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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 - Reply Argument

In accordance with the regulatory timetable in the above proceeding, we enclose for filing the Reply Argument of FEI, dated September 15, 2026.

Yours truly,

FASKEN MARTINEAU DuMOULIN LLP

Chris Bystrom*
*Law Corporation

Encl.

BRITISH COLUMBIA UTILITIES COMMISSION

FORTISBC ENERGY INC.

2026 LONG-TERM GAS RESOURCE PLAN

REPLY ARGUMENT OF

OF

FORTISBC ENERGY INC.

SEPTEMBER 15, 2026

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PART ONE: INTRODUCTION

1. In this Reply Submission, FortisBC Energy Inc. (FEI) replies to the six intervener arguments and 14 letters of comment filed in this proceeding. While taking a range of positions on various matters, six interveners support acceptance of FEI's 2026 Long-Term Gas Resource Plan (2026 LTGRP or Plan), including:

- Council of Senior Citizens Organizations of BC, Active Support Against Poverty, Disability Alliance BC, Tenants Resource and Advisory Centre, and Together Against Poverty Society (COSCO);[1]
- Commercial Energy Consumers Association of BC (CEC); [2]
- Residential Consumer Intervener Association (RCIA);[3]
- The Movement of United Professionals (MoveUP);[4]
- BC Sustainable Energy Association (BCSEA);[5] and
- The City of Richmond, the Lulu Island Energy Company and the District of Saanich, who refer to themselves as the Local Government Interveners (LGI).[6]

2. The First Nations Energy and Mining Council (FNEMC) takes no position on the acceptance or rejection of the Plan.[7] Only My Sea to Sky (MS2S)[8] and High Bar First Nation (HBFN)[9] request that the British Columbia Utilities Commission (BCUC or the Commission) reject the Plan.

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1 CEC-COSCO-RCIA Final Argument, p. 2.
2 CEC-COSCO-RCIA Final Argument, p. 2.
3 CEC-COSCO-RCIA Final Argument, p. 2.
4 MoveUP Final Argument.
5 BCSEA-MS2S Final Argument, p. 3.
6 LGI Final Argument, p. 30.
7 FNEMC-HBFN Final Argument.
8 BCSEA-MS2S Final Argument, p. 3.
9 FNEMC-HBFN Final Argument, p. 3.

3. FEI submits that the 2026 LTGRP should be accepted. The Plan presents a comprehensive, transparent and appropriately flexible framework for long-term gas resource planning in a period of uncertainty. FEI has complied with section 44.1 of the *Utilities Commission Act* (UCA) and set out a vision for its future that seeks to balance affordability, reliability and sustainability and is in the interest of customers.

4. FEI responds below to intervener submissions and letters of comments, generally following the outline of its Final Submission. FEI has sought to respond to the main theme of the submissions. FEI's silence on any particular submission should not be taken as agreement. Where interveners have restated or summarized FEI's argument or evidence, FEI has generally not sought to identify and correct inaccuracies, but has instead focused on the positions taken by interveners on the 2026 LTGRP.

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

5. In this Part, FEI responds to intervener submissions and letters of comments related to the section 44.1(2) filing requirements.

A. FEI has Used a Robust End-Use Annual Method to Estimate a Broad Range of Annual Energy Demand Futures

6. Some interveners have commented on FEI's scenario analysis, including making recommendations for integrated resource planning. FEI submits that the evidence establishes that:

- FEI has explored a wide range of plausible future scenarios sufficient for the purposes of long-term resource planning;
- FEI's Electrification Focus scenario is reasonably modelled;
- FEI's selection of the Diversified Approach as its preferred planning scenario is reasonable and well-supported by the evidence in this proceeding;
- A phase-out of the gas system is not plausible;
- FEI's fuel-switching assumptions are transparent and reasonable;
- FEI's marine bunkering demand assumptions are reasonable and FEI's Liquefied Natural Gas (LNG) investments are authorized by Government; and
- FEI's approach to modelling transportation demand for Compressed Natural Gas (CNG) and LNG is appropriate.

(a) FEI Has Explored a Wide Range of Plausible Future Scenarios

7. BCSEA submits that FEI's scenarios cover a reasonable range of plausible outcomes within the planning horizon,[10] but suggests that the BCUC should make no comments on the relative merits of the demand scenarios.[11] FEI submits that acceptance of the 2026 LTGRP does not require the BCUC to make findings on the relative merits of the demand scenarios. The scenarios are not presented as competing forecasts to be ranked or selected by the BCUC. Rather, they provide a basis to assess how FEI's system and resource needs may evolve under a range of plausible futures. FEI's analysis is broad, transparent, and suitable for long-term planning.

(b) Electrification Focus Scenario Is Reasonably Modelled

8. BCSEA concedes that FEI's Electrification Focus scenario complied with the directive in the BCUC's 2022 LTGRP Decision to provide a deep electrification scenario; however, BCSEA nonetheless contends that FEI could have incorporated more lower-carbon gas, that maintaining the same number of customers across scenarios was not plausible, and that the scenario did not include a large enough decline in demand compared to the Baseline Trends scenario.[12] The City of Vancouver similarly advocates in its letter of comment for a scenario that combines high levels of electrification with high levels of lower-carbon gas deployment.[13] FEI submits that these comments are misguided.

9. First, FEI reasonably assumed lower levels of lower-carbon gas supply in the Electrification Focus scenario. FEI developed the Electrification Focus scenario with the specific intent of reflecting a policy environment centered on electrification, resulting in significant fuel switching from natural gas to electricity. Introducing higher levels of renewable and lower-carbon gas into this scenario would not be consistent with its underlying design or analytical purpose.[14] Furthermore, the rate impacts of combining both electrification and high volumes of lower-

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10 BCSEA-MS2S Final Argument, p. 5.

11 BCSEA-MS2S Final Argument, p. 18.

12 BCSEA-MS2S Final Argument, p. 5. The City of Vancouver makes similar comments in its Letter of Comment (Exhibit D-10).

13 Exhibit D-10, City of Vancouver Letter of Comment.

14 Exhibit B-4, BCUC IR1 23.2.

carbon gas are not tenable. FEI's sensitivity analysis shows that if RNG and hydrogen supply is increased to 90 percent by 2050, the rate impacts of the Electrification Focus scenario jump from 208 percent to 485 percent by 2050.[15] Therefore, regardless of whether lower-carbon solutions are supported by policy in the Electrification Focus future, FEI would need to limit its acquisition of lower-carbon supply to mitigate these rate impacts.

10. Second, while FEI applied the same customer account forecast across all modelled scenarios, it captured the effects of electrification on gas demand through a reduction in gas use per customer (UPC).[16] To reflect building electrification under the Electrification Focus scenario, FEI also reduced the level of future capital expenditures through to 2050 for capacity, resiliency and reliability upgrades by approximately 75 percent from the level assumed for the Diversified Approach scenario.[17] In addition, to explore the effects of future customer addition and attrition on residential customer accounts and demand, FEI separately developed an interactive crowd forecasting model (the Residential Customer Accounts Sensitivity) that enabled RPAG members to provide input on customer account forecasts and facilitated visualizations of how customer additions or attrition would affect total customer accounts and demand.[18]

11. Third, BCSEA's speculation that the Electrification Focus scenario should have a greater impact on gas demand than the Baseline Trends scenario is not supported by the evidence.[19] FEI has explained the key driver settings for each scenario; the key difference between these two scenarios for the Residential, Commercial and Industrial demand is that the Electrification Focus scenario applies the High setting for Building Codes & Equipment Standards and the High setting for Price Impact to Customer.[20] The amount fuel switching in the Electrification Focus scenario of 9,800 to 12,500 GWh is comparable to BC Hydro's total 11,900 GWh fuel switching estimate.[21]

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15 Exhibit B-4, BCUC IR1 23.2.

16 See: Exhibit B-1, Application, pp. 3-3 to 3-4 and Appendix B, p. 1; Exhibit B-9, LIEC-Saanich-Richmond IR1 2.1, 3.1.

17 Exhibit B-9, LIEC-Saanich-Richmond IR1 3.1.

18 Exhibit B-1, Application, Section 3.7.1, pp. 3-25 to 3-26.

19 BCSEA-MS2S Final Argument, para. 26.

20 Exhibit B-1, Application, p. 3-7, Sections 3.5.1 and 3.5.2.

21 Exhibit B-1, Application, p. 8-13.

As shown in Figure 3-4 of the 2026 LTGRP, the result is that the Electrification Focus scenario has a substantially lower demand over the planning horizon than the Baseline Trends. BCSEA provides no evidence as to why the difference should be any greater than shown in Figure 3-4. BCSEA may be underestimating the demand reduction from the Baseline Trends scenario. That scenario incorporates announced electrification policies that have not yet been implemented, including broader adoption of the Zero Carbon Step Code (ZCSC) and the Highest Efficiency Equipment Standards (HEES) to lower GHG emissions in the buildings sector.[22]

12. BCSEA advocates a BCUC direction that FEI provide in its next LTGRP one or more deep electrification scenarios with much more detail than that given for the Electrification Focus scenario.[23] FEI submits that such a direction is unwarranted.

- BCSEA has not identified any flaw in FEI's approach or identified any particular detail that is lacking in the Plan.
- FEI has consistently improved its scenario development and modelling in each successive resource plan. FEI will continue to make improvements as part of the natural development of FEI's processes to suit the evolving planning environment. This includes providing further details and improvements in its scenarios (including those related to electrification).
- It would be premature for the BCUC require "more detail" in the abstract, without any basis for concluding that any particular detail is needed or capable of being produced.

(c) Phase-out of the Gas System is Not Plausible

13. The LGI ask the BCUC to direct FEI to test the impact of full electrification, provide an analysis of stranded asset risk,[24] and include a "managed transition" scenario,[25] in its next long-

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22 Exhibit B-4, BCUC IR1 1.1.

23 BCSEA-MS2S Final Argument, p. 18.

24 LGI Final Argument, para. 72(f).

25 LGI Final Argument, para. 72(b).

term gas resource plan.[26] MS2S submits that FEI should include a scenario that "prepares for the eventual phasing out of the gas utility",[27] while BCSEA argues that "FEI should provide a demand destruction scenario in its next LTGRP".[28] Various letters of comment express general opposition to the continued operation of the gas system.[29] Finally, the LGI ask the BCUC to initiate a generic proceeding on the future of gas in British Columbia.[30] These submissions should be rejected for the reasons set out below.

14. First, modelling a phase-out of the gas system would not be reasonable or appropriate as it would be inconsistent with FEI's ongoing statutory and common law obligations, and there is no current or anticipated legislative or regulatory requirement mandating such an outcome. FEI agrees with the joint submissions of CEC-COSCO-RCIA that it would not be in the public interest to plan for infrastructure decommissioning that no law or policy contemplates.[31] FEI is mandated by the UCA and the common law to provide service to customers who request it. Compliance with statutory and common law obligations is presumed to be in the public interest. There is no statute, regulation or policy that would support relieving FEI from the duty to serve for the purpose of avoiding expansion or the continued operation of the natural gas system.[32] The UCA and other provincial enactments continue to contemplate additional gas connections in the coming years, and the BC Clean Energy Strategy explicitly recognizes the future role of the gas system in BC's energy future.[33]

15. Second, a wind-down scenario would not achieve the practical purpose that scenario planning is meant to serve. The 2026 LTGRP's purpose is to support informed planning by

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26 LGI Final Argument, para. 72(e).

27 BCSEA-MS2S Final Argument, para. 187.

28 BCSEA-MS2S Final Argument, paras. 70, 72.

29 Exhibit D-3; Exhibit D-4; Exhibit D-5; Exhibit D-6; Exhibit D-12; Exhibit D-13 and Exhibit D-14.

30 LGI Final Argument, para. 73.

31 CEC-COSCO-RCIA Final Argument, para. 30.

32 Exhibit B-1, Application, Appendix D-1, OCMP Peak Demand Mitigation Report, Section 2, FEI's Duty to Serve.

33 See discussion in Exhibit B-1, Application, Appendix D-1, OCMP Peak Demand Mitigation Report, Section 2.2, Policy to Deny Natural Gas Service is Outside the BCUC's Jurisdiction.

evaluating how FEI can continue to provide safe, reliable, and affordable energy services while supporting the transition to a lower-carbon energy future.[34]

16. Third, the BCUC has declined to order FEI to model the phase-out of the gas system and found that FEI's current approach to modelling a range of demand scenarios is reasonable. In the 2022 LTGRP proceeding, FEI modelled six alternative scenarios ranging from an Upper Bound scenario to a Lower Bound scenario, without a scenario assuming a planned exit from the gas system. The Panel in that proceeding found that FEI's use of a broad range of annual demand forecasts between alternate scenarios was reasonable for resource planning.[35] The Panel declined to order FEI to include a scenario modelling the phase-out of the gas system as requested by GNAR:[36]

> Regarding GNAR's recommendation, the Panel considers that it is appropriate for FEI to develop scenarios that address government legislation or policy regarding GHG emissions reductions in its next long-term gas resource plan. However, the Panel notes that at present there is no such policy direction to indicate the use of natural gas would be prohibited by a certain date and as such, a specific direction to this effect is not warranted at this time. If policy or legislation is put in place requiring the prohibition of natural gas, then the Panel expects FEI to consider that policy or legislation in its next long-term gas resource plan.

17. FEI's approach in the 2026 LTGRP builds directly on the methodology accepted by the BCUC in the 2022 LTGRP Decision. FEI continues to test a broad range of plausible demand outcomes, including scenarios assuming declining demand, consistent with the framework the BCUC has already found reasonable, and there have been no subsequent policy developments that would suggest it would be appropriate for FEI to model a wind-down or phase-out of the gas system as a distinct scenario in its next resource plan.

18. Finally, a phase out of the gas system is not plausible. As illustrated in Figure 3-11 of the Application, under the range of planning scenarios, the demand for natural gas remains high over the planning horizon.

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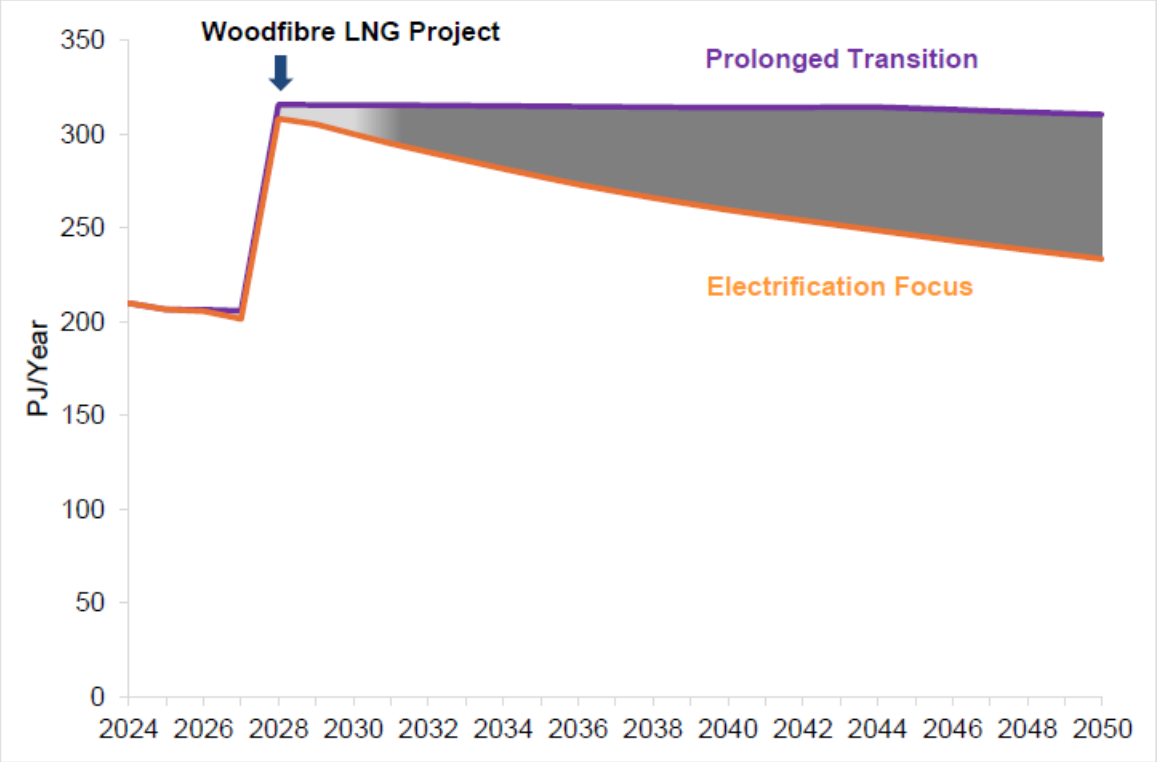
[34] Exhibit B-5, BCSEA-MS2S IR1 12.3.

[35] 2022 LTGRP Decision, p. 20.

[36] 2022 LTGRP Decision, p. 57.

Figure 3-11: Total Annual Demand – Planning Range for Residential, Commercial, and Industrial Sector, including the Woodfibre LNG Project



19. The planning range shows that, even under scenarios with the most aggressive fuel-switching assumptions, FEI's assets will continue to be highly utilized over the planning horizon.[37] Demand in the traditional sectors served by FEI (residential, commercial and industrial) is expected to decline. However, FEI expects that, even under the Electrification Focus scenario, there will still be residential and commercial customers remaining on the system as well as new customers requiring gas service over the planning horizon to 2050.[38] At the same time that demand from traditional sectors is diminishing, demand from the transportation, marine, and ISO shipments sectors is expected to grow, improving the utilization of FEI's existing infrastructure. In particular, the Woodfibre LNG Project is projected to begin operations in 2028, contributing a substantial increase in annual demand.[39] FEI expects that increased demand from these sectors will increase both peak and annual demand, thereby increasing utilization of its

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37 Exhibit B-9, LIEC-Saanich-Richmond IR1 3.4; Exhibit B-6, CEC-COSCO-RCIA IR1 13.1, 19.1.

38 Exhibit B-9, LIEC-Saanich-Richmond IR1 3.4.

39 Exhibit B-1, Application, p. 3-24.

major transmission systems over the planning horizon in response to forecast peak demand growth, and causing the transmission systems to remain in service and highly utilized through 2050 and beyond.[40] This evidence refutes any suggestion that the gas system is heading toward obsolescence or systemic underutilization, and obviates the need for a proceeding on the future of gas.

(d) FEI's Fuel-Switching Assumptions are Transparent and Reasonable

20. The City of Vancouver and the LGI suggest that the 2026 LTGRP does not include sufficient consideration of market drivers of electrification, separate from policy.[41] However, these comments are mistaken. The 2026 LTGRP extensively considers the impacts of market and economic forces on demand, independent from policies and incentives that also shape the market for gas. For instance:

- FEI models the change in gas demand relative to changes in natural gas prices to estimate how customers respond to rising gas commodity costs.[42] In the Electrification Focus scenario, this driver is set at its highest level, and is one of the factors driving further fuel switching, incremental to the effects of codes and standards.[43]

- FEI's modelling of the Baseline Trends scenario incorporates natural improvements in building energy use intensities from the natural replacement of furnaces with heat pumps at replacement time, alongside other market-driven factors such as existing building demolition and renovation trends, and baseline energy efficiency of new buildings and equipment.[44] This reflects customers organically choosing heat pumps or other electric equipment when their gas

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40 Exhibit B-6, CEC-COSCO-RCIA IR1 13.1, 18.1.

41 LGI Final Argument, paras. 6, 21, 72(e).

42 Exhibit B-1, Application, Section 3.5.2, Price Impact to Customer.

43 Exhibit B-1, Application, p. 3-20.

44 Exhibit B-1, Application, p. 4-3.

furnace reaches end of life, including due to the benefits of cooling afforded by heat pumps, separate from any code or standard requiring it.

21. First Things First Okanagan (FTFO) claims that the rate escalator assumptions relied on for FEI's Customer Affordability Tool were "wildly optimistic".[45] In fact, FEI's Customer Affordability tool, which produced the Participant Cost Test comparison in Section 4.7.4.1, uses nominal gas and electric rate escalators of 3 percent and 4 percent annually.[46] The 3 and 4 percent rate escalators are based on the 5-year compound annual growth rate of the total approved bill (i.e., includes cost of gas in the case of FEI) of an average residential customer of FEI and FBC, respectively, from January 1, 2022 to January 1, 2026.[47] FEI also modelled the potential for higher rates as a sensitivity when evaluating the lifecycle costs and benefits for dual-fuel customers (the "High Gas Costs" sensitivity scenario).[48]

22. Even if FEI assumed higher rates for its Customer Affordability Tool as FTFO appears to suggest, higher gas rates mean the benefits of avoided gas costs would be larger for dual-fuel system customers. This is illustrated in Table 4-10 of the 2026 LTGRP, where under the "High Gas Costs" scenario both customer types would expect an overall net benefit if dual-fuel systems are adopted instead of cold-climate ASHPs. In reality, there will likely be increases in rates for both gas and electricity instead of just increases in gas rates. As demonstrated in Table 4-10, any increase in gas and/or electric rates will generally favor the dual-fuel system in terms of lifecycle costs and benefits.

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

23. FEI agrees with BCSEA's comment that Direction No. 5 supercedes the ability of the BCUC to regulate marine bunkering and ISO shipments.[49] The effect of Direction No. 5 is that these activities have been recognized by government as activities that FEI may undertake and recover

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45 Exhibit D-13.

46 Exhibit B-1, Application, Section 4.7.4, p. 4-31.

47 Exhibit B-4, BCUC IR1 11.9.

48 Exhibit B-4, BCUC IR1 11.9.

49 BCSEA-MS2S Final Argument, p. 6.

costs for, subject to the terms of the Direction. This proceeding should not be used to challenge the policy choice reflected in Direction No. 5 or to invite the BCUC to make findings inconsistent with that direction.

24. BCSEA does not dispute that LNG can displace higher-emitting marine and transportation fuels,[50] but argues that the resulting reductions are not sufficient, in themselves, to achieve long-term global climate stability.[51] That is not a relevant test for inclusion in long-term resource planning. These activities are driven by market demand, supported by provincial direction, expected to reduce GHG and other emissions relative to higher-emitting fuel alternatives, increase utilization of FEI's system, and support economic activity in British Columbia. FEI has therefore appropriately included them in the 2026 LTGRP as part of a plausible assessment of future demand and resource planning requirements.

(f) FEI's Approach to Modelling Transportation Demand for CNG and LNG is Appropriate

25. CEC-COSCO-RCIA recommend that the BCUC require FEI in its next LTGRP to file data on the market penetration of electric heavy-duty trucking and request that "FEI revise its 2050 long term expectations downward as the data underscores a transportation market transformation with regard to fuels".[52] FEI submits that the BCUC should reject these submissions.

26. While CEC-COSCO-RCIA may have a particular view of the future for CNG and LNG demand for heavy-duty trucking, FEI's resource planning process is designed to consider a range of plausible futures. Thus, in the 2026 LTGRP, FEI has not presented a single expectation. Rather, FEI has modelled a low, medium, and high setting for on-road vehicle switching to represent a range of plausible futures, which are then incorporated into the appropriate scenarios.[53] If electric heavy-duty trucking begins to penetrate the market, this will be reflected in FEI's analysis and scenario development in its next resource plan. There is no need for the BCUC to direct FEI to conduct ordinary resource planning activities.

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50 BCSEA-MS2S Final Argument, p. 6.

51 BCSEA-MS2S Final Argument, p. 6.

52 CEC-COSCO-RCIA Final Argument, p. 29.

53 Exhibit B-1, Application, Section 3.5.4.

B. FEI Plans to Leverage Demand-Side Resources

27. FEI responds below to comments on its plans to use demand-side measures to lower GHG emissions and reduce gas demand. FEI submits that:

- Integrated dual-fuel heating systems offer significant benefits and province-wide potential;
- The assumptions relied upon in the Kelowna Dual-Fuel Study are transparent;
- Incentives for thermal energy networks are currently considered to the extent they are relevant;
- FEI's DSM portfolio includes improvements to building shells;
- Engagement on the detailed design of FEI's DSM portfolio is outside the scope of this proceeding;
- FEI's approach to estimating DSM potential is appropriate for long-term resource planning; and
- DSM and distributed resources cannot replace the role of the gas system as a peaking resource.

(a) Integrated Dual-Fuel Heating Systems Offer Significant Benefits and Province-Wide Potential

28. BCSEA contends that more work is needed to determine where dual-fuel heating systems can be beneficially deployed and requests that the BCUC make no findings regarding dual-fuel heating systems.[54] Similarly, MS2S submits that the Kelowna Dual-Fuel Study should not be used to estimate future demand scenarios.[55] The LGI ask the BCUC to make no findings that would

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[54] BCSEA-MS2S Final Argument, pp. 8-9.

[55] BCSEA-MS2S Final Argument, paras. 173-177.

constrain a review of the dual-fuel system program design and justification in a future DSM expenditure plan proceeding.[56]

29. These submissions misinterpret the purpose of FEI's evidence with respect to dual-fuel heating systems in the 2026 LTGRP. FEI is not requesting any particular findings from the BCUC regarding dual-fuel heating systems, and the Kelowna Dual-Fuel Study was not relied upon for any scenario assumptions. FEI's offering of DSM programs for dual-fuel heating systems are explicitly permitted by the *Demand-Side Measures Regulation* and have already been accepted as in being in the public interest by the BCUC as part of FEI's DSM expenditure schedules in Order G-31-24 and Order G-85-26.

30. Although FEI is not seeking any specific findings regarding dual-fuel heating systems, FEI's efforts to continue studying these systems should continue to be encouraged. The benefits of and potential for dual-fuel systems are intuitive and well supported by the evidence, as summarized in Part Two, Section B(c) of FEI's Final Submission. As the baseline is a natural gas heating system, FEI's DSM programs for dual-fuel heating systems reduce emissions by reducing annual demand for natural gas. For instance, FEI ensures that dual-fuel offers for both retrofit and new construction result in gas savings by targeting buildings where the baseline is a natural gas heating system that would result in higher overall gas consumption compared to a dual-fuel system.[57]

31. MS2S, FTFO and Ms. Devonshire suggest the Kelowna Electrification Case Study and the Dual-Fuel Study should not be relied upon because they were prepared internally by FEI.[58] These arguments mistake the purpose of the internal studies, and overlook the third-party studies that validate FEI's analysis:

- FEI and FBC are working together through the Kelowna Electrification Case Study and the ongoing Kelowna Dual-Fuel Study to understand the implications of

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[56] LGI Final Argument, para. 71(f).

[57] Exhibit B-4, BCUC IR1 13; Exhibit B-1, Application, p. 4-19.

[58] BCSEA-MS2S Final Argument, paras. 173-174; Exhibit D-13 (FTFO Letter of Comment); Exhibit D-14 (Jane Devonshire Letter of Comment).

electrification on both utility systems and the impacts on customers, which they are uniquely positioned to study given their shared service area in the North Okanagan region.[59]

- Dual-fuel heating systems are a key demand-side resource, and considering the interactions between gas and electric systems has become an important component of coordinated long-term resource planning.[60]

- While FortisBC led the Kelowna Dual-Fuel Study, Posterity Group supported the analysis through load modelling,[61] and Energy and Environmental Economics (E3) supported the Customer Affordability Tool as discussed in Section 4.7.4 of the Application.[62]

- The potential benefits of dual-fuel systems, including from adoption outside of the FEI-FBC shared service area, is supported by

  - independent research from the University of Victoria's Institute for Integrated Energy Systems (IESVic); and

  - information presented in BC Hydro's 2025 IRP.[63]

- The results from FortisBC's ongoing dual-fuel analysis, the IESVic study and BC Hydro's IRP support the need for future analysis on the role that dual-fuel systems may play across the province in (i) lowering GHG emissions, (ii) alleviating pressure on the electric grid, and (iii) efficiently utilizing both gas and electric infrastructure.

(b) The Kelowna Dual-Fuel Study Assumptions are Transparent

32. Ms. Devonshire submits in her letter of comment that lower switchover temperatures (down to -26°C or colder) for ccASHP are technologically available, and that FEI did not disclose

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59 Exhibit B-5, BCSEA-MS2S IR1 1.1.

60 Exhibit B-5, BCSEA-MS2S IR1 1.1, 1.2.

61 Exhibit B-1, Application, pp. 4-24 and 4-27.

62 See also: Exhibit B-4, BCUC IR1 7.1.

63 Exhibit B-4, BCUC IR1 8.1.

that the switchover temperatures used in its dual-fuel offer are maximums rather than fixed requirements.[64] In fact, FEI explained that:

- The switchover temperatures used in the Kelowna Dual-Fuel Study analysis (2°C for the Interior) align with provincial program guidance, including thresholds previously applied under the Province of British Columbia's CleanBC Better Homes program;[65] and
- A customer's realized switchover temperature is a function of the installed system's controls rather than a technical ceiling on colder-temperature operation.[66]

33. FEI acknowledged in the 2026 LTGRP that lowering the switchover temperature by a few degrees can be a cost-effective strategy for reducing building emissions. However, switchover temperatures lower than -6°C begin to have higher abatement costs to customers with diminishing returns to emissions reductions. This is because as the efficiency of the heat pump declines in colder temperatures, the incremental cost the customer pays for heating outweighs the slowing incremental pace of emissions savings. One of the advantages of dual-fuel heating systems is the flexibility to adjust the switchover temperatures to balance between customer affordability and additional emissions reductions in buildings.[67] As discussed in the response to BCUC IR1 10.3, there are numerous factors to consider in applying lower switchover temperatures than currently established in FEI's dual-fuel programs, including performance standards under the DSM Regulation, customer comfort, affordability impacts, and impacts to peak demand for electric utilities.

34. FTFO misreads FEI's evidence in commenting that FEI failed to account for the relative efficiency of electric heat pumps to gas furnaces in comparing the costs of electric and gas

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64 Exhibit D-14.

65 Exhibit B-4, BCUC IR1 10.3.

66 Exhibit B-1, Application, Section 4.7.2, Peak and Energy Demand System Impacts of Dual-Fuel Heating Systems, pp. 4-25 – 4-26.

67 Exhibit B-1, Application, p. 4-40.

heating.[68] FTFO's assertion appears to be based on a misinterpretation of Figure 2-1 of the Application. Figure 2-1 (p. 2-15) presents a historical rate comparison in nominal dollars per equivalent unit of energy. Contrary to FTFO's submissions, the Figure is not intended to compare the relative costs of a gas versus electric heating system. Further, the 2026 LTGRP explicitly describes the assumptions used in FEI's fuel-switching analysis, which include the respective efficiencies and lifecycle costs of gas and electric heating systems:

- The 2026 LTGRP provides the specific electric-to-gas efficiency conversion factors used in FEI's fuel-switching analysis, ranging from approximately 1.3 to 2.9 depending on end use.[69]

- FEI separately shows the modelled heat pump coefficient of performance (COP) used in the Kelowna Dual-Fuel Study, including the finding that modelled heat pumps have a COP of approximately 1.0 at temperatures below -22°C on the winter design peak day.[70]

- Figure 4-18 of the Application compares the lifecycle costs and benefits of a cold-climate ASHP and a dual-fuel heating system, and demonstrates that, in the specific context of Kelowna, the efficiency improvement from switching to a cold-climate air-source heat pump alone is not sufficient to outweigh the electric rate disadvantage up-front costs of a cold-climate ASHP, whereas dual-fuel heating systems do reduce a customer's overall energy costs.

35. FEI has not responded to FTFO's letter to the extent that it relies on external studies and reports (including the Clean Energy Canada "More for Less" report and articles on gas utility conduct). These materials were not included as part of the evidentiary record in this proceeding. The BCUC should not consider them.

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68 Exhibit D-13.

69 Exhibit B-1, Application, Section 8.6.3 and footnote 198 (p. 8-12).

70 Exhibit B-1, Application, Section 4.7.2 (p. 4-25).

36. FTFO misunderstands the evidence in requesting that the BCUC disallow the $10,000 dual-fuel system rebate and instead encourage FBC to offer rebates for solar and battery storage. The $10,000 rebate appears only as (i) a modelling assumption in the Customer Affordability Tool analysis[71] and (ii) as an illustrative example incentive level in the Kelowna Dual-Fuel Study's cost effectiveness analysis.[72] FEI is not proposing and is not asking for approval of a $10,000 rebate. FEI's DSM expenditures are the subject of separate applications to the BCUC, and FBC is not a party to this proceeding.

(c) Incentives for Thermal Energy Networks Are Already Considered to the Extent Relevant

37. In their letter of comment, the City of Vancouver recommends that FEI evaluate thermal energy networks utilizing waste heat sources as a DSM resource for FEI's residential and commercial customers in FortisBC's next Conservation Potential Review (CPR), and incorporate thermal energy networks as DSM in future LTGRPs.[73] FEI submits that these recommended steps are unnecessary.

38. To the extent that thermal energy systems are a viable DSM resource for FEI, FEI considers them on a case-by-case basis today through its Custom Efficiency Program.[74] This case-by-case assessment approach is consistent with FEI's ordinary approach to evaluating potential DSM opportunities.

39. FEI continues to look for new energy saving opportunities as part of its DSM planning process. Thermal energy networks will be included in future DSM plans if they emerge as a viable opportunity to reduce demand. It should nonetheless be recognized that thermal energy networks are niche applications. They are capital-intensive, site-specific infrastructure projects

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71 Exhibit B-1, Application, Section 4.7.4, Customer Affordability of Dual-Fuel Heating Systems (p. 4-31).

72 Exhibit B-1, Application, Section 4.7.5, Residential Dual-Fuel Heating Systems are Cost-Effective for both Gas and Electric Utilities (p. 4-41).

73 Exhibit D-10, pp. 2-3.

74 Exhibit B-9, LIEC-Saanich-Richmond IR1 9.1.

that are not similar to integrated dual-fuel heating equipment measures that FEI supports as part of its DSM portfolio.[75]

(d) FEI's DSM Portfolio Includes Building Shells

40. BCSEA submits that the BCUC should encourage FEI to pursue DSM for building shells.[76] FEI already includes building shell measures within its DSM analysis. They represent 4.2 PJ (14 percent) of total DSM savings potential by 2050 and are the third largest DSM measure group identified in the 2026 LTGRP.[77]

(e) Engagement on Detailed Design of DSM Portfolio is Out of Scope

41. The FNEMC recommends that the BCUC direct FEI to:[78]

- report on engagement activities and how they have informed the development of new programs and/or modified the implementation of existing programs, at the time FEI files each of its DSM expenditures plans; and
- ensure adequate funding for ongoing engagement and programs to reduce barriers to First Nations participation in DSM programs and report on such funding at the time it files each DSM expenditure plan.

42. FEI submits that these directions are beyond the scope of the 2026 LTGRP and are unnecessary. The detailed design of FEI's DSM portfolio, including FEI's engagement with First Nations communities on such design, is not part of the long-term resource planning process. In FEI's applications to the BCUC for acceptance of its DSM expenditures schedules, FEI already reports on its in-depth engagement activities and how stakeholder feedback is incorporated into the plan. This includes feedback with respect to adequate funding to reduce barriers for First Nations participation. The BCUC has and may issue directions in those proceedings on such

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75 Exhibit B-9, LIEC-Saanich-Richmond IR1 9.1.

76 BCSEA-MS2S Final Argument, para. 9.

77 Exhibit B-1, Application, Table 4-2.

78 FNEMC-HBFN Final Argument, paras. 93-94.

matters, but the BCUC should not make directions on these matters in the current proceeding in the absence of a relevant evidentiary record.

43. In any event, a direction to "ensure adequate funding" is unduly vague. FEI cannot be required to ensure such a result.

(f) FEI's Approach to Estimating DSM Potential is Appropriate for Long-Term Resource Planning

44. The LGI submit that in FEI's next long-term gas resource plan, FEI should disclose the contribution of any measure not currently accepted in a DSM expenditure schedule under section 44.2 to total demand, peak demand, emissions, and rates, so that the BCUC may assess the resource plan with and without these DSM measures.[79] FEI submits that the BCUC should decline to direct FEI to disaggregate the contributions of the DSM measures or programs in each scenario, as doing so would be inconsistent with the purpose of estimating DSM potential across planning scenarios.

45. FEI's DSM portfolio in its long-term resource plans is based on the potential for DSM savings as determined by the most recent CPR.[80] While the DSM portfolio remains consistent across all scenarios, FEI applies increasing levels of incentives to develop Low, Medium, and High DSM settings. These, in turn, are applied to the demand scenarios consistent with the assumptions underlying them.[81] FEI's approach provides an opportunity for comparison of DSM savings across a range of scenarios. The Panel found that FEI's inclusion of multiple DSM scenarios in the 2022 LTGRP was beneficial to the BCUC's review and endorsed this approach for this resource plan.[82]

46. Disaggregating the contributions of DSM programs in the manner proposed by the LGI would not contribute to an understanding of the range of DSM potential for the purposes of long-term resource planning. In the 2026 LTGRP, FEI is not seeking approval of any FEI DSM plan. These

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79 LGI Final Argument, para. 72(g).

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

81 Exhibit B-1, Application, p. 4-9.

82 2022 LTGRP Decision, p. 24.

will continue to be pursued at the level of granularity that FEI has filed with the BCUC in its DSM expenditure plan applications. The 2026 LTGRP DSM settings represent long-term forecasts and are not a request for acceptance from the BCUC for specific DSM expenditures.[83]

(g) DSM and Distributed Resources Cannot Replace Role of the Gas System as a Peaking Resource

47. FTFO is mistaken in its letter of comment that DSM measures, other than dual-fuel systems, or distributed resources, such as solar and battery storage, could be used to avoid peak demand on very cold winter days, thereby making the peaking benefits of gas or dual-fuel heating systems unnecessary.[84] Electric DSM and distributed energy resources can help to mitigate peak demand growth on the electric system; however, they cannot currently scale to a level necessary to meet the amount of peak winter demand that would occur through electrification of gas demand.[85] FEI incorporated DSM adjustments into the System Peak Forecast Method, which shows a potential for DSM to slow the rate of growth and, in some cases, cause slight declines in forecast peak 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. For system planning purposes, the impacts of DSM on peak demand cannot be speculative—they must be sufficiently observable, reliable, and locationally relevant before they can be used to defer firm capacity required to serve customers during peak conditions.[86] 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. With respect to the argument that solar generation could mitigate peak demand, peak heating demand occurs on the coldest winter evenings—times at which solar energy is not available. Thus, the gas system must continue to play a key role in meeting customers' energy needs.

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83 Exhibit B-1, Application, p. 4-2.

84 Exhibit D-13, p. 3 (PDF p. 4).

85 Exhibit B-1, Application, Appendix D-1, OCMP C2-25 Peak Demand Mitigation Report (September 2, 2025), pp. 45-46.

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

C. FEI Secures Cost-Effective and Reliable Gas Supply

48. FEI responds below to comments on its plans to secure cost-effective and reliable gas supply. FEI submits that the evidence establishes that:

- The assumptions supporting FEI's renewable and lower-carbon gas supply outlook are reasonable and supported by the evidence;
- FEI has been transparent, providing substantial detail, regarding the cost of renewable and lower-carbon gas in its supply outlook;
- The 2026 LTGRP provides the information necessary to understand FEI's renewable gas supply outlook and the role of renewable gas in FEI's portfolio;
- FEI will continue to report on developments in its hydrogen activities, including any relevant work with BC Hydro, in its next long-term gas resource plan; and
- Requiring FEI to allow First Nations to acquire equity interests in FEI's assets is outside the scope of this proceeding.

(a) The Assumptions Supporting FEI's Renewable and Lower-Carbon Gas Supply Outlook are Reasonable and Supported by the Evidence

49. BCSEA, MS2S and the LGI are critical of FEI's scenario assumptions for renewable and lower-carbon gas supply.[87] These parties' positions overstate how the renewable and lower-carbon gas forecast is used in the 2026 LTGRP. FEI has not presented a single RNG and lower-carbon gas forecast for the BCUC to accept as "established". Rather, the 2026 LTGRP includes three settings for renewable and lower carbon gas supply, with different settings applied to each scenario as appropriate. Each setting includes an outlook for RNG supply over the planning horizon. As the planning horizon is 27 years in length, each of the RNG supply outlooks necessarily involves planning assumptions that are subject to uncertainty.

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[87] BCSEA-MS2S Final Argument, paras. 158-168. LGI Final Argument, para. 71(d) and (e).

50. FEI's use of multiple supply settings is an appropriate feature of long-term scenario planning. The purpose is not to forecast with precision the amount of RNG, hydrogen or other lower-carbon fuels that FEI will acquire over the planning horizon, but to test a reasonable range of plausible supply futures as inputs to FEI's resource planning analysis. Given the 27-year planning horizon and the early stage of hydrogen and other lower-carbon fuel markets in British Columbia, the exercise necessarily requires informed judgment.[88] This reflects the practical reality of long-term resource planning in an evolving environment.

51. Further, FEI's supply settings are reasonable inputs that assist in assessing FEI's future resource needs, portfolio options, and customer impacts. FEI's RNG planning assumptions are grounded in FEI's significant and growing experience acquiring RNG, including actual costs of RNG, its assessment of potential supply based on the most recent evidence available, and the policy environment supporting renewable and lower-carbon gas.[89] No intervener has identified any flaw in FEI's methodology, a basis to exclude hydrogen or other lower-carbon fuels from the supply outlook, or any evidentiary basis for replacing FEI's RNG supply settings with different assumptions.

(b) Cost of RNG and Hydrogen is Transparent

52. Ms. Devonshire is incorrect in suggesting that FEI has failed to disclose that RNG and hydrogen cost more than natural gas.[90] The Application provides a dedicated price forecast table setting out exact $/GJ figures for all three fuel types side by side, and across the planning horizon.[91] Table 5-4 shows, for example, that in 2025 under the Medium price case, natural gas is forecast at $2.84/GJ compared to $25.01/GJ for RNG and $25.20/GJ for hydrogen, and by 2050 natural gas is forecast at $4.60/GJ compared to $28.61/GJ for RNG and $25.09/GJ for hydrogen. Further, FEI provided the estimated incremental average residential bill impacts attributable solely to renewable and lower-carbon gas under each 2026 LTGRP scenario in 2030, 2040 and

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88 FEI has set out a solid basis for its judgement in Section 5.3.4 of the 2026 LTGRP.

89 Exhibit B-1, Application, Section 5.3.

90 Exhibit D-14, PDF p. 3.

91 Exhibit B-1, Application, Section 5.4, Natural Gas Prices and Future Energy Supply Price Forecasts, Table 5-4, p. 5-18.

2050, when compared to the currently approved average residential bill based on 2026 Approved rates.[92]

(c) The 2026 LTGRP Provides Sufficient Detail to Understand FEI's Renewable Gas Supply Outlook

53. CEC-COSCO-RCIA recommend that the BCUC direct FEI to do the following in FEI's next long-term resource plan and intervening renewable gas filings:

- "present a renewable gas acquisition strategy that analyzes supply availability, cost and contracting terms by source jurisdiction, including the potential to acquire RNG from other Canadian provinces;
- report actual contracted RNG volumes, prices, and source jurisdictions against the Plan's supply outlook; and
- provide a comparative cost-per-tonne analysis of its GHG abatement options to demonstrate the renewable gas blending levels embedded in the planning scenario remain the most reasonably cost-effective path as between DSM, renewable gas, and other compliance alternatives."[93]

54. FEI submits that the BCUC should decline to issue these directions. The 2026 LTGRP already provides the information necessary to understand FEI's renewable gas supply outlook and the role of renewable gas in FEI's portfolio. The requested directions would impose a reporting burden that is disproportionate to the planning value they would produce, and would generate information that is either commercially sensitive or subject to the uncertainty inherent in long-term projections.

- A renewable gas acquisition strategy that analyzes supply availability, cost and contracting terms by source jurisdiction would require FEI to forecast matters that are outside its control and provide little value for the significant effort that would

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92 Exhibit B-6, CEC-COSCO-RCIA IR1 16.1.

93 CEC-COSCO-RCIA Final Argument, pp. 16-17.

be required. Resource potential studies can identify opportunities by region, but whether a project proceeds in any given jurisdiction depends on local policy, project economics, developer interest and investment decisions made by third parties. A jurisdiction-by-jurisdiction forecast would therefore convey a degree of precision that the available information cannot support. Jurisdiction-specific reporting would also introduce distinctions between supply sources where none is warranted. FEI treats RNG supply on a consistent basis regardless of where it is produced. There is no resource planning benefit achieved by forecasting by jurisdiction.

- Section 5 of the Plan already sets out FEI's renewable and lower-carbon gas supply outlook, including RNG sourced within and outside British Columbia, and Low, Medium and High supply settings are applied across the planning scenarios. As FEI submits above, that approach reflects the range of plausible supply outcomes over a 27-year planning horizon and is the appropriate basis for long-term resource planning.

55. Reporting actual contracted RNG volumes, prices and source jurisdictions against the Plan's supply outlook would disclose commercially sensitive information to the detriment of customers. FEI acquires RNG in a competitive market in which suppliers negotiate with multiple potential purchasers. FEI has consistently limited disclosure of contract-specific volumes, prices and counterparty information to protect its negotiating position and to respect supplier confidentiality, and routine public reporting of that information would erode both.

56. The requested comparative cost-per-tonne analysis of GHG abatement options is undefined in scope and of limited planning value. The recommendation does not indicate whether the comparison is intended to be made between RNG pathways, between source jurisdictions, or between renewable gas and other measures such as DSM. Each of those comparisons would rest on different assumptions and produce a different result. Any forward-looking analysis would also depend on long-run projections of RNG and hydrogen prices,

achievable DSM potential, carbon pricing and policy settings, each of which carries material uncertainty across the planning horizon.

57. The premise of the requested analyses is also mistaken. DSM, renewable gas and other compliance alternatives are complementary rather than interchangeable. DSM reduces the amount of gas that customers consume, while renewable and lower-carbon gas reduces the emissions intensity of the gas that customers continue to use.[94] FEI's portfolio relies on both, and the appropriate level of each is determined through FEI's resource planning analysis.[95] FEI has examined the relevant trade-offs by testing varying levels of DSM and renewable and lower-carbon gas through the scenarios and sensitivity analyses in the 2026 LTGRP, including sensitivities provided in response to information requests.[96]

(d) FEI Will Continue Reporting on Hydrogen Developments Without Further Direction

58. CEC-COSCO-RCIA recommend the BCUC direct FEI to define its hydrogen signposts in measurable terms and to report its assessment of each signpost.[97] FEI submits that no direction is required. Section 5.3.4 and Section 7 of the Plan identify the policy, market, technology and infrastructure conditions that FEI is monitoring. FEI also described how its planning would adjust if hydrogen supply does not materialize as envisioned.[98] Expressing these conditions as measurable thresholds would attribute to an emerging market a level of precision that the available information does not support. It would also risk committing FEI to act, or to refrain from acting, by reference to a metric rather than an assessment of the circumstances at the time. FEI will report on hydrogen developments in its next long-term gas resource plan, when the relevant supply, market and technology conditions can be assessed against actual experience.

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94 Exhibit B-6, FEI CEC-COSCO-RCIA IR1 1.1

95 Exhibit B-1, Application, Section 4.3.2, p. 4-4; Section 5.3.1, p. 5-7; Table 5-2, p. 5-8

96 Exhibit B-1, Application, Section 3.7, Section 9.4.2.1, Section 9.4.3.1; Exhibit B-4, BCUC IR1 11.9, 23.2; Exhibit B-6, CEC-COSCO-RCIA IR1 3.1.

97 CEC-COSCO-RCIA Final Argument, paras. 105-106.

98 Exhibit B-4, BCUC IR1 15.4.

59. CEC-COSCO-RCIA recommend that the BCUC require reporting from FEI on the progress for uses of green hydrogen and oxygen and its collaborations with BC Hydro on this subject.[99] FEI submits that this reporting requirement is unwarranted. The evidence does not establish a defined joint optimization path between FEI and BC Hydro involving green hydrogen and oxygen. The production of hydrogen and the potential uses of oxygen as a by-product depend on:

- the development of supply, market and technology conditions that remain at an early stage in British Columbia; and
- decisions made by third parties and by BC Hydro.

A standing obligation to report on progress would require FEI to account for matters that are outside of its control. FEI would also need to describe the activities of another utility. FEI will report on developments in its hydrogen activities, including any relevant work with BC Hydro, in its next long-term gas resource plan.

60. CEC-COSCO-RCIA also recommend that the BCUC require FEI and BC Hydro to attend a workshop where such optimizations can be defined and discussed.[100] FEI submits that the BCUC should decline to issue this direction. The utilities are well placed to determine which topics warrant joint attention and when. FEI and BC Hydro already meet and share information voluntarily, and that approach allows each utility to bring forward the matters most useful to its planning as they arise.[101] Formalizing the engagement through a directed process would add regulatory cost and administrative effort without a corresponding planning benefit.

(e) Compelling First Nations Equity Participation Is Out of Scope

61. FNEMC recommends that the BCUC direct FEI to develop a policy to provide First Nations with a right of refusal for equity participation in new supply projects contemplated in their traditional territories as a basic planning assumption for future long-term gas resource plans.[102]

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99 CEC-COSCO-RCIA Final Argument, paras. 108, 161.

100 CEC-COSCO-RCIA Final Argument, para. 109.

101 Exhibit B-1, Application, Section 8.6.

102 FNEMC-HBFN Final Argument, p. 26.

FEI submits that this is outside the scope of this proceeding and that the BCUC should not issue this directive.

62. FEI recognizes that Indigenous equity participation can support economic reconciliation and create shared benefits, as demonstrated by the Mt. Hayes LNG partnership with Stz'uminus First Nation and Cowichan Tribes. However, a uniform minimum equity requirement would not reflect differences in project characteristics, commercial considerations, or the interests and capacity of individual Indigenous Nations. In some circumstances, a prescribed minimum could introduce cost, timing, or feasibility challenges that may not be in the public interest.[103] In other words, not all projects are suitable for equity participation, and not all Indigenous Nations are interested in equity participation in all projects. A blanket approach is therefore not reasonable.

63. Accordingly, FEI continues to take a project-by-project approach, engaging with Indigenous Nations to understand their interests and exploring economic opportunities where there is mutual interest and in alignment with FEI's obligation to provide safe, reliable, and cost-effective service. FEI considers this approach to be the most appropriate way to advance Indigenous equity participation while remaining consistent with the BCUC's public interest mandate.[104]

D. FEI Has Responded to BCUC Directives and Requests

64. BCSEA, MS2S and the LGI submit that FEI has failed to address several BCUC directives and requests. FEI disagrees and submits that it has complied with all directives and reasonably responded to all BCUC requests. The directives and requests are enumerated below in accordance with their presentation in Table 4 of Appendix A (BCUC Directives and Requests from Decision and Order G-78-24). FEI has restated the directives and requests in the subheadings below for ease of reference.

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[103] Exhibit B-8, FNEMC-HBFN IR1 12.1.

[104] Exhibit B-8, FNEMC-HBFN IR1 12.1.

Directive 2: "In the next LTGRP filing, FEI is directed to include a demand forecast that expands upon its DEP scenario as well as a deep electrification scenario"

65. The LGI ask the BCUC to find that FEI has not satisfied the directive to include a deep electrification scenario in the 2026 LTGRP.[105] However, FEI has in fact provided a deep electrification scenario. The Electrification Focus scenario is designed to illustrate the implications of an electrification forward or prioritized approach to supporting provincial climate action goals, including policies and incentives that drive gas-to-electric fuel switching. For this scenario, FEI set the key driver settings favouring electrification (Building Codes & Equipment Standards and Price Impact to Customer) to their highest level.[106] This includes:

- Modelling the impacts of the Federal and BC Minimum Energy Performance Standards, the full application of the Highest Efficiency Equipment Standard, the highest steps of the BC Energy Step Code, and the highest steps of the BC Zero-Carbon step Code in all municipalities; and

- The Price Impact to Customer setting assumes a blended gas price that is 6.9 times higher than it was in 2024, driving further fuel switching.[107]

66. The Electrification Focus scenario includes 9,800 to 12,500 GWh of fuel switching, which is comparable to BC Hydro's total 11,900 GWh fuel switching estimate.[108] The result is that the Electrification Focus scenario shows a steep decline in residential and commercial demand over the planning horizon, to substantially less than half the current demand by 2050.[109]

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105 LGI Final Argument, para. 71(a).

106 Exhibit B-1, Application, p. 3-7.

107 Exhibit B-1, Application, Section 3.5.

108 Exhibit B-1, Application, p. 8-13.

109 Exhibit B-1, Application, Figures 3-5 and 3-6.

Directive 10 "FEI is directed to include in its next long-term gas resource plan the details of its efforts and findings regarding the development of a BC-specific NPS framework."

67. BCSEA[110] and the LGI[111] are critical of FEI's decision not to develop a formal Non-Pipe Solution (NPS) framework. The LGI submit that FEI should be directed to develop a BC-specific NPS framework that addresses the role of area-based electrification, district energy systems, waste heat recovery, and thermal storage as alternatives to network expansion or upgrades.[112] CEC-COSCO-RCIA submit that the BCUC should direct FEI to develop "the structural elements" of a BC-specific NPS framework in the next long-term gas resource plan, including screening criteria and technical definitions of qualifying solutions.[113]

68. These critiques reflect disagreement with the *conclusions that FEI reached when FEI complied with the directive*, not non-compliance. As directed by the BCUC, FEI has reported on its efforts and findings regarding the development of a BC-specific NPS framework. FEI concluded that an NPS was not needed at this time for the reasons discussed in Part Two, Section D(C) of FEI's Final Submission.

69. FEI will voluntarily commit to providing an NPS framework with its next long-term gas resource plan. However, FEI submits that the BCUC should not prescribe the contents of an NPS framework. As explained in Appendix D-1 of the Application, FEI is already in the process of developing an NPS framework that considers best practices in other jurisdictions while reflecting the differences in the BC environment.[114] The elements of the framework and the NPS options available should reflect the results of that analysis. The LGI's request that the NPS address "the role of area-based electrification, district energy systems, waste heat recovery, and thermal storage as alternative to network expansion or upgrades" would be particularly inappropriate and not necessarily relevant to an NPS. The NPS is not a framework for a phase-out of the gas utility.

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110 BCSEA-MS2S Final Argument, p. 11.

111 LGI Final Argument, paras. 65-68.

112 LGI Final Argument, para. 72(h).

113 CEC-COSCO-RCIA Final Argument, p. 25.

114 Exhibit B-1, Application, Appendix D-1, OCMP Peak Demand Mitigation Report, Section 3.

Request 12 "Given the uncertainty of future low-carbon gas supply, the Panel expects that FEI will include a much greater level of information regarding the anticipated sources of low-carbon gas in its next long-term gas resource plan"

Request 13 "FEI is encouraged to provide analysis of different portfolios of low carbon gases, and to compare the merits and drawbacks of these portfolios. While the Panel acknowledges there may be limitations to such comparisons in the short-term due to availability of supply, the LTGRP would benefit from a longer-term view of the range of options that may be available to FEI for procuring low-carbon gases"

Request 17 "The Panel considers that FEI must expedite its planning of RNG, hydrogen and other low-carbon gas related infrastructure investments, if FEI is to meet the forecast delivery volumes of these resources that are indicated in this LTGRP over the next 10 years"

Request 18 "By finding that the pursuit of infrastructure investments for the provision of low carbon gases (such as hydrogen) is prudent and reasonable, the Panel is indicating that it is important that FEI better understand how the integration of low-carbon gases will impact system infrastructure planning"

Request 19 "The Panel expects more detail regarding specific low-carbon gas related infrastructure investments in the next long-term gas resource plan"

70. BCSEA submits that FEI has largely failed to deliver on requests 12, 13, 17, 18 and 19.[115] FEI disagrees. The BCUC's commentary, in effect, required FEI to provide greater information on anticipated lower-carbon gas sources, portfolios, and infrastructure planning. However, that commentary cannot be reasonably interpreted as requiring FEI to (a) present certainty where none exists or (b) advance infrastructure plans for fuels and markets that remain in an early stage. FEI has responded reasonably by providing the best available planning information, identifying the key uncertainties, and adjusting its assumptions where warranted in light of current market, policy, and technology developments.

71. The evidence in this proceeding includes, in particular:

- Section 5 of the Plan provides details on anticipated renewable and lower-carbon gas supply sources, including RNG sourced within and outside British Columbia, the role and potential development pathways for hydrogen, and other lower-

[115] BCSEA-MS2S Final Argument, p. 11.

carbon gases, together with the uncertainties affecting their future availability. FEI has also provided low, medium and high price forecasts for RNG and hydrogen over the planning horizon.[116]

- Section 6 then applies those supply assumptions in FEI's portfolio analysis. FEI forecasts a steady increase in renewable and lower-carbon gas, primarily RNG, while natural gas continues to meet remaining demand and manage supply variability. Hydrogen is assumed to enter the portfolio beginning in 2030. FEI has appropriately reduced assumed hydrogen delivery volumes and has not advanced hydrogen-related infrastructure investments in this LTGRP because large-scale deployment depends on policy, market, technology, and infrastructure signposts that are not yet in place. This is prudent long-term planning in response to the information now available.

Request 23: "Therefore, the Panel expects FEI to address whether continued growth in the gas network best serves ratepayer and public interest in its next long-term gas resource plan."

72. BCSEA says that it is not convinced by FEI's assertion that growth of the gas network can be justified on the basis that it "integrates renewable and lower-carbon gases" or that it is generally justified to allow FEI's gas network to grow.[117] BCSEA's submission reflects a different perspective about the future, versus evidencing any failure on FEI's part to address Request 23.

73. FEI has addressed whether continued growth in the gas network best serves the ratepayer and public interest. Targeted and incremental growth can continue to serve the ratepayer and public interest as it leverages existing infrastructure, supports reliability and peak demand management, provides customer choice, and facilitates the integration of renewable and lower-carbon gases. This is particularly applicable in regions facing capacity constraints or where the gas system can help avoid or reduce pressure on the electric system during winter peak conditions. FEI has provided substantial support for this approach in the 2026 LTGRP.

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[116] Exhibit B-1, Application, p. 5-18.

[117] BCSEA-MS2S Final Argument, pp. 11-12.

Request 27: "FEI and BC Hydro identify planning assumptions that are common to each plan, and provide information on those assumptions to facilitate a comparison of the approaches taken by each utility. These assumptions may include…Cross-price elasticity… "

74. MS2S submits that FEI failed to "comply" with Request 27 because FEI did not explicitly model cross-price elasticity between electricity and natural gas.[118] However, the BCUC did not require FEI to model cross-price elasticity; the BCUC endorsed FEI's proposal that FEI and BC Hydro provide information on their planning assumptions, including with respect to cross-price elasticity, to facilitate a comparison of approaches taken by itself and by BC Hydro. FEI was clear that neither utility explicitly incorporates cross-price elasticity modelling assumptions.[119] This information facilitates comparison of the approaches taken by each utility—their approaches are the same in this regard.

75. The LGI submit that FEI has not demonstrated sufficient coordination or information sharing with BC Hydro to "facilitate comparisons". LGI says that FEI should be directed to (1) identify the planning assumptions common to BC Hydro and FEI's resource plans and report them so that the approaches can be compared, and (2) where the plan identifies a system resource need, FEI should set out the alternatives evaluated, including electric and thermal options, on the basis of information sought from the relevant electric utility.[120] However, the 2026 LTGRP in fact identified and reported on common planning assumptions, specifically including:

- the assumptions recommended by the BCUC for comparison, including customer growth rates by region, volume of fuel switching, and contribution to GHG emissions reductions; and

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[118] BCSEA-MS2S Final Argument, paras. 138-148; LGI Final Argument, para. 71(b).

[119] Exhibit B-1, Application, Section 8.6.2, Cross-Price Elasticity, p. 8-12.

[120] LGI Final Argument, paras. 57-64; 72(i).

- other areas where information could be provided from FEI's long-term scenarios, including assumptions with respect to marine and medium- and heavy-duty transportation demand, and demolition rates.[121]

76. Section 8.6 of the Application describes how the information shared by each utility was incorporated into the planning process for the 2026 LTGRP.

77. FEI expects to continue its collaboration with BC Hydro's resource planning team in the future.[122] However, the BCUC should not direct FEI to include consideration of electric utility resources in its portfolio of system resources. The Panel recognized this in the 2022 LTGRP Decision, and deliberately limited the coordination between FEI and BC Hydro to comparability of planning assumptions, not integration of resources. On a practical level, FEI has no operational or contractual control over FBC's or BC Hydro's resources. FEI cannot reasonably plan for a portfolio that includes assets, capital, and system constraints that it does not control.

> ***Request 32: "With respect to MS2S' recommendation (MS2S submits FEI should resubmit its LTGRP, and the resubmitted plan should focus the use of available RNG and hydrogen in the hard-to-decarbonize sectors first), the Panel considers that prioritizing specific uses of low carbon gas appears to be a policy issue; therefore, the Panel declines the recommendation. However, the Panel considers that it would be helpful for FEI to include its views on this matter in its next long-term gas resource plan."***

78. BCSEA submits that since FEI has acknowledged it is considering more than one way to deliver hydrogen to its customers, it would make sense for FEI to layer this consideration onto the analysis.[123] Similarly, MS2S repeats its submission from the 2022 LTGRP proceeding that FEI should demonstrate its consideration of prioritizing lower-carbon gases such as hydrogen in the hardest-to-decarbonize sectors.[124] FEI's first response to these submissions is that these arguments are not raising a compliance issue. Request 32 is not a directive; rather, the Panel

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[121] Exhibit B-1, Application, Section 8.6, Collaboration with BC Hydro to Facilitate a Comparison in Long-Term Resource Plans, pp. 8-10 to 8-15.

[122] Exhibit B-1, Application, p. 8-14.

[123] BCSEA-MS2S Final Argument, p. 12.

[124] BCSEA-MS2S Final Argument, paras. 149-154.

rightly identified the matter as a policy issue and stated that it would be helpful for FEI to include its views on this matter.

79. Second, the fact that FEI is considering more than one way to deliver hydrogen to its customers does not have any bearing on whether FEI can prioritize the use of hydrogen in certain sectors. FEI may focus its market development activities in certain sectors, but the use of resources is ultimately driven by market demand.[125]

80. Finally, FEI is an energy distributor with a duty to serve, not a policy maker; only government can create law or policy that can require or encourage the use of hydrogen in certain sectors.

> ***Request 33: "Overall, while this LTGRP represents a reasonable first step in outlining how FEI is planning for a low carbon future, the next long-term gas resource plan will need to go further. FEI will need to demonstrate greater sophistication in modelling how its demand may be affected by the energy transition and provide more detailed support for its planned actions to address GHG emission reductions."***

81. BCSEA submits that FEI's demand modelling remains speculative.[126] However, the evidence demonstrates that FEI has advanced and improved its modelling since the 2022 LTGRP. The 2026 LTGRP uses a more structured end-use annual method, expressly defines and applies key energy transition drivers, including building codes and equipment standards, customer price impacts, fuel switching, new large loads, marine and ISO shipments, and DSM, and then tests those assumptions through sensitivity analysis.[127] FEI also developed interactive forecasting tools to examine alternative residential customer account trajectories, integrated DSM savings into annual and peak demand analysis, and expanded its assessment of dual-fuel systems, customer affordability, and GHG-reduction pathways, including through industrial carbon capture utilization and storage (CCUS) sensitivity analysis.[128] In FEI's submission, this is the kind of greater modelling sophistication contemplated by Request 33. It has resulted in a transparent planning

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125 Exhibit B-5, BCSEA-MS2S IR 1.16.1.

126 BCSEA-MS2S Final Argument, p. 12.

127 Exhibit B-1, Application, Sections 3 and 4.3.

128 Exhibit B-1, Application, Sections 4.5 to 4.7 and 9.

framework that recognizes uncertainty, tests the drivers most relevant to the energy transition, and allows the BCUC and interveners to understand how different assumptions affect demand, resources, rates and emissions.

Request 35: "The Panel expects that FEI will include its Hydrogen Strategy in its next long-term gas resource plan filing."

82. MS2S contends that FEI did not comply with Request 35 because "there is no such Hydrogen Strategy in this LTGRP".[129] To the contrary, the 2026 LTGRP provided FEI's substantive strategy with respect to understanding the potential for and incorporating hydrogen over the planning horizon. Sections 5.3.4 and 7.3.3.4 contain the substance that MS2S argues is missing. FEI then supplemented the evidence on its approach to hydrogen and its understanding of hydrogen potential through its responses to information requests, including by further describing (1) its plans respecting hydrogen as a transportation fuel,[130] (2) how planning would adjust if hydrogen supply does not materialize as envisioned,[131] and (3) the three pathways FEI currently envisions for delivery of hydrogen in BC.[132] MS2S's evident desire for a designated section entitled "Hydrogen Strategy" puts form ahead of substance.

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[129] BCSEA-MS2S Final Argument, paras. 129-137.

[130] Exhibit B-4, BCUC IR1 15.2.

[131] Exhibit B-4, BCUC IR1 15.3.

[132] Exhibit B-5, BCSEA-MS2S IR1 11.2. Other IR responses respecting FEI's approach to hydrogen include: Exhibit B-4, BCUC IR1 14.6, 15.1; Exhibit B-5, BCSEA-MS2S IR1 11.1, 11.3; Exhibit B-6, CEC-COSCO-RCIA IR1 23.1; Exhibit B-9, LIEC-Saanich-Richmond IR1 6.4.

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

83. In this Part, FEI responds to intervener submissions related to the section 44.1(8) considerations. FEI submits that the evidence establishes that:

- The 2026 LTGRP is aligned with BC's Energy Objectives;
- The Diversified Approach balances affordability, reliability and sustainability;
- FEI will continue ongoing collaboration with FBC and BC Hydro without further direction;
- FEI's capital expenditure assumptions are not proposed for approval;
- Affordability metrics are not feasible to implement; and
- The Action Plan is in the public interest.

A. The 2026 LTGRP is Aligned with BC's Energy Objectives

84. The 2026 LTGRP is aligned with BC's Energy Objectives. As discussed in this Section, the intervener submissions that challenge the Plan's alignment with BC's Energy Objectives misapply the objectives in the planning context and misinterpret the role of this factor in the BCUC's consideration of whether to accept the 2026 LTGRP.

(a) Dual-Fuel Heating Systems Are Consistent with GHG Reduction Goals

85. BCSEA submits that the BCUC should find that the 2026 LTGRP is "at least partly inconsistent" with BC's energy objectives because wide deployment of dual-fuel heating systems could in some cases increase the use of natural gas and increase emissions.[133] However, the benefits of dual-fuel systems, including the resulting reductions in gas demand and GHG emissions, are well supported by the evidence in this proceeding. Notably, FEI's modelling of the

[133] BCSEA-MS2S Final Argument, pp. 13-14.

GHG reduction benefits is based on displacing the use of a gas furnace, as FEI's DSM programs do not permit FEI to offer incentives for customers to switch from electricity to natural gas.[134]

86. BCSEA's argument that the estimated 41 percent reduction in GHGs falls short of the 80 percent target for 2050 in the *Climate Change Accountability Act* is baseless.[135] The *Climate Change Accountability Act* does not require all individual GHG reduction measures to align with the 80 percent target in 2050. The target is for the province as a whole. A 41 percent reduction is a meaningful reduction in emissions which can make a material contribution to the Province's GHG reduction goals.

(b) Off-System RNG is a Viable Path to Reducing the Province's GHG Emissions

87. Contrary to LGI's submissions,[136] FEI's carbon accounting methods are consistent with the Intergovernmental Panel on Climate Change (IPCC) guidelines for jurisdictional inventory reporting, which recognize that the GHG emissions resulting from the consumption of RNG should be recorded in the jurisdiction where that RNG is used. The carbon dioxide (CO_2) component of the RNG used within BC does not contribute to BC's overall GHG emissions because RNG is methane produced from biogenic feedstocks, which means the CO_2 that is released when the RNG combusted is balanced by the carbon drawn out of the atmosphere to create its raw materials.[137]

88. Furthermore, the reduction in GHG emissions within BC due to RNG acquired outside the province is recognized by the BC Government.[138] For example, the BC's Climate Action Secretariat's Carbon Neutral Government program recognizes GHG emissions reductions through the blend of RNG into FEI's gas supply by adjusting its natural gas emissions factors for anthropogenic CO_2 and biogenic CO_2 proportional to the RNG blend. Commencing in July 2024, the emissions factors for use of natural gas from FEI were adjusted to reflect the fact that a

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134 Exhibit B-4, BCUC IR1 13.3.

135 BCSEA-MS2S Final Argument, pp. 13-14.

136 LIEC-Saanich-Richmond Final Argument, paras. 30-32.

137 Exhibit B-9, LIEC-Saanich-Richmond IR1 6.4.

138 Exhibit B-9, LIEC-Saanich-Richmond IR1 6.4.

percentage of the gaseous energy received from FEI was RNG, thereby lowering the anthropogenic CO_2 emissions of the gaseous energy stream.[139]

89. Finally, FEI's acquisitions of out-of-province RNG are prescribed undertakings under the *Clean Energy Act* and therefore deemed to be in the public interest. LGI's requests for the BCUC to make determinations inconsistent with policy or legislation or revisit the subjects recently considered in the RNG Inquiry must be rejected.

(c) The 2026 LTGRP Supports Provincial GHG Emissions Targets

90. MS2S and that the 2026 LTGRP is a "step backwards" in meeting the Province's GHG emissions targets because it does not contain a scenario capable of meeting the Province's 2030 and 2040 targets.[140] Similarly, the LGI ask the BCUC to find that the record does not establish the Plan's contribution to objective 2(g) of the *Clean Energy Act*, as the Plan does not meet the 2030 or 2040 targets.[141] The LGI further submit that the Plan should also have been assessed against the sectoral target that applies to buildings and communities,[142] and asks that the next long-term gas resource plan contain at least one scenario that meets the Province's 2030, 2040 and 2050 targets.[143] These submissions should be rejected for the following reasons.

91. First, the 2026 LTGRP unequivocally supports BC's energy objective to reduce GHG emissions. Beyond the impacts of government policy, such as Building Codes and Equipment Standards, and fuel switching which are expected to result in significant declines in emissions, FEI has planned to take actions to reduce GHG emissions, including pursuing adequate and cost-effective DSM, supplying renewable and lower-carbon gas, providing LNG and CNG to displace higher-emitting fuels, and pursuing the use of CCUS.[144] FEI's modelled emission reductions that

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139 Exhibit B-9, LIEC-Saanich-Richmond IR1 6.4.

140 BCSEA-MS2S Final Argument, paras. 123-128, 178-184.

141 LIEC-Saanich-Richmond Final Argument, paras. 27-43.

142 LIEC-Saanich-Richmond Final Argument, para. 27-29, 43.

143 LIEC-Saanich-Richmond Final Argument, para. 72(b).

144 Exhibit B-1, Application, p. 9-5 and pp. 9-14 to 9-15.

result from the long-term demand scenarios demonstrate that FEI can support provincial GHG emissions reductions across multiple sectors:[145]

- All scenarios result in GHG emissions reductions across the residential, commercial, and industrial sectors relative to baseline conditions;[146]
- FEI's Diversified Approach scenario shows steady reductions in GHG emissions each year, achieves a 39 percent emissions reduction by 2035, and ultimately exceeds the 2050 GHG reduction goal for British Columbia;[147]
- CCUS offers the potential for additional GHG reductions in the industrial sector incremental to these modelled results;[148] and
- The transportation, marine, and ISO shipments sectors achieve significant GHG emissions reductions across all scenarios relative to the continued use of other fuels (e.g., marine gas oil and diesel).[149]

92. Second, the targets in the *Climate Change Accountability Act* are economy-wide, multi-sector obligations to be addressed by government policy (carbon pricing, building codes, industrial regulation, transportation policy, electricity supply, etc.), not obligations imposed directly on a single gas utility. The BCUC must consider this objective, but consideration of this objective does not make this province-wide target a legislative requirement for FEI's resource plan. It is one consideration amongst many that must be considered, including the realities of the planning environment, the Province's progress towards the targets, and the interests of customers, including rate impacts.

93. Third, FEI did not align a scenario to the 2030 target because current provincial policies are not projected to achieve it. The Climate Change Accountability Report 2025 projects only

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145 Exhibit B-1, Application, section 9.3.

146 Exhibit B-1, Application, Figure 9-4.

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

148 Exhibit B-1, Application, pp. 9-14 to 9-15.

149 Exhibit B-1, Application, Figure 9-6.

about a 20 percent reduction below 2007 levels by 2030 against the legislated 40 percent target.[150] Relative to 2007 levels, GHG emissions in 2023 declined by 7 percent in the Oil & Gas sector, 11 percent in the Buildings & Communities sector, and 22 percent in the Other Industry sector. Over the same period, GHG emissions from the Transportation sector increased by 7 percent. GHG emissions are affected by many factors, including but not limited to a growing population, economic growth and customer choice, as well as the availability of renewable and lower-carbon gas across BC.[151] FEI is one contributor among many, and the Province's own reporting confirms the shortfall is a province-wide phenomenon, not an FEI-specific one. FEI is not positioned to unilaterally close the gap identified by the Province through its resource plan.

94. Fourth, MS2S and the LGI misconstrue the purpose of demand scenario modelling. FEI's five long-term demand scenarios were appropriately built to represent a range of plausible futures, not to optimize for a single objective such as meeting a specific GHG target. Accordingly, FEI's scenarios are necessarily grounded in existing policy, market conditions, technology trends and customer preferences.[152] While grounded in the reality of the Province's progress towards its GHG reduction targets, all scenarios include activities that support substantial long-term emissions reductions and meaningful progress toward the Province's climate objectives. Some of FEI's scenarios achieve GHG emissions reductions that meet or exceed BC's 2050 target of 80 percent below 2007 levels.[153]

95. Within the constraints of FEI's planning environment, the 2026 LTGRP reflects real action such as through fuel-switching, DSM, renewable and lower-carbon gas, and pursuing LNG as a means of displacing higher emitting fuels, to reduce GHG emissions reductions. FEI submits that pursuing its preferred approach, modelled through the Diversified Approach scenario, provides a reasonable, evidence-based pathway to support provincial emissions objectives while balancing the need to serve customers safely, reliably and affordably. Rejecting the Plan would impede that pathway rather than accelerate it.

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150 Exhibit B-5, BCSEA-MS2S IR1 12.3.

151 Exhibit B-5, BCSEA-MS2S IR1 12.3.

152 Exhibit B-5, BCSEA-MS2S IR1 12.3.

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

B. Diversified Approach Best Balances Affordability, Sustainability and Reliability

96. FEI responds in this section to submissions related to its preferred Diversified Approach scenario. The evidence supports the choice of the Diversified Approach as FEI's preferred planning pathway because it best balances affordability, reliability and sustainability, uses the complementary strengths of the gas and electric systems, and preserves flexibility to respond to uncertainty over the planning horizon.

(a) The Evidence Supports FEI's Choice of the Diversified Approach Scenario as its Preferred Planning Pathway

97. BCSEA submits that the analysis is not sufficient to justify the selection of the Diversified Approach scenario as being better or more likely than any of the other scenarios.[154] Although FEI has identified the Diversified Approach scenario as its preferred planning pathway for the reasons described below, the BCUC need not determine that the Diversified Approach is better or more likely for the purpose of accepting the 2026 LTGRP.

98. FEI's choice of the Diversified Approach scenario as its preferred planning pathway is reasonable because it best balances affordability, reliability and sustainability. The evidence demonstrates that, among other things, the Diversified Approach:

- leverages the complementary strengths of the gas and electric systems, including by preserving the gas system's role in meeting peak heating demand;[155]
- supports material GHG reductions through DSM and renewable and lower-carbon gas;[156]
- is able to moderate rate impacts and support economic development by facilitating growth opportunities in the transportation, marine and ISO shipment sectors;[157] and

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154 BCSEA-MS2S Final Argument, p. 6.

155 Exhibit B-1, Application, pp. 3-26 to 3-27.

156 Exhibit B-1, Application, pp. 3-26 to 3-27.

157 Exhibit B-1, Application, pp. 9-25 to 9-26.

- maintains flexibility to adapt as policy, technology, market conditions and customer behaviour evolve.[158]

99. FEI submits that there is a compelling basis for its conclusion that the Diversified Approach is in the interest of customers and is the best pathway for the utility at this time.

(b) Diversified Approach Is More Affordable than the Electrification Focus Scenario

100. BCSEA states that it is not convinced that the Diversified Approach provides affordability benefits.[159] Similarly, MS2S maintains that the Plan lacks information required to assess the affordability of FEI's scenarios and confirm the Diversified Approach scenario is the lowest cost pathway.[160] Contrary to BCSEA and MS2S, the Diversified Approach provides affordability benefits.

- First, BCSEA and MS2S are overlooking a substantial body of evidence. FEI's modelling shows that the Diversified Approach has a materially lower rate impact than the Electrification Focus scenario. Table 9-11 of the 2026 LTGRP shows a cumulative total bill impact of 181 percent for the Diversified Approach scenario versus 208 percent for the Electrification Focus scenario by 2050.[161] These results are supported by analysis covering delivery rate impacts, commodity rate impacts, and combined total bill impacts. FEI disclosed the specific inputs underlying that analysis: the 27-year demand forecast, DSM expenditures and savings by scenario, approved delivery margin and WACC, O&M and depreciation assumptions, incremental capital expenditure assumptions (including identified major capital projects), and the long-term price forecasts and RNG/hydrogen blend settings by scenario.[162] BCSEA and MS2S provide no basis on which to question the results of the analysis.

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158 Exhibit B-1, Application, pp. 9-27 to 9-28.

159 BCSEA-MS2S Final Argument, pp. 14-15.

160 BCSEA-MS2S Final Argument, paras. 169-172.

161 Exhibit B-1, Application, Table 9-11.

162 Section 9.4 of the Application sets out a directional rate impact analysis for all five scenarios from 2024 to 2050.

- Second, the Diversified Approach is an integrated energy-system pathway that moderates total customer costs by using the gas and electrical systems where each is most efficient and cost-effective.[163] This is because electric infrastructure must be sized to meet coincident peak demand, not just annual demand.[164] Fully electrifying of space heating materially increases electric peak demand at the coldest times of the year, when heat pump efficiency is at its lowest.[165] The resulting generation, transmission and distribution investments needed to serve that peak demand would be borne by electric ratepayers, increasing the overall cost of the energy transition. The Diversified Approach avoids this outcome by not shifting large amounts of winter peak heating demand from the gas system onto the electric system.[166] Instead, it combines demand-side measures, dual-fuel systems, and renewable and lower-carbon gas to reduce annual gas use and emissions while continuing to rely on the existing gas system to meet peak heating demand.[167] This allows customers to achieve emissions reductions without the need for electric system build-out on the same scale, while retaining the cost and reliability advantages of the existing gas infrastructure.[168]

- Third, FEI did not represent that the Diversified Approach is "the lowest cost pathway". The lowest-cost pathway is the Prolonged Transition scenario, which would have the lowest delivery rate and total bill impacts to customers. However, this pathway contemplates a future in which climate policy is delayed or abandoned.[169] The Diversified Approach scenario is FEI's preferred pathway because it achieves the best balance between affordability, reliability, and sustainability.

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163 Exhibit B-1, Application, p. 9-18; Exhibit B-6, CEC-COSCO-RCIA IR1 11.1.

164 Exhibit B-1, Application, p. 4-24.

165 Exhibit B-1, Application, p. 4-25.

166 Exhibit B-1, Application, p. 4-24; Exhibit B-9, LIEC-Saanich-Richmond IR1 3.1.

167 Exhibit B-1, Application, p. 4-28.

168 Exhibit B-1, Application, pp. 4-38 to 4-39; Exhibit B-6, CEC-COSCO-RCIA IR1 12.1; Exhibit B-4, BCUC IR1 23.1.

169 Exhibit B-6, CEC-COSCO-RCIA IR1 12.1.

101. MS2S also contends that FEI should have considered in its affordability analysis: the price impact of LNG "basin lift"; disaggregated price impacts for lower-carbon gas types; gas-electricity cross-price elasticity; and costs of expanding the electric distribution system from dual-fuel system adoption. The following points provide a full answer to MS2S in this regard:

- The fact that the third-party natural gas price forecasts used by FEI do not explicitly disaggregate a distinct "basin lift" component attributable solely to ISO shipments does not mean the impact is excluded. The Western Canadian market context, including the impacts from LNG exports, is already reflected in these third-party forecasts.[170]

- FEI provided separate price outlooks for RNG, hydrogen and natural gas, and directly quantified how changes in blend percentages translate into changes in customer bills.[171]

- FEI did not model gas-electricity cross-price elasticity. Instead, FEI relied on natural gas price elasticity estimates from third parties to model the changes in natural gas prices, which remain largely inelastic.[172] In any event, the 2026 LTGRP's scenario-based approach captures potential shifts in demand driven by the relative competitiveness of gas and electricity prices.[173]

102. For the purposes of FEI's analysis as a gas utility, FEI ran sensitivities using different electric rate escalators to understand the lifecycle costs and benefits of a dual-fuel heating system for a customer in a Medium Detached Home in Kelowna.[174] In the 2026 LTERP, FBC will provide updated electric resource option costs and long-run marginal costs to further examine the cost-effectiveness from an electric utility perspective.[175]

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170 Exhibit B-5, BCSEA-MS2S IR1 9.1.

171 Exhibit B-1, Application, Table 5-4, p. 5-18; Table 9-10, p. 9-21; Figure 9-10, p. 9-22; Figure 9-11, p. 9-23; Figure 9-12, p. 9-24.

172 Exhibit B-1, Application, Section 3.5.2, Price Impact to Customer, p. 3-12.

173 Exhibit B-5, BCSEA-MS2S IR1 7.1.

174 Exhibit B-1, Application, Table 4-10, p. 4-34.

175 Exhibit B-1, Application, p. 4-41.

(c) Sustainability Benefits of Diversified Approach are High

103. BCSEA submits that it would not accord with a "precautionary approach" to assume the Diversified Approach would deliver a high rate of GHG emissions reductions.[176] There are three answers to BCSEA's argument.

104. First, contrary to the BCSEA, the GHG reduction measures included under the Diversified Approach – such as DSM, RNG, and hydrogen – are plausible and supported by the evidence in this proceeding.[177]

105. Second, BCSEA's submission is misaligned with the purpose of resource planning. The purpose is not to forecast with certainty, but to develop robust and adaptive plans that enable the utility to continue to provide safe and reliable service over the planning horizon.

106. Third, while the environmental-law concept of the "precautionary principle" has little direct application in long-term resource planning, FEI's robust approach to long-term resource planning demonstrates appropriate attention to future uncertainty. FEI has modelled a wide range of plausible future scenarios, identified key uncertainties, maintained flexibility to adapt to changing conditions, and incorporated ongoing monitoring into its Action Plan.

(d) Process to Explore Diversified Approach Scenario Is Not Needed

107. CEC-COSCO-RCIA consider the Diversified Approach to be a substantial initiative with significant benefits and recommend that the BCUC initiate its own regulatory processes to explore the potential for even more beneficial diversified approaches for future IRPs and LTGRPs.[178] FEI agrees with CEC-COSCO-RCIA's views of the Diversified Approach in this regard, but additional regulatory processes are unnecessary. Work is already underway to develop the approach, including the Kelowna Dual-Fuel Study and joint dual-fuel incentive program FEI is exploring with BC Hydro. FEI submits that continued development of initiatives such as these over the resource planning cycle is the best way to develop the Diversified Approach.

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176 BCSEA-MS2S Final Argument, p. 16.

177 Exhibit B-1, Application, Table 9-4, pp. 9-10.

178 CEC-COSCO-RCIA Final Argument, p. 33.

(e) FEI Has Provided Sufficient Detail on the Diversified Approach Scenario

108. CEC-COSCO-RCIA recommend that future long-term gas resource plans identify material assumptions regarding system utilization that support the affordability and economic performance of the preferred pathway.[179] CEC-COSCO-RCIA similarly recommend that future long-term gas resource plans identify the material conditions upon which the continued preference for FEI's preferred pathway depends and explain, at a strategic level, how materially different outcomes would affect FEI's long-term planning direction.[180] FEI provides two responses.

109. First, identifying the material assumptions to support the affordability and economic performance of its scenarios is a standard part of its planning. In the 2026 LTGRP, FEI provided this information for its Diversified Approach and other scenarios. FEI's material assumptions regarding system utilization are described in depth in Section 3 of the Plan, which details how each of the long-term demand scenarios were modelled and provides a sector-by-sector analysis of demand over the planning horizon. Further, Section 9.4 of the Plan sets out a directional rate impact analysis for all five scenarios from 2024 to 2050, covering delivery rate impacts, commodity rate impacts, and combined total bill impacts, and lists all of the assumptions used in the rate impact analysis. FEI provides a sensitivity analysis on the impact of LNG demand and a new large industrial load and the percentage of renewable and lower-carbon gas,[181] as well as additional sensitivity analysis in response to IRs on varying levels of DSM and renewable and lower-carbon gas.[182] FEI has provided a range of other scenarios, various sensitivity analyses, and an interactive crowd-forecasting tool that facilitate the exploration of the impact of changing various conditions.

110. FEI submits that identifying the material conditions upon which the continued preference for FEI's preferred pathway depends is an unnecessary step. It would either (a) require anticipating an infinite variety of conditions or (b) be too generalized to be of significant use. It is

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179 CEC-COSCO-RCIA Final Argument, p. 8

180 CEC-COSCO-RCIA Final Argument, pp. 9-10.

181 Exhibit B-1, Application, Figures 9-8 and 9-10, pp. 9-20 and 9-22.

182 Exhibit B-4, BCUC IR1 23.2.

far more efficient and effective for the LTGRP to be assessed in the current iterative and holistic manner. FEI prepares new resource plans every 3-5 years, which enables FEI to revisit its planning approach in response to new information and changing conditions.

C. FEI Will Continue to Collaborate with FBC and BC Hydro

(a) CEC-COSCO-RCIA Recommendation for Collaboration with BC Hydro Is Unnecessary

111. CEC-COSCO-RCIA recommend that the BCUC direct FEI to work more closely with BC Hydro and others to identify optimal opportunities for greater collaboration with BC Hydro, beyond the potential alignment and understanding of their respective assumptions and modelling parameters.[183] They also recommend that the BCUC request a combined report from BC Hydro and FEI on establishing a collaborative study on the potential implementation of the Diversified Approach.[184] FEI submits that these recommendations should not be accepted.

112. FortisBC and BC Hydro have a long-standing history of collaboration and joint coordination on aspects of resource planning.[185] FEI and BC Hydro participated in each other's technical advisory committees, and their resource planning teams met throughout the 2026 LTGRP process to identify where information sharing could assist each utility's long-term resource planning.[186] Since May 2024, FEI, FBC and BC Hydro have been meeting regularly to share information on load forecasting approaches and assumptions, improving the utilities' mutual understanding of demand forecasts, shared assumptions and major drivers of uncertainty.[187] Section 8.6 of the Plan describes the information shared with BC Hydro and how it was incorporated into the planning process for the 2026 LTGRP. FEI is engaging with BC Hydro on a joint dual-fuel heating system incentive program and other opportunities for continued collaboration.[188] FEI considers that its coordination with BC Hydro has been effective and does

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183 CEC-COSCO-RCIA Final Argument, p. 23.

184 CEC-COSCO-RCIA Final Argument, p. 13.

185 Exhibit B-9, LIEC-Saanich-Richmond IR1 10.1.

186 Exhibit B-1, Application, Section 8.6, p. 8-10.

187 Exhibit B-6, FEI response to CEC-COSCO-RCIA IR1 22.1, p. 48, citing BC Hydro 2025 IRP, Section 2.9.2, p. 2-90.

188 Exhibit B-9, LIEC-Saanich-Richmond IR1 10.1.

not see any material impediments to continued coordination with BC Hydro in the future.[189] Therefore, a direction to work more closely is not needed.

113. The recommendation for a combined report from FEI and BC Hydro on establishing a collaborative study into the potential implementation of the Diversified Approach should also be declined. BC Hydro has had no opportunity to address whether such a report or study would assist its own resource planning. The Diversified Approach is FEI's preferred planning pathway for its own gas system rather than a joint undertaking with BC Hydro. Committing the utilities to a defined joint study at this time would not reflect the stage of collaboration that has been achieved. As the BCUC determined in its Decision and Order G-78-24 on the 2022 LTGRP, "greater collaboration between FEI and BC Hydro (and other utilities) on resource planning would be resource intensive and may not result in agreement between the utilities, and the BCUC should not be prescriptive on policy issues." FEI submits that the BCUC should allow the collaboration between FEI and BC Hydro to continue to develop as the utilities identify opportunities that benefit their respective customers.

(b) FEI Will Continue to Develop Integrated Gas/Electric Planning Where Reasonably Practicable

114. CEC-COSCO-RCIA recommend that FEI continue to develop integrated gas/electric planning by moving toward, where reasonably practicable, consideration of the combined customer cost and system consequences of material alternatives affecting both systems.[190] FEI supports continuing to develop integrated gas/electric planning where reasonably practicable, and submits that no direction is required.

115. The 2026 LTGRP already considers the combined customer cost consequences of alternatives affecting both systems. Through the Kelowna Electrification Case Study and the ongoing Kelowna Dual-Fuel Study, FEI and FBC are working together to understand the implications of electrification for both utility systems and for customers. FEI is continuing to work with FBC to better understand and quantify the benefits that dual-fuel heating systems provide

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[189] Exhibit B-6, CEC-COSCO-RCIA IR1 22.1.

[190] CEC-COSCO-RCIA Final Argument, p. 14.

to utilities from a holistic energy system perspective, and FEI expects FBC to present further information in its long-term electric resource plan in this regard. Section 8.6 of the Application describes the information shared with BC Hydro and how it was incorporated into the planning process for the 2026 LTGRP.

D. FEI Is Not Seeking Approval of the Capital Assumptions in its Rate Impact Analysis

116. CEC-COSCO-RCIA recommend, with regard to "FEI's capital forecast", that the BCUC's decision expressly state "acceptance of the 2026 LTGRP gives no standing or weight to the approximately $3.4 billion of proxy capital in the forecast."[191] CEC-COSCO-RCIA also recommend that the BCUC should direct FEI to quantify the rate impacts of its capital program under the low customer-account sensitivity in FEI's next long-term resource plan, stating that a "plan accepted with $3.4 billion of unassessed proxy capital must not later be cited as planning support for whatever projects eventually fill it."[192] These recommendations rest on mistaken assumptions regarding the inputs into FEI's directional rate impact analysis and should be rejected. FEI addresses below (1) the composition of the proxy capital, (2) the absence of any approval sought in respect of it, and (3) the request for a further rate impact quantification.

117. FEI has not provided a capital forecast in the 2026 LTGRP. Rather, for the purpose of its directional rate impact analysis, FEI needed to make assumptions regarding the capital expenditures in each year of the planning horizon. The approximately $3.4 billion referred to by CEC-COSCO-RCIA[193] comprises a $2 billion proxy for future capital to 2050 that is not yet attributable to defined projects, together with the $1.4 billion added as a proxy for future expansion of the Tilbury LNG facility.[194] FEI notes that the $1.4 billion added for the Tilbury expansion represents the same expansion that has since been authorized under Order in Council 360/2026 with a maximum allowed expenditure of $2.2 billion.

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191 CEC-COSCO-RCIA Final Argument, p. 24.

192 CEC-COSCO-RCIA Final Argument, p. 24.

193 CEC-COSCO-RCIA Final Argument, paras. 110 and 111.

194 Exhibit B-6, CEC-COSCO-RCIA IR1 17.1.

118. FEI is not seeking approval of the $2 billion of proxy capital, and acceptance of the 2026 LTGRP would confer none. CEC-COSCO-RCIA acknowledge at paragraph 112 of their final argument that a 27-year plan cannot carry engineering-grade estimates for projects that have yet to be defined. It follows that there is no basis on which the BCUC could approve a proxy for such capital, and no need for the BCUC to caveat its Decision with respect to these assumptions or for FEI to conduct alternative quantifications of them. Each project that FEI advances will be assessed on its own merits in the proceeding established for that purpose, where the evidence supporting the expenditure can be tested.

119. The request that FEI quantify the rate impacts of its capital program under the low customer-account sensitivity in its next long-term resource plan should also be declined, for three reasons.

120. First, the evidence supports continued growth in customer accounts. Use per customer is lower under the Electrification Focus scenario, while FEI expects to continue adding customers through to 2050 in each of the scenarios modelled.[195]

121. Second, FEI has already conducted the comparison that CEC-COSCO-RCIA request. FEI modelled the Electrification Focus scenario with approximately 75 percent less future capital than the Diversified Approach scenario, reflecting the materially lower throughput on the system in that scenario. That analysis shows that the Electrification Focus scenario, with substantially lower capital expenditures, remains more costly for customers than the Diversified Approach.[196]

122. Third, the rate impact analysis in Section 9.4 of the Plan is designed to illustrate rate impacts directionally across the different pathways. A further quantification against a lower customer-account sensitivity would add refinement to an analysis that is directional by design. The additional planning value would be modest relative to the effort required.

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[195] Exhibit B-1, Application, Section 3.3.

[196] Exhibit B-9, LIEC-Saanich-Richmond IR1 3.1.

E. Proposed Affordability Metrics Are Not Feasible

123. CEC-COSCO-RCIA recommend the BCUC direct FEI to:

- develop and apply customer-oriented affordability metrics, including energy burden analysis for low- and fixed-income customers;[197]
- track and report dual-fuel system adoption (installations, regional distribution, and measured performance against forecast);[198] and
- identify how projected residential affordability outcomes influence the selection, timing, scale and composition of FEI's long-term resource strategy.[199]

124. FEI submits that the BCUC should decline these recommendations for the reasons described below.

125. As to the first recommendation, affordability is a relative measure. There is no specific threshold of rate increase or bill impact, and no other metric such as household energy burden, income level, or impact on low- and fixed-income customers, that can be used to measure affordability or to set affordable rates. What is affordable depends on the economic circumstances of the individual customer or household.[200] The BCUC reached the same conclusion in its Decision on FortisBC's 2025-2027 Rate-Setting Framework Application:[201]

> The Panel acknowledges BCOAPO's concerns regarding affordability for both FEI and FBC but agrees with FortisBC's position that affordability is subjective and largely depends on the economic position of the individual customer or a household. The Panel acknowledges that rate increases impact all customers and specifically and more disproportionately, low-income customers. However, there

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197 CEC-COSCO-RCIA Final Argument, p. 26.

198 CEC-COSCO-RCIA Final Argument, p. 26.

199 CEC-COSCO-RCIA Final Argument, p. 27. CEC-COSCO-RCIA say that "future plans should explain whether there are circumstances in which materially deteriorating residential bill outcomes would cause FEI to reconsider the preferred pathway, alter the pace or composition of planned actions, or otherwise modify its long-term strategy."

200 Exhibit B-6, CEC-COSCO-RCIA IR1 11.1.

201 Decision and Order G-69-25, p. 69.

is no specific level that can be used to meaningfully measure affordability across FortisBC's customer base at this time.

126. An affordability metric defined by reference to low- and fixed-income customers would also be incompatible with the BCUC's jurisdiction. In the BC Hydro 2015 Rate Design Application proceeding, the BCUC found in Order G-87-17 that the legislative intent required to confer jurisdiction on the BCUC to order low-income rates is absent. CEC-COSCO-RCIA do not ask the BCUC to direct FEI to establish a low-income or fixed-income rate. However, a metric of the kind proposed would introduce a distinction that the BCUC has found it lacks the jurisdiction to give effect to through rates.

127. Affordability is already central to the 2026 LTGRP, and the Plan addresses it through analysis that is suitable to the purpose of long-term resource planning. Section 9.4 of the Plan sets out a directional rate impact analysis for all five scenarios from 2024 to 2050, covering delivery rate impacts, commodity rate impacts and combined total bill impacts, and Section 4.7.4 describes the Customer Affordability Tool, which assesses the total cost to a customer of gas, electric and dual-fuel options. FEI also quantified the incremental average residential bill impacts attributable to renewable and lower-carbon gas under each scenario at 2030, 2040 and 2050.

128. As to the second recommendation, tracking and reporting dual-fuel system adoption is unnecessary given FEI's existing reporting to the BCUC. The BCUC accepted FEI's dual-fuel offers as being in the public interest in Order G-31-24 and Order G-85-26, and FEI reports on program results to the BCUC through its DSM expenditure schedule applications and Annual DSM Reports. The BCUC has well-established reporting requirements in place for FEI's DSM programming, and they remain sufficient. FEI has a framework in place to evaluate, measure and verify its programs, on which FEI also reports to the BCUC. It is beyond the scope of FEI's DSM programs to regionally forecast installations or predict measured performance of dual-fuel heating systems. However, FEI and FBC are continuing to work on the Kelowna Dual-Fuel Study and FEI is also engaging with BC Hydro on further analysis.[202] FEI submits that this is sufficient to advance understanding of

[202] Exhibit B-1, Application, pp. 4-21, 8-14.

dual-fuel systems at this time, and that the tracking and reporting requested by CEC-COSCO-RCIA should be denied.

129. As to the third recommendation, the Plan already demonstrates how projected affordability outcomes influence FEI's long-term resource strategy by presenting the trade-off between affordability and sustainability. For example, as FEI explained, the Prolonged Transition scenario is the lowest-cost pathway modelled, with a compound annual rate increase of 2.4 percent between 2024 and 2050, slightly above Canada's 2 percent inflation target.[203] That scenario reflects a future in which climate targets and pledges are delayed or left unimplemented, and represents a departure from current government policy. FEI therefore modelled a pathway that could be characterized as affordable, but it achieves that result by setting aside the Province's climate objectives. A trade-off between affordability and sustainability is therefore unavoidable.

130. Affordability is one of the three planning objectives against which FEI assessed its scenarios, and the analysis demonstrates that the Diversified Approach delivers the greatest affordability among the pathways that satisfy those sustainability requirements. This is how projected affordability outcomes have shaped the selection, timing, scale and composition of FEI's long-term resource strategy. Requiring greater granularity across a 27-year planning horizon would produce analysis that conveys a level of precision that the underlying data cannot support. It would add to the length and complexity of the resource planning process without a corresponding benefit to customers.

F. Action Plan Is in the Public Interest

131. BCSEA makes several comments on the Action Plan, to which FEI responds below.

132. BCSEA supports Action Item 4, but submits that the BCUC should direct FEI in the next long-term gas resource plan to give more detail on how it would integrate hydrogen and other lower-carbon solutions into its resource stack,[204] examine what parts of its customer base can be

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[203] CEC-COSCO-RCIA IR1 12.1; Exhibit B-1, Application, Table 9-11.

[204] BCSEA-MS2S Final Argument, p. 17.

most readily electrified, and consider how RNG, hydrogen and other lower-carbon energy solutions can be preferentially directed to the "hardest-to-electrify sectors."[205] FEI disagrees that these directions are necessary or appropriate.

133. FEI has provided substantial evidence that it is actively pursuing renewable and lower-carbon gas integration.[206] Further detail on hydrogen and other lower-carbon gas integration will develop through FEI's ongoing pilots, studies, market development work and infrastructure planning. The next long-term gas resource plan can reflect that progress as it materializes. It would be premature to require FEI now to identify specific blending locations or dedicated delivery pathways before the relevant supply, market, technology and infrastructure conditions are sufficiently developed.

134. The BCUC should not direct FEI to examine which customers can be most readily electrified. FEI is a gas utility with a statutory duty to serve customers who request service. A gas utility cannot electrify its customer base and would not be able to recover the costs of electrification from the customers that are fully electrified. It would not be reasonable to require FEI's gas resource plan to become a plan for converting customers to another utility's energy system.

135. Nor should the BCUC direct FEI to preferentially allocate RNG, hydrogen or other lower-carbon gases to particular sectors. FEI may focus market development activities where demand is most likely to emerge, but it remains an energy distributor with a duty to serve market demand as it arises.[207] Decisions to reserve or prioritize lower-carbon fuels for particular end uses are policy choices for government, not planning directives that should be imposed on FEI in this proceeding.

136. Regarding Action Item 6, BCSEA generally opposes the expansion of FEI's distribution system, on the basis that such expansions will tend to induce more consumption of natural gas,

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[205] BCSEA-MS2S Final Argument, p. 18.

[206] Exhibit B-1, Application, Section 5.

[207] Exhibit B-5, BCSEA-MS2S IR 1.16.1.

causing more GHG emissions.[208] BCSEA's position is antithetical to the resource planning process in which FEI must engage. FEI must plan to safely and reliably serve its customers, including new customers.

[208] BCSEA-MS2S Final Argument, p. 18.

PART FOUR: THE PLAN DOES NOT TRIGGER THE DUTY TO CONSULT

137. HBFN submits that acceptance of the 2026 LTGRP is Crown conduct that triggers the duty to consult with the HBFN and that the Crown has not carried out that duty.[209] FEI submits that the duty to consult is not triggered in this case.

138. In *Haida Nation v. British Columbia (Minister of Forests)*, 2004 SCC 73, [2004] 3 S.C.R. 511, the Court stated that the duty to consult arises "when the Crown has knowledge, real or constructive, of the potential existence of the Aboriginal right or title and contemplates conduct that might adversely affect it".[210] This test can be broken down into three elements:

1) the Crown's knowledge, actual or constructive, of a potential Aboriginal claim or right;
2) contemplated Crown conduct; and
3) the potential that the contemplated conduct may adversely affect an Aboriginal claim or right.[211]

139. HBFN submits that the duty to consult is triggered because (1) the Crown has real knowledge of HBFN's Section 35 rights, (2) the BCUC's decision under section 44.1 to accept the 2026 LTGRP is Crown conduct, and (3) the decision to accept the 2026 LTGRP will impact HBFN's Section 35 rights.[212] FEI disagrees.

140. Even assuming Crown knowledge and Crown conduct, HBFN's argument fails at the third branch of the *Haida* test. There is no causal connection between acceptance of the 2026 LTGRP and any non-speculative adverse impact on Aboriginal rights or title. Acceptance of the 2026 LTGRP does not approve any project, compel any infrastructure investment, transfer control over resources, constrain future consultation, approve construction, authorize expenditures, confer property rights, or determine the location, timing or need for any project. In short, the BCUC's acceptance of the plan does not authorize or constitute the final decision on any activity that has

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209 FNEMC-HBFN Final Argument, p. 21.

210 *Haida Nation v. British Columbia (Minister of Forests)*, 2004 SCC 73, at para. 35.

211 *Rio Tinto Alcan Inc. v. Carrier Sekani Tribal Council,* 2010 SCC 43 [*Rio Tinto*] at 31.

212 FNEMC-HBFN Final Argument, pp. 11 to 16.

the potential to impact Aboriginal rights and title. Any potential adverse effects are speculative and subject to later, independent, project-specific Crown authorization.

141. FEI responds below to the key aspects of HBFN's submission related to whether the duty to consult is triggered, establishing the following points:

- The BCUC's role regarding the duty to consult is well established;
- There must be a causal connection between the Crown conduct and a non-speculative adverse impact to Aboriginal title or rights;
- There are no non-speculative strategic impacts;
- There are no non-speculative on-the-ground impacts; and
- FEI has engaged and will continue to engage with HBFN and Indigenous communities.

A. The BCUC's Role Regarding the Duty to Consult is Well-Established

142. HBFN submits that by asking the BCUC to accept the 2026 LTGRP, FEI is also asking the BCUC to confirm that "the 2026 LTGRP complies with the duty to consult."[213] This is not accurate. As established by the Court in *Haida,* the duty to consult is a duty of the Crown. FEI is not a Crown agent and the 2026 LTGRP itself does not constitute Crown conduct. If the duty to consult is triggered, it is the Crown that must comply with the duty, not the 2026 LTGRP.

143. HBFN also submits that the determination under section 44.1(6) regarding whether carrying out the 2026 LTGRP is in the public interest requires the BCUC to consider whether the duty to consult has been fulfilled and the quality of consultation.[214] However, it is clear from the Supreme Court's decision in *Rio Tinto*[215] that the threshold question is first whether the duty itself is triggered, based on the test articulated in *Haida.*

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213 FNEMC-HBFN Final Argument, p. 1.

214 FNEMC-HBFN Final Argument, p. 9.

215 *Rio Tinto* at para. 44.

144. In *Rio Tinto,*[216] the Court commented directly on the role of the BCUC in respect of the duty to consult. The Court found that the BCUC had the power to assess whether adequate consultation had taken place, but is not empowered to engage in consultation to discharge the Crown's obligation to consult.[217] As a body empowered to assess the duty to consult, the Commission may conclude that the duty has not been triggered. As determined in *Rio Tinto*, to trigger the duty to consult:

- there must be a causal connection between the Crown conduct and the adverse impact;
- speculative impacts are insufficient; there must be an appreciable adverse effect on the First Nations' ability to exercise their Aboriginal rights;
- the adverse effect must be on the future exercise of the right itself, not on a negotiating position; and
- past or existing impacts are not enough.[218]

145. Ultimately, in *Rio Tinto*, the Court affirmed that the BCUC applied the correct legal test in that instance, namely, that to meet the adverse impact requirement, "more than just an underlying infringement" was required; rather, it must be shown that the Energy Purchase Agreement (EPA) at issue in that case could "adversely affect" a current Aboriginal interest.[219] The Court affirmed that the BCUC correctly concluded that the EPA entered into by BC Hydro in 2007 for Alcan's sale of excess power from the Kenney Dam (2007 EPA) would have no adverse impact – neither an adverse physical impact on the Nechako River nor an organizational, policy, or managerial change that might adversely affect the claims or rights of the First Nation. In essence, the Court accepted that the BCUC could reasonably find no duty where the approval did not approve, transfer, or change control of licences or authorizations and did not create new

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[216] *Rio Tinto* at para. 44.

[217] *Rio Tinto* at para. 74.

[218] *Rio Tinto*, paras. 45 to 46.

[219] *Rio Tinto*, paras. 82 to 83.

physical impacts. The duty was not triggered because the 2007 EPA did not cause a new physical impact, did not alter resource control, and did not create an appreciable adverse effect.

146. FEI submits that the BCUC should similarly conclude that acceptance of the 2026 LTGRP would cause no appreciable impacts on Aboriginal rights and title. The 2026 LTGRP does not approve, transfer, or change control of licences or authorizations, has no physical impacts, and does not bring about any organizational, policy, or managerial change that might impact the HBFN.

B. There Must be a Causal Connection Between the Crown Conduct and Potential Adverse Impact

147. HBFN submits that the duty to consult extends to strategic, higher-level decisions that may have an impact on Aboriginal claims and rights.[220] However, to trigger the duty to consult, strategic, higher-level Crown decisions must meet the third element of the test – they must have the potential to adversely affect Aboriginal rights.

148. To satisfy the third element of the test, *Rio Tinto* determined that there must be a causal relationship between the Crown conduct and a potential for adverse impacts on pending Aboriginal claims or rights:[221]

> [45] The third element of a duty to consult is the possibility that the Crown conduct may affect the Aboriginal claim or right. The claimant must show a causal relationship between the proposed government conduct or decision and a potential for adverse impacts on pending Aboriginal claims or rights. Past wrongs, including previous breaches of the duty to consult, do not suffice.

149. Further, the Court stated that mere speculative impacts will not suffice and there must an "appreciable adverse effect on the First Nations' ability to exercise their aboriginal right":[222]

> [46] Again, a generous, purposive approach to this element is in order, given that the doctrine's purpose, as stated by Newman, is "to recognize that actions affecting unproven Aboriginal title or rights or treaty rights can have irreversible

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220 HBFN Final Argument, p. 220 FNEMC- HBFN Final Argument, pp. 13-14.

221 *Rio Tinto*, para. 45.

222 *Rio Tinto,* para. 46.

> effects that are not in keeping with the honour of the Crown" (p. 30, citing *Haida Nation*, at paras. 27 and 33). Mere speculative impacts, however, will not suffice. As stated in *R. v. Douglas*, 2007 BCCA 265, 278 D.L.R. (4th) 653, at para. 44, there must an "appreciable adverse effect on the First Nations' ability to exercise their aboriginal right". The adverse effect must be on the future exercise of the right itself; an adverse effect on a First Nation's future negotiating position does not suffice.

150. Where a regulatory decision triggers the duty to consult, it is because the regulator holds final decision-making authority over the activity capable of affecting Aboriginal rights. HBFN refers to *Clyde River (Hamlet) v. Petroleum Geo-Services Inc*. (*Clyde River)*[223] in support of its view that the BCUC's decision is Crown conduct that can trigger the duty to consult. However, in *Clyde River*, and the companion case of *Chippewas of the Thames First Nation v. Enbridge Pipelines Inc*.,[224] the Court considered the Crown's duty to consult when the National Energy Board (NEB) held the final decision-making authority in respect of a project. In *Clyde River*, the NEB was the final decision maker authorizing offshore seismic testing for oil and gas under section 5(1)(b) of the *Canada Oil and Gas Operations Act*.[225] In *Chippewas*, the NEB was the final decision maker authorizing a pipeline project to increase flow capacity and change to heavy crude.[226] A determination under section 44.1 is of a different character. It accepts a planning document, and the activities capable of affecting asserted rights remain subject to separate, project-specific authorization. The 2026 LTGRP allows nothing physical or project-specific to proceed.

151. Similarly, in *Gitxaala Nation v. Canada (Transport, Infrastructure and Communities)* (*Gitxaala*),[227] the Federal Court found that there was no duty to consult where the challenged decision was not from a final decision-making body. Specifically, while the duty to consult the petitioners with respect to the Northern Gateway Pipeline Project had been triggered, the Crown was not required to consult the petitioners through the TERMPOL Review Process (TRP), which was a federal technical review of marine shipping safety associated with the project. The TRP was

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223 2017 SCC 40.

224 2017 SCC 41.

225 2017 SCC 40, at para. 25.

226 At para. 31

227 2012 FC 1336.

a non-binding technical review, not a final decision-making body. The Court noted that any deficiencies in the TRP report could still be challenged and corrected through the joint review process and later Crown consultation. Similarly, acceptance of the 2026 LTGRP does not constitute the final decision on any project, expenditure, DSM portfolio or other activity.

152. In *Buffalo River Dene Nation v. Saskatchewan (Minister of Energy and Resources)* (*Buffalo River*),[228] the Saskatchewan Court of Appeal reviewed the jurisprudence and described the adverse impact test as follows:

> [104] The jurisprudence is clear: there is a meaningful threshold for triggering the duty to consult. To trigger it, actual foreseeable adverse impacts on an identified treaty or Aboriginal right or claim must flow from the impugned Crown conduct. While the test admits possible adverse impacts, there must be a direct link between the adverse impacts and the impugned Crown conduct. If adverse impacts are not possible until after a later-in-time, independent decision, then it is that later decision that triggers the duty to consult.

153. The court in *Buffalo River* also explained the importance of ensuring that the threshold for triggering the duty consult remains meaningful:

> [91] … The duty to consult is triggered at a low threshold, but it must remain a meaningful threshold—the applicant has to establish some sort of appreciable or discernible impact flowing from the impugned Crown conduct before a duty to consult in relation to that impact will arise. This is both logical and practical because there has to be something for the Crown and the Aboriginal group to consult about—the duty to consult is, at core, a practical doctrine. Put another way, it makes little sense for the duty to consult to arise where, as the Chambers judge concluded here, there is nothing to consult about, i.e., nothing to reconcile.

154. The above paragraphs from *Buffalo River* were cited with approval by the BC Supreme Court in *Watakhayetsxw v British Columbia (*Environmental *Assessment Office).*[229] As the Court there concluded, the duty to consult is triggered at a low threshold, but it is "not unassailable in circumstances where the potential impact on the right or claim is speculative or tenuous, or when

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228 2015 SKCA 31.

229 2025 BCSC 1692 at para. 100-101.

the Crown has not yet made a decision or acted in such a way that the right or claim will be affected."[230]

155. In FEI's submission, acceptance of the 2026 LTGRP does not meet the threshold for triggering the duty to consult. The 2026 LTGRP establishes a range of energy demand, supply and infrastructure pathways, rather than a forecast of what will happen or a commitment to any single pathway. Long-term resource planning necessarily involves preparing for uncertain outcomes in policy, market conditions, customer behaviour, and technological advancement over an extended planning horizon.

156. Further, the BCUC's acceptance does not require FEI to implement the Plan, predetermine the need for specific projects or energy supply resources, or authorize the construction of specific facilities. Rather, any potential effects on asserted Aboriginal rights remain contingent on future decisions, at which point FEI's relevant projects will be defined and any required consultation can occur in a meaningful, project-specific way. Any major infrastructure that FEI may advance in the future will be subject to separate regulatory approvals, including from the BC Energy Regulator, which would involve any required Crown consultation. It is at this point that potential projects are sufficiently defined and certain to be conducive to meaningful consultation about non-speculative impacts.

157. Accordingly, any impact of the 2026 LTGRP is speculative. The BCUC's decision to accept or reject the 2026 LTGRP under section 44.1(6) will result in no appreciable adverse effect on a First Nations' ability to exercise their aboriginal right or title.

C. There Are No Non-Speculative Strategic Impacts

158. HBFN's first basis for claiming that the decision will impact HBFN's Section 35 rights is that "the 2026 LTGRP will have strategic impacts on how future decisions are made under the *UCA*."[231] FEI disagrees.

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[230] 2025 BCSC 1692 at para. 103.

[231] FNEMC-HBFN Final Argument, p. 13. Emphasis added.

Long-term Electricity Transmission Inquiry Is Not Akin to the Resource Plan

159. HBFN claims that the section 44.1 decision on the 2026 LTGRP is similar to the Long-term Electricity Transmission Inquiry directed under section 5 of the UCA.[232] However, the section 5 inquiry was materially different in scope and effect than the 2026 LTGRP. The Terms of Reference for the inquiry indicate that the general purpose of the inquiry was for the BCUC to make determinations with respect to British Columbia's electricity transmission infrastructure and capacity needs for a 30-year period. The Terms of Reference required the BCUC to make specific determinations regarding the need for and timing of additional transmission infrastructure and capacity, and gave the BCUC the power to determine the merits of specific generation projects and specific routing.[233] In a procedural decision, the Inquiry Panel concluded that the Inquiry and the determinations to be made triggered the Crown's duty to consult, although the Panel also concluded that it was functioning as a quasi-judicial body and could not owe an independent duty to consult given the requirements for procedural fairness and natural justice.[234]

160. The section 5 inquiry is not similar to the BCUC's task in reviewing the 2026 LTGRP. FEI is not requesting any determinations under section 44.1 and acceptance of the 2026 LTGRP does not provide determinations on the need for and timing of additional transmission infrastructure.

Requirement to consider does not establish a causal connection to an adverse impact

161. HBFN notes that, when deciding to issue a CPCN, the BCUC must consider the most recent long-term resource plan filed with the BCUC per section 46(3.1) of the UCA.[235] However, this does not establish any causal connection between acceptance of the 2026 LTGRP and an adverse impact. First, the BCUC's acceptance of the resource plan has no bearing on this requirement – the UCA requires consideration of the latest *filed* resource plan, not the latest *accepted* resource plan. Second, the UCA only requires that the BCUC "consider" the filed resource plan. The requirement to "consider" does not imply that the resource plan dictates any result or necessarily

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232 BCUC Order G-108-09: BCUC Section Five Inquiry ~ Duty to consult - British Columbia Utilities Commission.

233 Terms of Reference: doc_21019_12-11_terms of reference.pdf

234 BCUC Order G-108-09, BCUC Section Five Inquiry ~ Duty to consult - British Columbia Utilities Commission, Appendix A, at p. 1 and 10.

235 FNEMC-HBFN Final Argument, p. 14.

has any impact. In fact, the resource plan may have no relevance to the CPCN application before the BCUC. Third, a requirement to consider does not establish a causal connection between a resource plan and an adverse impact. HBFN has not identified anything in the 2026 LTGRP which, if considered, would cause an adverse impact. Any such connection is speculative.

Flawed "downstream assumptions" are speculative

162. HBFN submits that impacts to the Section 35 rights of HBFN must be ascertained now so that future determinations do not rely on a flawed assumption that those impacts were considered in the 2026 LTGRP.[236] This is speculative. If the duty to consult is not triggered, there need not be any such flawed assumption. Further, any impacts from inaccurate or flawed assumptions cannot be attributed to the BCUC's decision or the 2026 LTGRP.

163. HBFN states that this "would severely diminish HBFN's Aboriginal title . . . as well as its ability to meaningfully exercise its jurisdiction and stewardship responsibilities in relation to its Territory".[237] FEI submits that mere assertions of impacts are not sufficient to trigger the duty to consult. As indicated by the cases above, the threshold to trigger the duty to consult must be meaningful. There needs to be a causal connection to the adverse impact – an appreciable or discernible impact flowing from the impugned Crown conduct – before a duty to consult in relation to that impact will arise. HBFN, however, has provided no explanation of what the impacts to its Aboriginal rights or title would be. Nor does HBFN explain how the acceptance of the 2026 LTGRP or the LTGRP itself could cause such impacts.

164. HBFN further states that it "would thus effectively lose or find diminished their constitutional right to have their interests considered in development decisions".[238] However, neither the 2026 LTGRP nor the acceptance of it is a development decision – there is no decision being made to develop any particular project or infrastructure.

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[236] FNEMC-HBFN Final Argument, p. 14. HBFN similarly states: "if the BCUC confirms the 2026 LTGRP is in the public interest—*without assessing whether the duty to consult is triggered or fulfilled*—HBFN would have to live with the downstream assumption that its rights and interests under Section 35 have been 'considered and addressed,' when they have not been."

[237] FNEMC-HBFN Final Argument, p. 14.

[238] FNEMC-HBFN Final Argument, p. 14.

165. Further, paragraph 47 of *Rio Tinto,* which HBFN cites, does not support HBFN's view. In this paragraph, the Court discusses adverse effects that are not physical in nature, explaining that structural changes to resource management may set the stage for further decisions that will have a direct adverse impact on land and resources [239] The Court provides the following example which illustrates the way in which a non-physical impact may have an adverse effect:[240]

> For example, a contract that transfers power over a resource from the Crown to a private party may remove or reduce the Crown's power to ensure that the resource is developed in a way that respects Aboriginal interests in accordance with the honour of the Crown.

As illustrated by this example, there must be a real causal connection to an actual adverse impact. In that case, the connection was the loss of Crown control to a private party that was not subject to the duty to consult. There is no such causal connection between the 2026 LTGRP and any adverse effect.

D. There Are No Non-Speculative On-the-Ground Impacts

166. HBFN submits that "all agree that the 2026 LTGRP will have on-the-ground impacts."[241] FEI disagrees and submits that the 2026 LTGRP will have no on-the-ground impacts.

2026 LTGRP Does Not Include any Reference to Laterals Impacting HBFN

167. HBFN identifies five laterals that it says are in its core territory or impact its Section 35 rights (the Clinton, Williams Lake, Ashcroft-Cache Creek, HVC & Logan Lake and Merritt laterals).[242] The 2026 LTGRP does not mention any of these laterals and has no bearing on them. Rather, the 2026 LTGRP includes consideration of the impact of peak demand on FEI's three regional transmission systems, none of which include the five laterals identified by HBFN.[243] While FEI monitors the capacity of the five laterals and has provided information in response to

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239 At para. 47.

240 At para. 47.

241 FNEMC-HBFN Final Argument, p. 145.

242 FNECM-HBFN Final Argument, p. 6.

243 Exhibit B-1, Application, Section 7.

information requests,[244] FEI does not do so as part of the 2026 LTGRP. The 2026 LTGRP contains no action items or plans related to the five laterals.

Contemplation of a project in the 2026 LTGRP does not establish a causal connection between the 2026 LTGRP or its acceptance and the adverse impact of the project

168. HBFN says that section 44.1(6) of the UCA requires the BCUC to assume that the LTGRP will be implemented[245] and that the projects contemplated in the 2026 LTGRP will impact Section 35 rights.[246] However, acceptance of the 2026 LTGRP does not require FEI to implement the Plan and, further, implementation of the 2026 LTGRP does not mean that any of the projects contemplated in the Plan will be implemented.

169. The 2026 LTGRP is not a capital plan. It does not describe any projects in detail and does not establish the need for or timing of any project. Projects may be referred to in the 2026 LTGRP that FEI has ceased developing, such as the Regional Gas Supply Diversity (RGSD) project, or projects of other utilities, such as the Rockies Columbia Connector Project. All projects are contingent on various factors, including customer demand, the effectiveness of DSM, and technological developments, all of which are subject to uncertainty, as expressed by the range of scenarios considered in the Plan. The impacts of projects referred to in the 2026 LTGRP are therefore speculative – projects may never proceed, there may be a non-pipeline solution that involves no impacts, or it may be unclear at this time what infrastructure is required and where.[247]

170. Ultimately, the BCUC's acceptance of the 2026 LTGRP does not provide authorization for any project to proceed. FEI's projects are subject to future regulatory decisions including by the BC Energy Regulator. As the court stated in *Buffalo River*,[248] if adverse impacts are not possible until after a later-in-time, independent decision, then it is that later decision that triggers the duty to consult. This is true for all FEI projects contemplated in the 2026 LTGRP.

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244 Exhibit B-4, BCUC IR1 18 series.

245 FNEMC-HBFN Final Argument, p. 15.

246 FNEMC-HBFN Final Argument, p. 15.

247 Exhibit B-8, FNEMC-HBFN IR1 1.1.

248 2015 SKCA 31.

Expansion of Enbridge Pipeline System Is Not An Impact of the 2026 LTGRP

171. Finally, HBFN suggests that the RGSD project, system expansions, and addition of large industrial loads may increase throughput on Enbridge's T-South system, which passes through HBFN territory, which may contribute to the need for additional upstream infrastructure requirements, thereby impacting their Section 35 rights.[249] However, Enbridge is already proceeding with its Sunrise Expansion Program and the 2026 LTGRP does not contemplate any additional infrastructure requirements on Enbridge's system. The need for any future upstream infrastructure would depend on factors including actual and forecast demand, available upstream capacity, and the timing and location of new loads. If FEI determines that additional infrastructure is required to accommodate future demand, FEI would need to undertake further technical assessment and proceed through the applicable regulatory review and approval process. Similarly, any additional infrastructure required on Enbridge's system would be subject to Enbridge's planning processes, further technical assessment, and any applicable regulatory approvals.

172. Moreover, the 2026 LTGRP is not the cause of all events to which it may refer. The 2026 LTGRP does not cause the Sunrise Expansion Program or the RGSD project or determine whether system expansions will be required in the future or whether new large industrial loads are added to the system. These events and new loads will occur, or will not occur, independently of the 2026 LTGRP and the BCUC's acceptance of it. Similarly, the 2026 LTGRP is not the cause of any additional gas that may need to flow through the Enbridge system and could not cause any further expansion of that system.

E. FEI Engaged and Will Continue to Engage HBFN and Indigenous Communities

173. While the duty to consult is not triggered by the acceptance of the 2026 LTGRP, FEI has deeply engaged Indigenous communities while developing the 2026 LTGRP. These engagement activities included:[250]

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[249] FNEMC-HBFN Final Argument, p. 16.

[250] Exhibit B-1, Application, Appendix E, Section 3 and Section 8.

- Implementing a formal engagement process supported by an external facilitator and informed by feedback from First Nations communities;

- Establishing an open dialogue with First Nations communities at the earliest opportunity during the LTGRP planning stages so that expectations for engagement were understood and addressed in the process and that input was considered;

- Conducting seven engagement sessions across Vancouver Island, the Lower Mainland, Fraser Valley, Kootenay, Northern BC, and North and South Interior communities;

- Providing advance notice of engagement sessions to support preparation;

- Making travel assistance available for in-person engagement sessions;

- Inviting Indigenous communities not currently served by FEI to participate in engagement sessions; and

- Explicitly incorporating feedback from Indigenous communities into the 2026 LTGRP.

174. HBFN confirms that it attended the engagement session on July 22, 2025 for First Nations Communities in Northern BC. As indicated in HBFN's Final Argument, this led to further engagement with HBFN.[251] Since 2025, FEI has had the following engagement specifically with HBFN:

- On October 29, 2025, HBFN's Stewardship & Lands Manager emailed FEI asking for an update on the status of FEI's 2026 LTGRP.

- On November 3, 2025, FEI responded to the Stewardship & Lands Manager stating that FEI was working on filing the 2026 LTGRP in March 2026, that FEI would

[251] HBFN Final Argument, p. 7.

inform HBFN upon filing so it could participate in the proceedings, and that FEI's Community & Indigenous Relations (CIR) team would be in contact with HBFN to discuss any work that is planned for their traditional territory. The recipients of the email were HBFN's Stewardship & Lands Manager, HBFN's Business Development Manager and two other staff.

- HBFN's Business Development Manager responded to FEI's email on November 4, 2025, requesting a meeting with FEI to discuss its projects and integrity programs in their area.

- On November 14, 2025, FEI responded to the email stating there were not many projects planned for their traditional territory at this time and that FEI would set up a meeting in January.

- On December 11, 2025, FEI sent a meeting invite to HBFN's Business Development Manager for January 13, 2026, and requested that they include anyone from HBFN that would like to attend. The meeting was forwarded to the Chief of HBFN and was tentatively accepted.

- On January 13, 2026, HBFN's Business Development Manager requested to reschedule the meeting for later in the month. A new meeting request was sent for January 27, 2026.

- On January 27, 2026, FEI met with HBFN's Business Development Manager and discussed projects planned for 2027/2028.

- On February 20, 2026, FEI emailed HBFN's Business Development Manager to request HBFN's business list and informed them of two small sustainment projects in HBFN's traditional territory planned for 2026.

- On February 21, 2026, HBFN's Business Development Manager responded with the business list and provided some recommendations on contractors based on their individual scopes.

- On April 1, 2026, HBFN's Business Development Manager emailed FEI's CIR team to introduce their business partner, SPI Ltd., and their Community Relations lead.

- On May 7, 2026, FEI's CIR team met with SPI's Community Relations Lead to discuss FEI's procurement process and the Williams Lake 114 Lateral project planned for 2027/2028.

175. FEI will continue to provide project updates and share opportunities for potential participation with HBFN's Business Development Manager.[252]

176. These engagement efforts demonstrate that FEI engaged directly with HBFN in relation to the planning process and future projects, and that any project-specific issues can be addressed when concrete projects are advanced.

177. The BCUC's regulatory process has provided further opportunities for Indigenous communities to seek additional information with respect to FEI's 2026 LTGRP and raise concerns to be considered in the BCUC's determination under section 44.1(6) of the UCA.

178. FEI will also engage with affected First Nations communities on any future applications for authorization of its projects, including CPCN applications under section 45 of the UCA, in a flexible manner consistent with its commitment to reconciliation and in alignment with the *Declaration on the Rights of Indigenous Peoples Act*.[253]

PART FIVE: TIMING OF NEXT RESOURCE PLAN

179. MoveUP submits that FEI's next resource plan should be filed within three years at the latest,[254] while BSCEA submits that it should be filed in a two-year timeframe.[255] FEI submits that a filing window of three to five years is more appropriate.

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[252] Exhibit B-8, FNEMC-HBFN IR1 6.1.

[253] Exhibit B-8, FNEMC-HBFN IR1 1.1.

[254] MoveUP Final Argument, pp. 6-7.

[255] BCSEA-MS2S Final Argument, p. 18.

180. Filing in three to five years aligns with the next planning cycle occurring in or around 2030, an important milestone year in British Columbia's climate and energy policy framework, including greenhouse gas reduction targets. This time frame recognizes that preparing a long-term resource plan is a substantial undertaking that should be informed by meaningful developments in the planning environment, including government policy. A mandatory two- or three-year filing date would likely require FEI to begin preparing the next plan before there has been sufficient change in the planning environment to produce a materially useful update. As a resource plan takes approximately two years to develop, filing in two years would require FEI to begin the next resource plan immediately. Filing in three years would require FEI to begin the planning process only one year after the BCUC's Decision. There is a material risk that the planning environment will not have changed or will contain substantially the same uncertainties at that time, undermining the value of undertaking a new planning process. A three- to five-year window therefore makes sense, as it preserves flexibility for FEI to file earlier if circumstances are evolving quickly, while avoiding an unnecessary filing if the relevant planning assumptions have not materially changed. FEI submits that this approach is practical and in the public interest.

PART SIX: CONCLUSION

181. The evidence in this proceeding supports acceptance of the 2026 LTGRP. FEI has assessed a broad range of plausible futures, tested the drivers most relevant to the energy transition, and disclosed the demand and supply assumptions underlying its analysis so that they can be examined and understood. The Diversified Approach scenario is FEI's preferred pathway because it achieves the best available balance of reliability, affordability and sustainability, and because it preserves FEI's ability to adjust as policy, technology, and market conditions develop over the planning horizon. FEI revisits its assumptions with each planning cycle, and future investments and projects remain subject to the separate regulatory processes. FEI respectfully requests that the BCUC accept the 2026 LTGRP as being in the public interest under section 44.1(6) of the UCA.

ALL OF WHICH IS RESPECTFULLY SUBMITTED

Dated: September 15, 2026

Christopher Bystrom

Counsel for FortisBC Energy Inc.

Dated: September 15, 2026

Courtney Gibbons

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