



Sarah Walsh
Director, Regulatory Affairs

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October 2, 2025

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

Dear Registrar:

Re: FortisBC Energy Inc. (FEI)

Utilities Commission Act (UCA) – Section 71 Filing of an Assignment, Novation and Amending Agreement to the Biomethane Purchase Agreement (BPA) Between FEI, Evergreen Environmental (Oshawa) Inc. (Evergreen) and Convertus York Biofuel Ltd (Convertus)

In accordance with Section 71(1)(a) of the UCA and Sections 2.0 and 6.0 of the BCUC Rules for Natural Gas Energy Supply Contracts (Rules), FEI hereby files for BCUC acceptance of a fully executed Assignment, Novation and Amending Agreement dated September 5, 2025 (Amending Agreement) to the BPA between FEI and Evergreen (Original BPA), which assigns the BPA to Convertus. A copy of the Amending Agreement is attached in Appendix A. The Original BPA between FEI and Evergreen dated March 31, 2021, a copy of which is provided in Appendix B, was accepted by Order E-24-21 on the basis that it is a prescribed undertaking under section 18(1) of the *Clean Energy Act* (CEA).

The Amending Agreement makes the following changes to the Original BPA:

1. Assigns and novates all of Evergreen's rights, title, interests, duties, liabilities, and obligations in the Original BPA to Convertus;
2. Amends the location of the facility to a different address within the same region; and
3. Extends the latest Start Date to April 2028.

The Amending Agreement does not change any of the features of the Original BPA that made it a prescribed undertaking under the GGRR.

FEI is filing this Amending Agreement pursuant to section 71(1) of the UCA, which requires a person who enters into an energy supply contract, including an amendment to that contract, to file a copy of the contract with the BCUC.

Approval Sought:

FEI respectfully requests acceptance from the BCUC of the Amending Agreement, pursuant to section 71 of UCA and the Rules as the Amending Agreement is a prescribed undertaking under section 18 of the CEA and the GGRR. A draft form of order sought is attached in Appendix C.

Request for Confidentiality

FEI is requesting that this information be filed on a confidential basis and be held confidential by the BCUC in perpetuity, pursuant to Section 23 of the BCUC's Rules of Practice and Procedure regarding confidential documents as set out in Order G-192-25,¹ and section 71(5) of the *Utilities Commission Act*. FEI requests that the BCUC exercise its discretion under Section 6.0 of the Rules for Natural Gas Energy Supply Contracts and allow these documents to remain confidential due to their commercially sensitive nature. The filing contains confidential and commercially sensitive information related to FEI's gas supply resourcing strategies, including confidential information of third parties that FEI is obligated to protect. FEI procures its gas supply resources in a competitive market, and it is customary for competing parties to keep their gas supply portfolio strategies and contracts confidential to protect market sensitive information. Keeping the information confidential will ensure FEI continues to meet its contractual non-disclosure obligations to its counterparties and also continues to be able to negotiate and obtain favourable commercial terms for future contracting requirements within the competitive environment it operates in. If FEI's supply purchasing strategies are disclosed publicly or if FEI does not meet its contractual non-disclosure obligations, this could prejudice or influence future negotiations of contracts between FEI and suppliers or counterparties, which could result in higher costs for customers. FEI is unable to foresee a time when its gas supply resourcing strategies may no longer be commercially sensitive or when its confidentiality obligations to third parties may end and, therefore, FEI requests that the information remain confidential in perpetuity.

In accordance with Section 23 of the BCUC's Rules of Practice and Procedure, a redacted version for public filing has been provided.

Legislative and Regulatory Framework

FEI has included as Appendix D the legislative and regulatory framework related to RNG acquisitions as prescribed undertakings.

Original BPA

The Original BPA was signed on March 31, 2021, and was accepted by Order E-24-21 on the basis of being a prescribed undertaking under the CEA. For reference, the key elements of the Original BPA are summarized in the table below.

¹ As amended by Order G-228-25.

Table 1: Original BPA Summary

Item	Original BPA	Confirm Contract Clause	Comment
Contract Term	██████████	Section 3	
Minimum Annual Volume	██████████	Section 5 (b)	Represents the minimum biomethane volume that FEI agrees to purchase annually from Evergreen.
Maximum Annual Volume	██████████	Section 5 (d)	Represents the maximum biomethane volume that FEI agrees to purchase annually from Evergreen.
Price (per GJ) delivered to ██████████	██████████ ██████████	Section 9 (a)	Represents the price (in CAD), including delivery to BC, that FEI will pay to Evergreen for biomethane, subject to the maximum acquisition price.
Inflation Factor on Price	██	Section 9 (b)	Adjusted annually each November 1 st after the first anniversary of the start date.
Maximum Price	BCUC or BC Government RNG Supply Purchase Price	Section 9 (c)	Maximum Price as determined by FEI will not exceed the GGRR maximum acquisition cost.
Delivery Point	██████████ ██████████	Section 4	Receipt point in BC for biomethane, including environmental attributes.
Carbon Intensity (CI)	██████████	Section 10	CI of the biomethane will be less than or equal to ██████████

Amending Agreement

The Amending Agreement was entered into on September 5, 2025, and makes the following three changes to the Original BPA:

- First, the Amending Agreement assigns and novates Convertus into the BPA in place and stead of Evergreen. Pursuant to a Letter Agreement dated August 8, 2025, between Evergreen and Convertus, subject to the consent of FEI, Evergreen wishes to assign to Convertus all of Evergreen’s right, title, interest, duties, liabilities and obligations in the BPA, effective the date of completion of the transaction contemplated by the Letter Agreement.
- Second, the Amending Agreement amends the location of the facility, currently located in Oshawa, Ontario, to East Gwillimbury, Ontario.
- Third, the Amending Agreement extends the Start Date from the current Start Date in the Original BPA of ██████████ to ██████████ ██████████
██████████
██████████

The above amendments are amenable to FEI and consistent with FEI’s most recent BPAs filed with and accepted by the BCUC, reflecting FEI’s best practices for BPAs at this time.

Amending Agreement Continues to be a Prescribed Undertaking

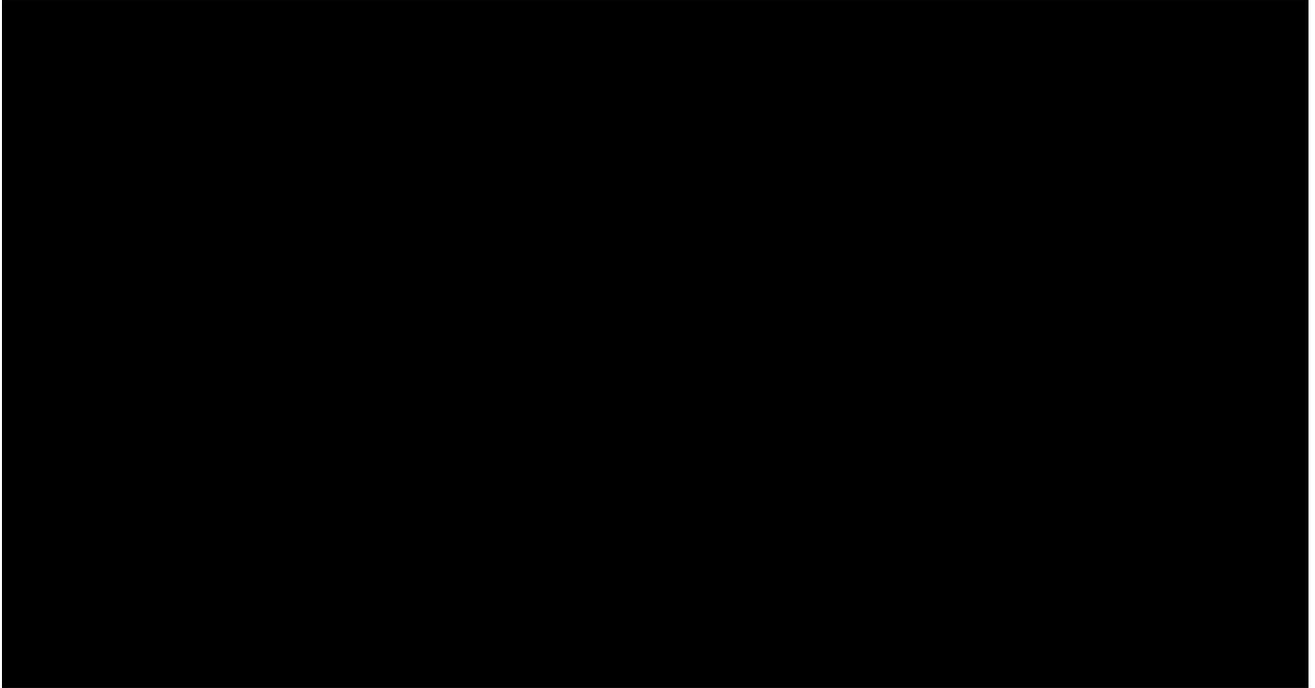
The Amending Agreement remains a prescribed undertaking. When the Original BPA was accepted by Order E-24-21 as being a prescribed undertaking, the three part-test for a BPA or project to qualify as a prescribed undertaking under the GGRR was as follows:

1. The public utility must be acquiring RNG (as opposed to some other form of commodity);
2. The public utility must pay no more than the applicable maximum price for that RNG; and
3. The volume of RNG, hydrogen, synthesis gas, and lignin that the public utility acquires in a calendar year must not exceed 15 percent of the total amount, in GJ, of natural gas provided by the public utility to its non-bypass customers in 2019, subject to subsection (3.9) and section 10 of the GGRR.

The Amending Agreement does not alter any of these considerations:

1. The Amending Agreement makes no change to the price at which FEI is acquiring RNG from Convertus, so the price remains below the \$30 per GJ maximum acquisition price that was in place when the Original BPA was approved. Under the Amending Agreement, the acquisition price of RNG cannot exceed the GGRR maximum price.
2. The Amending Agreement does not amend the maximum volume of RNG that FEI can purchase from Convertus under the Original BPA. The annual delivered volume of RNG that FEI expects to acquire each year is still below the calculated maximum of 15 percent of the total amount, in GJ, of natural gas provided by the public utility to its non-bypass customers in 2019, which is approximately 30 PJ. FEI has not yet acquired any hydrogen, lignin or synthesis gas. A summary of FEI's accepted BPAs and contracted volumes as of the filing date is included in Table 1 below. As shown in Table 2 below, both FEI's contractual maximum supply and expected annual supply is below the 30 PJ (or 30,000 TJ) maximum in the GGRR.

Table 2: Renewable Gas BPA Summary August 2025



In short, the Amending Agreement only alters ancillary terms and conditions of the prescribed undertaking, and not any of the features that qualified it as a prescribed undertaking when the Original BPA was first accepted. As such, the Amending Agreement remains a prescribed undertaking.

Required Considerations Support Acceptance

For completeness, FEI has set out below the factors in section 71(2.1) of the UCA that the BCUC must consider regarding whether an energy supply contract is in the public interest:

- (a) British Columbia's energy objectives;
- (b) the 2022 LTGRP, being FEI's most recent long-term resource plan filed with the BCUC;
- (c) the interests of persons in British Columbia who receive or may receive service from the public utility;
- (d) the quantity of the natural gas to be supplied under the contract;
- (e) the availability of natural gas supplies;
- (f) the price and availability of alternative forms of energy that could be used instead of natural gas; and
- (g) the price of the natural gas to be supplied under the contract.

Given the nature of these considerations, which center on the amount of energy to be supplied under the contract, it is necessary to consider the Amending Agreement in the context of the BPA as a whole, as is summarized in the table below.

Table 3: Amending Agreement Alignment with UCA Considerations

CONSIDERATION	APPLICATION TO AMENDING AGREEMENT
(a) the applicable of British Columbia's energy objectives,	The purchase of RNG under the Amending Agreement is a prescribed undertaking and will reduce FEI's emissions through the displacement of conventional natural gas, thus supporting British Columbia's energy objectives. While Amending Agreement No. 1 will allow FEI to redirect some of this RNG for sale by Convertus outside of BC, this is only an option that FEI can choose to exercise (i.e., not a requirement) to help match supply and demand for RNG and manage rate impacts of RNG acquisitions.
(b) the most recent long-term resource plan filed by the public utility under section 44.1, if any,	The purchase of RNG under the Amending Agreement is a prescribed undertaking and is aligned with FEI's most recent long-term resource plan which estimates increased purchases of RNG. While the Amending Agreement will allow FEI to redirect some RNG for sale by Convertus outside of BC, this is only an option that FEI can choose to exercise (i.e., not a requirement) to help match supply and demand for RNG and manage rate impacts of RNG acquisitions.
(c) the extent to which the energy supply contract is consistent with the applicable requirements under sections 6 and 19 of the <i>Clean Energy Act</i> ,	Sections 6 and 19 of the <i>Clean Energy Act</i> are not applicable.
(d) the interests of persons in British Columbia who receive or may receive service from the public utility,	The purchase of RNG under the Amending Agreement is a prescribed undertaking and therefore deemed to be in the public interest.
(e) the quantity of the energy to be supplied under the contract,	The purchase of RNG under the Amending Agreement is a prescribed undertaking and the quantity acquired is within the maximum supply amount specified in the GGRR. The amount of conventional natural gas purchased due to the Amending Agreement is necessary to receive the benefits of redirecting RNG, and is inconsequential to FEI's gas supply functions.
(f) the availability of supplies of the energy referred to in paragraph (e),	The purchase of RNG under the Amending Agreement is a prescribed undertaking.
(g) the price and availability of any other form of energy that could be used instead of the energy referred to in paragraph (e), and	The purchase of RNG under the Amending Agreement is a prescribed undertaking. The amount of conventional natural gas purchased due to the Amending Agreement is necessary to receive the benefits of redirecting RNG and is purchased at competitive market prices.
(h) in the case only of an energy supply contract that is entered into by a public utility, the price of the energy referred to in paragraph (e).	The purchase of RNG in the Amending Agreement is a prescribed undertaking and is well below the maximum price specified in the GGRR. The amount of conventional natural gas purchased due to the Amending Agreement is necessary to receive the benefits of redirecting RNG and is purchased at competitive market prices.

Conclusion

FEI has filed a copy of the Amending Agreement with the BCUC pursuant to FEI's obligation under section 71 of the UCA to file energy supply contracts. FEI submits that the Amending Agreement remains a prescribed undertaking and respectfully requests that the BCUC accept the Amending Agreement under section 71 of the UCA and the Rules.

If further information is required, please contact Richard Gosselin, Senior Manager, Regulatory Policy, at (604) 576-7178.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

Attachments

Appendix A

**FEI-EVERGREEN-CONVERTUS
ASSIGNMENT, NOVATION AND AMENDING AGREEMENT**

ASSIGNMENT, NOVATION AND AMENDING AGREEMENT

THIS ASSIGNMENT, NOVATION AND AMENDING AGREEMENT (the "**Agreement**") made as of September 5, 2025

BETWEEN:

FORTISBC ENERGY INC., 16705 Fraser Highway, Surrey, British Columbia, V4N 0E8, CANADA

("FEI")

AND:

EVERGREEN ENVIRONMENTAL (OSHAWA) INC., 162 Cumberland Street, Suite 300, Toronto, Ontario, M5R 3N5, CANADA

(the "**Assignor**")

AND:

CONVERTUS YORK BIOFUEL LTD., 130 Adelaide Street West, Suite 701, Toronto, Ontario, M5H 2K4, CANADA

(the "**Assignee**")

WHEREAS:

- A. FEI and the Assignor are party to a transaction confirmation (the "**Biomethane TC**") dated March 31, 2021 under and subject to the GasEDI Base Contract for Short Term Sale and Purchase of Natural Gas between FEI and the Assignor dated March 31, 2021 (in each case, as varied, amended, modified, supplemented or replaced from time to time, collectively, the "**Gas Agreement**");
- B. pursuant to a Letter Agreement dated August 8, 2025 among the Assignor and the Assignee (the "**Letter Agreement**"), the Assignor and the Assignee agreed, subject to the consent of FEI, to assign and novate the Assignee into the Gas Agreement in the place and stead of the Assignor;
- C. the Assignor wishes to assign to the Assignee all of the Assignor's right, title, interests, duties, liabilities and obligations in and to the Gas Agreement, which will be effective as of the time and date of completion of the transaction contemplated by the Letter Agreement (the "**Effective Date**");
- D. the Gas Agreement provides that no assignment and novation of the Gas Agreement shall be made without the prior written consent of the non-assigning party; and
- E. FEI is willing to consent to such assignment and novation, and to recognize and accept the Assignee in place of the Assignor on the terms and conditions set forth in this Agreement.

NOW THEREFORE, in consideration of the mutual promises set out herein and other good and valuable consideration (the receipt and sufficiency of which is hereby acknowledged) FEI, the Assignor, and the Assignee agree as follows:

ARTICLE 1 – ASSIGNMENT AND NOVATION

1.1 **Assignment and Novation.** Subject to the terms of this Agreement, including, without limitation, Article 4:

- (a) The Assignor does hereby absolutely assign, set over, transfer, novate and convey to the Assignee, effective as of the Effective Date, all of its right, title and interest in the Gas Agreement, to have and hold same unto the Assignee absolutely.
- (b) The Assignee hereby accepts the assignment and novation herein provided, and covenants and agrees with the Assignor and FEI that it shall for all periods before, on or after the Effective Date:
 - (i) be bound by and to be directly and primarily liable to, observe, discharge and perform all of the duties, liabilities and obligations to be observed, discharged and performed by the Assignor under the Gas Agreement to the same extent as if the Assignee had been a party thereto in place and stead of the Assignor ; and
 - (ii) assume and be liable for any and all types of claims that FEI ever had, now has, or may ever have against the Assignor arising or resulting from, or in any way whatsoever relating to the Gas Agreement.

ARTICLE 2 – CONSENT TO ASSIGNMENT

2.1 **Consent by FEI.** Subject to the terms of this Agreement, including, without limitation, Article 4, FEI hereby:

- (a) consents to the assignment and novation described in Section 1.1;
- (b) subject to and without limiting Section 1.1(b), releases and discharges the Assignor of and from the observance and performance of the covenants, agreements, liabilities and obligations of the Assignor to be observed and performed under the Gas Agreement; and
- (c) covenants and agrees with the Assignee that from and after the Effective Date the Assignee shall be entitled to hold and enforce all of the privileges, rights and benefits of the Assignor under the Gas Agreement, to the same extent as though and to the intent and purpose that the Assignee had been a party thereto in the place and stead of the Assignor.

ARTICLE 3 – AMENDMENTS TO GAS AGREEMENT

3.1 **Amendment of Biomethane TC.** Subject to the terms of this Agreement, including, without limitation, Article 4, the parties agree that:

- (a) Section 1 of the Biomethane TC is hereby amended by replacing the definition of "Facilities" as follows:

"**Facilities**" means the biogas upgrader and anaerobic digestion facility owned by the Seller and located at [REDACTED]

- (b) Section 3 of the Biomethane TC is hereby amended by deleting and replacing it in its entirety with the following:

"3. Delivery Period.

Start Date:

(a) Buyer acknowledges that Seller will source the entire quantity of Biomethane committed pursuant to this Transaction Confirmation from the Facilities which is being designed and constructed with an anticipated operational date prior to [REDACTED]

(b) Seller shall provide Buyer with at [REDACTED] written notice of the date on which the Facilities are fully operational and the Seller will begin to deliver Biomethane to the Buyer as soon as reasonably practicable (the "**Start Date**") but in any event the Start Date shall be no later than [REDACTED]; if no such notice is provided by Seller to Buyer by [REDACTED] before [REDACTED], then Buyer shall elect, at its sole and unfettered discretion, by written notice to Seller either:

(i) terminating this Transaction Confirmation effective immediately by providing written notice to Buyer without penalty or further liability; or

(ii) specifying a later date as the amended Start Date; and

(c) in the case of subsection 3(b)(ii) above, if the Seller cannot commence delivery of Biomethane on the amended Start Date, then Buyer shall elect to either: (i) terminate this Transaction Confirmation effective on the amended Start Date; or (ii) specify a later date as the amended Start Date. In the case of the latter, the provisions of this section shall apply to each additional amended Start Date, if any.

End Date: [REDACTED]

- (c) Section 16 of the Biomethane TC is hereby amended by deleting and replacing it in its entirety with the following:

"16. Conditions.

This Transaction shall be of no force or effect unless the following condition ("**Condition**") is satisfied by Seller, or waived by Buyer in its sole discretion, in whole or in part, on or before the date indicated below (the "**Condition Removal Date**"):

(i) The Seller on or before the Start Date provides the Buyer with Performance Assurance in such form and amount satisfactory to the Buyer securing the Seller's obligations to pay the Total Termination Payment."

- 3.2 **No Further Amendments.** Except as expressly provided in this Agreement, all of the terms and provisions of the Gas Agreement are and will remain in full force and effect and are hereby ratified and confirmed by FEI and the Assignee.

ARTICLE 4 – CONDITIONS PRECEDENT

- 4.1 **Conditions Precedent.** Notwithstanding anything in Article 1, Article 2 or Article 3 hereof to the contrary, the Assignor, Assignee and FEI hereby agree that this Agreement is subject to and contingent upon the fulfillment of the following conditions precedent on or before April 30, 2026 which conditions are for the sole benefit of FEI, and which may be waived by FEI in whole or in part, in its sole discretion:

- (a) the closing of the transaction contemplated in the Letter Agreement; and
- (b) FEI obtaining any necessary applicable approvals and acceptances of all regulatory or other governmental authorities having jurisdiction, including, if applicable, the British Columbia Utilities Commission ("**BCUC**"), to allow for the amendments to the Gas Agreement and the assignment and novation set forth in this Agreement, on terms and conditions which are satisfactory to FEI in its sole discretion.

- 4.2 If FEI's conditions precedent have not been satisfied or waived by the required date set forth in Section 4.1, FEI may deliver notice to the Assignor and Assignee that the conditions have not been satisfied or waived by FEI, whereupon this Agreement will be null and void without liability between the parties and the parties' rights and obligations shall continue under the Gas Agreement, which shall remain in full force and effect, unassigned, unnovated, and unamended.

- 4.3 Provided FEI's conditions precedent have not been satisfied by the required date set forth in Section 4.1, if FEI fails to deliver notice to the Assignor and Assignee of the non-satisfaction or waiver of the conditions precedent by the required date set forth in Section 4.1, then FEI will be deemed to have not waived the conditions precedent and Section 4.2 shall apply.

ARTICLE 5 – GENERAL PROVISIONS

- 5.1 **Notice.** Any invoices, payments, notices or other communication required to be given or made pursuant to this Agreement or the Gas Agreement shall, unless otherwise expressly provided herein, be in writing and shall be personally delivered to, or sent by emailed pdf (provided that such email shall state clearly in its subject line or in the body of the emailed pdf that it is intended to constitute notice hereunder) to a party at its address set forth below, and shall be deemed to have been received the next business day following delivery, or email:

If to: **FortisBC Energy Inc.**
16705 Fraser Highway, Surrey, BC V4N 0E8

Attention: Director, Renewable Gas and Low
Carbon Fuels
Email: nick.bloomfield@fortisbc.com

With a copy to:

biogasprogram@fortisbc.com

If to: **Evergreen Environmental (Oshawa)
Inc.**

Attention: Ward Janssens
Email: wjanssens@egreens.ca

If to: **Convertus York Biofuel Ltd.**

Attention: Jamie Jongsma
Email: jjongsma@convertusgroup.com

- 5.2 **Counterparts.** This Agreement may be executed (including by electronic means) on any number of counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same instrument.
- 5.3 **Enurement.** Upon the execution of this Agreement by each party, this Agreement will be binding upon and enure to the benefit of each of the parties and their respective successors and permitted assigns.
- 5.4 **Further Assurances.** The parties shall from time to time and at all times do all such further acts and deeds and execute and deliver all such further documents as shall be reasonably required in order to fully perform and carry out the terms of this Agreement.
- 5.5 **Governing Law.** This Agreement shall be governed by the laws of the Province of British Columbia and the laws of Canada applicable therein.
- 5.6 **Forum Selection.** The parties hereby attorn to the exclusive jurisdiction of the courts of British Columbia and all courts competent to hear appeals therefrom.
- 5.7 **Entire Agreement.** This Agreement constitutes the sole and entire agreement of the parties with respect to the subject matter contained herein, and supersedes all prior and contemporaneous understandings, agreements, representations, and warranties, both written and oral, with respect to such subject matter.

[remainder of page left intentionally blank; signature page follows]

IN WITNESS WHEREOF the Parties hereto have executed this Agreement as of the day and year first above written.

FORTISBC ENERGY INC.

by its authorized signatory(ies):

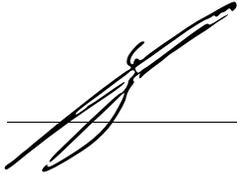


Joe Mazza

VP, Energy Supply & Resource Development

**EVERGREEN ENVIRONMENTAL (OSHAWA)
INC.**

by its authorized signatory(ies):



Ward Janssens CEO

CONVERTUS YORK BIOFUEL LTD.

by its authorized signatory(ies):



Jamie Jongsma
CFO

Appendix B

FEI-EVERGREEN BIOMETHANE PURCHASE AGREEMENT

**GasEDI BASE CONTRACT FOR SHORT-TERM SALE AND PURCHASE OF NATURAL GAS
COVER SHEET**

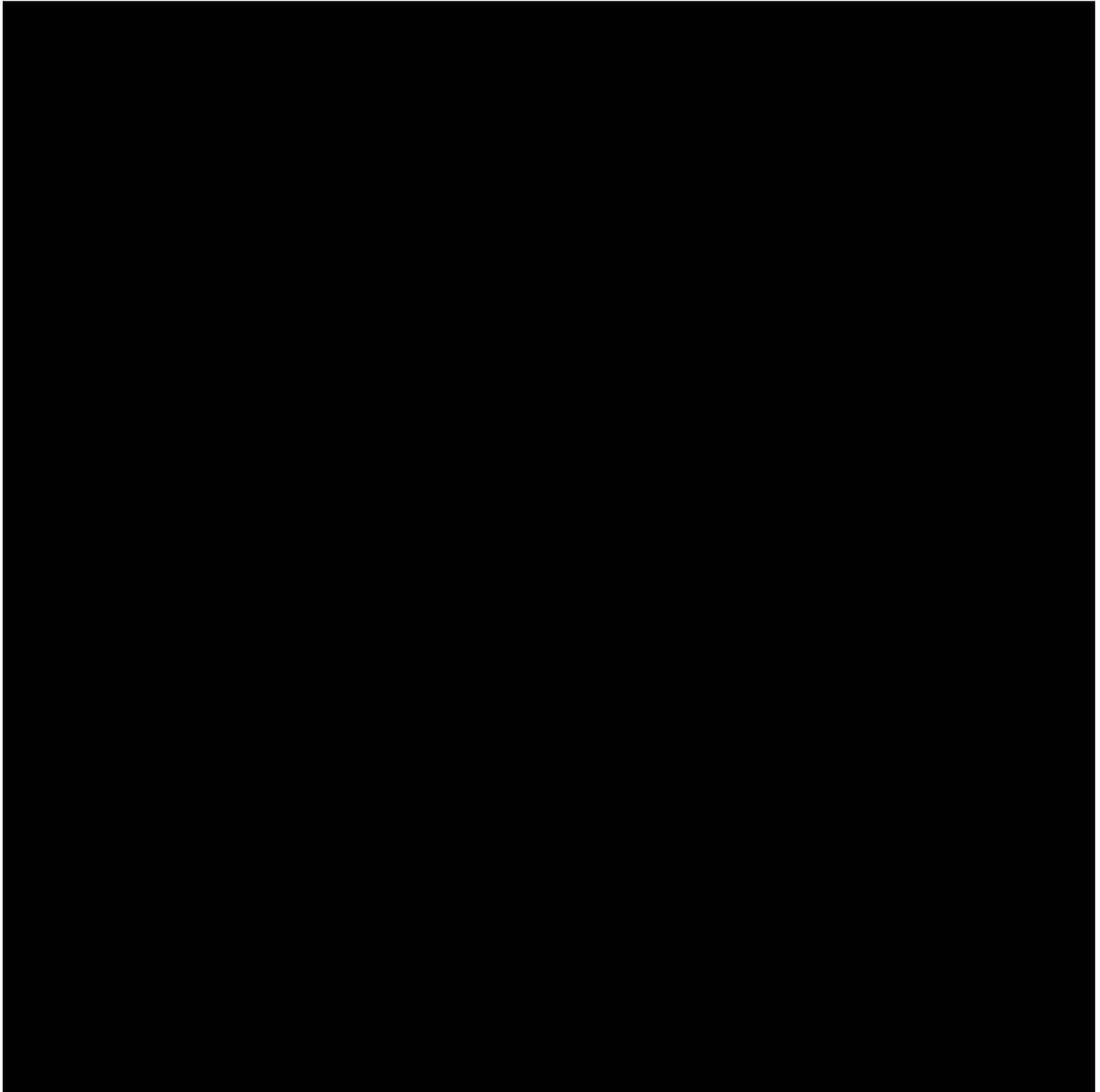
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Page 1 of 3
October 26, 2000

**GasEDI BASE CONTRACT FOR
SHORT-TERM SALE AND PURCHASE OF NATURAL GAS**

COVER SHEET

This Base Contract is entered into as of the following date:
The parties to this Base Contract are the following:



GasEDI BASE CONTRACT FOR SHORT-TERM SALE AND PURCHASE OF NATURAL GAS

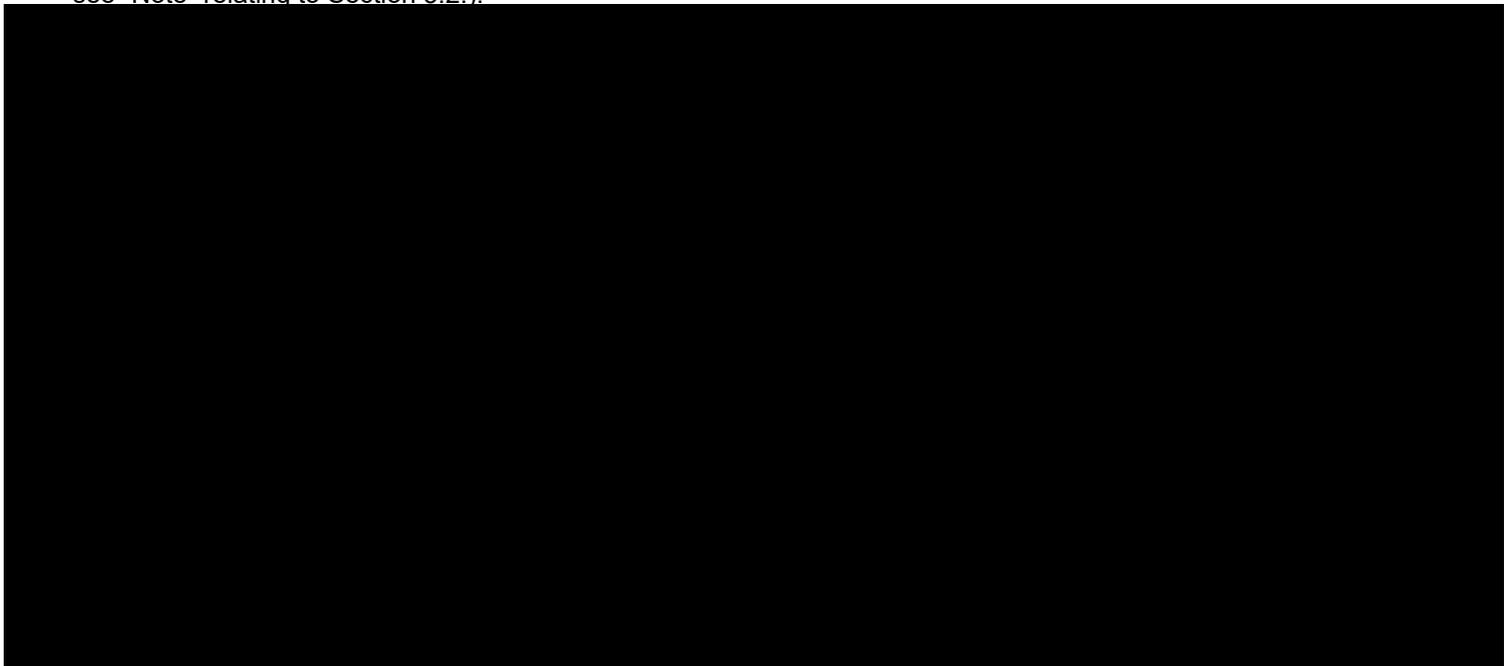
COVER SHEET

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Page 2 of 3

October 26, 2000

This Base Contract incorporates by reference for all purposes the General Terms and Conditions of the GasEDI Base Contract for Short-Term Sale and Purchase of Natural Gas as published by GasEDI. The parties hereby agree to the following provisions offered in said General Terms and Conditions (select only one from each box, but see "Note" relating to Section 3.2.):



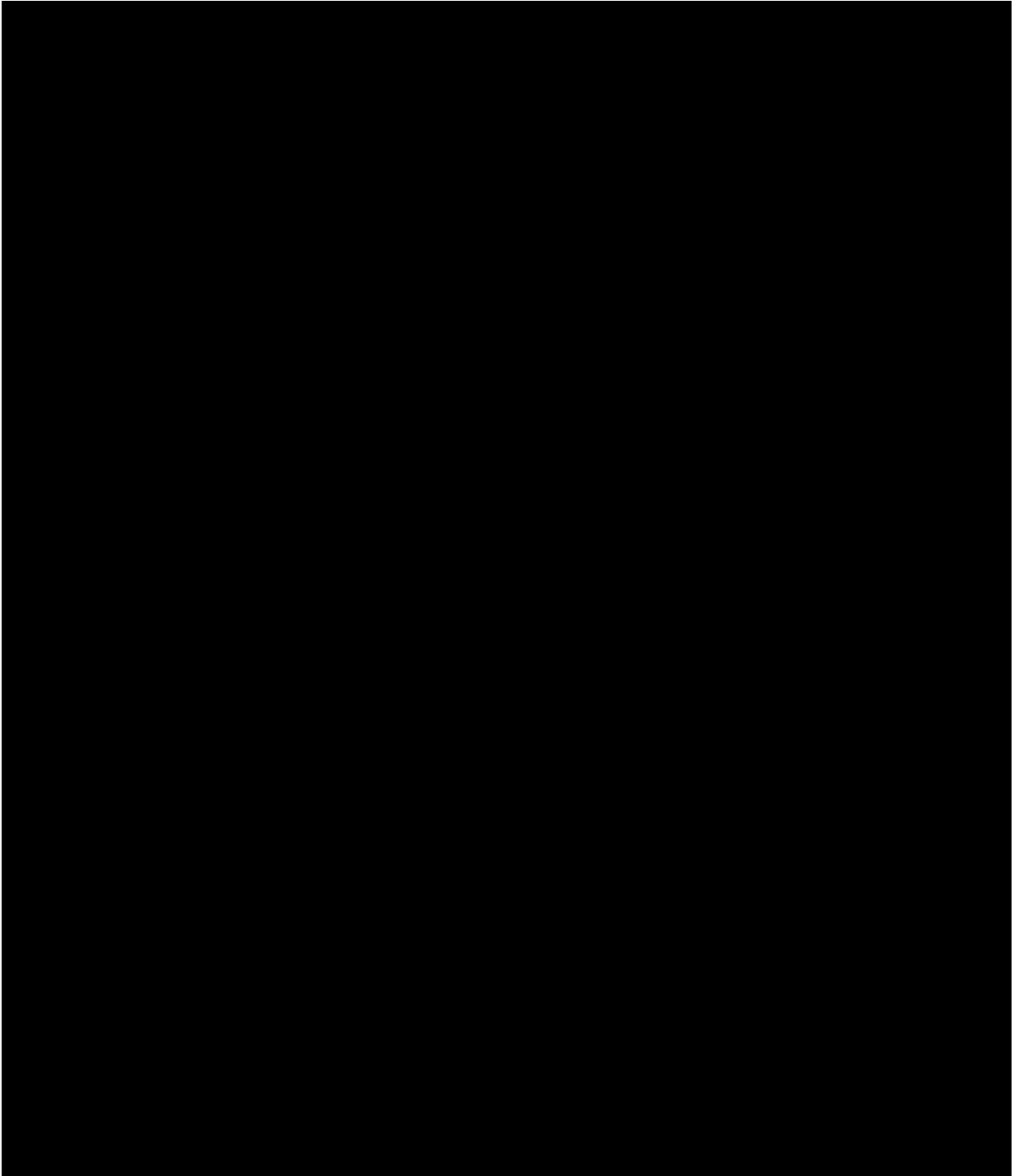
IN WITNESS WHEREOF, the parties hereto have executed this Base Contract in duplicate.

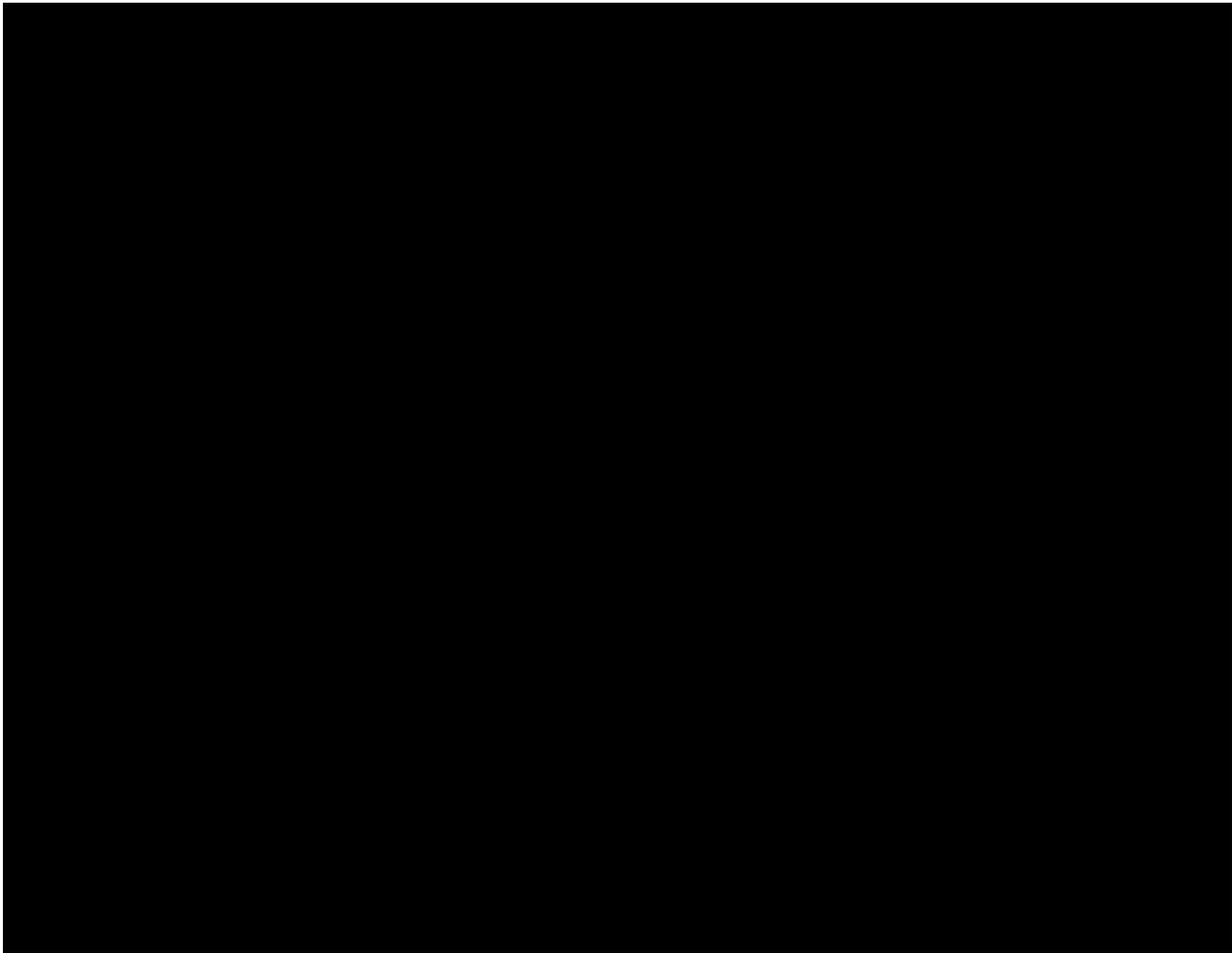
PARTY A		PARTY B
Evergreen Environmental (Oshawa) Inc.	Party	FortisBC Energy Inc.
	Signature	
Richard Weldon	Name	Roger Dall'Antonia
Chairman	Title	President & CEO
March 31st 2021	Date	31 March 2021

DISCLAIMER: The purposes of this Contract are to facilitate trade, avoid misunderstandings and make more definite the terms of contracts of sale, purchase or exchange of natural gas. This Contract is intended for interruptible transactions or firm transactions of one year or less and may not be suitable for transactions of longer than one year. Further, GasEDI does not mandate the use of this Contract by any party. GasEDI DISCLAIMS AND EXCLUDES, AND ANY USER OF THIS CONTRACT ACKNOWLEDGES AND AGREES TO GasEDI's DISCLAIMER OF, ANY AND ALL WARRANTIES, CONDITIONS OR REPRESENTATIONS, EXPRESS OR IMPLIED, ORAL OR WRITTEN, WITH RESPECT TO THIS CONTRACT OR ANY PART THEREOF, INCLUDING ANY AND ALL IMPLIED WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS OR SUITABILITY FOR ANY PARTICULAR PURPOSE (WHETHER OR NOT GasEDI KNOWS, HAS REASON TO KNOW, HAS BEEN ADVISED, OR IS OTHERWISE IN FACT AWARE OF ANY SUCH PURPOSE), WHETHER ALLEGED TO ARISE BY LAW, BY REASON OF CUSTOM OR USAGE IN THE TRADE, OR BY COURSE OF DEALING. EACH USER OF THIS CONTRACT ALSO AGREES THAT UNDER NO CIRCUMSTANCES WILL GasEDI BE LIABLE FOR ANY DIRECT, SPECIAL, INCIDENTAL, EXEMPLARY, PUNITIVE OR CONSEQUENTIAL DAMAGES ARISING OUT OF ANY USE OF THIS CONTRACT.

**Standard Provisions to
The GasEDI Contract for Short-Term Sale and Purchase of Natural Gas**

The General Terms and Conditions to the GasEDI Base Contract for Short-Term Sale and Purchase of Natural Gas dated [REDACTED]





Acknowledged and Agreed to this
31st day of March, 2021

Acknowledged and Agreed to this
31 day of March, 2021

EVERGREEN ENVIRONMENTAL (OSHAWA) INC. FORTISBC ENERGY INC.





Roger Dall'Antonia, President & CEO

TRANSACTION CONFIRMATION

Date: March 31 th 2021
 (“Effective Date”)

Transaction Confirmation #: _____

This is a Transaction under the GasEDI Base Contract for the Sale and Purchase of Biomethane dated March 31st 2021 (“Base Contract”) and the Special Provisions attached to the Base Contract made between the parties hereto and is made subject to the condition set forth in Section 16 of this Transaction Confirmation.

IT IS AGREED:

1. Definitions.

- (a) Capitalized terms used, but not defined in this Transaction Confirmation, have the meanings given to those terms in the General Terms and Conditions of the Base Contract and in addition:

“**Biogas**” means raw gas composed primarily of methane derived from the decomposition of organic matter.

“**Biomethane**” means pipeline quality Gas derived from the decomposition of organic matter. Pipeline quality means meeting the gas quality requirements of the receiving pipeline at the Delivery Point.

“**Carbon Offsets**” means, for the purposes of calculating Market Value, Offsets that are created from emissions reduction at a facility or project located in Canada and are verified using a standard that is at least equivalent to the protocols established under the British Columbia Greenhouse Gas Emission Control Regulation or a replacement standard which might include, but is not limited to, standards that are recognized by the International Carbon Reduction & Offset Alliance (ICROA) as compliant with the ICROA Code of Best Practice.

“**Commodity Cost Recovery Charge**” means the Buyer’s cost to supply conventional Gas to its utility customers which shall be established by the Commodity Cost Recovery Charge set out in the Buyer’s Table of Charges in Rate Schedule 1 for Residential Service as approved by the British Columbia Utilities Commission from time to time.

“**Condition**” means the conditions set out in Section 16 of this Transaction Confirmation.

“**Conditions Removal Date**” means the date set out for the removal of the conditions in Section 16 of this Transaction Confirmation.

“Contract Quantity” shall mean the quantity of Biomethane to be delivered and received pursuant to this Transaction.

“Contract Year” means each twelve (12) consecutive month period starting on the Start Date.

“Director” means the British Columbia government employee designated as the director for the purposes of the RLCFRA.

“Environmental Attribute” means:

- (i) all attributes associated with, or that may be derived from the actual or assumed reduction, displacement or offset of emissions associated with the Facilities;
- (ii) the right to quantify and register the interests and rights associated with such attributes or characteristics with competent authorities;
- (iii) any existing or future instrument, including any Offset, environmental emission allowances and reduction credits, reduction right, allowance, certificate or other unit of any kind whatsoever, whether or not tradable and any other proprietary or contractual right, whether or not tradable, and any resulting from, or otherwise related to the actual or assumed reduction, displacement or offset of emissions associated with, or that may be derived from the actual or assumed reduction, displacement or offset of emissions associated with the Facilities and related activities;
- (iv) all revenues, entitlement, benefits and other proceeds arising from or related to the foregoing.

“Facilities” means the biogas upgrader and anaerobic digestion facility located at [REDACTED] in Oshawa, Ontario owned by the Seller.

“Green Premium” means the difference between the Contract Price and the Commodity Cost Recovery Charge.

“Contract Value” The contract value of the Transaction means the net present value (applying the Present Value Discount Rate) of the product of (1) the Minimum Annual Quantity for each Contract Year (or part of a Contract Year, prorated) remaining under the Transaction set out in this Confirmation and the Contract, multiplied by (2) the Contract Price.

“Market Value” The market value of the Transaction means the net present value (applying the Present Value Discount Rate) of the product of (1) the Minimum Annual Quantity for each Contract Year (or part of a Contract Year, prorated) remaining under the Transaction set out in this Confirmation multiplied by (2) a market price for a similar transaction considering the Environmental Attributes of the Biomethane and the remaining Delivery Period, Contract Quantity and Delivery Point, either as follows:

- (i) in the case of default by Seller, at the Buyer’s option, either as
 - (a) a transaction consisting of Biomethane; or,

- (b) a transaction consisting of conventional Gas plus Carbon Offsets equal to the greenhouse gas reduction that would have been achieved by the Biomethane supply for the remainder of the Transaction; the number of Carbon Offsets to be equivalent to the product of (1) the difference between 0.05 metric tonnes of CO₂e/GJ (being the CO₂ equivalency of conventional Gas) and the carbon intensity of the Biomethane set out in Section 9 multiplied by (2) the Minimum Annual Quantity for each Contract Year (or part of a Contract Year prorated) remaining under the Transaction, provided such carbon Offsets with the required quality are readily available in the market, and

- (ii) in the case of default by Buyer, the higher of:
 - (a) a transaction consisting of Biomethane; or,
 - (b) a transaction consisting of conventional Gas plus Carbon Offsets equal to the greenhouse gas reduction that would have been achieved by the Biomethane supply for the remainder of the Transaction; the number of carbon Offsets to be equivalent to the product of (1) the difference between 0.05 metric tonnes of CO₂e/GJ (being the CO₂ equivalency of conventional Gas) and the carbon intensity of the Biomethane set out in Section 9 multiplied by (2) the Minimum Annual Quantity for each Contract Year (or part of a Contract Year prorated) remaining under the Transaction, and

The Non-Defaulting Party shall determine the Market Value using good faith and in a commercially reasonable manner but is not required to actually enter into a transaction in order to determine the market price.

“Maximum Contract Price” means the then current maximum RNG supply purchase price approved by the British Columbia Utilities Commission or established by the Province of British Columbia.

“Offset” means any credits, emission offsets or other tradable or recognized instruments issued or granted by a government or program authority or recognized under a regulation, in recognition of emission reductions or sequestration that may be applied to achieving compliance with any emissions related obligations or commitments whether voluntary or mandatory.

“Production Audit” means the records and physical audit described in Section 13 of this Transaction Confirmation.

“Production Location” means ██████████ Oshawa, Ontario.

“RLCFRA” means the British Columbia Greenhouse Gas Reduction (Renewable and Low Carbon Fuel Requirements) Act and its regulations and amendments thereto.

“Start Date” means the start date for the delivery of Biomethane to the Buyer set out in Section 3.

(b) For the purposes of this Transaction Confirmation, the definition of Event of Default set out in the General Terms and Conditions of the Base Contract shall be replaced by the definition set out below:

“Event of Default” shall mean

- (i) the failure to make payment when due under the Contract, which is not remedied within two (2) Business Days after receiving Notice thereof (except for a failure to make an Accelerated Payment invoice which shall immediately constitute an Event of Default);
- (ii) the making of an assignment or any general arrangement for the benefit of creditors, the filing of a petition or otherwise commencing, authorizing, or acquiescing in the commencement of a proceeding or cause under any bankruptcy or similar law for the protection of creditors or having such petition filed or proceeding or cause under any bankruptcy or similar law for the protection of creditors commenced against it, any bankruptcy or insolvency (however evidenced) or the inability to pay debts as they fall due;
- (iii) the failure to provide Performance Assurance in accordance with Section 10.1 of the General Terms and Conditions;
- (iv) Seller’s failure to deliver at least the Minimum Daily Quantity or the Minimum Annual Quantity unless:
 - (a) excused by supply interruption in accordance with Section 8 (Basis of Sale, Purchase) of this Transaction Confirmation,
 - (b) excused by Buyer’s Non-Performance, or
 - (c) prevented by Force Majeure in accordance with Section 11 of the General Terms and Conditions as amended by the Special Provisions (Force Majeure);
- (v) Buyer’s failure to receive up to the Maximum Daily Quantity or the Maximum Annual Quantity unless:
 - (a) excused by supply interruption in accordance with Section 8 (Basis of Sale, Purchase) of this Transaction Confirmation,
 - (b) excused by Seller’s Non-Performance, or
 - (c) prevented by Force Majeure in accordance with Section 11 of the General Terms and Conditions as amended by the Special Provisions (Force Majeure);
- (vi) breach by Seller of any representation or warranty set forth in Section 10 (Environmental Attributes) of this Transaction Confirmation or its obligations under Section 14 (Part 3 Fuel under the RLCFA);
- (vii) a Buyer’s finding or, in the case a dispute was arbitrated, an arbitrator’s decision made pursuant to the Production Audit finds that the gas delivered hereunder does not meet the definition of Biomethane under Section 1 (Definitions);
- (viii) if Buyer is prevented from completing a Production Audit due to the actions or inaction of the Seller which is not remedied within five (5) Business Days after receiving Notice thereof; or

- (ix) the failure to perform any other material obligation under the Contract, which is not remedied within five (5) Business Days after receiving Notice thereof.

2. Parties.

Seller: Evergreen Environmental (Oshawa) Inc.

Buyer: FortisBC Energy Inc.

3. Delivery Period.

Start Date:

- (a) Buyer acknowledges that Seller will source the entire quantity of Biomethane committed pursuant to this Transaction Confirmation from the Facilities which is being designed and constructed with an anticipated operational date of [REDACTED];
- (b) Buyer shall provide Seller with written notice of the date on which the condition in Section 16 (a) is waived or satisfied;
- (c) Seller shall provide Buyer with written notice of the date on which the Facilities are fully operational and the Seller will begin to deliver Biomethane to the Buyer as soon as reasonably practicable (the "Start Date") but in any event the Start Date shall be no later than [REDACTED] after the Conditions Removal Date; if no such notice is provided by Seller to Buyer by [REDACTED] after the Conditions Removal Date), then Buyer shall elect, at its sole and unfettered discretion, by written notice to Seller either:
 - (i) terminating this Transaction Confirmation effective immediately by providing written notice to Buyer without penalty or further liability; or
 - (ii) specifying a later date as the amended Start Date; and
- (d) in the case of subsection 3(c)(ii) above, if the Seller cannot commence delivery of Biomethane on the amended Start Date, then Buyer shall elect to either: (i) terminate this Transaction Confirmation effective on the amended Start Date; or (ii) specify a later date as the amended Start Date. In the case of the latter, the provisions of this section shall apply to each additional amended Start Date, if any.

End Date: [REDACTED] Contract Years from the Start Date.

4. Delivery Point. [REDACTED]

5. Contract Quantity of Biomethane. All Gas supplied by the Seller to the Buyer pursuant to this Transaction shall be exclusively Biomethane from the Facilities in the Contract Quantity below:

- (a) Minimum Daily Quantity: [REDACTED] GJ per day.
- (b) Minimum Annual Quantity: [REDACTED] GJ per Contract Year
- (c) Maximum Daily Quantity: [REDACTED] GJ per day. Seller may exceed Maximum Daily Quantity on a case-by-case basis, at Buyer's discretion, in order to meet but not exceed Maximum Annual Quantity.

(d) Maximum Annual Quantity: █████ GJ per Contract Year. Buyer, may, at its discretion, accept more than the Maximum Annual Quantity.

6. **Exclusivity.** The Seller covenants to supply Buyer exclusively with all the Biomethane produced by the Seller at the Facilities and any expansions thereof, up to the Maximum Annual Quantity.
7. **Nominations.** At least two (2) Business Days prior to the start of each Month, Seller shall provide Buyer with the quantity of Biomethane that the Seller shall nominate for delivery at the Delivery Point on each Day for that Month. Without expanding or limiting the Seller's obligation to supply the Minimum Daily Quantity, the Seller may revise its daily nominations for that month in the event of unplanned maintenance of the Facilities or for reasons of Force Majeure (as set out in the General Terms and Conditions and the Special Provisions). These obligations are in addition to those set out in Section 4.2 of the General Terms and Conditions.
8. **Basis of Sale, Purchase.** Firm, subject to the following: Seller shall not be considered to be in default of the Contract if its failure to supply the Minimum Daily Quantity is for the following reason:
 - (a) Seller is undertaking maintenance or repair on the Facilities;
and on the conditions that:
 - (b) Seller is diligently undertaking maintenance or repair on the Facilities or otherwise using reasonable efforts to minimize the supply interruption;
 - (c) Seller provides as much notice to the Buyer as Seller is reasonably able, of supply interruptions and maintenance and repair, whether planned or unplanned, and the anticipated length thereof; and
 - (d) the number of days of actual or anticipated supply interruption does not exceed ninety (90) days in any one Contract Year.

In the event of Force Majeure, the Minimum Annual Quantity shall be reduced by an amount equal to the Minimum Daily Quantity multiplied by the number of Days on which a party is excused by reason of Force Majeure, in accordance with the conditions set out in Section 11 of the General Terms and Conditions (as amended by the Special Provisions) during the same Contract Year.

9. **Contract Price.**

- (a) Subject to subsection (b) below, the Contract Price payable for the Contract Quantity is █████ per GJ (the "**Base Rate**").
- (b) Subject to subsection (c) below, commencing from the November 1st occurring after the first anniversary of the Start Date and on every November 1st thereafter, the Base Rate will be adjusted by █████ over the previous year.
- (c) No adjustment will be made which results in the applicable rate payable by the Buyer exceeding the applicable of:
 - (i) the then current maximum RNG supply purchase price approved by the British Columbia Utilities Commission; or

- (ii) the maximum RNG supply purchase price established by the Province of British Columbia.

10. Environmental Attributes and Representations.

- (a) Seller represents and warrants that the Biomethane produced is generated through the anaerobic digestion of organic matter and is not supplemented, replaced in whole or in part with fuels purchased or extracted other than from the Production Location.
- (b) Seller represents that the calculated carbon intensity of the Biomethane shall be [REDACTED] grams of CO₂ equivalent or less per mega joule (gCO₂e/MJ) and as soon as commercially reasonable after the Start Date, shall provide the Buyer with a report as described in Section 12 (*Carbon Intensity Report*) below calculating the carbon intensity and the calculated carbon intensity of the Biomethane shall not exceed [REDACTED] gCO₂e/MJ during the Term of the Contract.
- (c) Seller represents and warrants that, under the contractual agreement for the purchase of Biomethane all Environmental Attributes that could be associated with the produced Biomethane at the time of delivery to Buyer are attached thereto and that neither the Biomethane nor the Environmental Attributes associated therewith have been sold more than once by the Seller, at any point between production and sale to Buyer whether by sales into carbon markets or otherwise.
- (d) Seller represents and warrants that Seller does not have and no third party has, any claim to the Environmental Attributes associated with the Biomethane purchased by Buyer under this Transaction Confirmation.
- (e) Seller represents and warrants that, up to the point of delivery to Buyer, neither the Environment Attributes nor the Biomethane have been used by Seller to meet any federal, state, provincial or local renewable energy requirement, renewable energy procurement, renewable energy portfolio standard, or other renewable energy mandate.
- (f) Seller shall transfer to Buyer at the Delivery Point all Environmental Attributes, whether current or future, known or unknown at the time of delivery, associated with the Biomethane along with the transfer of title in the Biomethane.

11. Reports. Seller shall provide Buyer the following information, in respect of the Month of delivery, and supporting documentation acceptable in industry practice:

- (a) daily production volume of Biomethane produced at the Facilities;
- (b) daily Gas nominations made by Seller in total on the [REDACTED] pipeline system; and
- (c) daily load balancing account activity.

12. Carbon Intensity Report. Seller shall provide Buyer with a report by January 31st of each Contract Year, certifying the carbon intensity of the Biomethane produced at the Facilities and delivered to the Buyer during the previous calendar year. The carbon intensity shall be calculated in accordance with the requirements of the government of British Columbia as set out in section 6(6) of the RLCFRA and shall be certified by the Seller's chief operating officer.

13. Production Audit.

- (a) Seller shall, upon reasonable request by Buyer provide the following:
 - (i) no more than twice in any 12-month period, records and other documentation; and
 - (ii) no more than once in any 12-month period, to provide Buyer and Buyer's consultant with reasonable and physical access to the Facilities;

for the purpose of confirming compliance with the obligations, representations and warranties regarding the Biomethane and the Environmental Attributes associated with the Biomethane.

- (b) No more than twice in any 12-month period, Buyer may request Seller to confirm in writing that the representations and warranties concerning the Biomethane and Environmental Attributes associated with the Biomethane, as made by Seller, under Section 10 (*Environmental Attributes*) remain valid.
- (c) Seller agrees to cooperate and provide all reasonable assistance to Buyer regarding any audit of the Facilities for the purpose of confirming compliance with the obligations, representations and warranties regarding the Biomethane and the Environmental Attributes associated with the Biomethane.
- (d) If Buyer, acting reasonably, finds that the obligations, representations or warranties regarding the Biomethane and the Environmental Attributes associated with the Biomethane are in non-compliance with this Transaction Confirmation, then Seller may, acting reasonably, dispute such finding. Each Party agrees to provide the other Party with its findings and supporting documentation and agrees to cooperate, in good faith, with each other to resolve the dispute.
- (e) Any dispute of the nature described in, and not resolved under, subsection (b) above shall be resolved in accordance with Section 13.10 of the Special Provisions to the GasEDI Base Contract.

14. Part 3 Fuel under the RLCFRA.

- (a) Seller acknowledges that Buyer may wish to resell Biomethane purchased under this agreement to its customers in British Columbia who may intend to use Biomethane as a transportation fuel and Buyer and its customers wish to report such use under Part 3 of the RLCFRA.
- (b) Immediately following the Start Date, Seller shall apply under the RLCFRA for a determination by the Director of the carbon intensity of the Biomethane supplied to Buyer under this Agreement for the purposes of Part 3 of the RLCFRA and observe the requirements of the RLCFRA applicable to a producer of Part 3 fuel.
- (c) If the Seller becomes aware that the carbon intensity of the Biomethane will change or has changed, Seller shall promptly give written notice required by the RLCFRA and shall provide a copy of such notice to the Buyer.

- (d) Seller shall apply for new determination of the carbon intensity of the Biomethane changes or if the determination by the Director has expired.
- (e) Seller may authorize Buyer to act on its behalf in applying for a determination by the Director of the carbon intensity of the Biomethane.
- (f) Seller shall indemnify and hold Buyer, its directors, officers, agents and employees harmless from and against all actions, claims, damages, costs and expenses which may be brought against or suffered by Buyer, its directors, officers, agents and employees arising out of any failure by the Seller to comply with the provisions of this Section 13.

15. Remedies for Default.

- (a) Section 3.2 of the GasEDI Base Contract shall not apply to this Transaction.
- (b) For the purposes of this Transaction, the definition of Market Value set out in Section 2.1 of the GasEDI Base Contract shall not apply to this Transaction and the definition of Market Value set out in Section 1 (*Definitions*) of this Transaction Confirmation shall apply.
- (c) For the purposes of Section 10.1, 10.3 and 10.4 of the GasEDI Base Contract, the Termination Payment of this Transaction [REDACTED]
- (d) If Buyer's determination or, in the case a dispute was arbitrated, an arbitrator's decision made pursuant to the Production Audit, finds that the Gas delivered under this Transaction failed to meet the definition of Biomethane under Section 1 (*Definitions*) or the Environmental Attributes delivered were not associated with the Biomethane as represented and warranted under Section 10 (*Environmental Attributes*) then, Seller shall either not charge or return the Green Premium paid by Buyer in respect of such Gas.

16. Conditions.

- (a) This Transaction shall be of no force or effect unless the following conditions ("**Conditions**") are satisfied or waived by Buyer on or before [REDACTED], and on or before the Start Date, respectively ("**Conditions Removal Date**"):
 - (i) this Transaction on or before [REDACTED] has obtained the necessary regulatory approvals, if any, required to be obtained by Buyer to purchase energy, including but not limited to approval from the British Columbia Utilities Commission.
 - (ii) The Seller on or before the Start Date provides the Buyer with Performance Assurance in such form and amount satisfactory to the Buyer securing the Seller's obligations to pay the Total Termination Payment.
- (b) In the event the Buyer has submitted an application to the British Columbia Utilities Commission for the approval of this Transaction no less than three (3) months before the Conditions Removal Date, and the British Columbia Utilities Commission has not

made its decision by the Conditions Removal Date, the Conditions Removal Date shall be automatically extended for another three (3) months.

Buyer shall make reasonable good faith efforts to satisfy or, shall waive, the Condition by the then-current Conditions Removal Date. Buyer shall provide written notice of the satisfaction or waiver of the Condition, if any, on or prior to the Conditions Removal Date.

17. Confidentiality

In addition to the exclusions of confidentiality set out in Section 13.11 of the Special Provisions, the parties may disclose the terms of this Contract to the extent such information is delivered to a third party for the purpose of auditing or evaluating a party's performance under the Agreement and to the extent such information is required to be disclosed for the purposes of quantifying and registering Environmental Attributes, including but not limited to complying with the requirements of the RLCFRA.

**EVERGREEN ENVIRONMENTAL
(OSHAWA) INC.**



Signed

Richard Weldon

Name

Chairman

Title

March 31st 2021

Date

FORTISBC ENERGY INC.



Signed:

Roger Dall'Antonia

Name

President and CEO

Title

31 March 2021

Date

Appendix C
DRAFT ORDER



ORDER NUMBER

E-xx-xx

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Section 71 Amending Agreement to the Biomethane Purchase Agreement between FEI, Evergreen
Environmental (Oshawa) Inc. and Convertus York Biofuel Ltd.

BEFORE:

[Panel Chair]
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

- A. On October 2, 2025, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) an application seeking acceptance of an assignment, novation and amending agreement dated September 5, 2025 (Amending Agreement) to the original Biomethane Purchase Agreement (BPA) between FEI and Evergreen Environmental (Oshawa) Inc. (Evergreen) (Original BPA), which assigns the BPA to Convertus York Biofuel Ltd. (Convertus) pursuant to section 71 of the *Utilities Commission Act* (UCA) and the BCUC Rules for Natural Gas Energy Supply Contracts (Rules) (Application);
- B. By Order E-24-21 dated October 21, 2021, the BCUC accepted the Original BPA between FEI and Evergreen dated March 31, 2021;
- C. Section 18(1) of the *Clean Energy Act* (CEA) defines a prescribed undertaking as "...a project, program, contract or expenditure that is in a class of projects, programs, contracts or expenditures prescribed for the purpose of reducing greenhouse gas emissions in British Columbia";
- D. Section 18(3) of the CEA states that "the commission must not exercise a power under the UCA in a way that would directly or indirectly prevent a public utility...from carrying out a prescribed undertaking";
- E. Pursuant to section 2.2 of the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR), the acquisition of renewable natural gas (RNG) by a public utility is a prescribed undertaking, subject to certain criteria set out in the GGRR;
- F. FEI requests that the redacted portions of the Application, including appendices, be kept confidential in perpetuity due to their commercially sensitive nature; and

G. The BCUC has reviewed the Application and considers the following determinations are warranted.

NOW THEREFORE pursuant to section 71 of the UCA and section 18 of the CEA and the GGRR, the BCUC orders as follows:

1. The Amending Agreement between FEI, Evergreen, and Convertus is accepted for filing.
2. The redacted portions of the Application, including Appendices, will be held confidential until otherwise determined by the BCUC.

DATED at the City of Vancouver, in the Province of British Columbia, this (XX) day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner

Attachment (Yes? No?)

Appendix D

LEGISLATIVE AND REGULATORY FRAMEWORK

1 LEGISLATIVE AND REGULATORY FRAMEWORK RELATED TO RNG 2 ACQUISITIONS AS PRESCRIBED UNDERTAKINGS

3 On April 18, 2010, the Province of BC enacted the *Clean Energy Act* (CEA). The CEA established
4 a number of energy objectives and provided that the Lieutenant Governor in Council (LGIC) can
5 prescribe undertakings to encourage public utilities to pursue certain greenhouse gas (GHG)
6 reducing initiatives. Section 18 of the CEA states:

7 18 (1) In this section, "prescribed undertaking" means a project, program, contract
8 or expenditure that is in a class of projects, programs, contracts or expenditures
9 prescribed for the purpose of reducing greenhouse gas emissions in British
10 Columbia.

11 (2) In setting rates under the Utilities Commission Act for a public utility carrying
12 out a prescribed undertaking, the commission must set rates that allow the public
13 utility to collect sufficient revenue in each fiscal year to enable it to recover its
14 costs incurred with respect to the prescribed undertaking.

15 (3) The commission must not exercise a power under the Utilities Commission Act
16 in a way that would directly or indirectly prevent a public utility referred to in
17 subsection (2) from carrying out a prescribed undertaking.

18 (4) A public utility referred to in subsection (2) must submit to the minister, on the
19 minister's request, a report respecting the prescribed undertaking.

20 (5) A report to be submitted under subsection (4) must include the information the
21 minister specifies and be submitted in the form and by the time the minister
22 specifies.

23 On May 14, 2012, the LGIC issued Order in Council (OIC) 295/2012 approving the Greenhouse
24 Gas Reduction (Clean Energy) Regulation (GGRR), which described classes of prescribed
25 undertakings pursuant to section 18 of the CEA.

26 On March 21, 2017, the LGIC issued OIC 161/2017 approving an amendment to the GGRR
27 related to RNG as follows:

28 (3.7) A public utility's undertaking that is in the class defined in subsection (3.8) is
29 a prescribed undertaking for the purposes of section 18 of the Act.

30 (3.8) The public utility acquires renewable natural gas

31 (a) for which the public utility pays no more than \$30 per GJ [gigajoule],
32 and

1 (b) that, subject to subsection (3.9), in a calendar year, does not exceed
2 5% of the total volume of natural gas provided by the public utility to its
3 non-bypass customers in 2015.

4 (3.9) The volume referred to in subsection (3.8) (b) does not include renewable
5 natural gas acquired by the public utility that the public utility provides to a
6 customer in accordance with a rate under which the full cost of the following
7 is recovered from the customer:

8 (a) the acquisition of the renewable natural gas;

9 (b) the service related to the provision of the renewable natural gas.

10 The Ministry has stated that the “amendments were made to the Greenhouse Gas Reduction
11 (Clean Energy) Regulation in the spring of 2017 to increase incentives for using renewable natural
12 gas in transportation and to establish measures to increase the supply of RNG.”¹

13 The BCUC in its Decision and Order G-122-19² determined that for a project to qualify as a
14 prescribed undertaking under section 2(3.8) of the GGRR as written at that time, it must satisfy
15 the following three-part test:

16 1. The public utility must be acquiring renewable natural gas (as opposed to some
17 other form of commodity);

18 2. The utility must pay no more than \$30 per GJ for that renewable natural gas; and

19 3. Subject to certain exceptions, the annual volume of renewable natural gas
20 acquired must not exceed 5% of the total volume of natural gas the utility
21 provided to its non-bypass customers in 2015.³

22 On May 25, 2021 the LGIC issued OIC 306/2021 which further amended section 2 to the GGRR
23 related to RNG, including as follows:

24 (a) by adding the following subsection:

25 (3.71) For the purposes of subsection (3.8), “acquires renewable natural
26 gas” includes producing renewable natural gas by producing or
27 purchasing biogas and upgrading it to renewable natural gas, and

28 (b) by repealing subsection (3.8) and substituting the following:

29 (3.8) The public utility acquires renewable natural gas

¹ In the Matter of FEI’s Application for Acceptance of the Biogas Purchase Agreement between FEI and the City of Vancouver, Exhibit C1-2.

² In the Matter of FEI’s Application for Acceptance of the Biogas Purchase Agreement between FEI and the City of Vancouver.

³ Decision and Order G-122-19, page 8.

- 1 (a) at costs that meet the following criteria, as applicable:
- 2 (i) if the public utility acquires renewable natural gas by purchasing it,
3 the price of the renewable natural gas does not exceed the maximum
4 amount, determined in accordance with section 9, in effect in the fiscal
5 year in which the contract for purchase is signed;
- 6 (ii) if the public utility acquires renewable natural gas by producing it,
7 the levelized cost of production reasonably expected by the public
8 utility does not exceed the maximum amount, determined in
9 accordance with section 9, in effect in the fiscal year in which the
10 public utility decides to construct or purchase the production facility,
11 and
- 12 (b) that, in a calendar year, does not exceed 15% of the total amount, in
13 GJ, of natural gas provided by the public utility to its non-bypass
14 customers in 2019, subject to subsection (3.9) and section 10.

15 OIC 306/2021 also added section 9 of the GGRR, which sets a maximum price of \$31 dollars for
16 fiscal year 2021/22.⁴ The maximum price increases each fiscal year.

17 OIC 306/2021 also added section 10 of the GGRR, which indicates that acquisitions of hydrogen,
18 synthesis gas, and lignin under sections 6, 7 and 8 of the GGRR also count towards the maximum
19 volume.

20 The maximum volume of 15 percent in the GGRR is the implementation of the Province's
21 CleanBC plan. The CleanBC plan states that it will put in place a minimum requirement for 15
22 per cent renewable content in natural gas by 2030, stating:⁵

23 As part of CleanBC, we will work with natural gas providers to put in place a
24 minimum requirement for 15 per cent renewable content in natural gas by 2030.
25 That means the gas we use in our furnaces, water heaters, dryers, stoves and
26 other gas appliances will have less impact on the environment, and the methane
27 that is wasted from agriculture, sewage and landfills will be significantly reduced.
28 Waste hydrogen can also be mixed with the natural gas we use in our homes
29 and will provide additional renewable natural gas for our needs.

30 The purpose of this class of prescribed undertaking is to facilitate FEI acquiring RNG, or other
31 renewable gases, up to the maximum amount so that the Province can realize its greenhouse gas
32 reduction goals in the CleanBC plan.

33 The BCUC initiated an Inquiry into the Acquisition of Renewable Natural Gas by Public Utilities in
34 British Columbia (Inquiry) in response to a recommendation made by the BCUC in Order E-14-
35 21 and accompanying Reasons for Decision with respect to FEI. On July 28, 2022, the BCUC

⁴ Beginning April 1, 2021 and ending March 31, 2022.

⁵ CleanBC plan, at page 36. Online: [CleanBC: our nature. our power. our future. \(gov.bc.ca\)](https://www.gov.bc.ca/cleanbc/).

1 issued the Phase 1 Report for the Inquiry (Phase 1 Report). The Phase 1 Report found, among
2 other things, that:⁶

3 In order to distinguish different sources of Natural Gas, for the purpose of this
4 report the Panel therefore will use the term Conventional Natural Gas for that
5 Natural Gas which is formed from fossils and extracted from and below rocks within
6 the earth's surface.

7

8 Therefore, the Panel determines that biomethane is pipeline quality gas derived
9 from upgrading and processing biogas or biomass. Biomethane is
10 indistinguishable from Conventional Natural Gas and can be injected into a gas
11 pipeline system.

12 ...

13 Notwithstanding, we find that the creation of biomethane gives rise to specific
14 Environmental Attributes and that these attributes may be contractually transferred
15 between parties.

16 ...

17 Therefore, the Panel determines that a unit of Natural Gas plus the Environmental
18 Attributes associated with the production of an equivalent unit of biomethane is an
19 example of Renewable Natural Gas.

20 ...

21 [T]he Panel finds that when Environmental Attributes associated with the
22 production of biomethane are acquired by a BC public utility and then combined
23 with an equivalent amount of Natural Gas acquired separately, this results in
24 Renewable Natural Gas for the purpose of the GRR.

25 ...

26 Therefore, given the nature of the delivery of RNG, for the purposes of interpreting
27 the GRR the Panel finds that Renewable Natural Gas is acquired in each of these
28 scenarios:

29 (a) biomethane is acquired with its associated Environmental Attributes – as,
30 for example, in the case of FEI's biomethane purchase agreements; and

⁶ Inquiry into the Acquisition of Renewable Natural Gas by Public Utilities in British Columbia - Phase 1 Report, Section 8, Summary of Findings and Recommendations.

1 (b) Conventional Natural Gas is acquired and an appropriate quantum of
2 Environmental Attributes that are associated with the production of
3 biomethane are acquired separately.

4 In either case, the acquired product is Renewable Natural Gas for the purpose of the
5 GRR.

6 The BCUC also concluded (at page 28) the following regarding the annual volume test in the
7 GRR:

8 The Panel is persuaded that the actual delivered volume of RNG in a calendar year
9 is the appropriate quantity on which to base the calculation for the annual volume
10 test as set out in section 2(3.8)(b) of the GRR.

11 The above findings from the Phase 1 Report are consistent with FEI's filings of BPAs as
12 prescribed undertakings under the GRR.

13 On June 10, 2024 the LGIC issued OIC 302/2024 which further amended sections of the GRR.
14 FEI notes the following three key changes related to prescribed undertakings for the acquisition
15 of RNG.

16 First, OIC 302/2024 put in place a new section 2.2(3) regarding the acquisition of RNG, which
17 includes new requirements that the environmental attributes of the RNG be sold or transferred to
18 its customers and retired at the time of sale or transfer:

19 *Section 2.2 (3) is repealed and the following substituted:*

20 (3) The public utility

21 (a) acquires renewable natural gas that meets the criteria described in
22 section 8.2 (3) at costs that meet the following criteria, as applicable:

23 (i) if the public utility enters into a contract, before December 31,
24 2023, to acquire renewable natural gas by purchasing it, the
25 purchase price of the renewable natural gas does not exceed
26 the maximum amount, determined in accordance with section 9
27 (1), in effect in the fiscal year in which the contract for purchase
28 is signed;

29 (ii) if the public utility enters into a contract, on or after December
30 31, 2023, to acquire renewable natural gas by purchasing it, the
31 purchase price of the renewable natural gas for each fiscal year
32 of the contract for purchase does not exceed the maximum
33 amount, determined in accordance with section 9 (2), in effect
34 in that fiscal year;

1 (iii) if the public utility acquires renewable natural gas by producing
2 it, the levelized cost of production reasonably expected by the
3 public utility does not exceed the maximum amount, determined
4 in accordance with section 9 (1), in effect in the fiscal year in
5 which the public utility decides to construct or purchase the
6 production facility,

7 (b) subject to subsection (4) of this section and section 10, acquires
8 renewable natural gas that, in a calendar year, does not exceed 15%
9 of the total amount, in GJ, of natural gas provided by the public utility to
10 its non-bypass customers in 2019,

11 (c) acquires and sells or transfers to its customers the environmental
12 attributes of the renewable natural gas it purchases or produces, and

13 (d) the environmental attributes described in paragraph (c) are retired at
14 the time of sale or transfer to the customers of the public utility.

15 Second, OIC 302/2024 imposed a new requirement that the RNG acquired must meet a carbon
16 intensity (CI) threshold:

17 8.2 (1) In this section:

18 “carbon dioxide equivalent” means the mass of carbon dioxide that would
19 produce the same global warming impact as a given mass of another
20 greenhouse gas, as determined in accordance with section 2 of the Low
21 Carbon Fuels (Technical) Regulation;

22 “carbon intensity” has the same meaning as in section 1 of the Low Carbon
23 Fuels Act;

24 “gCO₂e/MJ” means grams of carbon dioxide equivalent per megajoule of
25 energy;

26 “GHGenius” means the spreadsheet model of that name designed for
27 analyzing the components attributable to the stages of the life cycles of fuels
28 for the purpose of determining all greenhouse gases resulting from the
29 production and use of those fuels;

30 “greenhouse gas” has the same meaning as in section 1 of the Climate Change
31 Accountability Act;

32 “higher heating value” means a measure of heat content based on the gross
33 energy content of a combustible fuel;

34 “ISO” means the International Organization for Standardization;

- 1 “ISO 14044:2006” means ISO standard entitled Environmental management –
2 Life cycle assessment – Requirements and guidelines, published in July 2006;
- 3 “reference date” means the date
- 4 (a) a public utility decides to construct or purchase a production facility for
5 the purposes of section 2.2 (3) (a) (iii), or
- 6 (b) a contract for purchase is signed for the purposes of section 2.2 (3) (a)
7 (ii), 6, 7, 8 or 8.1;
- 8 “verification body” means a person that is accredited as a verification body by,
9 and is in good standing with, a member of the International Accreditation
10 Forum.
- 11 (2) For the purposes of the definition of “carbon intensity” in subsection (1),
- 12 (a) greenhouse gas emissions attributable to fuel are the total greenhouse
13 gas emissions from all stages in the life cycle of the fuel, as calculated
14 using the most recent version of GHGenius available on the reference
15 date, and
- 16 (b) the expected use of the fuel is for transportation, unless the public utility
17 reasonably expects that the fuel will be used for another purpose.
- 18 (3) For the purposes of sections 2.2 (3) (a), 6 (b), 7 (2) (a), 8 (1) (a) and 8.1 (1)
19 (a), an undertaking is a prescribed undertaking only if the renewable natural
20 gas, hydrogen, synthesis gas or lignin, as the case may be, that is acquired
21 by the public utility has a carbon intensity that does not exceed 30.8
22 gCO₂e/MJ
- 23 (a) as forecast in accordance with subsection (4), (b) as determined in
24 accordance with subsection (5), and
- 25 (c) as verified in accordance with subsection (6).
- 26 (4) The carbon intensity described in subsection (3) must be forecast
- 27 (a) within a reasonable time before the reference date,
28 (b) for the entire duration of the undertaking, and
29 (c) based on higher heating value.
- 30 (5) The carbon intensity described in subsection (3) must,
- 31 (a) during the undertaking, be determined every 3 years, or at any other
32 interval specified by the commission, and

1 (b) at the conclusion of the undertaking, be determined for the entire
2 duration of the undertaking.

3 (6) The carbon intensity forecast or determined for the purposes of subsection
4 (3) is verified if the public utility provides to the commission a statement by
5 a verification body that

6 (a) attests to the fair and accurate representation of the data used to
7 forecast or determine the carbon intensity, and

8 (b) is prepared in accordance with ISO 14044:2006.

9 (7) If, in a single undertaking, a public utility purchases renewable natural gas,
10 hydrogen, synthesis gas or lignin that is produced at multiple production
11 facilities, each delivery of the renewable natural gas, hydrogen, synthesis
12 gas or lignin produced at each facility must meet the criteria described in
13 subsection (3).

14 Third, OIC 302/2024 put in place new maximum price provisions, as follows

15 *Section 9 is repealed and the following substituted:*

16 Maximum amount for costs

17 9 (1) For the purposes of sections 2.2 (3) (a) (i) and (iii) and 6 (c) (i),

18 (a) the maximum amount in effect in the 2021/2022 fiscal year is \$31 per
19 GJ, and

20 (b) for fiscal years subsequent to the 2021/2022 fiscal year, the maximum
21 amount is calculated on April 1 of each year by multiplying

22 (i) the maximum amount in effect in the immediately preceding fiscal
23 year, and

24 (ii) the sum of

25 (A) 1, and

26 (B) the annual percentage change for the previous calendar
27 year.

28 (2) For the purposes of sections 2.2 (3) (a) (ii), 6 (c) (ii) and (iii), 7 (2) (b), 8 (1)
29 (b) and 8.1 (1) (c),

30 (a) the maximum amount for the first year of the contract for purchase is
31 calculated on April 1 of that year in accordance with subsection (1), and

- 1 (b) the maximum amount for subsequent years of the contract for purchase
2 is calculated on April 1 of each year by multiplying
- 3 (i) the maximum amount for the contract in effect in the immediately
4 preceding fiscal year, and
- 5 (ii) the sum of
- 6 (A) 1, and
- 7 (B) half of the annual percentage change for the previous
8 calendar year.
- 9