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## Via Electronic Filing

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC V6Z 2N3

**Attention: Patrick Wruck, Commission Secretary**

Dear Sirs/Mesdames:

**Re: FortisBC Energy Inc. (“FEI”) Application for a Certificate of Public Convenience and Necessity for the Okanagan Capacity Upgrade Project – Reply Submission on Panel IR No. 2 Responses**

In accordance with the regulatory timetable in the above-noted proceeding, we enclose for filing the Reply Submission on Panel IR No. 2 Responses of FEI dated November 8, 2023.

Yours truly,

**FASKEN MARTINEAU DuMOULIN LLP**

*[Original signed by]*

Tariq Ahmed

TVA/vde  
Enclosure

cc (email only) Registered Interveners



**British Columbia Utilities Commission**

**FortisBC Energy Inc.**

**Application for a Certificate of Public Convenience and Necessity for  
the Okanagan Capacity Upgrade Project**

**Additional Reply Submission of FortisBC Energy Inc.  
on Panel IR No. 2 Responses**

**November 8, 2023**

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## PART ONE: INTRODUCTION

1. The issues arising from the intervener submissions in relation to the Panel IRs<sup>1</sup> are very limited. The interveners' positions with respect to support for the OCU Project have not changed based on FEI's responses to the Panel IRs.
2. CEC finds that the additional evidence provided in FEI's responses to Panel IRs generally does not support any major alterations to the Project and recommends that the BCUC approve the OCU Project without reducing the length of the pipeline.<sup>2</sup> BCOAPO agrees with FEI that it is unreasonable to defer constructing the pipeline on the basis of "speculative" reductions in future demand.<sup>3</sup> Further, BCOAPO, CEC and RCIA agree that trucking of CNG or LNG are not reasonable alternatives to the OCU Project.<sup>4</sup>
3. In these Additional Reply Submissions, FEI explains that:
  - (a) Obtaining *sn'pinktn's* consent for the OCU Project does not detract from the fact that there is an imminent need to address peak demand growth, and obtaining *sn'pinktn's* consent reduces the Project execution risk associated with FEI's proposed solution.
  - (b) While the recent 2023 peak demand forecast is, as acknowledged by RCIA, appropriate for the BCUC to consider, year-to-year variability in the peak demand forecast does not justify modifications to the OCU Project scope.
  - (c) The 2023 peak demand forecast assists in assessing peak demand for the OCU Project, but does not require further "testing" as suggested by RCIA.

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<sup>1</sup> Exhibit B-46. Abbreviations used in FEI's Final Submission dated August 14, 2023 and FEI's Additional Submission dated October 25, 2023 are also used in this Additional Reply Submission.

<sup>2</sup> CEC Additional Argument, paras. 19 and 20.

<sup>3</sup> BCOAPO Additional Argument, p. 1.

<sup>4</sup> BCOAPO Additional Argument, p. 1; CEC Additional Argument, para. 18; RCIA Additional Argument, pp. 14-15.

**PART TWO: OCU PROJECT INCLUDES *SN'PINKTN* CONSENT, REDUCING PROJECT RISK**

4. BCSEA asserts that FEI's Additional Submission is inconsistent with FEI's commitment not to proceed with the OCU Project without the consent of *sn'pinktn*.<sup>5</sup> The basis for BCSEA's argument appears to be that FEI submitted that there is an imminent need for the OCU Project, that reducing the pipeline length is not advisable, and that CNG and LNG present logistical and reliability challenges such that it would not be prudent to defer the implementation of the OCU Project as proposed.<sup>6</sup> In fact, FEI's position is entirely consistent with its commitment to *sn'pinktn*. FEI's Reply Submission explained that obtaining *sn'pinktn*'s consent reduces execution risk for the OCU Project, and that FEI has provided an up-to-date description of the implications of an agreement on the OCU Project with *sn'pinktn*, including with respect to cost and schedule.<sup>7</sup>

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<sup>5</sup> BCSEA Additional Argument, para. 3.

<sup>6</sup> BCSEA Additional Argument, para. 4.

<sup>7</sup> FEI Reply Submission, paras. 15-17.

**PART THREE: OCU PROJECT IS JUSTIFIED BY FEI'S PEAK DEMAND FORECASTING**

5. While the recent 2023 peak demand forecast is, as acknowledged by RCIA, appropriate for the BCUC to consider, year-to-year variability in the peak demand forecast does not justify modifications to the proposed OCU Project scope. The 2023 peak demand forecast assists in assessing peak demand for the OCU Project, but does not require further “testing” as suggested by RCIA.

**A. FEI HAS NOT ADOPTED A NEW “STUDY PERIOD” FOR THE OCU PROJECT AND PROJECT SCOPE SHOULD NOT BE REDUCED**

6. In its response to Panel IR2 2.1, FEI noted that by 2045, the 2023 peak demand forecast suggests a higher demand requirement of 397 TJ/day and would require approximately 31 km of pipe (i.e., longer than proposed for the OCU Project) to accommodate this customer need.<sup>8</sup> RCIA appears to have incorrectly interpreted this evidence, and other information request responses, as FEI having created a new “study period” for the OCU Project. RCIA is correct that the evaluation provided in the response to BCUC Supplementary IR1 13.2<sup>9</sup> was based on a 20-year service life from the in-service date (i.e., 2045),<sup>10</sup> and that the same time period was used in the response to Panel IR2 2.1.<sup>11</sup> FEI did so in order to provide a meaningful comparison of pipeline lengths, capacities and demand scenarios. As RCIA also notes in its submissions, FEI’s response to BCUC Supplementary IR1 13.1<sup>12</sup> provided the forecast demand for ITS capacity over the entirety of the period from 2022 to 2052, including showing that a reduction of 4 km to the pipeline would be expected to meet daily demand until approximately 2045 based on the Supplementary Filing Forecast.

7. While FEI has continued to update its load forecasts and responded to information requests about the length of pipeline that would be required to meet various demand scenarios,

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<sup>8</sup> Exhibit B-46.

<sup>9</sup> Exhibit B-36.

<sup>10</sup> RCIA Additional Argument, p. 9.

<sup>11</sup> Exhibit B-46.

<sup>12</sup> Exhibit B-36.

FEI has not created a new “study period” for the OCU Project, which was initially applied for in 2020 based upon the Updated Application Forecast.

8. FEI did not propose changing the OCU Project pipeline length due to recent upward movement in the peak demand forecast or the passage of time since the initial Application for the OCU Project. Similarly, FEI did not propose reducing the OCU Project length as a result of the Supplementary Filing Forecast.

9. There will continue to be year-to-year variability in the peak demand forecasts<sup>13</sup> and it would be impractical and inefficient to continue to modify the Project scope based on this annual variation in the peak demand forecasts when those forecasts consistently show an increase in peak demand. In all scenarios there continues to be growth in peak demand and a need for increased capacity.

10. In order for the OCU Project to be a robust and long-lasting solution, FEI scoped the Project to meet peak demand requirements late into the forecast period at the time the Application was made. If the Project was designed to meet peak demand for a shorter forecast period, the initial Project scope and costs might be reduced, but FEI would likely then need to address capacity constraints on the system through additional capital projects as peak demand continues to increase. Inefficiencies associated with multiple mobilizations, including multiple CPCN applications, would result in the total cost of these multiple projects being higher than what is identified in the Application. As such, the current balance of OCU Project cost and longevity in meeting peak demand requirements of current and future customers is reasonable and prudent.<sup>14</sup>

11. For these reasons, and as further discussed in FEI’s prior submissions,<sup>15</sup> the 4 km reduction in pipeline length for the OCU Project suggested by RCIA should be rejected by the BCUC.

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<sup>13</sup> Exhibit B-36, BCUC Supplementary IR1 13.2.

<sup>14</sup> Exhibit B-16, BCOAPO IR2 9.1.

<sup>15</sup> FEI Final Submission, paras. 81-84; FEI Reply Submission paras. 24-26.

**B. RECENT 2023 PEAK DEMAND FORECAST ASSISTS IN ASSESSING PEAK DEMAND**

12. RCIA agrees that it is appropriate for the BCUC to consider FEI's 2023 peak demand forecast, but expresses concern that it was not tested in this proceeding.<sup>16</sup> FEI submits that the BCUC can have a high degree of confidence in the need for the OCU Project to meet peak demand.

13. FEI prepared the 2023 peak demand forecast using the same methodology as prior peak demand forecasts.<sup>17</sup> Given the BCUC Panel's questions regarding different peak demand forecast scenarios, FEI simply provided the most up-to-date information available.<sup>18</sup>

14. More fundamentally, the OCU Project as proposed was already well-justified on the basis of the peak demand shown in the Supplementary Filing Forecast<sup>19</sup> and the Updated Application Forecast, both of which were subject to numerous information requests. The updated information from the 2023 peak demand forecast indicates that peak demand is greater than that shown in the Supplementary Filing Forecast.<sup>20</sup> It also shows a higher rate of growth than the Supplementary Filing Forecast due in large part to a high rate of growth in residential accounts supported by the most recent CBOC Housing Starts Forecast.<sup>21</sup> The results of the 2023 peak demand forecast provide further support for the OCU Project, and clearly indicate that future demand for the ITS can very reasonably be expected to be higher than the Supplementary Filing Forecast.

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<sup>16</sup> RCIA Additional Argument, pp. 5, 6, 11 and 16.

<sup>17</sup> Exhibit B-46, BCUC Panel IR2 2.1.

<sup>18</sup> Exhibit B-46, BCUC Panel IR2 2.1.

<sup>19</sup> FEI Final Submission, paras. 16-47; FEI Additional Submission, paras. 14-15.

<sup>20</sup> Exhibit B-46, BCUC Panel IR2 2.1.

<sup>21</sup> Exhibit B-46, BCUC Panel IR2 2.1.



**PART FOUR: CONCLUSION**

15. FEI's responses to the Panel IRs demonstrate that the case for the OCU Project is compelling. The BCUC should find that the OCU Project is in the public interest. It should grant a CPCN and the associated deferral account on the terms set out in the Updated Application and Supplementary Filing. FEI respectfully requests BCUC approval of a CPCN for the Project by December 2023 in order to maintain the Project execution schedule and allow the Project to be placed into service before the predicted capacity shortfall.

ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Dated:

November 8, 2023

*[original signed by Tariq Ahmed]*

Tariq Ahmed

Counsel for FortisBC Energy Inc.