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April 18, 2023

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: Christopher P. Weafer

Dear Christopher P. Weafer:

Re: FortisBC Energy Inc. (FEI)
Revised Renewable Gas Program Application – Stage 2 (Application)
Response to Commercial Energy Consumers Association of British Columbia (CEC) Information Request (IR) No. 1 on FEI's Rebuttal Evidence to BrightSide Solutions Inc. (BrightSide)

On December 17, 2021, FEI filed the Application referenced above. In accordance with the amended regulatory timetable established in Exhibit A-47, FEI respectfully submits the attached response to CEC IR No. 1 on FEI's Rebuttal Evidence to BrightSide.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Commission Secretary
Registered Parties

FortisBC Energy Inc. (FEI or the Company) Revised Renewable Gas Program Application – Stage 2 (Application)	Submission Date: April 18, 2023
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1 1. **Reference: Exhibit B-64, Rebuttal Brightside A2 and A3**

A2: As of September 2022, FEI was not aware of any EMLI policy precluding out-of-province RNG from generating BC-LCFS credits. None of the emails filed by BrightSide indicate that FEI was aware of such a policy in the time period in question, and FEI did not confirm to BrightSide, verbally or otherwise, that EMLI had implemented a policy of this kind. In fact, at a September 16, 2022 meeting with the Executive Director of EMLI, FEI was informally advised that that no decision had been made with respect to the eligibility of out-of-province RNG under the BC-LCFS. Further, on September 28, 2022, FEI received confirmation from the Executive Director that, while staff had paused the approval of applications for out-of-province RNG fuel codes in the LCFS, this was only a pause and did not indicate that out of province RNG was permanently excluded from the LCFS. As an FEI representative indicated in an email to BrightSide on October 8, 2022: "...discussions between FortisBC and EMLI about out-of-province RNG's eligibility for the BC-LCFS are ongoing."²

However, in early February 2023, EMLI informally advised FEI that it would not be accepting out-of-province RNG for the purposes of the BC-LCFS at this time and, on February 16, 2023, EMLI sent a letter to FEI rejecting one of FEI's applications for a fuel code for out-of-province RNG under the BC-LCFS. EMLI takes the position that, under the *Greenhouse Gas Reductions (Renewable and Low Carbon Fuel Requirements) Act*, fuel must be manufactured in or physically delivered to BC to generate credits and notional delivery (delivery by displacement) does not satisfy this requirement.

FEI will work with the Province to advocate for changes to legislation that will enable recognition of out-of-Province sources of RNG under the BC-LCFS.

These developments do not change FEI's approvals sought in this proceeding.

2

A3: Transportation customers may still generate credits under the BC-LCFS for the use of LNG and CNG, as well as RNG from in-province sources. FEI will continue to work with EMLI to have fuel codes approved so that Transportation customers can earn credits under the BC-LCFS.

In addition, the federal *Clean Fuel Regulations* are now in force, which may provide an opportunity for Transportation customers to generate credits for the use of RNG. FEI understands that BrightSide is actively involved in seeking to generate credits under the *Clean Fuel Regulations* on behalf of its customers for the use of RNG.

3

4 1.1 Please describe any activities that the BCUC could undertake to support FEI in its
5 work with the Province to advocate for recognition of out-of-province sources of
6 RNG under the BC-LCFS.

7

8 **Response:**

9 FEI is not aware of any activities that the BCUC could undertake to advocate for recognition of
10 out-of-province sources of RNG under the BC-LCFS. However, in Phase 1 of its Inquiry into the



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1 Acquisition of Renewable Natural Gas by Public Utilities in British Columbia, the BCUC has made
2 determinations that are supportive of the notional delivery of RNG¹:

3 In the Panel's view, notional delivery of Conventional Natural Gas has worked well,
4 and is indeed possible, because all of the gas injected into and extracted from the
5 gas pipeline system is fungible, and all of the molecules injected into the pipeline
6 system and delivered to customers are physically indistinguishable. Further,
7 notional delivery is the only practical way to manage purchase and delivery
8 contracts among the many users of a gas pipeline.

9 FEI will continue to engage with EMLI regarding its position on out-of-province sources of RNG
10 under the BC-LCFS.

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¹ BCUC Inquiry into the Acquisition of Renewable Natural Gas by Public Utilities in British Columbia, Phase 1 Final Report dated July 28, 2022, p. 8.

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1 **3. Reference: Exhibit B-64, Rebuttal Brightside A5**

Q5: On page 4 of its evidence, BrightSide alleges that FEI is providing unfair access to RNG supply, including denying supply to Transportation customers seeking to secure RNG for their operations. How does FEI respond?

A5: FEI has not unfairly provided or denied access to the available supply of RNG. However, due to shortage in supply, FEI has had to manage supply in response to availability and demand.

In its response to FEI-BrightSide IR1 4.1 (Exhibit C18-10), BrightSide contends that Seaspan Ferries was denied service. However, this customer did not want to accept RNG supply under the RNG Program because FEI could not guarantee that the supply would

be from a single source, or from in-province sources, as FEI's supply of RNG includes out-of-province sources.

BrightSide also refers to three customers that had "past challenges securing sufficient RNG supply". As FEI explained in the response to BC Transit IR1 5.a, from August 2019 to October 2021, RNG supply did not materialize as anticipated and fell short of demand. As such, FEI temporarily closed the existing RNG Program to new participants, and current participants (including Transportation customers) had RNG volumes curtailed. Consequently, FEI was unable to provide new and existing Transportations customers, among others, with the volume of RNG they desired. However, as RNG supply volumes increased, in November 2021, FEI re-opened the RNG Program to new participants and communicated with Transportation customers who had previously been curtailed that RNG volumes were now available to recommence service.³

2

3 3.1 Would the pending application for fuel-codes for in-province RNG also resolve the
4 issues for Seaspan Ferries? Please explain why or why not.

5 3.1.1 If yes, is Seaspan Ferries aware of the potential for in-province RNG to
6 be available? Please explain.

7

8 **Response:**

9 No. Please refer to the response to CEC IR1 2.1 Rebuttal BrightSide.

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