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December 8, 2025

Intervener Group 1
c/o British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Dear Registrar:

Re: British Columbia Utilities Commission (BCUC) Review of Renewable Natural Gas (RNG) Definition and Accounting (Inquiry)

FortisBC Energy Inc. (FEI) Response to Intervener Group 1[1] Information Request (IR) No. 1 to FEI

In accordance with the amended regulatory timetable established in BCUC Order G-231-25 for the Inquiry, FEI respectfully submits the attached response to Intervener Group 1 IR No. 1 to FEI.[2]

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Registrar
Registered Interveners

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1 BC Old Age Pensioners' Organization, Council of Senior Citizens' Organizations of BC, Active Support Against Poverty, Disability Alliance BC, Tenants Resource and Advisory Centre, and Together Against Poverty Society ("BCOAPO" or "BCOAPO et al."); Commercial Energy Consumers Association (CEC) and Residential Consumer Intervener Association (RCIA).

2 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.

INFORMATION REQUESTS TO FEI (Exhibits C1-2, C1-3, and C1-4)

1. Exhibit C1-2, FEI Submissions, page 3 and Exhibit C12-2, Clean Counts pages 4,5,6

> FEI has robust contractual mechanisms to prevent double counting of EAs by its suppliers, including audit rights and documentation of a chain of custody. FEI has also conducted market scans and found no evidence that its suppliers are double counting the EAs that have been sold to FEI. Nor has FEI found any evidence of territorial inventories double counting the EAs of its RNG.
>
> FEI is working with industry and governments to initiate a registry that would formalize a book-and-claim process for the purchase and sale of RNG in Canada. Similar registries are available in the United States and Europe. While these developments are important, they do not have a bearing on whether acquisitions of RNG outside of BC are prescribed undertakings under the GGRR. The Province developed the GGRR with knowledge of the status of registries and accounting mechanisms in other jurisdictions as well as FEI's procurement of RNG from outside of BC. While the Province has strengthened measures to avoid double counting, it has not limited the procurement of RNG from outside of the province. This confirms the intention of government to allow the acquisition of out-of-province RNG. The BCUC is prohibited from taking any action, whether direct or indirect, to prevent such prescribed undertakings.
>
> 1. **Mandatory Use of a Recognized Independent Registry: Require all RNG acquisitions to be tracked and retired in a recognized, independent EAC registry that meets stringent security, audit, and interoperability standards.**
> 2. **Standardized Retirement Protocols: Establish uniform requirements for certificate retirement in the buyer's name or on the buyer's behalf, consistent with best practices recognized by the United States Environmental Protection Agency and other regulatory bodies around the world.**
> 3. **Interjurisdictional Data-Sharing Agreements: Require registry systems to maintain automated import/export and data-sharing protocols to ensure accurate accounting across borders, preventing the fragmentation seen in North American REC markets.**

1.1 Please describe any work that FEI is undertaking in conjunction with Clean Count.

Response:

FEI is not undertaking any work directly with CleanCounts.

Please refer to FEI's responses to BCUC-All IR1 2.2 and 2.3 (Exhibit C1-4) for a comparison between FEI's practices and a formal registry.

With respect to interjurisdictional data sharing agreements, CLEER is expected to strengthen standards on data measurement, reporting and verification to ensure the validity of EAs across

the entire lifecycle of biomethane molecules. Please refer to Section 3.7 of FEI's submission (Exhibit C1-2) for details on this subject and the benefits of a formal registry.

In August 2024, the Canadian Gas Association (CGA) initiated a Request for Proposal (RFP) process that culminated in the selection of UK based Renewable Assurance Limited (REAL) as its partner for both the implementation and continued operation of the Canadian Low-Emission Energy Registry (CLEER). FEI notes that CleanCounts (M-Rets at that time) bid into the CGA's RFP process and was not selected as the preferred provider of a registry system.

Please also refer to the CGA's Letter of Comment filed as Exhibit D-2, which provides additional information on the development of the CLEER.

1.2 Please provide FEI's views on the efficacy of Clean Counts' recommendations, vs FEI's current practices, and vs any future registry and practices that FEI is currently developing.

Response:

Please refer to FEI's response to Intervener Group (IG) 1 IR1 1.1.

2. Exhibit C1-4, FEI response to BCUC IR 1 to All Interveners, 2.4.2

> First, requiring a dedicated pipeline for RNG into BC (akin to CPUC 651 (b)(3)(A)) is not a feasible delivery option as the cost of the dedicated pipeline would render any project uneconomic or outside of the price threshold mandated by the GGRR.

2.1 Please confirm that requiring the construction of a dedicated pipeline could also be counterproductive in reducing emissions by causing an increase in the total natural gas used during the manufacturing and placement of such a pipeline.

Response:

The development of all major infrastructure, including pipelines or power lines, requires resources and results in emissions. Using the existing gas system to deliver RNG, which is possible because RNG is a drop-in fuel, is more economically efficient and cost-effective than building dedicated RNG pipelines. By leveraging its existing gas system to deliver RNG, FEI is able to maximize environmental benefits and avoid unnecessary capital expenditures, ensuring that RNG supports meaningful GHG reductions in a cost-effective and efficient manner.

2.2 Please confirm that construction of a dedicated pipeline would also contribute to additional costs in the provision of natural gas.

Response:

Confirmed. The costs associated with the construction and ongoing maintenance of a dedicated RNG pipeline network would contribute to additional costs in the provision of gas service. The costs of infrastructure investments approved by the BCUC would be included in FEI's rate base and form part of FEI's revenue requirements and resulting delivery rates for all of FEI's non-bypass customers.

3. Exhibit C1-4, BCUC IR 1 to All Interveners, 2.5.1

2.5 Please discuss whether, in your view, the risk that the two supplies might be additive is material with respect to the displacement of fossil gas.

2.5.1 If yes, please discuss whether a chain-of-custody framework can mitigate this risk and, if so, how.

Response:

This question is exploring a policy position that would favour restricting total demand on the gas system, which is entirely extraneous to the GGRR and, therefore, of questionable relevance to this Inquiry. The GGRR is intended to *encourage* public utilities to acquire RNG, which is inherently a replacement fuel for conventional natural gas which results in reduced GHG emissions. The GGRR sets the parameters for the acquisition of RNG, but does not set out any parameters regarding the end-use of RNG or total energy supply or demand. The BCUC is prohibited from taking any action, direct or indirect, that would interfere with the carrying out of a prescribed undertaking, including creating conditions for the acquisition of RNG based on the end use of RNG.

Nonetheless, there is no real risk that adding RNG to the overall supply of natural gas in the common carrier pipeline system would increase overall energy demand for natural gas such that RNG would not substitute and replace conventional natural gas.

First, given that RNG is a higher-cost commodity than conventional natural gas, its incorporation into the supply mix increases the average cost of gas. This can be observed in BC where FEI's acquisition of RNG is leading to otherwise higher rates for the energy it delivers to customers. While demand for natural gas is well known to be fairly price inelastic especially in the short term, the increase in the price of gas as a result of the addition of higher-cost RNG sends a price signal to end-use customers that acts as an incentive to conserve where possible to manage their overall energy costs.

Second, the overall demand for natural gas is shaped by a more complex set of factors than price elasticity. New use cases and demand for gas, such as in the power sector, to meet rising electricity demand, demand in international markets for liquefied natural gas, and policies have a much larger role in determining the overall level of demand for natural gas than the availability of RNG supply.

3.1 Recognizing that commercial entities have a higher Revenue:Cost ratio than residential customers, and account for a substantial portion of BC's natural gas consumption, please confirm, or otherwise explain, that increasing natural gas costs, including those costs arising from incorporating RNG into the natural gas system, can have a detrimental impact on the financial viability of commercial customers, and ultimately the economics for the province, and must be balanced with other considerations.

Response:

FEI recognizes that increasing energy costs have an impact on all customers. Energy costs are an input into the cost of operating a business for commercial and industrial customers, and an input into the household budgets of residential customers. Consequently, increasing energy costs could have a detrimental impact generally on the provincial economy, and specifically on the financial viability of businesses experiencing the compound effects of increasing costs and lower consumer spending due to lower household disposable incomes.

FEI notes that the cost of RNG supply is recovered through Storage and Transport (S&T) RNG Rider 8 at the same volumetric rate for all residential, commercial, and industrial sales customers.

3.1.1 Please provide a discussion, with quantification as possible, as to how changes to the accounting, definition, targets, requirements, or other elements of RNG management could potentially impact the costs and price of RNG to customers.

Response:

Changes to the accounting, definitions, targets, and requirements for RNG can significantly influence both the cost of supply and the price charged to customers. Below are some of the key considerations:

1. Type of RNG

If the type of RNG that can be acquired is restricted (e.g., if only certain feedstocks or production methods qualify), supply options are likely to be reduced. Reduced supply will lead to higher procurement costs as utilities and obligated parties compete for limited feedstock volume.

2. Geographic Restrictions

If RNG acquisitions are restricted to in-province sources, RNG costs will rise because in-province supply is limited and costs are generally higher. In comparison, out-of-province RNG costs often benefit from greater economies of scale and more mature production facilities.

3. Targets and Compliance Requirements

Increasing RNG blending targets (e.g., from 5 percent to 15 percent) will increase costs because RNG is more expensive than conventional natural gas (approximately 8 times higher). Higher targets require sourcing more RNG, potentially from premium-priced suppliers. For example, If RNG costs $24 per GJ and conventional gas costs $3 per GJ, moving from 5 percent to 15 percent RNG could increase blended gas costs (blend of both conventional natural gas and RNG) from

\$4.05 per GJ to \$6.15 per GJ (an approximately 52 percent increase or \$189 per year for an average residential customer and \$1,364 for an average commercial customer).

4. Accounting and Tracking Changes

Increased tracking or certification requirements (e.g., third-party verification, carbon intensity scoring) add administrative costs. These costs, while smaller than supply costs, still contribute to increased RNG costs. A high-level estimate of the cost of a registration system that is over and above FEI's current tracking is between \$0.05 per GJ and \$0.10 per GJ.[1]

3.2 Please indicate whether or not FEI expects that implementation of Clean Counts' recommendations could add regulatory or other cost burdens to RNG and if yes, please provide a rough quantification of these costs to the extent they are available.

Response:

CleanCounts appears to be recommending the initiation of a registry with themselves as the provider of that registry. There are costs associated with establishing registries, such as implementation costs and ongoing administration and operating costs for the registration of fuels and Environmental Attribute Certificates (EACs) and the retirement of EACs at fuel use. FEI has no information with which to quantify the costs of the registry that CleanCounts appears to propose. Further, FEI submits that the BCUC does not have the jurisdiction to implement such a registry.

As discussed in FEI's initial submission (Exhibit C1-2, pp. 31-32), the CGA has already initiated the CLEER.[2] The Governments of BC and Quebec, as well as the Federal Government, have committed funding for the CLEER, which will be applied against the associated implementation cost. Participating utilities such as FEI, PNG, Enbridge Gaz Quebec and other utilities will also provide contributions to the implementation cost. FEI expects that participating utilities would also share the ongoing operating costs of the registry based on annual volumes. The CLEER, therefore, has industry and government support across Canada.

[1] Early indication of the cost of using a registry such as the CLEER.

[2] With Renewable Energy Assurance Limited (REAL) as its partner during both the implementation and continued operation of the CLEER.