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August 17, 2026
File No.: 240148.01191

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British Columbia Utilities Commission
Suite 410, 900 Howe Street
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Attention: Registrar

Dear Sirs/Mesdames:

Re: FortisBC Energy Inc. (FEI) - 2026 Long Term Gas Resource Plan - Final Argument

In accordance with the regulatory timetable in the above proceeding, we enclose for filing the Final Argument of FEI, dated August 17, 2026.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP

Chris Bystrom*
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Encl.

British Columbia Utilities Commission

FortisBC Energy Inc.

2026 Long-Term Gas Resource Plan

Final Argument of

of

FortisBC Energy Inc.

August 17, 2026

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PART ONE: INTRODUCTION

A. OVERVIEW

1. FortisBC Energy Inc. (FEI or the Company) respectfully requests that the British Columbia Utilities Commission (BCUC) accept its 2026 Long-Term Gas Resource Plan (2026 LTGRP or the Plan) as being in the public interest pursuant to section 44.1(6) of the *Utilities Commission Act* (UCA).[1] The BCUC's Resource Planning Guidelines (Guidelines) state that the purpose of long-term resource plans is to encourage proactive resource planning by public utilities to ensure the cost-effective development of facilities and infrastructure to meet the long-term needs of their customers.[2] The 2026 LTGRP has fulfilled this purpose comprehensively, presenting FEI's long-term plan for meeting the forecast peak demand and energy requirements of customers with demand-side and supply-side resources over a 27-year planning horizon from 2024 to 2050, which aligns with the timelines for provincial climate action goals.[3]

2. The 2026 LTGRP provides a reasonable, balanced, and flexible framework for meeting the energy needs of British Columbians. The Plan is grounded in a comprehensive assessment of future demand, supply, policy, market, and technology developments that recognizes the substantial uncertainty in the planning environment. In the face of this uncertainty, FEI evaluated a range of plausible futures and assessed how customer demand, resource requirements, and infrastructure needs could evolve under different circumstances. Further, FEI established a prudent action plan that positions FEI to continue delivering energy services regardless of which scenario evolves, and that always seeks to balance the objectives of affordability, reliability and sustainability.

3. First, the 2026 LTGRP advances affordability. Energy affordability remains a significant concern for households, businesses, and industrial customers across British Columbia. The Plan identifies substantial opportunities to reduce customer energy consumption through demand-

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1 R.S.B.C. 1996, c. 473.

2 Resource Planning Guidelines, p. 2.

3 S.B.C. 2007, c. 42, section 2(1)(b). online at: https://www.bclaws.gov.bc.ca/civix/document/id/complete/statreg/07042_01.

side management (DSM) programs and recognizes the value of existing gas infrastructure, seeking to continue leveraging those assets while pursuing lower-carbon solutions. This approach promotes cost-effective planning and helps avoid the risk of unnecessary costs that could arise from prematurely committing to a single resource pathway in an uncertain environment.

4. Second, the 2026 LTGRP protects the reliability and resiliency of gas supply to customers, which remains a fundamental obligation of the public utility. FEI serves customers who depend on energy for residential heating, commercial operations, industrial processes, and essential services. The Plan therefore includes ongoing assessment of annual and peak demand requirements, supply adequacy, infrastructure needs, and system resiliency. FEI's Action Plan contemplates continued monitoring of these factors so that cost-effective future investments and resource decisions can be made as conditions warrant. This planning approach helps ensure that customers continue to receive safe and reliable service despite uncertainty in future energy demand patterns and extreme weather conditions.

5. Third, the 2026 LTGRP supports provincial sustainability objectives. The Plan contemplates continued expansion of renewable and lower-carbon gas supplies, continued investment in DSM, and ongoing evaluation of emerging technologies and energy solutions that further reduce emissions, such as carbon capture utilization and storage (CCUS). By examining a range of potential pathways and identifying actions that remain beneficial across multiple futures, the LTGRP supports emissions reductions while maintaining the flexibility necessary to respond to future policy, technology, and market developments.

6. The LTGRP additionally promotes more efficient long-term energy planning by identifying opportunities for continued coordination between gas and electric utilities. As British Columbia's energy system evolves, effective planning will require consideration of interactions between different energy systems and technologies. The LTGRP advances that objective by supporting enhanced collaboration, information sharing, and coordinated planning activities while preserving flexibility regarding future resource decisions.

7. Finally, the LTGRP presents FEI's vision for BC's energy future as embodied in the Diversified Approach scenario. This approach leverages the strength of the gas system to meet peak demand, combined with significant investment in cost-effective DSM and renewable and lower-carbon gas. In FEI's view, this approach represents the most practical long-term balance of affordability, reliability and sustainability, achieving climate objectives while moderating customer bill impacts and maintaining system reliability and resilience.

8. The 2026 LTGRP provides the strategic planning framework that will inform future decisions that will be subject to separate regulatory review and approval processes. Acceptance of the LTGRP would recognize that FEI has undertaken a reasonable and comprehensive planning exercise, considered a broad range of plausible future scenarios, and developed a coherent and flexible action plan that positions FEI to respond prudently as future conditions evolve. Accordingly, FEI respectfully submits that the BCUC should accept the 2026 LTGRP as being in the public interest.

B. APPROVAL SOUGHT

9. FEI is seeking an order from the BCUC accepting the 2026 LTGRP under section 44.1(6) of the UCA as being in the public interest. A draft order is attached as Appendix G-2 to Exhibit B-1.

10. FEI is not seeking any orders pursuant to section 44.1(9) of the UCA. As stated in the BCUC's Resource Planning Guidelines, "LTRPs do not mandate specific investment decisions by the utility. Unless explicitly ordered by the BCUC pursuant to section 44.1(9) of the UCA, the BCUC's acceptance of an LTRP does not imply approval of any utility initiative under other sections of the UCA."[4]

[4] BCUC Resource Planning Guidelines (June 10, 2025), p. 2.

C. LEGAL FRAMEWORK FOR REVIEWING FEI'S 2026 LTGRP

11. The BCUC's Decision and Order G-39-19 on FEI's 2017 LTGRP (2017 LTGRP Decision) interpreted the legal framework for the review and acceptance of FEI's long-term resource plans under section 44.1 of the UCA. The BCUC concluded:[5]

> Given the legislative framework outlined above, the key questions for the Panel regarding FEI's request for the BCUC to accept its 2017 LTGRP are as follows:
>
> - Has FEI met the section 44.1(2) filing requirements?
> - Do the section 44.1(8) considerations support acceptance?
> - Is the 2017 LTGRP in the public interest?
>
> . . . The Panel takes a holistic approach to determining if the 2017 LTGRP should be accepted in the public interest by considering harmoniously all of the provisions of section 44.1 of the UCA.

12. The BCUC's Decision and Order G-78-24 on FEI's 2022 LTGRP (2022 LTGRP Decision) agreed with this approach.[6] FEI submits that the considerations guided by the legal framework lead to the conclusion that the 2026 LTGRP is in the public interest and should be accepted.

D. ORGANIZATION OF THE REMAINDER OF THIS FINAL SUBMISSION

13. FEI has organized the remainder of this Final Submission around the legal framework for reviewing long-term resource plans, as follows:

- **Part Two** submits that the 2026 LTGRP meets the filing requirements in section 44.1(2) of the UCA in a comprehensive, robust and transparent manner.
- **Part Three** submits that the considerations in section 44.1(8) of the UCA strongly support acceptance of the 2026 LTGRP, including FEI's intent to pursue adequate and cost-effective DSM and the interests of present and future customers.
- **Part Four** submits that, considered from a holistic perspective, FEI's 2026 LTGRP is in the public interest.

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5 2017 LTGRP Decision, p. 4.

6 2022 LTGRP Decision, p. 4.

PART TWO: 2026 LTGRP MEETS THE SECTION 44.1(2) FILING REQUIREMENTS IN A COMPREHENSIVE, ROBUST AND TRANSPARENT MANNER

14. FEI submits that its 2026 LTGRP meets the filing requirements in section 44.1(2) of the UCA in a comprehensive, robust and transparent manner, that is sufficient for the purposes of providing context for the Panel's determination of whether the Plan is in the public interest.[7]

15. By way of summary, Table 1 below outlines the specific elements that are to be included in resource plans pursuant to section 44.1(2) of the UCA and indicates the corresponding sections of the LTGRP that address each element. With respect to section 44.1(2)(g) of the UCA, the BCUC has previously agreed with FEI's view that "any other information required by the Commission" includes: information pursuant to the BCUC's Resource Planning Guidelines (Guidelines) and any information that the BCUC has directed FEI to include in the 2026 LTGRP in previous decisions.[8]

Table 1: Requisite Contents for a Long-Term Resource Plan

Section of the UCA	Requirement Defined in the UCA	Section of LTGRP Addressing Requirement
44.1(2)(a)	An estimate of the demand for energy the public utility would expect to serve if the public utility does not take new demand-side measures during the period addressed by the plan	Demand forecast scenarios are outlined in Section 3.
44.1(2)(b)	A plan of how the public utility intends to reduce the demand referred to in paragraph (a) by taking cost-effective demand-side measures	Energy savings forecasts from demand-side measures are discussed in Section 4.
44.1(2)(c)	An estimate of the demand for energy that the public utility expects to serve after it has taken cost-effective demand-side measures	Energy demand after DSM is presented in Section 4.
44.1(2)(d)	A description of the facilities that the public utility intends to construct or extend in order to serve the estimated demand referred to in paragraph (c)	FEI identifies system resource needs and alternatives in Section 7.
44.1(2)(e)	Information regarding the energy purchases from other persons that the public utility intends to make in order to serve the estimated demand referred to in paragraph (c)	FEI's supply-side resources are described in Section 5 and its supply portfolio approach is discussed in Section 6.
44.1(2)(f)	An explanation of why the demand for energy to be served by the facilities referred to in paragraph (d) and the purchases referred to in paragraph (e) are not planned to be replaced by demand-side measures	FEI discusses system resource needs after DSM in Section 7.

[7] 2017 LTGRP Decision, p. 19.

[8] 2017 LTGRP Decision, p. 3.

Section of the UCA	Requirement Defined in the UCA	Section of LTGRP Addressing Requirement
44.1(2)(g)	Any other information required by the Commission	FEI has outlined how it has met the BCUC's Resource Planning Guidelines and prior directives in Tables 3 and 4 of Appendix A, respectively.

16. As discussed in the following subsections, the 2026 LTGRP has addressed all of the above elements:

- Section 3 of the LTGRP provides FEI's forecast of annual energy demand using a robust end-use forecasting methodology, satisfying the requirements of section 44.1(2)(a) of the UCA.
- Section 4 of the LTGRP sets out FEI's plan to take cost-effective DSM to reduce demand, satisfying section 44.1(2)(b) and (c) of the UCA.
- Section 5 of the LTGRP describes FEI's supply-side resources and Section 6 sets out FEI's approach to gas supply portfolio planning, satisfying section 44.1(2)(e) of the UCA.
- Section 7 of the LTGRP discusses FEI's system resource needs and alternatives, satisfying section 44.1(2)(d) and (f) of the UCA.
- FEI has adhered to the BCUC's Resource Planning Guidelines where relevant and appropriate, and responded to the BCUC's past directives for the 2026 LTGRP, satisfying section 44.1(2)(g) of the UCA.

A. FEI HAS USED A ROBUST END-USE ANNUAL METHOD TO ESTIMATE A BROAD RANGE OF ANNUAL ENERGY DEMAND FUTURES

17. Section 3 of the 2026 LTGRP sets out FEI's estimate of the annual demand for gas that it expects to serve over the 27-year planning horizon before considering the impact of new, incremental DSM activities, as required under section 44.1(2)(a) of the UCA. FEI submits that its forecast methodologies are sound and have been clearly explained, and that its forecasts present an appropriate range of potential future scenarios, illustrating the range of plausible outcomes for demand that could unfold over the planning horizon under different conditions. FEI has

supported its annual demand forecasts with the Scenario Demand Tables in Appendix B and has provided detailed and comprehensive responses to information requests.[9]

18. FEI highlights the following points in the subsections below:

- FEI's method of forecasting annual demand continues to improve;
- FEI has explored a wide range of future scenarios reasonable for long-term resource planning and tailored to the planning environment; and
- FEI's Marine Bunkering Demand Forecast assumptions are reasonable and well-supported by the planning environment.

(a) FEI's Method of Forecasting Annual Demand Continues to Improve

19. FEI's annual demand forecasting methodology continues to evolve in response to a rapidly changing energy landscape. The forecast presented in the 2026 LTGRP provides an incrementally more robust basis for long-term resource planning than prior plans. As in the 2022 LTGRP, FEI continues to employ its End Use Annual Method, which forecasts demand based on the underlying drivers of customer energy consumption rather than solely on historical trends.[10] In the 2022 LTGRP Decision, the Panel found that the end-use methodology used by FEI in the preparation of its demand forecasts was reasonable, appropriate and consistent with past practice.[11] The 2026 LTGRP enhances this methodology through a structured and transparent treatment of demand drivers, including building codes and equipment standards, fuel-switching policies, transportation demand, marine and ISO shipments, and large industrial loads.[12]

20. The 2026 LTGRP explicitly identifies the assumptions associated with each key demand driver and applies those assumptions consistently across scenarios to illustrate how projected demand outcomes are affected by changes in policy, technology adoption, customer behaviour, and market development. FEI's methodology has benefitted from greater coordination with

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9 E.g., Exhibit B-4, BCUC IR1 1.1, 1.2.1, 1.3.1, 2.1, 3.1.1, 4.1, 4.2, 4.3; Exhibit B-5, BCSEA-MS2S IR1 7.1, 8.1; Exhibit B-7, FNCOC-NRMM IR1 14, 15; Exhibit B-9, LIEC-Saanich-Richmond IR1 3.1, 3.3, 3.4, 4.2-4.5, 9.2; Exhibit B-10, MoveUP IR1 4.1.

10 Exhibit B-1, Application, Section 3.2; see also: FEI's 2022 LTGRP, Section 4.4.

11 2022 LTGRP Decision, p. 20.

12 Exhibit B-1, Application, pp. 3-1 to 3-18.

electric utilities, including the development of common planning assumptions with FortisBC Inc. (FBC) and information sharing with BC Hydro,[13] reflecting the increasing interconnectedness of British Columbia's gas and electric energy systems.

21. In addition, FEI has expanded its sensitivity analysis to capture additional variables, including residential customer accounts, DSM, and CCUS,[14] and added renewable and lower-carbon gas to the transportation sector forecast.[15] Collectively, these enhancements represent a strong foundation for forecasting future energy needs.

(b) FEI Has Explored a Wide Range of Future Scenarios Reasonable for Long-Term Planning and Tailored to the Planning Environment

22. FEI has considered a broad and reasonable range of potential futures in developing its annual demand forecast. The 2026 LTGRP evaluates five distinct long-term scenarios—Baseline Trends, Diversified Approach, Electrification Focus, Lower-Carbon Transportation and LNG Future, and Prolonged Transition—which reflect differing assumptions regarding policy development, customer adoption of lower-carbon technologies, economic growth, industrial activity, and transportation and marine fuel demand.[16] The scenarios are founded on plausible combinations of key drivers of demand that could reasonably emerge over the planning horizon. FEI assessed a range of outcomes for each major demand driver, including customer growth, building codes and standards, transportation fuel switching, marine bunkering demand, ISO shipments, and large industrial load development.[17] The resulting demand forecasts capture both the downside and upside demand risks and provide a comprehensive view of potential future energy needs and system requirements.

23. The range of outcomes examined by FEI is particularly important given the uncertainty surrounding the pace of electrification, the future role of renewable and lower-carbon gas, industrial development opportunities in British Columbia, and changes in government policy. In

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13 Exhibit B-1, Application, p. 3-3; Section 8.6.

14 Exhibit B-1, Application, Section 3.7.

15 Exhibit B-1, Application, Section 3.5.4.

16 Exhibit B-1, Application, pp. 3-5 to 3-6.

17 Exhibit B-1, Application, pp. 3-6 to 3-18.

the 2022 LTGRP Decision, the Panel found that, especially in the context of uncertainty in the planning environment, the use of a broad range of annual demand forecasts between alternate scenarios is reasonable:[18]

> The Panel agrees that a broad range of annual demand forecasts between the alternate scenarios is representative of the substantial uncertainty in the current planning environment and creates a framework that is reasonable for resource planning for FEI. Given the pace of change and level of uncertainty in the energy industry, the Panel finds that more frequent updates of load forecasts and the consideration of broad ranges of load forecast scenarios collectively constitute the most reasonable approach to forecasting within the context of long-term gas resource plans. The Panel considers that the inclusion of multiple demand scenarios, especially the DEP and Deep Electrification scenarios, aided in the review of the 2022 LTGRP.

24. Uncertainty in the planning environment has continued to persist since the 2022 LTGRP Decision. By considering multiple plausible futures, FEI's planning approach remains flexible and adaptive while satisfying the long-term planning objectives of the UCA.[19] The scenario analysis presented in the Plan facilitates planning decisions informed by a wide range of plausible future conditions.

(c) FEI's Marine Bunkering Demand Forecast Assumptions are Reasonable and FEI's LNG Investments Authorized by Government

25. The marine bunkering market has developed substantially since the 2022 LTGRP proceeding. In its 2022 LTGRP Decision, the Panel expressly found that the LNG demand forecast included in FEI's Diversified Energy Planning scenario was reasonable for the purpose of outlining potential long-term demand in the long-term resource planning context, while noting that additional evidence would be required before LNG-related infrastructure investments could be justified. The Panel further found it reasonable for FEI to continue evaluating marine bunkering demand and to include that evaluation in its next LTGRP.[20]

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[18] 2022 LTGRP Decision, p. 20.

[19] Exhibit B-1, Application, pp. 3-18 to 3-27, Figure 3-11.

[20] 2022 LTGRP Decision, p. 21.

26. Since the 2022 LTGRP Decision, material developments have occurred that support FEI's updated forecast assumptions. First, the Tilbury Marine Jetty project obtained its environmental assessment certificate in July 2024, addressing one of the key sources of uncertainty referenced in the 2022 LTGRP Decision. Second, an independent review by Affinity, a global maritime brokerage firm, has confirmed prior forecasts and projected continued growth in LNG demand at the Port of Vancouver of between 0.6 and 1.1 million tonnes per annum by 2030 and between 3.8 and 5.8 million tonnes per annum by 2050. Third, the broader marine fuel market continues to demonstrate significant momentum in favour of LNG. DNV reported that, as of Q2 2026, there were 892 LNG-fuelled vessels in operation and 671 on order, for a total fleet of 1,563 vessels—nearly three times the combined number of vessels powered by methanol, hydrogen and ammonia. LNG also accounted for 67 percent of alternative-fuel ship orders in 2025, while industry forecasts anticipate more than 2,500 LNG dual-fuel vessels could be operating worldwide by 2030.[21]

27. FEI's assumptions are supported by actual market experience. FEI's marine bunkering demand increased significantly following the installation of Seaspan's temporary manifold system in late 2024. FEI recorded more than 4.3 PJ of LNG marine bunkering sales in 2025 and had already recorded 3.6 PJ during the first five months of 2026. The Company's sales data demonstrate that marine bunkering demand is no longer just a forecast opportunity, but an active and growing market supported by actual customer demand.[22]

28. Most recently, the Tilbury Marine Jetty project has been authorized by Direction No. 5 to the BCUC, which was recently amended to approve FEI's recovery of up to $2.2 billion in its Tilbury Phase 1B expansion, which includes the jetty.[23] The Government of BC's news release

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[21] Exhibit B-4, BCUC IR1 4.1.

[22] Exhibit B-4, BCUC IR1 4.1.

[23] Province of British Columbia, Order of the Lieutenant Governor in Council No. 360 (July 24, 2026) online at: https://www.bclaws.gov.bc.ca/civix/document/id/oic/oic_cur/0360_2026.

emphasized how this expansion can reduce emissions and strengthen BC's economy, illustrating the benefits of FEI's diversified approach:[24]

> Phase 1B of the expansion of FortisBC's Tilbury LNG Facility will increase the facility's capacity to produce LNG. The expansion helps meet rising demand for LNG fuelling service at the Port of Vancouver and improves access to LNG fuelling for vessels travelling along the western coast of North America and across the Pacific.
>
> Using LNG in place of traditional bunker fuels, such as diesel, can play a significant role in decarbonizing the domestic and global shipping industry while improving air quality for coastal communities. Compared to conventional marine fuels, LNG can reduce greenhouse-gas emissions by as much as 25%, reduce nitrous oxide by 76%, sulfur oxides by 90% and particulate matter by 90%.
>
> The expansion also represents an opportunity to create good-paying jobs, strengthen B.C.'s economy and advance economic reconciliation through First Nations ownership opportunities. The project helps position the Port of Vancouver as a leading LNG marine fuelling hub, supports the transition to lower-emission marine fuels, strengthens B.C.'s role in a growing global market and will deliver long-term economic benefits for communities throughout the province.
>
> "With global uncertainty raising costs for people and businesses, it's never been more important to take real action on projects that strengthen B.C.'s economic future," said Ravi Kahlon, Minister of Jobs and Economic Growth, and MLA for Delta North. "This project helps position B.C. as a leading LNG marine fuelling hub, reducing diesel fuel use and displacing higher-emission marine fuels for the international marine industry. It's exactly the kind of investment our Look West strategy is designed to attract, strengthening B.C.'s role in a growing global market and delivering long-term economic benefits for communities across the province."

With the authorization under Direction No. 5 to the BCUC, FEI's LNG expansion facilities are deemed to be in the public interest.

29. FEI's system planning analysis shows that the Coastal Transmission System (CTS) has sufficient capacity to accommodate marine fueling demand served by the jetty. FEI's Diversified Approach scenario uses the Medium marine demand setting, which assumes the Tilbury 1B

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[24] Province of British Columbia, New Release: Taking action to advance major LNG marine fuelling project, FortisBC moves forward on expansion at the Tilbury LNG Facility (July 24, 2026) online at: https://news.gov.bc.ca/releases/2026ECS0043-000870.

expansion and growth to approximately 44 PJ annually.[25] This does not trigger expansion requirements, although growth beyond this may do so.[26]

30. Considering these developments, FEI's forecast assumptions for marine bunkering are appropriately grounded in regulatory authorizations for marine bunkering facilities, independent third-party analysis, demonstrated market adoption of LNG-fuelled vessels, and actual sales experience. Accordingly, the evidence demonstrates that FEI's marine bunkering demand forecast is reasonable, supported by substantially more evidence than was available in the 2022 proceeding, and appropriately reflects both current market conditions and the broader long-term planning environment.

B. FEI PLANS TO LEVERAGE DEMAND-SIDE RESOURCES

31. Consistent with sections 44.1(2)(b) and (c) of the UCA, the 2026 LTGRP reflects FEI's plan to reduce demand through cost-effective DSM. FEI has assessed the total potential for DSM savings in its service territory, modelled its DSM portfolio, and estimated the reduction in demand due to DSM savings under each long-term scenario. FEI's analysis shows that its portfolio of DSM activities can result in substantial energy and GHG emissions reductions over the planning horizon. Using the Diversified Approach scenario with 50 percent incentive levels (the Medium DSM setting), FEI's savings from DSM activities are forecast to be approximately 31 PJ or 18 percent of annual demand from the residential, commercial and industrial sectors in 2050. These significant savings are attributable in part to the inclusion of dual-fuel heating systems, which present a significant opportunity to balance system and customer needs across both gas and electric systems.

32. The subsections below highlight the following key points:

- FEI plans to reduce demand by taking cost-effective DSM;
- FEI's DSM portfolio results in significant reductions in annual demand; and

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[25] Exhibit B-1, Application, p. 3-14; Exhibit B-4, BCUC IR1 4.3.

[26] Exhibit B-1, Application, p. 7-17.

- FEI's incorporation of integrated dual fuel heating systems provides significant benefits for customers.

(a) FEI Plans to Reduce Demand by Taking Cost-Effective DSM

33. FEI has developed a DSM portfolio and modelled the DSM savings for each of the long-term scenarios over the planning horizon. The DSM savings estimated for the Diversified Approach scenario using the Medium DSM Setting represent a substantial level of DSM savings that reduces annual demand and GHG emissions, while balancing affordability concerns.

34. FEI's DSM portfolio in the 2026 LTGRP is rooted in the potential for DSM savings as determined by the 2024 Conservation Potential Review (CPR). The 2024 CPR reviewed the energy efficiency opportunities available in FEI's residential, commercial and industrial sectors based on available energy efficiency technologies and the inventory of energy equipment in FEI's service area. Using 2023 as the base year, the 2024 CPR determined the technical, economic, and market potential for gas savings from 2026 to 2050. The technical potential was calculated based on the technical applicability, market penetration, and natural rate of adoption (in the absence of incentives) of each measure. The economic potential was calculated based on the utility cost test (UCT) screen of 1.0 or above. The market potential was calculated based on participation rates (measure uptake) for each incentive level. Lastly, program costs were incorporated using incentive levels, and assuming non-incentive program costs to be 15 percent of the corresponding incentive costs.[27]

35. Based on the 2024 CPR, FEI developed a DSM portfolio that includes Advanced DSM Measures[28] such as gas-fired heat pumps, dual-fuel systems and deep energy retrofits, commercial and residential building shell improvements, Controls such as smart thermostats and connected water heater controllers, Energy Management, Equipment such as faucet aerators,

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[27] Exhibit B-1, Application, p. 4-3 and Appendix C, pp. 11-12.

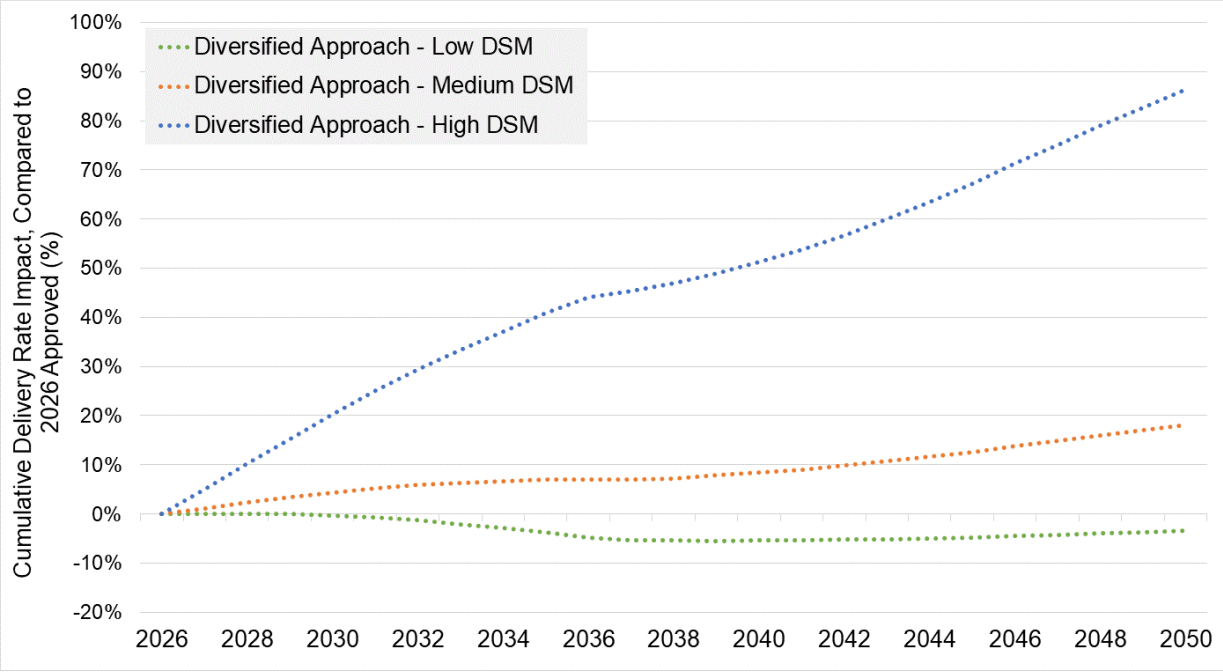
[28] Consistent with the DSM Regulation, FEI's DSM portfolio has transitioned away from conventional high-efficiency gas space heating programs to invest in measures that are 100 percent efficient and above, such as dual-fuel systems, deep energy retrofits, and gas-fired heat pumps (Advanced DSM Measures).

low flow showerheads, pipe wraps and fireplace timers, and New Construction including equipment installed in new Step 4 or Step 5 homes and commercial buildings. [29]

36. While the DSM portfolio remains consistent across all scenarios, FEI developed Low, Medium and High DSM settings based on increasing levels of incentives (25 percent, 50 percent and 100 percent, respectively). The portfolio is cost effective under the UCT in all three settings.[30]

37. FEI selected the Medium DSM setting for the Diversified Approach scenario, as a middle pathway appropriate for the planning environment.[31] The Medium DSM setting achieves substantial levels of DSM savings, reaching approximately 75 percent of the energy savings achieved by the High DSM setting by 2050, while costing approximately 70 percent less than the High DSM setting and resulting in substantially lower delivery rate impact (as indicated in Figure 4-8 below). The Medium setting therefore reflects a reasonable balance of sustainability and affordability objectives.

Figure 4-8: Estimated Delivery Rate Impact due to Low, Medium and High DSM Settings



[29] Exhibit B-1, Application, pp. 4-4 to 4-5. See Appendix C for details.

[30] Exhibit B-1, Application, p. 4-9.

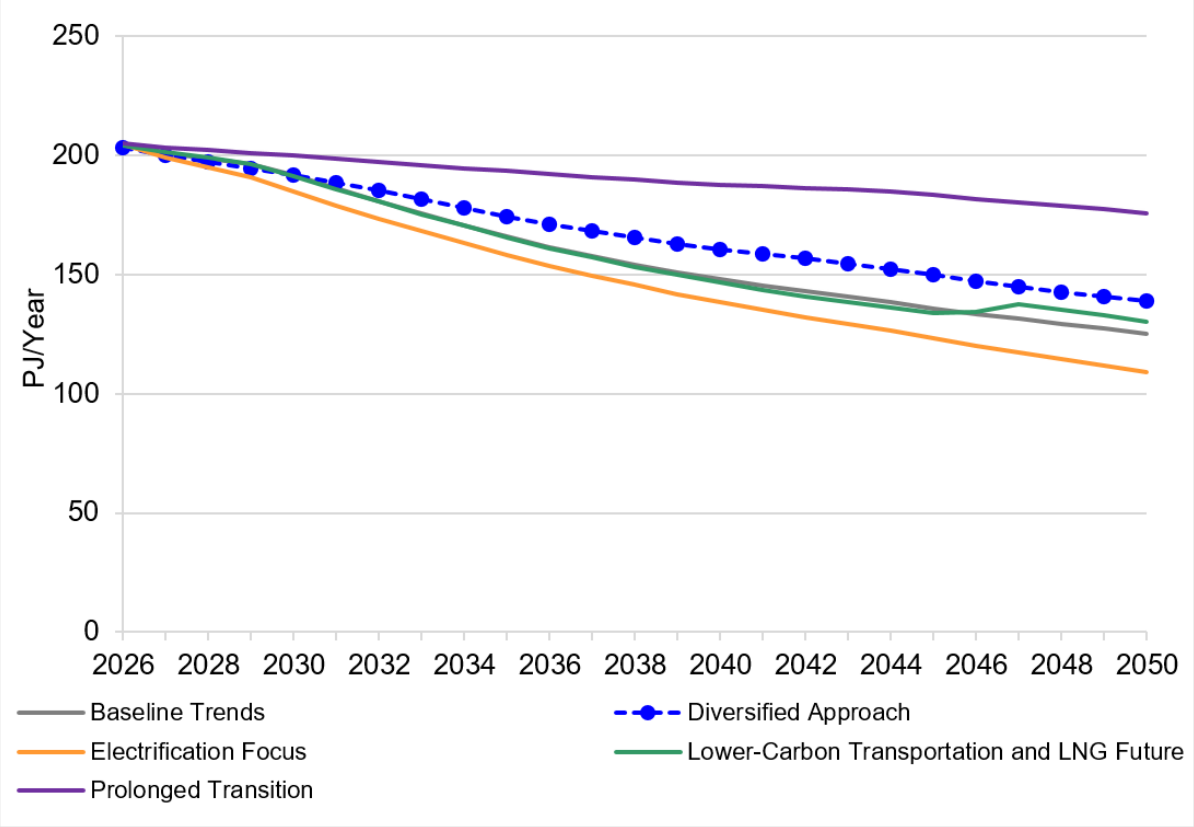
[31] Exhibit B-1, Application, p. 4-4.

(b) FEI has Estimated its Post-DSM Demand for All Scenarios

38. FEI has estimated its post-DSM demand for all scenarios. FEI modelled annual DSM savings using measure-specific incremental impacts on consumption and applied them to the appropriate sector and segment in each scenario. DSM savings are measured against the demand that already reflects the effects of codes, standards or natural market turnover. This produces post-DSM demand views for each scenario, showing the demand that FEI would expect to serve after cost-effective DSM savings are achieved.[32]

39. For example, Figure 4-10, reproduced below, presents the post-DSM annual demand for the Residential, Commercial and Industrial Sectors for all long-term scenarios.

Figure 4-10: Residential, Commercial and Industrial Sectors – Annual Demand (Post-DSM)



[32] Exhibit B-1, Application, pp. 4-3 to 4-4.

40. FEI also continues to evaluate the potential impacts of DSM on the peak demand forecasts for each of its three major transmission areas. The results of the System Peak Forecast Method after DSM adjustments are shown in Figures 7-16, 7-17, and 7-18 of the Plan.[33]

(c) Integrated Dual-Fuel Heating Systems Offer Significant Benefits

41. The 2026 LTGRP demonstrates that incorporating integrated dual-fuel heating systems in FEI's DSM portfolio has the potential to provide significant benefits for both gas and electric customers, while helping to alleviate constraints on the electric system. Dual-fuel systems reduce annual gas demand and GHG emissions relative to a conventional gas furnace, while avoiding the increases in electric peak demand caused by full electrification of the heating demand previously served by a gas furnace. Dual-fuel systems also result in lower customer energy bills than an electrification-only approach. By advancing affordability, reliability and sustainability simultaneously, integrated dual-fuel heating represents a balanced and cost-effective energy solution for British Columbians.

FEI's Actual Program Experience Demonstrates the Benefits of Dual-Fuel Systems

42. FEI's DSM portfolio included incentives for integrated dual-fuel heating systems in 2024 and 2025 as part of FEI's 2024-2027 DSM Plan. Based on pilot and actual program results, integrated dual-fuel heating systems have demonstrated they can provide a practical and cost-effective pathway for reducing gas consumption and GHG emissions while preserving reliability and customer choice. By pairing an electric heat pump with a gas furnace or boiler, dual-fuel systems allow customers to use efficient electric heating during moderate temperatures and rely on the gas system during colder periods when heating demand is highest. This approach can lower customer bills, reduce lifecycle costs compared to full electrification for customers with existing gas heating equipment, avoid or defer costly electric infrastructure needed to meet winter peak demand, and provide resilience during cold weather events. FEI's pilot studies, program results and customer surveys indicate strong customer interest and satisfaction, and meaningful emissions reductions that can increase with greater renewable gas content, all while

[33] Exhibit B-1, Application, pp. 7-29 to 7-33.

being cost-effective under the Utility Cost Test. FEI's integrated dual-fuel heating system DSM programs have therefore advanced energy efficiency and emissions reductions in a manner that is affordable, reliable and compatible with coordinated gas-electric system planning.[34]

Kelowna Dual-Fuel Study Illustrates Benefits

43. The results of FEI's ongoing Kelowna Dual-Fuel Study illustrate the potential benefits of integrated dual-fuel heating systems in FEI's and FBC's shared service area. Specifically, the Kelowna Dual-Fuel Study demonstrates that directing $10,000 of incentives towards dual-fuel heating options is a cost-effective abatement pathway with minimal upfront cost to customers and reduced lifetime energy bills compared to a gas furnace or all-electric heat pump.[35]

44. For the electric utility, the benefits of integrated dual-fuel heating systems are reduced impact on peak demand. As illustrated in Figure 4-15 below,[36] the impact on electric peak demand from a Kelowna customer switching from a gas furnace to a cold climate air source heat pump (ASHP) is four to five times more than the same home equipped with a dual-fuel heating system.[37]

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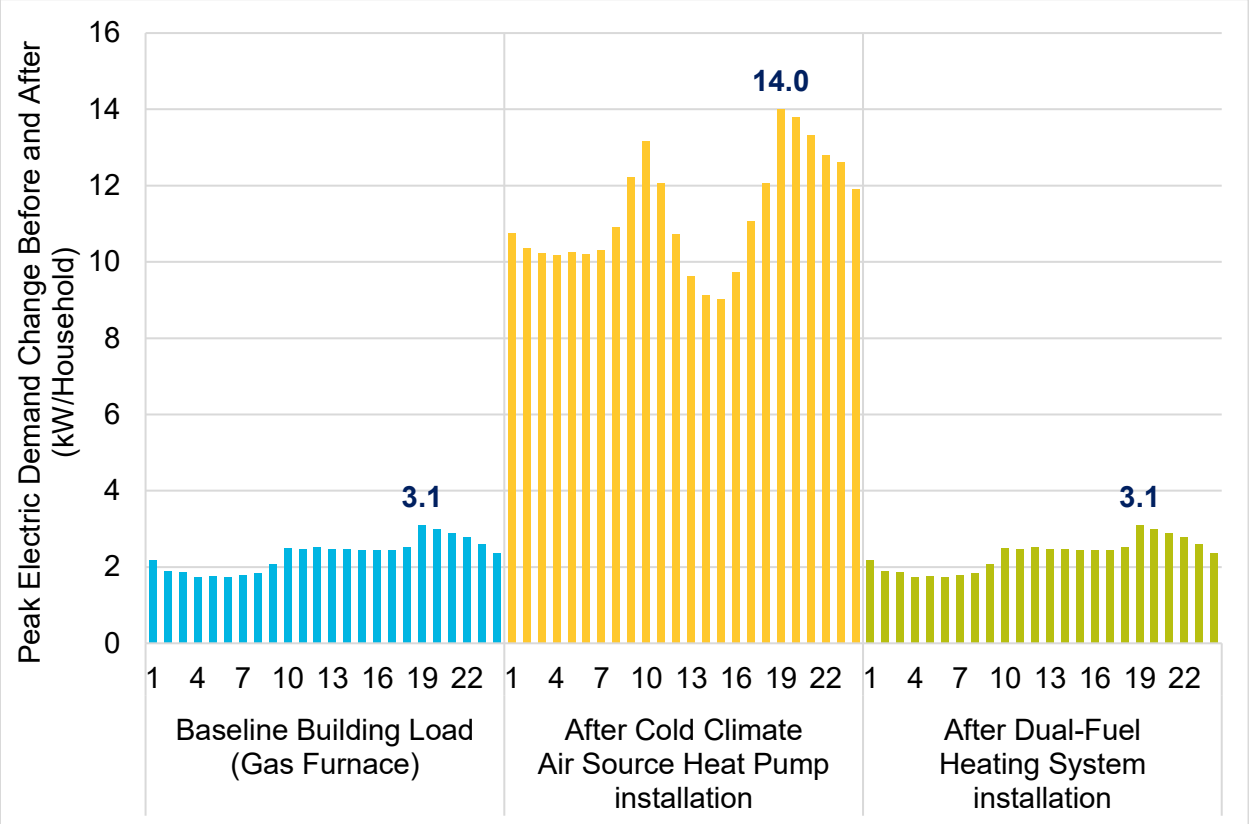
[34] Exhibit B-1, Application, pp. 4-17 to 4-19.

[35] Exhibit B-1, Application, p. 4-41.

[36] Exhibit B-1, Application, p. 4-25.

[37] Exhibit B-1, Application, p. 4-25 and p. 4-30.

Figure 4-15: Average Residential Single Detached Building in Shared Service Area – Impact of Switching from Gas Furnace to Single- and Dual-Fuel Heating Systems on FBC System Peak Day



45. For the gas utility, Kelowna customers switching from a gas furnace to an integrated dual-fuel heating system would reduce annual and peak gas demand. Dual-fuel heating systems with a switchover temperature of 2°C can reduce annual gas demand in residential single-family dwellings in Kelowna by approximately 43 percent.[38] As dual-fuel heating systems require the installation of a new furnace with higher efficiency, dual-fuel heating systems also reduce peak gas demand. FEI estimates an approximate 0.003 GJ reduction in the peak hour per residential detached home supplied by FEI's Interior Transmission System (ITS).[39] FEI's System Peak Forecast with DSM takes these impacts into account.[40]

[38] Exhibit B-1, Application, p. 4-28.

[39] Exhibit B-4, BCUC IR1 8.2.

[40] Exhibit B-4, BCUC IR1 9.1.

46. The reduction in gas demand translates to lower GHG emissions. At a switchover temperature of 2°C, dual-fuel heating systems are estimated to reduce building GHG emissions by 41 percent after accounting for incremental electric emissions, and can achieve further reductions through increased amounts of RNG.[41]

47. From the perspective of customers in Kelowna, integrated dual-fuel heating systems are more cost effective and can lower their bills. Figure 4-18 shows the lifecycle costs and benefits from a Participant Cost Test perspective of switching from a gas furnace to a ccASHP and integrated dual-fuel heating system, assuming a $10,000 incentive. Whereas the ccASHP results in the gas bill reduction being nearly equal to the electric bill increase, the dual-fuel heating system results in the gas bill decreasing more than the electric bill increases. The ccASHP also has a higher upfront cost due in part to the higher cost of equipment for an electric heat pump sized to provide the home's entire heating load previously served by a gas furnace. Sizing a heat pump for the full heating load can also require other costs, such as ductwork modifications and electric panel upgrades, although these costs are not included in FEI's analysis.[42]

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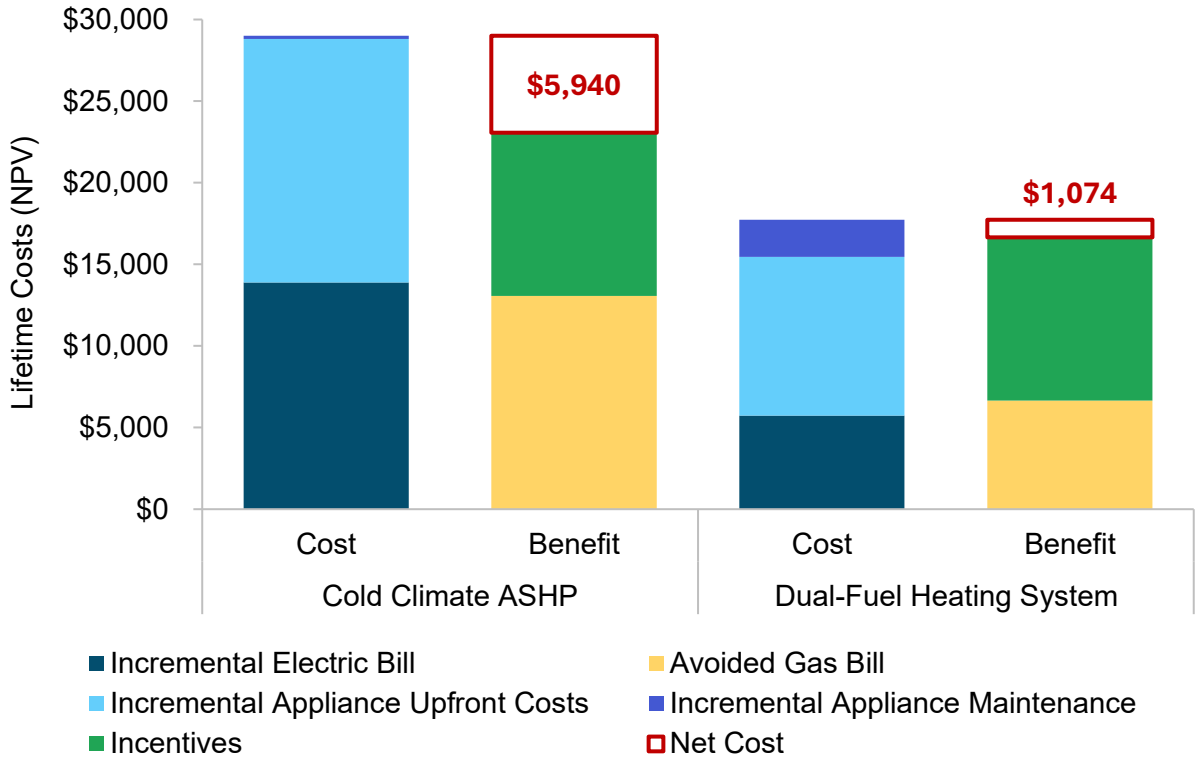
41 Exhibit B-1, Application, pp. 4-35 to 4-36.

42 Exhibit B-1, Application, pp. 4-32 to 4-33.

Figure 4-18: Lifecycle Costs and Benefits from Participant Cost Test Perspective



48. The high cost-effectiveness of integrated dual-fuel heating systems results in lower household energy bills compared to either an electric heat pump or a gas furnace. This is because FEI residential gas rates, even when considering a 15 percent RNG blend, are roughly three times less expensive than FBC residential electric rates, and the electric heat pump is only used during times when it is more efficient (at temperatures greater than 2°C). Comparatively, a customer fuel switching to an electric heat pump should expect higher total energy costs. This conclusion is supported by FEI's residential dual-fuel heating system pilot results, which demonstrate consistent energy and emissions benefits across participating homes. The pilot results indicate that the majority of participants achieved net energy savings and emissions reductions.[43]

49. Considering the reduced GHG emissions and cost-effectiveness together, installing a dual-fuel heating system is a cost-effective GHG abatement strategy.[44] Assuming a $10,000 incentive,

[43] Exhibit B-1, Application, pp. 4-37 to 4-39.

[44] Exhibit B-1, Application, pp. 4-36 to 4-37.

switching to an integrated dual-fuel heating system has low GHG abatement costs of approximately $98/tCO$_2$e for a customer in a large detached home, compared to $190/tCO$_2$e through a ccASHP.[45] This illustrates how a diversified approach can balance affordability, reliability and sustainability for its customers.

External Studies Find Similar Benefits Across BC

50. FEI's conclusions regarding the benefits of integrated dual-fuel heating systems in Kelowna are supported by research conducted by the University of Victoria's Institute for Integrated Energy Systems (IESVic) that considers the benefits of residential dual-fuel heating systems across BC.[46] The IESVic study compared electric and hybrid (dual-fuel) residential heating pathways and found that dual-fuel heating systems can avoid electric peak demand across the province while supporting GHG emission reductions.[47]

51. Consistent with the findings of the Kelowna Dual-Fuel Study, the most significant system benefit stems from avoided electric winter peak demand, which may defer or reduce investments in electric generation, transmission, and distribution infrastructure that may otherwise be required to support widespread electrification. The IESVic research indicates that the benefits of dual-fuel heating systems are not confined to colder regions or areas experiencing localized electric infrastructure constraints. Instead, the research demonstrates that there is value across the province and different climate zones, especially in more populated and comparatively temperate regions, including the Lower Mainland and Vancouver Island.[48] FEI presents more details of the study results in its response to BCUC IR1 8.1.

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45 Exhibit B-1, Application, pp. 4-36 to 4-37.

46 Tamara Knittel et al, IESVic Study: *Charting Space Heating Futures: Toward a Blend of Electrification and Renewable Gas* (July 16, 2025). The IESVic study is currently under peer review prior to journal publication. However, the results of the study and the figures reproduced in this response are presented in the following link: https://www.youtube.com/watch?v=PypwghksnE0. The results of the study were presented to the RPAG by IESVic on July 10, 2025. Further, a study brief can be retrieved from: https://www.uvic.ca/research/centres/iesvic/news-events/energybriefs/current-briefs/charting-space-heating-futures.php.

47 Exhibit B-4, BCUC IR1 8.1.

48 Exhibit B-4, BCUC IR1 8.1.

52. The findings by IESVic are also consistent with information presented in BC Hydro's 2025 Integrated Resource Plan (IRP). BC Hydro reported that, in the Lower Mainland, dwellings with dual-fuel heating systems, including central heat pump systems with gas furnace backup, have approximately 75 percent lower peak demand than dwellings with single-fuel all-electric heat pump systems.[49]

Dual-Fuel Program Design Is Detailed in Separate Applications to the BCUC

53. FEI is not requesting acceptance of any particular DSM expenditures in this proceeding and the 2026 LTGRP does not reflect detailed DSM program design. FEI's design of its DSM programs, including for integrated dual-fuel systems, is undertaken as part of its DSM programming which is the subject of separate applications to the BCUC for acceptance.

C. FEI SECURES COST-EFFECTIVE AND RELIABLE GAS SUPPLY

54. Sections 5 and 6 of the 2026 LTGRP set out FEI's approach to gas supply portfolio planning, satisfying section 44.1(2)(e) of the UCA. FEI's gas supply portfolio planning is reasonably and appropriately designed to contract for resources that balance the objectives of affordability, reliability, and sustainability of gas supply to meet the Core customer[50] forecast design peak day and annual requirements. Section 5 of the 2026 LTGRP identifies the potential supply resources available to FEI, including renewable and lower-carbon gas supply, while Section 6 describes FEI's approach to using and contracting for those resources to reliably serve customers. FEI prudently develops a gas supply portfolio mix that incorporates flexibility in the contracting of resources based on short- and long-term planning and evolving market dynamics.[51]

55. FEI's submissions below highlight the following key points:

- FEI is reasonably planning for the integration of renewable and lower-carbon gas supply;

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[49] BC Hydro, 2025 Integrated Resource Plan (October 31, 2025), Figure 2-7, online at: https://docs.bcuc.com/documents/proceedings/2025/doc_84202_b-1-bch-2025-irp-application.pdf.

[50] RS 1 to 7 and 46 sales service customers (Core customers).

[51] Exhibit B-1, Application, Section 6.6.

- FEI is managing and mitigating price, supply and infrastructure risks to its supply portfolio; and
- FEI's gas contracting flexibility positions FEI to respond to all demand scenarios.

(a) FEI is Prudently Integrating Renewable and Lower-Carbon Gas Supply into its Portfolio

56. The 2026 LTGRP contemplates that customers will continue to benefit from access to Western Canada's low-cost natural gas supply, which FEI expects will continue to be its primary energy source to 2040 and beyond.[52] The natural gas resource base in Western Canada has abundant resources to support the long-term demand requirements from existing domestic markets, as well as incremental demand from ISO Shipments.[53]

57. The 2026 LTGRP also reflects FEI's plans to increase its renewable and lower-carbon gas supply over the long term. FEI expects that RNG will remain its primary source of renewable and lower-carbon gas, while also supporting opportunities for hydrogen development over time. Consistent with the scenario-based approach employed throughout the LTGRP, FEI considers differing levels of RNG and hydrogen and evaluates how those resources could contribute to emissions reductions and customer demand under a range of future conditions.[54] In doing so, FEI acknowledges the uncertainty surrounding future production volumes, customer adoption rates, technology costs, regulatory developments, and market availability, while still ensuring that renewable and lower-carbon gas remain a central component of future resource planning.[55]

58. RNG is a key component of FEI's strategy to support provincial climate action goals.[56] While most of FEI's supply of RNG is sourced out-of-province,[57] FEI continues to prioritize the development of BC-based RNG resources. Local RNG development is an important strategic objective for FEI, and the Company is pursuing new domestic supply opportunities through

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52 Exhibit B-1, Application, Sections 5.2 and 6.2.

53 Exhibit B-1, Application, Section 5.2; Exhibit B-10, MoveUP IR1 2.3.

54 Exhibit B-1, Application, Sections 5.2, 5.3 and 6.3.

55 Exhibit B-1, Application, Section 5.

56 Exhibit B-1, Application, Section 5.3.2.

57 Exhibit B-1, Application, Table 5-3, Section 6.2.

municipal partnerships, landfill projects, and other project development activities.[58] At the same time, FEI recognizes that the viability of future RNG projects in the province depends in part on feedstock availability, project economics, and proximity to existing gas infrastructure.[59]

59. Out-of-province RNG provides an important complement to domestic production. Out-of-province RNG projects are typically developed on shorter timeframes and the cost of out-of-province supply is approximately 20 percent lower per GJ than RNG acquired in British Columbia.[60] The diversity of suppliers, contract structures, and production sources contribute to overall supply reliability.[61] Interruptions in RNG supply do not create the same reliability concerns as interruptions in physical gas delivery because natural gas remains available to maintain service to customers.[62] In this way, FEI's RNG procurement strategy supports sustainability objectives by maximizing opportunities to procure RNG while maintaining reliability of supply.

60. FEI is taking a measured approach to hydrogen development in recognition of the uncertainty that remains regarding hydrogen costs, infrastructure requirements, regulatory treatment, and customer adoption.[63] FEI's hydrogen approach is therefore reasonably based upon a series of technological, economic, policy and infrastructure signposts that will inform future investment decisions as the market develops.[64] While monitoring these indicators, FEI's strategy is to advance readiness, including through engaging in targeted activities such as feasibility studies and early-stage pilots.[65] In particular, heavy-duty transportation applications are an early area of focus for hydrogen deployment, and FEI is supporting the industry's transition through targeted pilots and demonstrations that provide insight into the technical and market potential for hydrogen as a transportation fuel.[66] Overall, FEI's hydrogen approach preserves

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58 Exhibit B-4, BCUC IR1 14.4, 14.5.

59 Exhibit B-4, BCUC IR1 14.6.

60 Exhibit B-1, Application, Section 5.3.2.

61 Exhibit B-4, BCUC IR1 14.1, 14.2.

62 Exhibit B-4, BCUC IR1 14.1.

63 Exhibit B-1, Application, Section 5.3.4; Exhibit B-4, BCUC IR1 15.1, 15.2, 15.3.

64 Exhibit B-1, Application, Section 5.3.4.7; Exhibit B-4, BCUC IR1 15.2, 15.3; Exhibit B-5, BCSEA-MS2S IR1 11.2.

65 Exhibit B-1, Application, Section 5.3.4.

66 Exhibit B-1, Application, Section 5.3.4.6; Exhibit B-4, BCUC IR1 15.2.

flexibility and avoids prematurely committing to a single technology pathway before the market has matured.

61. FEI's renewable and lower-carbon gas planning reflects a balanced assessment of affordability, reliability and sustainability. Renewable and lower-carbon gas form one of the principal sustainability components of the Diversified Approach scenario, alongside demand-side management and fuel switching.[67] However, FEI also recognizes that increasing renewable gas procurement beyond the levels contemplated in the Diversified Approach could significantly increase customer costs.[68] The evidence therefore supports FEI's conclusion that the Diversified Approach represents a reasonable pathway for advancing emissions reductions while maintaining affordability and reliability for customers.

(b) FEI Manages Price, Supply and Infrastructure Risks to its Supply Portfolio

62. FEI is prudently managing risks to its supply portfolio, as detailed in Sections 6.3 to 6.5 of the Plan. As reviewed and accepted by the BCUC through FEI's Annual Contracting Plan, FEI manages volatility in natural gas prices partially by maintaining access to supply hubs, utilizing a variety of storage and transportation resources, and using different pricing structures and contract terms. Specific measures include purchasing supply at index prices, evaluating fixed pricing structures, procuring seasonal and market area storage and deliverability from third parties, and using on-system LNG resources during cold or extreme weather conditions. FEI also enters into hedging arrangements to manage price volatility and natural gas commodity costs, as set out in FEI's Price Risk Management Plans, which are subject to separate approval by the BCUC.[69]

63. FEI is actively monitoring long-term supply risks due to the constrained pipeline and storage resources in the Pacific Northwest (PNW) region, and is taking action to mitigate these risks. FEI will continue to maintain a 15 percent planning margin to enhance the resiliency of its portfolio. However, due to increasing Core customer demand and increasingly constrained

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67 Exhibit B-1, Application, Section 3.5; Exhibit B-4, BCUC IR1 23.2.

68 Exhibit B-1, Application, Section 9.3; Exhibit B-4, BCUC IR1 23.2.

69 Exhibit B-1, Application, p. 6-6.

regional infrastructure, FEI will maintain this margin by increasingly utilizing Huntingdon/Sumas supply options through shippers that hold firm pipeline capacity in the region.[70] FEI is also continuing its prudent strategy of limiting exposure to volatile prices at the Huntingdon/Sumas market and is focused on advancing infrastructure development to enhance long-term reliability, optimize the overall portfolio, and preserve the risk-mitigation benefits of its existing strategies for Core customers. FEI's actions include its agreements with Northwest Natural for a 50 percent share of the North Mist Expansion Project, which is expected to maintain FEI's existing level of market area storage capacity and deliverability over the long term. As approved by the BCUC, FEI is also advancing its Tilbury LNG Storage Expansion (TLSE) Project. The additional gas supply allocation from this project will provide additional flexibility to FEI's long-term supply portfolio planning, support future peaking load growth, and allow FEI to avoid significant gas supply costs by optimizing its gas portfolio. FEI is also monitoring potential regional pipeline infrastructure projects, such as the Rockies Columbia Connector Project[71]

(c) FEI's Gas Supply Portfolio Planning Positions FEI to Respond to All Scenarios

64. FEI's gas supply portfolio planning process provides significant flexibility for FEI to manage its gas supply in response to changes in annual and peak demand, including sufficient flexibility to respond to all the annual demand scenarios modelled in the 2026 LTGRP.

65. FEI can accommodate lower-demand scenarios by scaling back contracting levels over time. For example, if demand is lower than expected in the future, FEI can:[72]

- easily reduce the amount of commodity purchases;
- de-contract or release a significant amount of transportation capacity to the secondary market over a five-year period; and
- allow its storage contracts to gradually expire to the extent they are no longer required.

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70 Exhibit B-1, Application, pp. 6-7 to 6-8.

71 Exhibit B-1, Application, pp. 6-12 to 6-16.

72 Exhibit B-1, Application, pp. 6-18 to 6-19.

66. While lower-demand outcomes can be accommodated through reductions in contracting and purchasing requirements, higher-demand scenarios require more active resource planning. If future demand patterns shift towards higher peak or winter-period requirements, FEI's underlying supply contracting and price risk management principles would remain unchanged: FEI would continue to mitigate regional supply and pricing volatility by maintaining access to the key upstream hubs (Station 2 and AECO/NIT) and by assessing potential infrastructure enhancements that could further optimize its supply portfolio. Absent new infrastructure, FEI would also continue to hedge any supply exposure to the Huntingdon/Sumas market with financial hedging.[73] However, to reliably meet higher-demand conditions, FEI may also need to secure additional firm resources such as:[74]

- Incremental pipeline and/or storage capacity through third-party service providers, which is subject to availability and often at a premium given regional capacity constraints;
- Short-term supply arrangements at Sumas, where feasible and available; and
- Incremental pipeline and/or storage capacity through participation in pipeline or storage open seasons, which are competitive, occur infrequently and depend on broader regional infrastructure development timelines.

67. As such, as set out in FEI's Annual Contracting Plan, FEI routinely monitors load growth signals, evaluates market opportunities for short-term and medium-term solutions, and proactively identifies when longer lead-time resources may be warranted. FEI's objective is to ensure reliable service under a range of higher-demand scenarios while maintaining prudent cost management. This includes assessing when additional firm resources may be required to reliably meet future higher-growth scenarios and evaluating the timing and feasibility of securing new infrastructure access.[75]

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[73] Exhibit B-1, Application, p. 6-19.

[74] Exhibit B-1, Application, p. 6-19.

[75] Exhibit B-1, Application, pp. 6-19 to 6-20.

D. FEI HAS ANALYZED ITS RESOURCE NEEDS AND ALTERNATIVES

68. Section 7 of the 2026 LTGRP sets out FEI's system resource needs and alternatives, addressing the requirements of sections 44.1(2)(d) and (f) of the UCA. The Plan describes how FEI assesses regional peak capacity, identifies potential infrastructure requirements, evaluates DSM and other non-pipe solutions, and preserves the ability to advance future facility applications only when supported by updated evidence. FEI's system planning therefore ensures that facilities and infrastructure are developed cost-effectively to meet the long-term needs of customers.

69. FEI highlights the following key points in the subsections below:

- FEI has supplemented its Traditional Peak Method with a new System Peak Forecast Method to assess system capacity constraints;
- There is no need for facility expansions for the CTS and Vancouver Island Transmission System (VITS), subject to the materialization of New Large Loads, but the ITS could be capacity-constrained as early as 2029; and
- FEI assesses the ability of DSM and other non-pipe solutions to reduce or defer infrastructure requirements, including in the ITS.

(a) FEI Developed the System Peak Forecast Method to Account for Policy Changes

70. FEI has enhanced its peak demand forecasting approach by supplementing its Traditional Peak Method with the System Peak Forecast Method.[76]

71. The Traditional Peak Method remains a key tool that is necessary to ensure that FEI identifies capacity constraints in time. The Traditional Peak Method forecasts annual peak demand based on an analysis of historical peak hour use per customer (UPC_{PEAK}) values, derived from monthly end use customer data. FEI has used the Traditional Peak Method to accurately forecast peak demand for many years. While a potential weakness of the Traditional Peak Method is that it holds the UPC_{PEAK} values constant over the planning horizon, FEI's historical UPC_{PEAK} values have remained steady with no observable downward or upward trend. It is therefore necessary that FEI continue to use the Traditional Peak Method as part of its planning

[76] Exhibit B-1, Application, Section 7.2.

process, to minimize the risk of failing to identify and scope capacity upgrades that would prevent capacity shortfalls.[77]

72. FEI has addressed the potential weakness of the Traditional Peak Method by adding the System Peak Forecast Method, which incorporates potential impacts of policy changes in future peak demand, such as BC Minimum Energy Performance Standards, Energy Step Code and Zero Carbon Step Code. The new method incorporates improvements in building construction requirements and performance over the forecast period that result in newer buildings using less energy compared to an historical average, and minimum equipment performance standards for new gas furnaces and boilers installed over the forecast period, that result in less heating load.[78]

73. However, it is important to recognize that there are uncertainties in the assumptions used in the System Peak Forecast Method, such as municipal adoption of the Zero Carbon Step Code and the associated impacts on demand, which could result in higher peak demand than captured within the System Peak Forecast Method. This uncertainty, combined with the fact that there is yet no observable downward trend in FEI's historical UPC_{PEAK} values, means that FEI is prudent to continue using both peak forecast methods to account for the uncertainty in codes and standards adoption and applicability.[79]

74. FEI will continue to improve its peak forecasting methods. FEI's Action Plan includes actions to improve the timeliness and granularity of peak demand assessments by assessing how AMI data can enhance the understanding of demand impacts arising from proposed policy changes, to inform opportunities to enhance the System Peak Forecast Method.[80]

(b) FEI Has Assessed the Need for Capacity-Enhancing Projects to Meet Peak Demand Forecasts

75. In the 2026 LTGRP, FEI has assessed the expected timing of system constraints and the action plan needed to develop projects that may require further applications to the BCUC. FEI's

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77 Exhibit B-1, Application, Section 7.2.1.

78 Exhibit B-1, Application, pp. 7-2 to 7-4.

79 Exhibit B-1, Application, pp. 7-3 to 7-4.

80 Exhibit B-1, Application, p. 10-5.

assessment includes examination of existing and planned major system infrastructure, the demand and capacity balance, peak demand forecast sensitivity using the System Peak Forecast Method before and after DSM peak savings, and system expansion alternatives, as well as potential increases in industrial load and increasing LNG demand and their impacts on the forecast peak demand and system upgrade requirements where these loads are anticipated.

VITS Expansion Requirements

76. Beyond FEI's Eagle Mountain – Woodfibre Gas Pipeline Project which is expected to be at full operating capacity by 2028, FEI has not identified a need for additional VITS capacity-enhancing facilities over the planning horizon. However, if a New Large Load of the magnitude modelled in Section 3.5.5 of the Plan were located near or downstream of Squamish, a pipeline loop through the Coquitlam Watershed could be required.[81] FEI's Action Plan includes continuing to assess capacity in the VITS in response to new loads or increases in existing large industrial demands to determine whether additional system reinforcements are required.[82]

CTS Expansion Requirements

77. FEI's assessment shows that the CTS has sufficient capacity to meet peak demand over the planning horizon, subject to two developments.[83] First, additional LNG liquefaction demand based on the High LNG setting (i.e., beyond existing and approved levels) may create CTS impacts and trigger the need for reinforcements, including increased compression or a pipeline loop, in the 2035-2044 timeframe.[84] Second, similar reinforcements would likely be required if the modelled New Large Load materializes. Non-pipe solutions (NPS) would not be practical to address the capacity shortfalls due to the non-interruptible nature of the load and extent of the demand. Notably, FEI would need to reduce system demand by 7 to 9 percent to accommodate the LNG liquefaction demand or New Large Load.[85] FEI's Action Plan includes actions to better understand the scale, timing and location of emerging regional load growth that could impact

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81 Exhibit B-1, Application, pp. 7-12 to 7-13.

82 Exhibit B-1, Application, p. 10-6.

83 Exhibit B-1, Application, p. 7-16.

84 Exhibit B-1, Application, p. 7-17.

85 Exhibit B-1, Application, pp. 7-17 and 7-19.

the CTS, including assessment of the potential impacts and system expansion requirements of incremental load growth in the industrial, transportation, marine, and ISO shipment sectors within the Lower Mainland.[86]

ITS Expansion Requirements

78. Even with the Okanagan Capacity Mitigation Project (OCMP) LNG facility in place, FEI's ITS will become capacity constrained as early as 2029 based on the Traditional Peak Method or 2031 based on the System Peak Forecast Method.[87]

79. FEI's OCMP Peak Demand Mitigation Report describes the initiatives that FEI is advancing to mitigate peak demand in the Okanagan region, but concludes that they will not avoid the need for a capacity expansion in the Okanagan region.[88] For example, FEI is exploring gas demand response and expects that AMI meter deployment in the Okanagan region will be completed in 2028;[89] however, the AMI Project itself will not avoid the need for capacity expansion in the Okanagan region or contribute measurably to regional peak demand forecasting, as FEI already has metering data at its stations (i.e., at the regional level) that provide granular flow and pressure information to monitor actual peak and transmission system capacity requirements.[90]

80. FEI's activities since the filing of the OCMP Peak Demand Mitigation Report have not changed FEI's conclusion. First, FEI has completed a survey of commercial customers regarding interruptible rates. The customer research showed that 80 percent of commercial customers indicated that they would definitely not consider joining an interruptible rate plan, only 14 percent have backup fuel capability, most cannot operate for extended periods without gas service and 76 percent agree than interruption of their natural gas service would negatively impact the local community. FEI has therefore reasonably concluded that the creation of

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86 Exhibit B-1, Application, p. 10-5.

87 Exhibit B-1, Application, pp. 7-23 to 7-24.

88 Exhibit B-1, Application, Appendix C.

89 Exhibit B-4, BCUC IR1 22.1.

90 Exhibit B-1, Application, Appendix D-1, OCMP Peak Demand Mitigation Report.

interruptible rates for commercial customers in the Okanagan, or other areas, is infeasible to avoid the need to expand gas infrastructure in the future.[91]

81. Second, FEI has also incorporated DSM adjustments into the System Peak Forecast Method, which shows a decline in peak forecast demand. However, the timing and magnitude of customer DSM uptake cannot be guaranteed for system planning purposes and FEI's peak-use values have not yet shown material declines as a result of DSM or other factors. FEI recognizes that DSM has meaningful benefits for annual energy savings, GHG emissions reductions and potential peak demand moderation, but for system planning purposes, those benefits must be sufficiently observable, reliable and locationally relevant before they can be used to defer firm capacity required to serve customers during peak conditions. FEI also cannot rely on the short-term mitigations built into the System Peak Forecast Method as a substitute for long-term capacity. Some of these mitigations are not fully within FEI's control, including operation at elevated, non-contractual system supply pressures.[92] These uncertainties are in addition to the uncertainty built into the System Peak Forecast Method, as discussed in Part Two, Section D(a) above.[93]

82. Therefore, FEI has continued planning for capacity solutions to meet firm peak demand, including pipeline reinforcement, compression-based solutions and additional LNG peak-shaving capacity alternatives.[94]

83. An expansion of the ITS could also be triggered by the need to accommodate an simple-cycle gas turbine (SCGT) facility, which FBC's resource plans have identified as the most cost-effective and reliable option to meet its need for new firm peak electric demand.[95] The potential impact of an SCGT load on the FEI transmission system is highly dependent on project-specific factors, including location, timing, and magnitude, and therefore requires further assessment as these parameters become more defined. The need for such a resource would be driven by FBC

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91 Exhibit B-1, Application, pp. 7-28 to 7-29.

92 Exhibit B-4, BCUC IR1 21.1.

93 Exhibit B-1, Application, p. 7-32.

94 Exhibit B-1, Application, p. 7-32; Exhibit B-4, BCUC IR1 21.1 and 21.2.

95 Exhibit B-1, Application, p. 7-24.

resource and system requirements, and any associated gas system implications would be evaluated accordingly. Depending on the nature and scope of any required gas system reinforcements, implementation timelines could also be influenced by FEI's planning and decision-making processes, including any applicable regulatory review and approval requirements.[96]

FEI Has a Duty to Serve

84. FEI has provided an analysis that shows that the cost of the long-term expansion of the ITS will be lower than the costs of building out FBC's electrical system to serve equivalent heating demand.[97] However, regardless of the relative costs of alternative energy pathways, FEI reiterates its submission from its OCMP Peak Demand Mitigation Report that FEI's plans to mitigate peak demand in the Okanagan region must be consistent with its duty to serve. The duty to serve is a fundamental regulatory principle. There is no statutory provision, regulation or provincial policy that would support relieving FEI of its obligation to serve customers in order to avoid future gas system expansion requirements. Accordingly, while FEI continues to pursue reasonable measures to reduce and manage peak demand, those measures must be compatible with FEI's continuing obligation to provide service to customers who request it.[98]

Coordinating the Review of FEI and FBC Resource Plans on a Tighter Timeline Would Not Improve Planning for the ITS

85. Reviewing FEI's and FBC's resource plans together would not materially improve the BCUC's ability to assess the best solution to the capacity constraints on the ITS identified in the 2026 LTGRP. FEI and FBC already coordinate their planning to the extent relevant within their respective planning and regulatory frameworks, including by sharing assumptions and information where gas and electric system planning may interact. However, whether the ITS requires additional gas system capacity is fundamentally a FEI system-planning issue driven by forecast firm gas peak demand, regional gas system capacity, the availability of reliable mitigation

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96 Exhibit B-4, BCUC IR1 20.2.

97 Exhibit B-4, BCUC IR1 9.2.

98 Exhibit B-1, Application, Appendix D-1, OCMP Peak Demand Mitigation Report.

measures, and FEI's duty to serve customers in the Okanagan region. Those issues can be, and have been, assessed in FEI's 2026 LTGRP without requiring simultaneous review of FBC's electric resource plan.[99]

86. The potential benefit of a more coordinated review timeline would be limited to comparability of assumptions and forecasts. That may assist in understanding how the gas and electric systems interact over time, but comparability of assumptions does not determine whether the ITS has sufficient capacity to meet FEI's forecast peak-day obligations. The ITS capacity issue turns on location-specific gas system constraints, the reliability of DSM and NPS as firm capacity substitutes, and the timing of any gas system reinforcement. A concurrent FBC resource plan review would not change the analysis that FEI must undertake to determine whether a capacity upgrade is required on the ITS.[100]

87. Similarly, whether FBC ultimately identifies a need for an SCGT is a matter for FBC's own resource planning, based on its own system requirements. If an SCGT is advanced in the future, FEI would assess the gas system implications based on project-specific information. Those project-specific parameters, not a coordinated resource plan review, would determine whether and how the ITS or any other FEI system would require reinforcement.[101]

88. A rigidly coordinated review would also risk reducing, rather than improving, regulatory efficiency. FEI and FBC must each file separate resource plans because they have different service areas, customers, statutory obligations, assets, resources, supply portfolios, planning horizons, and system constraints. The evidence required to assess FEI's ITS capacity issue is different from the evidence required to assess FBC's electric resource needs. Combining or tightly synchronizing the reviews could increase procedural complexity, concentrate the burden on many of the same utility staff and stakeholder participants, and distract from the utility-specific issues that each plan must address. Maintaining some flexibility in filing timing allows each utility to respond to

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99 Exhibit B-4, BCUC IR1 20.2.

100 Exhibit B-4, BCUC IR1 20.2.

101 Exhibit B-4, BCUC IR1 20.2.

its own planning needs while continuing to coordinate on shared assumptions and gas-electric interactions where doing so is useful. [102]

FEI Monitors, Assesses and Addresses the Need for Other System Improvements

89. FEI completed assessments of the capacity of its smaller transmission laterals to continue serving downstream distribution systems during peak day operations. Except for the Williams Lake Lateral, FEI did not identify the need to expand these laterals over the planning horizon. FEI has initiated a sustainment capital project to evaluate options to expand the capacity of the Williams Lake Lateral with a currently targeted in-service date in 2028.[103]

90. Consistent with past practice, FEI uses specific customer attachment requests in conjunction with its peak demand forecast to scope and trigger distribution system improvements. The planning horizon for distribution system projects is one to five years and, as a result, the policy and other macro-factors assessed in long-term resource planning have little impact on the need for these improvements.[104] Similarly, FEI monitors, assesses and addresses the need for upgrades triggered by class location changes throughout its system. It is not possible to assess the potential need for such upgrades over the planning horizon, but FEI does take proactive measures to look for potential developments that could trigger a class location upgrade through municipal zoning processes.[105] Similarly, FEI maintains close relationships with third-party organizations, in particular the Ministry of Transportation and Transit, and works to identify any potential infrastructure projects that have the potential to impact FEI's infrastructure and appropriate mitigation plans.[106]

91. While FEI has not identified any specific resiliency-driven projects, FEI continues to monitor and evaluate system vulnerabilities and will update its Resiliency Plan as needed.[107]

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[102] Exhibit B-4, BCUC IR1 20.2.

[103] Exhibit B-4, BCUC IR1 18.1, 18.2 and 18.3.

[104] Exhibit B-1, Application, p. 7-27.

[105] Exhibit B-4, BCUC IR1 19.1.

[106] Exhibit B-4, BCUC IR1 19.3.

[107] Exhibit B-1, Application, p. 7-28.

(c) FEI Assesses the Ability of DSM and other NPS to Reduce or Replace Infrastructure Investments

92. FEI always considers whether DSM and other NPS can reduce, defer or replace traditional pipeline and compression investments. When a potential capacity constraint is identified, FEI evaluates traditional infrastructure options alongside storage, operational measures, DSM, demand response, interruptible service and other NPS, considering Indigenous and public impacts, cost, implementation challenges, operational flexibility, timing, reliability and overall system sustainment.[108]

93. FEI is not proposing to develop a formal BC-specific NPS framework at this time. First, FEI is undertaking the available NPS within its service area. FEI offers a well-established suite of DSM programs to customers, is running demand response pilot programs to gauge customer acceptance of such programs, has offered interruptible rates for commercial and industrial customers since the 1990s, and routinely assesses supply-side NPS.[109]

94. Second, there are no opportunities to expand NPS opportunities at this time:

- While FEI is currently implementing the Peak Plan Pilot Program (a residential gas demand response pilot in the Kelowna area),[110] determining the efficacy of demand response initiatives is dependent on the completion, or near completion, of the AMI Project. AMI meters are required to determine the potential magnitude of demand savings that a pilot program could achieve.[111]

- Based on the survey results discussed above, the creation of interruptible rates for commercial customers is not a feasible way to avoid the need to expand gas infrastructure.

- FEI's work on the Kelowna Dual-Fuel study to further understand the impacts of fuel switching at a more granular level for the customers of both the gas and electric utilities is ongoing.

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[108] Exhibit B-1, Application, p. 7-1.

[109] Exhibit B-1, Application, Section 7.5.2 and Appendix D-1, OCMP Peak Demand Mitigation Report.

[110] Exhibit B-1, Application, p. 2-19.

[111] Exhibit B-1, Application, p. 7-33.

95. Third, NPS frameworks across North America are few in number, in early stages, and have limited applicability to FEI. FEI's review of the modest experience to date with NPS frameworks has not indicated a need for a formal BC-specific NPS framework at this time.[112]

96. However, FEI emphasizes that DSM and NPS remain integral to FEI's system planning, including for the ITS. FEI is pursuing cost-effective DSM including dual-fuel heating systems, gas demand response, AMI-enabled planning improvements, interruptible service analysis and other NPS as tools that may reduce annual demand, reduce emissions and moderate peak demand. At the same time, FEI must plan on the basis of resources that can be relied upon to meet firm peak demand. The 2026 LTGRP therefore takes the correct planning approach. FEI will continue to pursue and refine DSM and NPS, incorporate observed impacts into its annual capacity planning, and adjust facility timing where peak demand reductions are actually demonstrated, while continuing to develop prudent capacity options to ensure reliable service.

E. 2026 LTGRP ADHERES TO THE BCUC RESOURCE PLANNING GUIDELINES AND RESPONDS TO BCUC DIRECTIVES

97. Consistent with section 44.1(2)(g) of the UCA, FEI has adhered to the Guidelines where relevant and appropriate and responded to the BCUC's past directives for the 2026 LTGRP.

98. FEI has complied with the Guidelines by addressing each relevant guideline in the 2026 LTGRP in a manner that is appropriate to FEI's circumstances as a gas utility, as set out in Table 3 in Appendix A.[113] For example:

- Section 3, Section 4 and Section 5 highlight how policy direction, technology availability, and system conditions identified in the planning environment are embedded into demand forecasts, reflected in DSM savings assumptions and translated into feasible resource options.
- Section 1, Section 2 and Section 8 describe how FEI has aligned its long-term planning assumptions, demand outlooks, and resource considerations with FBC through coordinated forecasting, shared scenario development, and ongoing technical collaboration, and how participation in the resource assessment

[112] Exhibit B-1, Application, p. 7-33.

[113] Exhibit B-1, Application, Appendix A, Table 3.

activities and advisory committees with BC Hydro and other utilities in the PNW help inform the LTGRP.

- Section 3 and Section 6 discuss how FEI considers the potential for lower or declining demand outcomes and manages this uncertainty through flexible supply contracting, portfolio optimization, and ongoing reassessment of resource needs, including contracts reaching expiration or facilities reaching end-of-life.

99. FEI has meaningfully and transparently applied the Guidelines and has provided the information needed for the BCUC and parties to understand and assess the 2026 LTGRP.

100. FEI has also responded to the BCUC's directions and guidance from Decision and Order G-78-24.[114] In summary:

- In Section 3, FEI continued to use multiple demand scenarios, included an expanded demand forecast and deep electrification case, incorporated the impacts of dual-fuel systems, codes and standards, and fuel-switching policies into its demand modelling, considered price impacts to customers, continued to evaluate LNG demand for marine, bunkering and ISO shipment markets, and retained the Traditional Annual Method as a useful comparator within its end-use forecasting framework.

- In Section 4 and Appendix C, FEI filed an updated Conservation Potential Review based on eligible measures under the amended DSM Regulation, reflected continued collaboration with technical experts and advisory groups, and continued to provide multiple DSM settings to inform long-term forecasts.

- In Sections 5 and 6, FEI provided more information regarding anticipated sources of renewable and lower-carbon gas, considered different lower-carbon gas portfolio pathways, addressed certified or abated gas in light of subsequent BCUC determinations, and explained how hydrogen and other lower-carbon gas infrastructure planning will be guided by evolving policy, market and technology signposts.

- In Section 7 and Appendix D-1, FEI provided an update on its work regarding a BC-specific NPS framework, developed more detailed regional demand and post-DSM analysis, updated the ITS capacity outlook, and enhanced its peak demand forecasting methodology through the System Peak Forecast Method.

[114] Exhibit B-1, Application, Appendix A, Table 4.

101. FEI submits that it has complied with the Resource Planning Guidelines and addressed the directions from the BCUC for the 2026 LTGRP.

PART THREE: SECTION 44.1(8) CONSIDERATIONS SUPPORT ACCEPTANCE OF THE 2026 LTGRP

102. FEI submits that the factors in section 44.1(8)(a) to (d) of the UCA support acceptance of the 2026 LTGRP. FEI submits that the 2026 LTGRP:

- is aligned with and supports BC's energy objectives;
- demonstrates that FEI intends to pursue adequate, cost-effective demand-side measures; and
- is in the interests of FEI's existing and future customers.

103. Each of these considerations is addressed in the subsections below.

A. THE 2026 LTGRP IS ALIGNED WITH BC'S ENERGY OBJECTIVES

104. FEI's 2026 LTGRP has been prepared in alignment with British Columbia's energy objectives in section 2 of the *Clean Energy Act*.[115] The following highlights some of the key ways.

105. The 2026 LTGRP aligns with BC's energy objective to take demand-side measures and to conserve energy through FEI's DSM plan in Section 4.

106. The 2026 LTGRP aligns with BC's energy objective to foster the development of innovative technologies that support energy conservation and efficiency and the use of clean or renewable resources through continued support for FEI's Clean Growth Innovation Fund (CGIF), plans for innovative advanced DSM measures, the advancement of renewable and lower-carbon gas supply, advance technologies that facilitate improved coordination between gas and electric system planning processes, and emerging technologies such as CCUS.[116]

107. The 2026 LTGRP supports BC's energy objective to reduce GHG emissions as demonstrated by the estimated GHG emissions reductions associated with the Diversified

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[115] Exhibit B-1, Application, Appendix A, Table 2.

[116] Exhibit B-1, Application, pp. 2-17 to 2-19 and Appendix A, Table 2.

Approach and alternative scenarios for Residential, Commercial, and Industrial sectors, as well as the Transportation, Marine and ISO Shipment sectors. FEI's Diversified Approach scenario shows steady reductions each year and ultimately exceeds the 2050 GHG reduction goal.[117]

108. The 2026 LTGRP aligns with BC's energy objective to encourage fuel-switching that reduces GHG emissions, as it evaluates fuel switching driven by building codes, policies and standards, on-road transportation fuel switching, dual-fuel analysis that supports changes in energy use, and pathways for switching to renewable and lower-carbon gas such as RNG and hydrogen.[118]

109. The 2026 LTGRP aligns with BC's energy objective to encourage communities to reduce greenhouse gas emissions and use energy efficiently by committing to ongoing, cost-effective DSM programs, quantifying long-term energy savings from DSM across scenarios, and encouraging efficient energy use by outlining DSM measures such as dual-fuel systems, building envelope improvements, and advanced technologies that reduce energy consumption and emissions.[119]

110. The 2026 LTGRP aligns with BC's energy objective to reduce waste by encouraging the use of biogas and biomass through FEI's plans to incorporate RNG derived from biogas and biomass, as well as lower-carbon alternatives derived from woody biomass.[120]

111. The 2026 LTGRP aligns with BC's energy objective to encourage economic development and the creation and retention of jobs by recognizing the role of a reliable gas system in enabling industrial activity, regional growth, and employment across BC, outlining the development of renewable and lower-carbon gas supply pathways, incorporating Indigenous community input on energy infrastructure, conservation programs, and opportunities for participation, capacity

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117 Exhibit B-1, Application, p. 9-9.

118 Exhibit B-1, Application, Appendix A, Table 2.

119 Exhibit B-1, Application, Appendix A, Table 2.

120 Exhibit B-1, Application, p. 5-7 and Appendix A, Table 2.

building, and local economic benefits, and recognizing affordability as a key factor for households and businesses.[121]

112. The 2026 LTGRP aligns with BC's energy objective to foster the development of First Nation and rural communities through the use and development of clean or renewable resources via FEI's engagement approach with Indigenous and interested parties in rural areas to learn more about locally-driven development opportunities and community participation in the energy transition across BC.[122]

B. FEI INTENDS TO PURSUE ADEQUATE, COST-EFFECTIVE DEMAND-SIDE MEASURES

113. The 2026 LTGRP reflects FEI's intention to continue pursuing adequate, cost-effective DSM over the planning horizon, building on its current 2024–2027 DSM Plan accepted by the BCUC as being in the public interest.[123] FEI's Action Plan includes pursuing adequate and cost-effective DSM by continuing to submit adequate and cost-effective DSM expenditure plans with the BCUC for acceptance.[124]

114. FEI designs its DSM portfolio to meet the adequacy requirements of section 3 of the DSM Regulation, including a Low Income Program Area, Rental Apartment Efficiency Program, Conservation, Education and Outreach Program Area, Enabling Activities Program Area, New Home and Commercial New Construction Programs and an Indigenous Program Area.[125] FEI also designs its DSM portfolio to be cost-effective per section 4 of the DSM Regulation.[126] The Utility Cost Test is the primary cost-effectiveness test prescribed by the current DSM Regulation, which FEI's DSM activities meet on a portfolio basis.[127]

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121 Exhibit B-1, Application, Appendix A, Table 2.

122 Exhibit B-1, Application, Appendix A, Table 2

123 Decision and Order G-31-24.

124 Exhibit B-1, Application, p. 10-4.

125 Exhibit B-4, BCUC IR1 5.1, updated version of Table 6 of Appendix A.

126 Exhibit B-1, Application, Section 4.2.

127 Exhibit B-1, Application, pp. 4-8 to 4-9.

115. FEI has described the DSM measures in its DSM portfolio in Section 4.3 of the LTGRP and has included the implementation of the DSM portfolio in all of the long-term scenarios, with the only difference being the level of incentive assumed (i.e., the Low or Medium DSM Settings).[128] While FEI's DSM portfolio described in the LTGRP is necessarily at a high-level for long-term planning purposes, FEI's DSM Plans will continue to be pursued at the level of granularity that FEI has filed with the BCUC in its DSM expenditure schedule applications and will continue to meet the adequacy and cost-effectiveness criteria in the DSM Regulation.[129]

C. 2026 LTGRP IS IN THE INTERESTS OF PERSONS WHO RECEIVE OR MAY RECEIVE SERVICE FROM FEI

116. The interest of customers is at the heart of FEI's long-term planning process and infuses all elements of the Plan. Ensuring safe, affordable, reliable, resilient and sustainable energy service for customers is FEI's primary objective.[130] FEI highlights the following key factors that indicate that the 2026 LTGRP is in the interest of FEI's current and future customers:

- The 2026 LTGRP is informed by interested parties' engagement, including with current and potential customers.
- The 2026 LTGRP sets out a plan that reasonably balances affordability, reliability, and sustainability for the benefit of customers.
- The 2026 LTGRP is sufficiently flexible to adapt to the uncertainty of the energy transition.

(a) The 2026 LTGRP is Informed by Engagement with Customers

117. The 2026 LTGRP is supported by FEI's comprehensive and in-depth engagement with customers, Indigenous communities and organizations, local governments, industry, environmental and consumer organizations, technical stakeholders, and other interested parties. As described in Section 8 and Appendix E of the Plan, FEI used a structured engagement framework to obtain input from a broad and diverse range of participants, including current

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[128] Exhibit B-1, Application, pp. 4-4 to 4-5 and Appendix C.

[129] Exhibit B-1, Application, Section 4.2. As stated in section 3(2) of the DSM Regulation, the BCUC, when considering whether a plan portfolio is adequate, may consider a demand-side measure that is not included in the plan portfolio to be a part of the plan portfolio.

[130] Exhibit B-1, Application, p. 1-1.

customers, potential customers, communities within and outside FEI's service area, Indigenous communities and organizations, municipalities, regional interests, and technical stakeholders. This engagement included dedicated regional sessions across British Columbia, helping ensure that local perspectives and priorities were reflected in the development of the Plan. The result is a Plan that is meaningfully informed by the interests, concerns, and priorities of the persons who receive or may receive service from FEI.[131]

118. FEI's engagement was both broad in participation and substantive in content. FEI established three primary engagement streams: the Resource Planning Advisory Group (RPAG), Indigenous Communities and Indigenous-led Organizations, and Interested Parties. The RPAG provided a dedicated technical forum for ongoing input and technical feedback on the 2026 LTGRP. The RPAG included 16 organizations, including representatives from the provincial government, customer interest associations, environmental organizations, industry associations and other utilities, with BCUC staff participating as observers.[132] FEI also engaged Indigenous communities and organizations through seven regional sessions, supported by culturally informed facilitation, advance materials, travel assistance, and follow-up materials.[133] In addition, FEI held Interested Party sessions that provided municipalities, local and regional representatives, NGOs, academic institutions, industry representatives and other stakeholders with the opportunity to provide local and regional perspectives on long-term energy planning.[134]

119. The feedback received through these engagement streams addressed matters that are central to the interests of customers. Participants emphasized affordability, reliability, resilience during extreme weather and peak-demand events, the need for practical and accessible customer programs, the importance of coordinated gas-electric planning, interest in renewable and lower-carbon gas, support for energy efficiency and dual-fuel solutions, and concern about the pace, cost and practicality of different energy transition pathways. Indigenous engagement also identified important themes regarding reciprocal engagement, Indigenous knowledge,

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131 Exhibit B-1, Application, Section 8.

132 Exhibit B-1, Application, Section 8.3.

133 Exhibit B-1, Application, Section 8.4.

134 Exhibit B-1, Application, Section 8.5.

affordability and access, energy autonomy, housing, land use, ownership and procurement opportunities, training and capacity building, and the need for programs that are easier for communities to access. Interested Party sessions similarly raised regional energy priorities, infrastructure costs, policy uncertainty, transportation and marine emissions opportunities, workforce readiness, and the importance of maintaining reliable service while pursuing emissions reductions.[135]

120. FEI incorporated this engagement into the 2026 LTGRP in concrete ways. For the RPAG, FEI responded by: expanding and refining its scenario framework and demand sensitivities, including by using tools that allowed participants to test customer account assumptions and visualize demand impacts; providing additional analysis of DSM, dual-fuel systems, renewable and lower-carbon gas, hydrogen, LNG, transportation, peak demand, rate impacts and GHG impacts; and carrying forward continued RPAG engagement as an Action Plan item to support future resource planning. For Indigenous-led Organizations, FEI responded by: using culturally informed facilitation and follow-up materials to support more accessible engagement; incorporating themes raised regarding affordability, access to DSM programs, energy autonomy, housing, land use, ownership and procurement opportunities, training and capacity building; and committing to continued engagement to better understand locally driven opportunities and community participation in the energy transition. For Interested Parties, FEI responded by: considering regional perspectives on reliability, resilience, infrastructure costs and rate impacts; incorporating feedback regarding LNG demand, transportation and marine emissions opportunities, renewable and lower-carbon gas scalability, and policy uncertainty; and continuing to reflect local government, industry, environmental, academic and community input in its Action Plan, including through ongoing engagement and gas-electric coordination.[136]

121. FEI's engagement with customers has informed the Plan in other ways:

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[135] Exhibit B-1, Application, Section 8.

[136] Exhibit B-1, Application, Section 8.

- Feedback from Northern communities informed FEI's consideration of LNG and ISO container demand in the Plan and the infrastructure cost and scalability of renewable and lower-carbon gas.[137]

- Customer research, feedback on pilot programs and actual program results regarding dual-fuel heating systems informed FEI's assessment of the benefits of these systems, including bill impacts, GHG reductions, and electric peak demand implications.[138]

- FEI's survey of commercial customers regarding interruptible service provided practical evidence about the limits of relying on interruptible rates as a non-pipe solution.[139]

122. Overall, FEI's engagement tested key assumptions, identified customer and community priorities, and informed the Plan's treatment of affordability, reliability, sustainability, resilience, customer choice, lower-carbon resources, DSM, including dual-fuel solutions, and system planning. Through this comprehensive and in-depth engagement, the 2026 LTGRP is grounded in the interests of current and future customers.

(b) The Plan Advances a Vision that Balances Affordability, Reliability and Sustainability in the Interest of Customers

123. The 2026 LTGRP sets out a balanced and practical plan for maintaining reliable service, managing customer affordability, and advancing sustainability in a period of significant uncertainty. FEI's customers depend on the gas system for space and water heating, commercial and industrial operations, transportation, marine vessel fueling, and essential services, including during cold weather and peak demand events. The LTGRP therefore appropriately begins from the premise that FEI must continue to provide safe and reliable service. Accordingly, FEI forecasts annual and peak demand, secures adequate gas supply, maintains system resiliency, and identifies infrastructure requirements before reliability concerns emerge.[140] At the same time, the LTGRP demonstrates that reliability can be preserved while supporting affordability and

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137 Exhibit B-7, FNCOC-NRRM IR1 5.

138 Exhibit B-1, Application, Sections 4.6 and 4.7.

139 Exhibit B-1, Application, pp. 7-28 to 7-29.

140 Exhibit B-1, Application, Section 9.2.

sustainability through cost-effective DSM, the integration of renewable and lower-carbon gas, coordinated gas and electric planning, and other resource planning initiatives.[141]

124. The affordability benefits of the Diversified Approach are substantial. FEI recognizes that customers bear the consequences of long-term resource choices through delivery rates and commodity costs. The 2026 LTGRP therefore seeks to avoid premature or unnecessary commitments to any single pathway, particularly where policy, technology, market conditions, customer adoption, and the cost and availability of lower-carbon resources remain uncertain. Through continued utilization of existing gas infrastructure, cost-effective DSM, staged procurement of renewable and lower-carbon gas resources, management of gas supply and price risk, and coordination with electric utilities, the Plan helps protect customers from avoidable cost increases while preserving future optionality.[142] Higher levels of renewable and lower-carbon gas adoption could result in materially higher customer costs, and the Diversified Approach seeks to balance emissions reductions with affordability considerations.[143]

125. Affordability considerations are particularly important for residential, commercial and industrial customers that may face significant costs if required to make abrupt changes to their energy systems. The 2026 LTGRP recognizes that gas service continues to provide a practical, reliable and affordable energy solution for many customers and communities, particularly during periods of peak demand and extreme weather.[144] FEI's engagement process also highlighted concerns regarding affordability, energy resilience, infrastructure costs, and the practical limitations of electrification in certain communities. FEI specifically notes that feedback received through engagement with northern and remote communities informed its consideration of infrastructure costs and the scalability of renewable and lower-carbon gas options within Sections 5 and 9.4 of the LTGRP.[145]

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141 Exhibit B-1, Application, Section 9.5.

142 Exhibit B-1, Application, Table 9-12, p. 9-27.

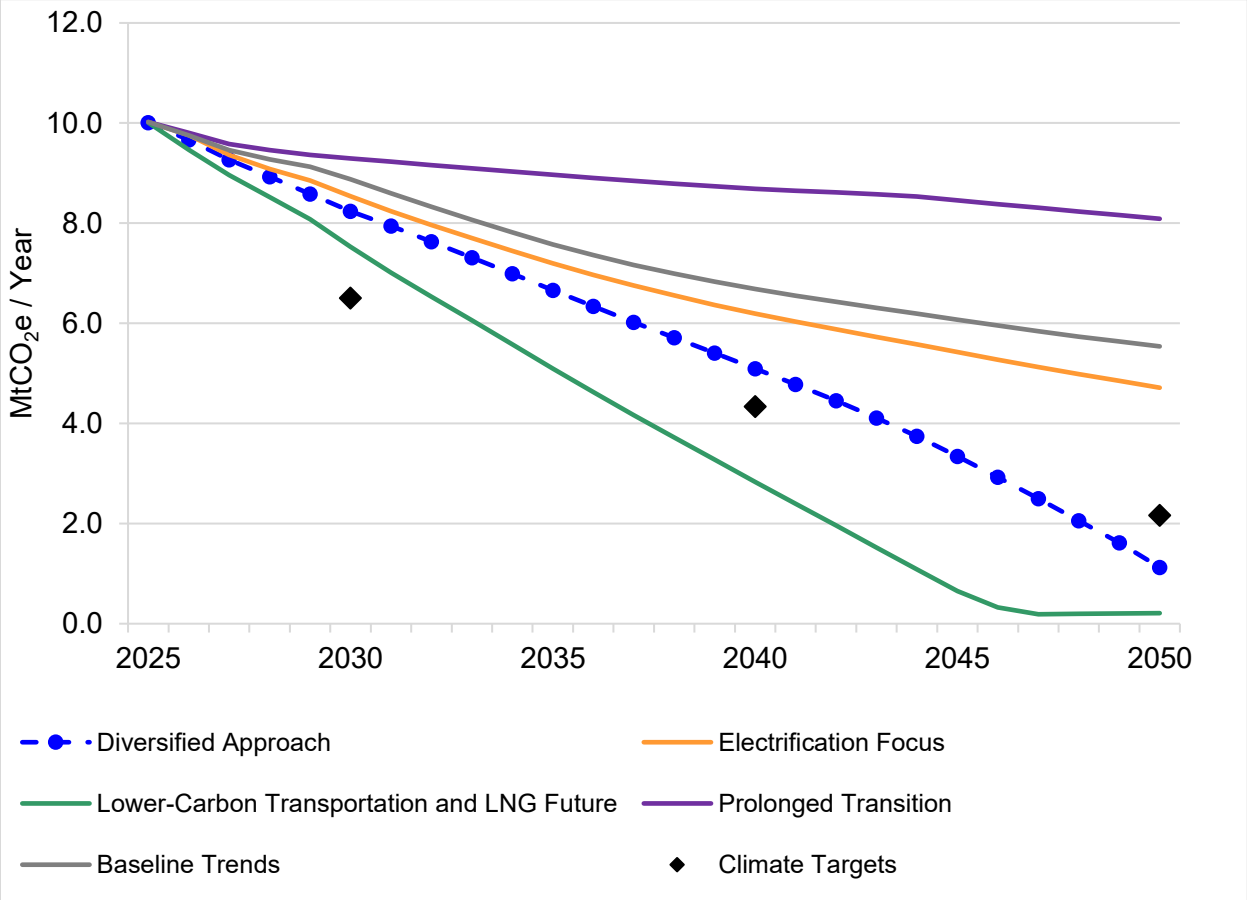
143 Exhibit B-4, BCUC IR1 11.7 to 11.9.

144 Exhibit B-1, Application, pp. 2-14 to 2-16, 4-24.

145 Exhibit B-7, FNCOC-NRRM IR1 5.

126. The LTGRP also advances a vision for increasingly sustainable energy service to customers. As illustrated in Figure 9-4 below, the Plan includes increasing long-term reductions in GHG emissions from customer end uses, through the implementation of DSM, increasing use of renewable and lower-carbon gas resources, and fuel switching. FEI has also identified additional opportunities to contribute to emissions reductions through CCUS. CCUS provides additional emissions reduction opportunities primarily in certain industrial applications.[146]

Figure 9-4: GHG Emissions (End Use) – Residential, Commercial and Industrial Sectors



127. While, as illustrated in Figure 9-4, the GHG emission reductions in the Residential, Commercial and Industrial sectors under the Diversified Approach do not fully align with British Columbia's 2030 greenhouse gas reduction target in 2030, the GHG emissions steadily decline each year and, ultimately, surpass the 2050 target. This trajectory appropriately reflects the

[146] Exhibit B-1, Application, Table 9-5, p. 9-14.

current circumstances in which BC is not on track to meet its 2030 goals.[147] FEI's responsibility is to develop a realistic and flexible plan that will continue to provide reliable service while supporting emissions reductions where practical and cost-effective.[148] FEI's dual-fuel work is an example of this balanced approach that can reduce emissions and annual gas consumption while avoiding material additions to electric peak demand and preserving reliable heating service during cold weather. Rather than pursuing sustainability objectives in a manner that shifts reliability challenges to the electric system, FEI's approach seeks to use both gas and electric resources more efficiently and cost-effectively.

128. Furthermore, FEI is supporting significant GHG emissions reductions in the transportation and marine sectors. The use of lower-carbon gas in these sectors offers an additional avenue for reducing emissions beyond the residential, commercial, and industrial sectors, particularly in applications where electrification may be more challenging. In these cases, lower-carbon gas can help reduce emissions relative to higher-emitting fuels such as diesel and bunker oil. This is the case in the marine sector, as reflected by the recent government authorization of the jetty at Tilbury.

(c) 2026 LTGRP Sets Out an Action Plan that Gives FEI the Flexibility to Protect and Promote Customer Interests in Any Alternative Future

129. FEI's Action Plan translates its scenario-based planning into practical near-term work that promotes customer interests regardless of which future scenario emerges. The Action Plan demonstrates how the 2026 LTGRP is in the public interest, as it is flexible in the face of uncertainty, promotes affordability, reliability and sustainability, incorporates continued engagement with diverse groups and provides a sufficiently agile framework for FEI to adapt to any scenario that may unfold over the planning horizon.

130. First, the flexibility of the Action Plan is in the interest of customers because it appropriately recognizes that uncertainty is one of the defining characteristics of the current planning environment. Future demand outcomes depend on a range of uncertain factors,

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147 Exhibit B-5, BCSEA-MS2S IR1 2.1.

148 Exhibit B-5, BCSEA-MS2S IR1 2.3.

including electrification policies, customer adoption of new technologies, economic growth, industrial development, LNG demand from the transportation, marine and ISO shipments sectors, and the pace at which renewable and lower-carbon gas resources become available.[149] Therefore, the Action Plan identifies the near-term actions that are prudent under a broad range of possible outcomes. The Action Plan appropriately manages uncertainty by focusing on actions that improve information, preserve optionality, support cost-effective emissions reductions, and maintain reliable service before specific future investments are advanced for approval. This approach preserves FEI's ability to adjust individual resource decisions as policy, technology, markets, customer preferences, and demand conditions evolve.

131. Second, the Action Plan is in the interests of customers because it advances affordable energy service for customers. Action Item 1 contemplates greater coordination between gas and electric utilities to improve long-term planning, which is a means of mitigating infrastructure costs and supporting long-term affordability for customers. Action Item 2 is to pursue opportunities in the marine and ISO shipments sectors to support load growth, recognizing that growth in LNG demand can increase system utilization and margins, helping to keep rates lower than they otherwise would be.[150] Action Item 3 includes continuing to pursue adequate and cost-effective DSM, providing opportunities for customers to lower their bills. Action Item 5 supports affordability by continuing supply portfolio planning and price-risk management strategies to secure cost-effective gas supplies, mitigate market price volatility, and maintain flexibility to proactively identify opportunities for supply resources.

132. Third, the Action Plan is in the interests of customers because it preserves the reliable and resilient energy service on which customers depend. Action Item 1 advances reliability by improving collaboration between gas and electric utilities and enhancing coordination of long-term planning assumptions, helping utilities to plan infrastructure more efficiently and leverage the complementary strengths of the gas and electric systems to maintain reliability and resilience. Action Item 5 commits FEI to continuing supply portfolio planning and price-risk

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[149] Exhibit B-1, Application, pp. 3-5 to 3-18.

[150] Exhibit B-1, Application, p. 9-20.

management strategies to secure reliable gas supplies, manage supply risks, and maintain the flexibility needed to respond to a range of future demand outcomes. This includes advancing the North Mist Expansion and TLSE projects to increase storage capability, improve supply resiliency, and enhance FEI's ability to continue serving customers during periods of peak demand and potential supply disruptions. It also includes continued evaluation of pipeline infrastructure to support long-term growth and resiliency. Action Item 6 commits FEI to continuing to evaluate peak demand forecasts and advance system resource expansion and upgrade needs across its service territory. This action item directly responds to the LTGRP's assessment of future transmission and distribution system requirements and ensures that FEI continues to plan for and address capacity constraints through appropriate investments in pipelines, compression, storage, and other system resources needed to maintain safe, reliable, and resilient service over the long term.

133. Fourth, the Action Plan is in the interests of customers because it promotes increasingly sustainable energy service to customers. Action Item 1 supports sustainability through enhanced coordination between gas and electric utilities, helping to ensure that long-term planning considers the complementary roles of both energy systems in supporting provincial emissions-reduction objectives and a diversified energy future. Action Item 2 advances sustainability by pursuing initiatives in the marine and ISO shipments sectors that reduce GHG emissions by displacing higher-emitting fuels, e.g., 1.5 megatonnes in the Diversified Approach scenario.[151] FEI will also monitor the role of renewable LNG in these segments, which can further reduce emissions. Action Item 3 to pursue adequate and cost-effective DSM reduces energy consumption and emissions. The LTGRP forecasts that, under the Diversified Approach with the Medium DSM setting, DSM could reduce residential, commercial and industrial demand by approximately 31 PJ by 2050, or about 18 percent of annual demand in those sectors.[152] Action Item 4 to advance renewable and lower-carbon gas pathways is key to sustainability, as renewable and lower-carbon gas supply is forecast to be the largest source of emissions

[151] Exhibit B-1, Application, p. 9-12.

[152] Exhibit B-1, Application, p. 4-1.

reductions in the residential, commercial and industrial sectors over the planning horizon.[153] Action Items 2 and 4 also include pursuing the use of renewable and lower-carbon gas to reduce emissions in the transportation, marine and other hard-to-abate sectors through the use of renewable LNG, renewable CNG, and hydrogen. This would result in increased emissions reductions in these sectors over and above the reductions from switching to natural gas.

134. Finally, the Action Plan's inclusion of continued engagement with the RPAG, Indigenous Communities and Indigenous-led Organizations, and Interested Parties is in the interest of customers. Continued engagement will allow FEI to gather feedback and insights, identify regional needs, understand customer priorities, and refine future plans as circumstances evolve. Ongoing engagement therefore improves FEI's ability to identify when a future is unfolding differently than expected and to adapt future resource planning accordingly.

135. Overall, the Action Plan creates a disciplined planning framework without foreclosing future choices. It allows FEI to continue pursuing actions that are beneficial across multiple futures: coordinate gas and electric planning; pursue opportunities in the marine and ISO shipments sectors; reduce demand and emissions through DSM; develop renewable and lower-carbon gas pathways; preserve reliable and cost-effective gas supply; monitor and address regional system needs; and maintain meaningful engagement. At the same time, it preserves the BCUC's future oversight of specific expenditures, DSM portfolios, supply arrangements, CPCN applications, and other approvals. Acceptance of the 2026 LTGRP would therefore not lock customers into a single pathway. It would recognize that FEI has developed a reasonable, evidence-based, and adaptive plan for protecting customer interests while the energy transition unfolds.

PART FOUR: THE 2026 LTGRP IS IN THE PUBLIC INTEREST

136. Under subsection 44.1(6) of the UCA, the BCUC must accept a long-term resource plan if the BCUC determines that carrying it out would be in the public interest. In both the 2017 LTGRP Decision and the 2022 LTGRP Decision, the BCUC has applied this statutory test holistically,

[153] Exhibit B-1, Application, Figure 9-5, p. 9-11.

considering harmoniously the filing requirements in section 44.1(2), the considerations in section 44.1(8), and the overall public interest. In accepting the 2022 LTGRP, the BCUC found that the plan was an aspirational pathway forward that provided a reasonable likelihood that FEI would meet its prescribed GHG emission reduction requirements and served the public interest. Even though the Panel recognized uncertainty as to whether FEI would meet the provincial 2030 GHG emission reduction targets, the Panel concluded that rejecting the entirety of the 2022 LTGRP would likely preclude FEI from ever reaching its objective, which would not serve the public interest. That reasoning applies with even greater force to the 2026 LTGRP.

137. The 2026 LTGRP is a reasonable next step in FEI's long-term planning, strengthened by additional analysis, evidence and action items. The 2026 LTGRP provides the information to address each of the filing requirements in section 44.1(2) of the UCA and, as discussed in Part Two of this Final Submission, does so in a comprehensive, robust and transparent manner. It also responds to the matters the BCUC expected FEI to address in its next plan following the 2022 LTGRP Decision, including through more sophisticated demand modelling, an enhanced regional peak demand forecast, increased understanding of the benefits of dual-fuel systems, and a more advanced understanding of renewable and lower-carbon gas potential.

138. Acceptance of the 2026 LTGRP is supported by each of the relevant section 44.1(8) considerations. The Plan aligns with BC's energy objectives by conserving energy, fostering innovation, supporting lower-carbon resources, encouraging efficient energy use, and advancing GHG emissions reductions. It demonstrates FEI's intention to pursue adequate and cost-effective DSM through a robust DSM portfolio, informed by the 2024 CPR and integrated into each long-term scenario. It also advances the interests of present and future customers by reflecting input received from participants in the engagement process, balancing the objectives of affordability, reliability and sustainability, and setting out a robust action plan that positions FEI to respond to whichever future unfolds.

139. The public interest is served by the 2026 LTGRP as it sets out a strategic direction and insight for future applications where the UCA specifically requires consideration of the Plan. Specifically, the 2026 LTGRP sets out a vision of a Diversified Approach that supports the

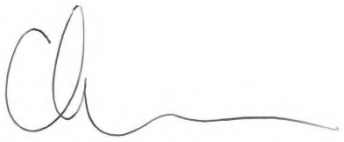
Province's GHG reduction targets while maintaining a balanced and practical path for customers. The Diversified Approach includes a combination of substantial DSM savings, including from integrated dual-fuel heating systems, increasing integration of renewable and lower-carbon gas, pursuit of opportunities in the transportation, marine and ISO sectors, and continued cost-effective use of existing gas infrastructure. The Plan considers affordability for customers, the provision of reliable and resilient service, and the material reduction of GHG emissions over the planning horizon in a manner that recognizes the practical realities of the energy transition. As with the 2022 LTGRP, even though every element of the Plan is uncertain to unfold exactly as modelled, carrying out the Plan provides a reasonable, evidence-based pathway for FEI to support provincial emissions objectives while continuing to serve customers safely, reliably and affordably.

140. Viewed holistically, FEI submits that the 2026 LTGRP is in the public interest. The Plan fulfills the purpose of long-term resource planning as it demonstrates that FEI has proactively planned to ensure the cost-effective development of facilities and infrastructure to meet the long-term needs of customers. It provides a reasonable and actionable pathway for reducing GHG emissions to support provincial objectives, including the Province's 2050 GHG reduction targets under the Diversified Approach, while preserving the flexibility required to adapt as circumstances evolve. Accepting the 2026 LTGRP avoids the harm that would result from rejecting a long-term planning pathway and thereby impeding FEI's ability to pursue emissions reductions, customer programs, lower-carbon resources, gas-electric coordination, supply planning, and system reliability work. At the same time, acceptance of the 2026 LTGRP would not predetermine approval of any specific project, expenditure, supply contract, or DSM portfolio. Those matters will be brought forward to the BCUC for review under the appropriate statutory provisions supported by project-specific evidence.

141. For these reasons, FEI submits that the 2026 LTGRP is in the public interest and that the Plan should be accepted pursuant to section 44.1(6) of the UCA.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

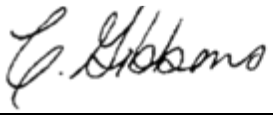
Dated: August 17, 2026



Christopher Bystrom

Counsel for FortisBC Energy Inc.

Dated: August 17, 2026



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