



Diane Roy
Vice President, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604)576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
www.fortisbc.com

September 16, 2022

British Columbia Public Interest Advocacy Centre
Suite 803 470 Granville Street
Vancouver, B.C. V6C 1V5

Attention: Ms. Leigha Worth, Executive Director

Dear Ms. Worth:

Re: FortisBC Energy Inc. (FEI)

Project No. 1599170

Application for a Certificate of Public Convenience and Necessity (CPCN) for the Tilbury Liquefied Natural Gas (LNG) Storage expansion (TLSE) Project (Application)

Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre *et al.* (BCOAPO) Information Request (IR) No. 4 Regarding Exhibit A2-1

On December 29, 2021, FEI filed the Application referenced above. In accordance with the regulatory timetable established in British Columbia Utilities Commission Order G-223-22 for the review of the Application, FEI respectfully submits the attached response to BCOAPO IR No. 4 regarding Exhibit A2-1.

For convenience and efficiency, FEI has occasionally provided an internet address for referenced reports instead of attaching lengthy documents to its IR responses. FEI intends for the referenced documents to form part of its IR responses and the evidentiary record in this proceeding.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc (email only): Commission Secretary
Registered Parties



FortisBC Energy Inc. (FEI or the Company) Application for a Certificate of Public Convenience and Necessity (CPCN) for the Tilbury Liquefied Natural Gas (LNG) Storage Expansion (TLSE) Project (Application)	Submission Date: September 16, 2022
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1 **1.0 Reference: Exhibit A2-1, Press Release - Musqueam Indian Band and FortisBC**
2 **Holdings Inc. sign Tilbury LNG Projects Agreement**

3 1.1. Further to BCUC IR 114.1, please provide a summary and discussion, in non-
4 legal terms, of the key agreement provisions, including but not limited to:

- 5 1) whether the Agreement is applicable to the collective or individual Tilbury
6 Projects;
- 7 2) which specific "Tilbury LNG Projects" are subject to the Agreement;
- 8 3) the level (quantity and percentage of ownership) and type of equity
9 (preferred or common and applicable rights) Musqueam Indian Band will
10 be able to acquire in each applicable Tilbury Project;
- 11 4) details about the equity options, including specified price and expiration
12 date, for each applicable Tilbury Project;
- 13 5) an explanation of the "certain conditions precedent" that must exist for the
14 Musqueam Indian Band to acquire equity that includes a description of
15 the parties and Tilbury Projects involved as well as timelines of execution;
- 16 6) any renewal, amendment, or renegotiation clauses and applicable
17 timelines;
- 18 7) any veto clauses, including who has the right of veto and any applicable
19 conditions.
20

21 **Response:**

22 As discussed in the response to BCUC IR4 114.1, the Agreement has been filed confidentially
23 with the BCUC only due to its commercial sensitivity, the confidential nature of Musqueam and
24 FortisBC joint understandings, and the fact that it contains a significant amount of information
25 about unregulated projects. However, FEI provides the following with the respect to the
26 provisions set out in the question:

- 27 1) The agreement is applicable to individual Tilbury LNG projects.
- 28 2) The Tilbury LNG Projects include the Tilbury Phase 1B Project,¹ the Tilbury Marine
29 Jetty Project,² and the Tilbury Phase 2 LNG Expansion Project³, which encompasses
30 the Tilbury LNG Storage Expansion Project (TLSE Project) and the Tilbury Phase 2
31 Liquefaction Project.

¹ Tilbury Phase 1B Project: <https://talkinenergy.ca/project/tilbury-phase-1-lng-expansion-project>.

² Tilbury Marine Jetty Project: <https://tilburypacific.ca/>.

³ Tilbury Phase 2 LNG Expansion Project: <https://talkinenergy.ca/project/tilbury-phase-2-lng-expansion-project>.



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- 1 3) Information regarding the level (quantity and percentage of ownership) and type of
2 equity (preferred or common and applicable rights) Musqueam will be able to acquire
3 in each applicable Tilbury LNG Project is confidential. As explained in the response
4 to BCUC IR4 114.1, the Agreement contemplates that Musqueam equity ownership
5 could be an outcome, but it is not a certainty. As explained in the response to BCUC
6 IR4 114.2.1, any equity interest would be obtained through units in a Fortis Tilbury
7 Limited Partner (FTLP), much like the structure in place for Mt. Hayes LNG. Should
8 Musqueam exercise the equity option, the ownership structure, level (quantity and
9 percentage of ownership), and price will be subject to BCUC approval.
- 10 4) Information regarding the equity options, including specified price and expiration
11 date, for each applicable Tilbury LNG Project is confidential.
- 12 5) Information regarding the conditions precedent that must exist for Musqueam to
13 acquire equity that includes a description of the parties and Tilbury Projects involved
14 as well as timelines of execution is confidential. However, BCUC approval is a
15 condition precedent in the case of any equity interest in the TLSE Project. Please
16 refer to BCUC IR4 114.1.
- 17 6) Information regarding any renewal, amendment, or renegotiation clauses and
18 applicable timelines is confidential. Please refer to the response to BCUC IR4 114.1.
- 19 7) The Agreement is a framework for obtaining Musqueam's support and consent.
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- 23
- 24 1.2. Please provide a discussion of the benefits, risks, and cost of each party to the
25 Agreement.
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27 **Response:**

28 The Agreement involves projects contemplated by both FEI and non-regulated affiliates of FEI,
29 all of which are subsidiaries of FortisBC Holdings Inc., and therefore, the Agreement is between
30 Musqueam and FortisBC Holdings Inc. Please refer to the response to BCUC IR4 114.3.

31 In the event Musqueam elects to exercise an option for equity ownership in the TLSE Project,
32 the anticipated structure would be similar to that currently approved for the Mt. Hayes LNG
33 facility. That structure is rate-neutral by design, while providing a framework for obtaining
34 Musqueam's support and consent for the development, construction, and operation of certain
35 projects at the Tilbury site.



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1 The benefits, risks and costs of the structuring of a new limited partnership and the transfer of
2 the TLSE Project to the limited partnership will also be reviewed by the BCUC should
3 Musqueam elect to exercise the equity option.

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7 1.3. Further to BCUC IR 114.3.1, please explain when and how FEI conducted its
8 analysis of the cost impacts of the Agreement on ratepayers.

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10 **Response:**

11 The BCUC-approved arrangements that have been in place for the Mt. Hayes LNG facility for
12 many years, which the Agreement contemplates being used in the event Musqueam exercises
13 an equity option, have demonstrated that the impact to ratepayers will be neutral. Please refer
14 to the responses to BCUC IR4 114.2.1 and BCUC IR4 114.3.

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18 1.4. Please explain the role Musqueam Indian Band will play in the development and
19 operation of each of the applicable Tilbury Projects.

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21 **Response:**

22 FEI will continue to lead the development and operation of the regulated Tilbury LNG Projects,
23 as is the case with the Mt. Hayes LNG facility. Please refer to the response to BCUC IR4
24 114.2.1.1.

25 Musqueam will collaborate with FEI on the development and to create beneficial outcomes for
26 Musqueam and the region, as formalized in the Agreement.

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30 1.5. Is FEI seeking approval of the Agreement with the Musqueam Indian Band?
31 Please explain why or why not.

32

33 **Response:**

34 No. Please refer to the response to BCUC IR4 114.6.1.



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1.6. Please confirm that there are no outstanding issues between the Musqueam Indian Band and FEI that remain unresolved, and which may require amendment(s) to the Agreement. If not so confirmed, please explain.

Response:

FEI is not aware of any outstanding issues between Musqueam and FEI at this time.

1.7. Please explain what drove the initial discussions on a potential agreement between FEI and Musqueam Indian Band, including who initiated such discussions, and when formal discussions began.

Response:

Discussions with Musqueam regarding the Tilbury facility began in early 2015 and were triggered by letters Musqueam sent to the Crown. Formal discussions regarding a potential agreement began in late 2018.

1.7.1. Please explain whether FEI attempted to reach the Agreement (or other potential agreements) with any interested parties other than Musqueam Indian Band (other Indian Bands and/or First Nations for example).

1.7.1.1. If yes, without disclosing commercially sensitive information, please provide the number of other parties and the key rationale for pulling out of the discussions.

Response:

FEI, together with its affiliates, has commenced discussions with four other Indigenous groups with respect to the Tilbury LNG Projects. Moreover, an affiliate has reached agreement with ten other Indigenous nations with respect to Tilbury.