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September 16, 2022

Commercial Energy Consumers Association of British Columbia  
c/o Owen Bird Law Corporation  
P.O. Box 49130, Three Bentall Centre  
2900 – 595 Burrard Street  
Vancouver, BC V7X 1J5

Attention: Mr. Christopher P. Weafer

Dear Mr. Weafer:

**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 Commercial Energy Consumers Association of British Columbia (CEC) Information Request (IR) No. 4 Regarding Exhibit A2-1**

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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 CEC 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 **128. Reference: Exhibit A2-1, Page 1**

**DELTA, B.C.–August 10, 2022**–FortisBC Holdings Inc. (“FortisBC”) and Musqueam Indian Band (“Musqueam”) are announcing the signing of an agreement, which will result in the parties sharing benefits associated with the Tilbury LNG Projects (“Projects”). The agreement will see Musqueam and FortisBC working in close collaboration as the Projects are developed, including the Tilbury Marine Jetty. A shared goal of this agreement is to develop a world-leading LNG facility that will result in beneficial outcomes for Musqueam and the region, while improving the overall quality of these Projects.

2

3 128.1 Please provide the percentage sharing of the benefits for each party, Musqueam  
4 & FortisBC, adding up to 100% of the benefits.

5

6 **Response:**

7 For clarity, the benefits of the TLSE Project still accrue entirely to FEI and ratepayers as described  
8 in the responses to BCUC IR4 114.3 and RCIA IR4 62.3. Musqueam have an option to share in  
9 the equity of the facility, and hence derive a portion of the earnings that would otherwise accrue  
10 to FEI. The size and nature of the potential equity interest is confidential for the reasons described  
11 in the response to BCUC IR4 114.1.

12

13

14

15 128.2 Please describe in detail the key characteristics of a world-leading LNG facility.

16

17 **Response:**

18 The facilities addressed in the news release and the Agreement include non-regulated  
19 components, as well as the regulated TLSE Project. While some of the following characteristics  
20 that will make Tilbury a world-leading LNG facility identified below apply to the TLSE Project,  
21 others primarily relate to the non-regulated components:

22 • Powered by renewable hydroelectricity. The LNG produced at the Tilbury one of the lowest  
23 carbon intensities in the world.

24 • Strong operating and safety performance. Tilbury has been operating safely for over 50  
25 years.

26 • Modern design, including state of the art energy efficiency, safety and environmental  
27 controls.

28 • Collaborative relationships with Indigenous nations, enabling economic reconciliation.



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- 1 • Immediate proximity to an end-user market with LNG-powered vessels operating with or  
2 calling at the Port of Vancouver.
- 3 • An upstream supply of highly regulated, ethical natural gas with the opportunity to leverage  
4 the increasing content of low or zero-carbon Renewable Natural Gas.

5  
6  
7  
8 128.3 Please explain whether or not FEI's customers are paying for any or all of the costs  
9 of the world-leading LNG facility, if there are no other revenues being derived from  
10 the plant.

11  
12 **Response:**

13 FEI customers will pay for the cost of service associated with the TLSE Project, not the costs  
14 associated with non-regulated projects being developed by affiliates of FEI. The TLSE Project is  
15 being constructed for the benefit of FEI customers as a resiliency investment, and the Agreement  
16 does not affect the financial analysis presented in the Application. FEI has a BCUC-approved  
17 Transfer Pricing Policy / Code of Conduct that ensures customers only pay the appropriate costs.

18  
19  
20  
21 128.4 Please provide the percentage of costs for the world-leading LNG facility that FEI  
22 customers would pay for and the percentage that is anticipated to be supported by  
23 revenues from other sources.

24  
25 **Response:**

26 Please refer to the response to CEC IR4 128.3.

27



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1    **129. Reference: Exhibit A2-1, Page 1**

2                    In recent years, Musqueam and FortisBC have worked to develop a mutually beneficial  
3                    relationship. The Tilbury LNG Projects Agreement is a direct result of this relationship. It  
4                    includes options, subject to regulatory approvals and certain conditions precedent, for  
5                    Musqueam to acquire equity ownership in the proposed Projects. This includes the  
6                    Tilbury LNG Storage Expansion Project and the Tilbury Marine Jetty Project. The equity  
7                    options recognize the important relationship between FortisBC and Musqueam, and our  
8                    shared desire to be true partners.

9                    129.1 Please provide the proposed share of ownership in the Tilbury LNG Projects for  
10                    each of FortisBC and Musqueam.

11                    **Response:**

12                    This requested information is confidential for the reasons described in the response to BCUC IR4  
13                    114.1.

14                    129.2 Does the Tilbury LNG Projects Agreement include a net revenue sharing based on  
15                    percentage of equity ownership? Please explain and, if not, please explain how  
16                    benefits are shared.

17                    **Response:**

18                    Musqueam have an option to share in the equity of the facility, and hence derive a portion of the  
19                    earnings that would otherwise accrue to FEI. The size and nature of the potential equity interest  
20                    is confidential for the reasons described in the response to BCUC IR4 114.1.



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1    **130. Reference: Exhibit A2-1, Page 2**

2                    This agreement is in addition to the project mitigations that have been or will be  
3                    implemented as part of the Tilbury LNG Projects' regulatory processes. Musqueam will  
4                    continue to work with FortisBC and regulators to ensure Musqueam's interests are  
5                    addressed.

2

3                    130.1 Please describe FortisBC's and FortisBC Energy Inc.'s understanding of  
4                    Musqueam's interests.

5

6    **Response:**

7    As explained in the preamble, FEI will continue to collaborate with Musqueam to understand their  
8    interests through the regulatory processes related to the Tilbury Project and will ensure their  
9    concerns are addressed throughout the project development. Please refer to the responses to  
10 TWN IR3 1.1 and 1.2, and FEI's Rebuttal Evidence to TWN.<sup>1</sup>

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<sup>1</sup> Exhibit B-44, Rebuttal Evidence to TWN, pp. 5 (A3), 19-20 (A12).



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1   **131. Reference: Exhibit A2-1, Page 2**

2           This expansion is intended to serve growing demand for LNG as a marine fuel by  
3           increasing LNG liquefaction capacity by up to 0.65 MTPA. By expanding Tilbury's  
4           capacity, we can advance LNG as a lower-carbon alternative fuel to diesel or bunker oil  
5           for marine shipping.

2

3           131.1 What alternative approaches to displacing diesel or bunker oil have been  
4           compared to the LNG option? Please provide the end cost comparisons and the  
5           quantitative environmental impact differences.

6

7    **Response:**

8           This question is out of the scope of the Application, as it is pertains to liquefaction capacity  
9           covered under Direction 5 to the BCUC. The TLSE Project is a resiliency project consisting of a  
10          tank and regasification capacity.

11

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   **132. Reference: Exhibit A2-1, Page 2**

2           The Tilbury Marine Jetty is proposed by Tilbury Jetty LP, an affiliate of FortisBC, and  
3           would be located adjacent to the Tilbury LNG facility. This project, through providing  
4           ship loading services for LNG, enables ship-to-ship LNG marine fuelling in the Port of  
5           Vancouver, which can significantly reduce emissions from the shipping industry. It also  
6           enables bulk export for LNG to displace higher carbon fuels in industry and energy  
7           generation in global markets. LNG from Tilbury can reduce GHG emissions from ships up  
8           to 27 per cent when switching from traditional marine fuel.

9  
10           132.1 What is the anticipated cost differential for LNG versus diesel and bunker oil per  
11           GJ of energy delivered?

12           **Response:**

13           This question is out of the scope of the Application, as it pertains to liquefaction capacity covered  
14           under Direction 5 to the BCUC. The TLSE Project is a resiliency project.

15  
16           132.2 What is the cost of this differential for LNG versus diesel and bunker oil per GJ per  
17           tonne of CO2 equivalent GHG emission reduction?

18           **Response:**

            This question is out of the scope of the Application, as it pertains to liquefaction capacity covered  
            under Direction 5 to the BCUC. The TLSE Project is a resiliency project.