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October 24, 2024

Residential Consumer Intervener Association
1130 W Pender Street
Vancouver, B.C.
V6E 4A4

Attention: Michael Vaney, Director

Dear Michael Vaney:

Re: FortisBC Energy Inc. (FEI)

Application for Approval of a Certificate of Public Convenience and Necessity (CPCN) for the Okanagan Capacity Mitigation Project (OCMP) (Application)

Response to the Residential Consumer Intervener Association (RCIA) Information Request (IR) No. 1

On July 30, 2024, FEI filed the Application referenced above. In accordance with the regulatory timetable established in BCUC Order G-227-24 for the review of the Application, FEI respectfully submits the attached response to RCIA IR No. 1.

For convenience and efficiency, if FEI has provided an internet address for referenced reports instead of attaching the documents to its IR responses, FEI intends for the referenced documents to form part of its IR responses and the evidentiary record in this proceeding.

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Commission Secretary
Registered Interveners

CHAPTER 3: PROJECT NEED AND JUSTIFICATION

1.0 Reference Exhibit B-1, Page 10, 16, and 33.

3.1 Introduction

3.4.1 A Future Project Will Be Needed but Requires Time to Develop

4.5.1.5 Financial

Exhibit A-4, BCUC IR No. 1, Page 7

Reference 8

On page 10, FEI states: "*The objective of the OCMP is to implement a solution that will be in service before the winter of 2026/2027 to ensure that the capacity requirements in the Okanagan region can be met. As FEI further explains in this section, the Project must also be able to serve customers' capacity needs through the winter of 2028/2029, as FEI requires the intervening time to assess how best to address the capacity requirements on the ITS in the longer term*."

On page 16, FEI states: "*Accordingly, FEI has scoped the OCMP to be able to meet the peak capacity requirements in the Okanagan region for each of the winters of 2026/2027, 2027/2028 and 2028/2029. FEI intends to develop a follow-up project consistent with the guidance given by the BCUC in the Decision that will address peak demand beyond the winter of 2028/2029"*

On page 33, FEI states: *"The 30-year post-Project analysis period is selected based on the expected average service life of the CNG and LNG assets."*

In BCUC IR1 8.1, the BCUC requests information related to the role of the OCMP facilities after a long-term capacity solution is implemented.

1.1. For how long does FEI expect the OCMP facilities to remain in operation?

Response:

Please refer to the response to BCUC IR1 8.1.

1.2. Please identify the options FEI is considering to address the long-term capacity requirements of the Okanagan region.

Response:

FEI will explore all reasonable alternatives, including additional compression, pipeline extensions, LNG-based solutions, and combinations of the above to meet peak demand in the Okanagan region beyond the winter of 2028/29.

2.0 Reference Exhibit B-1, Page 2, 13-14, and 16.

1.1.1 Project Objective and Scope

3.3 FEI's Reliance on Current Short-Term Temporary Mitigation Measures Creates Reliability Risk and Uncertainty

3.4.2 FEI Must Reduce Reliance on Current Short-term Temporary Mitigation Measures

Exhibit A-4, BCUC IR No. 1, Page 6

Reference 7

On page 13, FEI states: *"On April 1, 2020, FEI established an understanding with Enbridge that Enbridge will attempt to maintain a minimum of 650 psig at the Savona custody transfer point. FEI continues to work with Enbridge on this short-term capacity mitigation; however, no firm contractual obligation exists to provide this tap pressure, and as such, there is no guarantee of the availability of this temporary measure. The arrangement is not a firm contractual obligation on Enbridge; it is a temporary understanding extended by Enbridge to address rare, short-term occurrences."*

2.1. What is the minimum notice that Enbridge is required to give to FEI if Enbridge decides to reduce the Savona delivery pressure to the minimum contract pressure of 600 psi?

Response:

FEI does not have any firm contractual pressure commitments with Enbridge, as Enbridge does not provide any firm contractual guarantees for pressure commitments in relation to the Savona tap. Please refer to the response to BCUC IR1 5.3 for additional discussion.

Enbridge has no contractual obligation to provide FEI with notice of any planned or actual operating pressure changes on its T-South system. Therefore, FEI would have to rely on communication from Enbridge Gas Control to advise FEI of changes, or potential changes, to the operating pressure of the Westcoast system. Depending on the circumstances causing such a delivery pressure change, very little or no prior warning may be possible, such as a delivery pressure change caused by a sudden loss of compression upstream of Savona on the T-South system.

On page 16, FEI provides the following:

Table 3-2: Approximate 2028/2029 Capacity Shortfall With and Without Short-term Mitigation Measures

Description	Capacity
Capacity Shortfall Without Any Short-term Mitigation Measures	19 TJ/d
Capacity Shortfall With Only FEI Controlled Mitigation Measures (i.e., excluding Savona)	14 TJ/d
Capacity Shortfall With All Short-term Mitigation Measures	8 TJ/d

On page 13, FEI states: *"Undersetting the distribution pressure (DP) outlet pressure at Polson Gate Station…FEI intends to continue to implement this measure until the OCMP is in service."* [underlining added].

On pages 13 and 14, FEI states: *"**Change the supply to Coldham Road Gate Station**. Coldham Gate Station is currently supplied by Kelowna #1 Gate Station via the West Kelowna intermediate pressure (IP) system. Coldham Road station can instead be supplied by the transmission system via the Westbank lateral. This will have the effect of reducing the flow through the West Kelowna IP system and thus the Kelowna #1 Gate Station, resulting in a higher TP inlet pressure at the gate station. FEI is currently procuring the parts required to implement the changes and anticipates the additional capacity will be available for the winter of 2025/2026 (and until the OCMP is in service)."* [underlining added]

On page 2, FEI states: *"There are three short-term mitigation measures that FEI 1 is currently utilizing, or could utilize, until a permanent solution is in place: (1) minimum pressure increase, in which Enbridge will attempt to temporarily maintain the Savona tap pressure at 650 psig (this measure is out of FEI's control); (2) temporary load shifting; and (3) station modifications."* [underlining added]

In BCUC IR1 7.1, the BCUC requests: *"Please confirm, or explain otherwise, that FEI will continue to rely upon short-term mitigation measures for 5 TJ/d after the OCMP is constructed. Please also clarify which measures FEI will continue to rely upon."*

2.2. Please confirm whether FEI intends for the Polson Gate Station and Coldham Road Gate Station mitigation measures to remain in operation until the OCMP is in service (as stated on page 13) or until a long-term capacity solution is in service (as implied on page 2).

2.2.1. If the Polson and Coldham mitigation measures are only intended to be in operation until the OCMP enters service, please confirm or otherwise explain whether Alternative 6 providing only 14 TJ/d of capacity is sufficient.

2.2.2. Please explain whether continuing the Polson and Coldham mitigation measures would alter the OCMP facilities or operations. For example, if these mitigation measures were to be continued could the number or size of LNG storage tanks, or the number of LNG truck trips, be reduced?

Response:

FEI confirms that temporary load shifting will continue to be proactively enacted during the winter seasons at the Polson Gate Station. The Coldham Road Gate Station mitigation will be made available and enacted as necessary to meet anticipated peak demand leading up to the commissioning of the OCMP.

As the OCMP does not remove reliance on all mitigation measures, FEI will need to continue to rely on some combination of these measures until an incremental capacity solution beyond the winter of 2028/29 is in service. In the event of a 1-in-20-year cold weather event, FEI will evaluate which mitigation measures would best serve customers and enact them as needed.

Please refer to the responses to BCUC IR1 7.1.1 and BCUC IR1 7.3.2 which explain why FEI does not consider reliance upon short-term mitigation measures to be appropriate in the long term, and how FEI has scoped the OCMP to maximize the storage capacity within the available site footprint.

2.3. Considering load growth has rendered the option to underset the DP pressure at Kelowna #1 Gate Station ineffective, please explain whether load growth by 2028/29 could render the Polson Gate Station or Coldham Road Gate Station options ineffective as well.

Response:

FEI currently assesses that in 2028/29, there will still be adequate DP system capacity downstream of Polson Gate Station to allow for the use of a DP underset to facilitate a load shift in the ITS. As load growth continues in the system, FEI will continue to assess the feasibility of maintaining an underset. Should growth in the system materialize at a higher rate or different locations than currently forecast, it could result in this mitigation becoming infeasible.

The use of the Westbank Lateral as an alternate supply for the Coldham Road Station depends on a positive pressure gradient between the Westbank Lateral and the West Kelowna IP system to be effective. FEI does not expect this measure to be ineffective before 2028/29; however, changes in pipeline availability or shifts in load distribution due to load growth could result in this mitigation measure becoming ineffective.

3.0 Reference Exhibit B-1, Page 11 and 18.

3.2 2023 Peak Demand Forecast Confirms the Need for The OCMP By the Winter of 2026/2027

3.4.3 It is Reasonable to Expect Increases in Peak Demand through the Winter of 2028/2029

On page 18, FEI states: *"On April 1, 2020, FEI established an understanding with Enbridge that Enbridge will attempt to maintain a minimum of 650 psig at the Savona custody transfer point. FEI continues to work with Enbridge on this short-term capacity mitigation; however, no firm contractual obligation exists to provide this tap pressure, and as such, there is no guarantee of the availability of this temporary measure. The arrangement is not a firm contractual obligation on Enbridge; it is a temporary understanding extended by Enbridge to address rare, short-term occurrences."*

Figure 3-1 on page 11 shows that ITS peak demand continues to increase beyond 2028/29.

3.1. Please characterize the impact of the expected changes to the BC Building Code on the ITS peak demand. Does FEI expect it to plateau after 2030? Under what circumstances would FEI expect ITS peak demand to continue to increase post-2030?

Response:

In the near-term, FEI does not anticipate a change to its peak demand forecast as the current legislative requirements, including the BC Building Code, allow FEI to continue connecting customers to the gas system that request gas service.

Over the longer-term, growth in peak demand could flatten as higher levels of the BC Energy Step Code and Zero Carbon Step Code become mandatory (2032 and 2030, respectively), absent any changes that would allow gas heating technologies in buildings. However, changes in building codes do not apply to all gas uses (e.g., cooking is excluded) or all gas customers (e.g., restaurants and industrial customers are excluded) so there remains some uncertainty on the timing and pace in which peak demand growth may change. Please also refer to the response to BCUC IR1 1.3.

3.2. What additional assets would FEI need to add to the proposed OCMP facilities to address the currently forecasted peak demand for the 2030/31 winter? Is there space at the Kelowna Gate Station for these additional assets?

Response:

There is no further space available for additional assets at the Kelowna Gate Station; therefore, a proposed follow-up project will need to consider other locations within the Interior region. As explained in the response to RCIA IR1 1.2, FEI will explore all reasonable alternatives when developing a future incremental capacity solution beyond the winter of 2028/29. These solutions will be considered in conjunction with the new demand forecast that FEI is developing, as discussed in Section 3.2 of the Application. Accordingly, FEI is unable to provide further information on the nature or scope of a longer-term solution at this time.

CHAPTER 4: DESCRIPTION AND EVALUATION OF PROJECT ALTERNATIVES

4.0 Reference Exhibit B-1, Page 15 and 27.

3.4.1 A Future Project Will Be Needed but Requires Time to Develop

4.4.2 Alternative 5 – LNG Trucking

On page 15, FEI states: *"Based on FEI's expectations at this time, it is highly unlikely that FEI could complete a longer-term project (assuming BCUC approval) and have the project in-service before the winter of 2028/2029. Further, and as explained in the following subsections, FEI expects that capacity shortfalls will continue over these upcoming years, and it is not reasonable to rely on temporary short-term mitigation measures."*

4.1. Please provide FEI's assessment of which of the three feasible alternatives (Alternatives 4, 5, and 6) can be expanded to provide a long-term capacity solution, including pros and cons.

Response:

Of the three feasible alternatives, Alternative 6 is likely the only alternative that could serve as the foundation for a future project beyond the winter of 2028/29. While Alternative 6 cannot be further expanded at the proposed location, the facility could be combined with other alternatives to expand the functionality.

As the capacity shortfall grows, Alternatives 4 and 5 become impractical due to the volume of trucks required, space constraints at the proposed site, and the reliability and safety concerns associated with trucking over mountain roads during extreme cold weather events. Please also refer to the response to CEC IR1 5.1.

4.2. Please explain whether additional trailer loads of LNG beyond the nine per day estimated in the Application on page 27 could be employed to address an increasing capacity shortfall beyond 2029. What is the highest number of trailer loads per day (assuming additional trailers are procured) and what is the maximum ITS capacity that Alternative 5 is capable of serving, assuming the short-term mitigations are no longer used or relied upon?

Response:

It is possible to utilize additional trailer loads beyond the nine per day estimated to address an increasing capacity shortfall beyond 2029, but the increased number of trailers traveling mountainous BC roads during peak cold winter weather events would bring a corresponding increase to safety and reliability risk. Accordingly, and as explained in the response to RCIA IR1

4.1, FEI does not consider Alternative 5 to be an appropriate solution to address incremental capacity shortfalls beyond the winter of 2028/29.

FEI is unable to provide the maximum trailer loads per day; however, FEI did evaluate the LNG Trucking alternative beyond the winter of 2028/29, and the results are provided in Tables 2.1, 2.2, and 3.12[1] in Confidential Appendix B-1 to the Application. The scenarios considered what would be required if additional load needed to be served with the existing short-term mitigations in place (Option 2a 2030), and what would be required to serve the same additional load without the Savona tap pressure boost (Option 2c 2030).

In evaluating Option 2c 2030, which anticipates an LNG send-out requirement of 18.8 mmscfd and a tap pressure at Savona limited to 600 psig, it was determined that 24 trailer loads would be necessary each day. This would require 28 bulk transport trailers, along with 2 extra mobile day tanks and 2 additional mobile vaporizers. When considering factors such as the site footprint and the logistics of transporting numerous bulk trailers to and from the site during cold weather events, such an option is rendered impractical.

4.3. Please explain whether the small-scale LNG storage facility (Alternative 6) could be expanded in the future to include on-sight liquefaction in order to provide additional capacity and become the long-term capacity solution. If the footprint at the Kelowna Gate Station is insufficient to facilitate this, could the liquefaction equipment be located at another site and the Alternative 6 equipment relocated?

Response:

There is not sufficient space at the proposed Alternative 6 site for liquefaction equipment, for additional vaporization equipment, or for storage beyond the proposed six tanks. However, as discussed in the response to BCUC IR1 8.1, the proposed Alternative 6 can form part of an incremental capacity solution beyond 2028/29, as the capacity provided by Alternative 6 (i.e., approximately 14 TJ/d) will be considered as part of a future project.

The Kelowna Gate Station was selected as the proposed site because it will allow the Project (i.e., Alternative 6) to be in-service to meet the expected capacity shortfall in the winter of 2026/27. Therefore, FEI considers the Kelowna Gate Station to be the most appropriate site for the OCMP.

As explained in the response to RCIA IR1 1.2, when considering a future project beyond the OCMP, FEI will explore all reasonable alternatives, including additional compression, pipeline

[1] The scenarios where injection is only required at one location (i.e., Kelowna) were pursued for the OMCP and represented in the table.

extensions, LNG-based solutions, and combinations of the above to meet peak demand in the Okanagan region.

4.4. Please confirm or otherwise explain whether Alternative 6 can be expanded to include LNG shipments during the winter peak event, delivering LNG from the storage tanks and the trailers simultaneously. Can the Alternative 6 facilities send out gas from the LNG storage tanks as well as from LNG trailered tanks simultaneously? What modifications and their approximate cost would be required to do so?

4.4.1. If the modifications to send out gas simultaneously from the LNG storage facility and LNG trailered tanks are implemented, what is the maximum number of shipments per day that can be received and injected into the IP or DP system, as well as the maximum ITS peak demand that can be met (with no short-term mitigations)?

Response:

The site is designed to accommodate additional LNG deliveries during the winter peak event. As on-site storage is depleted, an LNG transport tanker can be offloaded to any one of the fixed LNG tanks while the other tanks are sending out gas. No modifications are required to the proposed design.

Leaving the storage limitation aside, the capacity of the facility is next limited by the vaporizer capacity of 19.2 MMcf/d (i.e., equivalent to a maximum of 21 LNG transport tanker shipments per day that could be sent out without over-supplying the storage system).

4.5. Please provide the estimated salvage values for Alternatives 4, 5, and 6 if a long-term solution is implemented post-2029 resulting in the CNG or LNG equipment becoming redundant.

Response:

Please refer to the response to BCUC IR1 8.1.

5.0 Reference Exhibit B-1, Page 25.

4.4.1 Alternative 4 – CNG Trucking

Appendix B-2, .pdf Page 121 of 260.

Jenmar OCU Concept Screening Presentation

On page 25, FEI states: *"The CNG Trucking (referred to as "CNG Virtual Pipeline" in the Jenmar Report) alternative involves filling bulk transport trailers with high-pressure CNG from a site with sufficient capacity, and trucking it to a location requiring supplemental gas, where it is depressurized and injected into the pipeline. Based on Jenmar's concept design of this alternative, trailers would be filled via mobile compressor at FEI's Princeton station, transported via Highway 5A/97C or 97, and the gas would be injected into the DP system at the Kelowna Gate Station."*

On page 4 of Appendix B-2, Jenmar shows that CNG trailers would be filled at the Oliver compressor station.

5.1. Please explain why FEI scoped Alternative 4 such that the CNG trailers are filled in Princeton instead of Oliver. Please describe the pros and cons of filling the trailers in Princeton compared with Oliver.

Response:

FEI considered the Oliver Y Control Station (Oliver Station) as a potential site for Alternative 4; however, FEI determined that the Oliver Station was less desirable than the Princeton Crossover Control Station (Princeton Station) for several reasons:

- The Oliver Station is situated in very close proximity to a residential community. FEI's analysis of the potential noise from the mobile CNG compressor indicated that the noise would exceed the municipal permitted levels at property line.
- A siting study identified space constraints to safely operate the mobile CNG facility at the Oliver Station. The size and location of equipment coupled with the number of anticipated trucks created hazards around active natural gas assets.
- The Princeton Station was previously used for loading CNG transport trailers during the 2019 Enbridge T-South pipeline rupture incident. FEI determined that the site provides better undeveloped space, infrastructure, and access compared to the Oliver Station. For instance, there are two alternative routes from the Princeton Station to the Kelowna Gate Station of similar distance and travel time, compared to a single route from the Oliver Station.

6.0 Reference Exhibit B-1, Page 35 and 39.

4.5.2 Evaluation Criteria Weighting and Scoring

4.5.3 Scoring Rationale and Ranking

On page 35, FEI provides the following:

Table 4-7: Alternatives Analysis Results

Criteria		Weighting	CNG Trucking	LNG Trucking	Small Scale LNG Storage Facility
Community, Stakeholder & Rightsholder (25%)	Indigenous Relations	10%	3	4	3
	Socio-Economic	10%	1	2	3
	Health and Safety	5%	2	1	3
Environmental (10%)	Ecology	5%	2	3	4
	Cultural Heritage	5%	3	4	3
Asset Management (30%)	Operation	10%	1	2	3
	System Reliability & Capacity	20%	1	2	4
Technical (25%)	Constructability	10%	2	3	4
	Execution Certainty	15%	3	3	4
Financial (10%)	Cost	10%	2	4	3
Final Score with Weighting		100%	1.90	2.75	3.50

On page 39, FEI provides the following table showing the financial criterion scoring:

Project Criteria	ALT 4 Score	ALT 4 CNG Trucking Scoring Rationale	ALT 5 Score	ALT 5 LNG Trucking Scoring Rationale	ALT 6 Score	ALT 6 Small Scale LNG Storage Facility Scoring Rationale
Financial	2	• Highest levelized rate impact over 34 years at 0.36%.	4	• Lowest levelized rate impact over 34 years at 0.23%.	3	• Levelized rate impact over 34 years is 0.32%.

6.1. Please explain why FEI strictly uses integers to score the various criteria, even when the differences between alternatives are minimal or negligible.

Response:

FEI uses a combination of integer scoring and weighting of the various criteria to determine the overall score. For the OCMP, FEI assigned a smaller weighting to the Financial criteria, which results in a smaller impact to the overall final alternatives scores and allows for different scores (i.e., integers) to be assigned to alternatives to show the relative differences between the alternatives.

6.2. Considering the levelized rate impacts of Alternatives 4 (CNG) and 6 (LNG storage) are nearly the same and are nearly 50% higher than Alternative 5 (LNG trucking), please explain whether using integers to score this criterion is appropriate.

Response:

The reference to "50%" in the question, while mathematically correct, is misleading given that all of the levelized rate impacts fall within a range of 0.23 percent to 0.36 percent. As discussed in the response to RCIA IR1 6.1, FEI assigned a lower weighting for the Financial criterion given the relatively narrow range of rate impacts and given that the OCMP is primarily driven by scope and schedule. This approach allows for differentiation in assigned Financial scores without unduly impacting the overall results (i.e., there is no combination of Financial scores that would have resulted in a different preferred alternative). As such, the use of integer scoring is appropriate for determining the preferred alternative.

6.3. Considering the levelized rate impacts of Alternatives 4 (CNG) and 6 (LNG storage) are nearly the same.

Response:

As this question was incomplete, FEI sought clarification from RCIA and RCIA confirmed this was not an additional question and was an inadvertent duplication of RCIA IR1 6.2.

7.0 Reference Exhibit B-1, Page 16, 27-29, and 36-39.

3.4.1 A Future Project Will Be Needed but Requires Time to Develop

4.5.3 Scoring Rationale and Ranking

4.4.1 Alternative 4 – CNG Trucking

4.4.2 Alternative 5 – LNG Trucking

4.4.3 Alternative 6 – Small Scale LNG Storage Facility

On page 16 of the Application, FEI states: *"Accordingly, FEI has scoped the OCMP to be able to meet the peak capacity requirements in the Okanagan region for each of the winters of 2026/2027, 2027/2028 and 2028/2029. FEI intends to develop a follow-up project consistent with the guidance given by the BCUC in the Decision that will address peak demand beyond the winter of 2028/2029."*

7.1. Please confirm whether Alternative 5 involves mobile assets which would be more used and useful to FEI once a long-term capacity solution is in place compared with the assets for Alternative 4 and the fixed assets for Alternative 6.

7.1.1. Please confirm or otherwise explain whether Alternative 5 has the lowest risk of stranded assets (i.e. assets that can be repurposed or sold).

Response:

Not confirmed. The question incorrectly assumes that the OCMP is a temporary facility. Please refer to the response to BCUC IR1 8.1 which explains that the OCMP is a permanent solution and will serve as a complementary solution for any future projects.

FEI considers the risk of stranded assets for all feasible alternatives to be similar (and that the risk is low). The assets associated with each alternative could continue to support FEI in a variety of operations, including emergency response, planned maintenance, short-term capacity shortfall/peak shaving, inline inspection operations, commissioning activities, and energy transportation. Please also refer to the response to BCUC IR1 8.2 which describes how the components of the OCMP could be redeployed for other uses.

7.2. Please explain whether the salvage values of each alternative should be factored into the scoring of the alternatives, considering FEI is contemplating a long-term capacity solution that may render the selected alternative redundant.

Response:

Please refer to the responses to RCIA IR1 7.1 and BCUC IR1 8.1.

On page 37 with respect to Health and Safety scoring, FEI provides the following table, and for Alternative 5 FEI states:

Highest kms driven per year compared to other trucking options.

Project Criteria	ALT 4 Score	ALT 4 CNG Trucking Scoring Rationale	ALT 5 Score	ALT 5 LNG Trucking Scoring Rationale	ALT 6 Score	ALT 6 Small Scale LNG Storage Facility Scoring Rationale
Health and Safety	2	• Transportation of dangerous goods during winter road conditions when increased probability of vehicle accidents. • Operator interface with the equipment during winter conditions. • Fewer kms driven per year compared to Alternative 5.	1	• Transportation of dangerous goods during winter road conditions when increased probability of vehicle accidents. • Operator interface with the equipment during winter conditions. • Highest kms driven per year compared to other trucking options.	3	• Transportation of dangerous goods during off season when risk is greatly reduced. • Operator interface with the equipment during winter conditions; regular snow removal may be required. • Fewest kms driven per year during cold weather conditions compared to other trucking options.

7.3. Please confirm whether Alternative 5 requires higher numbers of kilometers to be driven per year compared with Alternative 6. Would not both LNG options requires the same volume of LNG, and therefore the same number of total trailer loads, in order to mitigate a cold snap?

7.3.1. If confirmed, please explain whether the only differences affecting the scoring between Alternatives 5 and 6 is that Alternative 5 requires deliveries during peak cold weather, while Alternative 6 may require regular snow removal.

Response:

FEI clarifies that Alternative 5 should have also stated that it would result in the highest number of kilometres driven per year during cold weather conditions (though it is accurate that Alternative 5 will result in a higher number of kilometres driven per year compared to Alternative 4, which is why Alternative 5 scores the poorest of the feasible alternatives).

The distance travelled to transport LNG in both Alternatives 5 and 6 (i.e., the number of kilometres per trip) would be the same, as the start and terminus of Alternatives 5 and 6 are at the same locations. However, it is likely that, over the course of any given year, Alternative 6 will require more trailer loads than Alternative 5. This is because Alternative 5 is reactive; only the energy required will be transported. In contrast, FEI would plan to fill the tanks every year for Alternative 6 to ensure energy is available before the winter season.

The reason that Alternative 6 scores better than both Alternative 4 and Alternative 5 for this criteria is that it is the best alternative from a safety perspective. This is because Alternative 6 provides FEI with the ability to proactively schedule and control the transportation of the LNG transport trailers in the fall shoulder season when road conditions are favorable. In contrast, Alternatives 4 and 5 require deliveries across mountain highways during peak cold weather winter conditions.

All three alternatives will require regular snow removal to maintain access to the Kelowna Gate Station.

On page 26, FEI states: "However, at the Kelowna Gate Station, some equipment would be required to park within the riparian setback at the south end of the property (Mill Creek), and FEI would need to further investigate whether this would be permissible as FEI would need to seek approval by the local authority."

On page 28, FEI states: "The estimated timeline for Alternative 5 is approximately 22 months, though FEI may encounter delays and timeline uncertainties due to the scope of the trailer procurement and the requirement to obtain an amendment permit from the British Columbia Energy Regulator (BCER)."

On page 29, FEI states: "Due to the timelines associated with procuring the LNG storage tanks, a mobile day tank and transport trailers will be utilized at the beginning of the project while longer lead equipment (fixed storage tanks) are being procured…The estimated execution duration is approximately 34 months, and Alternative 6 would be completed in two phases… FEI may encounter delays and timeline uncertainties due to the scope of the fixed storage procurement and the requirement to obtain a BCER facility permit. Due to the long lead time of the fixed storage tanks, a mobile day tank would be utilized initially as the onsite storage until the fixed storage tanks are available."

FEI explains some of the rationale for scoring of Alternatives on pages 36 through 39.

7.4. Please confirm or otherwise explain whether Alternative 5 has the lowest permitting risk of the three feasible alternatives.

Response:

Not confirmed. Alternative 6 has the lowest permitting risk of the feasible alternatives (Alternative 5 has less risk than Alternative 4, but more than Alternative 6).

Alternative 4 (CNG Trucking) requires obtaining BCER pipeline amendment permits for both the Princeton and Kelowna Gate Stations. Furthermore, it is essential to maintain a 15-metre setback from the top of the creek bank at the southern edge of the Kelowna Gate Station property. FEI would need to confirm with the BCER whether mobile equipment can be temporarily parked within this setback. Should parking be prohibited, it could pose significant challenges in accommodating the CNG equipment, potentially requiring the consideration of an alternate site. Additionally, a special permit will be required to mobilize the CNG compressors to the Princeton Station, as the trailers are over-width and over-weight. Given the uncertainty surrounding approval for parking

within the setback, as well as the requirement for two pipeline amendment permits and a special road permit, Alternative 4 (CNG Trucking) is the highest risk option, resulting in the poorest score.

Alternative 5 (LNG Trucking) requires FEI to obtain a BCER pipeline amendment permit for the Kelowna Gate Station. Furthermore, the required 15 metre setback between the fired vaporizer and mobile day tank may potentially be reduced based on a risk assessment and approval by the BCER. If CSA Z276 Clause B.5.2.9.3 cannot be applied, an alternative site may need to be required for spill impoundment and increased setbacks. Therefore, considering the uncertainties related to the BCER reduced setback approvals and the BCER pipeline amendment permit, Alternative 5 was assigned a poorer (lower) score than Alternative 6.

Alternative 6 (Small Scale LNG Storage Facility) requires obtaining a BCER Facility permit. In comparison to the setback variance approvals, the requirement for the BCER Facility permit is more clearly defined and less uncertain, resulting in Alternative 6 receiving the highest (best) score. Please refer to the responses to BCUC IR1 4.2, 4.4 and 4.5 regarding the BCER Facility permit for Alternative 6.

7.5. Please explain why the Constructability score for Alternative 6 is higher than for Alternative 5, considering there is less construction involved for Alternative 5.

7.5.1. Please clarify whether approval to park equipment on the riparian setback applies only to Alternative 4 (as stated on page 26) or whether it also applies to Alternatives 5 and 6 (not mentioned).

Response:

The Constructability criterion considers the ability and complexity to construct within the land perimeter and footprint to meet the Project objective of meeting the expected capacity shortfall by the winter 2026/27. This criterion considers challenges regarding permits, setbacks, and required additional infrastructure.

The three feasible alternatives share similar constraints and risks associated with construction activities to meet the winter 2026/27 needs – that is, all major equipment will be prefabricated and delivered to the site and will be assembled using standard construction practices. Therefore, the scoring of Constructability was primarily based on the risks posed by permits and setbacks. FEI confirms that approval to park equipment on the riparian setback only applies to Alternative 4. Please refer to the response to RCIA IR1 7.4 for further details.

7.6. Please explain why the Ecology score for Alternative 6 is "4" while it is "3" for Alternative 5, considering both alternatives require the same number of truck deliveries each year and Alternative 6 involves additional construction at Kelowna Gate Station.

Response:

The Ecology criterion considers the impact both during construction and during the life of the Project to the environment, including factors such as permitting, management of waste and/or contamination, and impacts to the surrounding environment such as vegetation, soil and watercourses.

Since Alternatives 5 and 6 share similar constraints and risks associated with the construction activities (as explained in the response to RCIA IR1 7.5, all major equipment will be prefabricated and delivered to the site), the scoring of Ecology was primarily based on the potential impacts to the surrounding environment during the life of the Project. As a containment basin is able to be constructed on the site as part of Alternative 6, this alternative received a higher score for Ecology compared to Alternative 5 due to the additional safety measures and reduced risk of contamination that the containment basin provides.

Please refer to the response to CEC IR1 14.1 for further information on the containment basis.

7.7. Please explain why the Socio-Economic score for Alternative 6 is "4" while it is "3" for Alternative 5, considering both alternatives require the same number of truck deliveries each year, but Alternative 6 has additional noise from offload pumps and air compressor when filling tanks.

Response:

FEI notes that, as shown in the table in Section 4.5.3.1, Alternative 6 is assigned a score of "3", while Alternative 5 is assigned a score of "2".

FEI also clarifies that Alternative 5, like Alternative 6, will result in additional noise from offload pumps and air compressors, as the LNG brought to the site under Alternative 5 would be offloaded into a mobile day tank prior to injection using offload pumps and compressed air.

The main factor resulting in Alternative 6 scoring better than Alternative 5 is that the truck traffic and activity will be spread out over the shoulder season, which will be less impactful to the community and therefore preferred compared to Alternative 5 where there would be concentrated truck traffic and activity over a short period of time.

7.8. Considering that, in some winters, Alternatives 4 and 5 would require no deliveries at all, while Alternative 6 will require refilling each autumn, please explain why this does not appear to be factored into the scoring for either Socio-Economic or Ecology or both.

Response:

The alternatives analysis considered the evaluation criteria relevant to achieving the primary Project objective of meeting the capacity needs of the Okanagan region by the winter of 2026/27. Both Alternatives 4 and 5 would require deliveries to meet capacity shortfalls in a 1-in-20-year cold weather event; therefore, they were evaluated against that requirement.

Further, FEI's Health and Safety criteria placed more consideration on the risk to the Project objective associated with driving during peak winter conditions as opposed to the number of kilometers driven per year between alternatives.

7.9. Please explain why Alternative 6 has a higher Execution Certainty score than Alternative 5, considering Alternative 6 has longer lead time LNG storage tanks than the LNG trailered tanks of Alternative 5.

7.9.1. Please confirm whether FEI owns LNG trailers that could be temporarily used if there are delays in procuring LNG trailers. If confirmed, please explain whether this factor should increase the score for Alternative 5.

Response:

As discussed in the response to BCUC IR1 4.6 and Section 4.5.1.4 of the Application, Execution Certainty considers the impact of compounding risks associated with each of the criteria listed in the other categories, and how they can combine to create a risk that the Project objective will not be met. The Execution Certainty score is based on more than just the lead time to procure major equipment. It considers the critical path of activities required and compounding risks to execute a project and meet project objectives by the time the project needs to be in service.

In the case of Alternative 5, the entirety of the project needs to be in service by winter 2026/27. The procurement timelines, combined with the uncertainty surrounding approval of the setback variance (see the response to RCIA IR1 7.4 for further discussion), combined to result in a poorer Execution Certainty score for Alternative 5 compared to Alternative 6.

In contrast, for Alternative 6, FEI assessed the combined Execution Certainty score to be the highest for the reasons described in the response to BCUC IR1 4.6.

FEI confirms that it owns LNG trailers to serve customers who have signed a Transportation Service Agreement. If available, LNG trailers could temporarily be dedicated to partially serve the peak demand described in Alternative 5, but not the whole peak demand (10 LNG trailers). Given the uncertainty regarding the availability of other FEI-owned trailers, FEI considers that the score for Alternative 5 should remain unchanged.

8.0 Reference Exhibit B-1, Page 26.

4.4.1 Alternative 4 – CNG Trucking

On page 26, FEI states: *"Table 4-1 below summarizes the total incremental capital and O&M costs for the CNG Trucking alternative, as well as the resulting present value (PV) of incremental revenue requirement and levelized delivery rate impact over a 34-year period (i.e., 30 years post-Project plus four years prior to the Project being in-service)."*

8.1. Please explain why a 34-year period was selected for the financial and levelized rate impact analyses, considering the project is being designed to address a capacity shortfall only until 2028/29.

Response:

The question incorrectly assumes that the OCMP is a temporary facility. Please refer to the response to BCUC IR1 8.1 which explains that the OCMP is a permanent solution and will serve as a complementary solution for future projects. As such, the facility will continue to provide the same level of capacity (i.e., approximately 14 TJ/d) over the expected service life of the assets, including the period beyond the winter of 2028/29.

As explained in the Application, FEI selected 34 years as the financial analysis period to cover one expected life cycle of the fixed LNG equipment (i.e., 30 years based on the recommendation from Jenmar) plus four years of construction to evaluate the incremental revenue requirement and delivery rate impact due to the Project. For comparability purposes, FEI applied the same 34-year analysis period to Alternative 4 – CNG Trucking and Alternative 5 – LNG Trucking for the alternatives evaluation, which compares the incremental revenue requirements and delivery rate impacts over the same period of time.

8.2. If the OCMP facilities will be replaced by a long-term solution for 2029/30, please explain whether a shorter term is more appropriate for the financial evaluation and levelized rate impact calculation.

Response:

Please refer to the response to RCIA IR1 8.1.

On page 26, FEI states: *"Jenmar provided an estimate of annual O&M costs over the 30-year post- construction period based on a 10-year operation cycle."*

8.3. Please explain what is meant by a 10-year operation cycle. Does this mean the assets are expected to be in operation for 10 years and then no longer used?

Response:

A 10-year operation cycle does not mean the assets will only be used for 10 years. Please refer to the response to BCUC IR1 8.1 which explains that the OCMP assets are expected to be used and useful over the expected service life, which is 30 years.

The statement referenced in the preamble to this question is highlighting that the O&M costs used for the 30-year financial analysis were based on the average costs of a 10-year operating window which coincides with when major overhauls of equipment are typically scheduled to occur. Estimating the annual O&M costs based on the average of a 10-year operating window is appropriate as it covers both the costs for a single major overhaul of the facility and the costs for regular overhauls of CNG/LNG compressors. Further, given the seasonal deployment of the OCMP as well as the trucking involved, a 10-year operating window provides a reasonable period to estimate the average fixed costs for operating permits and recertification of relief valves, as well as variable costs of spare parts and consumables for the trailers as it would be dependent on the travel distances.

The average annual O&M costs over a 10-year operating window are then escalated annually by inflation of two percent over the 30-year post-construction period, as discussed in Section 6.3 of the Application. As such, O&M costs are included in the financial analysis over the entire 30-year post-construction period, not just the first 10 years.

8.4. Considering the project is being designed to address a capacity shortfall only until 2028/29, please explain why operating costs beyond 2029 are included in the financial analysis.

Response:

The assets associated with Alternatives 4 and 5 would continue to be used beyond the winter of 2028/29 as they could support FEI in a variety of operations, including emergency response, planned maintenance, short-term capacity shortfall/peak shaving, inline inspection operations, commissioning activities, and energy transportation. As explained in the response to BCUC IR1 8.1, the proposed Alternative 6 is expected to permanently provide approximately 14 TJ/d of incremental capacity and will serve as a complementary solution for a future incremental capacity project beyond the winter of 2028/29. Accordingly, it is appropriate to evaluate all the feasible alternatives over their expected service lives.

On page 26 of the Application, FEI states: *"Jenmar also indicated the CNG trailers used as part of the CNG trucking would have an expected life of 15 years; as such, the financial analysis includes equipment replacements after 15 years."*

8.5. Considering a long-term capacity solution is expected to be in place for 2029/30, please explain why replacement CNG trailers are required after 15 years.

Response:

The basis of the financial analysis for all of the feasible alternatives is the proposed Project (i.e., Alternative 6). In order to provide an apples-to-apples comparison for all of the feasible alternatives, FEI evaluated all of the feasible alternatives based on one expected life cycle of the fixed LNG equipment (i.e., 30 years plus four years of construction period). Additionally, in order to consider and compare the full costs of an expected life cycle, FEI included future replacement costs for any components that have an expected service life shorter than the 34-year analysis period. In the case of the CNG trailers, they are assumed to be replaced in Years 2040 and 2053[2]. In the case of the LNG trailers, they are assumed to be replaced in Year 2056 of the 34-year analysis period[3] (as discussed in Section 6.3 of the Application).

Given that FEI is proposing to construct a project that will continue to permanently provide incremental capacity to the ITS (i.e., over the expected life of the assets), FEI does not believe it would be reasonable to exclude the replacement of the CNG trailers in the analysis. Further, as explained in the response to RCIA IR1 8.4, the assets of all the feasible alternatives will continue to be used beyond the winter of 2028/29.

FEI also notes that removing the asset replacements from the financial analysis would reduce the incremental revenue requirement and delivery rate impact of the CNG alternative, but it would not change the overall scoring between the alternatives.

However, in order to be responsive, please refer to Table 1 below which compares the PV of incremental revenue requirement and levelized delivery rate impact (in the same format as Tables 4-1, 4-2, and 4-3 of the Application) between Alternatives 4, 5, and 6, assuming the CNG trailers (Alternative 4) and LNG trailers (Alternative 5 and 6) are not replaced.

[2] Please refer to Section 3.3.3.4 of Confidential Appendix B-2 to the Application which provides the life span for CNG transport trailers.

[3] The expected service life of the LNG trailers is 30 years. However, since the LNG trailers are expected to be in-service in 2026 as part of Phase 1 of Alternative 6, FEI assumed future replacement of the LNG trailers in Year 33 of the 34-year financial analysis (i.e., 30 years from Year 2026, or Year 2056 of the financial analysis with 2024 as Year 1).

Table 1: Financial Analysis for Alternatives 4, 5, and 6 Assuming CNG/LNG Trailers are Not Replaced[4]

	CNG Trucking (Alternative 4)	LNG Trucking (Alternative 5)	Small Scale LNG Storage Facility (Alternative 6)
Total Capital Costs, incl. AFUDC, As-Spent ($ millions)	40.870	24.950	37.492
Annual O&M Costs ($ millions)	0.438	0.723	0.673
Total PV of Incremental Revenue Requirement 34 years ($ millions)	45.311	35.196	50.606
Levelized Delivery Rate Impact over 34 years (%)	0.28%	0.22%	0.32%

As shown in Table 1 above, without the replacement of the CNG trailers, Alternative 4 would have a lower PV of incremental revenue requirement and levelized delivery rate impact over the 34-year analysis period than Alternative 6 – Small Scale LNG Facility.

Table 2 below is the updated scoring chart from Table 4-7 in the Application, reproduced using the new financial results from Table 1 above. While the financial scoring of Alternative 4 (CNG Trucking) has increased from 2 to 3 (and is now better than Alternative 6 which has decreased to 2), there are minimal changes to the overall scores when all other evaluation criteria are considered, given the 10 percent weighting assigned to the Financial criterion. The Small Scale LNG Storage Facility clearly remains as the preferred alternative, with the highest total weighted score at 3.40 out of 4 points.

Table 2: Alternatives Analysis Results without CNG/LNG Trailers Replaced

Criteria		Weighting	CNG Trucking	LNG Trucking	Small Scale LNG Storage Facility
Community, Stakeholder & Rightsholder (25%)	Indigenous Relations	10%	3	4	3
	Socio-Economic	10%	1	2	3
	Health and Safety	5%	2	1	3
Environmental (10%)	Ecology	5%	2	3	4
	Cultural Heritage	5%	3	4	3
Asset Management (30%)	Operation	10%	1	2	3
	System Reliability & Capacity	20%	1	2	4
Technical (25%)	Constructability	10%	2	3	4
	Execution Certainty	15%	3	3	4
Financial (10%)	Cost	10%	3	4	2
Final Score with Weighting		**100%**	**2.00**	**2.75**	**3.40**

8.6. Please recalculate Table 4-1 assuming the CNG trailers are not replaced.

[4] FEI also notes that although the CNG and LNG trailers are not replaced, the facility is expected to be needed over the 34-year analysis period. As such, FEI assumed that the original CNG and LNG trailers will continue to be used (assuming no failure beyond their expected service life) and there will continue to be operating costs incurred for the CNG and LNG trailers even after the end of their expected service life (i.e., after their costs are fully amortized).

Response:

Please refer to the response to RCIA IR1 8.5.

8.7. Please confirm whether replacement LNG trailers are required within the study period. If confirmed, please confirm whether this cost has been included in the financial and rate impact analyses, similar to the Alternative 4 analyses.

8.7.1. If replacement LNG trailers are factored into the Alternative 5 and 6 costs, please recalculate Tables 4-2 and 4-3 assuming the LNG trailers are not replaced.

Response:

Please refer to the response to RCIA IR1 8.5.

8.8. Please explain whether and how the Financial criterion scoring changes from the scores shown in Table 4-7 if there are no replacement CNG or LNG trailers or other equipment and no operating costs after 2029.

Response:

Please refer to the response to RCIA IR1 8.5.

9.0 Reference Exhibit B-1, Page 32.

4.5 FEI Evaluated the Feasible Options and Performed an Alternatives Analysis to Determine the Preferred Solution

On page 32, FEI states: *"**Socio-Economic**: considers the impact of the Project to the human environment during construction and during the life of the Project. Includes noise, local emissions, aesthetics, nuisance factors, the short- and long-term effects that may be observed by visitors, businesses, and community infrastructure (e.g., schools, hospitals, recreation facilities, etc.). Also considers the direct and indirect effects of the Project on traffic and commercial/residential access during construction and during the life of the Project. Includes impacts to roadways, intersections, and commercial and residential accesses.*

***Operation**: considers long-term impacts including those to employees and contractors to maintain the Project integrity and complete maintenance and repairs. Considers impacts to adjacent development and third-party land ownership, and lifecycle impacts (e.g., management of encroachments, annual rent payments)."*

9.1. Please confirm or otherwise explain whether the Operation criterion impacts to adjacent development and third-party land ownership are already accounted for in the Socio-Economic criterion.

Response:

Not confirmed. The adjacent development and third-party land ownership considerations are different under the Socio-Economic and Operation criteria; therefore, they need to be accounted for separately.

With regard to the Socio-Economic criterion, the focus is on how the impacts of the Project will affect third parties, meaning how FEI's actions on the Project will impact their lives and activities. In contrast, the Operation criterion focuses on how third party interactions will impact FEI's ability to successfully operate the facility and its impact on FEI's customers (such as outages due to third party actions, or costs related to encroachment management).

CHAPTER 8: CONSULTATION AND ENGAGEMENT

10.0 Reference Exhibit B-1, Page 89 and 91-93.

8.1 Introduction

8.2 FEI is Undertaking Appropriate Public Consultation

On page 89, FEI states: *"Feedback from local rightsholders and stakeholders will be valuable for FEI to address potential concerns. Additionally, FEI recognizes the importance of transparency and communication with all customers as it pertains to potential rate impacts and intends to take steps to notify customers."*

and:

"FEI recognizes the importance of meaningful public consultation and of developing, maintaining, and enhancing strong stakeholder relationships."

On page 91, FEI states: *"The first phase of consultation began in June 2024, prior to filing the Application. FEI met with City of Kelowna senior staff on June 19, 2024 to outline the need for the Project, Project scope, and timelines… FEI sent a follow-up letter to City staff on July 22, 2024. The letter summarized the meeting discussion and feedback received, provided contact and Project information, proposed to set up regular update meetings with staff, and offered to appear as a delegation to Mayor and Council, if requested."*

10.1. Please provide FEI's July 22, 2024 letter to the City of Kelowna.

Response:

Please refer to Attachment 10.1 for the letter to the City of Kelowna.

On page 92, FEI states: "*FEI will initiate public consultation with local stakeholder groups, including residents and businesses in close proximity to the Project location.*

FEI will initiate public consultation with local government staff from communities that could be impacted by a reduction in energy capacity to outline the Project scope and timelines."

10.2. Please confirm or otherwise explain whether the City of Kelowna is the only non-Indigenous group with which FEI has conducted consultation to date with respect to the OCMP.

10.2.1. If FEI has consulted with other non-Indigenous groups to date, please provide the nature of those consultations, the information (or a summary

of) provided to the groups, and a summary of the feedback from the groups.

Response:

FEI initiated broader public consultation with other non-Indigenous groups with respect to the OCMP by mailing notification letters on August 1 to residents and businesses in close proximity to the Project location, and emailing a notification letter on August 1 to local government staff from communities that could be impacted by a reduction in energy capacity, and local provincial and federal government offices. The notification letters outline the Project need, location, timelines and scope as well as information on the regulatory hearing process, a link to the Project webpage, and a Project-specific email address and phone number to contact FEI to be kept up to date on the Project's progress.

FEI received one letter by email on October 14, 2024, in response to the August 1 notification letter. The letter was from an area resident and outlined the characteristics of the area of the proposed Project location, including the number of residential buildings, businesses and area amenities, concerns regarding potential impacts to the neighbouring electrical substation in the event of an incident, and concerns regarding impacts to traffic during the transportation of LNG to and from the location. FEI is currently preparing a response to this letter.

FEI has not yet received any responses from local government staff or from local provincial or federal government offices.

On page 93, FEI states: *"Given the scope and location of the Project on an existing, developed, FEI- owned site, FEI's consultation and communication activities at the time of filing the Application have been sufficient, appropriate, and reasonable."*

On page 35 with respect to the Socio-Economic criterion (noise, local emissions, aesthetics, nuisance factors, the short- and long-term effects that may be observed by visitors, businesses, and community infrastructure, direct and indirect effects of the Project on traffic and commercial/residential access) FEI scores Alternative 4 as a 1 (very high negative impact and risk), Alternative 5 as a 2 (high negative impact and risk), and Alternative 6 as a 3 (moderate impact and risk).

10.3. Considering it appears that the City of Kelowna is the only public consultation undertaken by FEI by the time the application was filed, and considering the negative (score "2") and moderate (score "3") impacts and risks for this project and alternatives, please further explain why FEI considers that its consultation and communication activities at the time of filing of the Application have been sufficient, appropriate, and reasonable.

Response:

FEI confirms that it has communicated and engaged with stakeholders beyond the City of Kelowna (please refer to the response to RCIA IR1 10.4 for a list of consultations undertaken to date).

FEI considers its consultation and communication activities at the time of filing of the Application to have been sufficient, appropriate, and reasonable when considering the short timeline to develop the Project and file the Application. Further, FEI divided its Consultation and Engagement Plan into three phases: pre-filing, post-filing and post-decision, given the ongoing need for consultation and engagement throughout the project lifecycle.

FEI has been open and transparent in its consultation and communication with stakeholders in the initial pre-filing phase of the Consultation and Engagement Plan and has continued to communicate with stakeholders through the post-filing phase.

10.4. Please confirm whether FEI intends to develop a stakeholder consultation log, similar to the one prepared for the Okanagan Capacity Upgrade project and filed as Exhibit B-1-2 Application Appendix H-2.

10.4.1. If confirmed, please explain whether it will be available and will be filed before the filing of final arguments.

Response:

FEI has prepared a stakeholder consultation log and will continue to update it as its consultation activities progress. Please refer to Attachment 10.4 for the consultation log, which includes the activities to-date as well as details regarding a planned information session on November 25, 2024.

FEI considers that the evidence provided in the Application and these IR responses demonstrate that its consultation and communication activities (both already undertaken and planned) are sufficient, appropriate, and reasonable.

CHAPTER 9: PROVINCIAL GOVERNMENT ENERGY OBJECTIVES AND LONG TERM RESOURCE PLAN

11.0 Reference Exhibit B-1, Page 4 and 91-93.

1.1.7 Provincial Government Energy Objectives and Long Term Gas Resource Plan

9.2 British Columbia's Energy Objectives

On page 4, FEI states: *"As an innovative solution to meet near-term peak demand that will create positive socio-economic benefits for the regional area, the Project is consistent with British Columbia energy objectives (d) and (k)."*

Energy objective (k) states: *"to encourage economic development and the creation and retention of jobs;"*

On page 99, FEI states: *"The Project will benefit the local economy during the construction phase by creating jobs in BC through FEI's contractors, and result in the procurement of goods and services from locally owned and operated vendors and subcontractors (i.e., the use of local hotels and restaurants for employees working on the construction sites)."*

11.1 Please explain whether and how FEI ranks or scores the alternatives based on the Energy Objectives, including Objective (k) and how this scoring is incorporated into the evaluation described in section 4.5.

Response:

FEI considered whether the feasible alternative was consistent with and how it would advance BC's Energy Objectives, but did not rank or score how well the alternatives meet BC's Energy Objectives. This is consistent with the 2015 CPCN Guidelines (Order G-20-15), which provide the following guideline in respect of the BC Energy Objectives:

> Discuss how the project is consistent with and will advance the government's energy objectives as set out in the Clean Energy Act, Part 1 – BC Energy Objectives. If the nature of the project precludes a direct link to the energy objectives, the application should discuss how the project does not hamper other projects or initiatives undertaken by the applicant or others, from advancing these energy objectives.

However, with reference to Table 9-1 from the Application, FEI confirms that with the exception of Objective (k), the analysis would be the same. Please see Table 1 below which describes how Alternatives 4 and 5 meet Objective (k) of BC's Energy Objectives compared to Alternative 6.

Table 1: Comparison of Objective (k) from Table 9-1 of the Application

Item	Objective	As Set Out in the Application Comments on Alternative 6 (Small Scale LNG Storage)	Comments on Alternative 4 (CNG Trucking)	Comments on Alternative 5 (LNG Trucking)
(k)	to encourage economic development and the creation and retention of jobs;	The Project will benefit the local economy during the construction phase by creating jobs in BC through FEI's contractors, and result in the procurement of goods and services from locally owned and operated vendors and subcontractors (i.e., the use of local hotels and restaurants for employees working on the construction sites). FEI is committed to working with Indigenous groups, community leaders and local organizations, developing the local workforce, supporting local businesses, and connecting them to Project opportunities. The Project will also ensure adequate capacity is available to support economic activity and growth in the region through the winter of 2028/2029.	**This Alternative will benefit the local economy to a lesser degree than Alternative 6 during the construction phase because most of the equipment is mobile.** FEI is committed to working with Indigenous groups, community leaders and local organizations, developing the local workforce, supporting local businesses, and connecting them to opportunities. This Alternative will also ensure adequate capacity is available to support economic activity and growth in the region through the winter of 2028/2029.	**This Alternative will benefit the local economy to a lesser degree than Alternative 6 during the construction phase because most of the equipment is mobile.** FEI is committed to working with Indigenous groups, community leaders and local organizations, developing the local workforce, supporting local businesses, and connecting them to opportunities. This Alternative will also ensure adequate capacity is available to support economic activity and growth in the region through the winter of 2028/2029.

Attachment 10.1

Shelley Martens
Community & Indigenous Relations

FortisBC
#300 – 750 Vaughan Avenue
Kelowna, BC V1Y 7E4
Tel: 250-868-4525

July 22, 2024

City of Kelowna
1435 Water Street
Kelowna, BC V1Y 1J4

Attention: Ryan Smith, Divisional Director, Planning and Development Services

Dear Ryan,

Thank you for taking the time during our June 19th working group meeting to review FortisBC's Okanagan Capacity Mitigation Project (OCMP) with our team. I'm following up to provide a summary of the Project presentation, and the discussion that followed.

As presented, the OCMP is in response to the BC Utilities Commission's decision denying FortisBC's Okanagan Capacity Upgrade project on December 22, 2023. While the project was not approved, the BCUC recognized an imminent capacity shortfall in the Okanagan region by the winter of 2026/27 and have ordered FortisBC to file a plan before July 31, 2024, to address this shortfall.

The OCMP is FortisBC's proposed solution and if approved, a new, small scale liquefied natural gas (LNG) storage and send-out facility will be developed at Kelowna Gate Station, an existing acre of FortisBC-owned land on Spall Road at Alphonse Road (the "Station"). This solution is key to meeting our customers' peak energy demands through the winter of 2026/27.

All LNG stored at the Station will be produced at FortisBC's Tilbury LNG facility in Delta, B.C. and loaded into tankers at the loading facility. No LNG production will take place at the facility and the tanks are expected to be empty for much of the year. LNG tanker trucks will travel each fall from Tilbury to Kelowna to fill prefabricated 50,000 US gallon tanks. LNG stored at the Station will only be vaporized and injected into FortisBC's distribution system on the coldest day(s) of the year to meet peak energy demand in the Okanagan. As we've worked to further refine the scope of the project since our conversation, we've determined that a total of 6 tanks are needed. The additional 3 tanks are expected to be stacked on top of the first three tanks we initially discussed. The additional tanks will improve our ability to meet energy capacity requirements beyond 2026/27 winter peak demand, if required.

We appreciated the discussion with the group, as well as your questions and feedback, specifically regarding alignment with future City plans for the Clement Avenue extension and the Mill Creek Restoration plan. The preliminary concept plans for the Clement project have been received and reviewed, and we look forward to having further discussions as your study proceeds in relation to both the Station and the Glenmore Substation.

With regards to the Mill Creek Restoration Plan, we have incorporated the 15m setback from the existing edge of creek into our planning and have confirmed that the area within that setback is already graveled, and that we are not proposing to alter the area in any way as part of this project. If there are any additional concerns or requirements we need to take into consideration, please let us know and we can have our Environmental Team lead evaluate as we move forward towards construction.

A Public Consultation and Engagement strategy is being prepared to ensure we effectively communicate with area residents and businesses. We anticipate there may be concerns regarding traffic and noise, as well as the potential for visual impacts at the Station and we wish to continue providing transparent and accurate information to stakeholders, directly impacted landowners, and rightsholders. Communication materials will be updated as required throughout the Project's development, including on a dedicated project webpage. We will share this link with you and your staff once it's publicly available.

We'll also ensure our construction contractor(s) develops and executes a Public Impact Mitigation Plan, which will outline strategies to minimize community impacts such as noise, construction traffic, access, dust, and visual impacts during construction.

We would be happy to set up a follow up meeting or could include this Project in our regular meeting discussions ensuring we provide updates as the Project progresses. If needed, we would also be happy to provide a presentation to Council.

If you have any questions, or if I can provide any additional information, please don't hesitate to contact me.

Sincerely,

Shelley Martens
Community and Indigenous Relations Manager

cc. *Neal Pobran, Sr. Manager, Community & Indigenous Relations*
Derek Edstrom, Division Director - Partnerships and Investments
Mac Logan, Infrastructure General Manager
Nelson Chapman, Development Engineering Manager
Nola Kilmartin, Chief Planner

Attachment 10.4

Stakeholder Consultation Log - Okanagan Capacity Mitigation Project

Phase 1 Consultation Log

Date	Consultation Type	External Representatives	FEI Representatives	Location	Summary/ Follow up
June 18, 2024	Meeting	City of Kelowna: Ryan Smith, Divisional Director - Planning, Climate, Sustainability & Development Derek Edstrom, Divisional Director - Partnerships & Investments Mac Logan, General Manager - Infrastructure Nelson Chapman, Development Engineering Manager Nola Kilmartin, Development Planning Department Manager	Neal Pobran, Sr. Manager, Community & Indigenous Relations Shelley Martens, Community & Indigenous Relations Manager Andrew Doyle, Manager, Project Development	Virtual - MS Teams	FEI met with City of Kelowna senior staff on June 19, 2024 to outline the need for the Project, Project scope, and timelines. Overall, the discussion was positive with no major concerns raised by City staff. Staff requested that FEI work with them to ensure alignment with the City's future projects adjacent to FEI's facilities, including the City's plans for restoration of an adjacent creek and the City's concept plan for the extension of a main transportation corridor and multi-use pathway.
July 22, 2024	Email	City of Kelowna: Ryan Smith, Divisional Director - Planning, Climate, Sustainability & Development Derek Edstrom, Divisional Director - Partnerships & Investments Mac Logan, General Manager - Infrastructure Nelson Chapman, Development Engineering Manager Nola Kilmartin, Development Planning Department Manager	Shelley Martens, Community & Indigenous Relations Manager	N/A	FEI sent a follow-up letter to City staff on July 22, 2024. The letter summarized the meeting discussion on June 18th and the feedback received, provided contact and Project information, proposed to set up regular update meetings with staff, and offered to appear as a delegation to Mayor and Council, if requested.

Phase 2 Consultation Log

Date	Consultation Type	External Representatives	FEI Representatives	Location	Summary/ Follow up
August 2, 2024	Mail	Area Residents and businesses within closest proximity to Kelowna Station	Shelley Martens, Community & Indigenous Relations Manager	N/A	FEI mailed letters to 192 area residents and businesses to introduce the Project, outline the need, scope and timelines. Provided a link to the project webpage, project specific email address and notification that an Information Session will be planned in Fall 2024
August 1, 2024	Email	City of Kelowna: Ryan Smith, Divisional Director - Planning, Climate, Sustainability & Development Derek Edstrom, Divisional Director - Partnerships & Investments Mac Logan, General Manager - Infrastructure Nelson Chapman, Development Engineering Manager Nola Kilmartin, Development Planning Department Manager	Shelley Martens, Community & Indigenous Relations Manager	N/A	FEI sent an email to City staff advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	District of Coldstream	Shelley Martens, Community & Indigenous Relations Manager	N/A	FEI sent an email to District of Coldstream Mayor and CAO advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	District of Lake Country	Shelley Martens, Community & Indigenous Relations Manager	N/A	FEI sent an email to District of Lake Country Mayor and CAO advising of the application filing, provided a copy of the news release and a link to the project website.

Phase 2 Consultation Log

Date	Consultation Type	External Representatives	FEI Representatives	Location	Summary/ Follow up
August 1, 2024	Email	Village of Lumby	Shelley Martens, Community & Indigenous Relations Manager	N/A	FEI sent an email to Village of Lumby Mayor and CAO advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	District of Peachland	Shelley Martens, Community & Indigenous Relations Manager	N/A	FEI sent an email to District of Peachland Mayor and CAO advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	Regional District Central Okanagan	Shelley Martens, Community & Indigenous Relations Manager	N/A	FEI sent an email to Regional District Board Chair, Vice Chairand CAO advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	Regional District North Okanagan	Shelley Martens, Community & Indigenous Relations Manager	N/A	FEI sent an email to Regional District Board Chair and CAO advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	City of Vernon	Shelley Martens, Community & Indigenous Relations Manager	N/A	FEI sent an email to City of Vernon Mayor and CAO advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	City of West Kelowna	Shelley Martens, Community & Indigenous Relations Manager	N/A	FEI sent an email to City of West Kelowna Mayor, Interim CAO and Deputy CAO advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	Member of Legislative Assembly Norm Letnick	Hannah Anderson, Government Relations & Public Affairs Manager	N/A	FEI sent an email to MLA Letnick's office advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	Member of Legislative Assembly Renee Merrifield	Hannah Anderson, Government Relations & Public Affairs Manager	N/A	FEI sent an email to MLA Merrifield's office advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	Member of Legislative Assembly Ben Stewart	Hannah Anderson, Government Relations & Public Affairs Manager	N/A	FEI sent an email to MLA Stewart's office advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	Member of Legislative Assembly Harwinder Sandhu	Hannah Anderson, Government Relations & Public Affairs Manager	N/A	FEI sent an email to MLA Sandhu's office advising of the application filing, provided a copy of the news release and a link to the project website.
August 1, 2024	Email	Member of Parliament Tracy Gray	Hannah Anderson, Government Relations & Public Affairs Manager	N/A	FEI sent an email to MP Gray's office advising of the application filing, provided a copy of the news release and a link to the project website.
November 25, 2024	Information Session	Area Residents and businesses within closest proximity to Kelowna Station; other community stakeholders who may be interested in attending	Shelley Martens, Community & Indigenous Relations Manager Neal Pobran, Sr. Manager, Community & Indigenous Relations	Kelowna	Information session being planned to review project scope and timelines with area residents and businesses