



**Sarah Walsh**  
Director, Regulatory Affairs

**Gas Regulatory Affairs Correspondence**  
Email: [gas.regulatory.affairs@fortisbc.com](mailto:gas.regulatory.affairs@fortisbc.com)

**Electric Regulatory Affairs Correspondence**  
Email: [electricity.regulatory.affairs@fortisbc.com](mailto:electricity.regulatory.affairs@fortisbc.com)

**FortisBC**  
16705 Fraser Highway  
Surrey, B.C. V4N 0E8  
Tel: (778) 578-3861  
Cell: (604) 230-7874  
Fax: (604) 576-7074  
[www.fortisbc.com](http://www.fortisbc.com)

April 18, 2023

Residential Consumer Intervener Association  
c/o Midgard Consulting Inc.  
Suite 828 – 1130 W Pender Street  
Vancouver, B.C.  
V6E 4A4

Attention: Peter Helland, Director

Dear Peter Helland:

**Re: FortisBC Energy Inc. (FEI)**  
**Revised Renewable Gas Program Application – Stage 2 (Application)**  
**Response to the Residential Consumer Intervener Association (RCIA)**  
**Information Request (IR) No. 1 on FEI's Rebuttal Evidence**

---

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 RCIA IR No. 1 on FEI's Rebuttal Evidence.

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
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1 on FEI's Rebuttal Evidence	Page 1

1 **1.0 Reference Exhibit B-67, Page 2**

2 **Answer to Question #5**

3 FEI states:

4 *“The scenarios selected by Midgard do not properly reflect how increasing supply (i.e., 1*  
5 *percent, 15 percent, or 30 percent RNG content) will affect the Renewable Gas Program.”*

6 1.1. Confirm that FEI's rebuttal evidence is stating that the scenarios selected are  
7 impossible or implausible. Please provide details.

8

9 **Response:**

10 Confirmed. Please refer to A5, A6, A7 and A8 of FEI's Rebuttal Evidence to RCIA.

11

12

13

14 1.2. Confirm whether or not FEI foresees that RNG could make up 15% or 30% of the  
15 supply of FEI's natural gas deliveries in the future.

16

17 **Response:**

18 Confirmed. 30 PJ of RNG is equivalent to approximately 20 percent of FEI's 2021 throughput to  
19 its sales service customers, and 15 percent of FEI's 2021 total throughput. If regulations are  
20 enacted that allow or require the utility to acquire greater volumes of RNG, FEI expects to acquire  
21 greater volumes such that RNG could make up 30 percent of the gaseous energy provided by  
22 FEI to its customers.

23

24

25

26 1.3. If RNG makes up 15% of the total FEI natural gas deliveries, what allocation of  
27 supply between the three proposed customer classes does FEI anticipate?

28

29 **Response:**

30 In 2030, when FEI assumes that it will be acquiring 30 PJ of RNG, which is approximately 20  
31 percent of FEI's 2021 throughput to its sales service customers based on current assumptions,  
32 FEI anticipates that:

- 33 • Approximately 30 percent (9 PJ) will be used by Renewable Gas Connections customers;
- 34 • Approximately 20 percent (6 PJ) will be used by Voluntary Renewable Gas customers;
- 35 and
- 36 • Approximately 50 percent (15 PJ) will flow to all sales service customers through the  
37 Renewable Gas Blend service.

<p align="center">FortisBC Energy Inc. (FEI or the Company)          Revised Renewable Gas Program Application – Stage 2 (Application)</p>	<p align="center">Submission Date:          April 18, 2023</p>
<p align="center">Response to the Residential Consumer Intervener Association (RCIA) Information Request          (IR) No. 1 on FEI’s Rebuttal Evidence</p>	<p>Page 2</p>

1    **2.0    Reference    Exhibit B-67, Page 4**

2                                    **Answer to Question #9**

3                    FEI states:

4                    *“By using the same S&T LC Rider for each scenario, Midgard is ignoring the*  
 5                    *interrelationship between the recoveries from Renewable Gas Connections, Voluntary*  
 6                    *Renewable Gas and Renewable Gas Blend customers.”*

7                    2.1.    Please confirm that S&T LC rider charge as proposed by FEI will be adjusted  
 8                    higher or lower in order to achieve full cost recovery for commodity charges.

9

10           **Response:**

11           Confirmed.

12  
 13

14

15                    2.2.    Please estimate the S&T LC Rider for each of Midgard’s scenarios using FEI’s  
 16                    Table 8-4 form FEI’s filing (Exhibit B-11, page 120).

17

18           **Response:**

19           To calculate the S&T LC Rider using Midgard’s assumptions, FEI summed Midgard’s “Allocation  
 20           of Under Recovery Costs (Pro Rata) (\$)”, line 56, from Midgard’s Scenario 1 – Status Quo through  
 21           to Scenario 4 – “Baseline” Modification<sup>1</sup> and then divided the sum of the under recoveries by FEI’s  
 22           sales service volume of approximately 149 PJ to determine the S&T LC Riders set out in the table  
 23           below.

24                                    **Table 1: S&T LC Rider Calculation from Midgard’s Analysis and Assumptions**

Scenario	S&T LC Rider (\$/GJ)
1 - Status Quo	0.17
2 - 15% RNG	1.05
3 - 30% RNG	1.97
4 - 30% RNG (All Voluntary)	1.43
4 - "Baseline" Modification	1.32

25

26           FEI did not calculate an S&T LC Rider for Scenario 4 – “Equalized” Modification because Midgard  
 27           did not calculate an under recovery for that scenario.

---

<sup>1</sup> Exhibit C10-6, Appendix B.

FortisBC Energy Inc. (FEI or the Company) Revised Renewable Gas Program Application – Stage 2 (Application)	Submission Date: April 18, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1 on FEI's Rebuttal Evidence	Page 3

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13

2.3. Please confirm FEI's calculation of the S&T LC rider charge under the four scenarios outlined in the Midgard evidence.

**Response:**

Please refer to the response to RCIA IR1 2.2 Rebuttal for the requested calculations.

Please also refer to A5, A6 and A8 from FEI's Rebuttal Evidence to RCIA which describes why the assumptions used by Midgard result in scenarios that do not reflect any realistic possibilities under the revised Renewable Gas Program. Accordingly, FEI does not consider the requested calculations to be reasonable.

FortisBC Energy Inc. (FEI or the Company) Revised Renewable Gas Program Application – Stage 2 (Application)	Submission Date: April 18, 2023
Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1 on FEI's Rebuttal Evidence	Page 4

1   **3.0   Reference   Exhibit B-67, Page 4**

2                                 **Answer to Question #10**

3                 FEI states:

4                     *“Based on provincial and federal policy, FEI expects that the carbon tax will increase to*  
5                     *\$170 per tonne by 2030 which equates to \$8.40 per GJ.”*

6                 3.1.    Confirm if Midgard misrepresented the carbon tax assumption that FEI presented  
7                     in Table 8-4 of FEI's filing (Exhibit B-11, page 120).

8  
9    **Response:**

10   Confirmed. In its Application, FEI noted that the carbon tax of \$4.479 per GJ in Table 8-4 was the  
11   estimated charge at the year 2025. Midgard provided its own analysis of FEI's proposals but did  
12   not note the year that they were analyzing.

13   As stated in A10 of FEI's Rebuttal Evidence to RCIA, the increasing carbon tax is a component  
14   of the pricing mechanism for Renewable Gas Connections and Voluntary Renewable Gas  
15   customers. As carbon tax increases, total recoveries from these two groups increases, thereby  
16   reducing the recoveries required through the Renewable Gas Blend service.

17

1    **4.0    Reference    Exhibit B-67, Page 4**

2                                **Answer to Question #12**

3                                FEI states:

4                                *“Midgard has made fundamental errors in the assumptions that underlie its analysis.*  
5                                *Therefore, Midgard’s financial analysis is not representative of possible outcomes that*  
6                                *could occur based on the proposals set out in the Application.”*

7                                4.1.    Please clarify if FEI is suggesting that there are “fundamental errors” in the  
8    calculations Midgard undertook based upon Table 8-4 of FEI’s filing (Exhibit B-11,  
9    page 120). Please provide alternative calculations using Table 8-4 of FEI’s filing  
10     (Exhibit B-11, page 120) as the basis of the calculations.

11  
12    **Response:**

13    FEI was not suggesting in A12 of its Rebuttal Evidence to RCIA that Midgard has made  
14    fundamental errors in their mathematical calculations; rather, and as indicated in the preamble to  
15    this IR, FEI’s position is that the assumptions that underlie the analysis are incorrect and,  
16    therefore, Midgard’s analysis is invalid.

17    For alternative calculations, please refer to FEI’s spreadsheet analysis provided in responses to  
18    BCUC IR1 12.3.2, 41.5, and 42.2 (Exhibit B-17), BCUC IR2 46.1 (Exhibit B-42), and CoR IR2  
19    19.1 and 19.5 (Exhibit B-39).

20  
21

22  
23                                4.1.1.    Are the fundamental errors based upon Midgard not accurately  
24    transcribing the information from Table 8-4 of FEI’s filing (Exhibit B-11,  
25    page 120)? Please provide details.

26  
27    **Response:**

28    Although Midgard transcribed Table 8-4 correctly, the assumptions underlying Midgard’s analysis  
29    and the use of the point in time and charges from the table are not reflective of how the program  
30    will ultimately affect customers. RCIA appears to have incorrectly assumed that Table 8-4 of the  
31    Application represents how the growing volume of renewable gas supply, demand from the  
32    various offerings in the revised Renewable Gas Program and changes in carbon tax rates will  
33    affect the various components of a customer’s bill over time. However, Table 8-4 was merely  
34    intended to illustrate how a residential customer’s annual bill would be calculated at a single point  
35    in time – showing, in particular, the differences between the annual bills for Renewable Gas  
36    Connections, Renewable Gas Blend and Voluntary Renewable Gas customers.

37