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January 16, 2023

BrightSide Solutions  
2855 128 Street  
Surrey, B.C  
V4A 3W9

Attention: Mr. Mark Grist

Dear Mr. Grist:

**Re: FortisBC Energy Inc. (FEI)  
Revised Renewable Gas Program Application – Stage 2 (Application)  
FEI Information Request (IR) No. 1 to BrightSide Solutions Inc. (BrightSide)**

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On December 17, 2021, FEI filed the Application referenced above. In accordance with the amended regulatory timetable established in British Columbia Utilities Commission Order G-165-22A for the review of the Application, FEI respectfully submits the attached FEI IR No. 1 to BrightSide on Intervener Evidence.

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) FEI Revised Renewable Gas Program Application – Stage 2 (Application)	Submission Date: January 16, 2023
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1   **TOPIC:       BC-LCFS**

2   **1.0   Reference:   Exhibit C18-17, Brightside Intervener Evidence, Page 1**

3       On page 1 of its evidence, Brightside states:

4               BrightSide provides services to 10 parties who are customers under FortisBC's  
5               Natural Gas Class of Service and who use natural gas to fuel vehicles and  
6               vessels (NGV Customers). BrightSide's customers collectively use approximately  
7               1.8 PJ of natural gas for their transportation needs and have invested heavily in  
8               vehicles, vessels and fueling infrastructure to transition to lower carbon fuels  
9               such as CNG, LNG, R-CNG and R-LNG. The collective demand from this  
10              customer group represents a majority of the fuel provided by FortisBC to the  
11              transportation market.

12            1.1    Please confirm that Brightside's NGV customers have earned credits under the  
13            BC-LCFS for the use of CNG, LNG and RNG purchased from FEI?

14

15   **TOPIC        BC-LCFS**

16   **2.0   Reference:   Exhibit C18-17, Brightside Intervener Evidence, Page 3**

17       On page 3 of in its evidence, Brightside states:

18              The present policy of the Ministry of Energy Mines and Low Carbon Innovation was  
19              conveyed to BrightSide by Anna Ringsread, Acting Manager Low Carbon Fuels via email  
20              correspondence dated August 2, 2022. The policy statement is, "We will only recognize  
21              RNG that has been physically delivered to BC"

22              In follow up clarifications also through emails dated August 2, 2022 the following  
23              questions and answers were provided. (BrightSide questions in black, Ministry  
24              responses in red)

25                            (1) *Is the physical delivery requirement from point of origin to point of*  
26                            *consumption? Or simply from the BC Provincial border to point of*  
27                            *consumption? Physical delivery of the RNG must be demonstrated from the*  
28                            *point of origin to the point of consumption in BC, if the RNG originates out of*  
29                            *Province. RNG produced and delivered within BC is also acceptable.*

30                            (2) *Are there any restrictions on using the common carrier pipeline? i.e.*  
31                            *reverse flow, etc. The pipeline would need to flow in the direction of*  
32                            *transport to meet the above requirements.*

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1                   (3) *What type of documentation would be required for compliance? I assume*  
2                   *chain of custody documentation at each title transfer point? **Documentation***  
3                   *that convinces the Director of the physical delivery of the RNG from point of*  
4                   *origin to point of Consumption must be provided. Documents such as chain*  
5                   *of custody at each title transfer point are likely to be requested. Other*  
6                   *documents may also be requested to help the Director determine whether*  
7                   *the physical delivery requirement has been met.*

8                   I confirmed the Ministry’s position on this issue in a teleconference with Former Director  
9                   Michael Rensing on September 14, 2022. It was also subsequently confirmed through  
10                  discussions with Fortis BC [sic] during the same time-period.

11                 2.1       Please provide all correspondence between Brightside and the Ministry of  
12                 Energy, Mines and Low Carbon Innovation regarding the eligibility of out of  
13                 province RNG supply to generate credits under the BC-LCFS, including but not  
14                 limited to the following referenced in the preamble:

- 15                         • The email from Anna Ringsread dated August 2, 2022; and
- 16                         • The subsequent clarification emails dated August 2, 2022.

17                 2.2       Please clarify specifically what information about the eligibility of out of province  
18                 RNG supply to generate credits under the BC-LCFS was confirmed by FEI.

19                         2.2.1   Please provide the names of the individuals involved in the discussions  
20                         between Brightside and FEI referenced in the preamble above and  
21                         identify when these discussions took place.

22                         2.2.2   Please provide any correspondence or other documents supporting the  
23                         discussions between Brightside and FEI referenced in the preamble  
24                         above.

25

26   **TOPIC:        BC-LCFS**

27   **3.0    Reference:   Exhibit C18-17, Brightside Intervener Evidence, Page 4**

28                   On page 4 of its evidence, Brightside identifies “potential policy changes” to enable  
29                   greater use of RNG use:

30                   A potential solution to the off-system supply issue would be for FortisBC to  
31                   provide Transportation use customers with preferred access to RNG produced in  
32                   BC, that can generate LCF credits under present Ministry policy. This can be  
33                   done without harming other customers because use of the RNG in buildings does  
34                   not qualify for LCF Credits in any event.

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1 Providing BC RNG to Transportation use customers would maximize the  
2 generation of LCF Credit revenue, encouraging the transition to low carbon fuels,  
3 and it would also generate approximately 2.8 times the GHG reductions that  
4 would be achieved if the gas was used in buildings instead of electricity. (See FEI  
5 Response to BC Hydro IR1 1.6 for the detailed numbers behind the 2.8 multiple)

6 An alternative solutions [sic] would be for the Ministry of Energy Mines and Low  
7 Carbon Innovation to change its policy with respect to RNG deliveries sourced  
8 from outside of BC. Delivery by Displacement is an accepted practice for natural  
9 gas purchase and sale agreements and it is already accepted with respect to  
10 conventional natural gas. For example, FortisBC sources natural gas from  
11 various suppliers who supply the natural gas from various locations in BC and  
12 Alberta. There is no requirement to ensure that molecules sourced by FortisBC  
13 from these suppliers physically flow to FortisBC customers, nor would it be  
14 possible to do so because gas delivered into the North American grid from  
15 producer regions is comingled. Aggregate supply flows to consumer regions  
16 based on aggregate supply and demand on the overall pipeline system. Similarly,  
17 trade in low carbon electricity is based on Delivery by Displacement principles,  
18 without a requirement to have a physical flow of electrons from a producer  
19 location to a consumer.

20 Transparency and accountability for Delivery by Displacement trade in renewable  
21 natural gas can be demonstrated contractually and several other Low Carbon  
22 Fuel trading jurisdictions allow this practice to ensure there is no double counting  
23 of environmental benefits. We believe that BC's system should not discriminate  
24 by geographic source of the RNG. The climate does not discriminate between  
25 projects in one jurisdiction or another and our RNG policies should be modelled  
26 on what is best overall for achieving GHG reductions overall, not on what  
27 happens within BC's borders. If this is not the case, the overall demand for RNG  
28 will be restricted and less RNG projects will be brought into production to the  
29 detriment of all.

30 3.1 Please confirm that Brightside is continuing to advocate for the eligibility of out of  
31 province RNG under the BC-LCFS to the Ministry of Energy Mines and Low  
32 Carbon Innovation.

33

34 **TOPIC: RNG Demand**

35 **4.0 Reference: Exhibit C18-17, Brightside Intervener Evidence, Pages 4-5**

36 On pages 4 and 5 of its evidence, Brightside states the following:

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1 Brightside notes that some of its customers have been trying to secure RNG for  
2 their operations and have been denied supply, while others have been accepted.  
3 For example, Seaspan Ferries Corp. has been trying to secure RNG supply since  
4 first taking a demonstration delivery in November 2021 and has been unable to  
5 secure suitable **BC sourced supply** [emphasis added] throughout 2022 despite  
6 repeated requests. Seaspan has not been specifically refused service, but has  
7 only been offered out of province supply and requests for service have been met  
8 with repeated delays.

9 4.1 In reference to the first sentence in the preamble, please identify all of the  
10 customers that Brightside claims were denied RNG supply by FEI. For each  
11 customer, please identify the approximate date(s) when Brightside claims FEI  
12 denied service.

13