



**ORDER NUMBER**

**C-4-25**

**IN THE MATTER OF**

the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.

Application for a Certificate of Public Convenience and Necessity and Approval of Amending Agreements to Expand the Compressed Natural Gas Fuelling Station at Annacis Island in Delta, BC

**BEFORE:**

B. A. Magnan, Commissioner

on May 2, 2025

**CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY**

**WHEREAS:**

- A. On February 11, 2025, FortisBC Energy Inc. (FEI) filed an application (Application) with the British Columbia Utilities Commission (BCUC) for approval of a Certificate of Public Convenience and Necessity (CPCN), pursuant to sections 45 and 46 of the *Utilities Commission Act* (UCA), to expand the Compressed Natural Gas (CNG) fuelling station located at Annacis Island in Delta, BC (Annacis Island Fuelling Station)(2025 Expansion Project);
- B. The 2025 Expansion Project consists of installation of a second compressor and associated facilities at the Annacis Island Fuelling Station at an estimated capital cost of \$475,528 including allowance for funds used during construction;
- C. In the Application, pursuant to sections 59 to 61 and 89 of the UCA, FEI also seeks approval of the rates established in the following amending agreements to the Fuelling Service Agreements (FSAs) between FEI and seven anchor customers (Anchor Customers), which revise the capital rate to \$4.703 per GJ to facilitate the 2025 Expansion Project, on an interim and refundable/recoverable basis, effective July 1, 2025:
  - i. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and Ancor Transport Ltd. (Ancor);
  - ii. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and ColdStar Solutions Inc. (ColdStar);
  - iii. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and Encorp Pacific Canada (Encorp);
  - iv. Amending Agreement No. 4 dated October 15, 2024, to the FSA between FEI and Martin-Brower of Canada Co. (Martin-Brower);

- v. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and United Parcel Services Canada Ltd. (UPS);
  - vi. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and Western Pacific Transport Ltd. (Western Pacific); and
  - vii. Amending Agreement No. 4 dated October 15, 2024, to the FSA between FEI and McRae's Environmental Services Ltd. (McRae's);
- D. By Order G-45-22 dated February 22, 2022, the BCUC determined, among other things, that the Annacis Island Fuelling Station met the requirements of a prescribed undertaking under the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR), and approved the use of the rate design and rates established in the FSAs and as amended by an agreement dated November 26, 2021 to the FSAs (Amending Agreement No. 1) on an interim and refundable/recoverable basis for the Ancor, ColdStar, Encorp, Martin-Brower, UPS, and Western Pacific customers (collectively Original Anchor Customers), effective January 18, 2022;
- E. FEI entered into an additional amending agreement with each of the Original Anchor Customers (Amending Agreement No. 2) and a further amending agreement with Martin-Brower (Amending Agreement No. 3), and by Order G-198-23 dated July 25, 2023, the BCUC, among other things, approved the rate design and rates for the Original Anchor Customers on a permanent basis and as amended by Amending Agreements No. 1, 2, and 3;
- F. By Order G-344-23, the BCUC approved the rates established in the FSA between FEI and McRae's and as amended by Amending Agreements No. 1 and 2 to this FSA on a permanent basis, effective March 1, 2022. By Order G-261-24, the BCUC approved the rates established in the FSA between FEI and McRae's and as amended by Amending Agreement No. 3 to this FSA on a permanent basis, effective October 1, 2024;
- G. FEI requests that the live financial model filed as Appendix C to the Application be held confidential, in perpetuity, on the basis it is the result of significant development effort by FEI on behalf of its customers and therefore the formulas and configuration of the model are commercially sensitive;
- H. By Order G-52-25 dated February 27, 2025, the BCUC established a regulatory timetable for the review of the Application, which included public notice, one round of information requests to FEI, allowance for letters of comment, and FEI final argument; and
- I. The BCUC has considered the Application, evidence and submissions in this proceeding and finds that the 2025 Expansion Project is in the public interest and the following determinations are warranted.

**NOW THEREFORE** pursuant to sections 45, 46, 59 to 61 and 89 of the UCA, and for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

1. FEI is granted a CPCN for the 2025 Expansion Project.
2. FEI is approved to use the rate design and rates established for the Anchor Customers in the FSAs as amended by Amending Agreements No. 1, 2 and 3 (for Ancor, ColdStar, Encorp, UPS, and Western Pacific), and Amending Agreements No. 1, 2, 3 and 4 (for Martin-Brower and McRae's) at the Annacis Island Fuelling Station on an interim and refundable/recoverable basis, effective July 1, 2025.

3. FEI is directed to file an application with the BCUC seeking permanent rates upon completion of the 2025 Expansion Project once the final costs are known. If an application seeking permanent rates is not filed within a year from the date of this order, then FEI must provide an update with rationale to the BCUC on when it anticipates the filing of that application.
4. FEI is directed to refund to/recover from the Anchor Customers any variance between the interim and permanent rates, as determined by the BCUC following the final determination of the application to be filed by FEI seeking permanent rates, with interest calculated at the average prime rate of FEI's principal bank for its most recent year.
5. FEI is to file the following amending agreements in tariff supplement form for endorsement by the BCUC within 15 days from the date of this Order:
  - i. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and Ancor;
  - ii. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and ColdStar;
  - iii. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and Encorp;
  - iv. Amending Agreement No. 4 dated October 15, 2024, to the FSA between FEI and Martin-Brower;
  - v. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and UPS;
  - vi. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and Western Pacific;  
and
  - vii. Amending Agreement No. 4 dated October 15, 2024, to the FSA between FEI and McRae's.
6. Appendix C of the Application will be held confidential unless the BCUC determines otherwise.

**DATED** at the City of Vancouver, in the Province of British Columbia, this     2<sup>nd</sup>     day of May 2025.

BY ORDER

*Electronically signed by Bernard Magnan*

B. A. Magnan  
Commissioner

FortisBC Energy Inc.  
Application for a Certificate of Public Convenience and Necessity and Approval of Amending Agreements  
to Expand the Compressed Natural Gas Fuelling Station at Annacis Island in Delta, BC

## DECISION

---

### 1.0 Introduction

On February 11, 2025, Fortis BC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (BCUC) for a Certificate of Public Convenience and Necessity (CPCN) to expand the Compressed Natural Gas (CNG) fuelling station located at Annacis Island in Delta, BC (Annacis Island Fuelling Station) (2025 Expansion Project), pursuant to section 45 and 46 of the *Utilities Commission Act* (UCA). The 2025 Expansion Project consists of the addition of a second compressor and its associated facilities.<sup>1</sup>

FEI also seeks approval, pursuant to sections 59 to 61 and 89 of the UCA, of the rates established in the following amending agreements (Amending Agreements) to the Fuelling Service Agreements (FSAs) between FEI and seven anchor customers (Anchor Customers):<sup>2</sup>

- i. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and Ancor Transport Ltd. (Ancor);
- ii. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and ColdStar Solutions Inc. (ColdStar);
- iii. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and Encorp Pacific Canada (Encorp);
- iv. Amending Agreement No. 4 dated October 15, 2024, to the FSA between FEI and Martin-Brower of Canada Co. (Martin-Brower);
- v. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and United Parcel Services Canada Ltd. (UPS);
- vi. Amending Agreement No. 3 dated October 15, 2024, to the FSA between FEI and Western Pacific Transport Ltd. (Western Pacific); and
- vii. Amending Agreement No. 4 dated October 15, 2024, to the FSA between FEI and McRae's Environmental Services Ltd. (McRae's).

The above Amending Agreements revise the capital rate to \$4.703 per GJ to facilitate the 2025 Expansion Project, on an interim and refundable/recoverable basis, effective July 1, 2025. FEI states that, as set out in section 3(e) of the Amending Agreements, it will file an application with the BCUC for approval of permanent rates upon the determination of the actual capital expenditures of the 2025 Expansion Project.<sup>3</sup> Following approval of the permanent rates, the variance between interim and permanent rates will be refunded or recovered from the seven Anchor Customers.<sup>4</sup>

### 1.1 Background

In 2019, FEI signed an agreement with Coastland Wood Industries Ltd. to lease a portion of land on Annacis Island for the construction and operation of the Annacis Island Fuelling Station, which was subsequently

---

<sup>1</sup> Exhibit B-1, p. 1.

<sup>2</sup> Ibid., pp. 1, 3; Appendix A.

<sup>3</sup> Ibid., p. 1.

<sup>4</sup> Ibid., p. 4.

amended three times. In 2021, FEI entered into separate FSAs with six anchor customers<sup>5</sup> (collectively referred to as the Original Anchor Customers) and in 2024 with McRae's. The BCUC has since approved the rates established in the FSAs and as amended by its various amending agreements, i.e. Amending Agreements No. 1, and 2 (with Ancor, ColdStar, Encorp, UPS, and Western Pacific) and Amending Agreements No. 1, 2, and 3 (with Martin-Brower and McRae's) on a permanent basis for the Original Anchor Customers and McRae's.<sup>6</sup> The FSAs and their amendments establish the terms, conditions, and rates for the Anchor Customers.<sup>7</sup>

Other customers of the Annacis Island Fuelling Station include four third-party customers and an average of 300 public fuelling service customer events per year.<sup>8</sup>

On May 14, 2012, the Lieutenant Governor in Council enacted the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR). By Order G-56-13, dated April 11, 2013, the BCUC determined that certain fuelling stations, including the Annacis Island Fuelling Station, are exempt from CPCN requirements for the term of the regulation. The prescribed undertaking period in section 2(2) of the GGRR, under which the existing Annacis Island Fuelling Station was built, expired on March 31, 2022.<sup>9</sup> As such, FEI submits that the 2025 Expansion Project, if approved, will take place after the expiration of the prescribed undertaking period and has therefore applied for a CPCN.<sup>10</sup>

## **1.2 Regulatory Process**

By Order G-52-25, dated February 27, 2025, the BCUC established a regulatory timetable for the review of the Application, which consisted of public notice, one round of information requests to FEI, a deadline for letters of comment, and FEI final arguments. On April 10, 2025, FEI submitted its final argument. No letters of comments were received.

## **2.0 The 2025 Expansion Project**

The 2025 Expansion Project consists of the installation of a second compressor and associated facilities at the existing Annacis Island Fuelling Station. With the 2025 Expansion Project, FEI expects to improve the resiliency of the Annacis Island Fuelling Station by adding compressor redundancy and improving reliability of its service. The Annacis Island Fuelling Station has been operating at near full capacity, causing wait times during the peak periods of the day. FEI states that the additional compressor capacity will allow for simultaneous fuelling of more than one vehicle, improved fuelling speeds, and provide backup for the current single compressor.<sup>11</sup>

FEI anticipates the 2025 Expansion Project to be completed one to two months after granting of a CPCN, including procurement, installation, and commissioning stages. Since the additional compressor will be installed on the existing concrete pad, additional permits will not be required.<sup>12</sup> The cost of the 2025 Expansion Project is estimated to be \$475,528 at an Association for the Advancement of Cost Engineering Class 3 level of accuracy, including allowance for funds used during construction.<sup>13</sup>

---

<sup>5</sup> The six Original Anchor Customers are: Ancor, ColdStar, Encorp, Martin-Brower, UPS, and Western Pacific.

<sup>6</sup> BCUC Orders G-45-22, G-198-23, G-344-23, 261-24; Exhibit B-1, pp. 2, 3.

<sup>7</sup> Exhibit B-1, p. 2.

<sup>8</sup> Exhibit B-1, p. 3.

<sup>9</sup> Rates and Agreement for Constructing and Operating a CNG Fuelling Station under GGRR at Annacis Island, BC, and Amendments to Rate Schedule 6P proceeding, Exhibit B-1, p. 5; BC Reg. 84/2018.

<sup>10</sup> Exhibit B-1, p. 14.

<sup>11</sup> Ibid., pp. 6-7.

<sup>12</sup> Ibid., p. 9.

<sup>13</sup> Exhibit B-3, BCUC IR 4.1.

## *Panel Determination*

**For the reasons set out below, the Panel finds that the public convenience and necessity require the construction of the 2025 Expansion Project. Accordingly, the Panel grants a CPCN to FEI for the 2025 Expansion Project pursuant to sections 45 and 46 of the UCA.**

The Panel acknowledges that the original Annacis Island Fuelling Station was constructed as a prescribed undertaking under the GGRR and was therefore exempt from the requirement for a CPCN. However, the 2025 Expansion Project requires a CPCN as it will be constructed after the expiry date of the prescribed undertaking period.

The Panel notes that the 2025 Expansion Project will positively impact both the Anchor Customers, and third-party and public fuelling customers by offering increased service availability at the station. We also find that the increased capacity will result in reduced fuelling times, particularly in periods with high demand, and enhance service reliability to customers, minimizing potential disruptions in fuelling service.

The Panel notes that FEI has executed Amending Agreements with its seven Anchor Customers to account for the cost of the 2025 Expansion Project. In the Panel's view, the executed Amending Agreements are evidence that there is a demonstrated need for the 2025 Expansion Project. Further, we note that no letters of comment were received during the proceeding and no objections to the project were raised.

The Panel agrees with FEI that the 2025 Expansion Project aligns with BC's energy objectives as the use of compressed natural gas for transportation reduces greenhouse gas emissions compared to conventional fuels like diesel and is consistent with FEI's most recently accepted long-term resource plan.<sup>14</sup>

### **3.0 Rates and Terms and Conditions of the Amending Agreements**

As a prescribed undertaking under the GGRR, FEI recovers at least 60% of the cost of service of the existing Annacis Island Fuelling Station over an initial term of seven years. FEI states that since the 2025 Expansion Project will take place after the expiry date of the prescribed undertaking period, the cost of service is no longer governed by the requirements in section 2(2) of the GGRR but is rather determined by Section 12B of the General Terms and Conditions (GT&Cs) of FEI's Tariff. Section 12B.4 of FEI's GT&Cs requires that the rates recover one hundred percent of the cost of service, as opposed to sixty percent under the GGRR.<sup>15</sup>

Accordingly, FEI proposes the amended capital rate established in the Amending Agreements to be based on recovery of:

- a) Sixty percent of the capital expenditures for the existing Annacis Island Fuelling Station, taking into account the committed minimum take-or-pay volumes from the six Original Anchor Customers, and
- b) One hundred percent of the capital expenditures of the 2025 Expansion Project, taking into account the minimum take-or-pay volumes from the seven Anchor Customers.<sup>16</sup>

Section 12B.5 of FEI's GT&Cs states that if the customer does not wish to renew its FSA after completion of the initial term, the customer agrees to pay any unrecovered capital costs associated with the fuelling station or agrees to similar provisions. FEI explains that both the original FSAs and Amending Agreements do not include this term because the Annacis Island Fuelling Station was constructed for public service.<sup>17</sup> FEI explains that since

---

<sup>14</sup> Exhibit B-1, pp. 19-20.

<sup>15</sup> Exhibit B-1, p. 14.

<sup>16</sup> Exhibit B-3, BCUC IR 5.1.1.

<sup>17</sup> Exhibit B-1, p. 14, footnote 14.

the Annacis Island Fuelling Station has both public and third-party customers, cost recovery occurs regardless of the service duration of the Anchor Customers. Further, FEI states that it would not be fair or reasonable to include a termination clause and payment for the undepreciated capital costs from Anchor Customers when the fuelling station continues to service other third-party customers and the public. Additionally, FEI explains that Section 12B.5 was intended for fuelling stations with only one customer, in which case it may be reasonable for that customer to bear a termination payment for unrecovered capital costs. In FEI's view, the inclusion of this term in its Annacis Island Fuelling Station Amending Agreements would not be fair or reasonable given the broad customer base.<sup>18</sup>

### *Panel Determination*

**The Panel approves FEI to use the rate design and rates established for the Anchor Customers in the FSAs as amended by Amending Agreements No. 1, 2 and 3 (for Ancor, ColdStar, Encorp, UPS, and Western Pacific), and Amending Agreements No. 1, 2, 3 and 4 (for Martin-Brower and McRae's) at the Annacis Island Fuelling Station on an interim and refundable/recoverable basis, effective July 1, 2025.** The Panel accepts that the calculation of the cost of service for the 2025 Expansion Project and its recovery must be in accordance with FEI's GT&Cs and not the GGRR, given that the project will take place outside of the prescribed undertaking period. We also note FEI's departure from Section 12B.5 of the GT&Cs in the Amending Agreements and therefore we focus our discussion on this matter.

The Panel notes that, unlike a CNG fuelling station dedicated to a single customer, the Annacis Island Fuelling Station serves a broad customer base, including four third-party customers and the general public, in addition to the seven Anchor Customers, and has sufficient annual volume to warrant expansion. As such, the Panel agrees that the capital cost recovery does not exclusively depend on the continued service to Anchor Customers but is also supported by ongoing use from other customers. **Therefore, the Panel finds it reasonable that the Amending Agreements do not include a termination payment for unrecovered capital costs as required in Section 12B.5 of FEI's GT&Cs.** The Panel considers that in this specific circumstance, it is not necessary to impose such a condition on the Anchor Customers.

**DATED** at the City of Vancouver, in the Province of British Columbia, this      2<sup>nd</sup>      day of May 2025.

*Electronically signed by Bernard Magnan*

---

B. A. Magnan  
Commissioner

---

<sup>18</sup> Exhibit B-3, BCUC IR 2.2, 2.3.