Sarah Walsh
Director, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: 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

September 6, 2024

BC Sustainable Energy Association
c/o William J. Andrews, Barrister & Solicitor
70 Talbot Street
Guelph, ON
N1G 2E9

Attention: William J. Andrews

Dear William J. Andrews:

Re: FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC) (collectively FortisBC)

Application for Approval of a Rate Setting Framework for 2025 through 2027 (Application)

Response to the BC Sustainable Energy Association (BCSEA) Information Request (IR) No. 1

On April 8, 2024, FortisBC filed the Application referenced above. In accordance with the regulatory timetable established in BCUC Order G-165-24 for the review of the Application, FortisBC respectfully submits the attached response to BCSEA IR No. 1.

If further information is required, please contact the undersigned.

Sincerely,

on behalf of FORTISBC

Original signed:

Sarah Walsh

Attachments

cc (email only): Commission Secretary
Registered Interveners

1.0 Topic: Energy Transition, Proposed Rate Framework, Full Cost-of-Service Ratemaking

Reference: Exhibit B-1, Application, p.A-1, pdf p.19

The FortisBC Utilities state:

> "…FortisBC is seeking approval for a Rate Framework that includes, amongst other items, an indexed approach to FEI's and FBC's Operations and Maintenance (O&M) expense and FEI's Growth capital, a forecast cost of service approach to the remainder of FEI's Regular capital and all of FBC's Regular capital, Service Quality Indicators (SQIs) for FEI and FBC, and a refreshed innovation fund for FEI." [underline added]

In Chapter 7, Indicative Rates, FortisBC Utilities provide projections of 2025 rates under the Rate Framework. The Utilities confirm that they are not seeking approval of 2025 rates in this Application, and state that they will file for approval of 2025 interim rates by the end of 2024. [p.C-191, pdf p.295]

1.1 Please confirm, or otherwise explain, that the proposed Rate Framework is a combination of performance-based ratemaking and cost-of-service ratemaking.

Response:

Confirmed. FortisBC's Current MRP and the proposed Rate Framework can be categorized as a hybrid revenue cap with a building block approach, while also containing elements that are more commonly found in a cost-of-service ratemaking model such as the use of forecasts instead of formulas.

In a traditional revenue cap model, the total revenue of the utility is escalated based on a formula. In FEI's and FBC's Current MRP and the proposed Rate Framework, the majority of O&M and FEI's Growth capital expenditures are escalated through separate formulas based on inflation, a growth factor, and a productivity factor, while regular Sustainment and Other capital (and Growth capital for FBC) is forecast outside of the formula, similar to the approach used in a cost-of-service revenue requirement application.

Further, FortisBC's formula O&M, FEI's formula Growth capital, and FEI's and FBC's regular forecast Sustainment and Other capital (as well as FBC's Growth capital) recovered in rates are independent of the actual costs incurred, with the variances between the actual costs and formula-driven or forecast costs shared between the Companies and customers through the earnings sharing mechanism. This incents the Companies to seek cost efficiencies (without negatively affecting service quality) to spend less than the approved amounts.

As part of this Application, FortisBC is proposing to rebase formula O&M, formula Growth capital (FEI), and regular forecast Sustainment and Other capital (and Growth capital for FBC).

Therefore, consistent with cost-of-service ratemaking, O&M and capital expenditures can be scrutinized as part of this Application.

The additional elements of the proposed Rate Framework that are consistent with cost-of-service ratemaking are the forecasts that are reviewed through the Annual Reviews. These include FEI's and FBC's load forecasts, Other revenue, and flow-through expenses (e.g., FBC's power supply costs, and FEI's and FBC's insurance premiums, property taxes and Clean Growth Initiatives).

FortisBC's approach under the Current MRP and the proposed Rate Framework, where formula O&M, FEI's formula Growth capital, and regular Sustainment and Other capital (and FBC's Growth capital) are subject to the earnings sharing mechanism, is an alternative to the traditional cost-of-service ratemaking approach. However, under traditional cost-of-service ratemaking, if the utility spends less than the approved revenue requirement, the utility is generally permitted to keep the additional earnings; thus, any savings or gains are usually allocated 100 percent to the account of the shareholder.

1.2 At a high level, can it be said that the proposed Rate Framework is an alternative to cost-of-service ratemaking for the indexed types of spending?

Response:

Please refer to the response to BCSEA IR1 1.1.

1.3 What are the consequences of adoption of the proposed Rate Framework, as distinct from cost-of-service ratemaking, for the BCUC's ability to supervise the FortisBC Utilities' spending within the indexed categories of O&M expense and FEI Growth Capital?

Response:

As explained in the response to BCUC IR1 1.1, the starting point for FEI's and FBC's 2024 Base O&M is 2023 Actual O&M. FortisBC has provided the detailed breakdowns of FEI's and FBC's historical O&M from 2019 to 2023, including explanations of annual variances, in Appendices C2-1, C2-2 and C2-3 to the Application. Further, FortisBC has explained in detail the required 2024 adjustments to formula O&M and the net incremental funding proposed for the Rate Framework term in Section C2 of the Application (and has provided further details and breakdowns in the responses to BCUC IRs). Therefore, FEI's and FBC's formula O&M can be examined as part of this Application, just as the O&M would be examined in a traditional cost-of-service application.

While the formula O&M and Growth capital, once approved as part of the BCUC's decision on this Application, would not be subject to examination during the term of the Rate Framework, FortisBC notes that the proposed Rate Framework term is only three years, which is only one year longer than FEI's and FBC's typical cost-of-service rate-setting applications. Further, an advantage of the formula approach to O&M and Growth capital is that, once approved, the increases are contained within the approved I-X formula, whereas in a cost-of-service application, the increases to annual O&M (or Growth capital), may exceed net inflation.

There are no negative consequences to the approach proposed in this Rate Framework. The BCUC and interveners have the opportunity to scrutinize the funding requests as part of this Application, so there is no reduction in the level of scrutiny of formula expenditures.

The Annual Review process will continue to be an important and regular touch point for the Companies, the BCUC and interveners to provide transparency and review topics related to rate-setting, service quality and the energy transition. More specifically, the BCUC and interveners will still have the ability to annually review and examine aspects of FEI's and FBC's revenue requirement that relate to the energy transition, such as the annual forecasts of Clean Growth Initiatives. This provides the necessary flexibility to expand these initiatives and consider their rate impacts in a timely manner.

In addition, as discussed in the response to BCUC Panel Supplemental IR 1, many of the energy transition related activities such as DSM expenditures and renewable gas supply contracts are already reviewed in separate regulatory proceedings. This approach would not change regardless of whether FortisBC is operating under a multi-year rate framework or a cost-of-service rate-setting approach.

1.4 Would adoption of the proposed Rate Framework, in comparison with full cost-of-service ratemaking, mean that the BCUC would lack a mechanism to scrutinize specific areas of spending by the FortisBC Utilities on O&M or FEI Growth Capital? If not, what would be the regulatory mechanisms for such scrutiny?

Response:

Please refer to the response to BCSEA IR1 1.3.

1.5 Under the proposed Rate Framework, would the BCUC have authority to supervise FEI's O&M and Growth Capital spending in relation to whether the spending helps

or hinders the energy transition? Would the BCUC have such authority under full cost-of-service ratemaking?

Response:

Please refer to the response to BCSEA IR1 1.3.

1.6 Please identify each of the types of FEI's O&M and Growth Capital spending that impact the energy transition. For each, please describe whether, and if so by what regulatory mechanism, concerned customers would be able to ask the BCUC to review such spending.

Response:

As explained in the response to BCSEA IR1 1.3, FEI's formula O&M and Growth capital is being reviewed as part of this Application; therefore, this proceeding is the appropriate forum to examine FEI's proposed formula O&M and Growth capital. If approved, FEI's formula O&M and Growth capital will simply be escalated by the net inflation factor and the forecast annual average customer count (for O&M) and forecast gross customer additions (for Growth capital), with a true-up for actual customers (or customer additions). In this way, the formula O&M and Growth capital are adaptable to changes in customer growth which may be driven by the energy transition.

The details of FEI's O&M are provided in Section C2.2 of the Application, with historical actuals from 2019 to 2023 provided in Appendices C2-1 and C2-3. FEI's proposed 2024 Base O&M is comprised of the labour and non-labour resources necessary to provide safe, reliable and resilient service, which includes, but is not solely connected to, responding to the energy transition. However, to be responsive, FEI provides the following example areas of formula O&M that relate to the energy transition impacts and responses:

- **Decarbonization and Sustainability:** In 2024, FEI created this new department in response to increased reporting and compliance requirements related to GHG emissions and sustainability.
- **Environment and Archaeology:** This department is not new; however, the funding required has increased in part due to increased compliance and regulatory requirements. The activities in this department include environmental reviews and management during project execution, environmental reporting and risk management, and archaeological permitting, among others.
- **Long-Term Resource Planning:** FEI requires increased funding in this area due to the increased complexity and frequency of preparing and filing resource plans.

In addition to formula O&M, FEI's Clean Growth Initiatives will continue to be forecast annually and reviewed as part of the Annual Review process. These initiatives are critical to FEI's efforts to respond to the energy transition.

As explained above, FEI's proposed formula Growth capital is based on the forecast gross customer additions per year multiplied by a net inflation factor and includes a true-up mechanism for actual gross customer additions. As such, FEI's annual Growth capital spending envelope is directly correlated to the number of new connections and is adaptable to the changes in new connections driven by the energy transition. If local government policies related to the energy transition result in a reduced number of new connections, FEI's Growth capital spending envelope will be reduced accordingly. The current unit cost of Growth capital is provided in detail in Section C3.3.1 of the Application. Further, FEI's forecast of customer connections will be provided annually for review in the Annual Reviews.

1.7 Please discuss the extent to which FEI's application for approval of 2025 interim rates under the Rate Framework would address the implications for the energy transition.

Response:

FortisBC clarifies that it will be seeking approval of interim rates for 2025 in early Q4 of this year, and will include supporting forecasts and financial schedules in the interim rate applications at that time. The reason that FEI and FBC are seeking interim rate approval prior to approval of the Rate Framework Application is due to the timing of a decision on the Application (i.e., the decision will not be issued until sometime in 2025 and FEI and FBC require rates to be in place for January 1, 2025). The rationale for filing an interim 2025 rates application in Q4 2024 is therefore unrelated to the energy transition.

Consistent with the approach taken during the Current MRP, FEI and FBC will seek approval of permanent 2025 rates in the first Annual Review applications (subject to BCUC-approval of the Rate Framework). The Annual Review applications will generally contain the same information as has been included in the Annual Reviews during the Current MRP term, and would therefore include any implications on the annual revenue requirements and rate changes due to the energy transition.

2.0 Topic: FEI Clean Growth Innovation Fund

Reference: Exhibit B-1, 5. FEI CLEAN GROWTH INNOVATION FUND

FEI says the 2020 CGIF has focused on "Providing cleaner and more affordable energy sources" and "Ensuring the long-term viability of the gas utility by reducing the risk of stranded assets through the development of new technologies." [p.C-158, pdf p.262]

FEI proposes an enhanced 2025 Clean Growth Innovation Fund for the term of the Rate Framework. [p.C-157, pdf p.261]

FEI states:

> "Consistent with the Current MRP, the [2025] CGIF will be funded by customers in the form of a rider on the basic charge at $0.40 per customer per month so that all of FEI's customers will fund innovation equally." [p.C-153, pdf p.257, underline added]

FEI proposes to add energy system resilience benefits as a criterion under the 2025 CGIF. [p.C-170, pdf p.274]

FEI states that "a key focus area for the 2025 CGIF will be to invest in cost-effective technology solutions that will help support FEI's customers through the energy transition." [p.C-170, pdf p.274]

2.1 What are the types of assets regarding which the 2020 CGIF focuses on reducing the risk of stranded assets?

2.1.1 Will this continue in the 2025 CGIF?

Response:

For clarity, the quote in the preamble, "[e]nsuring the long-term viability of the gas utility by reducing the risk of stranded assets through the development of new technologies", is one of the benefits of the 2020 CGIF that the BCUC identified in the MRP Decision[1]. FEI agrees that this is one of the over-arching benefits of the CGIF (both the 2020 and 2025 CGIF), which supports FEI's ability to advance the adoption of innovative technologies that will help it reduce GHG emissions, while optimizing the use of its gaseous energy delivery system for the benefit of its customers. This includes innovation related to FEI's transmission and distribution assets, as well as customer-owned assets. FEI currently serves over 1 million natural gas customers in the province through nearly 52 thousand kilometres of transmission and distribution pipelines.

[1] MRP Decision, pp. 155-156.

2.2 Is the budget for the 2025 CGIF based solely on the expected revenue from a rate rider of $0.40 per customer per month?

2.2.1 If not, please outline how FEI determined the budget for the 2025 CGIF.

2.2.2 Given the enhanced scope of the 2025 CGIF, why is FEI not proposing to increase the CGIF rate rider?

2.2.3 Would FEI be opposed to a higher 2025 CGIF rate rider than $0.40/month/customer?

Response:

Please refer to the response to BCUC IR1 31.4.

2.3 Would adding energy system resilience benefits as a criterion under the 2025 CGIF impact FEI's Tilbury Liquefied Natural Gas Storage Expansion Project?

Response:

No, including system resilience benefits as a criterion under the 2025 CGIF will not impact FEI's proposed Tilbury Liquefied Natural Gas (LNG) Storage Expansion (TLSE) project. Including resilience as a criterion under the 2025 CGIF will enable investment in technological solutions that will improve the resiliency of gas delivery systems in response to climate change, including impacts from higher temperatures, increased rainfall and other extreme weather events. This includes technology solutions in areas such as artificial intelligence, wildfire detection, energy storage technologies, home back-up systems, and other new technologies that would promote a resilient energy system in BC. The TLSE project is justified on its own merits, and FEI expects to file its Supplementary Evidence regarding the TLSE project later this year.

2.4 Does the proposed key focus area for the 2025 CGIF of technology solutions "that will help support FEI's customers through the energy transition" include technology solutions that do not involve delivery of gas through FEI's distribution system?

Response:

Based on the evaluation criteria and categories proposed for the 2025 CGIF in Section C5.3.1 of the Application, the 2025 CGIF could include solutions that do not involve delivery of gas through FEI's distribution system. However, FEI expects that the majority of CGIF funding will be related to solutions that continue to involve the delivery of gas through FEI's distribution system.

3.0 Topic: FEI Service Quality Indicators, Energy Transition

Reference: Exhibit B-1, 6. SERVICE QUALITY INDICATORS; 6.3.4 Energy Transition Informational Indicators; Appendix C6-1, section 3.4 ENERGY TRANSITION INFORMATIONAL INDICATORS; Table 16: Energy Transition Informational Indicators, pdf p.688; Section 1.3.1, Greenhouse Gas Reduction Standard, p.B-3, pdf p.48; Table C6-6: FEI Energy Transition Informational Indicators, p.C-186, pdf 290

FEI proposes new informational energy transition SQIs of "Scope 1 Emissions," "Renewable and Low Carbon Energy Supply Volume," "Natural Gas for Transportation Volume," and "Demand Side Management Energy Savings." FEI says these indicators "align with the pillars of the Company's Clean Growth Pathway to 2050." [p.C-185, pdf p.289]

The Utilities state in the Application:

> "FortisBC's pillars for the Clean Growth Pathway to 2050 seek to lower emissions by increasing the supply of renewable and low-carbon gases, investing in energy efficiency, advancing low- and no-carbon transportation, and investing in LNG for marine shipping in place of higher-carbon fuels." [p.B-2 to B-3, pdf pp.47-48]

> "As described in the CleanBC Roadmap to 2030, the Greenhouse Gas Reduction Standard (GHGRS) will establish an obligation for natural gas utilities to reduce GHG emissions from energy delivered to the buildings and industrial sectors by way of an annual cap of approximately 6 Mt CO2e on gas customer emissions. The GHGRS cap is a significant part of the Province's CleanBC 2030 Roadmap, considering that more than half of the buildings in BC are heated with natural gas. The provincial government has indicated that enabling legislation for the GHGRS will be introduced to the provincial legislature in 2024." [p.B-3, pdf p.48, footnote omitted]

3.1 Please comment on whether the new informational energy transition SQIs for GHG emissions should include a measure of FEI's progress in relation to the GHG Reduction Standard for gas utilities to reduce GHG emissions from energy delivered to the buildings and industrial sectors by way of an annual cap of approximately 6 Mt CO2e on gas customer emissions by 2030?

Response:

FEI does not consider it appropriate for the proposed informational energy transition indicators to include a measure of FEI's progress in relation to the GHG Reduction Standard (GHGRS) at this time. As explained in the response to BCUC IR1 4.2, the details of the GHGRS, including the allocation of the annual cap on gas customer GHG emissions, has not been established by the BC Government and no additional guidance has been provided. However, FEI would consider including an informational indicator related to the GHGRS once the standard is established.

3.2 Please define Scope 1, Scope 2 and Scope 3 GHG emissions as FEI uses the terms regarding SQIs.

Response:

Please refer to Attachment 3.2 for FortisBC's 2023 Sustainability Report. FortisBC defines Scope 1, Scope 2, and Scope 3 GHG emissions in detail on pages 61 and 62.

3.3 Table C6-6 provides Scope 1 Emissions results for 2020, 2021, 2022 and 2023 in MtCO2e. Please describe the source and definition of this data. In your response, please explain if this data is from FEI's reports to ECCC and whether it is based on the IPCC 4th Assessment protocol or IPCC 5th Assessment protocol.

3.3.1 Please explain how the figures for Scope 1 Emissions in Table C6-6 relate to FEI's annual reported estimated GHG emissions from 2009 through 2022 as shown in FEI's response to BCSEA IR1.13.1 (Exhibit B-8) in the Commission's proceeding regarding FEI 2024 Annual Review of Delivery Rates.

Response:

Scope 1 GHG emissions, as defined by the GHG Protocol, are direct greenhouse gas emissions that occur from sources that are controlled or owned by an organization. For FEI, this includes all operationally controlled assets including LNG operations, facilities, fleet, and natural gas operations. The values provided in Table C6-6 of the Application are all derived using the IPCC 5th Assessment protocol. Details including the source of the data can be found in FortisBC's 2023 Sustainability Report, provided in Attachment 3.2 to the response to BCSEA IR1 3.2.

The figures for Scope 1 emissions in Table C6-6 of the Application are slightly different than the figures in the response to BCSEA IR1 13.1 in the FEI Annual Review for 2024 Delivery Rates proceeding. This is because Table C6-6 provides a total value, whereas values reported to either the BC Ministry of Environment or Environment and Climate Change Canada are a subset of these values due to regulatory reporting program requirements (i.e., the total value includes non-linear assets, fleet, LNG operations, comfort heating, etc.), and/or were reported using the IPCC 4th Assessment protocol (i.e., regulatory reporting requirement at the time of submission).

3.4 Would FEI agree that it exercises some amount of control of GHG emissions from the combustion of natural gas by delivery customers of FEI through FEI's DSM and Renewable Natural Gas programs?

Response:

As discussed in the response to BCUC IR1 33.1, FEI has influence over the amount of RNG and DSM investment, which can reduce GHG emissions; however, it does not have control over factors such as policy and legislation that enable or restrict its investments, regulatory approvals needed to support expenditures, the pace of adoption of low-carbon technologies, or consumer preferences that influence customer choice.

3.5 Please itemize the sources of the GHG emissions that FEI proposes to report on annually as "Scope 1 Emissions."

Response:

Please refer to Attachment 3.2 provided in the response to BCSEA IR1 3.2 for itemized sources of GHG emissions, as well as the corresponding methodology. The table is provided below.

Table 1: Itemized Sources of Scope 1 GHG Emissions

Indicator	2023	2022	2021	2020	2019
Emissions (tCO_2e)[36]					
Scope 1 GHG emissions:					
from natural gas operations (combustion, flaring, venting, fugitive)	130,000	205,500	132,000	123,000	148,000
from third-party gas line damage incidents[37]	14,200	23,300	15,000	11,000	14,400
from SF_6 fugitive emissions	62	263	99	1,800	1,300
from owned vehicle emissions	8,200	8,200	8,200	8,000	7,300
from natural gas for comfort heating	1,600	1,700	1,500	1,600	2,800
Total Scope 1 GHG emissions	**154,000**[38]	**239,000**	**157,000**	**145,000**	**174,000**

3.6 Would FEI agree that its Scope 1 Emissions are miniscule in relation to the amount of GHG reductions contemplated under the GHG Reduction Standard?

Response:

FEI's Scope 1 emissions are less than 5 percent of FEI's customers' (FEI Category 11, Scope 3) emissions.

3.7 What different measures did FEI consider in developing a proposed new informational energy transition SQI for GHG emissions?

Response:

In developing the informational indicators, FEI considered the different measures that it already reports and that follow established reporting and measurement methodologies to ensure the quality and integrity of reported data. Of the reported data, FEI selected measures that align with its activities related to the energy transition.

3.8 Should the new informational energy transition SQI for GHG emissions include Scope 1, Scope 2 and Scope 3 GHG emissions? If not, why not?

Response:

The proposed energy transition informational indicators include Scope 1 GHG emissions.

Scope 2 and Scope 3 GHG emissions should not be included as informational indicators. Scope 2 (indirect) emissions represent a small source of GHG emissions for FortisBC and this is voluntarily reported in the Company's annual Sustainability Report. The majority of Scope 2 GHG emissions are related to line loss associated with FBC and are therefore largely inapplicable to FEI. Please refer to the response to BCUC IR1 33.5.1 for an explanation of why FEI does not consider it appropriate to include an informational indicator on overall emissions or Scope 3 emissions.

3.9 Please describe what is included in "Renewable and Low Carbon Energy Supply Volume, Acquired Annual Renewable Gas and Low Carbon Energy supply (TJ)." Would FEI agree that a distinction should be made between biomethane and green or other types of hydrogen given the differences in carbon intensity?

Response:

Currently, the Acquired Annual Renewable and Low Carbon Energy supply values are only for renewable natural gas (RNG) and the carbon intensity of those projects varies depending on the

source. In the future, other renewable and low-carbon gases will be included in the annual volume totals as FEI begins to acquire them.

FEI does not see value in reporting separate values for different renewable and low-carbon gases since the carbon intensity within the portfolio of each of these forms of energy can vary from project to project depending on the production technology, feedstock, and other inputs to the process. FEI tracks these carbon intensities today, but it is more practical and efficient to report on a weighted average basis given the relatively wide range of carbon intensities. The individual reporting of carbon intensity of different sources of RNG and different volumes will add unnecessary reporting complexity.

By extension, differentiating between RNG and other forms of energy would likewise be inefficient, complicated, and not as meaningful as a weighted average target. In addition, the distinction of carbon intensity between sources of energy may lead to the favouring of one source of energy over another without considering costs or the practicality of the solution.

3.10 Please describe what is included in “Natural Gas for Transportation Volume, Total gas consumed by CNG and LNG customers (TJ).” Is this measure separate from, or a subset of, “Renewable and Low Carbon Energy Supply Volume”?

Response:

“Natural Gas for Transportation Volume” is the total gas consumed at CNG and LNG stations by on-road vehicle customers and LNG domestic marine vessel customers.

Renewable and Low Carbon Energy Supply Volume is the total volume of renewable and low carbon gas acquired during the respective reporting period.

Natural Gas for Transportation Volume and Renewable and Low Carbon Energy Supply Volume are separately measured, and not a subset of each other.

3.11 Please further describe “Demand Side Management Energy Savings, Measure of lifetime gas savings from conservation and energy management programs (TJ).”

3.11.1 In developing the proposed new informational energy transition SQIs did FEI consider a measure of DSM energy savings in relation to delivered volumes of natural gas?

3.11.2 Do the figures for DSM Energy Savings in Table C6-6 come from existing reporting on DSM energy savings? Please explain any differences.

Response:

As stated in footnote 131 on page C-186 of the Application and then further explained in Section 3.4.4 of Appendix C6-1, FEI calculates lifetime gas savings based on the net present value of savings over the life of all measures implemented during the year. Lifetime in this context refers to the entire stream of savings from measures supported in a given year and annualizing that to present time to show the total value of the stream of savings. This view of the energy savings most accurately reflects the overall impact of the savings incurred due to the measures incented by FEI's DSM programming.

FEI chose this measure of DSM energy savings to align with what is reported in its DSM Program Annual Reports. The figures for DSM Energy Savings in Table C6-6 of the Application come from FEI's existing reporting on DSM energy savings in the DSM Program Annual Reports for the respective years. The only difference is that Table C6-6 lists these values in TJ whereas the DSM Program Annual Reports list them in GJ.

FEI's DSM Program Annual Reports do not include a measure of DSM energy savings in relation to delivered volumes of natural gas. Therefore, FEI did not consider such as a measure.

3.12 Please discuss whether the absence of a proposed new informational energy transition SQI regarding marine LNG reflects the Commission's March 20, 2024 decision on FEI's Long-Term Gas Resource Plan (Decision and Order G-78-24).

Response:

The Natural Gas for Transportation Volume informational indicator will encompass FEI's performance related to LNG as a marine fuel as that market develops.

The BCUC's comments on LNG bunkering in the LTGRP decision did not provide any specific guidance on SQIs related to LNG for marine transportation. Rather, in that decision the BCUC indicated concerns about uncertainty in the market but acknowledged that it is reasonable for FEI to continue to explore this market:[2]

> Additionally, the Marine Jetty project, which is necessary for LNG bunkering and export, has not received the necessary permits, including an environmental assessment certificate, nor has a firm construction start date been set. Due to the significant uncertainty associated with this market currently, at this point in time the Panel is not in a position to determine that pursuit of sales, and related infrastructure investments in LNG for bunkering and export market will be beneficial to ratepayers and in the public interest, as discussed further in section

[2] Decision and Order G-78-24, p. 21.

> 3.4.2. **Additionally, the Panel finds that it is reasonable for FEI to continue to evaluate the demand for LNG for bunkering and export and include such an evaluation in its next long-term gas resource plan.** [Emphasis added]

Some of the uncertainty has been addressed (i.e., the marine bunkering jetty at Tilbury has now received both Provincial and Federal Environmental Assessment approval) and FEI continues to explore and develop plans to serve this market.

4.0 Topic: Scope of annual reviews

Reference: Exhibit B-2, FBCU Response to BCUC Panel Supplemental IR 1

The FortisBC Utilities state in response to BCUC Panel Supplemental IR 1.1:

> "…While FortisBC expects the energy transition to unfold incrementally over many years, it is in fact already having an impact on FortisBC's rates, and the Current MRP and the proposed Rate Framework have been designed to incorporate the growing impacts of the energy transition into rates each year through the Annual Review process and other approved mechanisms, as well as provide incentives to achieve cost savings…." [underline added]

4.1 Please discuss whether the impact of the energy transition on FortisBC's rates is different for FEI than for FBC.

Response:

For a discussion of how the energy transition affects FEI and FBC, including factors that are applicable only to FEI, FBC, or both, please refer to the response to BCUC Panel Supplemental IR 2. While the impacts of the energy transition might be different between FEI and FBC, both utilities are generally being impacted by increasing costs. When costs increase at a pace greater than load (billing determinants) then rates will increase, all else equal. This correlation between costs and revenue from rates is the same for both FEI and FBC.

4.2 Under the proposed Rate Framework, would the scope of an Annual Review for FEI include review of the impacts of the energy transition on FEI and the impacts of FEI on the energy transition (within the temporal scope of the Annual Review)?

Response:

The Annual Reviews will continue to include a discussion on the impact of the energy transition on FEI and FBC. Please refer to the response to BCUC IR1 10.4, as well as the response to BCOAPO IR1 11.4, for further clarification on the intent of scoping the Annual Review process.

4.3 Does the same response apply to FBC?

Response:

Please refer to the response to BCSEA IR1 4.2.

5.0 Topic: Scope of annual reviews

Reference: Exhibit B-1, 1.10 ANNUAL REVIEW PROCESS; BCUC Proceeding regarding FEI 2024 Annual Review of Delivery Rates, Exhibit B-8, FEI Responses to BCSEA IR1; BCUC Proceeding regarding FBC 2024 Annual Review of Rates, Exhibit B-7, FBC Responses to BCSEA IR1

BCSEA seeks clarification of the FortisBC Utilities' intention regarding the consequences of the Utilities' proposal for "clearer scoping of topics permitted to be explored in IRs (or at the workshop."

5.1 In the event that FortisBC's proposed Annual Review scoping is implemented, would the Utilities object to any of the BCSEA IRs (in updated form) to which FEI responded in the 2024 Annual Review and Delivery Rates proceeding and FBC responded in the 2024 Annual Review and Rates proceeding?

Response:

Please refer to the responses to BCUC IR1 10.4 and BCOAPO IR1 11.4 for discussion of the intent of the proposed Annual Review scoping.

Based on a review of BCSEA's IRs in the Annual Review for 2024 Delivery Rates proceeding, there are only two IRs that FEI would consider out of scope:

- BCSEA IR1 16.1 and 16.2 in the FEI Annual Review for 2024 Delivery Rates: These IRs are questioning the demand forecast method and would be out of scope in the Rate Framework Annual Reviews. FEI's demand forecasting methods are provided in this Rate Framework Application for review; therefore, these questions would be most appropriately responded to in the IR process for this Application. Further, FEI is not proposing to change the demand forecasting method for the duration of the Rate Framework term; therefore, these questions would be unnecessary during the Annual Reviews.

FortisBC has not identified any out of scope BCSEA IRs in the FBC Annual Review for 2024 Rates proceeding.

5.2 If so, please indicate for each type of IR the Utilities' reason for why it should be out of scope and what alternative mechanism, if any, would enable BCSEA to obtain this information.

Response:

Please refer to the response to BCSEA IR1 5.1.

6.0 Topic: Utility death spiral

Reference: Decision and Order G-77-24, dated March 20, 2024, regarding, inter alia, FEI's proposed RNG Connections Service; FEI reply argument in BCUC proceeding regarding a Revised Renewable Gas Program

In its reply argument in the BCUC's proceeding regarding a Revised Renewable Gas Program, FEI emphasized that "there is real risk to the long-term viability of the gas system." FEI staunchly disagreed with a counter-argument that FEI had failed to demonstrate that "the alluded-to rate shock and death spiral are real risks." FEI states:

> 66. In the prelude to their submission on rate design principles, the LGI [Local Government Interveners] state that "FEI has failed to demonstrate, with any compelling evidence, that the alluded-to rate shock and death spiral are real risks". However, the risk to the gas system has been confirmed by the BCUC, is apparent from recent legislation, and the impacts of the risk can be calculated and shown to lead to rate shock.
>
> 67. First, the BCUC has recently confirmed that there are real risks to the gas system in its decision on FEI's cost of capital. Political risk is one of a variety of risks that the BCUC found to have increased significantly since 2016. The BCUC states in Decision and Order G-236-23 (at pages 46-47):
>
> > 'FortisBC notes that the Energy Transition risk is apparent in the BC government's recently updated Roadmap which is anticipated to have a significant impact on FEI's competitive and operational landscape, resulting in FEI to assess its political risk as significantly higher than 2016. The evidence shows that the Energy Transition represents a fundamental change that has a pervasive impact on FEI's business and that the change in BC is markedly different than in other jurisdictions as a result of government policies relating to climate change, decarbonization and electrification that have emerged since 2016. The Panel considers this to be the biggest driver of real and perceived risk for FEI's shareholder primarily as a result of all levels of government addressing climate change concerns and the uncertainty regarding the role that BC's natural gas utilities will play in addressing climate change concerns, especially when compared to utilities operating in other jurisdictions since the FEI 2016 COC [Cost of Capital] proceeding. …
>
> 68. Second, the risk to the long-term viability of the gas system is apparent from the introduction of the Zero Carbon Step Code, the higher levels of which cannot be met with conventional natural gas. If FEI cannot add new customers and its existing customer base declines with turnover in the building stock, FEI's customer base will inevitably shrink. A shrinking customer base, coupled with the additional costs to address climate change, will put upward pressure on rates, which will further exacerbate the loss in customers.

> 69. Third, while LGI characterize FEI's position as based on "speculative claims", the impact of the risk can in fact be estimated. For instance, in a scenario which assumes that provincial building stock turnover is approximately 2 percent per year and none of those new buildings connect to the gas system, resulting in FEI losing 2 percent of its residential and commercial customers per year, FEI could expect the total volume of gas sold to residential and commercial customers to be 20 PJ or 18 percent lower. A bill impact analysis shows this would lead to "rate shock" – which is typically considered to be a rate increase of 10 percent or greater in a single year. …
>
> 71. In FEI's submission, the inability to serve the new residential construction sector, and new buildings generally, poses a real risk to the long-term viability of the gas system, which has significant consequences for the affordable and reliable delivery of energy to British Columbians." [footnotes omitted, underline added]

The BCUC rejected FEI's proposed RNG Connections Service in BCUC Decision and Order G-77-24, dated March 20, 2024.

The BCUC rejected FEI's planned investments in LNG for marine fueling and global markets, one of the four "pillars" of FEI's "Clean Growth Pathway to 2050," in Decision and Order G-78-24 regarding FEI's 2022 Long-Term Gas Resource Plan.

On pages B-2 to B-3 of the Application, FEI states:

> "FortisBC's most recent response to its policy environment, the "Clean Growth Pathway to 2050", represents an evolution of its innovative programs and outlines how FortisBC's infrastructure can contribute to achieving climate policy objectives at all levels. The pillars for the Clean Growth Pathway to 2050 include renewable and low carbon gases, energy efficiency, low and zero carbon transportation, and Liquefied Natural Gas (LNG) for marine fueling. …" [footnote omitted]

6.1 Does FEI (continue to) maintain that there is a real risk to the long-term viability of the gas system due to current and future climate policy?

Response:

FEI confirms that there are real long-term risks to the viability of the gas system due to climate policy. Please refer to the response to BCUC IR1 4.3 for a discussion of how the Rate Framework supports FEI in responding and adapting to these policies, as well as incorporating and managing the impact on rates.

6.2 Does FEI have a strategy to avoid rate shock and a 'utility death spiral' due to climate action? If FEI's rates strategy is based on the "Clean Growth Pathway to 2050," has FEI reviewed and revised this strategy in light of the recent BCUC decisions rejecting FEI's proposed Renewable Gas Connections Service and FEI's Marine LNG long-term plan?

Response:

FEI continues to evaluate the BCUC's recent decisions on the 2022 LTGRP and Renewable Gas Connections service, and FEI's ongoing efforts and expectations regarding the long-term impacts and responses to the energy transition will be examined and presented in the next long term resource plan. FEI notes that the BCUC accepted FEI's 2022 LTGRP as being in the public interest, with only two exceptions, and that the BCUC approved FEI's Renewable Gas Blend service, which will play an important role in FEI's response to the energy transition, allowing FEI to introduce larger percentages of RNG onto the system for the benefit of customers.

With regard to the rate impacts expected over the proposed three-year Rate Framework term, FEI has proposed a Rate Framework that is flexible and designed to manage rate impacts, as explained in the response to BCUC Panel Supplemental IR 1. Notably, any impacts on the growth in customer connections over the Rate Framework term due to a lack of the Renewable Gas Connection service will be reflected in the average number of customers each year and impact FEI's formula O&M and Growth capital accordingly.

FEI continues to expect that the LNG market for marine bunkering and export will materialize and will provide a source of growth for the Company, which will benefit customers. FEI notes that the BCUC rejected the fourth pillar of FEI's Clean Growth Pathway to 2050 related to LNG for marine bunkering and export due to the perceived uncertainty in the market at that point in time,[3] but the Panel also found "that it is reasonable for FEI to continue to evaluate the demand for LNG for bunkering and export…".[4] Subsequent to the 2022 LTGRP Decision, both the Provincial and Federal Environmental Assessment certificates were received for the Marine Jetty Project. Further, through investments authorized under the *Clean Energy Act*, FEI has been able to attract a bunkering vessel to the Port of Vancouver. FEI is also continuing its efforts to grow the LNG export market from its existing facilities. The proposed Rate Framework is designed to incorporate FEI's costs and revenues in these areas each year through the Annual Review process.

[3] 2022 LTGRP Decision, at page 21: "Due to the significant uncertainty associated with this market currently, at this point in time the Panel is not in a position to determine that pursuit of sales, and related infrastructure investments in LNG for bunkering and export market will be beneficial to ratepayers and in the public interest…"

[4] Page 21.

6.3 Please discuss whether the proposed Rate Framework incorporates any measures intended to respond to the risk to the FEI gas distribution system of current and future climate policy.

Response:

Please refer to the response to BCUC IR1 4.3.

7.0 Topic: Depreciation of natural gas infrastructure assets

Reference: Exhibit B-1, Appendix D2-1, FEI Depreciation Study 2022, pdf p.734

FEI acknowledges "the uncertainty over future gas demand levels driven by climate policy." [p.C-70, pdf p.174]

7.1 Please discuss whether FEI has considered shortening the amortization periods of certain classes of assets due to the uncertainty over future gas demand levels driven by climate policy.

7.1.1 If so, please describe the outcome.

7.1.2 If not, please explain why not, and whether FEI intends to have such an examination undertaken in the future.

Response:

Please refer to the responses to BCUC IR1 39.2, 39.3 and 39.4.

7.2 Please confirm, or otherwise explain, that shortening the amortization periods of certain classes of assets would tend to raise rates, other things being equal.

Response:

Confirmed, all else equal, shortening the amortization periods of certain asset classes would increase depreciation expense and raise delivery rates for customers. Please refer to the response to BCUC IR1 39.5.

7.3 In FEI's view, would shortening the amortization periods of certain classes of assets due to the uncertainty over future gas demand levels driven by climate policy exacerbate the potential rate shock and death spiral that FEI warned of in its reply argument in the BERC proceeding?

7.3.1 If so, is this why FEI has not proposed to shorten the amortization periods of certain classes of assets due to the uncertainty over future gas demand levels driven by climate policy?

7.3.2 If not, please explain why not.

Response:

Please refer to the response to MoveUP IR1 10.6.

7.4 In FEI's view, is the question of whether or not to shorten the amortization periods of certain classes of assets due to the uncertainty over future gas demand levels driven by climate policy a purely accounting issue? Or should the determination consider the impact on rates, rate shock and a utility death spiral?

Response:

Depreciation rates are set to determine the period over which it is reasonable to recover the cost of investments. Depreciation rates have traditionally been set considering all potential causes of retirement, including obsolescence due to technological change, and have also considered potential rate impacts, as reflected in the principle of gradualism according to which changes in service lives are made incrementally over time. Avoiding rate shock is a general principle that is always a consideration when setting rates.

Changes to amortization periods should not be shortened merely due to uncertainty about future gas demand levels as suggested in the question, but based on a tangible and foreseeable change in the expected useful life of the assets. Shortening amortization periods of assets prematurely would create intergenerational inequity, whereby customers today pay more than their fair share of the depreciation of assets. Shortening the amortization periods for FEI's assets will also increase customers' rates, reducing natural gas price competitiveness and energy affordability. The higher rates could then jeopardize FEI's ability to develop low-carbon energy products and services that leverage existing assets, while also reducing emissions.

Therefore, any determination that amortization periods should be shortened needs to be supported by a tangible and foreseeable change in the expected average useful life of the assets. At this time, there is insufficient evidence on which to shorten the amortization periods of FEI's assets due to climate change policy, as there is significant uncertainty regarding the impact of such policies and the fact that FEI's existing assets can continue to be used and useful in the future despite climate policies by delivering low-carbon energy products and services.

7.5 If, from an accounting perspective, the amortization periods for certain classes of assets should be shortened due to the uncertainty over future gas demand levels driven by climate policy, then would a failure to shorten such amortization periods be contrary to the principle of intergenerational equity?

Response:

Please refer to the response to BCSEA IR1 7.4.

Attachment 3.2


FORTIS BC™
Energy for a better B.C.
FortisBC 2023 Sustainability Report

A message from Roger Dall'Antonia and Monic Pratch

Purpose-driven work

As a provider of critical energy services for nearly 1.3 million homes and businesses in British Columbia, we have an important role in meeting our customers' energy needs while also advancing society's goals toward a lower-carbon energy future.

It's a role we embrace. Our underlying sense of purpose in carrying out this role motivates our talented and committed people, whose efforts both ensure the reliable delivery of affordable energy and advance the energy transition.

We're proud to share this report with you on how our sense of purpose guides our plans and inspires our creative solutions to complex challenges as we put our vision into action.

It shows how we're meeting those challenges through our sustainability strategy and its four areas of focus—energy transition and environment, Indigenous and local communities, operational performance and adaptation and people and culture.

Sustainability strategy

The energy transition and environment area includes our Clean Growth Pathway to 2050 strategy, which identifies four ways to help our customers reduce their greenhouse gas (GHG) emissions and support provincial climate action targets: investing in energy efficiency, increasing our supply of renewable and low-carbon gases,[1] advancing low- and zero-carbon[2] transportation and establishing B.C. as a liquefied natural gas (LNG) centre to help displace higher-carbon fuels[3] locally and globally.

This strategy is working. As our report shows, during 2023 we helped customers avoid GHG emissions by using LNG in marine fuelling, displacing diesel with compressed natural gas (CNG) in the transportation sector and supplying Renewable Natural Gas[4] (RNG). And our conservation and energy management programs in 2023 helped achieve an annual GHG emissions reduction of 96,621 tonnes of carbon dioxide equivalent (tCO_2e).[5]

Looking forward, we see our organization playing an even greater role in reducing emissions in the transportation sector and supporting the potential development of lower-carbon fuels like hydrogen within B.C.'s energy system.

Our report looks at our operational performance and adaptation and explores our work to manage our assets to provide a safe and resilient energy system for our customers. It also looks at how we plan for and respond to emergencies such as wildfires, address the physical impacts of extreme weather events and maintain high standards of public safety and customer satisfaction.

[1]FortisBC uses the term renewable and low-carbon gas to refer collectively to the low-carbon gases or fuels that the utility can acquire under the Greenhouse Gas Reduction (Clean Energy) Regulation, which are: Renewable Natural Gas (also called RNG or biomethane), hydrogen, synthesis gas (from wood waste) and lignin. FortisBC's renewable and low-carbon gas portfolio currently includes only Renewable Natural Gas. Other gases and fuels may be added to the program over time. Depending on their source, all of these gases have differing levels of lifecycle carbon intensity. However, all of these gases are low carbon when compared to the lifecycle carbon intensity of conventional natural gas. The current burner tip emission factor of RNG is 0.27 grams of carbon dioxide equivalent per megajoule of energy (gCO_2e/MJ) and the current renewable and low-carbon gas portfolio lifecycle emissions for stationary combustion are -22 gCO_2e/MJ. This is below B.C.'s low carbon threshold for lifecycle carbon intensity of 30.8 gCO_2e/MJ as set out in the 2024 Greenhouse Gas Reduction Regulation amendments. [2]FortisBC uses the term zero-carbon transportation to refer to transportation that harnesses energy sources that cause no net release of carbon dioxide into the atmosphere. [3]When compared with using petroleum-based marine fuels such as oil or diesel. [4]Renewable Natural Gas (also called RNG or biomethane) is produced in a different manner than conventional natural gas. It is derived from biogas, which is produced from decomposing organic waste from landfills, agricultural waste and wastewater from treatment facilities. The biogas is captured and cleaned to create RNG. When RNG is added to North America's natural gas system, it mixes with conventional natural gas. This means we're unable to direct RNG to a specific customer. But the more RNG is added to the gas system, the less conventional natural gas is needed, thereby reducing the use of fossil fuels and overall greenhouse gas emissions.[5]See GHG emissions evaluation criteria in the appendix for calculation methodology.

It looks at how we are working with our internal, cross-departmental sustainability advisory group, which includes leaders from our operations, engineering, finance, facilities, major projects and other departments, to develop our sustainability targets and develop plans to achieve them. It highlights how we are working with our stakeholders to make progress towards our sustainability targets and work to implement our commitments while carrying out our crucial role in meeting B.C.'s rising energy needs. It notes, for instance, that we met record demand during the coldest days in December 2022 and January 2024, when we delivered twice the amount of energy[6] than anyone else in the province to keep families safe and vital services and businesses running.

Our ability to meet our customers' needs when events put maximum stress on our systems exemplifies our focus on the importance of providing dependable energy and staying resilient and reliable as we meet B.C.'s present energy demands and plan for the future. We're doing this—while keeping affordability for B.C. families and businesses top of mind—by leaning on the strengths of our gas and electricity infrastructure.

It's our belief that using the two energy systems together is the best means of providing energy diversity and—as explained in the energy transition and environment section—emissions reductions, and that this approach is aligned with the most recent COP28 agreement. In addition to calling for a "just, orderly and equitable" energy transition, that agreement recommends significantly increased renewable energy capacity. That's an objective that aligns with our own drive to increasingly replace conventional natural gas with renewable and low-carbon gases over time and our increasing level of investment in energy-efficiency programs for our customers.

[6] BC Hydro annual report, quick facts 2022-2023 and Operational performance and adaption.

The goal of a just and equitable transition is also a vital element of the Indigenous and local communities focus of our sustainability strategy. This includes our commitment to Reconciliation and our Statement of Indigenous Principles, and to build authentic, mutually respectful relationships with Indigenous Peoples, in ways consistent with the United Nations Declaration on the Rights of Indigenous Peoples. In 2023, this commitment helped us earn silver-level designation in Partnership Accreditation in Indigenous Relations (PAIR) from the Canadian Council for Indigenous Business (CCIB).

Our commitment to building and maintaining positive community relationships extends throughout B.C. to every town and city where we live and work and is reflected in initiatives such as our Community Investment Program. In 2023, we supported more than 300 grassroots initiatives in 73 B.C. communities that have helped promote safety, education, Indigenous initiatives and the environment.

We embrace a spirit of community within our own organization, too, in our determination to provide a safe and inclusive workplace, supported by our culture of belonging action plan that fosters an environment in which all perspectives are valued.

Guiding principle

As FortisBC helps lead the energy transition in British Columbia, sustainability is woven through all that we do, helping us maintain energy security in the province and create long-term value for our customers and stakeholders.

Sustainability underlies how we invest in, operate and continuously improve our business, while delivering the energy our customers need, safely and reliably.

As we build on our success, we remain strongly focused on advancing toward a lower-carbon future. Keeping sustainability front and centre in our plans and actions helps us get there.

Roger Dall'Antonia,
President and CEO,
FortisBC

Monic Pratch,
Vice president, general counsel, corporate secretary and sustainability,
FortisBC

2023 highlights at a glance

Energy transition and environment

increased RNG supply by

21%

in 2023 and **more than 10 times** since 2019

invested a record

$135.9 million

on **energy-efficiency programs**

saw an increase of

38%

in **EV charging events** over 2022

launched **deep energy retrofit pilots** aimed at reducing whole-building energy use by

more than 50%

Indigenous and local communities

achieved

PAIR Silver

designation from the CCIB

invested **$6.7 million**

in B.C. communities through donations and sponsorships, a 49% increase over 2022

$120.3 million

or 32% total annual contractor expenditure spend was with **Indigenous-owned or affiliated companies** for our major projects

supported more than

300 grassroots

initiatives through our Community Investment Program

Operational performance and adaptation

achieved

94%

in a Certificate of Recognition audit, confirming the soundness of our safety management practices

received approval to install more than

1 million

advanced gas meters to enhance energy resiliency and provide customers with insight into their personal energy use

met customer needs by reliably delivering

3,487 GWh

gigawatt hours (GWh) of electricity **and**

213 PJ

petajoules (PJ) of gas

People and culture

recognized as one of

B.C.'s Top Employers

maintained representation among our executive:

60% Male | **40%** Female

and our board of directors:

50% Male | **50%** Female

achieved the

lowest

safety all-injury frequency rate in 3 years

completed more than

5,600

safety-focused field site visits to enhance safety learning

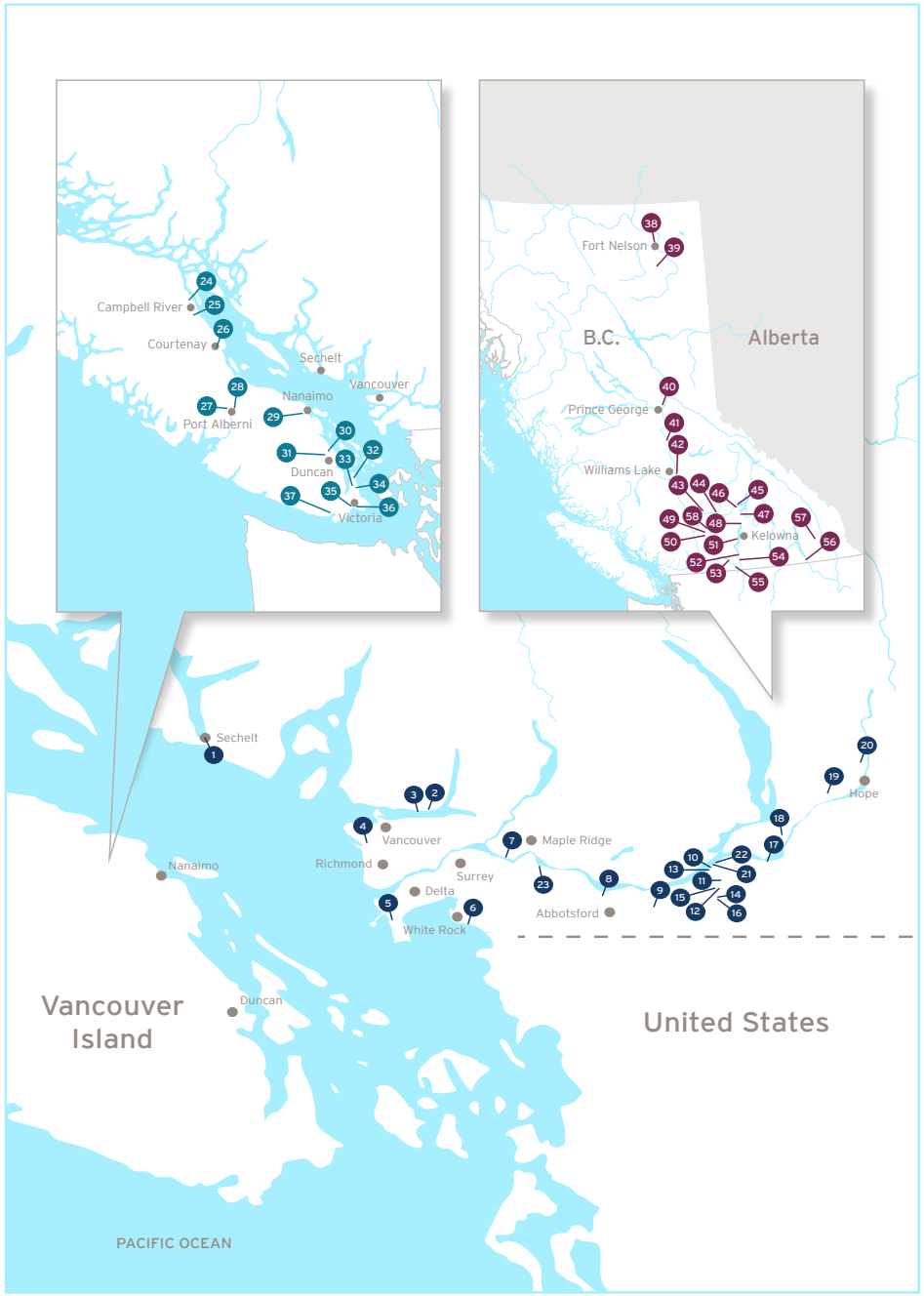
Contents

About us

Anderson Hsieh, customer service technician with FortisBC, on a service call.

Territorial acknowledgment

We acknowledge and respect Indigenous Peoples on whose Traditional Territories we all live and work. We gratefully acknowledge the wisdom shared with us by Indigenous Peoples, including Elders, community members, employees, economic partners and corporate trainers. It is through our relationships that we have learned and continue to learn to be a good partner, reliable energy provider and employer to Indigenous Peoples. We extend our appreciation for the opportunity to live and learn on these Territories.



Lower Mainland

1. Shíshálh First Nation
2. Tsleil-Waututh Nation
3. Squamish Nation
4. Musqueam Indian Band
5. Tsawwassen First Nation
6. Semiahmoo First Nation
7. Katzie First Nation
8. Matsqui First Nation
9. Sumas First Nation
10. Aitchelitz First Nation
11. Skowkale First Nation
12. Yakweakwioose First Nation
13. Squiala First Nation
14. Tzeachten First Nation
15. Kwaw-Kwaw-Apilt First Nation
16. Soowahlie First Nation
17. Cheam First Nation
18. Seabird Island Band
19. Chawathil First Nation
20. Union Bar First Nation
21. Shxwhá:y Village
22. Skwah First Nation
23. Kwantlen First Nation

South Vancouver Island

24. Wei Wai Kum Nation
25. Wei Wai Kai Nation
26. K'ómoks First Nation
27. Tseshaht First Nation
28. Hupacasath First Nation
29. Snuneymuxw First Nation
30. Halalt First Nation
31. Cowichan Tribes
32. Tseycum First Nation
33. Tsartlip First Nation
34. Tsawout First Nation
35. Songhees Nation
36. Esquimalt Nation
37. T'Sou-ke Nation

Interior B.C.

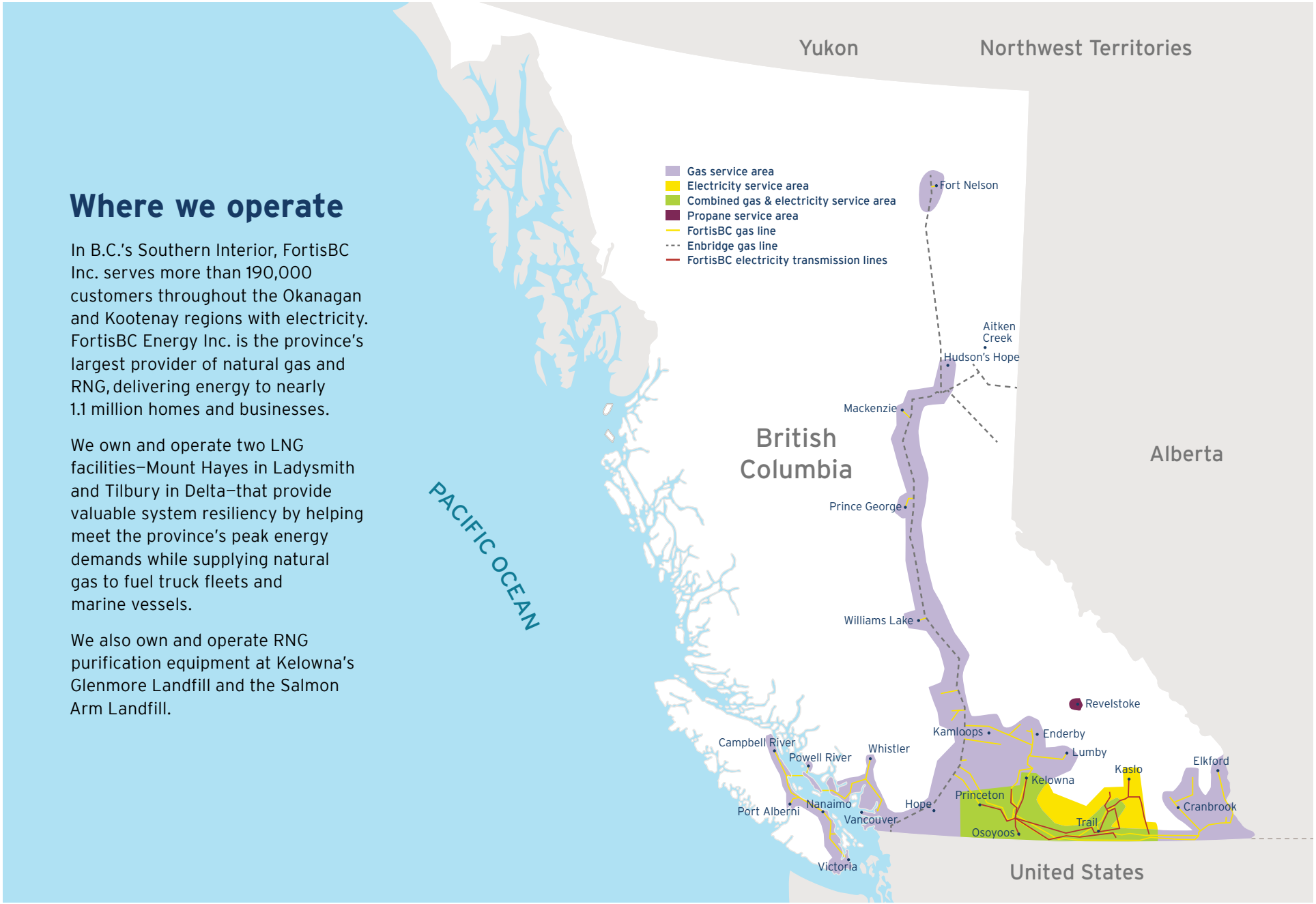
38. Prophet River First Nation
39. Fort Nelson First Nation
40. Lheidli T'enneh First Nation
41. Lhtako Dené Nation
42. Williams Lake First Nation
43. Skeetchestn Indian Band
44. Tk'emlúps te Secwépemc
45. Adams Lake Indian Band
46. Neskonlith Indian Band
47. Splatsin First Nation
48. Okanagan Indian Band
49. Lower Nicola Indian Band
50. Coldwater Indian Band
51. Westbank First Nation
52. Penticton Indian Band
53. Upper Similkameen Indian Band
54. Osoyoos Indian Band
55. Lower Similkameen Indian Band
56. Lower Kootenay Band
57. ʔaq'am
58. Cook's Ferry First Nation

Where we operate

In B.C.'s Southern Interior, FortisBC Inc. serves more than 190,000 customers throughout the Okanagan and Kootenay regions with electricity. FortisBC Energy Inc. is the province's largest provider of natural gas and RNG, delivering energy to nearly 1.1 million homes and businesses.

We own and operate two LNG facilities—Mount Hayes in Ladysmith and Tilbury in Delta—that provide valuable system resiliency by helping meet the province's peak energy demands while supplying natural gas to fuel truck fleets and marine vessels.

We also own and operate RNG purification equipment at Kelowna's Glenmore Landfill and the Salmon Arm Landfill.



A look at our business

Corporate information

We're in the business of delivering on our vision to help lead the energy transition in B.C. Together, our more than 2,700 employees proudly deliver safe, reliable and affordable natural gas, electricity and propane—as well as RNG—to almost 1.3 million customers across the province.

We serve 135 B.C. cities and towns, and 58 First Nations communities across 150 Traditional Territories. As regulated utilities, we own and operate:

- 7,300 kilometres (km) of electricity transmission and distribution power lines
- 51,600 km of gas transmission and distribution lines
- four hydroelectric generating plants
- two LNG facilities
- RNG purification equipment at Kelowna's Glenmore Landfill and the Salmon Arm Landfill

FortisBC Inc. (FBC) and FortisBC Energy Inc. (FEI), both regulated utilities, do business as FortisBC, and are focused on providing safe, reliable and affordable energy, including renewable energy, natural gas, electricity and propane.

FortisBC is indirectly, wholly owned by Fortis Inc., a leader in the North American regulated electricity and gas utility industry.

FortisBC's operations centre in Langford.


Power line technicians performing routine maintenance on our electricity system in the Kootenays.

Our approach to sustainability

At FortisBC, our sustainability commitments are core to our business strategy. We believe that by integrating sustainability into our operations, decision-making and processes, we create long-term value for our customers, communities and stakeholders.

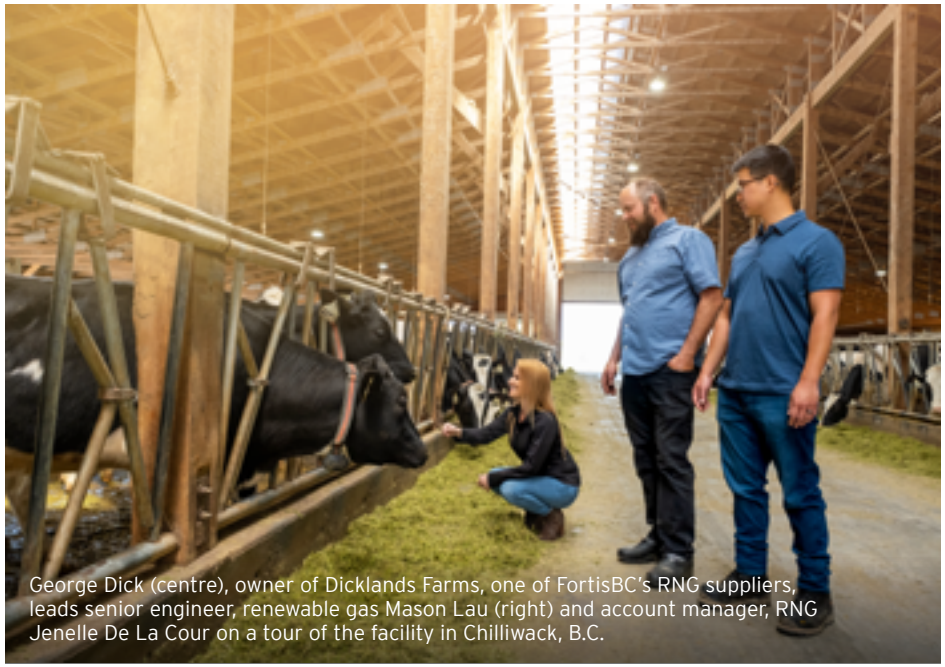
Our values guide our commitment to operating safely while being socially and environmentally responsible. Our sustainability commitments focus on four areas:

- supporting the energy transition and protecting the environment
- building strong relationships and partnerships with Indigenous and local communities
- ensuring energy infrastructure is resilient and reliable
- supporting our people and building an inclusive culture

FortisBC employees at the Corra Linn Dam on the Kootenay River in B.C.'s West Kootenay region.

Our values

Safe: We put safety first.
Customer centric: We value the customers' business.
Collaborative: We work as one company, one team with shared success.
Respectful: We are respectful, honest and ethical.
Progressive: We seek better ways.



George Dick (centre), owner of Dicklands Farms, one of FortisBC's RNG suppliers, leads senior engineer, renewable gas Mason Lau (right) and account manager, RNG Jenelle De La Cour on a tour of the facility in Chilliwack, B.C.

Responding to stakeholder and community priorities in our reporting

As part of our commitment to transparent reporting, we follow best practices recommended by the Global Reporting Initiative (GRI). These practices include conducting a double materiality assessment to help identify the most significant topics for FortisBC's sustainability reporting. This assessment identified a set of strategic and foundational topics crucial to our operations and informs our sustainability focus areas and reporting.

We place a high value on the input of our stakeholders and local communities, including our customers, employees and investors as well as governments and Indigenous communities, in seeking ways to develop our sustainability strategies and to inform our priorities. Our engagement table details how we interact with different groups, listen to and address key concerns and, when applicable, incorporate feedback into our planning and operations. Information on these activities can be found in the Engaging with stakeholders and Indigenous communities table.

Our sustainability commitments and targets

This year, we established a new Scope 1 GHG emissions target and have compiled our previous commitments and targets below.[7] These targets and commitments will help us track our sustainability performance and report on our achievements and progress on an interim annual basis.

Our sustainability commitments are embedded in our business operations and we have set sustainability targets across several areas to monitor, advance and report annual progress in our future sustainability reports.

Supporting the energy transition and reducing GHG emissions

- **Target:** reduce absolute Scope 1 GHG emissions by 35 per cent by 2035 from 2019 levels.[8]
- **Target:** reduce customers' GHG emissions by 200,000 tonnes[9] through participation in our conservation and energy management initiatives[10] by the end of 2027.
- **Target:** invest $690 million to help customers save 3.8 million gigajoules (GJ) of gas and 115 GWh of electricity by the end of 2027.[11]

Building strong relationships with Indigenous businesses and communities

- **Target:** allocate a minimum of five per cent of the total annual contracting expenditures for major projects in the design-execution stage to Indigenous-owned and affiliated businesses.
- **Target:** invest 20 per cent of our community investment funding annually in Indigenous community investment initiatives.

Ensuring energy infrastructure is resilient and reliable while delivering high-value customer experiences

- **Commitment:** further incorporate ongoing climate risk into our asset investment and operational planning decision-making.
- **Target:** deliver high-value customer experiences by achieving annual customer satisfaction index scores of 8.5 out of 10.

Supporting our people and building an inclusive culture

- **Commitment:** develop and implement annual diversity, equity and inclusion (DEI) action plans to ensure our workforce reflects the diversity of the communities we serve.
- **Target:** maintain leading health and safety practices, ensuring that every employee feels secure and cared for. Achieve an on-time safety improvement rate of 95 per cent annually.

[7]These commitments and targets may be revisited over time due to a number of factors including future business operations and growth, technological advancements and the regulatory and policy environment we operate within. [8]FEI's and FBC's ability to reduce their Scope 1 GHG emissions will depend on a number of factors, including acceptances and approvals required from the BCUC and the introduction of regulatory regimes by the provincial government to recognize and support GHG emissions reductions pathways. [9]As footnoted in our FEI 2024-2027 DSM Expenditures Plan, incremental annual gas GHG emissions reductions in tCO_2e/yr. GHG emissions reductions are based on the long run combustion emission factor of 0.0516 tCO_2e/GJ for natural gas from the Ministry of Environment and Climate Change Strategy. [10]GHG emissions savings and energy savings from our energy-efficiency incentives derived from FEI's Demand Side Management plan annual report. As outlined in the FEI 2024-2027 DSM Expenditures Plan Application. [11]Net incremental gas and electricity savings are after consideration of free ridership and spill over.

Sustainability governance and oversight

Strong governance is central to our approach to sustainability. FortisBC's board of directors oversees our principal risks and is responsible for adopting a strategic planning process that considers the opportunities and risks to the business, including oversight of the strategies, policies and practices relating to sustainability matters. The board of directors has two committees, the audit committee and the governance and sustainability committee.

The governance and sustainability committee assists the board in overseeing our governance practices, sustainability commitments and key disclosures. The committee advises the board on our short- and long-term sustainability objectives, progress in meeting those objectives and strategic planning to improve that performance. It keeps the board informed of external engagement, emerging trends, risks and issues related to sustainability and on environmental and social matters that may be required for compliance. The committee also informs the board of potential impacts of proposed legislation and reviews reporting on sustainability.

The committee assesses programs designed to promote corporate citizenship and advises the board on efforts to promote environmental and social responsibility and ensure we are aligned with our sustainability strategy and objectives.

Our board also holds director education sessions on sustainability-related topics.

Our CEO and the executive leadership team help drive continuous improvement by developing and overseeing our business and sustainability strategies and targets, ensuring performance expectations are consistent with these strategies, our Code of Conduct and FortisBC's values.

Snapshot: FortisBC board of directors

- FortisBC has a majority independent board of directors.
- The chair of the board and each of the committees is independent.
- At every meeting, the board and committees have an opportunity to meet without FortisBC management present.
- We maintain board member term limits to help ensure independence, diversity of views and fresh insight. Regular rotation of chairs is conducted as part of the board's succession planning processes.
- In 2023, 50 per cent of board members were female and 50 per cent were male and two of our three chairs were female.

FortisBC advances sustainability in alignment with Fortis Inc.

FortisBC is indirectly and wholly owned by Fortis Inc., a well-diversified leader in the North American regulated electricity and gas utility industry. Fortis Inc. is primarily an energy delivery company, with gas and electricity utilities serving approximately 3.5 million customers across North America and the Caribbean.

FortisBC benefits from Fortis Inc.'s leadership model, enabling local leadership at the subsidiary level to identify and action against key priority areas, including a strong focus on our customers, communities and sustainability. As such, we are unique as a subsidiary in annually publishing a comprehensive sustainability report with the intent of transparently disclosing various metrics in our four areas of focus.

We also support Fortis Inc.'s reporting endeavours, whether that is through contributing to their climate disclosure reporting—aligned with the Task Force for Climate-related Financial Disclosure recommendations (refer to Fortis Inc's 2024 Climate Report)—or their sustainability reporting including support for enterprise-wide targets for 2035 Scope 1 GHG emissions reductions and a net-zero goal by 2050.

Operationalizing sustainability throughout our organization

- Overseeing the operational aspects of sustainability, our gas and electricity operations teams manage our infrastructure for reliability and resiliency with proactive maintenance and upgrades, responding quickly to accidents involving damage to our assets and ensuring compliance with environmental regulations.
- In 2023, as part of our commitment to sustainability principles, we created a new department dedicated to coordinating progress toward our sustainability and decarbonization goals. Department leadership will oversee the development and execution of our sustainability and decarbonization objectives in alignment with our business priorities and operating landscape.
- Our sustainability advisory group connects a cross-functional set of business leaders with the mandate to embed sustainability into their respective areas and develop tangible outcomes supporting sustainability objectives. They advised on and supported the development of our sustainability commitment statement and targets.
- Our Innovation and Sustainability Ambassador Network is an employee engagement and development initiative designed to facilitate grassroots change around innovation and sustainability in the workplace with the aim of helping us lead B.C.'s energy transition.

Sustainability performance and compensation

FortisBC has a performance-based culture that enables employee recognition and reward for contributions that advance the business strategy. Eligible employees, both non-unionized and some unionized, are entitled to incentive pay.

FortisBC's corporate scorecard assesses short-term incentive pay for management and exempt employees. The scorecard gauges performance in several categories, including sustainability.

Our executive leadership team also participates in Fortis Inc.'s performance share unit (PSU) plan. The PSU plan includes GHG emissions reduction, accounting for 10 per cent of the performance assessment. This measurement forms part of the long-term incentive plan and applies to all executives throughout the Fortis group of companies.

FortisBC operations team performs proactive infrastructure maintenance.

Compliance framework and corporate policies

Complementing our robust governance structure is a strong compliance framework for our employees and contractors to comply with all applicable laws, regulations and policies. Our compliance framework defines our expectations for employees to operate with the high ethical standards as set out in our Code of Conduct.

We promote compliance and ethics with employees annually. All new employees must acknowledge they have read the code and complete several courses covering the Code of Conduct and other corporate policies, including on anti-corruption.

Employees concerned about potentially unethical, fraudulent or inappropriate business activity are encouraged to speak with their direct supervisor or senior management. Those preferring to report anonymously can do so through EthicsPoint, hosted by Navex Global, a confidential ethics reporting system.

In addition to our Code of Conduct, we have several corporate policies to support compliance and governance, including policies related to privacy, political engagement and anti-corruption.

Risk oversight

Our enterprise risk management (ERM) program is responsible for assessing and reporting on risks, including climate-related risks, in consideration of our long-term business strategy. By identifying risks that may affect business performance, FortisBC can responsibly respond to these risks, whether they are financial, regulatory, operational, environmental or strategic. Material risks and mitigation strategies are assessed annually, and findings are reported to the board of directors.

FortisBC's board of directors oversees the ERM program through the audit committee, which ensures effective risk management. The board and its committees oversee risk policies, and FortisBC management is tasked with executing them.

FortisBC employees Mason Lau (left) and Jenelle De La Cour (right) tour Dicklands Farms' RNG facility.

Sustainable finance

In continuing to align our business with sustainability principles, we connected performance targets to sustainability to establish a Sustainability-linked Credit Facility (SLL Credit Facility). This SLL Credit Facility, first established in late 2022, enables fees to be adjusted based on our performance in two sustainability-related areas:

- annual GHG emissions reduced through renewable and low-carbon gas displacing conventional natural gas volumes and lowering customers' GHG emissions
- increased focus on projects with meaningful and equitable Indigenous participation

We engaged a third-party consultant in 2023 to provide limited assurance on the SLL Credit Facility's key performance indicators.

In addition, we have a dedicated Green Bond Framework that outlines expenditures that can be treated as green bond eligible, having been verified through an independent second opinion as providing sustainability benefits. These expenditures include efficiency upgrades, renewable energy production and other investments meant to reduce GHG emissions and provide climate change adaptation for system infrastructure.

As noted in our 2023 Green Bond Impact Report, a total of $348.3 million has been allocated to activities that promote environmental sustainability under our Green Bond Framework, including $301.4 million under the energy-efficiency category, $25.7 million under pollution prevention and control and $21.1 million under RNG.

Energy transition and environment

We're investing in renewable and low-carbon energy to be delivered through our gas and electricity systems to make a positive contribution towards B.C.'s climate action goals now and in the future.

Operations crew members monitor stringing of FortisBC electrical transmission lines in the B.C. Interior.

Supporting a net-zero future[12]

We believe a successful transition to a net-zero future, in alignment with the Canadian government's net-zero emissions commitment for 2050 and the B.C. government's intention to adopt a net-zero target, must involve utilities like FortisBC to invest in, own and operate energy infrastructure that reduces GHG emissions while maintaining a resilient, reliable and affordable energy system. We also believe that achieving net zero will require all parts of the energy system including electricity and gas infrastructure working in coordination to reduce emissions.

Achieving net-zero emissions will also require policy and political leadership, infrastructure and low-carbon energy investment, technological advancement and changes in the way energy is used. This requires collaboration between utilities, different levels of government, Indigenous communities, regulators, industry and customers.

Coordination between our energy delivery systems is critical to reducing carbon emissions while maintaining affordability and reliability

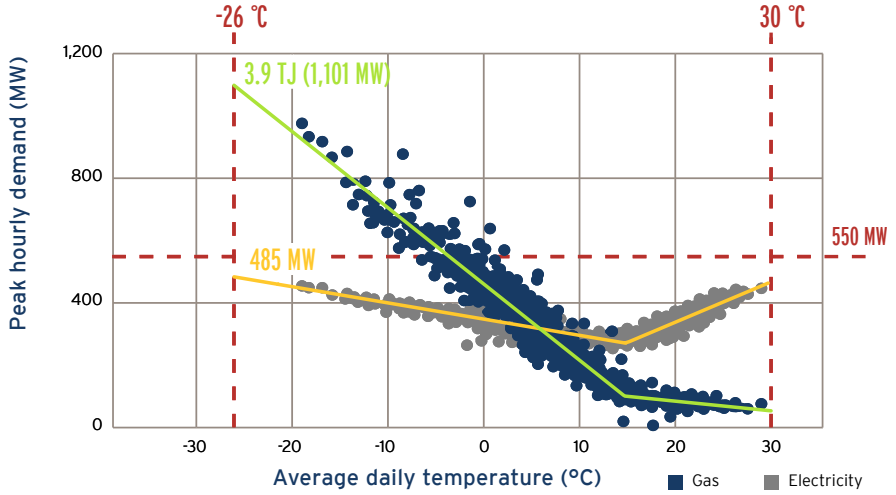
As owners and operators of both an electricity system and a gas system, we have a broad perspective on the challenges and opportunities of delivering energy in a net-zero future.

We recently examined the feasibility of an aggressive program of electrification for the city of Kelowna. The Kelowna Electrification Case Study analysis used data from customers in Kelowna, where FortisBC delivers both gas and electricity, to investigate the impacts of electrifying the heating load that is currently served by gas.

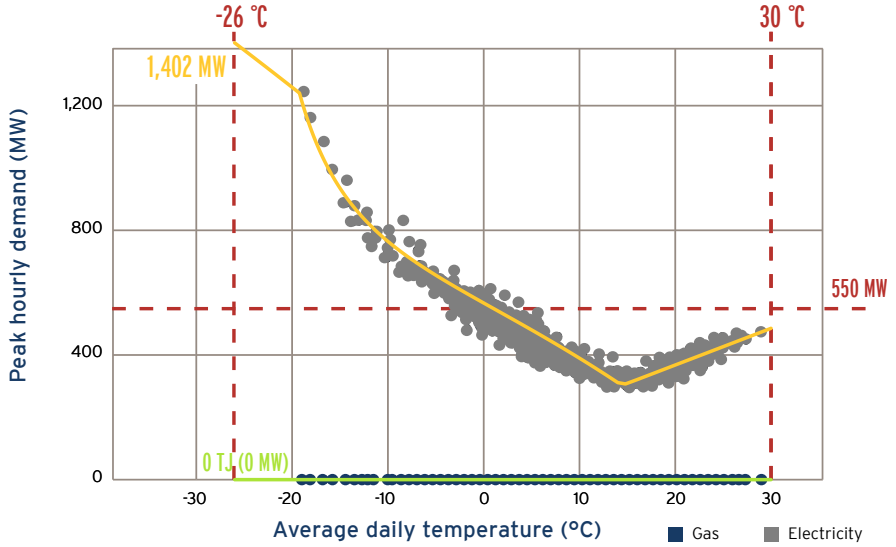
The analysis showed that replacing all gas heating with high-efficiency electric heat pumps in Kelowna would challenge our ability to meet peak winter demand during cold weather. Electrifying all building heat currently served by gas would nearly triple the peak demand for electricity by 2040. The study estimated that it could cost in the range of $2.6 to $3.4 billion in infrastructure costs—which could result in significant increases to customers' bills—to meet that demand.

The Kelowna case study demonstrates that the gas system should be a key component of a low-carbon energy future to maintain energy security and affordability in the province. We believe that using the gas system to meet peak heating loads, while increasing investments in energy efficiency and expanding the supply of renewable and low-carbon gases, is a more feasible way to transition to lower-carbon energy versus attempting an immediate switch to 100 per cent electrification.

City of Kelowna - electricity and gas demand by temperature in 2040 with zero per cent electrification[13]



City of Kelowna - electricity and gas demand by temperature in 2040 with 100 per cent electrification[14]



[12]Net zero means that there are no 'net' GHG emissions added to the atmosphere from human activity. This means that an equivalent volume of incremental GHG emissions released from the use of fossil fuels are removed from the atmosphere using technological or nature-based approaches.
[13,14]Kelowna Electrification Case Study – Electrification and the Impacts of Cold Temperature on Peak Demand and System Upgrade Costs.

FortisBC's Clean Growth Pathway is our decarbonization strategy

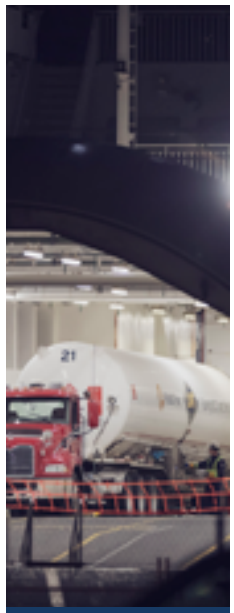
FortisBC is committed to addressing climate change and taking a leading role in the energy transition for our customers and the communities we serve. We were one of the first energy providers in North America to set out an ambitious roadmap towards a lower-carbon energy future. Our Clean Growth Pathway to 2050 (first released in 2018) sets out a multifaceted emissions reduction approach focusing on energy efficiency, renewable and low-carbon gases, low- and zero-carbon transportation and LNG for marine fuelling.

FortisBC's Clean Growth Pathway

Energy efficiency

Renewable gas and low carbon fuels

Low- and zero-carbon transportation



LNG for marine fuelling

Expanding investments in energy efficiency

In 2023, FortisBC rebates helped fund a heat recovery system at the Chilliwack Coliseum that captures waste heat from the facility's refrigeration system and redirects it to pools, hot tubs and dehumidifiers in the Chilliwack Landing Leisure Centre.

Energy-efficiency targets:

- Reduce customers' GHG emissions by 200,000 tonnes through participation in our conservation and energy management initiatives by the end of 2027.
- Invest $690 million to help customers save 3.8 million GJ of gas and 115 GWh of electricity by the end of 2027.

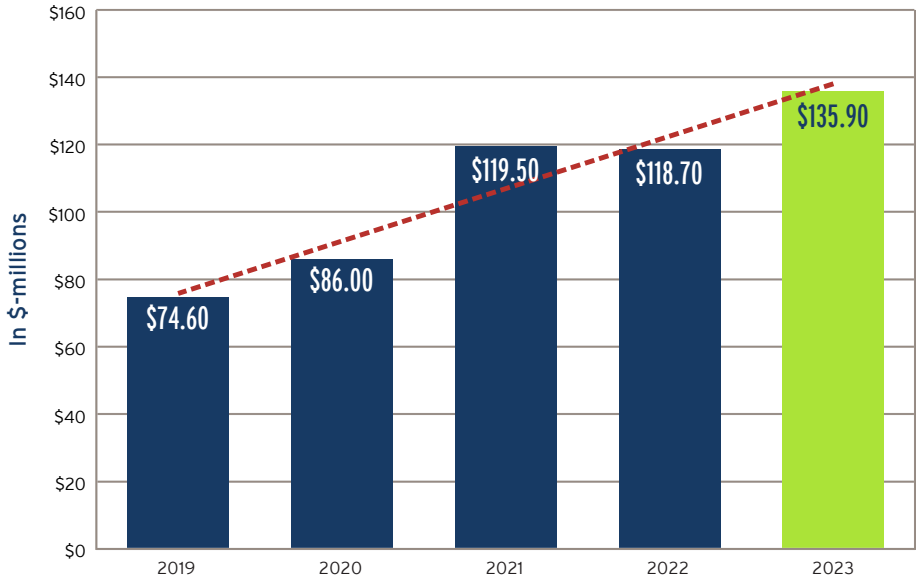
A key element of our Clean Growth Pathway is the expansion of our investments in energy efficiency for homes and businesses and the development of GHG emissions reduction opportunities in Indigenous and local communities across B.C.

2023 saw FortisBC make record investments in energy-efficiency programs—$124.2 million in gas programs and $11.7 million in electricity programs—that helped our customers make their homes and businesses more energy efficient while also piloting the next generation of high-efficiency technologies such as dual fuel systems, gas heat pumps and deep energy retrofits.

These investments resulted in annual gas energy reductions of more than 1.4 million GJ, the equivalent energy use of 31,600 gasoline-powered cars for a year.[15]

[15] *Calculated using the* Natural Resources Canada greenhouse gas equivalencies calculator.

Investment in conservation and energy management initiatives (gas and electric)



Our plan to increase energy-efficiency investments

The British Columbia Utilities Commission (BCUC) approved our 2023-2027 electric and 2024-2027 gas demand side management plans. These plans aim to help customers reduce their energy use over the next four years. Under the plans, we are approved to invest a record $697.6 million[16] in energy-efficiency initiatives, which will help us build our next generation of energy-saving programs and work with Indigenous communities to develop targeted programs for their unique needs. A key area will be developing programs for dual fuel heating systems[17] so customers can pair an electric heat pump with a high-efficiency gas furnace, ensuring they have access to reliable, affordable energy on colder days while lowering their overall emissions.

FortisBC's Deep Energy Retrofit Pilot Program helps promote the use of energy-efficient building materials and technologies.

Back to the future—pilots and programs to support deep energy retrofits

It is likely that the majority of buildings standing in 2050 are already standing today, so achieving our long-term GHG emissions reduction goals requires us to help reduce emissions from existing buildings.

We're advancing new practices and technologies for building envelopes and mechanical systems as part of our Deep Energy Retrofit Pilot Program that seeks to reduce energy use in participating buildings by at least 50 per cent.

Deep energy retrofits take a whole-building approach to energy conservation. Walls, insulation, windows and doors are upgraded first, then the efficiency of a structure's heating, hot water and ventilation systems is increased. The goal is to improve energy use, airtightness, insulation, comfort and air circulation.

The pilot program includes retrofits at four multi-unit residential buildings and 20 single family homes across B.C. that aim to demonstrate how the whole-building approach can result in significantly reduced energy use and GHG emissions.

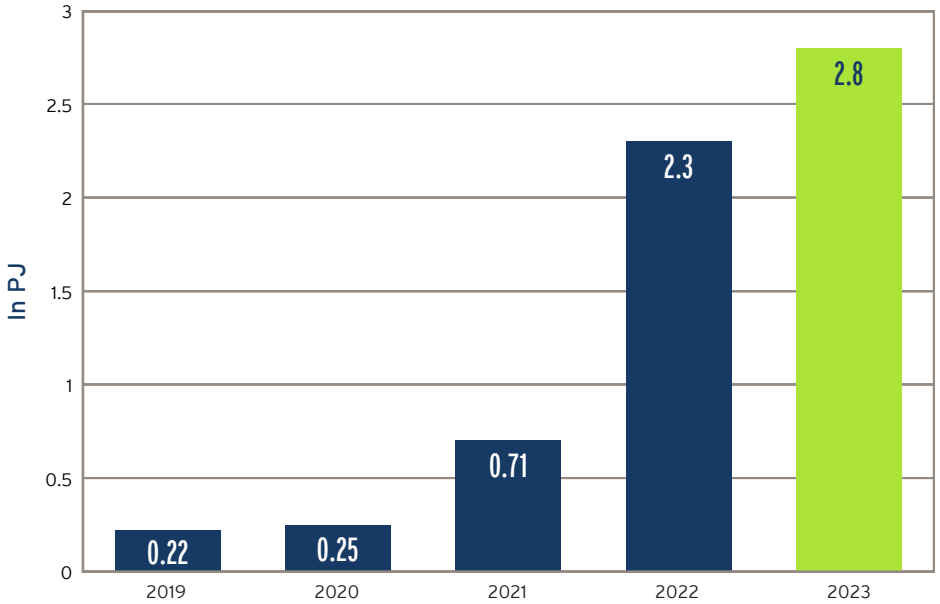
[16]This is a combined amount for both the gas and electricity utilities and includes inflation. When a carryover of $2.778 million is added to the (unrounded) amount of $694.831, the total combined amount becomes $697.609 million. [17]A dual fuel heating system consists of an electric heat pump, gas furnace and common controls. The electric heat pump is used for shoulder season heating while the gas furnace is used to heat during the colder winter period, thereby avoiding adding significant peak heating demand to the electricity system.

Surrey Biofuel, the first closed-loop organic waste facility in North America, is a key supplier of RNG to FortisBC.

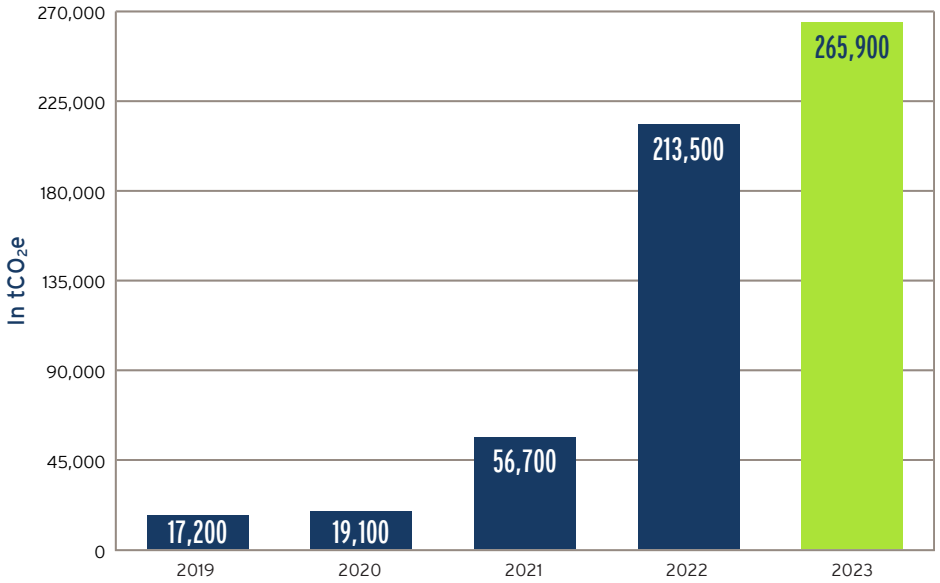
Our Clean Growth Pathway outlines actions we plan to take to continue expanding the supply of renewable and low-carbon gases we acquire for our customers. FortisBC continues to be a utility leader in advancing renewable and low-carbon gases. In 2010, we started the first voluntary RNG program in North America and have since worked with farms, landfills, green energy companies and municipalities to supply us with RNG.

We're continuously looking to partner with more organizations and governments to increase our RNG supply. An RNG facility under construction at the Vancouver Landfill, for instance, will be our largest RNG project in B.C. In 2023, we acquired 2.8 PJ of RNG for our customers, the highest volume yet, and we have approved contracts to acquire 18 PJ over the next few years. Our supply of RNG helped customers avoid nearly 265,000 tCO_2e in 2023—equivalent to taking more than 57,000 gasoline-powered cars off the road.[18]

Annual volume of RNG acquired for customers[19]



Avoided GHG emissions from the use of RNG[20]



[18]Calculated using the Natural Resources Canada greenhouse gas equivalencies calculator. [19]*RNG volumes exclude prior period accounting adjustment and recorded in 2023 for 90.7 terajoules (TJ) received during 2015-2022. When RNG is added to North America's natural gas system, it mixes with conventional natural gas. This means we're unable to direct RNG to a specific customer. But the more RNG is added to the gas system, the less conventional natural gas is needed, thereby reducing the use of fossil fuels and overall greenhouse gas emissions.*
[20]*See GHG emissions evaluation criteria in the appendix for calculation methodology.*

We're also looking at ways to advance other renewable and low-carbon gases, such as hydrogen. We're using provincial funding to research delivering hydrogen through the gas system in B.C., investing in innovation to support the potential for hydrogen production and use and advancing multiple hydrogen-related projects.

We're working with Nanaimo Forest Products and HTEC on a demonstration project to test and validate systems and processes needed to manage the safe blending of low-carbon hydrogen into the natural gas used by the Harmac Pacific pulp mill. This will be the first industrial hydrogen blending project in B.C., and will provide data to inform the development of hydrogen blending codes and standards.

FortisBC provides CNG for Return-It's fleet of hybrid CNG-electric compaction trucks. From left, Georgina Wheatcroft, FortisBC account manager, low-carbon transpo-ration, Reece McCrone of the Return-It Street Team and Return-It president and CEO Cindy Coutts.

Low- and zero-carbon transportation fuelling infrastructure and incentives

The transportation sector accounts for 41 per cent[21] of GHG emissions in B.C., making it a high-priority area for carbon reductions.

To support lowering emissions in this sector, we're investing in and installing more electric vehicle (EV) chargers and infrastructure across the Southern Interior of B.C., finding lower-carbon commercial vehicle fuel solutions and supporting lower-carbon fuel switching for marine vessels.

With the provincial government's 2023 amendments to the Greenhouse Gas Reduction Regulation (GGRR), our ability to invest in low- and zero-carbon transportation was expanded, enabling continued incentives for LNG for marine vessels and defining a $60 million cap for spending on grants and zero-interest loans for LNG marine vessels.[22] It also allowed B.C. utilities to invest up to $200 million in incentives for zero-emission vehicles (ZEVs) and to invest in ZEV fuelling and charging infrastructure.

McRae's Environmental Services operations manager Keith LeBrun (left) with Georgina Wheatcroft, FortisBC account manager, low-carbon transportation.

Our successes are highlighted by the number of times drivers charged their vehicles at FortisBC charging stations. We reached a milestone 30,000 charging events in the Southern Interior in 2022 and added 18,032 more across our network of public EV charging stations in 2023, up from 13,287 the previous year.

In 2023, we continued to help companies achieve emissions reductions through the adoption of vehicles powered by CNG and compressed RNG. Actions taken by a longtime equipment supplier, McRae's Environmental Services, highlight the sharp cuts in emissions possible by swapping diesel for CNG and subscribing to RNG. McRae's is the first heavy-duty trucking company in Western Canada to designate 100 per cent of its fuel use as RNG, and its growing fleet of 13 CNG trucks is leading innovation, sustainability and decarbonization in heavy-duty trucking. To date, we've switched more than 1,000 commercial vehicles in B.C. to CNG from diesel or gasoline, thereby reducing GHG emissions in these vehicles by up to 30 per cent.[23]

[21]Source: Pathways for British Columbia to achieve its GHG reduction goals; Guidehouse, 2020, p11. [22]The prescribed undertaking for LNG marine vessel capital incentives under the GGRR expired on March 31, 2024. [23]Source: Northwest Gas Association, Natural Gas Facts, page 15.

Local ferry refuelling with FortisBC LNG using our first-of-its-kind truck-to-ship onboard bunkering system.

LNG for marine shipping

For vessels plying B.C.'s coastal waters, we're working to achieve lower-carbon marine transportation systems in a sector that has been traditionally hard to decarbonize.

Ships powered by traditional bunker fuel are a major source of GHG emissions globally. We support marine companies in reducing their GHG emissions by fuelling their vessels with FortisBC's LNG.[24]

Six marine vessels from BC Ferries and four from Seaspan Ferry Corporation are using LNG instead of higher-carbon marine fuels such as diesel.

Truck-to-ship fuelling and FortisBC-led innovation

We're the first company in the world to offer a truck-to-ship onboard LNG fuelling system, developed specifically for our customers. In the marine industry, this is called bunkering.

In 2023, we recorded 1,711 LNG ship bunkering events with local ferry operators, and we've reached a multi-year milestone of more than 7,000 LNG bunkering events. Our marine customers avoided a total of 40,200[25] tCO_2e in 2023 by using LNG for marine fuelling.

[24] A lifecycle analysis funded by FortisBC and conducted by Sphera *estimated that LNG from Tilbury could reduce life cycle GHG emissions by up to 27 per cent depending on the marine vessel and engine type.* [25] See Avoided GHG emissions calculation methodology on page 62.

Clean Growth Pathway supports provincial policy objectives

The focus areas of our Clean Growth Pathway work to advance provincial policy objectives as outlined in the CleanBC and CleanBC Roadmap to 2030 plans as well as B.C.'s energy action framework. Taken together, we are making concerted efforts to reduce emissions in homes and buildings, transportation and industry.

Provincial decarbonization policy	How FortisBC is working to align with provincial policy goals[26]
CleanBC Roadmap to 2030	• expanding our renewable and low-carbon energy portfolio, including advancing pilots for potential hydrogen supply projects • following through on the 2024 BCUC approval of the RNG blend service allowing all of our customers[27] to automatically have a portion of their natural gas supply designated as RNG • exploring abated gas opportunities to procure natural gas with lower lifecycle GHG emissions • encouraging energy efficiency, innovation, customer energy savings and GHG emissions reductions in our conservation and energy management plans for both the gas utility and the electricity utility • piloting and expanding deep energy retrofit programs and dual fuel heating solutions to drive meaningful reductions in GHG emissions for buildings
Buildings: BC Energy Step Code, Zero Carbon Step Code and Demand Side Measures Regulation	• piloting and developing programs to support innovative technologies like gas heat pumps and dual fuel heating systems that can exceed 100 per cent efficiency[28] and help customers save energy and reduce emissions • encouraging energy efficiency through the adoption of technologies such as air source heat pumps with rebates of $1,200 or $2,000 depending on the system
Transportation: Greenhouse Gas Reduction Regulation (GGRR), B.C. Low Carbon Fuel Standard (LCFS) and zero emission vehicles mandate	• enabling GHG emissions reductions in the transportation sector by helping customers switch to CNG, renewable-CNG, LNG and renewable-LNG • expanding fuel supply for marine fuelling and anticipating addition of this sector to the B.C. LCFS through the Tilbury marine jetty • investing in public EV charging infrastructure • designing programs to advance ZEVs for medium and heavy-duty fleets in accordance with the GGRR, including prospective programs for EV charging and low-carbon hydrogen fuelling
Industrial: B.C. Output-Based Pricing System (OBPS)	• providing renewable gas supply for industrial users to potentially meet their performance benchmark and providing energy-efficiency programs to reduce industrial energy consumption and GHG emissions and improve competitiveness
B.C. energy action framework	• developing a plan to achieve net-zero emissions at our Tilbury LNG phase 2 expansion facility by 2030—20 years ahead of the federal mandate—per the B.C. government's new energy action framework • using electrification of refrigerant compression at existing and proposed Tilbury LNG facilities to reduce base emissions by around 60 per cent compared with gas-fired compression

[26]In addition to provincial policy compliance, FortisBC is also working to align with and participate in climate, energy, sustainability and other relevant policy at other levels of government. For example, FortisBC is registered for and voluntarily participating in the federal government's Clean Fuel Regulation, which aims to reduce the carbon intensity of liquid fuels across Canada. [27]T-Service customers, through a Gas Marketer or by their own volition, procure their own natural gas and deliver that gas to one of FortisBC's interconnection points with upstream pipelines. FortisBC takes physical possession of the gas and 'transports' it through our distribution system to the customer's premise where the customer takes possession and uses the gas in whichever way it is needed to operate their business. FortisBC has no control over where they procure their gas, from whom they procure it or the carbon intensity of that gas. Additionally, FortisBC does not take any sort of financial possession of the gas. We charge the T-Service customers, through various rate schedules, for the service we provide of 'transporting' their gas through our distribution system. [28]A pilot on dual fuel heating systems with 14 residential customers indicates an average seasonal coefficient of performance of 1.24.

FortisBC's GHG emissions

Knowing our GHG emissions is essential for a clear understanding of the direct and indirect impacts of our operations, so we are equipped to manage and reduce these emissions where feasible. We have a plan by which we hope to accomplish our target and we are taking meaningful steps to accomplish our plan.

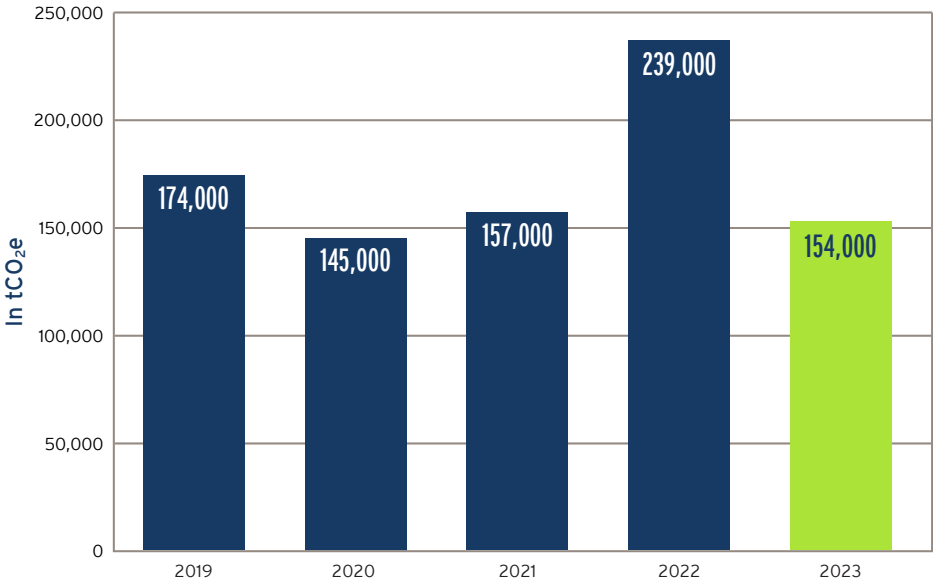
We plan to report our interim progress with respect to our Scope 1 emissions target on an annual basis in our future sustainability reports.

Rebecca and Dan, Deep Energy Retrofit Pilot Program participants in front of their home in Langley, B.C.

Scope 1 GHG emissions reduction target:

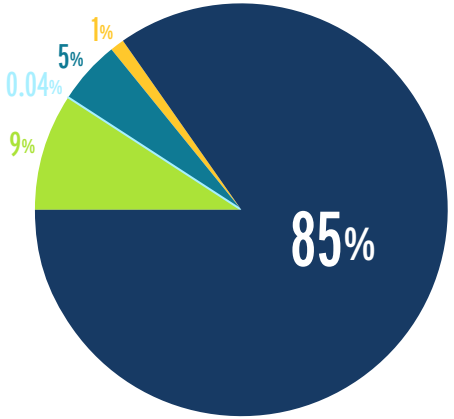
- Reduce absolute Scope 1 GHG emissions by 35 per cent by 2035 from 2019 levels.

Scope 1 GHG emissions



FortisBC's Scope 1 GHG emissions largely depend on the volume of gas being delivered to customers each year and the use of our distribution line heaters to move the energy to customers. There were four externally reportable releases that contributed to the higher GHG emissions seen in 2022. See FortisBC's 2022 Sustainability Report for more details.

Scope 1 GHG emissions sources

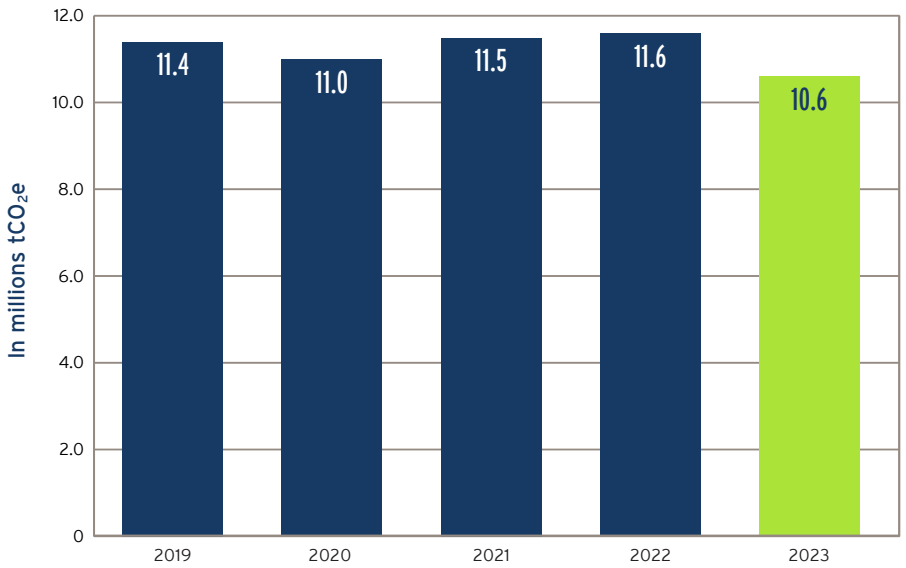


- From natural gas operations (combustion, flaring, venting, fugitive) for our FortisBC owned and operated facilities
- From third-party gas line damage incidents
- From SF_6 fugitive emissions
- Emissions from FortisBC fleet vehicles
- From natural gas for comfort heating

Dana Wong (left), FortisBC senior manager, renewable and low-carbon fuel strategy at Rockpoint Gas Storage Canada's Suffield facility with their vice president, origination and renewable energy Kaitlyn Gammon (middle) and project manager Sheri Doell (right).

We report on the Scope 3 GHG emissions related to the combustion of our gas by our customers. We are advancing and implementing solutions to reduce these Scope 3 GHG emissions, including customer efficiency initiatives and increasing the acquisition of renewable gases, like RNG, on behalf of our customers.

Scope 3 GHG emissions from customer end use[29]



FortisBC's Scope 3 GHG emissions decreased in 2023. This reduction is attributed to changes in gas volumes for use by customers due in part to warmer seasonal weather and improved energy efficiency through participation in our conservation and energy management programs and from the increase in avoided GHG emissions from the use of RNG.

Reducing our Scope 1 GHG emissions

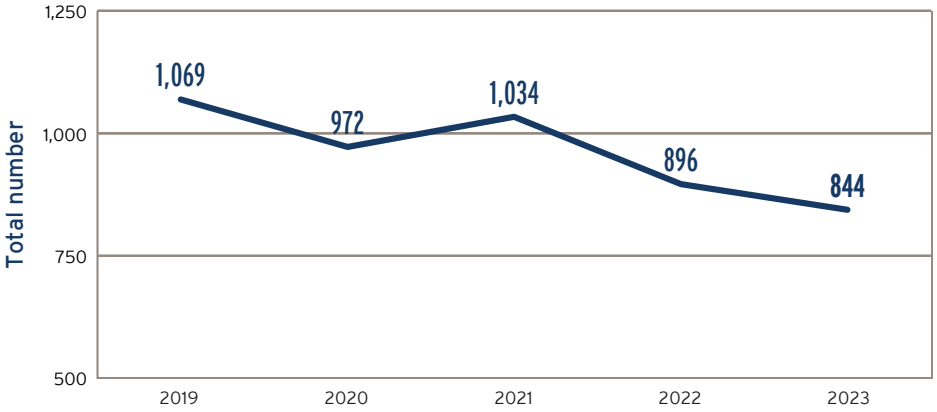
To reduce emissions from our own operations, we've launched a range of initiatives. In our maintenance and repair operations, we're deploying new technology to reduce emissions in the field. Our use of Zero Emission Vacuum and Compressor (ZEVAC) units to reduce GHG emissions during gas line maintenance is an example the innovation we've embraced in pursuit of our climate commitments. ZEVAC machines allow us to capture and recycle the isolated gas to our system.

Efforts to promote safety around gas lines have helped prevent the accidental release of GHG emissions into the atmosphere. Incidents of gas line damage by third parties fell to 844 in 2023, compared with 896 the previous year.

[29] *Customer end use as related to natural gas transmitted and delivered under certain third-party market contracts and gas used by customers.*

Operations manager Ron Shewchuk checks equipment. FortisBC is working to improve methane detection and measurement.

Gas line damage incidents by all parties working around FortisBC's gas system



Increased measurement and mitigation of methane emissions

As the owner and operator of a gas transmission and distribution system, methane emissions are an area of focus. Methane emissions from the operation of our system generally come from: vented methane from gas compression, fugitive methane from transmission and distribution pipelines and equipment and fugitive methane from third-party line hits to our infrastructure.

Critical to managing and reducing methane emissions is measuring their sources. We're working to improve methane tracking and detection to support methane emissions reporting as well as to identify opportunities for methane emissions mitigation. Actions we've undertaken include:

- increasing measurement frequency as part of our leak detection and repair program
- piloting new technology including satellite leak detection to enable more timely detection and repair of leaks
- investing more than $60 million annually to inspect, repair, upgrade and replace equipment and ensure the integrity of our gas system
- investing approximately $5.8 million in capital improvements in 2023 and 2024 in our compression fleet to reduce sources of methane emissions; these improvements will allow us to cut more than 80 per cent of our estimated vented methane emissions from compressor stations by 2025[30]

[30] *Based on a 2020 baseline value.*

Fleet management

In 2023, we continued the electrification of our fleet by adding electric battery power to five heavy-duty bucket trucks. Bucket trucks, using Viatec electric auxiliary power units, lower emissions and reduce noise during operation.

We have 11 EV pool cars and have made EV charging stations available for employees at many of our sites. In our daily operations, we are also using more EVs, including electric forklifts, which are replacing diesel machines in our works yards and warehouses.

FortisBC is expanding the use of electric cars in its operations.

Innovation and emerging technology

FortisBC has committed almost $5 million annually from 2020 to 2024 to invest in projects to help decarbonize the gas supply and accelerate climate action through our Clean Growth Innovation Fund.

Through this fund, we're supporting a Metro Vancouver technology pilot project at the Lulu Island Wastewater Treatment Plant in Richmond, B.C. This pilot uses a Syntrophic Enrichment of Enhanced Digestion Reactor to enhance microbial activity in anaerobic digestion of wastewater to create more RNG.

Lulu Island Wastewater Treatment Plant in Richmond is one of FortisBC's RNG suppliers. From left, Eugene Yeung, superintendent, and Andrew Taverner, operations supervisor at the plant, with Scott Gramm and Jenelle De La Cour, FortisBC account managers for RNG.

The fund also supports Geoscience BC's efforts to develop a pilot-scale project for the capture and storage of carbon dioxide via shallow injection into ultramafic (low-silica) rock formations. This project is expected to apply research being conducted by the University of British Columbia to assess potential injection sites and will also help to improve our understanding of the sequestration potential of carbon dioxide mineralization in British Columbia.

Environment and habitats

Assessing environmental risk and impacts to biodiversity is not new to FortisBC. We're committed to monitoring and managing the environmental impacts of our operations through a risk-based approach that minimizes impact on the environment and supports ecosystem protection and conservation of biological diversity.

We conduct project screenings to identify environmental sensitivities, including fish, wildlife, sensitive ecosystems, species at risk and critical habitat. We plan and implement our work using the mitigation hierarchy where we avoid, minimize or offset environmental impacts. We develop environmental management plans, implement mitigation measures and strive to minimize our footprint within the areas we work. These plans outline project-specific environmental protection and include, but are not limited to, water management, erosion and sediment control and fish and wildlife habitat protection.

Avian protection

We work to protect migratory bird species around our operations. When activities involve vegetation management during the migratory bird nesting window, nest sweeps are conducted looking for signs of active bird nests. When an active nest is discovered within an area requiring vegetation management, the team marks off a buffer area to protect the nest. Vegetation management within this marked off area is then restricted to outside the bird nesting window when the nest is no longer active.

We protect pileated woodpecker nesting spaces, which are commonly found in utility poles. Through our Pileated Woodpecker Nesting Cavity Assessment Program, we identify poles slated for replacement that require further assessment for potential woodpecker habitat. Any poles with identified or suspected pileated woodpecker nesting cavities are removed.

In maintaining or expanding our infrastructure, FortisBC protects bird species such as the pileated woodpecker.

In 2023, 102 utility poles were identified as having suspected pileated woodpecker nesting cavities, and 33 poles were removed between nesting seasons from September 1, 2023 to March 31, 2024. Permits from Environment and Climate Change Canada were acquired for this work.

Rainbow trout are native to cold-water tributaries of the Pacific Ocean in North America and Asia.

Aquatic habitat

We have stringent measures aimed at reducing the potential impacts on species dependent on lakes, rivers and wetlands. Throughout the planning process, work sites are assessed for environmental sensitivities that are then actively addressed during a project's planning, permitting, construction and restoration phases. When it comes to working in and around aquatic habitat, we consider all construction techniques and minimize our impact on water bodies where possible.

In our Eagle Mountain - Woodfibre Gas Pipeline project, we are taking steps to ensure our work on the nine-kilometre tunnel below the Skwelwil'em Squamish Estuary and through Monmouth Ridge Mountain does not harm the culturally and environmentally sensitive area.

Our Haslam Creek Horizontal Directional Drill project, near Cassidy on Vancouver Island, used advanced technology to minimize environmental impact during a gas line replacement across Haslam Creek. The drilling created a new 190-metre tunnel under the creek, with entry and exit points well set back from the creek to minimize impacts to the riparian area, and protect fish species in the watershed including coho, chum, chinook and pink salmon, and many trout species.

Indigenous and local communities

"Building that relationship is at the forefront of the foundation if you're going to look at a long sustainable partnership. With that is mutual respect. I say that in reference to FortisBC because we've come a long way in building that relationship."

Wilson Williams
Spokesperson and General Councillor,
Skwxwú7mesh Úxwumixw (Squamish Nation)

FortisBC believes in building strong, authentic and respectful relationships with Indigenous communities, and we're guided by our Statement of Indigenous Principles that recognizes the importance of acknowledging, respecting and understanding the unique histories, cultures, beliefs and values of Indigenous Peoples. And our commitment to building and maintaining positive community relationships extends to every town and city where we live and work.

Indigenous relations

From left, FortisBC Indigenous relations team members Greg Edgelow, Janet Devaney and Vanessa Connolly, Tricia Gabriel (Kwantlen First Nation), Chief Willie Sellars (T'exelcemc, Williams Lake First Nation), Kevin Kelly (Kwantlen First Nation) and Matt Mason and Anasuya Kesavan also from FortisBC's Indigenous relations team.

We've aligned with both federal and provincial legislation codifying the principles of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP), the Truth and Reconciliation Commission of Canada: Calls to Action and the Missing and Murdered Indigenous Women and Girls 231 Calls for Justice. Our commitment to the principles of UNDRIP is embedded throughout our organization, including:

- seeking equity partnerships for new infrastructure development and major projects
- supporting equitable access to employment for Indigenous Peoples
- committing to clear and open communication with Indigenous communities
- encouraging understanding of Indigenous issues, including our participation in Indigenous community events and National Indigenous History Month
- ensuring employee participation in Indigenous awareness training
- working to incorporate cultural and psychological safety for Indigenous employees into our workplace

A certificate of appreciation FortisBC gave to employees who helped make our PAIR Silver certification possible. Every frame is custom designed and painted by an Indigenous artist.

FortisBC values Indigenous partners and strives for continuous improvement in leadership engagement, business development, employment and community relationships. In 2023, we earned PAIR Silver designation from the CCIB. The PAIR certification program is an internationally recognized, Indigenous-led program that confirms corporate performance in Indigenous relations. Achieving recognition with a silver certification is a humbling milestone for us, and we are committed to continuous improvement as we work towards gold certification. As we continue our journey, we feel deeply honoured and grateful for the opportunity to learn from our Indigenous partners about how we can become a more equitable business.

Targets focused on increasing Indigenous engagement:

- Allocate a minimum of five per cent of the total annual contracting expenditures for major projects in the design-execution stage to Indigenous-owned and affiliated businesses.
- Invest 20 per cent of our community investment funding annually in Indigenous community investment initiatives.

Economic Reconciliation

FortisBC strives to be a leader in building mutually beneficial relationships with Indigenous Peoples in B.C. Putting our principles into action has helped create agreements with Indigenous communities rooted in principles of reciprocity and respect.

From left, Doug Slater, FortisBC vice president, Indigenous relations and regulatory affairs, with Chief Darryl Draney of the Skeetchestn Indian Band signing a relationship agreement between Skeetchestn and FortisBC at the Skeetchestn band office.

After earlier reaching a landmark agreement with Skwxwú7mesh Úxwumixw (Squamish Nation), in which Skwxwú7mesh Úxwumixw completed their own independent environmental assessment on the Eagle Mountain – Woodfibre Gas Pipeline project (the first-of-its-kind in Canada), we entered into three additional project agreements with the səlilwətaɬ (Tsleil-Waututh Nation), kʷikʷəƛ̓əm (Kwikwetlem First Nation) and xʷməθkʷəy̓əm (Musqueam Indian Band) in 2023. These project agreements create a framework that respects the Indigenous communities' rights in relation to the potential project impacts and represents a commitment to share benefits related to the project. The agreements also ensure FortisBC is supporting community members through educational opportunities, relevant training and continued investments in the community. Construction of the Eagle Mountain – Woodfibre project commenced in the fall of 2023. FortisBC also signed an agreement with the Snuneymuxw First Nation (Nanaimo First Nation) to collaborate on the Tilbury project.

In 2023, we continued to identify and advance other potential partnership opportunities with Indigenous communities including initiatives for energy infrastructure, renewable and lower-carbon energy development and energy-efficient buildings.

Employment and capacity building

We're taking steps to attract and retain Indigenous talent and ensure equitable and fair access to employment, including holding career fairs for Indigenous communities and providing opportunities for training and apprenticeships on our major projects.

Our Indigenous Intern Leadership Program, a joint initiative with the Business Council of British Columbia, the British Columbia Assembly of First Nations and Vancouver Island University, invites post-secondary graduates from across the province to apply for internship positions that match their skills and career goals.

From left, Anasuya Kesavan, FortisBC community and Indigenous initiatives manager, Sarah Prien, FortisBC community and Indigenous relations manager, Melanie and Chris Coyne of NCS Horizon Fluid Management Inc. and Craig Cornelle, construction management consultant, at a 2023 event at the Musqueam Cultural Centre.

We continue to support and fund the Indigenous Employee Circle that has been in place since 2020. The Indigenous Employee Circle is a group of Indigenous and non-Indigenous employees who come together to create opportunities for meaningful conversations that foster inclusion, knowledge sharing and development.

We support other initiatives aimed at promoting greater diversity in trades through the recruitment of women or Indigenous students, including funding scholarships at Okanagan College, Thompson Rivers University and the British Columbia Institute of Technology. We've also established scholarships with Indigenous communities such as the Community Education Awards Program for tqɬəníẇt/tqaʔtkʷɬniwt (Westbank First Nation) members who are committed to building a better future through post-secondary studies.

Community collaborations

Our engagement with Indigenous communities in B.C. in 2023 included recognition of the work of the Fort Nelson First Nation (FNFN) that has consistently improved the energy efficiency of its community's homes and even saw the entire community participate in our Energy Conservation Assistance Program. This led to the FNFN winning the Community category at FortisBC's 2023 Efficiency in Action Awards. In the last two years alone, the community accessed more than $160,000 in Indigenous Communities Conservation Program rebates.

From left, Indigenous communications consultant Charla Huber, Elder Shirley Alphonse, Chief Russ Chipps, FortisBC community and Indigenous relations manager Carmen LeBlanc and Elder Raymond (Rick) Peter during an event at FortisBC's Langford office.

We're also enhancing how we engage with Indigenous communities with the release of The New Energy, a web-based mini-documentary series that showcases economic Reconciliation through an Indigenous lens. The series is produced by acclaimed Indigenous filmmakers RealWorld Media on behalf of FortisBC, and is hosted by Simon Baker, a Sḵwx̱wú7mesh Úxwumixw (Squamish First Nation), Haida and Cree actor.

In addition to our continued Indigenous awareness training offered to all employees, we collaborated with Indigenous leaders and speakers to produce and support events and activities to acknowledge and learn about the incredible amount of diversity among the 58 First Nations we serve and 150 Traditional Territories our infrastructure crosses. We also increased employee and contractor participation in celebrating and honouring Indigenous days of significance broadly across the organization. In 2023, there were 15 cultural events, with more than 1,300 employees participating in person or virtually. Topics included: Orange Shirt Day Discussion with residential school survivor, Rita Kinequon, Archeology from a First Nation perspective with Bert William of the St'uxwtéws (Bonaparte First Nation), Chief-to-Chief with Nasu?kin Joe Pierre and president and CEO Roger Dall'Antonia and Frybread 101: Indigenous cooking.

John Miller of Wild Moccasin Dancers speaks at the 2023 Indigenous Art Craft Fair outside FortisBC's operations centre in Surrey on the Traditional Territories of the Semiahmoo, Katzie, Kwikwetlem, Kwantlen, Qayqayt and Tsawwassen First Nations.

We joined forces with the Indigenous Sport, Physical Activity and Recreation Council and the Vancouver Bandits to build outdoor basketball courts that will serve as new recreational hubs for local youth in Indigenous communities across the province. Those communities include Shxwhá:y Village and Th'ewá:lí (Soowahlie First Nation) in Chilliwack, the Snuneymuxw First Nation (Nanaimo First Nation) and the Sema:th (Sumas First Nation) in Abbotsford. Called Court Projects, the initiative is supported by the Ministry of Tourism, Arts, Culture and Sport and various local partners.

Supplier inclusiveness

Beyond focusing on fairness and diversity in our hiring for projects, we are committed to providing opportunities for Indigenous contractors and supporting local and Indigenous-affiliated businesses.

Personnel meet on site during work on the Inland Gas Upgrades project.

Shane Gravelle, intern safety officer with ProActive Safety and Ktunaxa Nation member, visits an IGU project site.

In 2023, we continued to implement our socio-economic impact program that strives for an inclusive process for all populations in B.C., including developing Indigenous participation plans on major projects with internal targets tied to corporate performance.

- We spent $120.3 million on Indigenous-owned or affiliated companies for our major projects during the year, representing about 32 per cent of the total spend of $370.9 million.
- Our Inland Gas Upgrades project included 36 Indigenous-affiliated vendors, representing 19 First Nations and a total spend of $9.6 million during the work to upgrade our gas infrastructure to improve safety and resiliency.
- In 2023, there were 350 local[31] vendors working on our major projects, representing $167 million in local spending and 221,000 local employment hours.

We continued to develop and implement Indigenous supply chain initiatives that reduce barriers for Indigenous businesses to access opportunities at FortisBC including networking opportunities such as business-to-business career fairs and supply chain workshops.

A significant example of our commitment to breaking down barriers was a business-to-business event organized in collaboration with xʷməθkʷəy̓əm (Musqueam) Capital Corp. Co-hosting this event enabled us to facilitate connections, foster collaboration and provide invaluable networking opportunities. Working with Indigenous communities around the province, our goal is to host or participate in at least four business-to-business activities each year. In 2023, we participated in seven business-to-business activities. These events aim to further facilitate collaboration and partnership opportunities between Indigenous contracting businesses and FortisBC project managers.

[31] *Local is defined as residents of and businesses located in the municipality or other geographical area in which the major project is located and work is undertaken.*

FortisBC employees gather during the FortisBC and xʷməθkʷəy̓əm (Musqueam Indian Band) business-to-business community event at the Musqueam Cultural Centre in September 2023.

Community support

Through our Community Investment Program in 2023, we supported more than 300 grassroots initiatives in 73 B.C. communities that align with at least one of four key areas for supporting strong communities: safety, education, Indigenous initiatives and environment.

In selecting these initiatives, we regularly engage with local organizations including municipal associations, Indigenous communities, city councils, business chambers, festivals and others to assess local needs. More than $1 million in support was provided to organizations, such as: Trail Wildlife Association, Nelson Search and Rescue, Powell River Salmon Society, BC Elders Gathering, Fort Nelson Community Literacy Society, Salish Fire Keepers Society, Outdoor Recreation Council of BC, First Nations' Emergency Services Society, Squamish Nation Youth Powwow, Surrey libraries and the Kaleden Volunteer Fire Department.

Sometimes community needs offer us a chance to become directly involved. The planning of a swimming pool in the District of Kent presented our conservation and energy management team with an opportunity to give advice about energy savings and rebate offerings, and the revitalization of a play yard at a Trail preschool gave operations crews a chance to lend a hand.

Community support is embedded in our construction projects and practices to create lasting and meaningful improvements in B.C. towns and cities. One example stems from construction of the Coldstream pressure regulating station in 2023, in which our Inland Gas Upgrades project team collaborated with the City of Vernon to build a 12-space paved parking lot for Carlson Park and its beloved adjacent off-leash dog park. The work improved accessibility and safety at the site and helped make it more pet-friendly.

Through our 2023 Community Giving Awards, we honoured three grassroots groups for their work serving their communities by awarding them $15,000 each.

2023 Community Giving Award winners

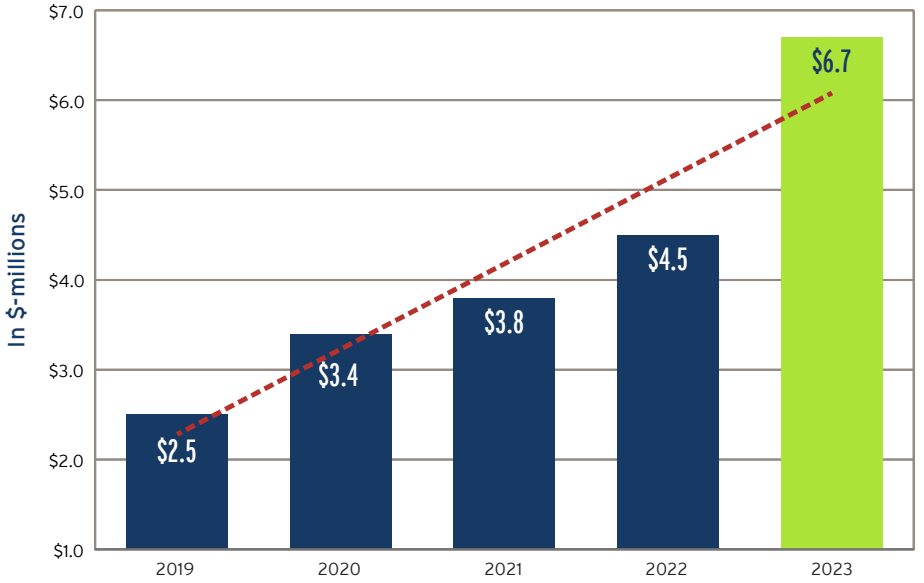
- **North Okanagan Good Food Box** will use the funds to provide more families and seniors in need with fresh, healthy produce from local farmers.
- **Kootenay Livestock Association** will use the funds for its program to teach elementary students about agriculture.
- **Ann Davis Transition Society** will further its life-saving support services for women and children in the Fraser Valley with the funds, including two transition houses for victims of domestic violence.

Sometimes a sustained effort over time is necessary when considering healthy communities. Our Residential Energy Efficiency Works (REnEW) program works that way. Now in its 14th year, the program offers education and training to community members facing barriers to employment.

Carol Lees, left, and Patti MacAhonic of the Ann Davis Transition Society, recipients of FortisBC's Community Giving Award in 2023.

Participants are given hands-on training in energy-efficient retrofit construction over four weeks, and earn industry-standard safety certifications. In 2023, we partnered with the Canadian Mental Health Association and Foundry in support of the latest group of participants, who learned in-class and on the job, working on a Kelowna recovery centre for men with alcohol addiction, called Freedom's Door.

Community investment



FortisBC continues to invest in local communities, with investments of $6.7 million in 2023, a 49 per cent increase year over year. These investments come from the Community Investment Program, donations, in-kind contributions and sponsorships.

Our investment in B.C. communities also extends past municipal boundaries, with our support of environmental programs such as the Kootenay-Columbia Discovery Centre Society. Located in Creston, the society delivers engaging environmental programs focusing on the importance of wetlands and wildlife in the 7,000-hectare Creston Valley Wildlife Management Area.

Our community engagement in 2023 continued to align with our conservation and climate goals. Through the Big White Community Energy Conservation Engagement Program, we collaborated with Big White Ski Resort and GreenStep Solutions Inc. to identify energy conservation measures and policies the resort and its residents and businesses could implement. It offered energy assessments to property owners and gathered feedback through surveys in advance of a final report on ways to improve efficiency and sustainability at the resort.

Climate Action Partners Program

Our environmental stewardship encompasses actions such as the Climate Action Partners Program that works with local governments and organizations throughout the province to help achieve our climate goals. The program funds projects, or a dedicated employee, to reduce emissions, improve energy efficiency and create more affordable energy solutions in B.C. communities.

FortisBC's Climate Action Partners Program funds dedicated employees like Keshawa (Kesh) Bandara, energy manager with the Township of Langley.

Keshawa (Kesh) Bandara, energy manager with the Township of Langley, is helping spearhead climate action by leading efforts to repurpose waste as usable energy, among other energy initiatives.

Another partner, Todd Brunner, community energy specialist with the City of Kelowna, is focused on reducing carbon pollution, lowering the carbon footprint of Kelowna's transportation sector and making new and existing buildings more energy efficient.

Charitable giving

We also encourage our employees to make a difference through volunteering and with their own charitable donations. Together with our employees, we give about $190,000 to 160 charitable organizations each year.

Our Give Where You Live program provides donation-matching and top-up opportunities for employees donating to important causes. We offer donations to non-profits our employees volunteer with, and, once a year, we match individual donations of $100 to $1,000 by 50 per cent to a registered non-profit organization of the employee's choice.

Employees gather during our BC Rivers Day cleanup efforts.

Employees giving back to the community is another way we strive to make a difference, with employees donating their time and effort to help community groups and non-profit organizations. We celebrated BC Rivers Day on September 22, 2023, by bringing together employees throughout the province for shoreline and trail cleanups. We hosted events in Langley, Kelowna, Prince George, South Slocan and Langford, with around 125 employees volunteering.

We also top up employee donations to the Warm Hearts Charitable Foundation and the United Way. Since it began in 1994, Warm Hearts, our employee-run charity, has raised more than $1 million for charitable organizations in our service areas. Employees can also support the United Way in their home communities all year through payroll donations, helping address issues such as childhood nutrition, developmental and educational success and senior health and independence.

Operational performance and adaptation

Both the gas and electricity systems have a role to play in providing low-carbon, reliable and affordable energy to B.C. residents as part of British Columbia's energy transition. Our investment in major projects and maintenance helps us keep these systems dependable and continue to develop innovative solutions to meet our climate commitments.

FortisBC places a high priority on safety in all its operations.

Strengthening system resiliency and reliability

Resiliency and reliability commitment:

- Further incorporate ongoing climate risk into our asset investment and operational planning decision-making.

Asset management

We proactively monitor and maintain our systems to address risks from extreme weather, and to enable the safe restoration of service as quickly as possible for the communities we serve.

Our integrity management program governs how our gas system maintenance is planned and carried out to ensure our assets can continue providing safe and reliable service. Our electricity system maintenance program is managed by our Mandatory Reliability Standards team who ensures we follow provincial regulations governing reliability standards.

Electricity outage response

Outage response	2023	2022	2021	2020	2019
System average interruption duration index—hours per customer (SAIDI)	3.04	2.42	4.27	3.17	2.42
System average interruption frequency index—interruptions per customer (SAIFI)	1.31	1.52	2.08	1.64	1.20

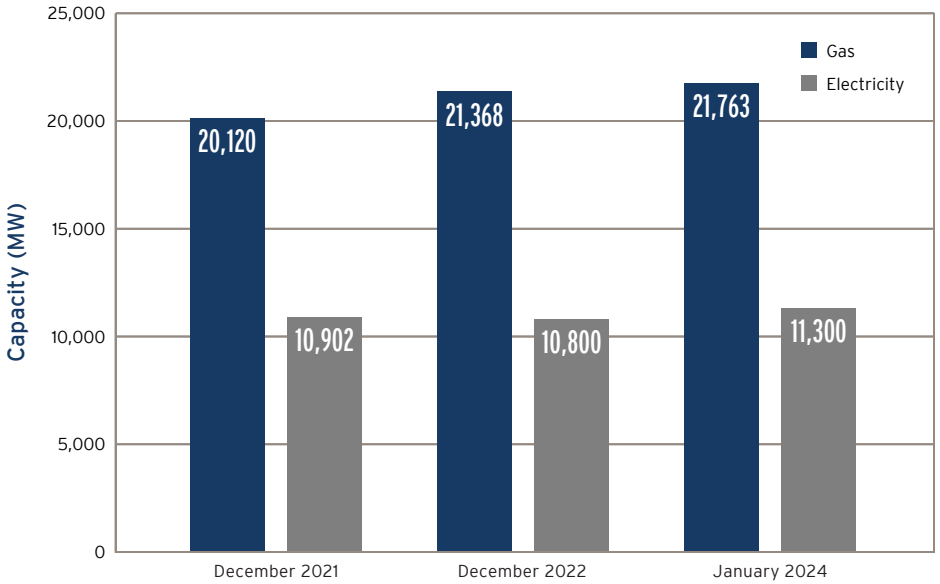
Peak load

Winter storms test the resiliency and reliability of energy systems as customers turn up their thermostats.

On the coldest days of 2022 and 2024 the gas system provided twice as much energy as the provincial electricity system. On January 12, 2024, when the province was at its coldest, the gas system delivered 21,763 megawatts (MW) of energy while electricity providers delivered 11,300 MW. During this cold snap and a similar one on December 22, 2022, the gas system delivered roughly twice as much energy to British Columbians as the province-wide electricity system.

Extreme weather events can put people and communities at risk and highlight the importance of both the gas and electricity systems working together to deliver the energy needed to keep homes and businesses safe and warm.

Peak demand comparison (3-year timeline)



Extreme weather

Extreme weather events can impact safety and reliability and raise operational and asset risks. We actively plan and prepare and invest in our assets to mitigate those risks.

We're frequently called on to respond swiftly to maintain and repair our infrastructure during extreme weather events.

We evaluate the risks to our assets from extreme weather events including wildfires, floods, sea-level rise, windstorms, snowstorms, heat domes, polar vortexes, landslides, lightning and freeze-thaw events. Together with research on impacts of extreme weather events, the results of this evaluation help us pinpoint areas of risk and develop projects to address those risks and improve the dependability of our gas and electricity systems. Our teams also collaborate with Fortis Inc. utilities and other energy providers to assess potential risks and share relevant data.

Wildfire planning and response

Higher temperatures, heat domes, storms and droughts have all contributed to increasing wildfire risk in B.C., underlining the importance of prevention and rapid response to mitigate damage to our infrastructure.

Our proactive approach involves collaborative work to evaluate risks and develop strategies to protect our infrastructure and enhance public safety. We work with the BC Wildfire Service to share knowledge and training, and with other external stakeholders and utilities to help with their wildfire response.

FortisBC's response to the 2023 wildfires in B.C.'s Interior demonstrated our readiness for extreme weather events.

Our efforts include the use of fire suppression materials and fire blankets around infrastructure with potential risks, clearing vegetation, creating contingency plans and monitoring assets to maintain service in the event of damage. Crews are ready to activate emergency response plans at any moment as wildfires can escalate quickly.

As high winds caused a wildfire to advance quickly towards Kelowna, we mobilized a company-wide response.

Supporting the communities we serve during wildfires

The 2023 wildfires that threatened Kelowna and large parts of the Southern Interior demonstrated our readiness for and resilience during natural disasters.

In mid-August, when high winds caused a wildfire to advance quickly towards Kelowna, we had to act fast to isolate sections of the system to ensure public safety. We mobilized a company-wide response, tapping support from our emergency operations centre and bringing in gas and electricity personnel from across the province. Customer service technicians patrolled the active fire zones to report back on damaged structures and assets.

In addition to the crews responding to the Kelowna wildfires—which resulted in minimal damage to our gas and electricity systems—our crews also helped mitigate fire risk in other B.C. areas including Kamloops, the Shuswap and the South Okanagan, and helped BC Hydro restore power to its service territory.

Cybersecurity and physical security

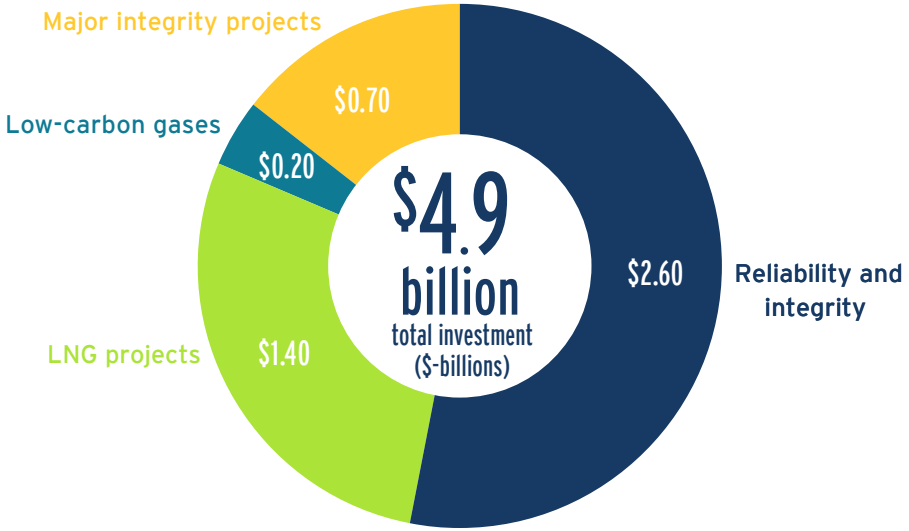
We rely on information and operations technology and network infrastructure to manage our business, safely operate our generation, transmission and distribution assets and deliver the energy and services our customers expect. In the ever-evolving cybersecurity landscape, we actively manage and mitigate our cybersecurity risk to protect our infrastructure and our customers' data. For example, we:

- employ rigorous security protocols overseen by experts responsible for protecting against cyberattacks
- comply with the B.C. Personal Information Protection Act to ensure correct handling of our customers' information
- encrypt and securely transmit the personal information from our advanced meter network and participate in regular third-party security audits
- leverage our corporate security risk management program to inform our response to cyber and physical threats
- continue to implement tools to monitor critical infrastructure and technology assets for threats at key sites in 2023
- had no reportable cybersecurity breaches in 2023
- regularly update our employee awareness training and incident response plans to ensure preparedness for changing cybersecurity risks

Infrastructure investment

Over the next five years, we plan to invest $4.9 billion on system modernization to strengthen the resiliency and reliability of our gas and electricity infrastructure, the continued development of renewable and low-carbon gases and the expansion of our LNG facilities.

5-year capital investment overview



This includes our advanced gas meter project that was approved by the BCUC in 2023 and involves upgrading more than a million gas meters across B.C. Benefits of this technology include:

- empowering customers to make cost-effective energy choices by having access to their daily gas use data
- enhancing safety with remote gas leak detection and response, including in the event of an emergency such as an earthquake
- reducing GHG emissions by an estimated 1,100 tonnes each year by having fewer cars on the road as we'll no longer need to manually read meters

Affordability and customer satisfaction

Customer experience target:

- Annual customer satisfaction index scores of 8.5 out of 10.

The energy transition, and the costs associated with achieving it, must align with customers' ability to afford those costs. Delivering affordable energy to our customers is a priority that affects virtually all aspects of our business, and we work hard to achieve this with a combination of cost management and strategic investment, including:

- focusing on efficiencies, low-carbon innovation and optimizing energy portfolios to reduce customer costs
- investing in energy-efficiency programs to help customers reduce their energy use
- maintaining careful control of operations and management costs as well as growth capital
- using a diversified approach to long-term planning to manage affordability and the use of existing infrastructure

Customer satisfaction

Our culture fosters strong customer relationships and recognizes their increased focus on energy usage and reducing their carbon footprint.

In early 2023, we debuted our new electricity bill following the launch of our new gas bill. The new bills, reimagined with the help of 1,400 customers including homeowners, renters and business owners, incorporated a simpler design with more data and tips to save energy. Implementation of the new bills earned a Bronze Billing and Payment Programs Award from Chartwell, Inc.'s 2023 Best Practices Awards.

Customer satisfaction is a major factor in the regulation of our utilities, and we're proud our customer satisfaction indexes are consistently high.

Public safety

Emergency preparedness and response

In November 2023, the provincial government released its new Emergency and Disaster Management Act setting new requirements for emergency response and business continuity plans aimed at protecting critical infrastructure. We are ensuring our operations are aligned with the new requirements and are pursuing a long-term project to continue to modernize our business continuity programs.

Operational health and safety business partner Diane Blanchet on the job.

At the centre of our response programs is our emergency management and business continuity team that works with all departments on business continuity and emergency response plans to support the resiliency of our business to emergencies.

The team works with all levels of government, emergency services, Indigenous communities and other stakeholders on emergency planning, and conducted more than 30 exercises in 2023, some of them large-scale emergency simulations.

Public safety outreach

Public and employee safety is our No. 1 priority and public outreach is an important part of how we educate British Columbians on staying safe around our gas and electricity infrastructure.

For our gas operations, our outreach includes sessions such as one we held in spring 2023 with the City of Penticton and Penticton Fire Department, where we shared best practices for safe digging around our gas lines and other buried infrastructure. The underlying message throughout was the importance of contacting BC 1 Call before digging.

We continued our annual ‘Click or call before you dig’ campaign to prevent damage to our infrastructure. We’re also advancing damage prevention initiatives and increasing collaboration with external agencies, including WorkSafeBC and BC 1 Call.

Our efforts are paying off. In 2023, we recorded the lowest number of gas line hits in the last 20 years, with 844 third-party damages, below our target of 896. We processed 158,478 BC 1 Call location requests in 2023, which is the second-highest volume we’ve ever recorded.

Certificate of recognition

In ensuring the safety of our own operations, we adhere to government regulations and voluntarily take part in programs designed to support the safety of employees and the public. One such program is the certificate of recognition audit, which is a collaboration with WorkSafeBC that honours employers with health and safety management systems that meet or exceed regulations.

The audit’s objectives include confirming compliance with Energy Safety Canada’s audit protocol, gaining feedback from employees about our safety management systems and identifying strengths and opportunities for improvement. In 2023, we achieved an overall score of 94 per cent, confirming the soundness of our safety measures.

People and culture

We're committed to providing safe and inclusive workplaces for our employees while offering career development opportunities that enable business growth and success.

We strive to attract a diversity of talent across every role and maintain an environment where all perspectives are welcomed and valued. We meet this commitment by encouraging a culture of belonging based on inclusion, diversity and equity, where employees have opportunities to connect, belong and grow.

Melissa Ketel, left, FortisBC customer experience manager, learning and development, with team manager Sandy Sihota.

People and culture

Advancing our culture of belonging means seeking to understand and respecting different cultures, backgrounds, identities, ideas, approaches and perspectives. We're committed to providing an inclusive workplace where our employees can be their authentic selves at work, and are celebrated for the diverse perspectives, skillsets and abilities they bring. Because safety is also a core value for us, we're building an environment where employees are encouraged to develop and maintain operational safety practices. We are striving to attract a diversity of talent across every role and maintain a safe working environment where all perspectives are welcomed and valued.

A culture of belonging

DEI commitment:

- Develop and implement annual diversity, equity and inclusion action plans to ensure our workforce reflects the diversity of the communities we serve.

Our company is backed by the bedrock strength of our people and the skills, knowledge, innovation and diversity they bring with them.

We build on that strength and achieve business results by making an effort to be inclusive of diverse perspectives and backgrounds and by removing systemic barriers to inclusion.

Our key performance indicators gauge our workforce diversity, equity in employee experience, inclusive leadership, workforce well-being and community well-being.

We meet the requirements of the B.C. Pay Transparency Act, which as of November 2023 required us to disclose pay range in job postings. We will also develop and deliver action plans based on the employee engagement survey of our parent company, Fortis Inc., which was administered across all its subsidiaries in 2023.

From left, FortisBC external communications team members Holly Harrison, Karen Grace Marquez, Tammy Lyon, Stephanie Montano, Arlene Whiffin and Brendan Peterson during Pink Shirt Day 2024.

Diversity in our workplace

Top employer: Our efforts to demonstrate leadership in creating an inclusive and diverse workplace have helped to earn us kudos as one of the province's best employers.

Based on our application submitted in 2023, we were among the companies featured in this year's ranking of B.C. employers by Mediacorp Canada Inc., organizer of the annual BC's Top Employers project.

The BC's Top Employers designation recognizes employers offering exceptional places to work. FortisBC and other organizations throughout the province were evaluated according to criteria including workplace, work atmosphere and social; health, financial and benefits; vacation and time off; employee communications; performance management; training; and community involvement.

Employers are compared to their peer organizations to find the ones offering the most progressive and people-centred programs.

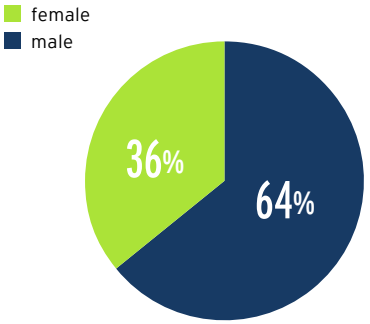
Cultivating a culture of belonging

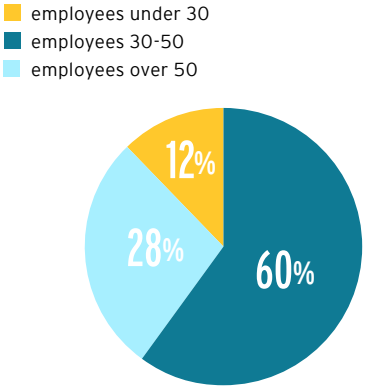
At FortisBC, we work to create a strong culture of belonging by focusing on diversity of the workforce, equity in employee experience, inclusive leadership, workforce well-being and community well-being.

Performance trend: 2023 workforce detail

People and culture[32]

Employees

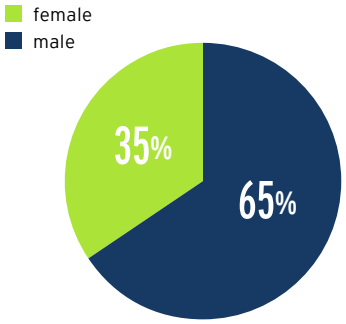


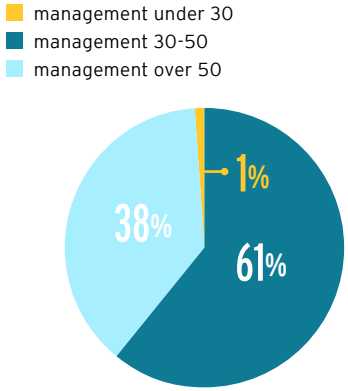


Average age of employees

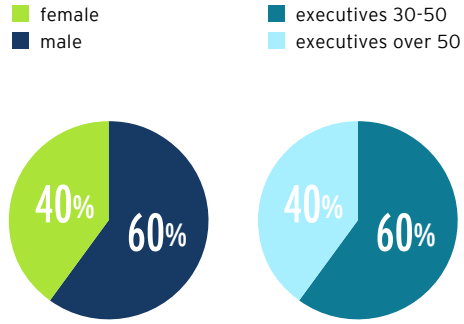
43.6 years

Management[33]

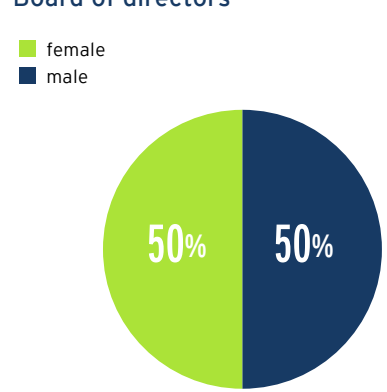




Executives



Board of directors



For further data on our people (e.g. freedom of association, hiring, turnover and retention, benefits and remuneration), see Appendix section Key performance indicator summary.

[32]This summary table reports on sustainability data for FortisBC Energy Inc. and FortisBC Inc. and non-regulated FortisBC companies, as of December 31, 2023. [33]Employees who hold the position of manager or director who have direct reports.

Workforce well-being: We invest in the well-being of our workforce, and in 2023 launched the new TELUS Health Employee and Family Assistance Program that offers an online platform and app with features including a dedicated phone number for FortisBC employees, instant chat function, expert-crafted well-being content, self-guided CareNow programs and personalized assessments.

FortisBC collections representative Astana Khan with collections lead Elaine Woo.

Culture of belonging: Growing our workplace culture is a journey that evolves with the needs of our people, communities and the changing workforce. We're committed to taking purposeful and tangible action to support our culture of belonging—it is ingrained into our organization's ecosystem.

This long-term approach cultivates collaboration and innovation and supports us in seeking better ways to sustain a healthy workplace culture while driving our business forward. Our culture of belonging action plan provides opportunities to learn about DEI, and in 2023, we achieved 14,000 hours of related training, compared with about 9,000 hours in 2022. We also encourage employees to participate in mental health and well-being events such as our Wellness Wednesday sessions. And our employee engagement and inclusion survey, administered by Gallup in fall 2023, set out to better understand employees' experiences around engagement and inclusion.

Indigenous outreach: A central focus for strengthening employee relations is our work to create and build partnerships with Indigenous communities. Youth outreach, particularly within Indigenous and underrepresented communities, helps bridge gaps and raise awareness about career opportunities in utilities.

Our Indigenous Speaker Series invites high-profile Indigenous leaders, Chiefs and Traditional Knowledge Keepers to speak about important topics and projects in their communities, and how we're partnering to achieve common goals. The series aims to build familiarity with cultural differences so we can be better partners and show respect, which are crucial elements in supporting Reconciliation and creating culturally and psychologically safe spaces.

From left, distribution personnel Gerard Hallahan, Cam Oliviero and Cole Beaton with crew leader Aaron Cuming on the job in August 2023.

Voluntary self-identification: Understanding our employees' demographics helps us cultivate a workplace culture that is meaningful to people of all backgrounds and ensures our workforce reflects the diversity of the communities we serve. We encourage all employees to share information voluntarily and confidentially about their gender identity and ethnicity. This data also helps us meet the increased reporting requirements of B.C.'s Pay Transparency Act, the PAIR certification process, our parent company and its shareholders and as a condition of our agreements with many communities.

Employee experience

Modernizing the employee experience

We work hard to attract people with valuable skills and perspectives and foster professional growth and development to ensure our employees' experience matches the connection, flexibility and innovation they expect in other areas of their lives.

One way we accomplish this is through our customer service collective agreement, which creates various opportunities for alternate work location arrangements for this group of employees. These arrangements may include remote and on-site hybrid, long-term remote and temporary remote.

From left, Gaurav Sharma, Sara Lasure and Navjot Kaur Gill at the Willingdon Park customer contact centre.

Our Approved Flex Location pilot program provides a flexible work model for management and exempt personnel by creating opportunities for a balance of remote and in-office work.

We also actively build on purposeful and diverse programs such as our employee clubs and committees. These groups provide opportunities for personal development, networking and engagement, and include our Indigenous Employee Circle, joint health and safety committees, public safety ambassadors, social committees, Toastmasters and the Innovation and Sustainability Ambassadors Network.

Innovation and Sustainability Ambassadors Network

This group helps advance our business goals while allowing employees to expand their professional networks and pursue personal development. It brings together employees from all areas of the business to develop ways to support innovation and sustainability across our company. The network has drawn increasing interest, with more than 100 participants over the last three years and was recognized by Electricity Canada with a Sustainable Electricity award for its commitment to continuous performance improvement.

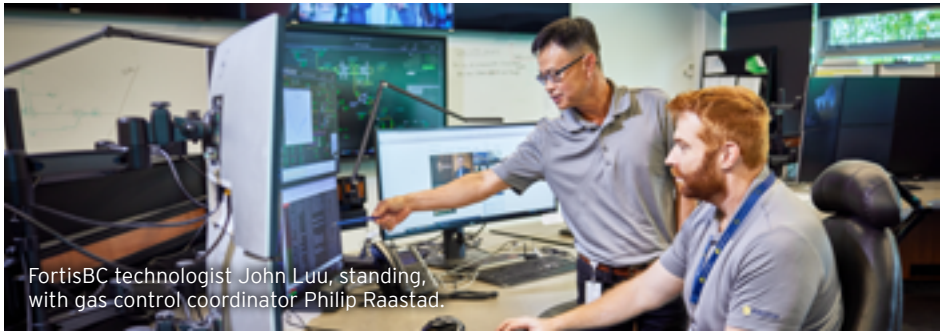
Participants in FortisBC's Advancing Leadership Development Program, outside the Mount Hayes LNG storage facility.

Inclusive leadership: We recognize the importance of providing employees with meaningful opportunities for career advancement and accomplish this by promoting from within where possible. We provide our leaders with a range of learning opportunities to support their development and inspire their teams, while delivering on our business objectives. We're committed to building our leadership training offerings by establishing a strategic, skills-based approach to transforming our business and maintaining resiliency for years to come.

Our leadership training includes our Advancing Leadership Development Program, the Fortis Inc. Leadership Lab and Western Energy Institute programs.

Knowledge Network: Launched in 2023, our Knowledge Network offers a variety of virtual sessions that connect our workforce to the fundamentals of our business goals and priorities, giving employees a foundational understanding of our history, culture and vision for the future.

Strengthening safety strategy and philosophy



FortisBC technologist John Luu, standing, with gas control coordinator Philip Raastad.

Health and safety target:

- Maintain leading health and safety practices, ensuring that every employee feels secure and cared for. Achieve an on-time safety improvement rate of 95 per cent annually

As one of our core values, safety—of our employees, our contractors and the public—has long been a top priority at every level of our organization. This priority drives our continuing efforts to strengthen our safety across the organization, with an array of initiatives aimed at reducing risk and addressing possible hazards and emergency scenarios, including:

- focusing on the management of high-energy hazards—those with enough energy to pose a risk of serious injury or fatality—and risk control, driver safety and contractor safety
- expanding our safety leadership in action program to our high-risk groups, using a new electronic hazard identification and risk assessment tool and implementing quality evaluation tools for a safe work plan
- evaluating key areas of our safety management system through independent checks such as the certificate of recognition audit
- maintaining our focus on musculoskeletal injury prevention by identifying risk areas, adopting a refreshed MoveSafe program and delivering on strategies aimed at fall prevention

Human and organizational performance: A critical component of our safety management system is effectively monitoring safety performance. We take a comprehensive and collaborative approach to this that guides how we learn about the interaction of people and systems in the workplace. We encourage everyone to be part of the safety conversation, and an important forum for this is our joint health and safety committees.

A joint health and safety committee is a worker-management team that meets regularly to discuss issues—ranging from physical safety on the job to the importance of mental health and well-being in the workplace—and to promote compliance with safety regulations and company health and safety requirements. Its goal is to monitor workplace health and safety issues, help employees and employers resolve concerns co-operatively and assist the company in maintaining a safe workplace.

Equipment operator/distribution assistant Cam Oliviero greets operational health and safety business partner Diane Blanchet at a work site.

There are 22 such committees across FortisBC's operations. In 2023, they helped deploy the newly rebranded Employee Safety Recognition program that recognizes employees who make outstanding contributions to company safety through peer-to-peer nominations. This program is an important way we proactively identify potential safety risks in our workplaces.

Injury prevention: We take injury prevention seriously and offer employees a variety of courses and resources designed to reduce the risk across our organization, including:

- completing 580 ergonomic-related interventions, including one-on-one assessments, personal injury treatment and preventative education sessions
- promoting our MoveSafe program, which focuses on preventing musculoskeletal-related injuries caused by slips, trips, falls, lifting and overexertion, and asks employees to think about their approach to safety in their day-to-day activities
- leveraging our safe work planning process to enhance hazard identification and risk mitigation by spotting and reducing risks before launching any work project, ensuring emergency preparedness for planned work activities and maintaining compliance with regulations, internal standards and industry best practices

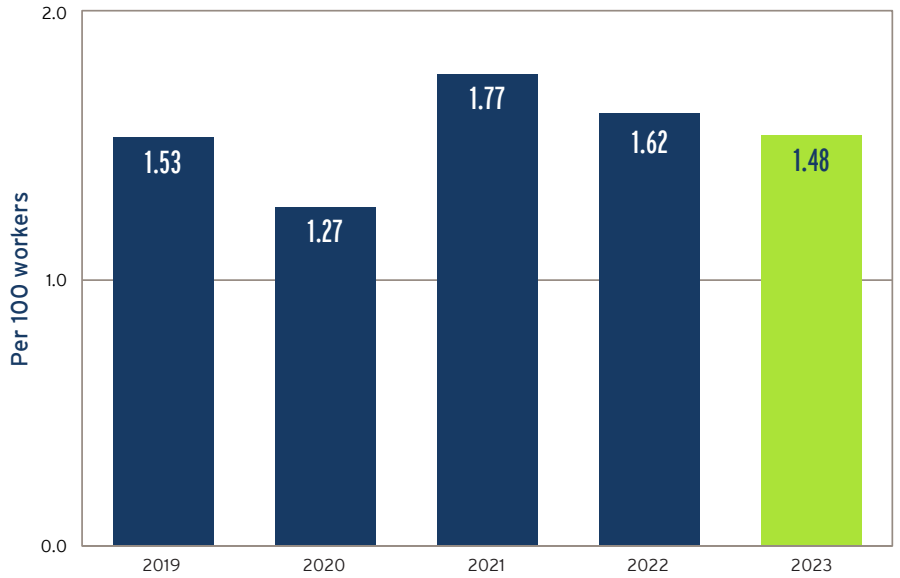
Contractor safety: Our contractor safety management program aims to ensure the highest workplace safety standards among our contractor community by hosting regular practice sessions to boost safety awareness and underscore their shared responsibility to manage and reduce risk.

Our efforts to promote safe work practices include:

- **Safety Moments:** We encourage teams to briefly discuss a safety-related topic at meetings.
- **The Safety Scoop:** We publish a bimonthly newsletter on safety issues.
- **Bell Let's Talk Day:** We support this annual campaign aimed at spotlighting mental well-being and removing the stigma surrounding mental health-related issues.
- **Wellness Wednesdays:** We revamped our series in 2023 to expand the mental and physical health-related articles, resources and education sessions we offer.

Safety governance: Many of our policies include our expectations for a safe working environment. Our Code of Conduct, in particular, sets out our standards and protocols for maintaining safe conditions that foster an inclusive, diverse and respectful workplace. Our safety management system is aligned with the ISO 45001 health and safety management standard, Canadian Standards Association and WorkSafeBC management system standards for occupational health and safety management. All FortisBC employees are covered under our occupational health and safety management system.

All-injury frequency rate

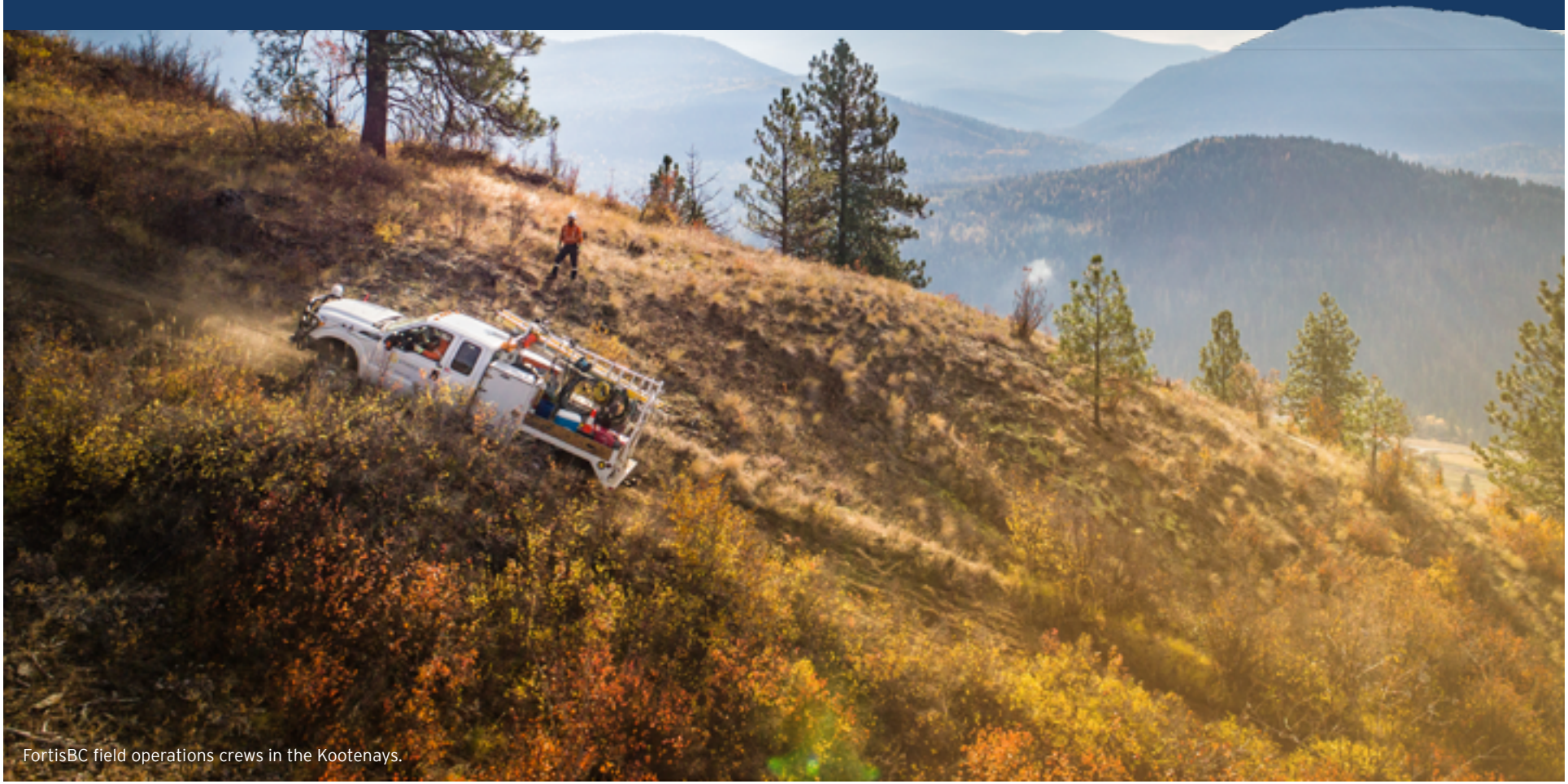


Safety innovation: We unveiled new safety initiatives in 2023, including a digital safe work plan tool to help identify and eliminate the risk of serious injuries and fatalities in our gas and electricity operations. Our high-risk strategy safety team supported an initiative to help ensure safety during work around gas infrastructure.

Safety scorecard: We achieved above our 2023 target for safety improvements, including completing 942 safety actions and recording a slight decline in injuries over 2022 and no serious or life-threatening injuries.

Leading indicators: We created a more detailed picture of our overall safety performance in 2023. This was mainly through adopting Fortis Operating Group leading indicators, including observations and site visits, meetings and safety training and education as well as the Good Catch program that recorded 101 opportunities for safety improvements. We completed more than 5,600 safety-focused site visits as part of our safety learning and engagement program.

Global frameworks inform our approach to reporting



FortisBC field operations crews in the Kootenays.

FortisBC generation operations manager Paul Matteucci on the job.

Global frameworks inform our approach to reporting

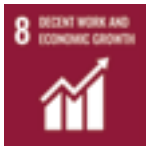
Our sustainability reporting follows Global Reporting Initiative (GRI) standards. We use the Greenhouse Gas Protocol Corporate Accounting and Reporting Standards to calculate our GHG emissions. We also support our parent company, Fortis Inc., in the reporting of climate disclosure aligned with the Task Force for Climate-related Financial Disclosure (refer to Fortis Inc.'s Climate Report 2024) and the Sustainability Accounting Standards Board industry standards for the electricity utilities and power generators and gas utilities and distributors sectors (refer to Fortis Inc.'s 2023 Sustainability Update Report).

FortisBC produces a comprehensive sustainability report annually. Sustainability key performance indicators are included in the Appendix and are dated as of December 31, 2023, except as otherwise noted. Please use this document for comparative purposes, as historical data has been updated in some instances. This report was published on July 29, 2024.

We have identified the following United Nations Sustainable Development Goals (UNSDGs) relevant to our sustainability priorities. Examples of how FortisBC's initiatives are advancing these goals are included throughout the report and are mapped to the UNSDG sub-target level in the Appendix.

Goal 5: Gender equality

Goal 7: Affordable and clean energy



Goal 8: Decent work and economic growth

Goal 9: Industry, innovation and infrastructure

Goal 11: Sustainable cities and communities

Goal 13: Climate action

Data verification and report review

FortisBC has internal quality controls for data collection processes. Verification and support documentation, variance narratives and director-level sign-off of submitted data are required. This report is also reviewed by the FortisBC executive leadership team and the FortisBC governance and sustainability committee of the board of directors.

FortisBC engages with a third-party consultant to perform reasonable assurance for a portion of its GHG emissions data to ensure the data is accurate.[34] Reasonable assurance is completed in accordance with the Government of British Columbia's Greenhouse Gas Industrial Reporting and Controls Act and is required for gas operations and imported electricity.

Financial accounting analyst Carman Chan at work.

Additional FortisBC disclosures

Gas Utility management discussion and analysis

Electricity Utility management discussion and analysis

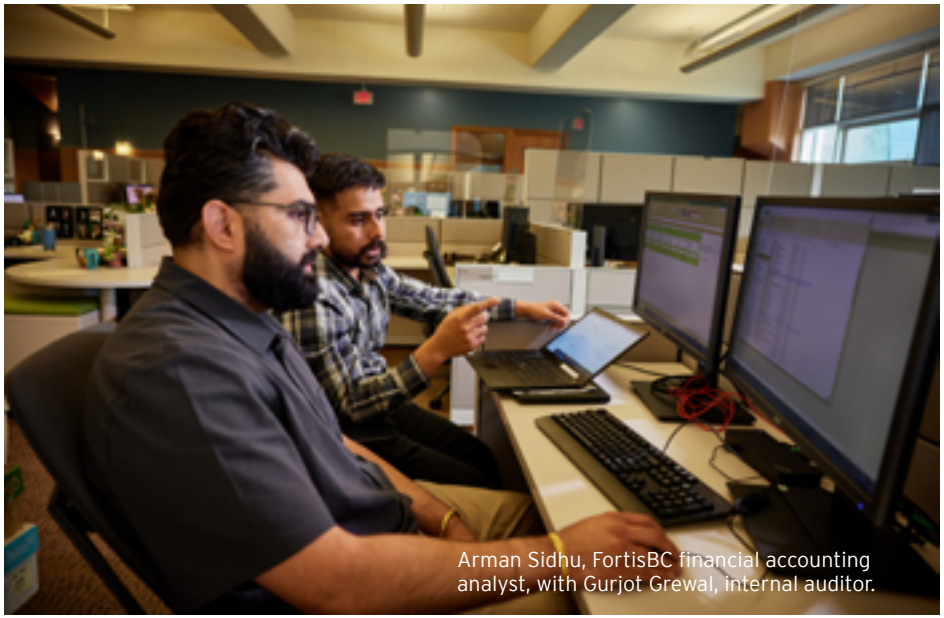
Gas Utility annual information form

Electricity Utility annual information form

2023 Green Bond Impact Report

Reporting scope and boundaries

The terms FortisBC, our, we, our organization and the company, refer to FortisBC Energy Inc. and FortisBC Inc. collectively. FortisBC Inc. and FortisBC Energy Inc., both regulated utilities, do business as FortisBC, and are focused on providing safe and reliable energy, including renewable fuels, natural gas, electricity and propane. FortisBC is indirectly, wholly owned by Fortis Inc., a leader in the North American regulated electricity and gas utility industry. Throughout this report, we use the terms FortisBC, our, we, us, our organization and the company interchangeably to refer collectively to FortisBC Energy Inc. (our gas utility) and FortisBC Inc. (our electricity utility).



Arman Sidhu, FortisBC financial accounting analyst, with Gurjot Grewal, internal auditor.

This report communicates our sustainability performance from January 1, 2023 to December 31, 2023, and other events in 2023.

Our sustainability performance summary includes historical data trends for the five years ending December 31, 2023, unless otherwise noted, for FortisBC. All dollar amounts are expressed in Canadian dollars and data is reported using the metric system, unless otherwise stated.

[34]Per B.C. government regulations, "free of material errors, omissions or misstatements and conforms to the requirements of the Greenhouse Gas Industrial Reporting and Control Act (the Act), the Greenhouse Gas Emission Reporting Regulation (the Regulation), ISO 14064-3 and IAF MD4."

Appendix

FortisBC operations manager, interior south Brandon Weel, left, with welder Daniel Katnich.

Key performance indicator summary

Please use this document for comparative purposes as historical data has been updated in some instances.

Energy transition and environment[35]

Indicator	2023	2022	2021	2020	2019
Emissions (tCO_2e)[36]					
Scope 1 GHG emissions:					
from natural gas operations (combustion, flaring, venting, fugitive)	130,000	205,500	132,000	123,000	148,000
from third-party gas line damage incidents[37]	14,200	23,300	15,000	11,000	14,400
from SF_6 fugitive emissions	62	263	99	1,800	1,300
from owned vehicle emissions	8,200	8,200	8,200	8,000	7,300
from natural gas for comfort heating	1,600	1,700	1,500	1,600	2,800
Total Scope 1 GHG emissions	**154,000**[38]	**239,000**	**157,000**	**145,000**	**174,000**
Scope 2 GHG emissions	8,800[39]	7,200	6,100[40]	6,300	7,000
Total Scope 1 + 2 GHG emissions	**162,800**	**246,200**	**163,100**	**151,300**	**181,000**
Scope 3 GHG emissions:					
related to natural gas transmitted and delivered under certain third-party market contracts	3,400,000	3,550,000	3,800,000	3,640,000	4,400,000
related to FortisBC Energy Inc. supplied natural gas used by customers[41] (Category 11)	7,170,000	8,060,000	7,700,000	7,400,000	7,000,000
Combined natural gas customer Scope 3 GHG emissions[42]	10,570,000	11,610,000	11,500,000	11,040,000	11,400,000

[35]This summary table reports on sustainability data for FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC) (FEI and FBC collectively, FortisBC) as of December 31, 2023. [36]Scope 1 and 3 GHG emissions are calculated using the Intergovernmental Panel on Climate Change's (IPCC) Fifth Assessment Report (AR5) Global Warming Potential values. Scope 2 GHG emission calculations use approved emission factors as provided by the Province of British Columbia. [37]GHG emissions released from gas line damages caused by parties that are unrelated to FortisBC. [38]Scope 1 emissions, as defined under the Greenhouse Gas Protocol, are direct emissions from owned or controlled sources. For 2023, this includes externally verified Scope 1 GHG emissions as reported to the BC Ministry of Environment of 137,000 tCO_2e and 7,000 tCO_2e for FEI and LNG operations, respectively. [39]Scope 2 emissions, as defined under the Greenhouse Gas Protocol, are indirect emissions from the generation of purchased electricity for own use. Not included are externally verified Scope 3 GHG emissions for FBC as reported to the BC Ministry of Environment in 2023 of 91,000 tCO_2e. [40] Per Minister of Environment Greenhouse Gas Industrial Reporting and Control Act Bulletin 022, the revised methodology to calculate the B.C. Integrated Grid Factor was adopted in 2021. [41]Customers include the built environment, industry and transportation sectors. [42]Combined natural gas customer Scope 3 GHG emissions are based on the amount of energy delivered by FEI multiplied by the WCI combustion emission factor. RNG volumes exclude prior period accounting adjustment and recorded in 2023 for 90.7 TJ received during 2015-2022.

Indicator	2023	2022	2021	2020	2019
Environmental benefits from FortisBC energy solutions (in tCO_2e)[43,44]					
Avoided GHG emissions from the use of LNG in marine bunkering using the BC LCFS target carbon intensity for diesel class fuel[45]	24,600	29,600	27,100	28,100	26,000
Avoided GHG emissions from the use of LNG in marine bunkering compared to the carbon intensity of diesel	40,200	43,400	37,300	36,900	32,500
Avoided GHG emissions from natural gas used for transportation using the BC LCFS target carbon intensity for diesel class fuel	15,800	18,200	24,900	16,300	17,800
Avoided GHG emissions from natural gas used for transportation compared to the carbon intensity of diesel	30,700	31,100	35,100	23,700	24,200
Avoided GHG emissions from the use of RNG	265,900	213,500	56,700	19,100	17,200
Annual GHG emissions reductions from natural gas related to conservation and energy management programs	96,621	69,956	68,323	61,757	49,751
Environmental compliance					
Number of environmental fines and penalties	0	0	0	0	0
Emergency spill response plan	✓	✓	✓	✓	✓
Environmental management programs aligned with ISO 14001	✓	✓	✓	✓	✓
Number of Class 3 spills[46] by FortisBC	0	2	0	1	0
Number of Class 3 spills by contractors	0	2	1	0	0
Waste management (in tonnes)					
Total amount of hazardous waste manifested for disposal[47]	97	228	56	70	138
Total amount of recycled hazardous waste	140	133	128	178	79
Total amount of hazardous waste generated and manifested	**237**	**361**	**184**	**248**	**217**

[43]The Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) methodology was used to calculate avoided GHG emissions for 2022 and 2023 data. Values from previous years are reported using Global Warming Potential values aligned with the IPCC's Fourth Assessment Report (AR4) methodology. [44]See Avoided GHG emissions calculation methodology on page 62. [45]Based on GHG lifecycle emissions factors consistent with BC LCFS and the Government of Canada Clean Fuel Regulations. [46]A Class 3 spill is defined as an event that results in significant damage that includes large spills in waterways, spills that significantly exceed externally reportable thresholds, a regulatory non-compliance investigation by regulator and/or a fire that may cause damage more than $100,000. [47]Hazardous waste as reported on the movement document/manifest form that is required for the movement of all hazardous waste by the BC Ministry of Environment Hazardous Waste Regulation. Overall waste volume manifested for disposal in 2023 was lower than 2022 due to completion of hazardous waste management associated with the Corra Linn Spillway Project, Waneta Unit 3 Unit Life Expectancy Project and near completion of PCB change-out program at Warfield Hazardous Waste Facility.

Indigenous and local communities[48]

Indicator	2023	2022	2021	2020	2019
Economic					
Community events participated in[49]	396	322	180[50]	325	332
Communities that received investment	73	65	74	74	76
Economic value generated[51] (in millions of dollars)	$2,450	$2,557	$2,168	$1,797	$1,734
Economic value distributed (in millions of dollars):					
operating costs	$242	$231	$211	$222	$200
employee wages and benefits	$350	$342	$346	$323	$299
payments to providers of capital	$496	$411	$399	$449	$454
payment to government	$764	$622	$485	$439	$401
community investment[52]	$6.7	$4.5	$3.8	$3.4	$2.5
Indigenous[53]					
Taxes paid when on reserve land (gas and electricity)[54] (in millions of dollars)	$3.4	$3.2	$2.6	$2.5	$2.3
Partnership Accreditation in Indigenous Relations (PAIR) Silver Certified[55]	✓	✓	✓	✓	✓
Safety					
Number of emergency exercises[56]	30	26	32	20	20

[48]This summary table reports on sustainability data for FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC) (FEI and FBC collectively, FortisBC) as of December 31, 2023. [49]A FortisBC event or activity open to members of the public (inclusive of virtual activities) where a FortisBC employee is present to answer questions and share information about the company. [50]COVID-19 restrictions impacted FortisBC's ability to host events. [51]Revenues as reported per external financial statements for FEI and FBC. [52]Includes investments into the communities including donations, in-kind contributions and sponsorships. [53]Progressive Indigenous Relations action plans and targets are being implemented as part of the PAIR certification framework. [54]For taxes paid on FortisBC land, infrastructure and other taxable real property situated on reserve or treaty lands of any First Nation that has opted to exercise optional legislative powers to implement a property taxation system. [55]FortisBC achieved PAIR Silver certification in August 2023 and committed to the PAIR Committed process in 2019. [56]FortisBC defines an emergency exercise as a simulated emergency in which participants carry out roles, actions, functions and responsibilities that would be expected of them in a real emergency. The number of emergency exercises is driven by several factors such as due diligence, business need, regulatory and community request. Annually, more or fewer exercises are not indicative of safety performance.

Operational performance and adaptation[57]

Indicator	2023	2022	2021	2020	2019
Gas and electricity transmission and distribution					
Total length of gas transmission and distribution lines (km)	51,600	51,200	50,500	50,200	50,000
Total length of electricity transmission and distribution lines (km)	7,300	7,300	7,300	7,300	7,300
Operational safety and system reliability					
Number of incidents with significant safety, environment or service disruption consequences (gas)[58]	0	1	0	0	0
Number of confirmed BC Mandatory Reliability Standards violations with penalty (electricity)[59]	0	0	0	0	0
Gas line damage incidents by all parties working around the FortisBC gas system (total number)	844	896	1,034	972	1,069
Energy use					
Amount of energy delivered—electricity (in GWh)	3,478	3,542	3,460	3,291	3,326
Amount of energy delivered—electricity (in PJ)	12.5	12.8	12	12	12
Amount of energy delivered—gas (in PJ)	213	231	230	219	227
Total amount of energy delivered—electricity and gas (in PJ)	**226**	**244**	**242**	**231**	**239**
Customers					
Number of customers—gas	1,086,500	1,075,600	1,064,800	1,054,100	1,040,000
Number of customers—electricity	190,600	187,900	184,800	182,000	179,000
Customer satisfaction index—gas[60]	8.5	8.6	8.7	8.7	8.7
Customer satisfaction index—electricity[61]	8.4	8.4	8.4	8.5	8.5
Number of cybersecurity incidents[62]	0	0	0	0	0

[57]This summary table reports on sustainability data for FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC) (FEI and FBC collectively, FortisBC) as of December 31, 2023. [58]Number of incidents with significant safety, environment or service disruption consequences in accordance with the FEI Integrity Management Policy. [59]Number of confirmed BC Mandatory Reliability Standards violations with penalty in accordance with the BCUC Rules of Procedure. [60]As reported to the BCUC. [61]As reported to the BCUC. [62]A cybersecurity incident is defined as an incident where digital systems are compromised materially, or data is lost or stolen and that is reportable to the BCUC.

Indicator	2023	2022	2021	2020	2019
Economic, customer service					
FortisBC investment in conservation and energy management programs	$135.9 million	$118.7 million	$119.5 million	$86.0 million	$74.6 million
Emergency calls responded to within one hour—gas	97.5%	97.7%	97.7%	97.7%	97.9%
Emergency calls responded to within two hours—electricity	92.5%	93%	94%	92%	92%
System average interruption duration index (SAIDI)[63]	3.04	2.42	4.27	3.17	2.42
System average interruption frequency index (SAIFI)[64]	1.31	1.52	2.08	1.64	1.20
Customers who achieve resolution in one contact with our customer contact centres	77%	77%	79%	81%	81%

[63]SAIDI depicts the average outage duration for each customer served, indicated in hours per customer. [64]SAIFI depicts the average number of interruptions that a customer would experience, indicated in units of interruptions per customer.

People and culture[65]

Indicator	2023	2022	2021	2020	2019
Number					
Total number of employees	2,714	2,653	2,631	2,549	2,447
Demographics					
Employees:					
percentage of male employees	64%	65%	65%	65%	66%
percentage of female employees	36%	35%	35%	35%	34%
percentage of employees under 30	12%	11%	10%	8%	6%
percentage of employees 30-50	60%	59%	58%	54%	52%
percentage of employees over 50	28%	30%	32%	38%	42%
Average age of employees	43.6	44.7	44.6	45	46.1
Management:[66]					
percentage of male management	65%	67%	68%	63%	64%
percentage of female management	35%	33%	32%	37%	36%
percentage of management under 30	1%	2%	2%	1%	1%
percentage of management 30-50	61%	61%	58%	55%	50%
percentage of management over 50	38%	37%	40%	44%	49%
Executives:					
percentage of male executives	60%	60%	67%	67%	67%
percentage of female executives	40%	40%	33%	33%	33%
percentage of executives 30-50	60%	60%	56%	33%	33%
percentage of executives over 50	40%	40%	44%	67%	67%
Board of directors:					
percentage of males on the board of directors	50%	40%	36%	58%	60%
percentage of females on the board of directors	50%	60%	64%	42%	40%

The asterisks ("") in the table indicate metrics added in recent years and historical data is not available. [65]This summary table reports on sustainability data for FortisBC Energy Inc. (FEI) and FortisBC Inc. (FBC) (FEI and FBC collectively, FortisBC), and non-regulated FortisBC companies, as of December 31, 2023. [66]Includes all employees in a leadership role who have direct reports. Excludes: executives, dependent contractors and long-term disability.*

Indicator	2023	2022	2021	2020	2019
Freedom of association					
Percentage of total workforce—unionized[67]	61%	63%	62%	62%	64%
Hiring					
Percentage of job vacancies filled by existing employees	52%	57%	56%	64%	55%
Percentage of job vacancies filled by new employees	48%	43%	44%	36%	45%
Turnover and retention					
Voluntary turnover rate[68]	4.8%	4.1%	3.0%	1.6%[69]	2.5%
Annual retirement rate (as a % of total full-time workforce)	1.8%	1.8%	2.4%	1.9%	2.0%
Average years of employment for full-time employees	11.0	11.4	11.7	12.1	13.3
Benefits					
Percentage of full-time employees that are eligible to receive employee and family assistance	100%	100%	100%	100%	100%
Percentage of employees who have access to Indigenous awareness training	100%	100%	100%	100%	*
Percentage of management who have access to inclusive leadership training	100%	100%	100%	*	*
Remuneration					
Percentage of full-time employees whose basic salary is above the local minimum wage	100%	100%	100%	100%	100%
Labour management relations					
Total number of stoppages	0	0	0	0	0
Employees health, safety and wellness					
All injury frequency rate (AIFR)[70]	1.48 injuries /100 workers	1.62 injuries /100 workers	1.77injuries /100 workers	1.27 injuries /100 workers	1.53 injuries /100 workers
Number of fatalities	0	0	0	0	0
Serious injuries and fatalities (SIF)*	0	0	0.09	*	*
Discrimination incidents[71]	1	0	0	0	0
Respect in the workplace incidents[72]	1	2	3	2	7

[67]Employees covered by a collective agreement between the company and a union. The data includes regulated and non-regulated companies as well as temporary employees. Employees on long-term disability are excluded. [68]Excludes retirements. The voluntary turnover rate includes high turnover departments such as customer service, not present in other industry comparators. Values are aligned with industry comparators. The data includes regulated and non-regulated companies for full-time regular employees. Temporary employees and employees on long-term disability are excluded. [69]2020 had a low voluntary turnover rate due to COVID-19. [70]AIFR per 100 workers is for a combined gas and electricity result (annual). [71]Number reflects the substantiated discrimination and harassment complaints that resulted from a policy breach. Policy includes compliance with all applicable legislation. [72]Number reflects the substantiated respect in the workplace complaints that resulted from a policy breach. Policy includes compliance with all applicable legislation.

GHG emissions data evaluation criteria

Context

This appendix provides an overview of methodologies applied to disclose GHG emissions for the January 1, 2023 to December 31, 2023 reporting year in accordance with:

- The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard, Revised Edition, (WBCSD/WRI, 2015) (the "GHG Protocol")
- GHG Protocol Scope 2 Guidance, an amendment to the GHG Protocol Corporate Standard (the "GHG Scope 2 Guidance")
- Corporate Value Chain (Scope 3) Accounting and Reporting Standard, Supplement to the GHG Protocol Corporate Accounting and Reporting Standard (the "GHG Scope 3 Guidance")

Scope and boundaries

FortisBC has selected the financial control approach when consolidating GHG emissions within its organizational boundary, as defined by the GHG Protocol.

FortisBC's operational boundaries comprise FortisBC Inc. (FBC), a regulated electricity utility, and FortisBC Energy Inc. (FEI), a regulated gas utility. The two companies operate in British Columbia as FortisBC.

FortisBC reports GHG emissions generated from all known material sources associated with its facilities and operations that it exercises financial control over. For sources that can be quantified, FortisBC uses a materiality threshold of five per cent. For sources that cannot be quantified, a qualitative assessment is conducted to estimate the probable magnitude of GHG emissions to determine materiality.

FortisBC includes Scope 1 direct GHG emissions, Scope 2 indirect GHG emissions from electricity consumption and Scope 3 other indirect GHG emissions in the emissions inventory.

Base year

FortisBC has selected 2019 as the base year for the Scope 1 GHG emissions target announced in 2024. The 2019 base year was selected because it is consistent with the parent company's base year.

FortisBC is in the process of establishing a base year recalculation policy. However, in 2023, there were no operational changes (e.g. acquisitions, divestments or other business changes) that would impact FortisBC's GHG emissions inventory or the year-over-year comparability of reported emissions data.

GHG emissions

FortisBC reports on emissions from CO_2, CH_4, N_2O and SF_6 greenhouse gases. FortisBC has excluded hydrofluorocarbons (HFCs) as the extent of these emissions are limited to building HVAC cooling systems and are immaterial to the inventory. There are no operational activities that result in perfluorocarbons (PFCs) gases.

Global warming potential factors have been sourced from the Intergovernmental Panel on Climate Change (IPCC) Fifth Assessment Report (AR5) and align with Global Warming Potentials (GWPs) associated with U.S. Environmental Protection Agency (EPA), Environment and Climate Change Canada and United Nations Framework Convention on Climate Change (UNFCCC) reporting requirements.

Greenhouse gas	Formula	5th Assessment
Carbon dioxide	CO_2	1
Methane	CH_4	28
Nitrous oxide	N_2O	265
Sulphur hexafluoride	SF_6	23,500

Total Scope 1 GHG emissions (tCO_2e)

Definition

The majority of FortisBC's Scope 1 (direct) emissions occur from stationary combustion of gas-driven compressors used in natural gas operations. Vented, fugitive and flared emissions are also included.

As a regulated utility in British Columbia, operational GHG emissions are reported as part of regulatory reporting following the 2011 Western Climate Initiative (WCI) quantification methods in combination with 2012 and 2013 amendments. As a default, FortisBC applies calculation methodologies, engineering estimates and emission factors specified by regulation and aligned with the GHG Protocol.

In addition to GHG emissions subject to regulatory reporting, FortisBC includes GHG emissions from owned vehicles in Scope 1 as well as facility comfort heating.

Units

Metric tonnes of CO_2 equivalent (tCO_2e).

Calculation methodology

Scope 1 GHG emissions are calculated based on activity data (e.g. natural gas consumption data, flaring metered records, system reports and fuel usage) and emission factors sourced from the following:

- 2011 Western Climate Initiative (WCI) (with 2012 and 2013 amendments)
- equipment manufacturers
- Canadian Energy Partnership for Environmental Innovation (CEPEI), Estimation of Air Emissions from the Canadian Natural Gas Transmission, Storage and Distribution System Methodology Manual
- B.C. Best Practices Methodology for 2020

Total Scope 2 GHG emissions (tCO_2e)

Definition

Scope 2 (indirect) emissions represent a small source of GHG emissions for FortisBC. The majority of these emissions relate to line loss associated with the electricity utility.

The GHG Scope 2 Guidance specifies that Scope 2 emissions should be calculated and reported following the location-based and market-based method if FortisBC has operations in markets providing product or supplier-specific data.

For 2023, FortisBC will only report following the location-based method. This is due to there being no market-based emission factors and no Renewable Energy Certificates (RECs) purchased in the period.

Units

Metric tonnes of CO_2 equivalent (tCO_2e).

Calculation methodology

Scope 2 emissions are calculated based on activity data (e.g. electricity consumption data, invoices, power purchase agreements and bills) and emission factors sourced from the following:

- actual 2023 FortisBC grid factors
- B.C.'s integrated grid electricity GHG emission intensity factor
- Greenhouse Gas Industrial Reporting and Control Act (GGIRCA) Bulletin Energy Factor (EF) of 0.454 (generic US grid factor), which is required for regulatory purposes
- line loss value in accordance with FortisBC's 2020-2024 multi-year rate plan as submitted to the BCUC

Total Scope 3 GHG emissions (tCO_2e)

Definition

Scope 3 emissions include indirect emissions that are a consequence of FortisBC's activities but occur outside of sources owned and controlled by FortisBC.

FortisBC is in the process of performing a formal evaluation to assess the significance of each Scope 3 emissions category to the total inventory. Currently, FortisBC reports on Category 11: Use of sold product only.

Units

Metric tonnes of CO_2 equivalent (tCO_2e).

Calculation methodology - Category 11

Category 11 emissions relate to two key activities: natural gas transmitted and delivered under certain third-party market contracts and FEI-supplied natural gas used by customers. GHG emissions are calculated using primary activity data obtained based on actual consumption and monthly meter readings. The emission factors are sourced from WCI.

Avoided GHG emissions (tCO_2e) calculation methodology

Introduction

This report calculates GHG emissions avoided through lower-carbon solutions that FortisBC offers through its Clean Growth Pathway. This section describes the methods FortisBC uses to calculate avoided GHG emissions by activity type. Where applicable, FortisBC uses methodologies required by provincial or federal regulations.

Definition

"Avoided GHG emissions" refers to the reduction of GHG emissions through the use of FEI- or FBC-sold products versus a reference product. FortisBC uses a comparative method to determine GHG emissions reductions and follows guidelines established by the GHG Protocol and/or requirements of provincial and federal regulations (as applicable).

The methodologies that FortisBC uses to calculate avoided GHG emissions are summarized by individual program offerings below:

Conservation and energy management (C&EM)

For FEI, we use estimated annual gas savings as published in FEI's Natural Gas Demand – Side Management Programs 2023 Annual Report multiplied by the lifecycle emission factor of natural gas of 68 $kgCO_2e/GJ$, as published in Environment and Climate Change Canada's (ECCC) Clean Fuel Regulation—openLCA library.

Renewable Natural Gas

Pursuant to Order in Council 302, Section 8.2.2., the carbon intensity of RNG is determined on a supply-specific basis using GHGenius, which is a lifecycle analysis model referenced in the Greenhouse Gas Reduction Regulation. The emissions for the assessed product are determined by multiplying the carbon

intensities by the volumes of RNG acquired from specific suppliers. The reference product is determined by using the same corresponding volume multiplied by the lifecycle emission factor of natural gas as published in ECCC's Clean Fuel Regulation—openLCA library. Avoided GHG emissions are calculated as the differential between the assessed and reference products.

Natural gas for transportation including CNG and LNG for on-road vehicles and LNG for marine vehicles

This year's report includes two approaches for calculating avoided GHG emissions.

1. For avoided emissions using the B.C. LCFS target carbon intensity for diesel class fuel: GHG emissions associated with the assessed product are determined by using the lifecycle emissions factor of CNG and LNG as determined in accordance with the GHGenius model as prescribed by the B.C. LCFS, multiplied by the volume of energy of CNG and LNG sold. Avoided emissions are calculated using the B.C. LCFS methodology as the difference between the assessed product and an equivalent volume of reference product after adjusting for energy efficiency using the annual target carbon intensity of the regulation. The target carbon intensity assumes that the policy target of the B.C. LCFS is achieved by adopting actions to lower the actual carbon intensity of the diesel fuel pool in B.C. through means like renewable and biodiesel blending. FortisBC has not verified whether the actual diesel pool intensity reflects that of the B.C. LCFS policy target.
2. For avoided GHG emissions from natural gas used for transportation compared to the carbon intensity of diesel. GHG emissions associated with the assessed product are determined by using the lifecycle emission factor of CNG and LNG as determined in accordance with the GHGenius model multiplied by the volume of energy of CNG and LNG sold. Avoided emissions are calculated as the difference between the assessed product and an equivalent volume of reference product after adjusting for energy efficiency using the carbon intensity of diesel from openLCA. This methodology has been used in reporting of avoided emissions in FortisBC's previous sustainability reports.

GRI content index

This document references how FortisBC Energy Inc. and FortisBC Inc. (FortisBC) disclose against Global Reporting Initiative (GRI) standards for the 2023 reporting year. FortisBC does not purport to report in relation to other frameworks and standards. For more information on the GRI, visit globalreporting.org. FortisBC does not purport to meet the reporting requirements of the GRI and other frameworks and standards.

This material references disclosures 2-1, 2-2, 2-3, 2-4, 2-5, 2-6, 2-7, 2-9, 2-11, 2-13, 2-14, 2-15, 2-22, 2-23, 2-24, 2-26, 2-27, 2-28, 2-29 and 2-30 from GRI 2: General disclosures 2021; Disclosures 3-2 and 3-3 from GRI 3: Material topics 2021; Disclosure 201-1 from GRI 201: Economic performance 2016; Disclosures 202-1 and 202-2 from GRI 202: Market presence 2016; Disclosures 205-2 and 205-3 from GRI 205: Anti-corruption 2016; Disclosures 305-1, 305-2, 305-3 and 305-5 from GRI 305: Emissions 2016; Disclosure 401-1 from GRI 401: Employment 2016; Disclosures 403-1, 403-4, 403-5, 403-6, 403-8 and 403-9 from GRI 403: Occupational health and safety 2018; Disclosure 405-1 from GRI 405: Diversity and equal opportunity 2016; Disclosure 406-1 from GRI 406: Non-discrimination 2016.

GRI standard	Disclosure	Response
GRI 2: General disclosures 2021	2-1 Organizational details	Gas: 2023 Annual Information Form, Name, Address and Incorporation (Page 4), The Business of FortisBC Energy Inc. (Pages 4-5)
		Electricity: 2023 Annual Information Form, Name, Address and Incorporation (Page 5), The Business of FortisBC Inc. (Pages 5-6)
	2-2 Entities included in the organization's sustainability reporting	Gas: 2023 Management Discussion and Analysis, Consolidated Results of Operations (Pages 4-7), Consolidated Financial Position (Pages 8-9)
		Electricity: 2023 Management Discussion and Analysis, Consolidated Results of Operations (Pages 3-5), Consolidated Financial Position (Page 6)
	2-3 Reporting period, frequency and contact point	2023 Sustainability Report (Page 50)
		FortisBC Energy Inc. 16705 Fraser Highway, Surrey, B.C. V4N 0E8 fortisbc.com 1-604-576-7000 (Local)
		FortisBC Inc. Suite 300, 750 Vaughan Avenue, Kelowna, B.C. V1Y 7E4 fortisbc.com 1-866-436-7847
	2-4 Restatements of information	Restatements are articulated in relevant footnotes.
	2-5 External assurance	a. External assurances have not been obtained and there is no formal policy with seeking external assurances for the report. b. This disclosure requirement is not applicable as no external assurances on the report were made.

GRI standard	Disclosure	Response
GRI 2: General disclosures 2021	2-6 Activities, value chain and other business relationships	Gas: 2023 Annual Information Form, Name and Incorporation (Page 4), The Business of FortisBC Energy Inc. (Pages 4-5), Gas Purchase, Storage and Off-sales Agreements (Page 5), Operations (Pages 6-7), Capital structure (Pages 12-13)
		Electricity: 2023 Annual Information Form, Name and Incorporation (Page 5), The Business of FortisBC Inc. (Pages 5-6), Generation and Power Supply (Pages 6-8), Operations (Page 8)
		fortisbc.com, About us, Corporate information, Our service areas
	2-7 Employees	Gas: 2023 Annual Information Form, Other Material Corporate Issues (Pages 9-10)
		Electricity: 2023 Annual Information Form, Other Material Corporate Issues (Pages 10-11)
		2023 Sustainability Report (Pages 58-59)
	2-9 Governance structure and composition	fortisbc.com, Corporate information, FortisBC executive leadership
		fortisbc.com, Corporate information, Board of directors
		2023 Sustainability Report (Page 12)
	2-11 Chair of the highest governance body	fortisbc.com, Corporate information, Board of directors
		2023 Sustainability Report (Page 12)
	2-13 Delegation of responsibility for managing impacts	The vice president, general counsel, corporate secretary and sustainability, reports to the president and CEO. They are responsible for overseeing various departments within FortisBC including the legal, privacy, lands, procurement, environment, governance and sustainability portfolios. They are responsible for FortisBC's sustainability strategy outlining the organization's vision and measurable objectives with respect to sustainable business practices.
		2023 Sustainability Report (Page 12)
	2-14 Role of the highest governance body in sustainability reporting	FortisBC's 2023 Sustainability Report was reviewed and approved by the executive team and the governance and sustainability committee prior to publication. Executive review is also obtained on our annual information form and management discussion and analysis.
		2023 Sustainability Report (Page 12)
	2-15 Conflicts of interest	FortisBC Code of Conduct
	2-22 Statement on sustainable development strategy	2023 Sustainability Report (Page 11) FortisBC's sustainability commitment
	2-23 Policy commitments	2023 Sustainability Report (Page 13)

GRI standard	Disclosure	Response
GRI 2: General disclosures 2021	2-24 Embedding policy commitments	2023 Sustainability Report (Page 13)
	2-26 Mechanisms for seeking advice and raising concerns	FortisBC Code of Conduct (Page 3)
	2-27 Compliance with laws and regulations	a. In 2023, FortisBC received zero (0) significant fines and non-monetary sanctions for non-compliance with environmental laws and/or regulations in terms of: i. total monetary value of significant fines ii. total number of non-monetary sanctions iii. cases brought through dispute resolution mechanisms
		2023 Sustainability Report (Page 13)
GRI 2: General disclosures 2021	2-28 Membership associations	2023 Sustainability Report (Page 68)
	2-29 Approach to stakeholder engagement	2023 Sustainability Report (Page 69)
	2-30 Collective bargaining agreements	2023 Sustainability Report (Page 46)
GRI 3: Material topics 2021	3-2 List of material topics	2022 Sustainability Report (Page 17)
	3-3 Management of material topics	2023 Sustainability Report (Pages 1-14)
GRI 201: Economic performance 2016	201-1 Direct economic value generated and distributed	2023 Sustainability Report (Page 55)
GRI 202: Market presence 2016	202-1 Ratios of standard entry level wage by gender compared to local minimum wage	2023 Sustainability Report (Page 59)
	202-2 Proportion of senior management hired from the local community	a. FortisBC hires all (100 per cent) of senior management at significant locations from the local community. b. Senior management is defined as executive leadership team. c. Local refers to the province of British Columbia. d. Significant locations of operations refers to all FortisBC locations within the province of British Columbia.
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	2023 Sustainability Report (Page 13)
	205-3 Confirmed incidents of corruption and actions taken	No confirmed incidents reported in 2023.

GRI standard	Disclosure	Response
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	2023 Sustainability Report (Pages 23, 24, 53)
	305-2 Energy indirect (Scope 2) GHG emissions	2023 Sustainability Report (Page 53)
	305-3 Other indirect (Scope 3) GHG emissions	2023 Sustainability Report (Pages 24, 53)
	305-5 Reduction of GHG emissions	2023 Sustainability Report (Pages 17 to 25)
GRI 401: Employment 2016	401-1 New employee hires and employee turnover	FortisBC considers all employees to be in the same region (British Columbia).
		2023 Sustainability Report (Page 59)
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	2023 Sustainability Report (Page 48)
	403-4 Worker participation, consultation and communication on occupational health and safety	2023 Sustainability Report (Page 47)
	403-5 Worker training on occupational health and safety	2023 Sustainability Report (Page 48)
	403-6 Promotion of worker health	2023 Sustainability Report (Page 45)
	403-8 Workers covered by an occupational health and safety management plan	The FortisBC safety management system is aligned with ISO 45001 safety management system, CSA Group and WorkSafeBC management system standards for occupational health and safety (OH&S) management. All FortisBC employees (excluding contractors) are covered under our OH&S safety management system.
		2023 Sustainability Report (Page 48)
	403-9 Work-related injuries	2023 Sustainability Report (Page 48)
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	2023 Sustainability Report (Pages 12, 33, 34)
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	FortisBC recorded one (1) incident of discrimination during the reporting period. There are no incidents being reviewed, there are no remediation plans being implemented, or remediation plans that have been implemented with results being reviewed. There are no incidents resulting in policy breaches.
		2023 Sustainability Report (Page 59)

Industry associations, partnerships, initiatives, and commitments

At FortisBC, we maintain memberships and partnerships with various groups that comprise industry associations, partnerships, initiatives and commitments. These relationships help us progress towards our goals and make a positive impact in the communities where we operate. Organizations that received contributions of $10,000 or more in 2023 are listed.

American Society of Heating, Refrigerating and Air-Conditioning Engineers

Association of British Columbia Marine Industries

Business Council of BC

BC Care Providers Association

BC Chamber of Commerce

BC Common Ground Alliance

BC Economic Development Association (BCEDA)

BC First Nations Energy and Mining Council (FNEMC)

BC Hotel Association

BC Restaurant and Foodservices Association

Building Officials' Association of BC

Burnaby Board of Trade

Canadian Association of Consulting Energy Advisors

Canadian Biogas Association

Canadian Gas Association

Canadian Home Builders' Association (and affiliates)

Canadian Natural Gas Vehicle Alliance

Canadian Standards Association

Canadian Urban Transit Research & Innovation Consortium (CUTRIC)

CD Howe Institute

Centre for Energy Advancement through Technological Innovation (CEATI International Inc.)

Clean Energy BC

Coalition for Renewable Natural Gas

Community Energy Association

Consortium for Energy Efficiency

Darcy Partners

Delta Chamber of Commerce

Destination Vancouver

Downstream Natural Gas Initiative

Efficiency Canada

Electricity Canada

Energy Solution Center

E Source Companies LLC

First Nations Climate Initiative (FNCI)

Fraser Basin Council Society

Gas Technology Institute

Greater Langley Chamber of Commerce

Greater Vancouver Board of Trade

Heating, Refrigerating and Air Conditioning Institute of Canada

Home Performance Stakeholder Council (HPSC)

Manufactured Housing Association of BC

Mechanical Contractors Association of BC

Motion Picture Production Industry Association of BC

Nanaimo Hospitality Association

North American Gas Heat Pump Collaborative

Northern Regional Construction Association

Northwest Gas Association

Pacific Northwest Economic Region (PNWER)

Pembina Institute

Quality Urban Energy Systems of Tomorrow (Quest) Canada

Real Estate Institute of BC

Resource Works Society

SEA-LNG

Small Business BC

Society of Gas as a Marine Fuel

South Island Prosperity Partnership

Surrey Board of Trade

Thermal Environmental Comfort Association

Tourism Industry Association of BC

Tri-Cities Chamber of Commerce

Union of BC Municipalities

Urban Development Institute

Vancouver Island Construction Association

Victoria Residential Builders Association

Western Energy Institute

Engaging with stakeholders and Indigenous communities

We're always looking for new ways to grow and operate more sustainably. And we make the most of stakeholder conversations to inform those plans. Connecting with Indigenous communities and others helps us understand diverse and unique energy needs. It also allows us to explore their expectations on how we move forward as an organization. Here is what this looks like in practice.

Who we engage with	How we approach engagements	Key concerns raised	How we address stakeholder concerns
 Local communities	• charitable donations and sponsorships • charitable activities and events • partnerships with educational institutions • community and project consultation programs • membership and participation in local Boards of Trade and Chambers of Commerce • employees serving on non-profit boards • employee volunteerism • active economic participation	• increased community inclusion during project development • increased support for local organizations and direct community benefits • collaboration with community partners • low-income households	• innovate and collaborate with our communities for a more sustainable energy future • develop and strengthen partnerships in communities where we live and work • create positive socioeconomic impact through educational opportunities and community investment • collaborate with municipal government to identify opportunities to benefit communities • enhance local community development through employee giving programs and charitable donations
 Indigenous communities	• activities and events • partnerships with educational institutions and mentorship, internship and scholarship programs • resource planning workshops • donations and sponsorships • community and project consultation programs • membership and participation in local Indigenous trades and training organizations • participation as a member of the Canadian Council for Indigenous Business and maintaining our status as a PAIR Silver member • active economic participation • Indigenous awareness training	• employment barriers • low-income households • respecting Indigenous cultures and communities • access to education opportunities • business development opportunities • capacity constraints	• enhance Indigenous relations through business development, employment opportunities and community engagement • innovate and collaborate with Indigenous communities for a low-carbon energy future • create positive socioeconomic impact through educational opportunities and community investment • enhance Indigenous community development through charitable donations and sponsorships

Who we engage with	How we approach engagements	Key concerns raised	How we address stakeholder concerns
Customers	• energy-efficiency programs • customer service delivery • community outreach and Street Team • community education programs—school and public safety • customer bills, bill inserts and emails • Energy Moment monthly newsletter • customer surveys • websites • social media	• low-income household needs • communications to customers • alternative energy options • rates and pricing • increased community involvement • customer service improvements • fixed-income household needs	• find innovative ways to help customers save energy, reduce energy costs and lower their GHG emissions • enhance our customer engagement with timely, accessible and personalized experiences • maintain and modernize energy infrastructure for continued operational reliability and resiliency • enhance customer experience by providing flexible payment options and rebate opportunities • strengthen customer relationships by ongoing employee development and training
Employees	• departmental and team meetings • various leadership connections • employee-run groups and committees • corporate campaigns and events • formal process for concerns • union relations (IBEW local 213, MoveUP local 378) • employee and leadership development programs and offerings • cross-utility working groups • safety meetings and safety moments • performance management discussions, including succession planning • employee communications (intranet, CEO updates and safety newsletter) • employee engagement and inclusion surveys	• engagement while addressing constant change • career development and professional growth • belonging, connection and staying authentic	• support our employees' safety, health and well-being through prioritizing open discussions, learning opportunities and a range of employee wellness, health and safety programs and offerings and benefits offerings • cultivate talent through skill enhancement and development opportunities • foster a culture of belonging through advancing an inclusive, diverse and equitable employee experience • develop action plans at a department level as a response to the employee engagement and inclusion surveys
Regulatory and government	• focus on constructive regulatory relationships • participation in public policy and legislative consultations • providing responses to general industry requests from regulators • regular regulatory and government outreach • participate in industry associations and advisory groups	• energy reliability • customer safety • impacts to the environment • climate action • affordable energy • enabling the deployment of renewable energy	• deliver safe, reliable and cost-effective energy • maintain and modernize energy infrastructure for continued operational reliability and resiliency • demonstrate leadership and action in the energy transition • position B.C. as a vital domestic and international LNG provider to lower GHG emissions through fuel switching • be a responsible steward by minimizing operational impacts on the environment

Mapping initiatives to the United Nations Sustainable Development Goals (UNSDGs)

Goal 5: Gender equality

FortisBC values gender equality and having an inclusive, safe and healthy work environment. Our Code of Conduct is central to our values and sets the tone for a respectful, ethical and transparent workplace. We're committed to providing an inclusive workplace for our employees that offers career advancement opportunities and as part of our sustainability performance, report on the percentage of females in the workplace, in senior management and on the board of directors.

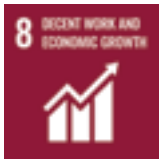
Sub target	FortisBC initiatives
5.4 Recognize and value unpaid care and domestic work through the provision of public services, infrastructure and social protection policies and the promotion of shared responsibility within the household and the family as nationally appropriate.	• In 2023, employee and family assistance programs were made available to all full-time employees. Refer to pages 45 and 59.
5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life.	• As part of our key performance indicators, gender ratios are disclosed at an employee, management and board of directors level. In 2023, females represented 50 per cent of the board of directors. For more information on our DEI metrics, refer to page 44. • In 2023, through our parent company Fortis Inc., we partnered with Gallup to carry out the 2023 Fortis Employee Engagement and Inclusion Survey to seek employees' views on their experience of work. Refer to page 45.

Goal 7: Affordable and clean energy

As the largest energy provider in the province, we deliver energy to nearly 1.3 million customers in 135 B.C. communities, and 58 First Nations communities across 150 Traditional Territories. We are investing in innovative energy-efficiency technologies, expanding our supply of renewable and low-carbon gases and investigating opportunities to safely integrate hydrogen into our existing gas lines. We also buy some of our power from B.C. Hydro, delivering electricity through the generation of hydroelectricity from four dams that we own and operate.

Sub target	FortisBC initiatives
7.2 By 2030, increase substantially the share of renewable energy in the global energy mix.	• By the end of 2023, we acquired 2.8 PJ of RNG for our customers. Refer to page 19.
7.3 By 2030, double the global rate of improvement in energy efficiency.	• In 2023, we invested $135.9 million in conservation and energy management programs. Since 2019, we have increased our energy-efficiency program spending by 82 per cent. For more information about conservation and energy management programs, refer to pages 18 and 57. • In 2023, our energy conservation plan was approved by the BCUC and it outlines a number of investments including a program for dual fuel heating systems that allow customers to pair an electric heat pump with a high-efficiency gas furnace. This ensures customers have access to reliable, affordable energy while lowering their overall emissions. For more information, refer to page 18. • We are also deploying new technologies responsible for improvements in building materials and HVAC systems as part of our Deep Energy Retrofit Pilot Program, which aims to reduce energy use and GHG emissions of participating homes and buildings by 50 per cent or more. See page 18 for more information.
7.a By 2030, enhance international cooperation to facilitate access to clean energy research and technology, including renewable energy, energy efficiency and advanced and cleaner fossil-fuel technology and promote investment in energy infrastructure and clean energy technology.	• In 2023, we continued collaborating with key strategic relationships across government, academia and industry. For example, we supported more than 300 grassroots initiatives in 2023 that align with at least one of our four key areas of safety, education, Indigenous initiatives and the environment. In 2023, the District of Kent and our conservation and energy management team collaborated on the planning of a swimming pool to identify energy savings and rebate offerings. For more information, refer to page 33. • Through our FortisBC Climate Action Partners Program, we support 12 municipalities and five Indigenous partnerships, including: the Okanagan Nation Alliance region, xʷməθkʷəy̓əm (Musqueam Indian Band), səlilwətaɬ (Tsleil Waututh Nation), Splatsin First Nation and First Nations Energy and Mining Council. To read more information about our climate action partners, refer to page 35.

Goal 8: Decent work and economic growth



We employ more than 2,700 British Columbians, supporting full-time employment and decent work for all females and males, including young people and Indigenous Peoples. Many of our employees are union members of MoveUp and the International Brotherhood of Electrical Workers as we support union representation for our employees across the organization. We support economic growth by investing in our communities, supporting local employment opportunities during our projects and developing energy solutions like CNG, LNG and RNG for transportation, increasing the amount of RNG in our system and expanding our EV charging infrastructure.

Sub target	FortisBC initiatives
8.5 By 2030, achieve full and productive employment and decent work for all women and men, including for young people and persons with disabilities, and equal pay for work of equal value.	• In 2023, we continued to ensure that 100 per cent of our full-time employee basic salary is above local minimum wage. Refer to page 59. • We continue to support career growth and progression at FortisBC. In 2023, 52 per cent of our job vacancies were filled by existing employees. Refer to page 59. • We are taking many steps to ensure equal and fair access to employment, including hiring fairs for Indigenous communities and opportunities through our Indigenous Intern Leadership Program, a joint initiative with the Business Council of British Columbia, the British Columbia Assembly of First Nations and Vancouver Island University. We also provide scholarships aimed at promoting greater diversity in trades through the recruitment of women or Indigenous students and have established a Community Education Awards Program for tqɬəníẇ̓t/tqaʔtkʷɬniwt (Westbank First Nation) members. Refer to page 30.
8.8 Protect labour rights and promote safe and secure working environments for all workers, including migrant workers, in particular women migrants, and those in precarious employment.	• We adopted a safety culture ladder program where we focus on managing high risks to prevent severe outcomes. This shift also means we now emphasize a human and organizational performance approach to safety. This approach reinforces errors are normal, blame doesn't improve safety, context drives behaviour, learning and improving is vital and management's response to safety events matters. For more information about safety, refer to pages 38 to 41, 47 and 48.

Goal 9: Industry, innovation and infrastructure

Investing in our infrastructure through major projects and maintenance allows us to uphold strong, resilient energy systems and further advance innovative, lower-carbon energy solutions. We are finding ways to help customers save energy, reduce energy costs and lower their GHG emissions through our conservation and energy management programs and by testing new, innovative technologies like gas fired heat pumps in commercial and residential locations. We also encourage the adoption of low- and no-carbon energies such as hydroelectricity and the injection of renewable and low-carbon[73] gases into our system such as RNG.

Sub target	FortisBC initiatives
9.1 Develop quality, reliable, sustainable and resilient infrastructure, including regional and transborder infrastructure, to support economic development and human well-being, with a focus on affordable and equitable access for all.	• Every year, we invest tens of millions in the integrity of our gas system. Through inspections, repairs, upgrades and pipeline replacements, we can ensure our system remains safe and efficient. We also look for new ways to reduce our GHG emissions across our organization. For example, we're changing the way our compressor stations run to reduce methane emissions. We have an increased measurement frequency as part of our leak detection and repair program and look for ways to reduce our GHG emissions from our compressor stations such as through the electrification of our compressors. For more information, refer to pages 25, 37 and 40. • In 2023, we continued to meet customer needs by reliably delivering 3,478 GWh of electricity and 213 PJ of gas. Refer to pages 4 and 56.

[73]When compared to the lifecycle carbon intensity of conventional natural gas. The burner tip emission factor of FortisBC's current Renewable Natural Gas (also called RNG or biomethane) portfolio is 0.27 grams of carbon dioxide equivalent per megajoule of energy (gCO_2e/MJ). FortisBC's current RNG portfolio lifecycle emissions for stationary combustion are -22 gCO_2e/MJ. This is below B.C.'s low carbon threshold for lifecycle carbon intensity of 30.8 gCO_2e/MJ as set out in the 2024 Greenhouse Gas Reduction Regulation amendments.

Goal 11: Sustainable cities and communities

Strengthening our relationships with the communities we serve is fundamental to our approach to helping them grow and prosper, and together, creating a more sustainable future for B.C. We are expanding our investments in incentives for low- and zero-carbon vehicles and their associated energy infrastructure. To help our customers use energy more efficiently and reduce their GHG emissions, we invest in conservation and energy management programs. We also support sustainable communities through our community investment programs and employee-driven initiatives that provide financial and volunteer support for organizations such as United Way, a large non-profit organization helping thousands of communities across Canada, helping to build inclusive, safe and resilient communities.

Sub target	FortisBC initiatives
11.4 Strengthen efforts to protect and safeguard the world's cultural and natural heritage.	• We are committed to monitoring and managing the environmental impacts of our operations through a risk-based approach that minimizes impact on the environment and supports ecosystem protection and conservation of biological diversity. We take steps to educate the public about our ecosystems, including supporting the Kootenay-Columbia Discovery Centre Society, which provides hands-on education to students to teach them about why it's important to preserve our local ecosystems. For more information, refer to page 34.
11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management.	• We have invested in low- and zero-carbon transportation strategies, including providing LNG for marine fuelling and CNG, LNG and RNG for on-road vehicles. We also foster the uptake of ZEVs, adding 18,032 charging events across our network of EV public charging stations in the B.C. Interior in 2023. For more information, and to learn more about our activities to reduce GHG emissions, refer to Energy transition and environment.

Goal 13: Climate action

FortisBC is committed to addressing climate change. We are committed to playing a leading role in enabling and accelerating the energy transition for our customers and the communities we serve. We recognize the importance of reducing GHG emissions to address climate change impacts and support the B.C. government's path to net-zero targets.

Our FortisBC Clean Growth Pathway to 2050 has set a path forward to help reduce GHG emissions in B.C. and lays out four main ways that FortisBC can affect tangible emissions reduction in the province.

Sub target	FortisBC initiatives
13.2 Integrate climate change measures into national policies, strategies and planning.	• We're committed to helping B.C. reach 2030 and 2050 GHG emissions reduction targets. To help us get there, we developed the FortisBC Clean Growth Pathway to 2050, which establishes our vision of a lower-carbon—yet resilient and affordable—provincial energy system. For more information, and to learn more about our activities to reduce GHG emissions, refer to Energy transition and environment.

The Lulu Island RNG generating facility in Richmond, B.C., produces RNG from waste water.

Forward-looking information

Certain statements contained in this report contain forward-looking information within the meaning of applicable securities laws in Canada ("forward-looking information"). The purpose of the forward-looking information is to provide management's expectations regarding results of operations, performance, business prospects and opportunities, and it may not be appropriate for other purposes. All forward-looking information is given pursuant to the safe harbour provisions of applicable Canadian securities legislation.

The forward-looking information in this report includes, but is not limited to, FortisBC's expectation that efficiency and conservation will lead to lowered energy requirements and emissions, FortisBC's expectation to increase the supply of RNG and renewable and low-carbon gases in its system, FortisBC's aspirations to reduce GHG emissions including to reduce absolute Scope 1 GHG emissions by 35 per cent by 2035 from 2019 levels; FortisBC's investments in conservation and efficiency programs and related energy savings and its plan to invest $4.9 billion on system modernization; innovations and investments in the supply of renewable and low-carbon gases, efficient gas technologies, hydrogen technologies, low- and zero-carbon vehicles and infrastructures, electrification of transportation and hydrogen blending into the natural gas system; use of LNG; FortisBC's relationship with Indigenous Peoples; FortisBC's intention to maintain and strengthen the diversity of FortisBC's workforce and FortisBC's safety practices.

The forward-looking information reflects management's current beliefs and is based on assumptions developed using information currently available to FortisBC's management. Although FortisBC believes that the forward-looking statements are based on information and assumptions that are current, reasonable and complete, these statements are necessarily subject to a variety of risks and uncertainties. For additional information on risk factors that have the potential to affect FortisBC, reference should be made to FortisBC's continuous disclosure materials filed from time to time with Canadian securities regulatory authorities and to the heading "Business Risk Management" in FortisBC's annual and quarterly management discussion and analysis. Except as required by law, FortisBC undertakes no obligation to revise or update any forward-looking information as a result of new information, future events or otherwise after the date hereof.

All forward-looking information in this report and the information incorporated in this report by reference is qualified in its entirety by this cautionary statement.

Corporate office

Suite 1000, 1111 West Georgia Street,
Vancouver, British Columbia, V6E 4M3

Business operations

16705 Fraser Highway,
Surrey, British Columbia, V4N 0E8

Suite 300, 750 Vaughan Avenue,
Kelowna, British Columbia, V1Y 7E4

fortisbc.com

2023 Sustainability Report (23-233.3 07/2024)

FORTIS BC™