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October 4, 2023

British Columbia Public Interest Advocacy Centre
Suite 803 470 Granville Street
Vancouver, B.C.
V6C 1V5

Attention: Leigha Worth, Executive Director

Dear Leigha Worth:

Re: FortisBC Energy Inc. (FEI)

Revised Renewable Gas Program Application – Stage 2 (Application)

Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, Together Against Poverty Society, and the Tenant Resource and Advisory Centre *et al*. (BCOAPO) Information Request (IR) No. 3 on Evidentiary Update

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On December 17, 2021, FEI filed the Application referenced above. In accordance with the further regulatory timetable established in BCUC Order G-215-23, FEI respectfully submits the attached response to BCOAPO IR No.3 on Evidentiary Update.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Commission Secretary
Registered Interveners

23.0 Reference: Exhibit B-89, Evidentiary Update, Section 3.1, page 6

Topic: Materiality of Potential Remittances

Preamble: FEI states on page 6 of its Evidentiary Update:

"While FEI has currently more RNG supply than RNG demand throughout the year, there have been times in past years where FEI has used biomethane inventory to balance supply and demand in some months. Given the Carbon Tax Ruling, it is possible that the Ministry may determine that carbon tax is owing in respect of these past months. FEI estimates that these potential remittances plus interest would be less than $500,000 since June 2019." **(Evidentiary Update, page 6)**

23.1 Please provide a table that itemizes by year from 2019 to present: i) the total carbon tax owed by year; ii) the total carbon tax credits FEI provided to customers by year; iii) the net total carbon tax paid by year; and iv) the percentage of potential remittances of $500,000 compared to total carbon tax paid since June 2019.

<u>Response:</u>

On August 22, 2023, after FEI filed its Evidentiary Update, the Ministry of Finance issued an assessment of owing carbon tax remittances to FEI in the amount of $384,844.36 ($326,931 in denied biomethane refunds and $57,913.36 interest) dating back to June 2019.

In the table below, FEI provides the requested information, reflecting the actual assessed amount.

Year	Carbon Tax Paid	Biomethane Credits	Biomethane Credits as % of Carbon Tax
2022	$398,547,109	$2,629,722	0.66%
2021	$319,970,776	$941,978	0.29%
2020	$301,270,866	$572,018	0.19%
2019	$262,593,342	$314,719	0.12%

<u>Notes to table:</u>

1. *Total Biomethane Credits Claimed: $4,458,437*
2. *Actual Disallowed Biomethane Credits: $326,931*
3. *Percentage of disallowed biomethane credits: 7.4%*

23.2 Please provide a table that quantifies: i) the total carbon tax refunds provided to FEI's customers annually in 2021 and 2022; ii) the annual anticipated carbon tax refunds in 2021 and 2022 reflecting the Province's and its tax experts' interpretation; and iii) the total carbon tax refund assuming the proposed solutions per FEI's Evidentiary Update were implemented in 2021 and 2022.

Response:

Since FEI claimed a biomethane refund on its carbon tax return for the full amount of the biomethane tax credits it provided to customers, the total carbon tax refunds provided to FEI's customers and the biomethane refund claimed by FEI are the same amount.

The table below outlines the biomethane refund amounts claimed by FEI, the refund amounts allowed by the BC Ministry of Finance, and the difference.

Table 1: Biomethane Amounts Refunded vs. Claimed

Year	2022	2021
Biomethane Refund Claimed by FEI	$2,629,722	$941,978
Biomethane Refund per BC MoF Ruling	$2,576,121	$863,299
Disallowed Biomethane Refund Claimed	$53,601	$78,679
% Disallowed	2.04%	8.35%

Should the Ministry adopt the legislative proposals provided by FEI, along with any transitional measures where necessary, FEI may be able to recover the full amount of biomethane refunds claimed in 2021 and 2022.

The non-legislative solutions described in the Evidentiary Update will not guarantee that FEI will receive carbon tax refunds equal to the amount of credits granted to customers. However, the solutions will help to significantly mitigate the amount of denied carbon tax refunds. Since residual supply and demand imbalances are expected to occur in a given month, FEI is seeking approval to account for carbon tax credits granted to customers for which the Province does not provide a refund to FEI in the Low Carbon Gas Account (LCGA).

It would be speculative to attempt to quantify the denied carbon tax refund amounts for 2021 and 2022 that would have occurred in the hypothetical scenario where FEI adopted the proposed non-legislative solutions in these years. FEI cannot confirm with certainty what solutions would have been possible in 2021 and 2022, and it is impossible to estimate how successful FEI would have been in mitigating monthly supply-demand imbalances. Moreover, FEI has been proactively engaging with the Ministry on the interpretation of the carbon tax legislation and it would not have been reasonable for FEI to reduce its RNG supply (and the associated GHG reduction benefits for the Province) prior to receiving confirmation from the Ministry on its interpretation of the carbon tax legislation.

23.3 For 2021 and 2022, please provide: i) the total carbon tax credits provided to FEI's residential customers; ii) the total carbon tax owed by residential customers; iii) the net total carbon tax paid on behalf of residential customers; and iv) the percentage of the total carbon tax credits and carbon tax owed by residential customers compared to the overall total.

Response:

FEI does not track or report the carbon tax paid, or biomethane credits granted, by customer class, including residential customers. Rather, FEI only tracks and reports these amounts in aggregate for tax reporting purposes.

Please refer to the responses to BCOAPO IR3 23.1 and 23.2 for the available information in this regard.

23.4 Please provide FEI's overall annual total gas supply costs.

Response:

In the table below, FEI provides the annual gas supply costs for FEI for each of the years 2018-2022.

Table 1 - FEI Recorded Annual Gas Supply Costs for the Years 2018-2022

(shown in $millions)

Particulars	2018	2019	2020	2021	2022
CCRA Portfolio [(a)]	$ 223.1	$ 204.3	$ 318.9	$ 506.7	$ 771.7
MCRA Portfolio [(b)]					
MCRA - Gross	$ 359.7	$ 434.2	$ 304.3	$ 372.1	$ 457.6
Mitigation Revenues	(181.7)	(246.2)	(118.2)	(196.6)	(369.9)
MCRA - Net	$ 178.0	$ 188.0	$ 186.1	$ 175.5	$ 87.6
GCRA Portfolio [(c)]	$ 0.8	$ 0.7	$ 1.1	$ 1.8	$ 2.4
Conventional Natural Gas Supply Portfolio	$ 401.9	$ 393.0	$ 506.1	$ 684.0	$ 861.8
Renewable Natural Gas Supply Portfolio	$ 7.4	$ 5.8	$ 8.2	$ 18.6	$ 38.8
Propane Supply Portfolio [(d)]	$ 2.6	$ 2.7	$ 2.3	$ 3.8	$ 5.3
Total Gas Supply	$ 411.9	$ 401.6	$ 516.5	$ 706.4	$ 905.9

Notes: (a) Baseload natural gas commodity supply costs captured in the Commodity Cost Reconciliation Account (CCRA).
(b) Midstream natural gas supply related costs and mitigation revenues captured in the Midstream Cost Reconciliation Account (MCRA).
(c) Fort Nelson natural gas supply related costs were captured in the Gas Cost Reconciliation Account (GCRA) until the end of 2022.
(d) Revelstoke propane supply related costs captured in the Propane Cost Deferral Account (PCDA) until the end of 2020, then in the MCRA.
Slight differences in totals due to rounding.

23.5 Please explain why potential remittances only go back to June 2019 given that FEI's biomethane program has been in place since 2010.

Response:

Carbon Tax audits are generally subject to a four-year statute of limitation period except where there has been willful intent to avoid paying taxes or fraud. Neither exception to the four-year limitation period applies in this instance.

23.6 Given that the potential remittance of $500,000 since June 2019 amounts to approximately $125,000 ($500,000/4) per year, please explain whether FEI considered making no changes to its proposed RNG Program (compared to its original Application) on account of materiality and provide FEI's rationale as to why it rejected such an alternative.

Response:

As explained in the Evidentiary Update, FEI completed a due diligence process before arriving at the proposed solution to minimize monthly differences in Renewable Gas supply and demand. As part of this process, FEI calculated and considered the potential impact of continuing to accumulate biomethane inventory, including whether the impact to FEI and its customers was material and what, if any, changes to the proposed Renewable Gas Program may be required.

While the impact to date may be immaterial in relation to gas supply costs, the impact to customers could become material over time due to the increasing supply of RNG that FEI is acquiring to meet the CleanBC GHG reduction targets and FEI's expectation that the Province will follow the federal government's lead and tax carbon at $170 per tonne CO2e by 2030, as confirmed in the 2023 budget. As such, FEI considers that the relatively minor proposed changes to the Renewable Gas Program, as originally filed in the Application, are prudent and justified in order to mitigate impacts to customers due to the impact of the carbon tax legislation.

24.0 Reference: Exhibit B-89, Evidentiary Update, pages 8 and 17

Exhibit A-52, BCUC IR 13.1

Topic: Cost Impact of Proposed Changes

Preamble: FEI states on pages 8 and 17 of its Evidentiary Update:

"In this section, FEI describes the key measures it will use to balance supply and demand as closely as possible to help maximize the recovery of carbon tax refunds from government on behalf of its customers. As outlined in Sections 1 to 3 above, to maximize carbon tax refunds from government on behalf of its customers, FEI must match, as closely as possible, the supply and demand for RNG on a monthly basis. As described below, FEI has considered both supply-side and demand-side measures to accomplish this balancing. Since FEI has more RNG supply than demand and RNG supply is relatively flat compared to the demand profile of FEI's typically heat sensitive customers, FEI's measures are focused on either reducing (or shaping) its RNG supply or increasing (or shaping) the demand for RNG….

First, to reduce supply to be more closely aligned with demand in a given month, FEI is making shorter-term commercial arrangements to sell and/or redirect excess RNG supply from its biomethane suppliers to markets outside of BC. This process is similar to the mitigation activities FEI currently undertakes on a regular basis as part of managing its conventional natural gas portfolio for the benefit of customers." **(Evidentiary Update, page 8)**

"FEI's proposal to set the Renewable Gas Blend on a monthly basis results in customers receiving different volumes of RNG from what they would have received from setting the blend annually. As the net carbon tax a customer pays (i.e., the carbon tax less the carbon tax biomethane credit) is related to the volume of RNG they receive, the bill impact from setting the blend percentage on a monthly basis is different when compared to setting it annually." **(Evidentiary Update, page 17)**

24.1 Please explain and quantify the cost increase or decrease that FEI anticipates as a result of "making shorter-term commercial arrangements to sell and/or redirect excess RNG supply" to markets outside of BC in lower demand periods and subsequently purchasing RNG in higher demand periods: i) on an overall basis; and ii) to residential customers.

<u>Response:</u>

FEI anticipates a cost decrease to its overall gas costs as a result of making commercial arrangements to sell and/or redirect RNG supply for the following reasons:

1. The redirection or sale of RNG will reduce FEI's RNG acquisition costs by reducing the volume of RNG that FEI will purchase.

2. The redirection or sale of RNG is expected to generate net revenue because the prices in the short-term RNG market are higher than FEI's RNG acquisition costs.

3. FEI will be better able to match RNG supply with RNG demand and, therefore, avoid additional costs related to carbon tax credits that FEI is unable to recover from the Province on behalf of its customers.

For context, all costs and revenues associated with RNG are accounted for in the Biomethane Variance Account (BVA). Any costs in the BVA that are not recovered through FEI's sale of RNG through the Biomethane Energy Recovery Charge (BERC) are recovered from FEI's non-bypass customers (including residential customers) through the BVA Rate Rider. Therefore, any costs related to RNG acquisition that FEI is able to avoid, or any additional revenue that materializes from the redirection of RNG, will reduce the balance of unrecovered costs in the BVA. This will reduce the costs recovered through FEI's BVA Rate Rider, resulting in a decrease in charges for all non-bypass (and therefore residential) customers.

Please refer to the response to BCUC IR3 8.5 for information relating to selling or re-directing RNG supply.

24.2 Further to BCUC IR 13.1, please explain whether the customer bill impact analysis provided by FEI in its Evidentiary Update assumes; i) only the change to setting Renewable Gas Blend on a monthly basis compared to on an annual basis; ii) both the change to setting Renewable Gas Blend on a monthly basis as well as the impact to carbon tax refunds; or iii) the change to setting Renewable Gas Blend on a monthly basis, the impact to carbon tax refunds, as well as the cost impact to customers from selling and/or redirecting excess RNG in lower demand periods and subsequently purchasing RNG in higher demand periods. As part of the response, please also identify and explain other assumptions underpinning FEI's customer bill impact analysis.

Response:

The customer bill impacts analysis included in the Evidentiary Update only reflects the proposed amendment related to setting the Renewable Gas Blend on a monthly basis as compared to on an annual basis.

25.0 Reference: Exhibit B-89, Evidentiary Update, page 1 and 17

Topic: Customer Understandability

Preamble: FEI states on pages 1 and 17 of its Evidentiary Update:

> "Second, FEI will set the percent of Renewable Gas Blend that it will deliver to customers monthly instead of annually. This will allow FEI to better manage the demand for RNG from its typically heat sensitive customer base." **(Evidentiary Update, page 1)**

> "FEI's proposal to set the Renewable Gas Blend on a monthly basis results in customers receiving different volumes of RNG from what they would have received from setting the blend annually. As the net carbon tax a customer pays (i.e., the carbon tax less the carbon tax biomethane credit) is related to the volume of RNG they receive, the bill impact from setting the blend percentage on a monthly basis is different when compared to setting it annually." **(Evidentiary Update, page 17)**

25.1 Please explain whether FEI's proposal to set the Renewable Gas Blend on a monthly basis (from an annual basis) effectively results in a monthly bill impact to customers resulting from a change in the weighting of different priced gas supplies.

25.1.1 If yes, please explain i) whether the bill impact resulting from changing the weighting of different priced gas supplies constitutes a rate change; and ii) if so, whether that would require BCUC approval on a monthly basis.

25.1.2 If the answer to i) and/or ii) are negative, please provide FEI's reasoning.

<u>Response:</u>

Yes, the monthly bill impacts occur because of a change in the weighting of the different priced gas supplies and the effect it has on net carbon tax paid. However, it is the weighting of the different priced gas supplies (and its effect on net carbon tax paid) that causes the bill impact, not a change in the charge per GJ of any of that gas. To be clear, FEI does not propose to change any rates on a monthly basis in the Evidentiary Update; rather, FEI proposes to change the renewable and conventional gas volumes delivered. As such, FEI does not need to seek BCUC approvals each month because FEI is not proposing to change any of its charges on a monthly basis.

Please refer to the response to BCOAPO IR3 25.3 which illustrates how changing the volume of RNG delivered through the Renewable Gas Blend service affects a customer's bill.

25.2 Please explain how and when FEI will derive the percentage of Renewable Gas Blend it will deliver to customers on a monthly basis.

Response:

Please refer to the response to CEC IR3 77.1.

25.3 Please provide a side-by-side comparison of a mock residential bill as originally proposed by FEI and a mock residential bill consistent with the FEI proposal that was part of its Evidentiary Update. As part of the response, please highlight the changes between the bills along with an explanation of FEI's rationale for the change.

Response:

FEI has prepared the following tables comparing the calculations underlying the bills for residential customers for Renewable Gas Connections, Renewable Gas Blend and Voluntary Renewable Gas customers for 2024. These calculations follow from the example FEI provided in Table 8-4 of the Application which has more detail than a customer would see on their bill, but is necessary to discuss the differences from setting the Renewable Gas Blend percentage annually, as originally proposed, versus monthly, as proposed in the Evidentiary Update.

As illustrated in Table 5-1 of the Evidentiary Update, setting the Renewable Gas Blend percentage on a monthly basis will result in a different volume of Renewable Gas delivered to a customer than if the blend percentage was set annually. With this context, please note the following regarding the tables below:

- Column (1) of the tables is the result when the blend percentage is set annually (once) and held constant all year, as originally proposed in the Application.
- Column (2) is the result when the blend percentage is set on a monthly basis, as proposed in the Evidentiary Update.
- Column (3) is the difference between (1) and (2).
- The "Percent RG through the S&T LC Rider" on Line 4 of Column (2) is the weighted average blend percentages that FEI will calculate each month.
- The "Percent RG through the S&T LC Rider" on Line 4 of Column (1) is the blend percentage calculated once and applied to customers' monthly bills throughout the year.

Table 1: Rate Schedule 1 Annual Bill Comparison Between Annual and Monthly Blend Setting for RG Connections Customers for 2024 in Real 2022$

Line No.	Particulars	As Proposed	Evidentiary Update	Difference (2) - (1)	Reference
		(1)	(2)	(3)	(4)
1	Annual Demand	83.1	83.1	-	Forecasted
2					
3	Percent RG required	100.0%	100.0%	0.0%	
4	Percent RG through S&T LC Rider (Blend)	4.7%	4.5%	-0.2%	
5					
6	GJ RG	79.2	79.3	0.2	Max of (Line 1 x (Line 3 - Line 4) and Zero)
7	GJ RG through S&T LC Rider (Blend)	3.9	3.8	(0.2)	Line 1 x Line 4
8	GJ Conventional Gas	-	-	-	Line 1 - Line 6 - Line 7
9	**Total**	**83.1**	**83.1**	**(0.0)**	Sum of Lines 6 through 8
10					
11	**Charges and Riders**				
12	Basic Charge	0.4085	0.4085	-	2021 Approved
13	Delivery Charge	4.915	4.915	-	2021 Approved
14	Storage & Transport Charge	1.350	1.350	-	2021 Approved
15	S&T LC Rider	1.244	1.244	-	
16	Conventional Cost of Gas	3.844	3.844	-	2021 Approved
17	LCG Charge	7.411	7.411	-	Line 16 + Line 18
18	Carbon Tax	3.567	3.567	-	Estimated 2024
19					
20	**Annual Bill Revenue**				
21	Basic Charge	149.20	149.20	-	Line 12 x 365.25
22	Delivery Charge	408.44	408.44	-	Line 13 x Line 9
23	Storage & Transport Charge	112.19	112.19	-	Line 14 x Line 9
24	S&T LC Rider	103.34	103.34	-	Line 15 x Line 9
25	Conventional Cost of Gas	-	-	-	Line 16 x Line 8
26	LCG Charge	586.92	588.08	1.17	Line 17 x Line 6
27	Carbon Tax	-	-	-	Line 18 x Line 8
28	**Total**	**1,360.08**	**1,361.25**	**1.17**	Sum of Lines 21 through 27

FEI observes the following regarding Table 1 above.

- Lines 6 and 7 in the above table show the difference in the Renewable Gas delivered through the Renewable Gas Blend and the Renewable Gas delivered through the Renewable Gas Connections services.
- The cost of the blended Renewable Gas is collected through the S&T LC Rider. The S&T LC Rider (Line 15) is set using the total volume of gas forecast to be received (Line 1) and is set once per year. Since the total volume of gas has not changed (Line 1), there is no change to the amount recovered from the customer via the S&T LC Rider (Line 24).
- In the above table, the Renewable Gas delivered by way of the Renewable Gas Blend service decreases by 0.2 GJ (Line 7); consequently, the volume of Renewable Gas delivered via the Renewable Gas Connections service increases by 0.2 GJ (Line 6). When

this is multiplied by the LCG Charge[1] for the Renewable Gas Connections service (Line 17), the annual bill increases by $1.17 (Line 26), which is equal to the annual "Difference"[2] shown in Figure 5-6 of the Evidentiary Update for 2024.

Table 2: Rate Schedule 1 Annual Bill Comparison Between Annual and Monthly Blend Setting for RG Blend Customers for 2024 in Real 2022$

Line No.	Particulars	As Proposed	Evidentiary Update	Difference (2) - (1)	Reference
		(1)	(2)	(3)	(4)
1	Annual Demand	83.1	83.1	-	Forecasted
2					
3	Percent RG required				
4	Percent RG through S&T LC Rider (Blend)	4.7%	4.5%	-0.2%	
5					
6	GJ RG	-	-	-	Max of (Line 1 x (Line 3 - Line 4) and Zero)
7	GJ RG through S&T LC Rider (Blend)	3.9	3.8	(0.2)	Line 1 x Line 4
8	GJ Conventional Gas	79.2	79.3	0.2	Line 1 - Line 6 - Line 7
9	**Total**	**83.1**	**83.1**	**0.0**	Sum of Lines 6 through 8
10					
11	**Charges and Riders**				
12	Basic Charge	0.4085	0.4085	-	2021 Approved
13	Delivery Charge	4.915	4.915	-	2021 Approved
14	Storage & Transport Charge	1.350	1.350	-	2021 Approved
15	S&T LC Rider	1.244	1.244	-	2021 Approved
16	Conventional Cost of Gas	3.844	3.844	-	2021 Approved
17	LCG Charge	-	-	-	
18	Carbon Tax	3.567	3.567	-	Estimated 2024
19					
20	**Annual Bill Revenue**				
21	Basic Charge	149.20	149.20	-	Line 12 x 365.25
22	Delivery Charge	408.44	408.44	-	Line 13 x Line 9
23	Storage & Transport Charge	112.19	112.19	-	Line 14 x Line 9
24	S&T LC Rider	103.34	103.34	-	Line 15 x Line 9
25	Conventional Cost of Gas	304.42	305.02	0.60	Line 16 x Line 8
26	LCG Charge	-	-	-	Line 17 x Line 6
27	Carbon Tax	282.50	283.06	0.56	Line 18 x Line 8
28	**Total**	**1,360.08**	**1,361.25**	**1.17**	Sum of Lines 21 through 27

FEI observes the following regarding Table 2 above:

- Lines 7 and 8 show the difference in the Renewable Gas delivered through the Renewable Gas Blend service and the conventional natural gas a customer would receive.

[1] The LCG Charge for Renewable Gas Connections customers is equal to the Conventional Cost of Gas charge per GJ plus Carbon Tax per GJ (3.844 + 3.567 = 7.411).

[2] Rounded to zero decimal places in Figure 5-6.

- The cost of the blended Renewable Gas is collected through the S&T LC Rider. The S&T LC Rider (Line 15) is set using the total volume of gas forecast to be received (Line 1) and is set once per year. Since the total volume of gas has not changed (Line 1), there is no change to the amount recovered from the customer via the S&T LC Rider (Line 24).
- Since the Renewable Gas delivered by way of the Renewable Gas Blend service decreases by 0.2 GJ (Line 7), conventional natural gas increases by 0.2 GJ (Line 8), and when multiplied by the conventional cost of gas (Line 16), the annual bill increases by $0.60 (Line 25).
- With the increase in conventional natural gas, carbon tax of $0.56 is levied (Line 27), resulting in an increase to the annual bill of $1.17 (Line 28), which is equal to the annual "Difference"[3] shown in Figure 5-6 of the Evidentiary Update for 2024.

Table 3: Rate Schedule 1 Annual Bill Comparison Between Annual and Monthly Blend Setting for Voluntary RG Customers for 2024 in Real 2022$

Line No.	Particulars	As Proposed	Evidentiary Update	Difference (2) - (1)	Reference
		(1)	(2)	(3)	(4)
1	Annual Demand	83.1	83.1	-	Forecasted
2					
3	Percent RG required	16.3%	16.3%	0.0%	
4	Percent RG through S&T LC Rider (Blend)	4.7%	4.5%	-0.2%	
5					
6	GJ RG	9.6	9.8	0.2	Max of (Line 1 x (Line 3 - Line 4) and Zero)
7	GJ RG through S&T LC Rider (Blend)	3.9	3.8	(0.2)	Line 1 x Line 4
8	GJ Conventional Gas	69.6	69.6	-	Line 1 - Line 6 - Line 7
9	**Total**	**83.1**	**83.1**	**-**	Sum of Lines 6 through 8
10					
11	**Charges and Riders**				
12	Basic Charge	0.4085	0.4085	-	2021 Approved
13	Delivery Charge	4.915	4.915	-	2021 Approved
14	Storage & Transport Charge	1.350	1.350	-	2021 Approved
15	S&T LC Rider	1.244	1.244	-	
16	Conventional Cost of Gas	3.844	3.844	-	2021 Approved
17	LCG Charge	14.411	14.411	-	Line 16 + Line 18 + $7
18	Carbon Tax	3.567	3.567	-	Estimated 2024
19					
20	**Annual Bill Revenue**				
21	Basic Charge	149.20	149.20	-	Line 12 x 365.25
22	Delivery Charge	408.44	408.44	-	Line 13 x Line 9
23	Storage & Transport Charge	112.19	112.19	-	Line 14 x Line 9
24	S&T LC Rider	103.34	103.34	-	Line 15 x Line 9
25	Conventional Cost of Gas	267.39	267.39	-	Line 16 x Line 8
26	LCG Charge	138.78	141.09	2.31	Line 17 x Line 6
27	Carbon Tax	248.14	248.14	-	Line 18 x Line 8
28	**Total**	**1,427.48**	**1,429.78**	**2.31**	Sum of Lines 21 through 27

3 Rounded to zero decimal places in Figure 5-6.

FEI observes the following regarding Table 3 above:

- The 16.3 percent Renewable Gas required (Line 3) for Rate Schedule (RS) 1 Voluntary Renewable Gas customers is the weighted average Renewable Gas election for all RS 1 customers combined.
- Lines 6 and 7 show the difference in the Renewable Gas delivered through the Renewable Gas Blend and the Voluntary Renewable Gas services.
- The cost of the blended Renewable Gas is collected through the S&T LC Rider. The S&T LC Rider (Line 15) is set using the total volume of gas forecast to be received (Line 1) and is set once per year. Since the total volume of gas has not changed (Line 1), there is no change to the amount recovered from the customer via the S&T LC Rider (Line 24).
- Since the Renewable Gas delivered by way of the Renewable Gas Blend service decreases by 0.2 GJ (Line 7), the volume delivered through the Voluntary Renewable Gas service increases by 0.2 GJ (Line 6) and, when multiplied by the LCG Charge[4] for Voluntary Renewable Gas customers (Line 17), the annual bill increases by $2.31 (Line 26), which is equal to the annual "Difference"[5] shown in the Figure 5-7 of the Evidentiary Update for 2024.

25.4 Please provide an example of how FEI will communicate to its customers ahead of the proposal's implementation explaining how the Renewable Gas Blend will be is set and how that variation will impact their bills.

<u>Response:</u>

While FEI is still in the process of developing the specific details of how it will implement setting the Renewable Gas Blend on a monthly basis, FEI intends to notify customers of the average blend percentage for the year and that the blend will vary from month-to-month to meet overall demand and supply.

[4] The LCG Charge for Voluntary Renewable Gas customers is equal to the Conventional Cost of Gas charge per GJ plus Carbon Tax per GJ plus 7 (3.844 + 3.567 + 7.000 = 14.411).

[5] Rounded to zero decimal places in Figure 5-7.

25.5 Please explain what customer communication will be provided monthly to explain the change in the weighting of Renewable Gas and the resulting impact to a customer's bill.

Response:

Please refer to the response to BCOAPO IR3 25.4.