



**Diane Roy**  
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October 24, 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)**

**Application for Approval of a Five-Year Extension to the Transportation Service Agreement between FEI and the Vancouver Island Gas Joint Venture (Application)**

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FEI and the Vancouver Island Gas Joint Venture<sup>1</sup> (VIGJV) entered into a Transportation Service Agreement (TSA), originally dated December 14, 1995, including extensions by letter agreements dated October 27, 2004, September 30, 2011, and December 15, 2017. Pursuant to the latest extension approved by the British Columbia Utilities Commission (BCUC) in Order G-6-18, the TSA is currently set to expire November 1, 2022.

Attached in Appendix A is a letter from the VIGJV,<sup>2</sup> requesting a five-year extension of the term of the TSA to November 1, 2027 (Extension Letter) with no changes to any of the other terms of the TSA.

The Extension Letter states that the in-service date now anticipated for the Woodfibre LNG facility is late in 2027, while “[t]he extension to November 2022 contemplated operation of the Woodfibre LNG facility by this time, triggering a material change to the operation of the system. The delayed in-service date extends the operational framework that has existed since 1991 which has been well served by the existing arrangement. Therefore, extending the existing arrangement to coincide with the new in-service date provides stability for the VIGJV members and preserves the status quo for FortisBC.”

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<sup>1</sup> The VIGJV was formed in 1990 and started as a group of seven pulp and paper mills owned by four different corporations on the Sunshine Coast and Vancouver Island, and is now comprised as five operations that act as one for billing and demand balancing.

<sup>2</sup> Letter dated August 24, 2022, from Carlo Dal Monte of Paper Excellence Canada, on behalf of the VIGJV in his capacity as Chair.

FEI is agreeable to the extension of the VIGJV's current TSA for a further five years which will enable FEI and the VIGJV to discuss and work out the changes to the operational framework once the load from the Woodfibre LNG facility is anticipated to come onto the system in conjunction with accommodating the needs of the VIGJV. Extension of the VIGJV TSA will ensure the current benefits to core customers of the agreement continue for the next five years.

FEI, therefore, requests BCUC approval, pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA) of the requested five-year extension to the VIGJV TSA, to extend the term of the TSA to November 1, 2027. Should the BCUC be unable to complete its review in time to issue a decision by November 1, 2022, FEI requests BCUC approval on an interim basis, pursuant to section 89 of the UCA effective November 1, 2022 until the BCUC can issue a final decision on this Application. Upon BCUC approval of the extension, FEI and the VIGJV will formally execute a letter agreement for the extension and FEI will file it with the BCUC as a compliance filing.

A draft form of order sought is attached in Appendix B.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Diane Roy

Attachments

cc (email only): Mr. Carlo Dal Monte, VIGJV Chair ([Carlo.DalMonte@catalystpaper.com](mailto:Carlo.DalMonte@catalystpaper.com))

**Appendix A**

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**VIGJV LETTER DATED AUGUST 24, 2022**



**PAPER  
EXCELLENCE**

August 24, 2022

Ms. Diane Roy  
Vice President Regulatory Affairs  
FortisBC Inc.  
1670 Fraser Highway  
Surrey, BC, V4N 0E8

Delivered via email to: [gas.regulatory@fortisBC.com](mailto:gas.regulatory@fortisBC.com)

**RE: Vancouver Island Gas Joint Venture (VIGJV) Request for Extension of the Existing Agreement for five Years**

Dear Ms. Roy:

The Vancouver Island Gas Joint Venture (VIGJV) wish to extend the present Agreement for five (5) years to an expiry date of November 1, 2027.

**Background**

The Vancouver Island Gas Joint Venture (VIGJV) was formed in 1990. It started as a group of seven Pulp and paper mills owned by four different corporations on the Sunshine Coast and Vancouver Island to negotiate the conversion to natural gas from bunker fuel oil with the province and the pipeline proponent.

The VIGJV Mills agreed to convert to natural gas, thus providing enough demand on the pipeline system to make it economical for other consumers on Vancouver Island and the Sunshine Coast. The original 1991 Agreement provided a toll rate at Bunker Oil equivalent pricing for the VIGJV members. This was amended effective December 14, 1995, to set natural gas toll rates based on standard cost of service methodology. The initial term of this agreement expired December 31, 2006, with an option to renew out to January 1, 2011. This second Agreement was amended effective January 1, 2005, with changes to Terms and Conditions. The initial term of this third Agreement expired December 31, 2012 with a renewal right to December 2017. It was mutually agreed to extend this agreement to November 1, 2022.

## Extension Rationale

The Agreement has been amended over the years to preserve fairness with respect to the unique nature of the pipeline system. We do not see any benefit for either party for the VIGJV members to transition to individual, modified, Rate 22 Agreements.

The key consideration for the VIGJV is the impact of the proposed Woodfibre LNG facility on system operation. Discussions began in 2014 to consider changes to the VIGJV Agreement based on an estimated Woodfibre LNG in-service date of November 2016. The Woodfibre facility is anticipated to have a dramatic impact on the capacity and flexibility of the system operation and therefore revised terms and conditions need to be in place for the VIGJV members before the LNG project proceeds. FortisBC offered options to preserve the reliable delivery of natural gas to the VIGJV despite the increased demand on the system from the new LNG facility. However this issue remains unresolved and the in-service date for the LNG project is now anticipated to be in late 2027.

The extension to November 2022 contemplated operation of the Woodfibre LNG facility by this time, triggering a material change to the operation of the system. The delayed in-service date extends the operational framework that has existed since 1991 which has been well served by the existing arrangement. Therefore, extending the existing arrangement to coincide with the new in-service date provides stability for the VIGJV members and preserves the status quo for FortisBC.

Thank you for your consideration on this matter.

Sincerely,



Carlo Dal Monte  
Chair – Vancouver Island Gas Joint Venture

Enclosure

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**Appendix B**  
**DRAFT ORDER**



**ORDER NUMBER**

**G-xx-xx**

IN THE MATTER OF

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

and

FortisBC Energy Inc.

Application for Approval of a Five-Year Extension to the Transportation Service Agreement between FortisBC Energy Inc. and the Vancouver Island Gas Joint Venture

**BEFORE:**

[Panel Chair]  
Commissioner  
Commissioner

on **Date**

**ORDER**

**WHEREAS:**

- A. On October 24, 2022, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (BCUC), pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA), for approval of a five-year extension to the Transportation Service Agreement (TSA) between FEI and the Vancouver Island Gas Joint Venture (VIGJV) from November 1, 2022 to November 1, 2027 with all other terms to the TSA remaining unchanged (Application);
- B. FEI's original TSA with VIGJV, dated December 14, 1995, was approved by Order G-94-96 in accordance with Order in Council (OIC) 1510, approved and ordered December 13, 1995. The original TSA was later amended and extended through Order G-113-04, in accordance with OIC 1224, approved and ordered December 11, 2004. The amended TSA contained a clause that allowed the parties to extend the Renewal Period of the TSA for a five year term to 0800 PST on January 1, 2018, to which the parties mutually agreed in a Letter Agreement dated September 30, 2011, and by Order G-6-18, the BCUC approved a letter agreement dated December 15, 2017, approving, among other things, the extension of the term to 0800 PST on November 1, 2022; and
- C. The BCUC has reviewed the Application and considers approval is warranted.

**NOW THEREFORE** pursuant to sections 59 to 61 of the UCA, the BCUC orders as follows:

- 1. The five-year extension of the TSA between FEI and the VIGJV is approved effective November 1, 2022.
- 2. The TSA expires at 0800 PST on November 1, 2027, unless otherwise terminated in accordance with the terms of the TSA.

3. FEI and the VIGVJ are to execute a letter agreement for the five-year extension keeping all other terms of the TSA the same.
4. FEI is to file the executed letter agreement with the BCUC as part of the VIGJV tariff supplement within 30 days of the date of this order.

**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