Sarah Walsh
Director, Regulatory Affairs

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

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (778) 578-3861
Cell: (604) 230-7874
www.fortisbc.com

December 8, 2025

Movement of United Professionals
c/o Allevato Quail & Associates
1943 E. Hastings Street
Vancouver, BC
V5L 1T5

Attention: Jim Quail

Dear Jim Quail:

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

FortisBC Energy Inc. (FEI) Response to the Canadian Office and Professional Employees Union, Local 378 (known as Movement of United Professionals or (MoveUP) 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 MoveUP IR No. 1 to FEI.[1]

If further information is required, please contact the undersigned.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

Attachments

cc (email only): Registrar
Registered Interveners

---

[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.

1.0 Reference: Exhibit C1-4 - FEI Responses to BCUC IR 1 Part C Economic Benefits and Job Creation

Please discuss FEI's views regarding the following matters:

1. The economic and job creation significance for British Columbia of an orderly transition to a lower-carbon economy.
2. The role of RNG in the execution of British Columbia's transition to a lower-carbon economy.
3. The role of access to extra-provincially-created RNG-derived environmental attributes in the execution of British Columbia's transition to a lower-carbon economy.
4. The potential economic and job creation impacts of major constraints on BC gas utilities' ability to use extra-provincially-created RNG-derived environmental attributes in the development of their RNG supply.

Response:

RNG, including out-of-province RNG, has a significant role to play in the transition to a lower-carbon economy in BC and generates economic and job creation benefits in BC.

First, RNG is an important part of British Columbia's plan to reduce carbon emissions and transition to a lower-carbon economy, as it provides an immediate way to lower the carbon intensity of the province's energy supply. As FEI noted in its initial submission (Exhibit C1-2, Section 4.1.3), by incorporating out-of-province RNG, FEI has been able to increase its RNG supply and advance emissions reduction objectives more rapidly than if it relied only on in-province supply due to both faster timelines and the size of projects in other jurisdictions. FEI stated in its initial submission (page 36):

> Based on its experience, FEI has observed that on average, projects within BC have taken 3 to 5 years longer to develop than those outside of BC. There are a number of reasons for this difference and FEI continues to learn how to work with BC-based suppliers to improve timelines. However, it is a fact that if FEI or other BC utilities were limited to acquiring RNG supply from facilities based in BC, it should be expected that those projects will take a longer time to develop on a per project basis and the volumes of RNG supply on average per project will be much lower.

Second, as discussed in FEI's initial submission (pages 33-35), the acquisition of out-of-province RNG has provided FEI with a more stable supply of RNG volumes by: (a) increasing the diversity of FEI's overall RNG supply portfolio; and (b) enabling RNG supply and demand to be more closely matched.

Third, access to a greater pool of available suppliers across multiple jurisdictions helps ensure that FEI can acquire RNG that will have the best value for the associated emissions reductions.

Purchasing out-of-province RNG sends a strong market signal that there is demand, which not only attracts suppliers to secure offtake agreements but, as discussed below, also encourages developers to invest in RNG projects within BC.

Fourth, the increased diversity of supply from other jurisdictions enabled by out-of-province RNG supports the development of the RNG industry generally, and will ultimately increase development of facilities in BC and access to RNG within BC. Fostering the broader RNG market has important knock-on effects for RNG projects in British Columbia, providing significant economic and employment benefits. According to Economic Analysis of the US Renewable Natural Gas Industry, the construction of a single RNG project can create an average of 310 jobs, while ongoing operations support 42 jobs.[1] The 2024 Renewable Natural Gas Economic Impact Analysis indicates that 58 percent of positions require only a high school diploma and 18 percent of positions require higher education.[2]

The Delta RNG project in BC exemplifies this dynamic. US investment flows into BC for this project to produce RNG, hire local labor, and generate both direct and indirect economic benefits. These projects generate direct economic impacts through spending on construction, waste management, and RNG production, while also stimulating business to business transactions in sectors such as utilities, legal, real estate, banking, farming and electric power. Beyond these direct effects, workers employed in RNG facilities, and their supply chains, contribute to induced economic impacts by spending on local goods and services such as groceries and healthcare.

Fifth, out-of-province RNG results in economic and employment benefits. As FEI stated in response to BCUC-All IR1 4.1:

> First, BC-based companies like Greenlane Renewables and Quadrogen Power Systems supply biogas-related equipment globally (not only in BC) and have been able to grow their businesses due to the expansion of the RNG market. The growth of the RNG market is due, in large part, to FEI's participation in the purchase of out-of-province RNG. Businesses like those highlighted above would not be viable if they supplied to projects solely located in BC. They require expansion of the RNG market in North America and beyond.
>
> Second, the expansion of the RNG market through the acquisition of out-of-province RNG has spurred the development of new technologies and technical expertise in BC. For example, the BC-based company Hydron Energy (Hydron) has developed a first-of-its-kind biogas upgrader that will be used by one of FEI's potential suppliers.
>
> Third, supporting services and employment in BC have increased with out-of-province RNG purchases. For example, FEI and its various suppliers (both within

[1] The analysis was based on the average values calculated across the four project types. RNG Coalition (2022). Economic analysis of the US renewable natural gas industry (pp.6–7).

[2] RNG Coalition (2024). Renewable Natural Gas Economic Impact Analysis (pp.11).

BC and out-of-province) employ BC consultants, such as the GHG consulting firm Brightspot Climate which provide critical support services to the industry, including:

- Reviewing facilities and projects and providing carbon market advisory services; and
- Providing independent Canadian GHG verification, lifecycle assessment and Carbon Intensity reporting and review.

The expertise in BC required to support out-of-province RNG purchases extends to the field of GHG accounting, legal support for agreements, engineering and direct employment at FEI.

Fourth, the Port of Vancouver is developing and implementing liquefied natural gas (LNG) bunkering to support the maritime industry's transition to cleaner fuels. The first accredited LNG bunkering supplier, Seaspan Energy, is enabling ships to refuel with LNG in the port, and there is significant interest in renewable LNG (RLNG) as a means to further significantly reduce marine emissions and support the port's sustainability goals. Consequently, FEI's RNG Program has a significant role to play in ensuring availability of RNG and providing RLNG to meet these growing needs. This is an example which is driving and will continue to drive significant economic investments, jobs, support services and benefits in BC.

As demonstrated in the above examples, the development of the RNG market generally is important and provides direct economic benefits as described in BC's Clean Energy Strategy.

While economic benefits as described in BC's Clean Energy Strategy are important, they are not the primary driver of the RNG Program. Rather, the purpose of FEI's acquisition of RNG is for GHG abatement and reduction. RNG is a practical, efficient, and flexible approach to GHG abatement as it utilizes the existing investments in the natural gas system across North America as a means to enable GHG abatement at a reasonable cost.

In addition to the examples FEI has already provided above, Hydron Energy is developing smaller-scale upgrading systems designed for smaller capacity of feedstocks, which can help expand the supply of RNG in BC. At this time, the first Hydron project will be in Ontario supplying FEI.

Sixth, acquiring out-of-province RNG helps maintain a resilient and continuous RNG supply during the period when BC projects are being built and scaled up. It is a solution here today and it supports future project development in BC. On the customer side, ensuring a resilient supply of RNG is critical for local businesses to confidently displace conventional gas with renewable alternatives. In the longer term, reliable supply and growing expertise position BC to leverage its geographic advantage and potentially export RNG to international markets, such as Asia, where

countries like Japan are targeting 40-50 percent renewable power supply by 2040.[3] By bridging the gap between current supply and future local production, out-of-province RNG procurement ensures BC can make steady progress toward a lower-carbon economy while laying the foundation for global leadership in renewable energy innovation.

Please refer to pages 33-36 of FEI's initial submission (Exhibit C1-2) for further discussion regarding these and other benefits.

In contrast to the significant benefits identified above, constraining BC gas utilities' ability to use extra-provincially created RNG-derived environmental attributes would have negative impacts, including negative economic and employment implications, as the benefits of out-of-province RNG discussed above would not be realized. As FEI stated in its initial submission in this proceeding (pp. 36-37):

> Creating jurisdictional boundaries in lower-carbon energy trading markets is counter intuitive to fostering the development of technology and projects that create emission reductions. Placing restrictions on lower-carbon energy trading to commodities produced only within BC would be highly inefficient, would harm the development of lower-carbon energy markets, and would constrain opportunities to reduce emissions. Emissions are borderless and, as such, restricting lower-carbon energy trading based on provincial or federal borders severely limits the ability for RNG projects with greater emission reduction potential to be developed and also discourages the decarbonization of gaseous energy systems regardless of their location.
>
> Typically, FEI is able to acquire RNG from out-of-province projects and suppliers at a lower acquisition cost as compared to projects within the province. Projects in other parts of Canada as well as the US are drawing from a greater availability of feedstock due to being located in regions with higher population or agriculture production. This means they are able to produce more RNG for generally the same amount of capital cost, thereby reducing the need to have higher pricing for the same return on investment.
>
> Different regions also have a wider range of opportunities to create renewable energy. For example, an area with a higher population base would have larger landfills or organics collection facilities to produce RNG compared to the smaller population here in BC. Or there may be larger agricultural areas withing reach of the gas grid such as those in Alberta and Ontario.
>
> Consistent with renewable production potential, other regions also have different opportunities to reduce emissions which creates opportunities for FEI to purchase RNG, which helps diversify supply, improve reliability and lower acquisition prices.

[3] Reuters (2024), Japan targets 40-50% power supply from renewables by 2040 | Reuters.

> Further, when lower-carbon energy markets have boundaries, it forces each jurisdiction to form its own accounting standards, markets, and technology. This duplication of effort results in higher costs for the end users. Lower-carbon energy technologies benefit from regional integration as new technologies need the ability to access larger markets and collaborate in research and develop projects in areas where they can gain economies of scale. As these technologies are developed over time, it allows for more marginal or less economic projects to be developed, such as those that remain available in BC.
>
> As discussed above, continuing to allow the acquisition of RNG supply from outside of BC contributes to RNG supply diversity in support of balancing and matching RNG supply with demand, advances the RNG industry through technology development and innovation, and will help reach emissions targets faster and more efficiently in BC, while also enabling more RNG projects to be developed more efficiently and more quickly within BC.

FEI adds that, from an investment lens, restrictions would weaken the market signal of demand, reducing investor confidence and slow capital inflows. This could also limit collaboration with major producers, reducing opportunities for data sharing, technology transfer, and introducing new project development partnerships. As a result, construction of RNG projects and associated technology deployment in BC would likely be delayed, leading to fewer jobs in construction, engineering, and supply chain activities. Economic ripple effects would also be realized, as RNG projects generate direct and indirect benefits through construction, waste management, equipment manufacturing, and induced spending.

2.0 Topic: Registration and Verification

What is FEI's opinion regarding the potential for a British Columbia-based registry designed to address the issues raised in this proceeding, where a vendor would be required to register and provide prescribed disclosure in order to be entitled to sell RNG or environmental attributes (or a comparable device) to a regulated utility in British Columbia?

Response:

A registry system is another means of ensuring that environmental attributes are properly verified and tracked to maintain confidence in RNG programs. However, the physical location of the registry is not a critical factor in achieving these objectives.

Furthermore, a national registry facilitates coordination across jurisdictions and helps ensure that the RNG markets remain efficient and accessible. A registry that works in harmony with established systems outside BC will help avoid duplication, reduce administrative burden, and maintain market liquidity. This broader approach, as exemplified by the Canadian Low-Emission Energy Registry (CLEER), would support cost-effectiveness and ensure that BC is not isolated from the wider RNG marketplace.