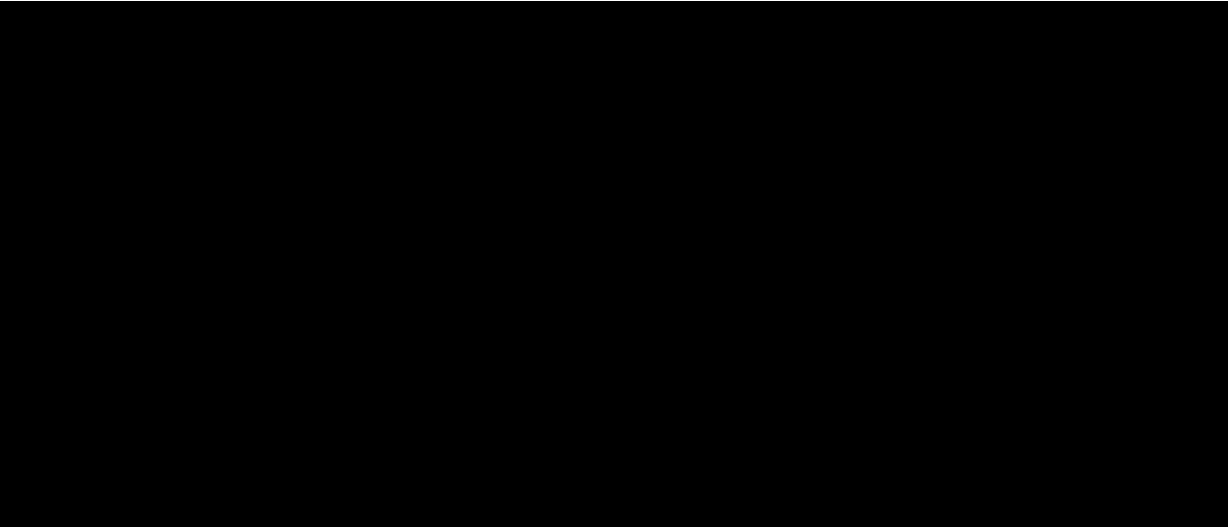




(c) Buyer acknowledges that Seller will source all quantities of Biomethane sold pursuant to this Transaction Confirmation from the Facility.

5. **Delivery Point.** [Redacted]

6. **Contract Quantity.** All Gas supplied by Seller to Buyer pursuant to this Transaction shall be exclusively Biomethane from the Facility and, subject to the terms of this Contract, in the Contract Quantity below:



(c) **Maximum Daily Quantity:** [Redacted]

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

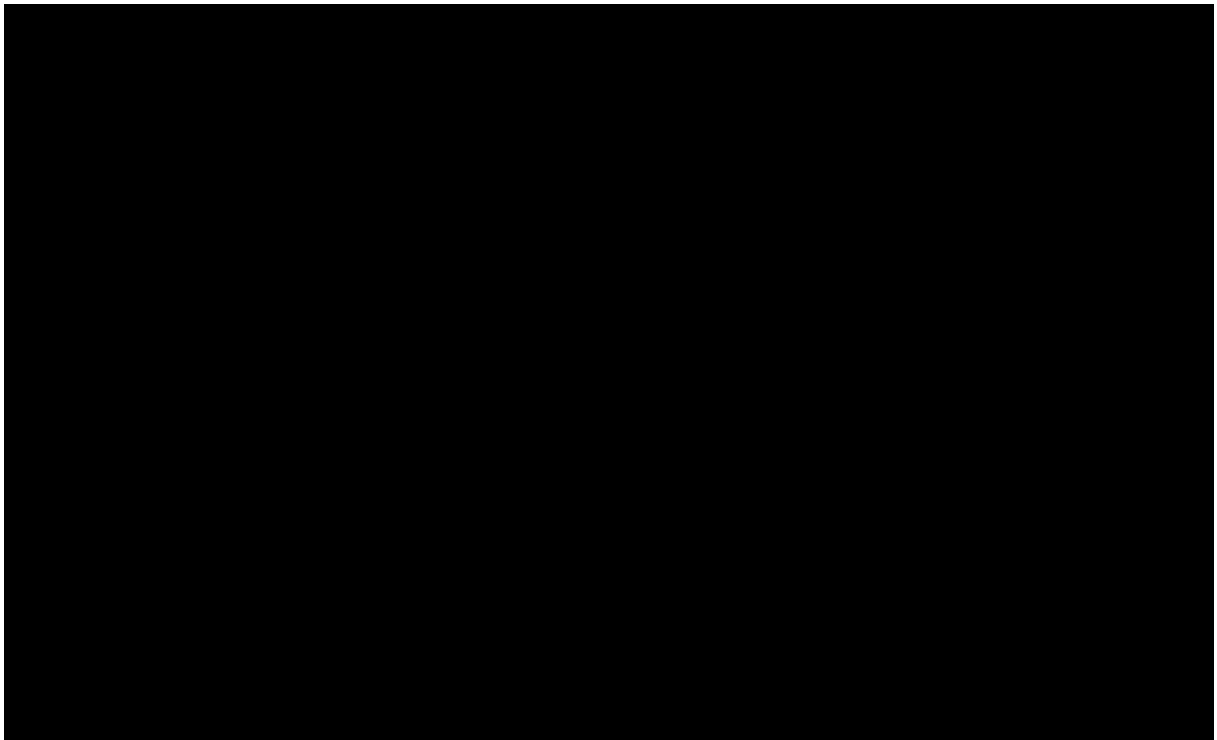
7. **Exclusivity.** Seller covenants to supply Buyer exclusively with all the Biomethane produced by Seller at the Facility up to the Maximum Daily Quantity per Day, and up to the Maximum Annual Quantity per Contract Year.

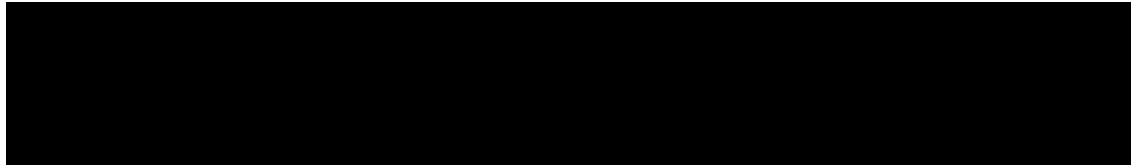
8. **Supply by Displacement.** Seller will inject all Biomethane sold to Buyer hereunder into the Gas distribution system at the closest to the Facility. The parties acknowledge and agree that because Gas molecules are indistinguishable, interchangeable and comingled in the pipeline system, purchasers of Conventional Gas or Biomethane generally do not physically receive or consume the same Gas molecules that they purchase from a specified source of production, this replacement of the Gas molecules purchased with other molecules being referred to as 'displacement'. The parties further acknowledge and agree that delivery of the product purchased and sold hereunder at the Delivery Point will be by displacement (as described in the preceding sentences) of the Biomethane produced from the Facility with Gas produced elsewhere that upon delivery includes the Environmental Attributes associated with the Biomethane produced from the Facility and, as a result, subject to the terms hereof, the product delivered by Seller hereunder constitutes Biomethane as defined herein.

9. **Nominations.** At least [REDACTED] Business Days prior to the start of each Month, Seller shall provide Buyer with the quantity of Biomethane that Seller will nominate for delivery at the Delivery Point on each Day for that Month. Without expanding or limiting Seller's obligation to supply the Minimum Daily Quantity, as set forth in Section 6 and Section 10 of this Transaction Confirmation, Seller may revise its daily nominations for that Month in the event of unplanned maintenance of the Facility or Force Majeure in accordance with Section 11 of the General Terms and Conditions as amended by Section 18 of this Transaction Confirmation or as otherwise excused by Buyer's Non-Performance.

Seller's obligations set out in this Section 9 of this Transaction Confirmation are in addition to those set out in Section 4.2 of the General Terms and Conditions of the Base Contract.

10. **Basis of Sale, Purchase.** Firm provided that Seller shall not be considered to be in default of the Contract if its failure to supply is otherwise permitted due to Buyer's Non-Performance or for either of the following reasons:

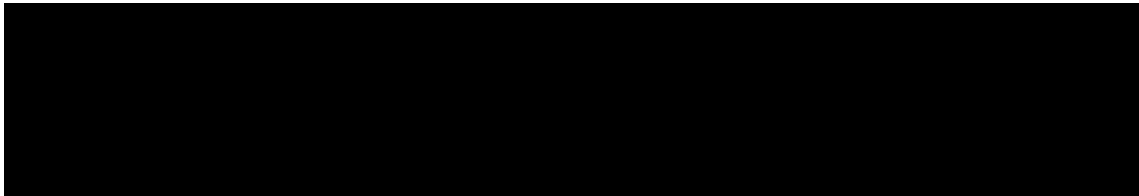




11. **Contract Price.**

(a) Subject to Section 11(b) of this Transaction Confirmation, the Contract Price payable for the Contract Quantity is [REDACTED] (the "**Base Rate**").

(b)



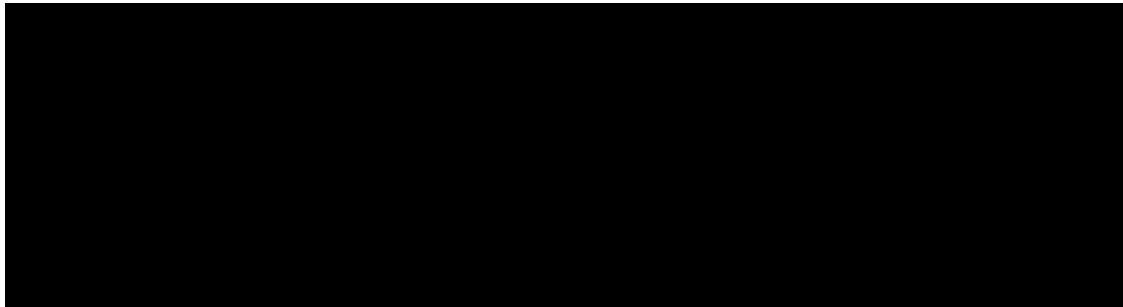
(c) No adjustment pursuant to Section 11(b) of this Transaction Confirmation will be made to the extent this would result in the Contract Price exceeding the Maximum Contract Price.

12. **Environmental Attributes and Representations.**

Seller represents and warrants that in respect of the Biomethane sold by the Seller to the Buyer:

(a) the Biomethane is generated through the anaerobic digestion of organic matter and is not supplemented or replaced, in whole or in part, with fuels purchased or extracted other than Biomethane from the Facility;

(b)



(c) no third party has any claim to the Environmental Attributes associated with the Biomethane produced by the Facility and sold to Buyer under this Transaction Confirmation;

(d) all Environmental Attributes that could be associated with the produced Biomethane at the time of delivery to Buyer in accordance with Seller's obligations under this Transaction Confirmation are attached thereto and none of the Environmental Attributes associated with the Biomethane produced by the Facility and sold to Buyer under this Transaction Confirmation have been used by Seller, or any other party authorized by Seller, to meet any international, federal, state, provincial or local renewable energy requirement, renewable energy procurement, renewable energy portfolio standard, or other renewable energy mandate and neither the Biomethane nor the Environmental Attributes associated therewith have been sold more than once by Seller at any point between production and sale to Buyer whether by sales into carbon markets or otherwise; and

- (e) the entitlements to any and all Environmental Attributes associated with the Biomethane produced by the Facility and sold to Buyer under this Transaction Confirmation shall transfer to Buyer co-incident with the transfer of title in such Biomethane.

The representations and warranties above will be deemed to be repeated on each day of the Delivery Period for which Biomethane is sold to Buyer hereunder. Notwithstanding any of the foregoing, Seller makes no representations and warranties regarding any minimum quantity of Environmental Attributes, or the form that any such Environmental Attributes will take and Seller shall not be obligated to take any action in order to deliver Environmental Attributes in any particular form, save for Seller's obligations pursuant to Sections 14, 15 and 16 hereof and delivery of Biomethane to Buyer pursuant to the terms hereunder.

13. **Reports.**

- (a) During the construction of the Facility, for a period ending one (1) month prior to the Start Date, Seller shall provide Buyer by the 15th Day of each Month, a progress report (the "**Progress Report**") that includes, in respect of the prior Month:
 - (i) major activities;
 - (ii) milestones achieved;
 - (iii) challenges faced; and
 - (iv) updated timeline to completion of construction of the Facility.

Buyer may also request, no more than once per quarter per calendar year, a meeting with Seller to discuss the prior Progress Reports in greater detail.

- (b) Seller shall provide Buyer by the seventh (7th) Day of the Month following delivery of Biomethane, the following information, in respect of the Month of delivery, and supporting documentation acceptable in industry practice:
 - (i) daily production volume of Biomethane produced at the Facility;
 - (ii) daily Gas nominations made by Seller pursuant to Section 9 of this Transaction Confirmation; and
 - (iii) daily load balancing account activity.

14. **Carbon Intensity Report.** Seller shall provide Buyer with a report by [REDACTED] of each Contract Year, calculating the carbon intensity of the Biomethane produced at the Facility and delivered to and sold to Buyer during the previous calendar year under this Transaction Confirmation. The carbon intensity shall be calculated in accordance with the then-applicable requirements of the government of British Columbia pursuant to the RLCFRA, currently set out in section 6(6) therein and shall be attested to by an authorized signatory of Seller.

15. **Production Audit.**

- (a) Seller shall, upon reasonable request by Buyer, provide the following:
 - (i) no more than twice in any 12-month period, records and other documentation; and

- (ii) no more than once in any 12-month period, Buyer and Buyer's consultant with reasonable physical access to the Facility;

for the purpose of confirming compliance with the obligations, representations and warranties set forth herein regarding the Biomethane delivered and sold hereunder and the Environmental Attributes associated therewith.

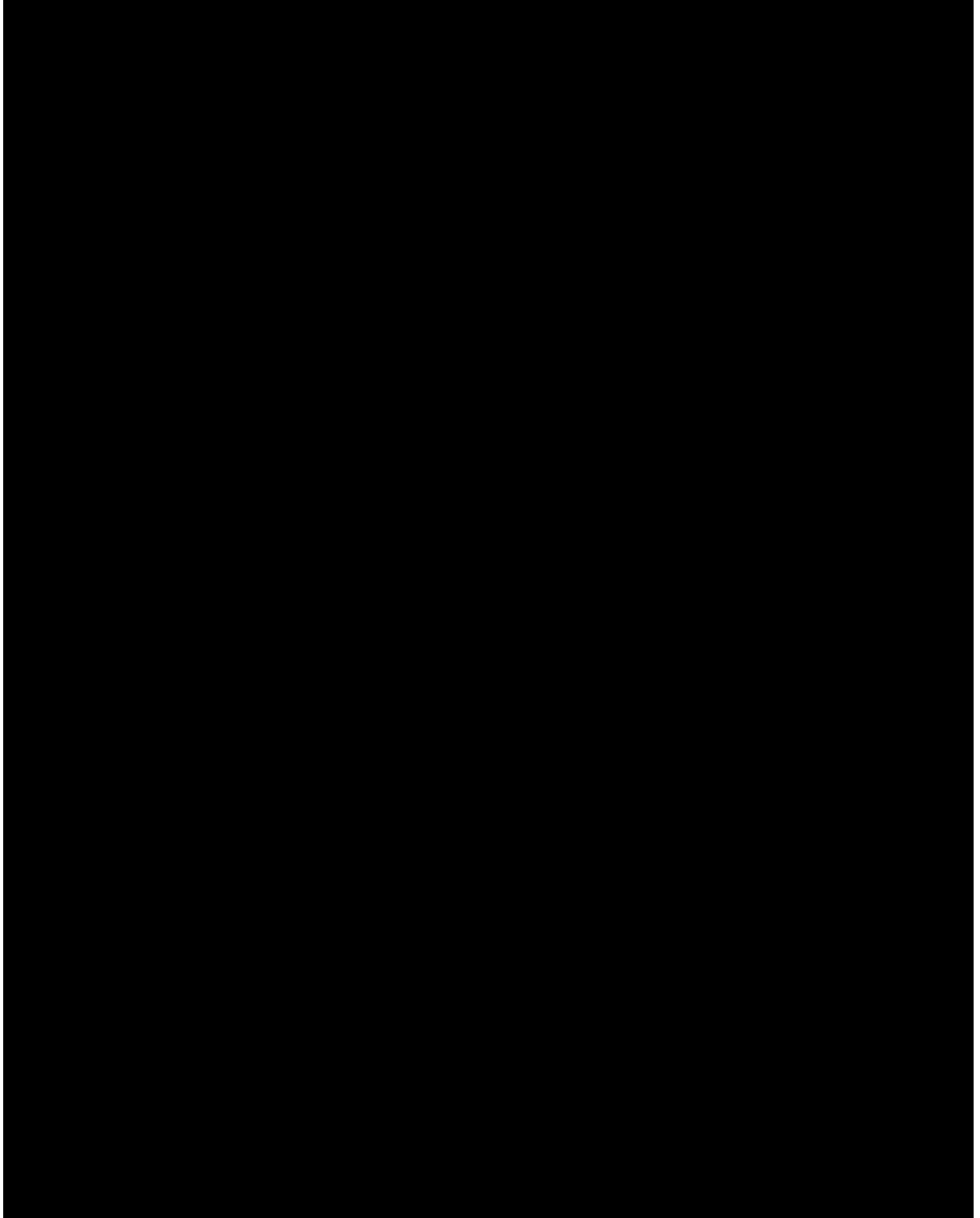
- (b) No more than twice in any 12-month period, Buyer may request Seller to confirm in writing that the representations and warranties concerning the Biomethane delivered and sold hereunder and Environmental Attributes associated therewith as made by Seller under Section 12 of this Transaction Confirmation remain valid.
- (c) Seller agrees to cooperate and provide all reasonable assistance to Buyer regarding any audit of the Facility for the purpose of confirming compliance with the obligations, representations and warranties regarding the Biomethane delivered and sold hereunder and the Environmental Attributes associated therewith set forth herein.
- (d) If there is a dispute between the parties as to whether or not the obligations, representations or warranties regarding the Biomethane delivered and sold hereunder and the Environmental Attributes associated therewith are in non-compliance with this Transaction Confirmation, then each party agrees to provide the other party with its findings and supporting documentation and agrees to cooperate, in good faith, with each other to resolve the dispute. Any dispute of the nature described in the foregoing shall be resolved in accordance with Section 19 of this Transaction Confirmation (amending Section 13.10 of the General Terms and Conditions).

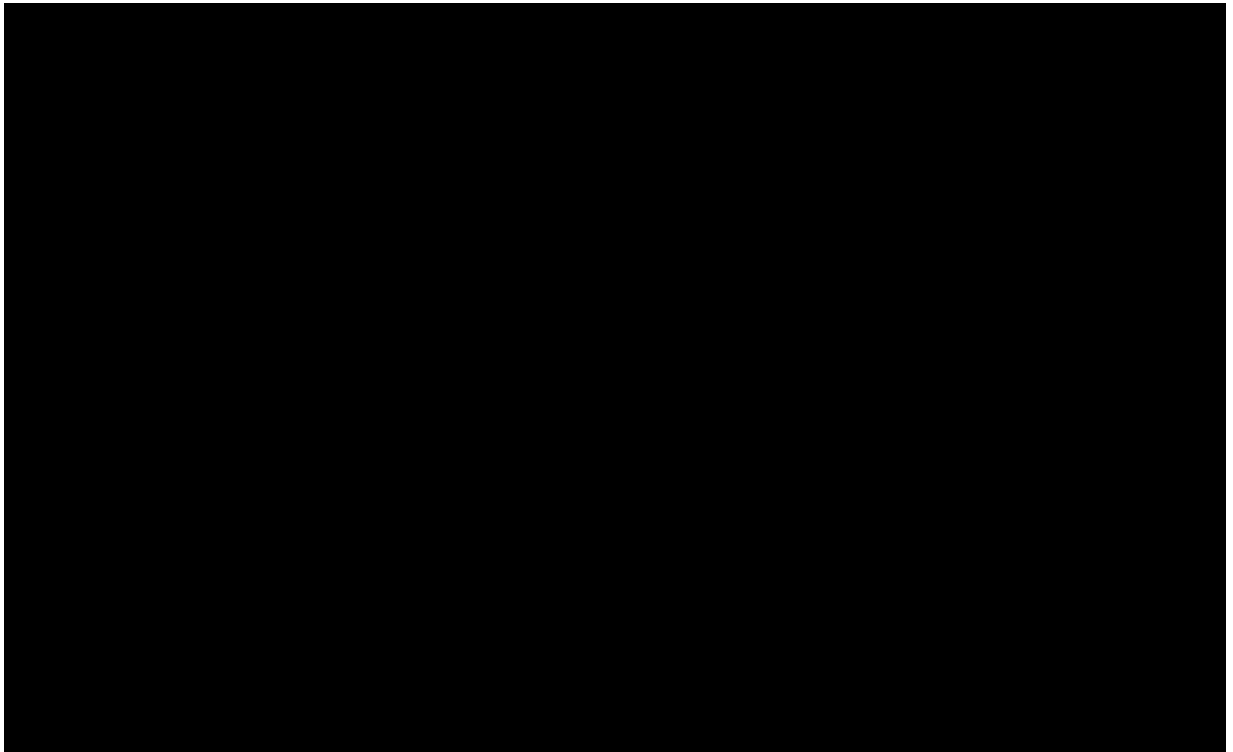
16. **Part 3 Fuel under the RLCFRA.**

- (a) Seller acknowledges that Buyer may wish to resell Biomethane purchased under this Contract, including to its customers in British Columbia who may intend to use Biomethane as a transportation fuel, and Buyer and its customers wish to report such use under Part 3 of the RLCFRA.
- (b) As soon as practicable and, in any event, within 30 days following the Start Date, Seller shall apply under the RLCFRA for a determination by the Director of the carbon intensity of the Biomethane supplied to Buyer under this Contract for the purposes of Part 3 of the RLCFRA, and shall observe the requirements of the RLCFRA applicable to a producer of Part 3 fuel.
- (c) If Seller becomes aware that the carbon intensity of the Biomethane will change or has changed, Seller shall promptly give written notice required by the RLCFRA and shall provide a copy of such notice to Buyer.
- (d) Seller shall apply for new determination if the carbon intensity of the Biomethane changes or if the determination by the Director has expired.
- (e) Seller shall, if requested by Buyer, authorize Buyer to act on Seller's behalf in applying for a determination by the Director of the carbon intensity of the Biomethane.
- (f) Seller shall indemnify and hold Buyer, its affiliates, and its and their respective directors, officers, employees, agents, successors and permitted assigns harmless from and against

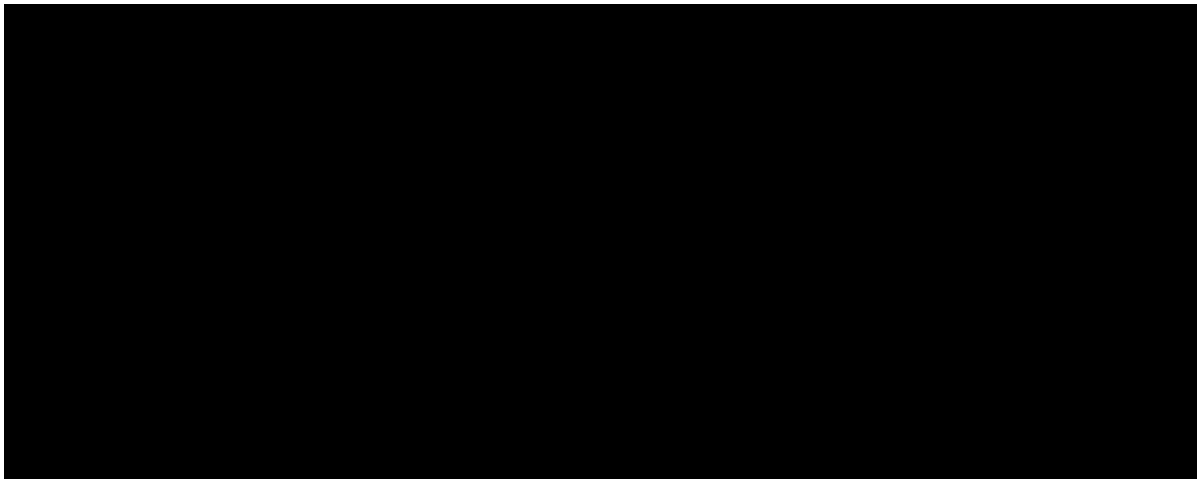
all actions, claims, damages, costs and expenses which may be brought against or suffered by Buyer, its directors, officers, agents and employees arising out of any failure by Seller to comply with the provisions of this Section 16 of this Transaction Confirmation

17. **Remedies for Breach**





18. **Force Majeure**



19. **Dispute Resolution**

Section 13.10 of the General Terms and Conditions is hereby replaced as follows:

All disputes, controversies, or claims arising out or relating to this Contract shall be resolved by arbitration in accordance with the UNCITRAL Arbitration Rules then in effect (the "**UNCITRAL Rules**"), except to the extent of conflicts between the UNCITRAL Rules and the provisions of this Contract, in which event the provisions of this Contract shall prevail. The following provisions shall apply to an arbitration commenced pursuant to this Section 13.10:

- (a) The number of arbitrators shall be three.
- (b) The place and legal seat of the arbitration shall be Vancouver, British Columbia, Canada.

- (c) The language to be used in all aspects of the arbitration shall be English.
- (d) All awards issued by arbitral tribunal shall be final and binding on the parties, and may be filed in any court of competent jurisdiction and may be enforced by a party as a final judgment in such court. The parties expressly waive, to the maximum extent permitted by law, any right of appeal of any award, including appeals based on questions of law, questions of fact, questions of mixed law and fact, or otherwise.
- (e) The parties shall request that arbitral tribunal render a final award as soon as reasonably practicable after the commencement of an arbitration taking into consideration the size, nature and complexity of the matters in dispute and the parties' intent to achieve a just, timely and cost effective determination of the matters in dispute.
- (f) Any award for monetary damages shall be made and payable in Canadian Dollars, and may include interest from the date of any breach or violation of this Contract until paid in full at the rate determined by the arbitral tribunal.
- (g) The parties agree that any arbitration carried out hereunder shall be kept strictly private and confidential, and that the existence of the proceedings and any element of it (including all awards, the identity of the parties and all witnesses and experts, all materials created for the purposes of the arbitration, all testimony or other oral submissions, all documents disclosed in arbitration and all documents produced by a party that were not already in the possession of the other party) shall be kept strictly private and confidential, except (i) with the consent of the parties, (ii) to the extent disclosure may be lawfully required in bona fide judicial proceedings relating to the arbitration, (iii) where disclosure is lawfully required by a legal duty, and (iv) where such information is already in the public domain other than as a result of a breach of this Section 13.10(g). The parties also agree not to use any information disclosed to them during the arbitration for any purpose other than in connection with the arbitration.

The parties consent to consolidation of two or more arbitrations commenced under this Contract as follows:

- (i) If an arbitration (a "Subsequent Arbitration") is commenced under this Contract after the commencement of a pre-existing arbitration under this Contract (an "Existing Arbitration"), and an arbitrator has not yet been appointed in the Existing Arbitration or Subsequent Arbitration, such Subsequent Arbitration shall be consolidated into the Existing Arbitration upon the election of any party to the Existing Arbitration or Subsequent Arbitration.
- (ii) If one or more Subsequent Arbitrations are commenced after an arbitrator has been appointed in an Existing Arbitration and/or a Subsequent Arbitration, the following rules shall apply:
 - (A) Any party to an Existing Arbitration or a Subsequent Arbitration may petition the arbitral tribunal appointed in the Existing Arbitration for an order that the several arbitrations be consolidated into a single arbitration before the arbitral tribunal in the Existing Arbitration (a "Consolidation Order").

- (B) In deciding whether to make such a Consolidation Order, the arbitral tribunal in the Existing Arbitration shall consider whether the several arbitrations raise common issues of law and/or facts, whether justice and efficiency would be served by consolidation, the progress already made in the Existing Arbitration and Subsequent Arbitration, and whatever other criteria it deems relevant and necessary.
 - (C) If the arbitral tribunal in the Existing Arbitration orders consolidation of the Existing Arbitration and a Subsequent Arbitration, the Subsequent Arbitration shall be consolidated into the Existing Arbitration.
 - (D) The determination by an arbitral tribunal in an Existing Arbitration of whether to consolidate or not to consolidate shall be final and binding on the parties and shall not be subject to any appeal or set-aside proceedings.
 - (E) If an Existing Arbitration and Subsequent Arbitration are consolidated in accordance with this Section 13.10(g)(ii), each party to the Subsequent Arbitration shall be bound in respect of any arbitrator appointment or other arbitration process decisions already made by the parties or arbitral tribunal in the Existing Arbitration.
 - (F) If any arbitrator was appointed in a Subsequent Arbitration before a Consolidation Order is made by an arbitral tribunal in the Existing Arbitration, their appointment terminates upon the consolidation and they shall be deemed to be *functus officio*. Such termination shall be without prejudice to: (i) the validity of any acts done or orders made by them prior to the termination; (ii) their entitlement to be paid their proper fees and disbursements; (iii) the date on which any claim or defence was raised for the purpose of applying any limitation bar or any like rule or provision; (iv) evidence adduced and admissible before termination, which evidence shall be admissible in arbitral proceedings after the Consolidation Order; and (v) the parties' entitlement to legal and other costs incurred before termination.
- (iii) Where multiple arbitrations are governed by different legislation (e.g., the *Arbitration Act (British Columbia)* and the *International Commercial Arbitration Act (British Columbia)*), the parties agree that the arbitrations shall not be consolidated, but rather the parties' consent to consolidation and all references to consolidation in this Section 13.10(g) shall be deemed to be consent to, and references to, concurrent hearings before the same arbitral tribunal.
- (h) The parties agree that in any arbitration under this Contract, an additional party to this Contract may be joined (the "Additional Party"), and that an arbitral tribunal appointed under this Contract may exercise jurisdiction over such Additional Party, in accordance with the following rules:
 - (i) A party wishing to join an Additional Party to an arbitration under this Contract shall submit a notice of arbitration to the Additional Party and all other parties to the arbitration (the "Request for Joinder"). The Request for Joinder shall include the same information required of a notice of arbitration under the UNCITRAL Rules.

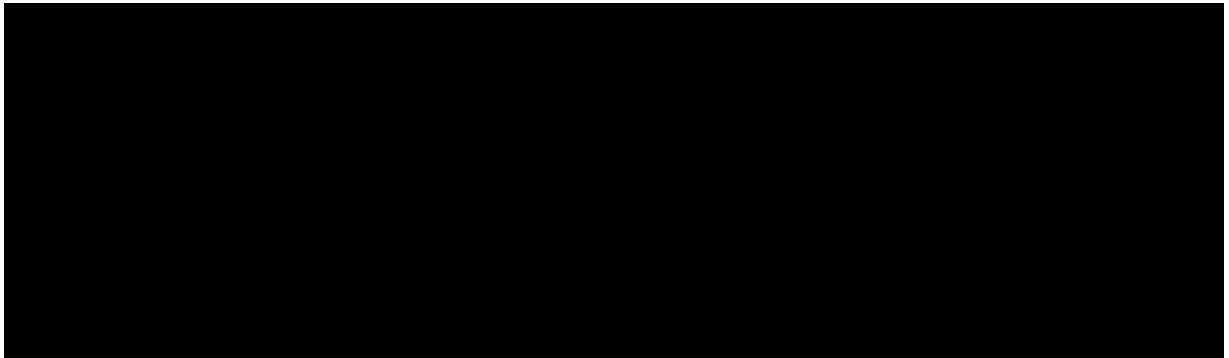
- (ii) The date on which such Request for Joinder is received by the Additional Party shall be deemed to be the date of the commencement of arbitration against the Additional Party. Thereafter, the Additional Party shall be treated as a party to the arbitration in all respects with all of the same rights and obligations, and it shall have the right to make claims, counterclaims, assert setoffs, and participate in the appointment of any arbitrators, as any other party to the arbitration.
 - (iii) No Additional Party may be joined in an arbitration under this Contract after the appointment of an arbitrator, unless (A) all of the parties to the arbitration, including the Additional Party, otherwise agree, or (B) the arbitral tribunal once constituted determines that the joinder of an Additional Party is appropriate, and the Additional Party consents to such joinder.
- (i) The parties agree that while an arbitration is pending pursuant to this Section 13.10 the parties shall, except as otherwise specifically permitted by this Contract, continue to perform their obligations under this Contract, provided that such performance shall be without prejudice to the rights and remedies of the parties and shall not be read or construed as a waiver of a party's right to claim for recovery of any losses suffered as a result of the continued performance of this Contract.
 - (l) Except as otherwise specifically permitted by this Contract, no undisputed payment due or payable by a party shall be withheld on account of a pending arbitration pursuant to this Section 13.10.

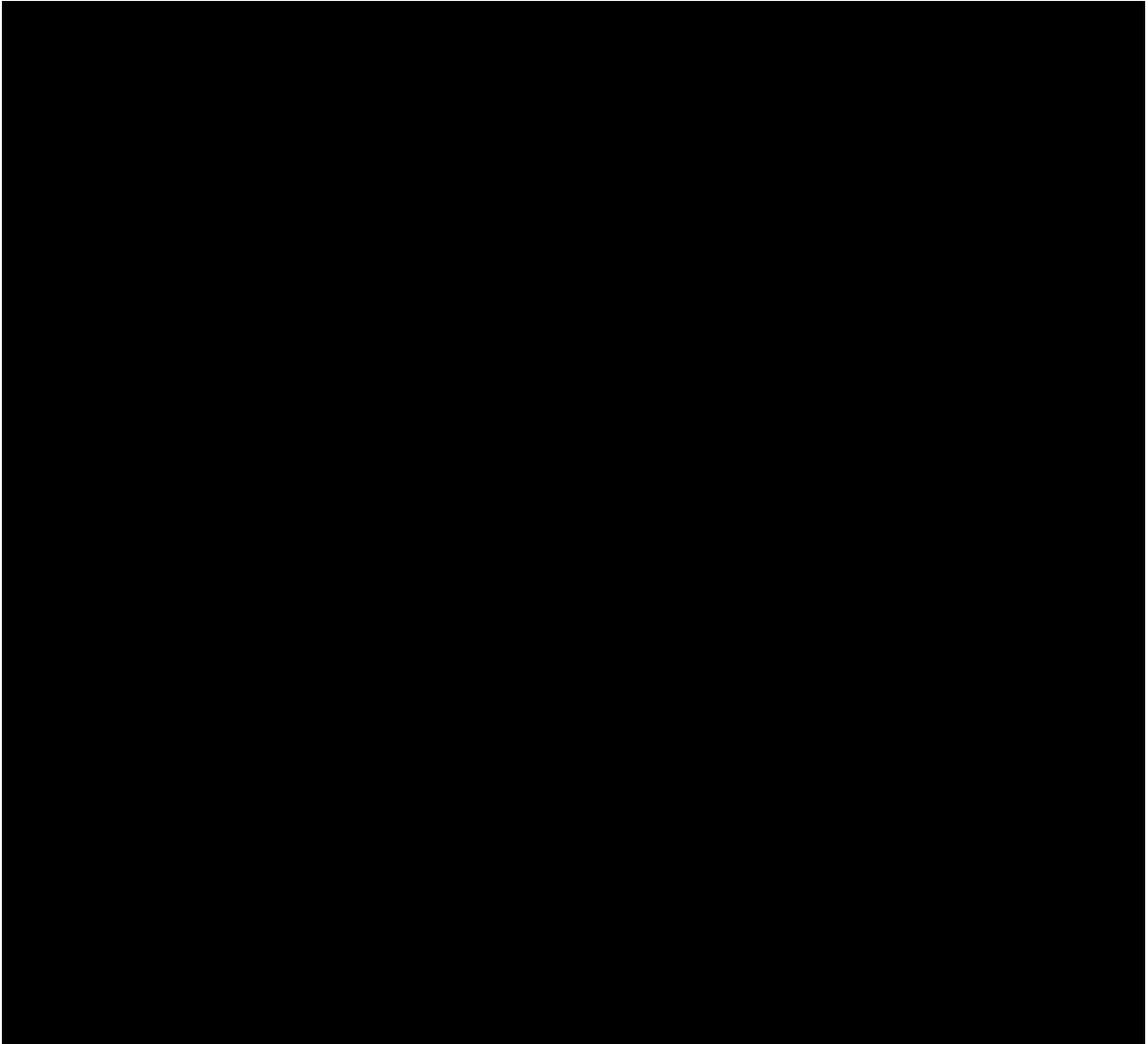
20. **Confidentiality**

The General Terms and Conditions are hereby amended to insert the following as Section 13.11:

"13.11 The terms of this Contract, including but not limited to the purchase price, the Transporter(s), and cost of transportation, and the quantity of Gas purchased or sold, shall be kept confidential by the parties, except as required (i) in order to comply with any applicable law, order, or regulatory requirement, or (ii) for the purpose of effectuating transportation of Gas pursuant to this Contract or (iii) to the extent such information is delivered to a third party for the sole purpose of evaluation, compilation, establishment or editorial review of various gas price indices but provided that the Base Rate cannot be individually identified from such disclosure; and (iv) provided that the parties may disclose the terms of this Contract to the extent such information is delivered to a third party for the purpose of auditing or evaluating a party's performance under the Contract and to the extent such information is required to be disclosed for the purposes of quantifying and registering Environmental Attributes, including but not limited to complying with the requirements of the RLCFRA.

21.





22. **References Agreements, Legislation or Instruments**

References herein to any agreement, legislation or instrument, including this Contract, shall, unless otherwise expressly noted, be a reference to the agreement, legislation or instrument as varied, amended, modified, supplemented or replaced from time to time.

23. **Currency**

All monetary amounts in this Contract are stated and shall be paid in Canadian currency.

24. **Interpretation**

In this Contract, unless the context otherwise requires, “or” is not exclusive, and “including” is not limiting, whether or not non-limiting language (such as “without limitation”) is used with reference thereto.

25. **General Revisions to the General Terms and Conditions**

The General Terms and Conditions are hereby amended as follows:

- (a) Insert the following immediately before the period at the end of Section 5.1:

" , and conversions between GJs and MMBtus shall be made using the conversion factor set forth in the definition of GJ".
- (b) Amend Section 6.2 by:
 - (i) adding "or any provincial or federal/provincial harmonized sales tax" immediately following the word "ETA" in the second line thereof;
 - (ii) replacing the word "GST" in the third line thereof with "any such tax";
 - (iii) replacing the words "the GST" in the fourth line thereof with "any such tax";
 - (iv) replacing the words "such GST") in the fifth line thereof with "such tax"; and
 - (v) deleting the word "GST" in the sixth line thereof.
- (c) Insert the following at the beginning of the first sentence in Section 7.1:

"On or before the 15th Day of each Month,"
- (d) Insert the following additional sentence at the end of Section 7.2:

"Upon resolution of the billing dispute, any underpayments or overpayments shall be paid or refunded with accrued interest at the rate specified in Section 7.4 for the period until such underpayments or overpayments are made."
- (e) Replace the words "credit support" in the third line of Section 7.6 with "obligation under any Performance Assurance".
- (f) Insert the following clause as Section 10.1A after Section 10.1:

"For purposes of this Contract, "reasonable grounds for insecurity regarding the payment performance, or enforceability of any obligation under the Contract" with respect to a party shall mean the downgrading of any unsecured, long-term, senior debt of such party or any entity providing a guarantee or other form of credit support for the obligations of such party, such that debt is rated below "BBB (low)" by Dominion Bond Rating Services ("DBRS"), "BBB-" by Standard & Poor's, or "Baa3" by Moody's Investors Service, Inc."
- (g) Replace Section 10.3(ii) with

"(ii) establishing an early termination date, which date shall be between 1 and 20 Business Days following the date of the Notice of termination pursuant to Section 10.3(i), on which all such Transactions shall terminate ("**Early Termination Date**")".
- (h) Insert the following additional sentence at the end of Section 10.3

"The failure to give such Notice contemplated shall not affect the validity or enforceability of the liquidation or give rise to any claim by the Defaulting Party against the Non-Defaulting Party."

- (i) Insert the following additional sentence at the end of Section 10.6:

"The Non-Defaulting Party's rights under this Contract are in addition to and not in limitation or exclusion of any other rights the Non-Defaulting Party may have (whether by contract, operation of law, or otherwise). Where a remedy is expressly stated under this Transaction Confirmation to be a sole remedy, such remedy shall be the sole and exclusive remedy of the Non-Defaulting Party related to the event for which such remedy is provided."

- (j) At the end of Section 10 insert the following clause as Section 10.7:

"The parties agree that this Contract and each Transaction made under this Contract are intended to constitute an "eligible financial contract" under and in all proceedings related to the *Bankruptcy and Insolvency Act (Canada)*, the *Companies' Creditors Arrangement Act (Canada)* or the *Winding-up and Restructuring Act (Canada)*, each as amended, restated, replaced or re-enacted from time to time and the parties intend that this Contract and all Transactions to be treated similarly under any amendments, restatements, replacements or re-enactments of such legislation and under and in all proceedings related to any bankruptcy, insolvency, or similar law (regardless of the jurisdiction of application) or any ruling, order, directive pronouncement made pursuant thereto. The parties also agree that to the extent applicable, this Contract and each Transaction entered into hereunder constitutes a "forward contract" within the meaning of the United States Bankruptcy Code and that Buyer and Seller are each "forward contract merchant" within the meaning of the United States Bankruptcy Code."

- (k) Replace Section 13.5 with the following:

"The interpretation and performance of this Contract shall be governed by the laws of the Province specified by the parties in the Base Contract, excluding, however, any conflict of laws rule which would apply the law of another jurisdiction, and to the extent Section 13.10 is not applicable to a dispute between the parties, the parties hereby attorn to the non-exclusive jurisdiction of the courts of the Province of British Columbia."

- (l) Section 13.9 shall be deleted and replaced in its entirety. It shall now read as follows:

"For currency conversions required under the Contract, to convert Canadian or United States currency to the other, the parties shall use the average of the Bank of Canada daily average exchange rates posted by 16:30 Eastern Time, as quoted for each Day during the Month during which Gas was, or was obligated to be, delivered and received."

- (m) Insert the following as Section 13.12:

"Time is of the essence of this Contract and the terms and conditions thereof."

[Execution page follows.]



FORTISBC ENERGY INC.

Signed

Roger Dall'Antonia

Name

President & CEO

Title

July 8, 2022

Date

Appendix B

**STATISTICS CANADA – CONSUMER PRICE INDEX FOR
BRITISH COLUMBIA**



[Home](#) > [Data](#)

> [Consumer Price Index by geography, all-items, monthly, percentage change, not seasonally adjusted, Canada, provinces...](#)

Add/Remove data

Consumer Price Index by geography, all-items, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse, Yellowknife and Iqaluit ^{1, 2, 3}

Frequency: Monthly

[Help](#)

Table: 18-10-0004-02

Save my customizations

Release date: 2007-06-19

Geography: Canada, Province or territory, Census subdivision, Census metropolitan area, Census metropolitan area part

▼ Customize table (Add/Remove data)

1 of 30 items selected | [Clear all](#)

Select all items

Select specific levels only

Canada [11124]

Select all

- Newfoundland and Labrador [10]
- Prince Edward Island [11]
- Nova Scotia [12]
- New Brunswick [13]
- Quebec [24]
- Ontario [35]
- Manitoba [46]
- Saskatchewan [47]
- Alberta [48]
- British Columbia [59]
- Whitehorse, Yukon [6001009]
- Yellowknife, Northwest Territories [6106023]
- Iqaluit, Nunavut [6204003]

1 of 333 items selected | [Clear all](#)

Select all items | Show members (min. 5/max. 1000 members) ⓘ

Select specific levels only

All-items

- All-items (1992=100) (Terminated)
- All-items excluding food
- All-items excluding food and energy
- All-items excluding mortgage interest cost
- All-items excluding alcoholic beverages, tobacco products and smokers' supplies and recreational cannabis
- All-items excluding alcoholic beverages and recreational cannabis (Terminated)
- All-items excluding tobacco products and smokers' supplies and recreational cannabis (Terminated)
- All-items excluding shelter
- All-items excluding energy
- All-items excluding gasoline
- All-items excluding shelter, insurance and financial services (Terminated)
- Private transportation excluding gasoline
- Food and energy
- Fresh fruit and vegetables

▼ ...

Time :

Estimated number of data points selected is 1.

[Download options](#)

Didn't find what you're looking for? [View related tables, including other calculations and frequencies](#)

Showing 1 records

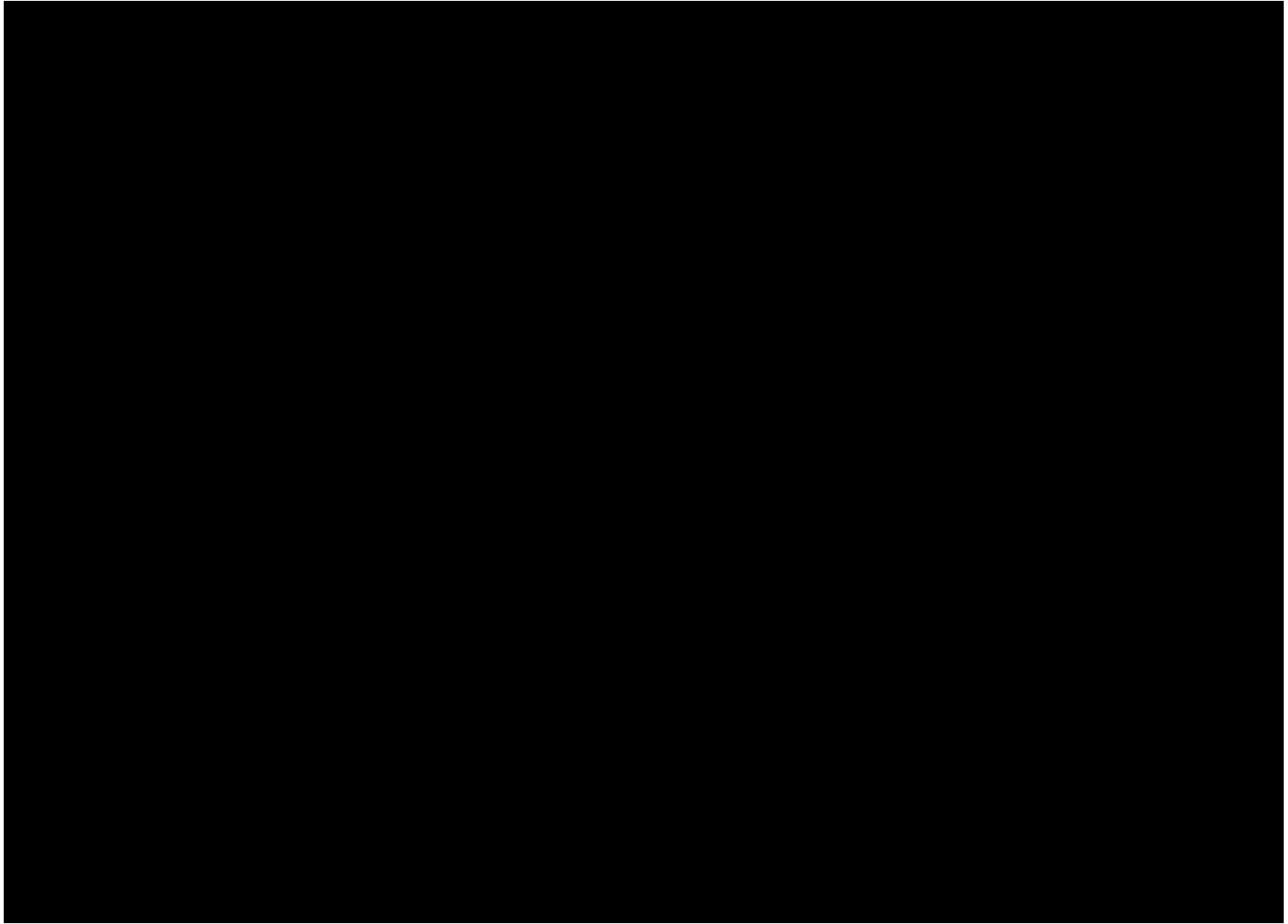
Geography	Products and product groups ^{3, 4}	December 2020	November 2021	December 2021	November 2021 to December 2021	December 2020 to December 2021
British Columbia (map)	All-items	132.8	138.1	138.0	-0.1	3.9

How to cite: Statistics Canada. [Table 18-10-0004-02. Consumer Price Index by geography, all-items, monthly, percentage change, not seasonally adjusted, Canada, provinces, Whitehorse, Yellowknife](#)

Appendix C

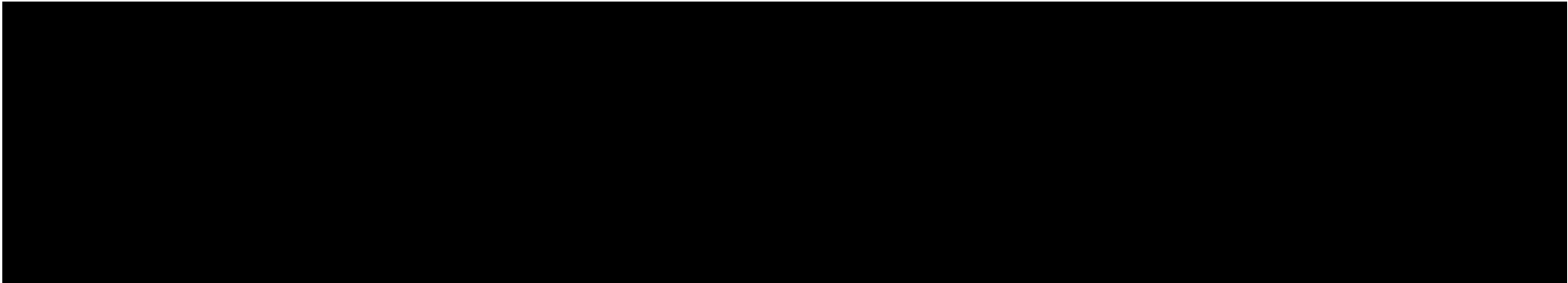
RENEWABLE GAS BPA SUMMARY

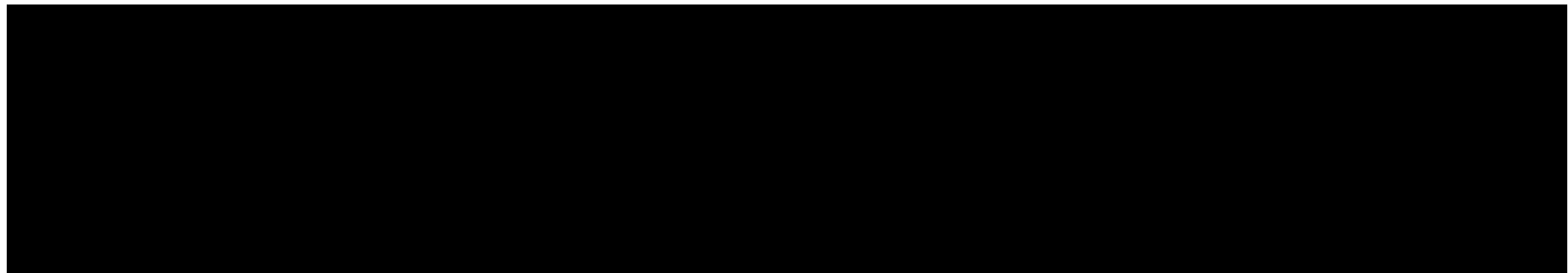
FILED CONFIDENTIALLY



Appendix D
FINANCIAL SCHEDULES

FILED CONFIDENTIALY







Appendix E
DRAFT ORDER



ORDER NUMBER

E-xx-xx

IN THE MATTER OF

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.

Section 71 Filing of a Biomethane Purchase Agreement between FortisBC Energy Inc. and Lacombe Biorefinery LP

BEFORE:

[Panel Chair]
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

- A. On August 8, 2022, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) an application for acceptance of a Biomethane Purchase Agreement (BPA) between FEI and Lacombe Biorefinery LP (Lacombe) pursuant to section 71 of the *Utilities Commission Act* (UCA) and BCUC Rules for Natural Gas Energy Supply Contracts (Rules) (Application);
- B. Section 18(1) of the *Clean Energy Act* (CEA) defines a prescribed undertaking as “...a project, program, contract or expenditure that is in a class of projects, programs, contracts or expenditures prescribed for the purpose of reducing greenhouse gas emissions in British Columbia”;
- C. Section 18(3) of the CEA states that “the commission must not exercise a power under the UCA in a way that would directly or indirectly prevent a public utility...from carrying out a prescribed undertaking”;
- D. On May 25, 2021, the LGIC, by Order in Council (OIC) 306/2021, approved an amendment to the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR), which among other things, repealed and replaced section 2 (3.8) to state:

(3.8) The public utility acquires renewable natural gas

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

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

- ii. if the public utility acquires renewable natural gas by producing it, the levelized cost of production reasonably expected by the public utility does not exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the public utility decides to construct or purchase the production facility, and
 - b) that, in a calendar year, does not exceed 15% of the total amount, in GJ, of natural gas provided by the public utility to its non-bypass customers in 2019, subject to subsection (3.9) and section 10;
- E. Under the BPA, Lacombe will supply biomethane, which is a type of renewable natural gas (RNG), from an anaerobic digestion facility located in Alberta, which will be acquired by FEI and delivered from the injection point to FEI;
- F. The BCUC has not reviewed the Application from a public interest perspective as BPAs are prescribed undertakings under section 18(1) of the CEA;
- G. FEI requests that the redacted portions of the Application and certain appendices be kept confidential due to their commercially sensitive nature; and
- H. The BCUC has reviewed the Application and makes the following determinations.

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

1. The BCUC accepts for filing the BPA between FEI and Lacombe.
2. The BCUC will keep the redacted portions of the Application confidential as requested by FEI as they contain commercially sensitive information.

DATED at the City of Vancouver, in the Province of British Columbia, this (XX) day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner

Attachment (Yes? No?)