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FortisBC Energy Inc.

Biomethane Energy Recovery Charge Rate Methodology and Comprehensive Review of a Revised Renewable Gas Program

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Decision
and Order G-77-24

March 20, 2024

Before:
D. A. Cote, Panel Chair
M. Jaccard, Commissioner

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Executive summary

On December 17, 2021, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) its Stage 2 Comprehensive Review and Application for Approval of a Revised Renewable Gas Program seeking approval of a revised renewable gas program (Revised Renewable Gas Program) for new and amended renewable gas services, including related tariff and regulatory accounting changes (Application). On August 1, 2023, FEI filed an evidentiary update (Evidentiary Update) to the Application, amending certain approvals sought due to a matter that had arisen related to the provincial *Carbon Tax Act*.

FEI's current renewable gas program (RNG program, formerly referred to as the Biomethane Program), was first approved by the BCUC in 2010, with subsequent amendments in 2013 and 2016. The RNG program costs are recovered through the Biomethane Energy Recovery Charge (BERC), which is the rate FEI charges to customers on the FEI system for biomethane purchased on a voluntary basis, and the Biomethane Variance Account Rate Rider charged to all non-RNG customers.

FEI states that to-date, the RNG program has been successful in achieving its objectives based on the policies in place at the time it was designed. However, due to evolving government policies focused on reducing greenhouse gas (GHG) emissions, the current RNG program needs to change in order to maintain the long-term viability of FEI's natural gas distribution system and energy choice for British Columbians. FEI proposes the Revised Renewable Gas Program, which at a high-level continues the current voluntary component of the RNG program with modifications (Voluntary RNG service) and adds a baseline or mandatory renewable gas offering that has two new components: 1. a renewable gas blend (RNG Blend) service for all sales customers; and 2. a renewable gas connections (RNG Connections) service for customers served under a new residential connections tariff (RNG Connections service customers).

This Decision is the BCUC's decision on the Revised Renewable Gas Program proposed by FEI. Where possible, the BCUC uses the term "renewable natural gas" (meaning RNG or biomethane) in the Decision, to be consistent with the established scope for this proceeding, limiting the scope of "renewable gas" to RNG only.[1]

The BCUC established a public hearing process to review the Application, in which there were 24 registered interveners, representing local governments, customer interest groups, utility employees, and environmental interests, as well as 22 interested parties. The BCUC also received 295 letters of comment which focused primarily on environmental and economic concerns.

Following two rounds of BCUC and intervener information requests (IRs) on the Application, the filing of intervener evidence and FEI rebuttal evidence as well as related IRs, and IRs on the Evidentiary Update, the Panel makes the following key findings and determinations.

RNG Blend Service

FEI is approved to implement the RNG Blend service, effective July 1, 2024, and to charge customers through the Storage & Transportation Low Carbon Rider (S&T LC Rider), subject to changing the name of the rate rider as

[1] BCUC Order G-165-22A, dated June 16, 2022, Appendix C.

directed in this Decision. The Panel accepts there is a need for a new service that would act as a mechanism to balance RNG supply and demand since the existing RNG program, consisting only of a voluntary component, does not generate enough demand for RNG to take up the increasing RNG supply FEI is acquiring pursuant to the *Greenhouse Gas Reduction (Clean Energy) Regulation*. With the approval of this service, all sales customers will automatically receive a percentage blend of RNG as part of their regular gas service.

RNG Connections Service

The proposed RNG Connections service has four key attributes: (i) it will provide 100 percent RNG to the customer; (ii) it is permanent for the life of the building; (iii) it is mandatory for all New Residential Connections; and (iv) it will provide rolled-in pricing, meaning that RNG Connections service customers will pay the same price as existing customers receiving a lower blend of RNG. FEI's request for approval to implement the RNG Connections service is denied.

The Panel rejects FEI's argument that the RNG Connections service customers will not cause higher RNG costs to be incurred. Rather, it is the builder's or customer's choice to install gas service, and FEI is not being forced to buy higher priced RNG on their behalf. The Panel also disagrees with FEI that the gas system would deliver the same mixed stream product to all customers and there is no differentiation on the delivered product. In the Panel's view, RNG, as notionally injected, is a more costly product, that is distinctly different from "the mixed stream product" that will be sold to existing customers under the RNG Blend service.

FEI has argued that charging RNG Connections service customers for the higher cost of RNG would be a form of rate vintaging,[2] which has been consistently rejected by Canadian regulators. In this case, the Panel questions whether "vintaging" applies. The incremental cost of RNG based on FEI's 2024 forecast is four times the cost of natural gas, whereas the RNG Connections service customers would receive (notionally) 100 percent RNG, which is far more than the amount existing customers, who would be paying the same price, would receive. In the Panel's view, this describes a clear case of price discrimination with RNG Connections service customers being subsidized by existing customers. The evidence in this proceeding shows that the level of subsidization from existing customers would be very significant, estimated at $750 million over the period 2024 to 2032. As such, the Panel determines the RNG Connections service, as proposed by FEI, is unreasonable and unduly discriminatory and rejects FEI's RNG Connections service.

Voluntary RNG Service

Subject to changing the name of the charge as directed in this Decision, FEI is approved to set the Low Carbon Gas (LCG) Charge for Transportation Service (T-Service) Customers[3] at the forecast weighted average cost of RNG supply based on FEI's proposal being reasonable and not unduly discriminatory. Because T-Service Customers will not be charged the S&T LC Rider approved in this Decision, they will not contribute to the recovery of the RNG Blend service costs.

[2] FEI describes "vintaging" as a form of discriminatory pricing under which new customers are assumed to be the only factor causing new rates to be added to the utility system and thus they should be responsible for these new costs.
[3] T-Service Customers are large commercial and industrial customers who purchase their commodity and arrange storage and transport (midstream) resources to supply the FEI system with gas at the applicable interconnection points with upstream pipelines.

FEI is also approved to set the LCG Charge for Natural Gas Vehicle (NGV) Sales Customers at the forecast weighted average cost of RNG supply less the S&T LC Rider under the Voluntary RNG service. The Panel finds the NGV Sale Customers' access to viable low-carbon fuel options in competitive markets differentiates them significantly from Non-NGV Sales Customers whose choices are more limited. Further, since any RNG sold to NGV Sales Customers would not contribute to the GHG reduction target under the anticipated cap for gas utilities, if the rate charged to NGV Sales Customers remains unchanged, FEI's Non-NGV Sales Customers would bear the cost of reducing transportation emissions, on top of the costs of meeting the proposed emissions cap for gas utilities, which is neither reasonable nor justified. FEI is directed to propose an effective date for the LCG Charge for T-Service and NGV Sales Customers in a compliance filing to be filed with the BCUC at least 30 days prior to implementing the changes to this service.

FEI is approved to continue providing RNG to Non-NGV Sales Customers at a subsidized price, which is a $7 per gigajoule (GJ) premium on the conventional natural gas rate. The Panel finds that maintaining this rate is just and reasonable at this time. While not charging the weighted average cost of RNG supply to all Voluntary RNG service customers may be considered discriminatory, the Panel does not find it unduly so. FEI is, however, directed to report, by January 31, 2026, on the appropriateness of continuing to offer a subsidized rate and if so, whether the $7 per GJ premium over the conventional gas cost for Voluntary RNG Service customers to Non-NGV Sales Customers is appropriate. By that time the impact of the RNG Blend service will be more fully understood and the level of customer demand for Voluntary RNG service will be known.

FEI's proposal to eliminate the $1 per GJ discount on any future long-term voluntary RNG contracts is approved, effective on the date of this Decision. As the new RNG Blend service eliminates the risk of unsold RNG volumes, the Panel finds that a discounted pricing incentive is no longer necessary.

Implementation and Reporting

FEI proposes a rate setting process and to rename the biomethane related deferral account and rates to the LCG Account, LCG Charge, and S&T LC Rider. The Panel finds FEI's proposed methodology and timing to set the S&T LC Rider and LCG Charge annually to be reasonable and approves them. However, the Panel directs FEI to use the names RNG Account, RNG Charge, and S&T RNG Rider to be consistent with the scope of this proceeding and to better reflect FEI's service offering.

With respect to reporting, considering the Panel's determinations on FEI's Revised Renewable Gas Program, FEI is directed to file a compliance filing with the BCUC, by no later than 90 days after the date of this Decision certain information, for the period 2024 to 2030 as set out in the Decision. FEI is also directed to comply with all other directives and determinations set out in the Decision and to file, by April 30 of each year, an annual report comparing FEI's actual versus forecast RNG supply, as well as its actual versus forecast RNG Demand from the RNG Blend service and Voluntary RNG service for the immediately preceding calendar year.

1.0 Introduction

On December 17, 2021, FortisBC Energy Inc. (FEI) filed with the British Columbia Utilities Commission (BCUC) its Stage 2 Comprehensive Review and Application for Approval of a Revised Renewable Gas Program seeking approval of a revised renewable gas program (Revised Renewable Gas Program) for new and amended renewable gas services, including changes to its tariff, cost recovery methods, and regulatory accounting treatment (Application).[4]

FEI states that the Application is submitted in compliance with the BCUC's direction, which established a two-stage regulatory review process for FEI's current renewable gas program (RNG program), formerly referred to as the Biomethane Program), which is recovered through a Biomethane Energy Recovery Charge (BERC) rate:[5]

- Stage 1 – Review of FEI's BERC Rate Methodology Assessment Report (Assessment Report) was filed on August 12, 2020 as a compliance filing; and
- Stage 2 – Review of FEI's proposed changes to the program, to be filed in this future application and incorporating consideration of any relevant insights, information, or insights from the BCUC's Stage 1 review and FEI's comprehensive review of the RNG program.

On August 12, 2021, the BCUC issued its decision on Stage 1 of the review process, accepting FEI's Assessment Report, among other matters.[6]

In its Application, FEI states that to-date, the RNG program has been successful in achieving its objectives based on the policies in place at the time it was designed. However, FEI believes this program now needs to change in response to evolving government climate policies, customers' needs for renewable gas, and the significant increase in renewable gas FEI is acquiring pursuant to British Columbia's (BC or the Province) *Greenhouse Gas Reduction (Clean Energy) Regulation* (GGRR).[7] FEI submits that without a change to the program, federal, provincial, and municipal regulations and policies focused on reducing greenhouse gas (GHG) emissions threaten the long-term viability of FEI's gas delivery system and the energy choice for British Columbians. FEI proposes new and amended renewable gas services in this Application based on RNG providing a low carbon energy solution to meet these challenges.[8]

On August 1, 2023, FEI filed an evidentiary update (Evidentiary Update) to the Application, amending certain approvals sought due to a matter that had arisen related to the provincial *Carbon Tax Act* (Carbon Tax Matter).[9] Unless otherwise indicated, references to the Application in this Decision include the updated information arising from the Evidentiary Update.

[4] Exhibit B-11, p. 1.
[5] Order G-35-21; Exhibit B-3.
[6] FEI Biomethane Energy Recovery Charge Rate Methodology Assessment Report Decision and Order G-242-21 dated August 12, 2021 (BERC Rate Methodology Assessment Report Decision).
[7] Exhibit B-11, p. 1.
[8] Exhibit B-11, p. 1.
[9] Exhibit B-89.

This Decision on FEI's Stage 2 Application for a Revised Renewable Gas Program has been made in accordance with the BCUC Stage 2 scope list.[10] Pursuant to the BCUC's Order G-165-22A,[11] which also limited the scope of this Stage 2 proceeding to renewable natural gas (RNG or biomethane) only,[12] the term "renewable gas" where used in this Decision refers only to RNG, unless the context indicates otherwise.

1.1 Background

FEI's RNG program was first approved by the BCUC in 2010 as a two-year pilot for FEI (formerly Terasen Gas Inc.)[13] and was approved to continue on a permanent basis with certain modifications in 2013 (2013 Biomethane Decision).[14] The BERC rate is the rate which FEI charges for biomethane which is purchased by customers on the FEI system on a voluntary basis. Biomethane is delivered notionally to customers as described in Section 28 of FEI's General Terms and Conditions (GT&Cs).[15] Until 2016, the BERC rate was designed to fully recover FEI's biomethane supply and program costs, as recorded in the Biomethane Variance Account (BVA), and the 2013 Biomethane Decision also directed FEI to record, in the BVA, all interconnection and biomethane program overhead costs.[16] Since the revenues collected through the BERC rate were also recorded in the BVA, this variance account effectively accumulated any difference between the RNG program costs and revenues. As noted by FEI, the annual rate setting process was arithmetic, taking into consideration the balance in the BVA along with expected sales and purchases over the following forecast period.[17]

To deal with biomethane inventory that could not be sold at the established BERC rate, the 2013 Biomethane Decision gave FEI approval to sell that inventory at a discounted rate and the costs related to the discount sale are recovered through the Midstream Cost Reconciliation Account (MCRA). The BCUC also approved the Unsold Biomethane Premium deferral account (UBPDA) to capture the difference between the volume of unsold and unsaleable biomethane to be transferred to the MCRA at the prevailing Commodity Cost Recover Charge (CCRC) at the time of the transfer and the selling price of that volume at the BERC rate (UBPDA/CCRA method). UBPDA balances would then be recovered from all FEI's non-bypass customers through a rate rider. FEI has to-date not needed to file an application for the transfer of biomethane from the BVA to the MCRA or to use the UBPDA.[18]

In 2015, FEI applied to the BCUC for approval to change the BERC rate methodology to address a declining trend in customers' voluntary RNG adoption and to limit the negative impact to non-RNG customers due to high premiums in the then BERC rate relative to the rates for conventional natural gas (Conventional Gas Cost). On

[10] Order G-165-22A dated June 16, 2022, Appendix C.
[11] Order G-165-22A dated June 16, 2022, Appendix A, p. 7.
[12] According to FEI, the term renewable gas as used in the original Application referred collectively to the low carbon gases or fuels that the utility can acquire under the GGRR, which are: RNG, hydrogen, synthesis gas, and lignin (Exhibit B-11, p. 1).
[13] Terasen Gas Inc. Application for Approval of a Biomethane Service Offering and Supporting Business Model and for the Approval of the Salmon Arm Biomethane Project and for the Approval of the Catalyst Biomethane Project, Decision and Order G-194-10 dated December 14, 2010 (2010 Biomethane Decision).
[14] FEI Biomethane Service Offering: Post Implementation Report and Application for Approval of the Modification of the Biomethane Program on a Permanent Basis, Decision and Order G-210-13 dated December 11, 2013 (2013 Biomethane Decision).
[15] Exhibit B-76, MS2S IR 2.3. FEI noted that the applicable subsection of Section 28 of the GT&Cs states: "28.1 Notional Gas: Customers must recognize that the location of generation facilities will determine where Biomethane will physically be introduced to the FortisBC Energy System and the Customers receiving Biomethane Service may not receive actual Biomethane at their Premises, but may instead be contributing to the cost for FortisBC Energy to deliver an amount of Biomethane proportionate to the Customer's Gas usage into the FortisBC Energy System." (Exhibit B-76, MS2S IR 2.3).
[16] FEI 2013 Biomethane Decision, p. 65 and Executive Summary, p. iii.
[17] Exhibit B-11, p. 12.
[18] Exhibit B-11, p. 13.

August 12, 2016, the BCUC issued its decision on that application (2016 Biomethane Decision),[19] approving a voluntary short term BERC rate (Short Term BERC Rate) that is a $7.00 per gigajoule (GJ) premium above the Conventional Gas Cost, which was defined as the sum of the Commodity Cost Recovery Charge, the carbon tax and any other taxes applicable to conventional natural gas sales.[20] Approval of the $7.00 per GJ premium was based on the historical evidence at the time showing that FEI's RNG program had relatively stable growth during the time the BERC rate was effectively a $7.00 per GJ premium above the Conventional Gas Cost.[21] While the BCUC found there was no evidence the premium would maximize revenues from the RNG customers, it stated the $7 per GJ premium is just and reasonable because it results in a lower Short Term BERC Rate and allows for the recovery of some costs that would otherwise be charged to non-RNG customers.[22]

Further, in the 2016 Biomethane Decision, the BCUC set the long-term contract[23] BERC rate (Long Term BERC Rate) at a $1.00/GJ discount to the Short Term BERC Rate at the time the contract is executed, with a minimum price of $10.00 per GJ for any new long-term contract.

In addition to approving the voluntary Short and Long Term BERC rates, the BCUC also approved a change in the calculation of the BERC rate from the previous cost-based methodology, resulting in BERC rates which are lower than the cost of RNG on a per GJ basis.[24] Thereafter, the difference between the revenues collected from the Short Term BERC Rate and Long Term BERC Rate and the cost of RNG on a per GJ basis (i.e., under-recovered costs) were transferred from the BVA to the BVA Balance Transfer deferral account (BVA Balance Transfer Account) and charged to all non-RNG customers through the BVA rate rider embedded in delivery charges.[25]

Currently, FEI sales customers in the following rate schedules (RS) can elect to receive up to 100 percent of their gas service as RNG:[26]

- RS 1B – Residential Biomethane Service;
- RS 2B – Small Commercial Biomethane Service;
- RS 3B – Large Commercial Biomethane Service;
- RS 5B – General Firm Biomethane Service;
- RS 7B – General Interruptible Renewable Gas Service;[27] and
- RS 11B – Biomethane Large Volume Interruptible Sales.

[19] FEI Application for Approval of BERC Rate Methodology, Decision and Order G-133-16 dated August 12, 2016 (2016 Biomethane Decision).
[20] FEI 2016 Biomethane Decision, p. 1, Footnote 1.
[21] FEI 2016 Biomethane Decision, p. 23.
[22] FEI 2016 Biomethane Decision, p. 23.
[23] Customers with long-term contracts purchase a minimum volume of 60,000 GJs of renewable gas over a commitment period of not less than five years (Exhibit B-11, p. 15).
[24] FEI 2016 Biomethane Decision, pp. 23, 30.
[25] FEI 2016 Biomethane Decision, p. 44; Exhibit B-11, p. 15.
[26] Exhibit B-11, p. 114.
[27] As approved by Order G-3-22 in this proceeding.

1.2 Application and Approvals Sought

FEI seeks the following approvals, as amended,[28] pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA) to revise its RNG program:

- Implement a new renewable gas blend service (RNG Blend service) for all sales customers[29] and related tariff changes, as described in Sections 7 and 8 of the original Application and as amended in the Evidentiary Update, where the blend percentage will be set monthly;
- Implement a new renewable gas connections service (RNG Connections service) and the corresponding new rate schedules as described in Sections 7, 8, and Appendix D-2 of the original Application;
- Make changes to the existing voluntary renewable gas service (Voluntary RNG service) and to implement the corresponding new and amended rates schedules as described in Sections 7, 8, and Appendix D-2 of the original Application;[30]
- Continue to price the Voluntary RNG service for sales customers excluding Natural Gas Vehicles (NGV) Customers (Non-NGV Sales Customers) at the current Short Term BERC Rate;[31]
- Discontinue the BVA delivery rate rider (Rider 3) and begin to use the Storage and Transport Low Carbon Rider (S&T LC Rider) (Rider 8);
- Change the name of the BVA to the Low Carbon Gas (LCG) account (LCG Account);
- Discontinue the BVA Balance Transfer Account;
- Capture and record any carbon tax credits FEI has granted or grants to customers that are not refunded from the Province in the LCG Account; and
- Change the name of FEI's BERC rate[32] to the LCG Charge.

Figure 2 in Section 2.0 below illustrates FEI's proposal for the Revised Renewable Gas Program. The Panel will apply the names or terms for the various components of the requested program (e.g., S&T LC Rider, LCG Account, LCG Charge), as they are defined above, in this Decision, until the request to change the names is addressed in Section 3.1.

1.3 Regulatory Review Process, Scope, and Participants

The BCUC established a written public hearing and regulatory timetables[33] for the Application, which included the following review process:

- Public notice and intervener registration;
- Two rounds of BCUC and intervener information requests (IRs) to FEI;

[28] Exhibit B-89, pp. 1–2; Exhibit B-89, Appendix A- Revised Draft Order; Exhibit B-90, BCUC IR 1.2. In the original Application, FEI also requested approval to discontinue the Unsold Biomethane Premium Deferral Account (UPBDA); this approval sought was retracted in the Evidentiary Update (Exhibit B-89, p. 2).
[29] FEI's sales customers include customers served under RS 1 ,2, 3, 4, 5, 6 and 7 (Exhibit B-11, p. 97).
[30] FEI originally proposed three changes to the current Voluntary RNG service (Exhibit B-11, p. 102). The first change, which was to expand the offering to include RS 7 customers, has been separately approved by Order G-3-22.
[31] Exhibit B-17, BCUC IR 28.4.
[32] The Panel understand this to mean either the Short Term BERC Rate or Long Term BERC Rate as defined in the FEI 2016 Biomethane Decision, as applicable.
[33] Orders G-3-22, G-103-22, G-165-22A, G-28-23, G-86-23, G-112-23, G-142-23, and G-215-23.

- Intervener/expert evidence and related IRs;
- FEI rebuttal evidence and related IRs;
- FEI's Evidentiary Update and related IRs; and
- Written final and reply arguments.

On June 16, 2022, the BCUC determined that this proceeding pertains to the rates for FEI's proposed Revised Renewable Gas Program services and offerings and the allocation of costs to customers. Specifically, the scope was established as follows:[34]

1. The ways in which renewable natural gas (RNG or biomethane) will be sold under FEI's services and offerings;
2. The rates and rate design for each of the RNG service based on rate-making principles. This includes the examination of rate design objectives and the appropriate allocation of costs to be recovered from certain class or classes of customers;
3. The price elasticity of demand for conventional natural gas and RNG;
4. The impacts of the FEI's RNG services and offerings on energy choice. Understanding the customer demand and cost implications on the competitiveness of natural gas equipment versus other types of equipment such as electric heat pumps;
5. The short-term (5 years) forecast demand for RNG and the feasibility of FEI's plan to meet this demand; and
6. The short-term (5 years) forecast supply of RNG and FEI's plan for the RNG supply acquisition, security of the RNG supply, price of the RNG supply, and supply substitutes such as carbon offsets.

There were twenty-four registered interveners and twenty-two interested parties in this proceeding. Twenty-one parties actively participated in the proceeding as registered interveners:

- BC Sustainable Energy Association (BCSEA);
- Movement of United Professionals (MoveUP);
- Commercial Energy Consumers Association of British Columbia (the CEC);
- British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre (BCOAPO);
- Citizens for My Sea to Sky Society (MS2S);
- City of Vancouver;
- BC Transit;
- City of Victoria;
- Residential Consumer Intervener Association (RCIA);
- Metro Vancouver Regional District;

[34] Order G-165-22A.

- Creative Energy Vancouver Platforms Inc.;
- District of North Vancouver;
- Translink;
- British Columbia Hydro and Power Authority (BC Hydro);
- BrightSide Solutions Inc. (BrightSide);
- GNAR Inc. – Sustainable Home Design (GNAR);
- City of Surrey;
- District of Saanich;
- City of Richmond;
- Lulu Island Energy Company Ltd.; and
- Force of Nature Alliance .

City of Vancouver, City of Victoria, City of Richmond, Lulu Island Energy Company Ltd., the District of Saanich, the District of North Vancouver, and Metro Vancouver Regional District (collectively, the Local Government (LG) Interveners) filed joint IRs to FEI[35] and final arguments.

Creative Energy Vancouver Platforms Inc., Translink, City of Surrey and Force of Nature did not file final arguments.

1.3.1 Letters of Comment

The BCUC received 295 letters of comment from individuals and organizations representing municipalities, businesses and customer interest groups. Two major themes, namely environmental and economic concerns, emerged consistently throughout the letters of comment. These comments are summarized below.

Environmental

The majority of the letters of comment from individuals who opposed the approval of FEI's application cited increased GHG emissions and the continued use of natural gas as the primary basis for their opposition. One letter noted, "[a]greeing to FortisBC's request will ensure that methane use in BC will increase just as we must decrease fossil fuel emissions in any way possible."[36] Some letters highlighted a preference to use electricity as opposed to natural gas: "We must stop burning fossil gases as soon as possible to avert the worst impacts of climate change and we have technologies to heat new homes using BC's clean electricity."[37] Several letters voiced concerns about liquefied natural gas (LNG), fracking, and additional gas infrastructure as reasons for their opposition.

Several individuals and many organizations supported the proposal as a way to reduce GHG emissions. In addition, some municipalities and districts noted FEI's proposal was broadly aligned with their regional climate

[35] Including the City of Surrey.
[36] Exhibit E-123-1, Grube Letter of Comment.
[37] Exhibit E-14, Vaneck Letter of Comment.

goals. An example of this is from the City of Kelowna: "Fortis BC's application for the Renewable Gas Tariff (Build Green Program) is one of the ways that we as a community can address this critical step to a healthy future."[38]

Economic

Economic considerations were the central theme of the letters from businesses, the majority of which were in the construction or natural gas appliance/heating equipment sector. The general tone of the letters from businesses was supportive with a focus on affordability while maintaining a reliable alternative energy supply source: "Allowing for clean energy options in the form of FortisBC's RNG Tariff Application will create options for developers to keep cost in check and construction schedules on time, while providing value for our customers."[39]

Additional letters stated FEI's proposal lacks fairness and would "create a large cross-subsidy that would skew the new residential construction market toward fossil gas heating, instead of electric heat pumps."[40] Other letters pointed to the concerns raised by BrightSide, which are addressed in Section 2.3.2, regarding issues related to the proposed changes for transportation customers: "… we fully support the concerns raised in BrightSide's submission."[41] These letters were submitted by companies where transportation makes up a significant part of the business (grocery wholesale, transport and storage, garbage collection, and uniform and linen service).

1.4 Government Policies and Legislative Framework

Government Policies

As noted in Section 1.1, FEI's RNG program was first approved by the BCUC in 2010. At that time, government policies included climate policies regarding the reduction of GHG emissions and support for renewable forms of energy as a key part of the solution to environmental challenges.[42] However, FEI states that since then, the scope of climate policies has changed, with growth in the number of federal, provincial, and local government policies that have been announced or implemented to reduce GHG emissions, increase energy supply from renewable sources, and implement other initiatives to address climate change.[43]
Figure 1 below, depicts the climate change policies at the time FEI filed its 2010 application for a renewable gas program and the additional policies that have been announced or implemented since then.

[38] Exhibit E-9, City of Kelowna Letter of Comment.
[39] Exhibit E-156, Formwerks Boutique Properties Letter of Comment.
[40] Exhibit E-50, Welton Letter of Comment.
[41] Exhibit E-17, ColdStar Solutions Letter of Comment.
[42] FEI 2010 Biomethane Decision, p. 9.
[43] Exhibit B-11, pp 25–26.

Figure 1: Government Climate Change Policies since the 2010 Biomethane Decision[44]

In 2017, the Provincial Government amended the GGRR, establishing, among other things, that the acquisition of RNG is a prescribed undertaking subject to certain conditions being met.[45] In May 2023, sections of the GGRR were reordered and in particular, RNG became a standalone section. Section 2.2(3) of the GGRR specifies a public utility's ability to acquire RNG is subject to the applicable maximum cost and does not exceed 15 percent of the 2019 total volume of natural gas provided by the public utility to its non-bypass customers. Section 2.2(4) of the GGRR allows a public utility to exceed this total volume, provided that the full cost of acquiring RNG and the service related to the provision of RNG is recovered from the customer. Section 18 of the *Clean Energy Act* (CEA) provides that the BCUC must not prevent a public utility from carrying out a prescribed undertaking and must set rates that allow the public utility to collect sufficient revenue in each fiscal year to enable it to recover its prescribed undertaking costs.

In 2021, the Province of BC released the CleanBC Roadmap to 2030 (CleanBC Roadmap). The CleanBC Roadmap introduced the concept of a GHG emissions cap requiring gas utilities to undertake activities and invest in technologies to lower GHG emissions from the fossil natural gas used to heat homes, buildings, and power industries. The emissions cap on natural gas utilities is anticipated to be approximately 6 metric tons of carbon dioxide equivalent for 2030, which is a 47 percent reduction in GHG emissions compared to 2007 levels.[46] Supporting legislation to the CleanBC Roadmap has not been introduced but FEI estimates the potential renewable gas supply requirements to meet this emissions cap at between 45 and 65 petajoules (PJs) by 2030.[47] The CleanBC Roadmap also lays out a plan for zero-carbon new construction by 2030 to be incorporated into the BC Building Code and states the standard will be performance-based, allowing for "a variety of options including electrification, low carbon fuels like Renewable Gas, and low carbon district energy."[48] The amendments to the BC Building Code took effect on May 1, 2023 and include the opt-in Zero Carbon Step Code, a voluntary and province-wide standard for reducing emissions in new buildings. This Zero Carbon Step Code allows local

[44] Exhibit B-11, p. 27, Figure 3-1.
[45] Exhibit B-11, p. 15.
[46] CleanBC Roadmap to 2030 (CleanBC Roadmap), p. 29.
[47] Exhibit B-11, p. 29.
[48] Exhibit B-11, p. 29; CleanBC Roadmap, p. 40.

governments to implement GHG intensity limits for operations of new buildings along several performance steps (EL-1 to EL-4). While EL-1 is a measure-only level where conventional natural gas could be used, the other three levels (EL-2, EL-3 and EL-4) have GHG intensity limits which cannot be exceeded and cannot be met if only conventional natural gas were to be used in the building's energy systems since "the CO2 emissions would exceed GHG [intensity] limits." Thus, the GHG intensity levels must be met using a low carbon energy source such as electricity or RNG.[49]

FEI states that the majority of local governments in BC have signed the BC Climate Action Charter, which is a voluntary agreement between the BC provincial government and Union of BC Municipalities under which each local government signatory commits to taking action on climate change.[50] Local governments are implementing changes to their building codes, planning guidelines, or zoning bylaws in order to reduce GHG emissions in new building construction projects, and in some cases, existing building retrofits and improvements. This is being achieved by establishing GHG intensity target limits for new construction which necessitate the use of low carbon or renewable energy, and incentivizing developers to use electrification as a low carbon solution or "not connect to a 'fossil fuel supply grid' system." FEI states that its existing RNG program is not designed to meet these GHG intensity or related emission intensity targets.[51]

Legislative Framework

As mentioned in Section 1.3, the scope of this proceeding pertains to the rates for FEI's renewable gas program and the allocation of costs to customers. Further, the UCA sets out the framework for the approval of rates and includes, in part, the following:

- Section 59(5) which defines an "unjust" or "unreasonable" rate and section 59(4) which states the determination of what is "unjust" or "unreasonable" is a question of fact of which the BCUC is the sole judge;
- Section 60 which provides the BCUC the authority to establish rates and includes mandatory considerations, including the requirement that rates not be "unjust, unreasonable, unduly discriminatory or unduly preferential"; and
- Section 60(1)(b.1) which establishes that in setting a rate, the BCUC may use "any mechanism, formula or other method of setting the rate that it considers advisable and may order that the rate derived from such a mechanism, formula or other method is to remain in effect for a specified period…"

The Panel conducts its review of the Application based on this legislative authority.

1.5 Decision Framework

The remaining sections of the Decision are organized as follows:

- Section 2.0 addresses the Revised Renewable Gas Program including the baseline RNG Blend and RNG Connections services and the Voluntary RNG service; and

[49] Exhibit B-65, pp. 4–6.
[50] Exhibit B-11, p. 32.
[51] Exhibit B-11, p. 32.

- Section 3.0 addresses the implementation of the Revised RNG Program including the program mechanics, rate-setting process, effective dates, changes to FEI's tariff, and future reporting.

The Revised Renewable Gas Program as proposed by FEI is made up of three separate programs all of which are designed to provide RNG. The parties have referred to FEI's proposed programs in various ways. In this Decision, for clarity and consistency, the following names will be applied when referring to each program except in those instances where there is a direct quotation:

- The RNG Blend service;
- The RNG Connections service; and
- The Voluntary RNG service.

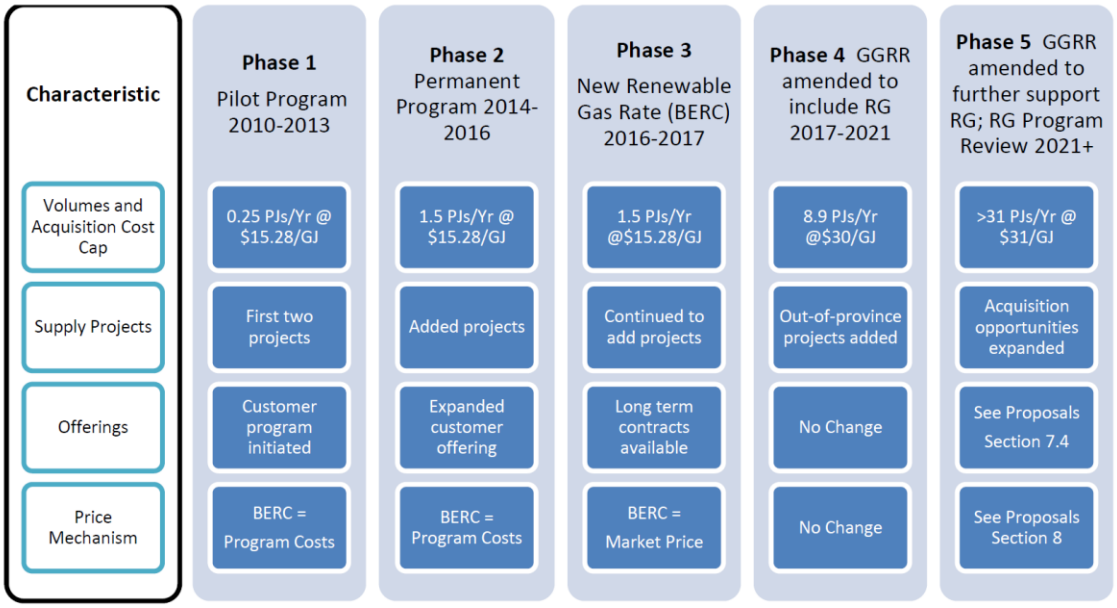
Further, the Panel notes that, throughout this Decision, RNG is described or implied to be directly provided to customers. The Panel acknowledges, however, that, since RNG is provided notionally to all customers, it is "unlikely a customer purchasing biomethane from a public utility is physically delivered any molecules of biomethane," as noted in the RNG Inquiry Phase 1 Report.[52] RNG is injected into the natural gas system at various points within the province of British Columbia or elsewhere in Canada or the US and biomethane is not provided directly to any customer choosing to purchase it. Within this Decision the Panel will refrain from using the term "notional" but accept and acknowledge that virtually all RNG provided within the province can be accurately described as notionally delivered.

2.0 Revised Renewable Gas Program

In 2010, FEI's RNG program was initially approved with an annual maximum supply volume purchase of 250 terajoules (TJs) and a maximum supply price of $15.28 per GJ.[53] These limits were put in place to minimize any impact to non-RNG customers if the demand did not materialize as anticipated. In 2013, the annual maximum supply volume purchase was increased to 1,500 TJ. As noted in Section 1.4 above, the GGRR was amended in 2017 allowing the acquisition of RNG as a prescribed undertaking. Figure 2 below illustrates the evolution of FEI's RNG program.[54]

[52] BCUC Inquiry into the Acquisition of RNG by Public Utilities in BC Phase 1 Report dated July 28, 2022 (RNG Inquiry Phase 1 Report), p. 18.
[53] Exhibit B-11, p. 11.
[54] Exhibit B-11, pp. 11–12.

Figure 2: Evolution of FEI's RNG Program



FEI has increased annual RNG purchases each year from 41 TJ in 2011 to an expected volume between 600 and 700 TJ in 2021. FEI asserts that it has secured supply from out-of-province, delivered RNG supply via virtual pipeline, and saw an increase to both the number of suppliers and volume of supply in 2021. At the time of the Application, FEI forecast RNG supply volumes to reach 4,000 TJs by 2022. Figure 3 shows the historical growth in RNG supply FEI has contracted for from its suppliers.[55]

Figure 3: Total RNG Supply History and Short Term Forecast

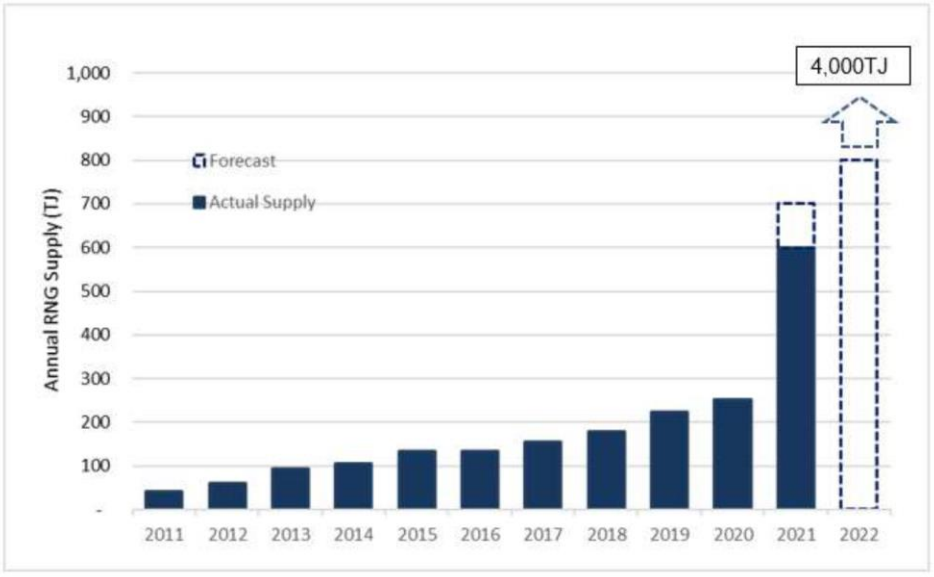


Table 1 below provides further information on FEI's contracted supply projects and their associated volumes, as of May 2022. The projects (Column 1) all have start dates prior to January 2024. Columns 6 and 8 show the contracted maximum volume and expected annual volume for each RNG supply project. FEI explains that

[55] Exhibit B-11, pp. 11 and 72.

historically, new supply projects have not initially operated at full maximum value and take time to ramp up production to maximum volumes. As such, FEI's total expected annual contracted RNG volume at the time of this report[56] was 18,728 TJs per year.[57]

Table 1: FEI Contracted RNG Supply Projects

	Project	Type	Province /State	BCUC Approval Status	Start/Anticipated Start Date (Month-Year)	Contract Max Annual Volume (TJ/Yr)	Proportion of Total Max Contract Volume (%)	Expected Annual Volume (TJ/Yr)	Proportion of Total Expected Volume (%)
Existing	Fraser Valley Biogass	Farm Digester	BC	Approved	Sep-10	91	0.4%	67	0.4%
	Columbia Shushwap Regional Dist.	Landfill	BC	Approved	Jan-13	40	0.2%	16	0.1%
	Kelowna Landfill	Landfill	BC	Approved	Jun-14	118	0.5%	62	0.3%
	Seabreeze Farms	Farm Digester	BC	Approved	Feb-15	120	0.5%	90	0.5%
	City of Surrey	Organics Processing	BC	Approved	Jul-18	160	0.7%	75	0.4%
	Tidal Stormfisher	Organics Processing	ON	Approved	Aug-20	237	1.0%	180	1.0%
	Lulu Island Waste Water	Waste Water Treatment	BC	Approved	Jun-21	100	0.4%	40	0.2%
	Lethbridge Biogas	Farm Digester	AB	Approved	Aug-21	475	2.1%	225	1.2%
	Shell Energy	Waste Water Treatment	IA	Approved	Aug-21	692	3.0%	519	2.8%
	Faromor CNG	Farm Digester	ON	Approved	Oct-21	120	0.5%	60	0.3%
	Assai Energy	Landfill	PA	Approved	Jan-22	1,600	7.0%	1,200	6.4%
	Total Existing (TJ/Yr)					**3,753**	**16.4%**	**2,534**	**13.5%**
Anticipated	Bradam Hamilton	Carbon Energy Recovery	ON	Approved	Jul-23	1,500	6.6%	1,125	6.0%
	Bradam Napanee	Carbon Energy Recovery	ON	Approved	Oct-23	1,500	6.6%	1,125	6.0%
	Capital Regional District	Landfill	BC	Approved	Sep-23	280	1.2%	238	1.3%
	City of Vancouver	Landfill	BC	Approved	Nov-23	298	1.3%	250	1.3%
	Delta RNG	Landfill	BC	Approved	Dec-22	1,200	5.2%	700	3.7%
	Dicklands Farm	Farm Digester	BC	Approved	Jul-22	160	0.7%	100	0.5%
	EPCOR	Waste Water Treatment	AB	Approved	Mar-23	280	1.2%	210	1.1%
	Evergreen (Oshawa) Environmental	Organics Processing	ON	Approved	Oct-22	390	1.7%	300	1.6%
	GrowTEC	Farm Digester	AB	Approved	Oct-22	140	0.6%	80	0.4%
	Matter	Farm Digester	BC	Approved	Jul-23	100	0.4%	75	0.4%
	Net Zero Waste	Organics Processing	BC	Approved	Oct-22	173	0.8%	130	0.7%
	RDFFG	Landfill	BC	Approved	Mar-23	115	0.5%	80	0.4%
	REN Energy	Wood Biomass	BC	Approved	Dec-23	1,200	5.2%	900	4.8%
	Tidal GSE	Hydrogen Reduction	ON	Approved	Sep-23	800	3.5%	600	3.2%
	Tidal Niagara	Landfill	ON	Approved	Aug-22	694	3.0%	675	3.6%
	Tidal Rockford	Landfill	IL	Approved	Jun-23	841	3.7%	486	2.6%
	Walker RNG	Farm Digester	ON	Approved	Jul-22	160	0.7%	120	0.6%
	Archaea	Landfill	USA	Approved	Jun-22	8,000	35.0%	8,000	42.7%
	Linden	Organics Processing	USA	In Progress	Dec-23	1,300	5.7%	1,000	5.3%
	Total Anticipated (TJ/Yr)					**19,131**	**83.6%**	**16,194**	**86.5%**
	Grand Total Volume (TJ/Yr)					**22,884**	**100.0%**	**18,728**	**100.0%**

In August 2023, FEI provided updated supply and demand forecasts. These are illustrated below in Figure 4 for supply and Figure 5 for demand. By 2030, FEI forecasts RNG annual supply volume will reach 20,000 TJ. FEI also updated its demand forecast for the Voluntary RNG and RNG Connections services for the years 2024 to 2030 stating they reflected a delay in the implementation of its proposals, as well as a decline in RNG demand from the transportation and public sectors.[58]

[56] May 22, 2022.
[57] Exhibit B-17, BCUC IR 5.2.2.
[58] Exhibit B-89, pp. 12–13.

Figure 4: Updated RNG Supply Forecast[59]

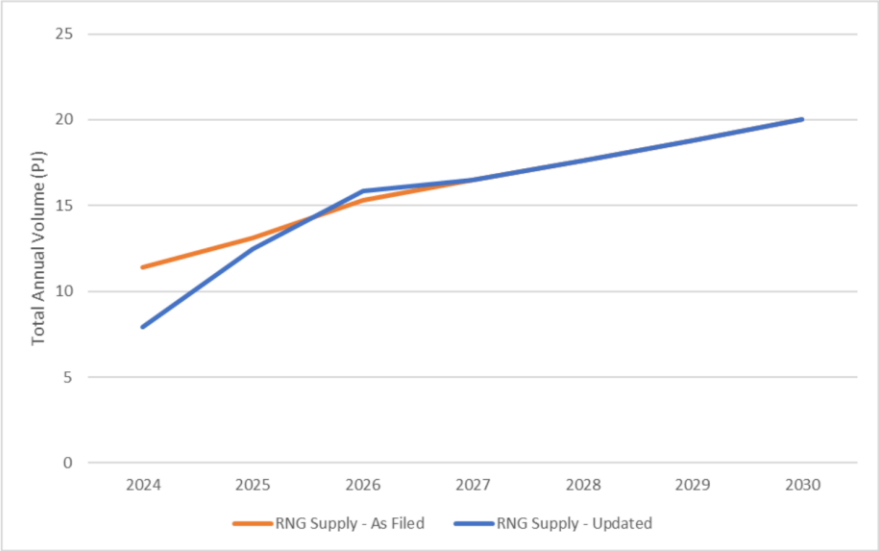
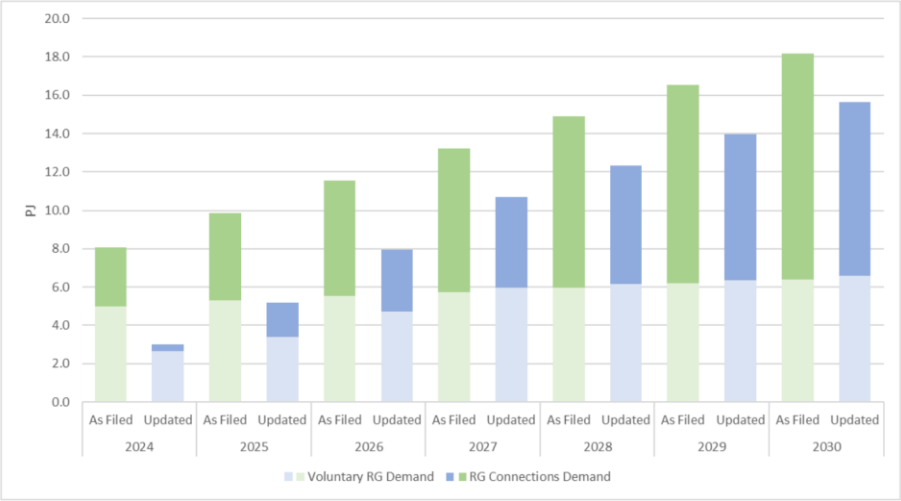


Figure 5: Updated Renewable Gas Demand Forecast[60]



After a review of the history and FEI's outlook for its current RNG program, FEI's proposals for the Revised Renewable Gas Program are examined. Each component of FEI's proposal will be considered in sections 2.1 through 2.3 that follow.

To maintain the long-term viability of the natural gas distribution system and energy choice for British Columbians, FEI has developed the Revised Renewable Gas Program to meet three objectives:[61]

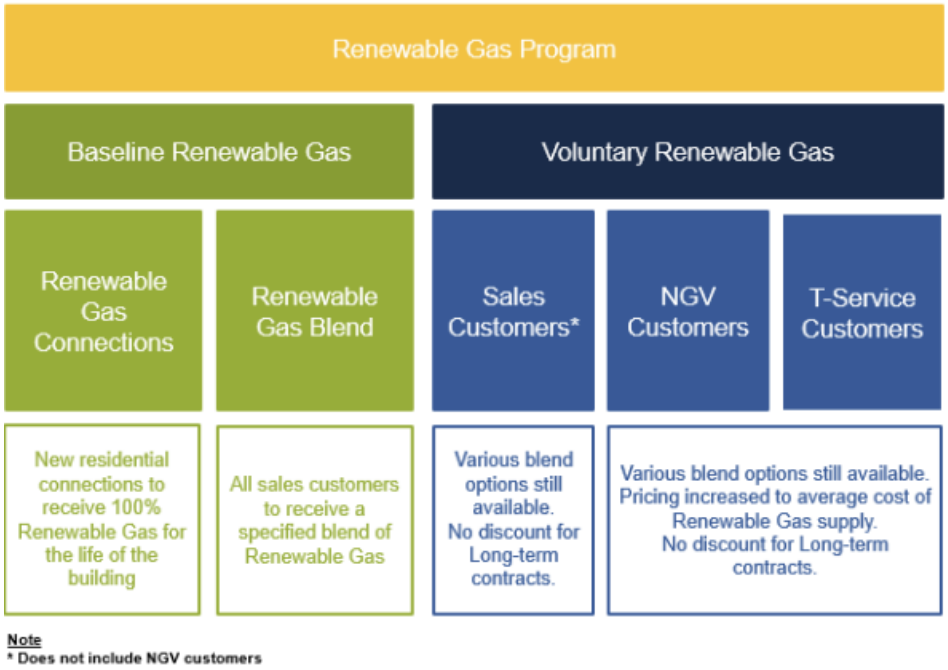
1. Objective 1 – Meet provincial CleanBC Roadmap targets for GHG emissions and balance renewable gas supply and demand;

[59] Exhibit B-89, p. 12, Figure 5-1.
[60] Exhibit B-89, p. 13, Figure 5-2.
[61] Exhibit B-11, p. 86.

2. Objective 2 – Enable compliance and building regulations to maintain energy choice for new residential constructions and connections (New Residential Connections[62]); and
3. Objective 3 – Meet customer requirements for renewable gas to maintain energy choice for existing FEI customers.

Figure 6 below illustrates the Revised Renewable Gas Program as proposed.

Figure 6: Revised Renewable Gas Program[63]



At a high-level, the above figure shows that FEI proposes to continue the current voluntary component of the RNG program, with modifications, and to add a baseline or mandatory renewable gas offering which has two new components: 1. An RNG Blend service; and 2. An RNG Connections service.[64]

FEI proposes that the RNG Blend service provides all sales customers[65] who purchase natural gas from FEI with a percentage of their gas supply as RNG. FEI explains that the cost of the renewable gas will be recovered through a new low carbon rider called the S&T LC Rider and the cost of renewable gas will be part of the overall costs of the commodity received by all sales customers, including Customer Choice Program customers.[66]

[62] FEI states that New Residential Connections are all residential dwellings, including detached homes, semi-detached homes, row houses, duplexes and quadruplexes, townhouses and multifamily condominiums, served by a service line installed on or after a designated date (including new construction activity, conversions and retrofits) under RS 1, 2, 3, or 5 depending on the volume of the gas service (Exhibit B-11, p. 84, Footnote 93).
[63] Exhibit B-1, p. 3, Figure 1-1 as amended by FEI's August 2023 Evidentiary Update to remove a referenced RNG blend target of 1 percent in 2024.
[64] Exhibit B-11, p. 97.
[65] FEI states that sales customers are those customers served under RS 1, 2, 3, 4, 5, 6 and 7 who purchase their gas from FEI (Exhibit B-11, p. 1, Footnote 1 and p. 97, Footnote 100). Customers that do not purchase their commodity from FEI (i.e. transportation or "T-service" customers) take service under other rate schedules.
[66] Exhibit B-11, p. 97; Exhibit B-68, A3, pp. 2–3.

The second component, the proposed RNG Connections service, provides a tariff designating all New Residential Connections as receiving 100 percent renewable gas. This is tied to the building, rather than a customer, to ensure the building remains on a gas service receiving 100 percent renewable gas for its life.[67] As FEI implements the RNG Blend, customers served under the RNG Connections tariff (RNG Connections service customers) will receive part of their 100 percent RNG from the RNG Blend service and the second part through the RNG Connections service. FEI proposes the cost of the renewable gas to be first recovered through the RNG Blend service and the S&T LC Rider, as noted above, and to recover the second part through a new low carbon gas charge (Low Carbon Gas Charge or LCG Charge) which will be a new rate charged specifically to New Residential Connections.[68] To provide equity between new and existing residential dwellings, RNG Connections service customers will pay the same *effective* rate for gas service as existing customers in similar rate schedules.[69]

Finally, to maintain choice for customers who may wish to voluntarily purchase renewable gas amounts in addition to the RNG Blend service, FEI proposes to structure its new Voluntary RNG service in substantially the same way as the current RNG program.[70] Subject to availability of supply, customers may choose to "opt in" and select the percentage of renewable gas they desire in 5 percent increments (e.g. 5, 10, 25, 50, or 100 percent).[71] FEI proposes to rename the current BERC rate as the LCG Charge to reflect the expanded portfolio of renewable gas enabled by the GGRR. In addition, FEI proposes to make two modifications to the current voluntary RNG program with respect to the pricing of existing services.[72]

FEI explains that each component of the Revised Renewable Gas Program is needed as follows:

1. A baseline RNG Blend service is required to meet Objective 1;[73]
2. A baseline RNG Connections service is required to meet Objective 2; and
3. A Voluntary RNG service is required to meet Objective 3.

FEI further explains that at its core, the Revised Renewable Gas Program, as proposed, is designed to maintain the long-term viability of the natural gas distribution system and energy choice for British Columbians, which will result in lower costs for low carbon energy than a single electrical solution. While customer affordability is not a separate objective of the program, it is a key outcome as customer affordability can be supported by maintaining and growing load on the system.[74]

FEI also stated that, consistent with the BCUC's previous direction, maximizing revenues is considered in the pricing of the Voluntary RNG service.[75]

Each component of the Revised Renewable Gas Program will be addressed in greater detail in sections 2.1 through 2.3 below.

[67] Exhibit B-11, p. 100.
[68] Exhibit B-11, p. 100.
[69] Exhibit B-11, p. 100.
[70] Exhibit B-11, p. 102.
[71] Exhibit B-11, pp. 102–103.
[72] FEI originally proposed three modifications to the current Voluntary RNG service (Exhibit B-11, p. 102). The first modification, which was to expand the offering to include RS 7 customers, has been separately approved by the BCUC by Order G-3-22. Therefore, this Decision addresses the remaining two modifications proposed by FEI.
[73] Exhibit B-11, p. 96.
[74] Exhibit B-36, BCOAPO IR 20.1.
[75] Exhibit B-36, BCOAPO IR 22.1.

2.1 Baseline RNG Blend Service

As noted above, FEI proposes to introduce a RNG Blend service, whereby all sales customers would automatically receive a percentage blend of RNG as part of their regular gas service. Customers would not need to sign up for the service nor would they have the ability to decline it. Rather, the integration of RNG into the gas supplied to sales customers would be seamless from their perspective, with the percentage of the RNG Blend service received shown on their bills.[76]

The costs of the RNG Blend service are proposed to be recovered through a S&T LC Rider designed to recover the costs of the Revised Renewable Gas Program not otherwise recovered from the proposed RNG Connections service (see Section 2.2) or the Voluntary RNG service (see Section 2.3). The S&T LC Rider will be a storage and transport charge to reflect the fact that the cost of RNG would be part of the overall costs of the commodity that all sales customers receive.[77] Sales customers would also receive an offsetting carbon tax credit for any volume of RNG they receive.[78] These program mechanics, including the proposed rate-setting process for the S&T LC Rider are reviewed in more detail in Section 3.1 below.

FEI submits the proposed RNG Blend service is needed and in the public interest as it will enable FEI to balance its RNG demand with its RNG supply and sell sufficient levels of RNG to meet provincial GHG reductions targets rapidly and at scale. FEI further submits that its proposal to set the percentage blend monthly is a prudent and necessary response to the BC Ministry of Finance's interpretation of the carbon tax legislation and will allow FEI to manage RNG supply and demand in a way that maximizes benefits for its customers. Finally, FEI submits it is just and reasonable for any carbon tax credits it has granted or grants to customers, which are not refunded by the Province, to be recorded in the LCG Account for recovery from all sales customers.[79]

The review of FEI's proposal for the RNG Blend service first considers the rationale for the service, followed by the proposed method to set the percentage of RNG blend, including the treatment of carbon tax credits that are not refunded to FEI by the Province.

2.1.1 What is the Rationale for the RNG Blend Service?

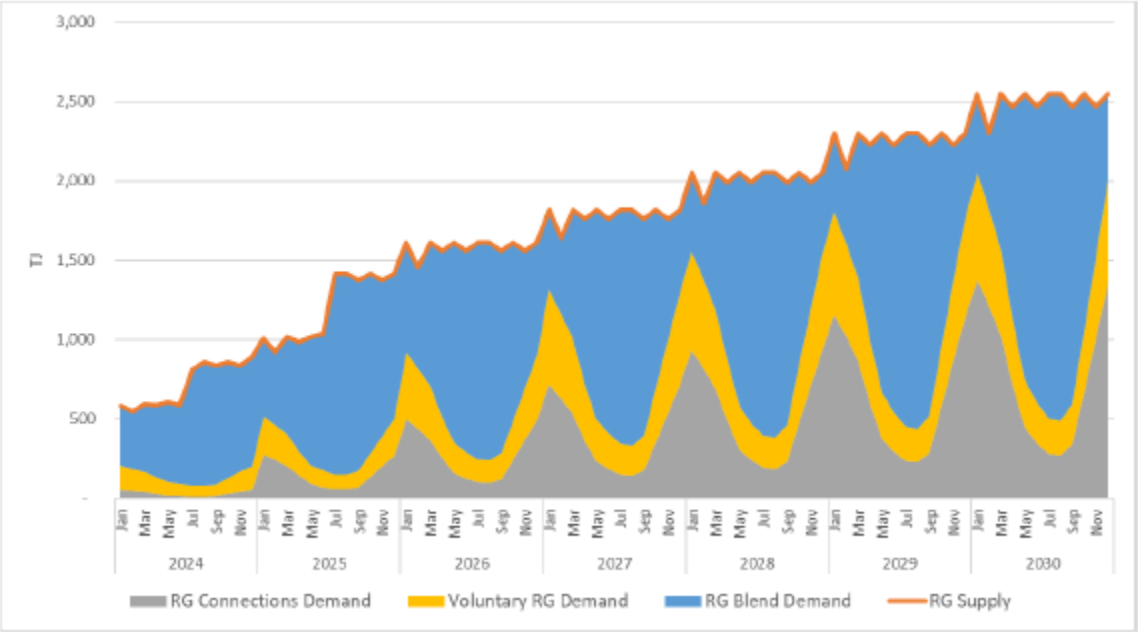
FEI submits the RNG Blend service is needed to sell FEI's growing RNG supply and to meet provincial GHG reduction targets.[80] Since the inception of the RNG program in 2010, FEI has significantly increased its supply of RNG in line with government policy. FEI explains the RNG Blend service will create a mechanism to scale-up the provision of RNG as its existing voluntary RNG program does not generate sufficient demand to consume the growing supply of RNG which FEI is acquiring pursuant to the GGRR and to meet the anticipated emissions cap for natural gas utilities proposed in the CleanBC Roadmap (see Figure 7 below).[81] As of August 2023, FEI had accumulated approximately 1.5 PJ of RNG inventory and was accumulating approximately 200 TJ of additional RNG inventory each month. Without an option to sell the excess RNG, FEI states it would need to use the approved UBPDA/CCRA method of inventory cost recovery and apply to the BCUC to sell the RNG as

[76] Exhibit B-11-1, p. 98.
[77] Exhibit B-11-1, p. 98.
[78] Exhibit B-11-1, p. 98.
[79] FEI Final Argument Stage 2, pp. 17 and 21.
[80] FEI Final Argument Stage 2, p. 14.
[81] Exhibit B-11-1, p. 99.

conventional natural gas. If this were done the environmental attributes would be lost, and customers would not benefit from a carbon tax credit.[82]

As illustrated in Figure 7, FEI's forecast RNG supply (the orange line) greatly exceeds the forecast demand from the Voluntary RNG service (the yellow area). The blue-shaded area represents the volume of RNG that FEI plans to provide to customers through the RNG Blend service (i.e., any volumes that are not sold to Voluntary RNG or RNG Connections service customers (grey area)).[83]

Figure 7: Monthly RNG Supply and Demand when the RNG Blend is set Monthly[84]



FEI explains that the benefit of the RNG Blend service for sales customers includes the achievement of broad and rapid GHG emissions reductions, at scale, without spending on incentives or requiring customers to invest time, energy, or money to switch their equipment. FEI argues that the RNG Blend service is a cost-effective means of achieving the decarbonization of the existing building stock. Assuming all sales customers consume approximately 140 million GJ a year, a one percent RNG blend would equal 1.4 million GJ, or the equivalent of converting 30,000 furnaces to electricity. This would be done without the need for customers to change any equipment or sign up for a new service. FEI further submits that a greater percentage of RNG will have a correspondingly greater effect on the GHG emissions of the existing building stock.[85]

FEI modelled two scenarios: 1) where the RNG Blend service is the only component of the Revised Renewable Gas Program which is approved; and 2) where the RNG Blend service is approved alongside only the Voluntary RNG service. In the first scenario, FEI expects the blend percentage to be 9 percent in 2024, increasing to 24 percent in 2030.[86] In the second scenario, FEI did not indicate what the blend percentage would be in 2024, but

[82] FEI Final Argument Stage 2, p. 15.
[83] FEI Final Argument Stage 2, p. 16.
[84] Exhibit B-89, Figure 5-4, p. 15.
[85] FEI Final Argument Stage 2, pp. 16–17; Exhibit B-17, BCUC IR 23.2.
[86] Exhibit B-17, BCUC IR 23.1.1.

estimates that the blend percentage would be 20 percent in 2030.[87] Those blend levels compare to a forecast blend percentage of 4.7 percent in 2024 and 10.7 percent in 2030 if all three components of the Revised Renewable Gas Program are approved (see Figure 8 below).[88]

FEI states it is not proposing to prioritize the RNG Blend service over the other components of the proposed Revised Renewable Gas Program as this would deprive the other market segments of a gas-based solution to their energy and GHG emission needs, potentially putting upward pressure on rates, and jeopardizing the long-term viability of the gas system as a whole. FEI notes that diverting RNG away from the RNG Connections service would prevent new residential customers from connecting to the gas system due to a lack of a satisfactory service offering. Consequently, the gas system would be limited to serving a shrinking pool of existing customers with infrastructure and a cost base that would not similarly be reduced, thus driving costs up for all remaining customers.[89]

Positions of the Parties

BCSEA

BCSEA strongly supports approval of the RNG Blend service noting it would provide an initially small but growing proportion of RNG to all sales customers, to be paid for by the same sales gas customers. In BCSEA's view, the main function of this service is to reduce GHG emissions in BC to meet the Province's GHG emissions reduction targets and it is a necessary mechanism to balance FEI's RNG supply and demand. Thus, BCSEA concurs with FEI that the proposed RNG Blend service is a necessary addition at this time to the current RNG program, is just and reasonable, and should be approved.[90]

The CEC

The CEC agrees with all of FEI's arguments regarding the need for a RNG Blend service to reduce GHG emissions and balance RNG supply and demand.[91]

MoveUP

Citing FEI's position that the current RNG program is incapable of addressing "evolving government climate policies, customer needs for Renewable Gas, and the significant increase in Renewable Gas that FEI is acquiring pursuant to the GGRR," MoveUP submits the RNG Blend service, in one form or another, is a viable mechanism to incorporate FEI's rapid up-scaling of RNG acquisition.[92]

[87] Exhibit B-17, BCUC IR 12.3.1.
[88] Exhibit B-89, Figure 5-3, p. 14.
[89] Exhibit B-17, BCUC IR 23.2.
[90] BCSEA Final Argument Stage 2, pp. 9–10.
[91] CEC Final Argument Stage 2, p. 7.
[92] MoveUP Final Argument Stage 2, pp. 6–7.

BCOAPO

BCOAPO states that the RNG Blend service is consistent with what is necessary to keep FEI's system viable while also enabling FEI to meet the bigger issue of near-term government environmental policy, emission reduction targets, and the current iteration of energy transition plans in BC.[93]

BCOAPO notes that this proposed service would provide RNG to a mass customer base based on "rolled-in tolling" consistent with environmental policy. As proposed, "it would provide some environmental benefits to society at large while providing equal opportunity to its customers to access its service regardless of whether customers are existing or new or where they are located." Therefore, no one party would have an undue advantage over another, which is consistent with the value BCOAPO places on postage stamp rates.[94]

RCIA

In RCIA's submission, the RNG Blend service is a straightforward and reasonable approach to facilitating FEI's energy transition. Specifically, the benefits of this service include:[95]

- Equitable distribution of program costs amongst all FEI gas users;
- Recovery of costs for this service through the S&T LC Rider, which allows customers and policy makers to understand and respond to a practical price signal regarding the cost of this green energy resource; and
- Unlike the RNG Connections service, the RNG Blend service does not propose to deliver differential products to otherwise identical ratepayers, nor does it foist cross-subsidization of costs onto other residential ratepayers.

Based on the foregoing, RCIA submits that the RNG Blend service is a sound component of FEI's GHG reduction plan.[96]

BC Hydro

BC Hydro takes no position on the components of FEI's Application other than the RNG Connections service, which is reviewed in Section 2.2.[97] However, BC Hydro offers the following comments which suggest it may be supportive of the RNG Blend service:

1) "BC Hydro supports the policy objectives that encourage the uptake of renewable low-carbon energy, including RNG, to displace consumption of more carbon-intensive fuels and help meet [BC's GHG] emission targets";[98] and
2) BC Hydro states that allocating RNG through a RNG Blend service would have a greater impact on GHG emission reductions in BC relative to allocating RNG through the proposed RNG Connections service.[99]

[93] BCOAPO Final Argument Stage 2, p. 13
[94] BCOAPO Final Argument Stage 2, p. 18.
[95] RCIA Final Argument Stage 2, p. 6.
[96] RCIA Final Argument Stage 2, p. 6.
[97] BC Hydro Final Argument Stage 2, p. 1.
[98] BC Hydro Final Argument Stage 2, p. 1.
[99] BC Hydro Final Argument Stage 2, p. 9.

The LG Interveners

The LG Interveners submit that rather than being used in new buildings, RNG can play a key role in helping to decarbonize existing buildings, particularly if its use is not subsidized. The LG Interveners argue that existing buildings are far more difficult to decarbonize than new buildings since electrification is difficult due to constraints related to building systems, building operations and occupancy constraints, owner financial capacity and energy retrofit expertise. With existing buildings, the use of RNG "will provide the flexibility to meet GHG emission limits pending a full retrofit, or where retrofits are cost prohibitive."[100]

MS2S

MS2S recommends that the BCUC require FEI to divert the acquired RNG supply which is proposed for the RNG Connections service to augment instead: 1) the supply to hard-to-decarbonize industry players; and 2) the blend percentage in the RNG Blend service.[101]

2.1.2 Is it Appropriate to Adjust the RNG Blend Monthly?

As explained in the Evidentiary Update, FEI proposes to adjust the percentage of the RNG Blend service on a monthly basis based on its forecast supply and demand for RNG for the upcoming month to maximize the carbon tax refund available for the benefits of customers.[102] The need to set the RNG blend in this manner, as opposed to annually as originally proposed in the Application, arose from a Carbon Tax Matter which came to light during the proceeding.[103]

As outlined by FEI, the Carbon Tax Matter relates to FEI's ability to recover carbon tax refunds from the Province equal to the carbon tax credits granted to customers. As a retail dealer under the *Carbon Tax Act*, FEI is responsible for charging, collecting, reporting, and remitting the carbon tax on retail sales of natural gas to its customers. Pursuant to the *Carbon Tax Act*, FEI must provide to biomethane customers, on behalf of the Province, a carbon tax credit on their bill proportionate to the amount of biomethane sold to each customer. This means that FEI is required to provide these credits on the bills issued to RNG customers whether or not FEI is able to reduce its carbon tax remittances to the Province by these amounts.[104]

The Carbon Tax Matter arose in March 2023, when the BC Ministry of Finance confirmed its interpretation that, under the *Carbon Tax Act*, a retail dealer like FEI can only claim a carbon tax refund for the lesser of the amount of biomethane credits provided to customers in the reporting period and the amount of biomethane physically blended in the same reporting period.[105] Prior to receiving this confirmation, FEI understood that the reference to blending of biomethane and natural gas in the *Carbon Tax Regulation* could occur notionally at the time of sale. This understanding was based on: 1) the fact that RNG is delivered notionally to customers due to the commingling of RNG in the natural gas system and the fungible nature of the gas molecules; and 2) the notional nature of blending under biomethane contracts, which also recognizes biomethane acquired outside of BC. Based on these facts, FEI concluded that "blending" should be interpreted as being notional rather than physical,

[100] LG Interveners Final Argument Stage 2, p. 41.
[101] MS2S Final Argument Stage 2, p. 16.
[102] FEI Final Argument Stage 2, p. 18.
[103] Exhibits B-87, B-88 and B-89
[104] FEI Final Argument Stage 2, p. 18.
[105] FEI Final Argument Stage 2, p. 18.

as FEI considered it to be aligned with the purpose and context for the carbon tax legislation to provide carbon tax credits to customers purchasing biomethane.[106]

As FEI is required to file its carbon remittances monthly, it has a monthly reporting period. Consequently, rather than relying on inventorying RNG through the BVA, as has been its practice, FEI must sell biomethane in the month it is blended to receive a carbon tax refund from the Province for any carbon tax credits granted to customers.[107]

Table 2: Impact of the Carbon Tax Ruling on FEI's Inventorying Practice[108]

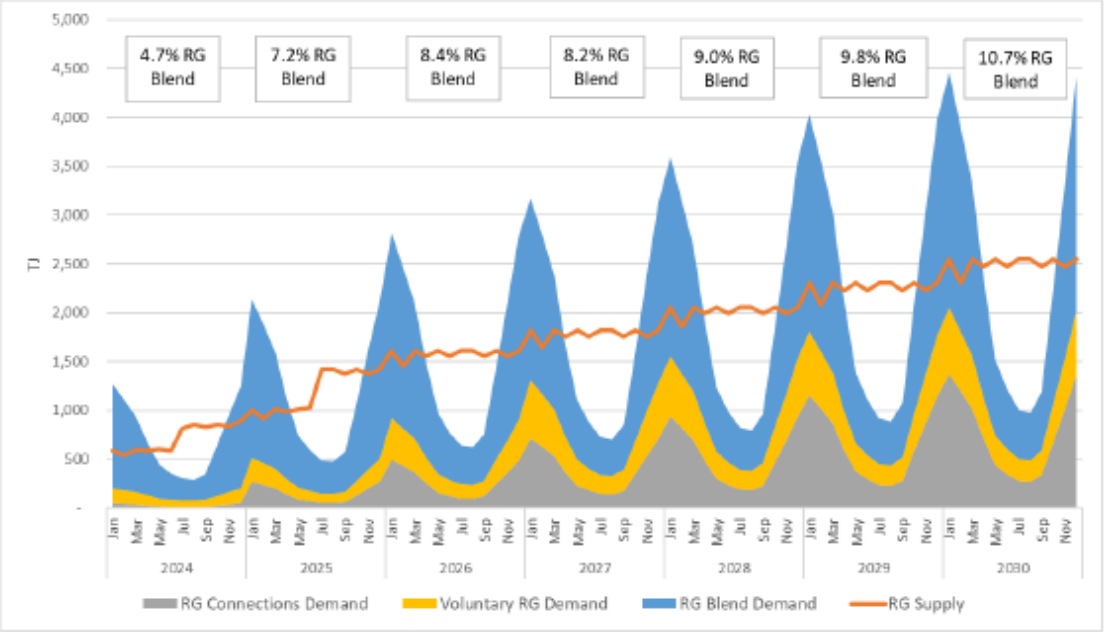
Inventorying Practice	Period 1 (GJ)	Period 2 (GJ)	Total (GJ)
RNG supply injected into pipeline	100	50	150
RNG demand from customers	75	75	150
Notional RNG excess/deficit in BVA	25	(25)	0
Past FEI Practice re Tax remittance			
RNG tax credit to customers on:	75	75	150
Tax refund from the Province on:	75	75	150
Tax balance (surplus/deficit) on:			0
Permitted Practice under *Carbon Tax Act*			
RNG tax credit to customers on:	75	75	150
Tax refund from the Province on:	75	50	125
Tax balance (surplus/deficit) on:			(25)

As outlined in Table 2, if FEI receives 100 GJ of RNG in a given month from its suppliers, but demand is only 75 GJ (e.g., a warmer month) for carbon tax return purposes, FEI cannot allocate the 25 GJ difference to a future reporting period when RNG demand exceeds supply purchases for that month. As a result, FEI would not be able to inventory biomethane from month-to-month and recover carbon tax refunds from the government on behalf of its customers (through a reduction of FEI's carbon tax remittance to the BC Ministry of Finance).[109]

The difference between seasonal patterns in RNG demand, which are typically heat sensitive, and the relatively flat RNG supply creates a challenge for FEI's ability to comply with the carbon tax regime. The monthly RNG supply and demand imbalance resulting from setting the RNG blend percentage annually, as originally proposed in the Application, is illustrated in Figure below. The large seasonal imbalances would prevent FEI from receiving carbon tax refunds from the Province commensurate with the carbon tax credits granted to customers. Thus, to maximize the availability of carbon tax refunds from the Province, FEI proposes to shape its monthly RNG demand to better match its RNG supply. This is illustrated in Figure 7 above in Section 2.1.1 which is based on setting the RNG Blend monthly and more closely matches demand when compared to Figure 8 below where the RNG Blend is set annually. This becomes increasingly important given the rising volumes of RNG and the expected increase in the carbon tax.[110]

[106] Exhibit B-90, BCUC IR 6.1.
[107] FEI Final Argument Stage 2, p. 19.
[108] Exhibit B-90, BCUC IR 6.1.
[109] Exhibit B-90, BCUC IR 6.1.
[110] FEI Final Argument Stage 2, p. 19.

Figure 8: Monthly RNG Supply and Demand when the RNG Blend is set Annually[111]



In addition to shaping its monthly RNG demand, FEI is also taking supply-side measures to better match supply with demand. For example, FEI is making shorter-term commercial arrangements to sell and/or redirect excess RNG supply from its biomethane suppliers to markets outside of BC. In addition, FEI is negotiating other mid- and long-term mechanisms to manage excess monthly supply, such as shaping the RNG volumes provided by suppliers to better reflect the heat sensitive consumption patterns of FEI's sales customers.[112] FEI explains that despite taking these steps to balance its RNG supply and demand monthly, it is still not possible to perfectly match forecast RNG supply and demand within the monthly reporting period, primarily because weather will cause variances from forecasts that are beyond FEI's control.[113]

As outlined above, the carbon tax legislation imposes a monthly balancing requirement on FEI and contains no exceptions for imbalances between supply and demand due to factors outside of FEI's control. Thus, if FEI's forecasts result in a residual imbalance whereby demand in a given month exceeds supply, then the Province will not provide a refund for the carbon tax credits that FEI is obligated to grant to customers on the amount of RNG by which demand exceeds supply. Similarly, if the residual imbalance results in RNG supply exceeding demand in a given month, FEI will add any excess supply to its low carbon inventory. If this inventory is delivered to customers in a subsequent period, FEI will not be able to recover a carbon tax refund from the Province. To enable the recovery of such amounts, FEI proposes to account for any un-refunded carbon tax amounts in the LCG Account to be recovered from all sales customers in a subsequent period when setting the S&T LC Rider.[114]

FEI notes that the BC Ministry of Finance understands the impact that failing to recognize biomethane inventorying will have on the implementation of FEI's Revised Renewable Gas Program, and on FEI's customers. To deal with this, FEI explains that the BC Ministry of Finance has committed to undertaking a detailed analysis

[111] Exhibit B-89, Figure 5-3, p. 14.
[112] Exhibit B-89, pp. 8–9.
[113] Exhibit B-90, BCUC IR 12.3.
[114] Exhibit B-89, pp. 16–17.

of this issue as part of the February 2024 budget cycle and to forwarding options to the Minister of Finance for consideration.[115] However, while a legislative change recognizing the inventorying of biomethane for the purpose of recovering carbon tax refunds remains FEI's objective and may ultimately be recommended by the BC Ministry of Finance, it has not committed to making such a change.[116]

Positions of the Parties

BCSEA

BCSEA agrees with FEI's proposal to adjust the RNG blend percentage monthly to maximize the carbon tax refund FEI recovers on behalf of customers from the Province.[117] Noting that FEI will not be able to perfectly match RNG supply and demand on a monthly basis, BCSEA supports FEI's proposal to record in the LCG Account, for recovery from customers, any carbon tax credits FEI has granted or grants to customers that are not refunded to FEI by the Province.[118]

The CEC

The CEC also agrees with FEI that the blend percentage needs to be adjusted on a monthly basis to maximize carbon tax returns, so long as the provincial regulations require this specific approach and there is a need for the LCG Account to capture biomethane credits not refunded by the Province.[119] However, the CEC surmises the RNG supply and demand imbalances may be the result of potentially rigid customer contracts, and recommends FEI's obligation to its customers be managed as flexibly as possible on a monthly basis (i.e., raised or lowered) to capture the carbon tax benefits, given the current constraints of the provincial legislation.[120]

MoveUP

MoveUP agrees that FEI has devised a workable solution to the conundrum posed by the Carbon Tax Matter.[121]

BCOAPO

BCOAPO recommends the Panel consider quarterly rather than monthly adjustments to reset the blend percentage to maximize carbon tax credits when customers' bills are already being adjusted for changes in gas costs.[122]

RCIA

RCIA is not opposed to FEI's approach to setting the blend percentage monthly. However, regardless of FEI's best efforts, RCIA notes that the mitigation process of matching RNG supply and demand monthly will necessarily be imperfect and residential customers may ultimately "miss out" on carbon tax credits to which

[115] Exhibit B-88, p. 2.
[116] Exhibit B-89, p. 5.
[117] BCSEA Final Argument Stage 2, p. 11.
[118] BCSEA Final Argument Stage 2, p. 12.
[119] CEC Final Argument Stage 2, p. 7.
[120] CEC Final Argument Stage 2, pp. 7–8.
[121] MoveUP Final Argument Stage 2, pp. 6–7.
[122] BCOAPO Final Argument Stage 2, pp. 21–22.

they might otherwise be entitled. RCIA recommends that the BCUC and FEI closely monitor this situation and that FEI continue to pursue engagement with government to optimize the carbon tax credits which are ultimately transferred to residential customers.[123]

FEI Reply Argument

FEI submits that BCOAPO's proposal to consider quarterly adjustments to the blend percentage should be rejected as there are no benefits to adjusting the blend percentage on a quarterly basis. First, contrary to BCOAPO's suggestion, adjusting the blend quarterly is more likely to result in a greater cost impact to customers as it would result in a significantly less accurate matching of RNG supply and demand.[124] Second, FEI submits there are no administrative efficiency gains to adjusting the RNG blend at the same time as setting the commodity costs, as FEI would not require BCUC approval of changes to the blend. FEI is proposing to change the percentage of blend monthly, but to set the S&T LC Rider annually in its fourth quarter (Q4) gas cost report based on a forecast overall blend it will provide to customers over the year.[125]

2.1.3 Panel Determination

The Panel accepts there is a need for a new service that would act as a mechanism to balance RNG supply and demand and subject to the effective date outlined in Section 3.2 below, approves the establishment of the new RNG Blend service. The Panel notes that the RNG Blend service component of FEI's Revised Renewable Gas Program is the least controversial component, with most interveners expressly or implicitly supporting the RNG Blend service and none opposing it. The existing RNG program, consisting only of a voluntary RNG service offering, does not generate enough demand for RNG to take up the increasing RNG supply that FEI is acquiring pursuant to the GGRR and to meet the anticipated emissions cap for natural gas utilities proposed in the CleanBC Roadmap. **The Panel finds that offering the new RNG Blend service to sell the excess RNG is better than the existing method of inventory cost recovery (i.e., the UBPDA/CCRA method).** Under the existing method, FEI would need to sell the excess RNG as conventional natural gas, resulting in lost environmental attributes and carbon tax credits which benefit customers.

The Panel notes that a Carbon Tax Matter arose part way through this proceeding and forced FEI to modify its proposal as the BC Ministry of Finance's interpretation of the *Carbon Tax Regulation* does not recognize FEI's practice of inventorying RNG. The Panel accepts that FEI's compliance with the carbon tax regime is more challenging due to the difference between seasonal patterns in RNG demand, which are heat sensitive, and the relatively flat RNG supply pattern. In our view, FEI's proposal to set the blend percentage monthly rather than annually, as initially proposed, is a practical way to deal with this tax-related issue. It will allow FEI to reduce, as much as possible, the large seasonal imbalances that would have prevented it from receiving carbon tax refunds from the Province commensurate with the carbon tax credits granted to customers and to maximize the availability of carbon tax refunds from the Province for its customers. **Therefore, subject to the effective date outlined in Section 3.2 below, the Panel approves FEI's proposal to set the blend percentage for the RNG monthly to maximize the carbon tax refunds available for its customers.** The Panel agrees with FEI's analysis of BCOAPO's recommendation that setting the blend percentage quarterly would not in fact maximize the carbon tax refunds from the Province. This is because there is a risk that quarterly imbalances would be higher than

[123] RCIA Final Argument Stage 2, p. 6.
[124] FEI Reply Argument Stage 2, pp. 3–4.
[125] FEI Reply Argument Stage 2, p. 4.

monthly imbalances due to weather-related variances, thus being a more costly proposition to ratepayers in the end. The Panel notes that BCSEA, the CEC, MoveUP, and RCIA support the monthly setting of the blend percentage, with the CEC's support conditional on the provincial regulations requiring this approach.

The Panel also accepts that FEI cannot perfectly match the forecast monthly supply and demand for RNG despite its best efforts. Since FEI's RNG demand forecast for the month ahead is based on normal weather, some monthly weather-related imbalances are bound to occur as warmer or colder weather, which is outside of FEI's control, will cause RNG demand to deviate from normal. Thus, despite FEI's efforts these monthly imbalances would still result in some carbon tax credits granted to customers not being refunded by the Province. **Because of this, subject to the effective date and the Panel's determination on the names of the LCG Account and S&T LC Rider outlined in sections 3.1 and 3.2 below, the Panel approves FEI's proposal to capture the carbon tax credits granted to customers but not refunded by the Province in the LCG Account to be recovered from all sales customers in a subsequent period when setting the S&T LC Rider.** The Panel finds that FEI's proposed treatment of un-refunded carbon tax credits is just and reasonable considering the requirements of the carbon tax regime and notes the support from BCSEA, RCIA, MoveUP, and the CEC. Given that weather is expected to be the primary driver for monthly variances between RNG supply and demand, the CEC's additional recommendation to make FEI's obligations to its customers as flexible as possible is not applicable as it would do nothing to mitigate the monthly imbalances.

The Panel notes that the BC Ministry of Finance has committed to undertaking a detailed analysis of the Carbon Tax Matter as part of the February 2024 budget cycle and forwarding options to the Minister of Finance for consideration. While the Ministry has not committed to making a legislative change to recognize the practice of inventorying RNG for the purpose of the *Carbon Tax Regulation*, we understand that this remains FEI's objective. The Panel encourages FEI to continue working with the BC Ministry of Finance to address the Carbon Tax Matter expeditiously given the impact on FEI's customer rates of failing to recognize biomethane inventorying. Should the Province bring legislative changes recognizing FEI's practice of inventorying for the purpose of the *Carbon Tax Regulation*, **subject to the Panel's determination on the names of the LCG Account and S&T LC Rider outlined in Section 3.1 below, the Panel directs FEI to update the BCUC, within 30 days of the date of any legislative change on this matter, with respect to whether FEI wishes to revert back to its original proposal of setting the RNG blend percentage annually in alignment with the annual setting of the S&T LC Rider (see Section 3.1) or, alternatively, to continue setting the blend percentage monthly.**

2.2 RNG Connections Service

The RNG Connections service has four attributes:

i) It will provide 100 percent RNG to the customer;
ii) It will be permanent for the life of the building;
iii) It will be mandatory to all New Residential Connections; and
iv) It will provide rolled-in pricing.

FEI proposes that all New Residential Connections throughout its territory[126] will receive 100 percent RNG where these residential dwellings are served by a service line installed following the implementation date of the RNG Connections service. This will include new construction activity, conversions, and retrofits. In addition, as

[126] Except the Municipality of Revelstoke and Fort Nelson service area (Exhibit B-11, Appendix D-2 – Proposed Tariff Revisions to Enable Renewable Gas Connections and Voluntary Renewable Gas Services, new FEI RS 1PLC, 2PLC, 3PLC, and 5PLC).

outlined in the second attribute, these New RNG Connections will be served by a tariff tied to the building rather than the customer, thereby allowing the building to permanently remain on a low carbon gas service for its entire life. In addition, its users will pay the same effective rate for gas service as existing customers in similar rate schedules. This rolled-in price attribute will be achieved by charging RNG Connections service customers an LCG Charge that is equal to the CCRC + carbon tax or the equivalent rate charged to existing customers. FEI states this will allow it "to continue to add customers, encouraging the efficient use of the existing gas delivery system and providing energy choice for British Columbians."[127] FEI has requested the BCUC only approve the RNG Connections service in its entirety with all four attributes. If the BCUC is unable to do so, FEI has asked the BCUC to provide the reasons for the decision and include any directions or guidance on what might prove an acceptable path forward.[128]

FEI acknowledges that part of the reason for changes to its program is a public policy landscape that has in recent years, evolved significantly with the introduction of the CleanBC Roadmap "which contemplates an emissions cap for natural gas utilities and the introduction of [GHG intensity] limits in the residential construction sector through the Zero Carbon Step Code." As noted above, since the filing of this Application, the BC government has enacted the Zero Carbon Step Code creating a framework for any local government within the province to adopt GHG intensity targets. This Zero Carbon Step Code which is comprised of four emission levels (EL-1 to EL-4) took effect on May 1, 2023, and gives local governments the ability to implement GHG intensity limits for operations of new buildings.[129]

FEI notes that a growing number of local governments have been implementing changes to their building codes, planning guidelines or zoning bylaws to reduce GHG emissions in construction projects for new buildings and, in some cases, existing building retrofits and improvements. Specifically, local governments are establishing GHG intensity target limits for new construction, requiring the use of low carbon or renewable energy, and incentivizing developers to use electricity as a low-carbon solution or to opt not to connect to the "fossil fuel supply grid" system. The combination of GHG intensity targets with Zero Carbon Step Code performance targets results in only lower carbon emission energy sources being allowed to be used in new construction. However, while natural gas cannot meet some of the more stringent targets, it is FEI's position that the carbon intensity of RNG is low enough to meet them. Consequently, FEI has proposed an RNG Connections service offering for the life of the building which will enable GHG emission reductions that align with local government criteria.[130]

Panel Discussion

As outlined, FEI's approach to providing future New Residential Connections has several attributes which delineate this service from existing services. In the view of the Panel, the most significant of these is FEI's proposal to provide all RNG Connections service customers 100 percent RNG at a rolled-in price that is equal to that paid by existing customers. Also, of significance is FEI's proposal to tie the approval of this rate to the building rather than to the customer. This was designed to address issues related to FEI's proposal for permanency and local government bylaws.

[127] Exhibit B-1, pp. 2 and 100.
[128] FEI Reply Argument Stage 2, p. 65.
[129] FEI Final Argument Stage 2, pp. 1 and 23–24.
[130] Exhibit B-11, pp. 31–33.

These proposed attributes have raised a number of important issues which were highly contentious among the parties. Throughout this proceeding much of the debate has focused on the evidence of Mr. Kurt G. Strunk of NERA Economic Consulting (Mr. Strunk), which was filed by the LG Interveners (Exhibit C7-5) and the rebuttal evidence of Mr. John J. Reed of Concentric Energy Advisors Inc. (Mr. Reed), which was filed in response by FEI (Exhibit B-68). Both Mr. Strunk and Mr. Reed appear to agree broadly on three of the most basic elements of ratemaking principles. That is that just and reasonable rates should balance three objectives: 1) reflect a link between cost causation and cost responsibility; 2) not unjustly discriminate in the prices charged to similarly situated customers; and 3) promote economic efficiency.[131] However, from this common understanding, the Panel notes that Mr. Reed along with FEI, and Mr. Strunk along with the LG Interveners, disagree on how these can be applied to the circumstances of FEI's RNG Connections service.

In the Panel's review of FEI's proposal for an RNG Connections service, the focus is on the different perspectives of Mr. Strunk and the LG Interveners in comparison to Mr. Reed and FEI as to whether approval of the RNG Connections service (i.e. 100 percent RNG available to all RNG Connections service customers at rolled-in pricing) will result in undue discriminatory pricing. The Panel then reviews FEI's request for permanency and finally, we review the impact on FEI and existing customers if the RNG Connections service proposal is denied. Examining these three areas holistically will be instrumental in determining whether FEI's RNG Connections service proposal is a reasonable approach that is in the public interest.

2.2.1 Does the RNG Connections Service Result in Discriminatory Pricing?

Section 59 of the UCA addresses discrimination in rates and states, in part:

> **59** (1) A public utility must not make, demand or receive
>
> (a) an unjust, unreasonable, unduly discriminatory or unduly preferential rate for a service provided by it in British Columbia […]
>
> (2) A public utility must not […]
>
> (b) extend to any person a form of agreement, a rule or a facility or privilege, unless the agreement, rule, or privilege is regularly and uniformly extended to all persons under substantially similar circumstances and conditions for service of the same description. […]
>
> (4) It is a question of fact, of which the commission is the sole judge, […]
>
> (b) whether, in any case, there is undue discrimination, preference, prejudice or disadvantage in respect of a rate or service, or […]
>
> (5) In this section, a rate is "unjust" or "unreasonable" if a rate is
>
> (a) more than a fair and reasonable charge for service of the nature and quality provided by the utility, […]

Pursuant to section 59 of the UCA, a rate may entail discrimination if it is not "undue" and undue discrimination is a question of fact. Put more simply, the UCA is explicit in stating that the question as to whether a particular rate gives rise to undue discrimination is an issue arising from the unique facts of the circumstances before the BCUC, of which the BCUC is the sole judge.

[131] Exhibit B-68, Appendix A, A.8, p. 4; LG Interveners Final Argument Stage 2, p. 20.

2.2.1.1 Cost Causation and Cost Responsibility

Mr. Reed and FEI's position is that RNG Connections service customers will not cause the far higher costs for RNG to be incurred as the requirement for additional costs for RNG is a product of a change in policy at the political level. As such, costs associated with RNG are best considered a "compliance cost" resulting from a change in environmental policy, not a change in cost drivers for any subset of customers. Similar examples would be changes in safety codes requiring the use of different pipes, or environmental regulators requiring the use of new technologies. As noted by Mr. Reed, "[s]uch 'new' costs have arisen frequently in the past decades and have always been rolled-in to existing cost pools" and RNG costs are no different.[132]

Mr. Reed points out that the CleanBC Roadmap stated a policy intention to cap GHG emissions for natural gas by 2030, as well as a goal for 15 percent of the content of BC's natural gas to be made up of renewable energy with the BCUC mandated to review gas utilities' plans to ensure expenditures are aligned with the GHG emissions cap and are cost effective. He further states, "the need for FEI to increase the use of RNG is not a point of physical differentiation on the system that could be reflected as atypical in a cost study and attributed to Connections customers" but instead "is one of a cost incurrence to help meet social decarbonization goals."[133]

The LG Interveners state that, as Mr. Strunk's evidence makes clear, cost causation is a key tenet in sound ratemaking and the basis of finding discrimination is that one customer is being asked to pay the costs caused by another customer. Their position is that saying new RNG Connections service customers will not cause the higher costs to be incurred is simply incorrect. These new customers are seeking connection for service at a class of property where, in some local governments, bylaws require them to use a low/zero-carbon source of energy, which, if it is RNG, is much more expensive than conventional natural gas. The resulting higher cost is being incurred by FEI only because of these actions by these identifiable customers. In ratemaking terms, these customers should form a new class, defined as those who elect to choose 100 percent RNG as their preferred compliance mechanism. The concern that few customers are likely to choose to populate that class when properly allocated the higher costs it would trigger, is not a justification for non-participating customers to share that cost burden.[134]

The LG Interveners argue that the key difference between the examples cited by Mr. Reed and the case at hand is that the former relate to environmental or safety obligations of the utility, where the costs of complying are properly spread across all customers that use the required new equipment. In the present circumstances, environmental compliance is not an obligation of FEI, but rather, is a private obligation of specific customers that choose to live in new homes in specific places. It is that choice that carries the GHG mitigation obligation as RNG Connections service customers have the option of meeting the obligation with electricity and not to take service from FEI. The LG Interveners argue this is "the very definition of cost causation and clearly illustrates that the cost obligation is not broadly social, nor a direct cost imposed on the utility."[135]

2.2.1.2 Is the Service offered to New and Existing Customers the Same?

Citing FEI's Revelstoke Propane Portfolio Cost Amalgamation Application Decision (Revelstoke Decision), Mr. Reed notes the BCUC's conclusion that the energy provision service of FEI for propane and natural gas delivered

[132] Exhibit B-68, Appendix A, A.18, p. 16.
[133] Exhibit B-68, Appendix A, A.17, p. 16.
[134] LG Interveners Final Argument Stage 2, pp. 21–22.
[135] LG Interveners Final Argument Stage 2, p. 24.

over different systems is sufficiently similar so "as to indicate the existence of a single class of service" similarly supports "a small logical step to also conclude that natural gas and RNG delivered over the same system should be considered the same service." Further, Mr. Reed states the Revelstoke Decision is also opposed to Mr. Strunk's view that "commodity costs for natural gas and RNG need to be treated as separate services and priced at very different levels."[136]

Finally, Mr. Reed states, "contrary to Mr. Strunk's assertions, Connections customers are not receiving a different product than other existing customers, as there aren't different systems used to deliver gas to the new customers, the supply delivered is physically the same product…"[137]

However, in response to an IR from the City of Vancouver, Mr. Reed also stated: "No, it is not FEI's position that the gas provided to the two sets of customers is the 'same product' since product differentiation is necessary as a means of complying with ordinances that restrict new natural gas connections." He further explained it was FEI's position that RNG Connection service customers do not "cause" a different level of costs and thus, in consideration of the "cost causation" principle, the two customer groups have the same cost profile.[138]

The LG Interveners state Mr. Strunk's evidence and conclusions operate on the self-evident observation that RNG and natural gas are distinct products, with different environmental attributes, and different costs. They argue FEI cannot have it both ways: claiming the RNG Connections service is 100 percent RNG, whilst simultaneously claiming these new customers receive the same blend as existing customers.[139]

Further, the LG Interveners submit that Mr. Reed and FEI have missed the point as the physical product delivered is irrelevant. While the new customers may *receive* the same product at the burner tip, the relevant point here is what they cause to be *put into* FEI's system. Noting that the delivered fuel is only notionally RNG, the LG Interveners argue that RNG Connections service customers are the reason that costly RNG, equivalent to their demand, is purchased for the gas system.[140]

2.2.1.3 Rolled-in Pricing and Discrimination in the Prices Charged to Similarly Situated Customers

The alternative positions taken by FEI (with Mr. Reed) and the LG Interveners (with Mr. Struck) on the issues of: (i) rolled-in pricing, (ii) discriminatory pricing, and (iii) economic efficiency follow.

Positions of FEI and Mr. Reed

Rolled-in Pricing

FEI's RNG Connections service is based upon there being rolled-in pricing such that RNG Connections service customers will pay the same effective rate for their gas service as existing customers. FEI argues the rolled-in

[136] Exhibit B-68, Appendix A, A.15, p. 14.
[137] Exhibit B-68, Appendix A, A.8, p. 4.
[138] Exhibit B-37, City of Vancouver IR 3.1.
[139] LG Interveners Final Argument Stage 2, pp. 24–25.
[140] LG Interveners Final Argument Stage 2, pp. 24–26.

pricing proposal is supported by Mr. Reed's evidence and is consistent with Bonbright ratemaking principles and regulatory practices. In Mr. Reed's opinion:[141]

> Rolled-in or average cost ratemaking for these services: (1) is cost-based and consistent with longstanding ratemaking principles and regulatory, including BCUC practices; (2) will not result in unjust discrimination and is distinguishable from the just discrimination created by the Voluntary Renewable Gas service…; and (3) supports economic efficiency including the efficient use of existing infrastructure to the benefit of all customers.

As outlined by Mr. Reed:[142]

> Bonbright defines the fair apportionment of costs as simply fairness in the way costs are apportioned to customers which then "invokes the principle that the burden of meeting total revenue requirements must be distributed fairly among the beneficiaries of the service." Regulators, including the BCUC and other Canadian regulators, have applied this principle in a manner that seeks to have cost responsibility follow cost causation. This leads to the critical question as to whether new customers on a system are responsible for new costs, or whether it is the aggregate level of service that causes the aggregate level of costs. In addressing this question, regulators across North America make much greater use of rolled-in or average costs than stand-alone or incremental costs in utility service ratemaking where the "new" and "old" customers are being provided with a service that is the same or nearly the same. In fact, as noted earlier, average cost has been the dominant form of pricing in North America, even when "new" costs have significantly exceeded "old" costs, as is the case with the cost difference between RNG and conventional natural gas. [*footnotes omitted]*

In Mr. Reed's view, assessing RNG Connection service customers charges for stand-alone or incremental costs for gas supply "ignores the joint effect of applying Bonbright's fair apportionment principle and industry practice with regard to what constitutes unjust discrimination."[143] For example, a customer who built a house a year ago would pay much less for gas supply than a customer with the same usage characteristics who built a house the following year. Mr. Reed notes this is so despite those customers being served by "the same gas system, use the same amount of gas, and physically receive the same blend of natural gas containing Renewable Gas."[144]

In support of his position, Mr. Reed provided excerpts from FEI's application to amalgamate its natural gas and propane supply portfolios in Revelstoke. In this instance, the BCUC found that the equalization of rates better served the public interest from a policy perspective. This decision was made despite some interveners arguing this was a violation of Bonbright's cost causation principles. In the Revelstoke Decision, the BCUC accepted that FEI's proposal may suggest discrimination considering its effect on natural gas user's costs noting:[145]

> However, the Panel judges this effect by its degree and how overall fairness in the apportionment of costs fits within the public interest framework. In consequence, the Panel

[141] Exhibit B-17, BCUC IR 13.2.
[142] Exhibit B-17, BCUC IR 13.2.
[143] Exhibit B-17, BCUC IR 13.2.
[144] Exhibit B-17, BCUC IR 13.2.
[145] BCUC determination as quoted in FEI Final Argument Stage 2, p. 33.

does not find that FEI's proposal is unduly discriminatory or that the principles or price signals are critically compromised.

Mr. Reed notes that the BCUC's 2013 Biomethane Decision is an example of the socialization of costs which benefit all customers and supports average cost pricing. He explains:[146]

> Under that existing program, FEI procures RNG based on its forecasted need and, to the extent there is excess inventory, the costs associated are treated in two ways. The portion of the costs equal to the prevailing Biomethane Energy Recovery Charge (BERC) is transferred to the Midstream Cost Reconciliation Account (MCRA) and recovered from FEI's sales customers. The remainder, namely, the difference between the total RNG cost and the BERC, is deferred and recovered from all non-bypass FEI customers through a rate rider.

Discriminatory Pricing

FEI's position is that the proposed rate for the RNG Connections service is neither unduly discriminatory nor unduly preferential. Mr. Reed describes the principle against undue discrimination, as follows:[147]

> A prohibition on undue discrimination is another foundational principle of ratemaking, and like cost causation, is based on fairness. The principle aims to curtail a monopolist from exercising market power to extract higher prices for the same service from different groups of customers, a practice that would otherwise be undercut in a competitive market. Similarly situated customers should be treated similarly, and rate differentials should be based on cost differentials. The standard expressly acknowledges that there will be some level of discrimination inherent in the regulated ratemaking process and, therefore, prohibits only undue levels. The *Utilities Commission Act* ("UCA") proscribes a utility from making, demanding or receiving an unduly discriminatory rate under Section 59(1)(a) and assigns to the BCUC as "the sole judge" under Section (4) to determine whether any "undue discrimination" has actually occurred. These provisions taken together form a functional structure to allow the BCUC to apply ratemaking techniques to check for unfair levels of rate differences between customer classes by, for example, ensuring the development of a cost of service allocation study to achieve comparable rates of return on a class-by-class basis or returns within an acceptable range. This process helps ensure that each class of customers will pay the costs for the provision of each's particular service. [*footnotes omitted*]

Further as outlined by FEI, Mr. Reed is of the view that charging RNG Connections service customers a higher rate would be a form of ratemaking referred to as "vintaging" which he describes as "a form of discriminatory pricing under which new customers are assumed to be the only factor causing new costs to be added to the utility system and thus they should be responsible for all those new costs." In these circumstances, existing customers are entitled to maintain their existing rate with the result that two otherwise similar customers pay different rates for the same delivery or commodity service. FEI notes that vintaging has been consistently rejected by the Canadian Energy Regulator (formerly the National Energy Board) as it would amount to charging different rates to similarly situated customers based upon when they started to take the service.[148]

[146] Exhibit B-17, BCUC IR 13.2.
[147] Exhibit B-68, Appendix A, A.10, p. 8.
[148] FEI Final Argument Stage 2, p. 35; Exhibit B-68, Appendix A, A.21, pp. 18–19.

Noting Mr. Strunk's recommendation that "an appropriate rate structure would have Renewable Gas Connection customers pay for the higher cost of RNG supply they cause,"[149] Mr. Reed notes the proposal is textbook vintaging. His reasons for this assessment are threefold:[150]

1. New RNG Connections service customers are not causing a need for RNG on the system (the RNG requirement comes from environmental policy);
2. There is no physical point of differentiation on the system for cost allocation purposes (all customers receive the supply over the same system); and
3. New customers are not receiving any other commodity than what other customers are receiving (all customers are receiving a blended supply).

In Mr. Reed's view, having "a different, higher rate for Renewable Gas Connections service than for other sales customer simply because of when the customer joined FEI's system would be inconsistent with long-standing regulatory policy and would result in unjust discrimination with regard to new residential customers."[151] Mr. Reed distinguishes the RNG Connections service customers from Voluntary RNG service customers as the latter group has made a choice to pay more for RNG even though the rolled-in average cost services available to all gas customers were made available to them. Moreover, the fact that Voluntary RNG service customers have recourse to their otherwise applicable RNG Blend service and can switch back to this traditional cost-based rate that "is just, reasonable, and non-discriminatory renders the different pricing of the Voluntary Renewable Gas program itself just, reasonable and non-discriminatory."[152]

Economic Efficiency

FEI states its proposed rates are consistent with the principle of economic efficiency and make the most efficient use of existing assets. Mr. Reed notes that Bonbright stated just and reasonable rates need to send proper price signals allowing the customer to make the most efficient use of the utility system and avoid wasteful or inappropriate use of the utility's product. Referring to statements made by Dr. Alfred Kahn, Mr. Reed notes that economically efficient price signals need to be sent to all customers for an optimization of resources to occur. As an example, it would not be appropriate to send a marginal cost signal to a new customer group while other customers have their services priced at average cost rates. In this instance existing customers would not be provided an appropriate price signal.[153]

Positions of the LG Interveners and Mr. Strunk

Rolled-in Pricing

Mr. Strunk notes that the Conventional Gas Cost is $5.91 per GJ over the 2023-2030 period, while the expected cost of RNG is significantly higher at $24.27 per GJ in 2024.[154] Mr. Strunk's position is that FEI's rolled-in cost

[149] Exhibit C7-5, p. 38.
[150] Exhibit B-68, Appendix A, A. 23, p. 20.
[151] Exhibit B-17, BCUC IR 13.2.
[152] Exhibit B-17, BCUC IR 13.2.
[153] FEI Final Argument Stage 2, p. 40; Exhibit B-17, BCUC IR 13.2.
[154] Exhibit C7-5, p. 25.

structure is inappropriate noting that different products and different costs to serve them are being provided to existing and new customers. In his view, rolled in pricing violates Bonbright's objective of achieving fairness in rates in the apportionment of costs among different customers. To expect existing customers to pay high rates due to a cost shift resulting from under-pricing a commodity service for newly connected customers is unfair. In addition, rolled-in commodity pricing in this instance also violates Bonbright's objective of avoiding undue discrimination in rate relationships as service will be provided to newly-connected customers at a rate below the cost to serve them. In this instance, two different products are being provided where there is a lack of rate differentiation between these products despite very different costs.[155]

Noting Mr. Reed's comments with respect to the existing RNG program being socialized and a supportive precedent for FEI's proposal, Mr. Strunk disagrees, stating he does not consider this to be a meaningful point. He notes that the RNG program was initially a pilot, which has since been made permanent but still applies to a relatively small amount of load (between 2016 and 2019, it totaled 987 TJ). Under the current proposal, the degree of subsidy is much more material than previously. By comparison, the RNG Connections service subsidy aggregates to over $750 million over the 2024 to 2032 period, while the total actual commodity costs recovered from non-RNG customers under the BERC rate were approximately $20 million from 2018 through 2020.[156]

Discriminatory Pricing

As noted by the LG Interveners, Mr. Strunk is clear that if the RNG Connections service rate is approved, undue discrimination will arise and undue preference will follow. Mr. Strunk addresses this as follows:[157]

> The consequences of FEI's proposal will be undue discrimination in the commodity rates that customers on the FEI system face. Undue discrimination means the dissimilar treatment of similar services or similar treatment of dissimilar services. Under its proposal, FEI will supply different groups of customers with commodity gas containing anywhere from 14 percent (or 1 percent as anticipated in FEI's application) to 100 percent RNG. Clearly, the provision of commodity service containing 86 percent conventional gas and 14 percent RNG is not a similar service to the provision of commodity service containing 100 percent RNG. Even Mr. Reed admits that it is not the same service. [*footnotes omitted*]

Mr. Strunk reiterates his point that the incremental cost of RNG based on the 2024 forecast is four times the Conventional Gas Cost and FEI's proposal calls for customers taking 100 percent RNG to pay the same price as those receiving the commodity service with only 14 percent RNG. FEI's approach to provide the same rate for these two different services assures the "similar treatment of dissimilar services," which is the definition of undue discrimination in regulatory case precedent.[158]

The LG Interveners argue that Mr. Reed, in his evidence, describes the concept of "undue" discrimination but makes no attempt to apply this to the current circumstances. The LG Interveners observe that the level of discrimination from the proposed RNG Connections service rate is very much undue noting the value of the cross subsidy reported in Mr. Strunk's evidence. This is money paid by one group of customers to meet the obligations of another group of customers. Accordingly, the LG Interveners submit that the record "clearly

[155] Exhibit C7-5, pp. 9 and 24.
[156] Exhibit C7-5, pp. 23 and 31–32.
[157] Exhibit C7-5, p. 12.
[158] Exhibit C7-5, p. 12.

establishes that the proposed Renewable Gas Connection rate would result in serious discrimination, and that discrimination is undue."[159]

The LG Interveners agree with FEI that vintaging is to be avoided when setting rates and also agree with Mr. Reed's definition (noted above in this section). However, they depart from Mr. Reed with respect to charging customers for costs FEI has to incur being described as rate vintaging.[160] The LG Interveners point out Mr. Strunk makes this clear in his evidence:[161]

> … FEI proposes dissimilar pricing for the same 100 percent RNG service. Under FEI's proposal, a residential customer in an existing building who wishes to purchase 100 percent RNG has to pay a higher rate than a residential customer in a newly-connected building, as only residents of the newly-connected building are eligible for subsidized RNG. Therefore, "equalization" is not a proper characterization of the rates under FEI's proposal. Existing customers who purchase RNG have to pay a significantly higher rate depending on when their building was connected to the system, thereby being subject to a form of vintaging. As Mr. Reed stated in his testimony, vintaging is when customers of a same service are charged different prices based on when they bought the service. Mr. Reed has also made it clear that regulators have explicitly rejected the use of vintaging. (In contrast, the vintaging claims by Mr. Reed relate to new customers receiving a different service than old customers, which is not vintaging at all.) [*footnotes omitted*]

With respect to Mr. Reed's explanation as to why the RNG Connections service rate is not an example of vintaging, the LG Interveners argue that none of the three reasons he stated are compelling. First, Mr. Reed stated that RNG Connections service customers are not causing the need for RNG. The LG Interveners disagree stating the need for RNG and the cost incurred by the utility in buying it result directly from the private environmental obligation on certain new property owners and have nothing to do with an environmental obligation on FEI. While subsidizing these customers helps FEI grow or sustain its system, it does not change the cost causation question. Mr. Reed also states that there is no "physical point of differentiation on the system for cost causation purposes." The LG Interveners state they do not see how this is determinative regarding vintaging but note there is no debate that the RNG costs incurred by FEI are discrete and identifiable. Finally, Mr. Reed has stated that new customers are not "receiving any other commodity than what any other customers are receiving..." The LG Interveners argue this is beside the point as these customers require RNG be put into the system to meet their private environmental obligation.[162]

Economic Efficiency

Mr. Strunk states that Mr. Reed's characterization of economic efficiency is simplistic and potentially misleading. Mr. Strunk also states that the matter before the BCUC relates to the pricing of commodity services where FEI's request is for the BCUC to authorize the pricing of a commodity at a fraction of the incremental supply cost, not about system utilization. Evaluating the efficiency of FEI's rate proposal "must consider that encouraging

[159] LG Interveners Final Argument Stage 2, pp. 26–27.
[160] LG Interveners Final Argument Stage 2, p. 32.
[161] Exhibit C7-5, p. 35.
[162] LG Interveners Final Argument Stage 2, pp. 33–34.

wasteful use of RNG by underpricing it is not efficient and will distort customers' decisions about the capital investments in heating equipment they make when constructing a new home."[163]

2.2.1.4 Beneficiaries of the Use of RNG

Mr. Reed states that the benefit of lower carbon emissions is understood to be for all residents of BC and beyond and is not limited to new customers or even FEI customers. Thus, if the costs were assigned only to new FEI customers, it would be a great mismatch between cost causation and cost responsibility. Mr. Reed's view is it would be far easier to make rate and development decisions from the context of a broader plan than burden a small subset of customers with the costs of providing a benefit to all.[164]

Mr. Reed further asserts that using RNG displaces the same amount of natural gas thereby providing GHG reduction benefits. In his view, the value of this GHG mitigation brought about by acquiring RNG is global in its breadth and affects both new and existing customers alike, noting the RNG program is founded on a public benefit extending beyond provincial or national borders and is a benefit to all of the utility's customers. New customers will not exist in a carbon free "bubble" while existing customers experience the effects of climate change. Therefore, expecting new customers to pay for these very public benefits is not supported by ratemaking policy.[165]

FEI disagrees with Mr. Strunk suggesting RNG Connections service customers, as opposed to all customers, are the ones benefiting from the new service. In FEI's view, this is outside the norms of approved ratemaking and all customers should bear the responsibility for higher gas costs as Mr. Strunk's view ignores the very nature of decarbonization programs which is to reduce carbon emissions around the globe.[166]

Mr. Strunk states that Mr. Reed is "conflating the benefit of the public policy decision to disfavor conventional gas supply in new connections with the question of who benefits from the rate and the service." In his view, the beneficiary of the new gas commodity service is obvious. The newly-connected residential gas customer, under cost causation, must pay the costs to serve it.[167]

The LG Interveners state FEI's argument that all customers benefit from the RNG Connections service because of the global good is one that is disconnected from the issue under consideration. They continue, stating that, even if all customers benefit from the RNG Connections service rate, this would not alter the fact that older building customers were paying to decarbonize new building customers "leaving less money for existing customers to invest in their own homes." The position taken by the LG Interveners is the RNG Connections service rate is not about global good. On the contrary, it is about setting an artificially less expensive RNG rate for customers who have a private environmental obligation. In the LG Interveners' view, "[t]he purpose of the rate is to make those that hold the private obligation choose gas as *their* compliance tool as opposed to other available energy sources."[168] [*emphasis in original*]

[163] Exhibit C7-5, p. 29.
[164] Exhibit B-17, BCUC IR 13.2.
[165] Exhibit B-68, Appendix A, A.19, pp. 17–18.
[166] FEI Final Argument Stage 2, p. 41.
[167] Exhibit C7-5, p. 36.
[168] LG Interveners Final Argument Stage 2, p. 30.

Positions of the Parties

BC Hydro

In BC Hydro's view, the RNG Connections service is not in line with Bonbright's rate design criteria related to fairness and economic efficiency. BC Hydro submits Bonbright considers fairness to ratepayers to be a primary criterion for a sound rate structure. BC Hydro provides examples from the BC Court of Appeal and recent BCUC decisions underlining the importance of fairness in rate setting. For example, the BCUC stated:[169]

> The Panel also agrees with the court in Prince George,[170] that "a rate which is set, without regard to what is a fair and reasonable charge for the services rendered by a public utility, for the express purpose of compelling some consumers to subsidize others, is, in my opinion, inconsistent with the statutory provisions governing rates."

BC Hydro submits FEI's proposal is unduly discriminatory because it has the express purpose of compelling some customers to subsidize RNG Connections service customers.[171]

BC Hydro also submits that despite FEI's claims to the contrary, local and provincial governments do not require 100 percent RNG for new residential developments. Instead, they aim to require new residential developments to be heated with low-carbon energy and generally leave it up to developers to select an appropriate solution. It is BC Hydro's position that electricity from clean or renewable sources is both available and cost effective and that FEI's proposal "will not encourage efficient use and discourage inefficient use of energy…"[172]

BCSEA

BCSEA submits the BCUC should find that the RNG Connections service involves a cross-subsidy and reject Fel's argument that it can be characterized as a "rolled-in" tariff. BCSEA argues a rolled -in tariff "is wrong because the Connections Program involves the same rates for different services (100% RNG under Connections versus 1%+ RNG under Blend)…" [*emphasis in original*] with markedly different costs and rates for the same or similar service. BCSEA points out that Mr. Reed initially confirmed that the RNG Blend and RNG Connections services customers are not receiving the same product since product differentiation is necessary for GHG compliance purposes; yet, he later took the opposite position stating that RNG Connections service customers receive the same product as existing customers based on both groups physically receiving the same commingled RNG and natural gas product from the distribution system.[173]

BCSEA argues that Mr. Reed's revised position should be rejected as the fact that RNG Connections service customers and existing customers both physically receive commingled RNG and conventional natural gas is not relevant to the product received by the two groups because it has been established that RNG is delivered notionally, not physically. From BCSEA's perspective, the physical product is not the issue, the issue is whether

[169] BCUC Decision in the BC Hydro 2015 Rate Design Application, Decision and Order G-5-17, p. 59.
[170] Referenced on page 57 of the Decision issued concurrently with Order G-5-17: BC Court of Appeal decision *Prince George Gas Co. v. Inland Natural Gas Co.*, 1958 CarswellBC 37 (Prince George).
[171] BC Hydro Final Argument Stage 2, pp. 5–6.
[172] BC Hydro Final Argument Stage 2, p. 6.
[173] BCSEA Final Argument Stage 2, pp. 19–21.

100 percent RNG is the same product. BCSEA states they are not the same product and therefore, a "rolled-in tariff" product is not appropriate for the RNG Connections service.[174]

BCSEA states that it agrees with many of Mr. Strunk's responses to Mr. Reed's points. Included among these are the following:[175]

- RNG service is not the same or nearly the same as conventional gas commodity service;
- Pricing of RNG at FEI's actual cost is not rate vintaging;
- The rolled-in pricing precedent cited by Mr. Reed applies to delivery service, not commodity service; and
- Bonbright's principles call for incremental pricing of commodity service for the new renewable natural gas connections.

BCSEA states its recommendation is not for the RNG Connections service to be modified by requiring all residential customers to pay for 100 percent RNG at FEI's average cost of acquisition, but to reject it.[176] A better solution in BCSEA's view would be to redirect the RNG that would go to this service to the RNG Blend service.[177]

Noting that FEI has argued the RNG cost to serve the RNG Connections service customers is a "compliance cost," BCSEA notes there is no government entity requiring FEI to incur the costs of this service. To the contrary, it is entirely an FEI proposal. Further, FEI has not established that permanent 100 percent RNG is required for all new construction in BC, nor has it established that permanent 100 percent RNG would in fact meet the emerging carbon intensity requirements being developed by the BC Government.[178] Put another way, BCSEA states:[179]

> …FEI has provided no evidence of a single instance in which a new residential natural gas connection would be allowed under the Connections Program but would not be allowed in the absence of the Connections Program. Again, the Connections Program does not involve "compliance" with anything.

MS2S

MS2S submits that what it refers to collectively as the BERC program is unfair and discriminatory. MS2S argues that the BERC program confers an unfair share of a major benefit (relief from carbon tax) on a small segment (customers in new buildings) of FEI's customer base when all customers receive a blend of gas that is identical.[180] Those benefits should be distributed fairly, i.e., in relation to physical reality of how they are earned. Furthermore, MS2S notes that residential customers would or would not be eligible for the RNG Connections service based on the construction timing of the building they occupy, introducing vintaged rates in the new building segment.[181]

[174] BCSEA Final Argument Stage 2, p. 21.
[175] BCSEA Final Argument Stage 2, pp. 22–23.
[176] BCSEA Final Argument Stage 2, p. 23.
[177] BCSEA Final Argument Stage 2, p. 34.
[178] BCSEA Final Argument Stage 2, pp. 23–24.
[179] BCSEA Final Argument Stage 2, p. 24.
[180] The Panel notes that MS2S appears to have misunderstood the rate proposals of the Application. RNG Connections customers will not be exempt from the carbon tax; rather, even though these customers are deemed to receive 100 percent RNG, FEI proposes that these customers would be paying a LCG Charge equal to the CCRC + carbon tax.
[181] MS2S Final Argument Stage 2, p. 9.

GNAR

GNAR agrees with the evidence of Mr. Strunk regarding discrimination caused by FEI's proposal. GNAR argues that there is discrimination in favor of newly constructed homes opting to heat using a gas-based heating system and against existing homes. In GNAR's view, offering new buildings 100 percent RNG at a reduced cost while keeping existing buildings at higher rates disproportionately penalizes those facing the most challenging circumstances ahead, while providing advantages to those with the widest range of choices. This approach creates an imbalance, favoring new customers over existing ones who are already navigating a complex situation.[182]

RCIA

RCIA notes that, as proposed, the RNG Connections service creates two distinct groups of residential customers: 1) those with pre-existing connections who would be RNG Blend service customers and be deemed to be consuming primarily conventional natural gas, with a small but growing blend of RNG; and 2) those with new connections who would be RNG Connections service customers and be deemed to be consuming 100 percent RNG. RCIA submits that FEI's proposal has the potential to create unfair and discriminatory treatment between these two groups based, entirely, on a theoretical difference related to the timing of the subject property's connection. The two customer groups are, fundamentally, connected to the same gas system and consuming indistinguishable gas molecules.

In RCIA's view, deeming one group of ratepayers to be consuming entirely RNG may create unfair advantages/ disadvantages for those customers in the future. As the operating environment for gas utilities and their customers changes, it is impossible to know what types of regulations and/or incentives may exist for gas customers. In a scenario in which regulations and/or incentives favour RNG customers, other customers with pre-existing connections may, through no fault of their own, be at a significant disadvantage relative to those with RNG Connections service. Alternatively, those with this service might be charged a higher percentage of RNG (though actual percentages are the same for all customers), resulting in significant bill increases. Acknowledging these are hypothetical future scenarios, RCIA submits allowing the RNG Connections service "opens the door" to this type of future unfair treatment.[183]

RCIA submits the design of the RNG Connections service is such that the customers in that rate class do not fully pay for the cost of the RNG they consume. This necessitates recovering unrecovered costs elsewhere or as applied in the current circumstances, from existing customers. Such a result is self-evidently unfair and inequitable to RNG Blend service customers and should not be permitted.[184]

For RCIA, the most equitable approach to address the net-zero requirements would be to incorporate all within the RNG Blend service. Explicitly:

> To meet municipal requirements, forecast volumes (monitored and adjusted over time, as necessary) from these premises should be tracked, accounted for, and included in the Renewable Gas Blend program purchases. To minimize rate impacts, it would be preferable if

[182] GNAR Final Argument Stage 2, pp. 4–5.
[183] RCIA Final Argument Stage 2, pp. 8–9.
[184] RCIA Final Argument Stage 2, p. 10.

these volumes were included in the determination of the targeted (e.g., current 1%) renewable gas percentage, as opposed to adding to existing targets. The costs and any benefits (e.g., carbon credits) would be shared by all Renewable Gas Blend customers through the S&T LC rider.

In RCIA's submission, this is a more equitable approach as it allows for tracking volumes related to net-zero premises, reduces the movement of customers on and off the program as they move and eliminates potential discrimination and cross subsidization issues. In addition, there would be no diminishment of the volume of RNG sold if the gas is directed to the RNG Blend service.[185]

BCOAPO

BCOAPO states there are several beneficial attributes related to FEI's RNG Connections service including its alignment with the public interest, ratemaking philosophy and generally accepted ratemaking principles. BCOAPO points out the RNG Connections service will preserve choice for new customers which it considers to be in the public interest.[186]

From a ratemaking perspective, BCOAPO submits, "…FEI's proposal that avoids rate-setting on the basis of location, vintaging, or timing of customer attachments, in favour of a postage stamp rate-setting framework, is on solid ground given the predominance of postage-stamp ratemaking use in North America."[187] Within the postage stamp rate-setting framework, one of the most significant ratemaking concerns is fairness and equity, which rest on cost causation. It is BCOAPO's position that consistent with this, costs should be fairly apportioned among different customers and "undue discrimination" should be avoided. Accordingly, new customers should not be singled out through significantly higher prices as bearing the sole responsibility for climate change policies as new customers do not solely cause these costs. BCOAPO points out, new customers did not cause RNG or its costs, these costs are driven by provincial environmental policy which is in place to benefit all customers. As such, BCOAPO agrees it is neither fair nor equitable to stream these costs to new customers.[188]

However, despite the elements it finds favorable, BCOAPO has difficulty reconciling the dichotomy in FEI's proposal. In one instance, FEI is proposing that there is 100 percent RNG notionally delivered to RNG Connections service customers for GHG tracking purposes. At the same time, FEI, because it is proposing a rolled-in rate treatment, which considers that for ratemaking purposes, gas supplied be viewed as commingled and all customers pay the same rate for the supply as a result. In BCOAPO's view, either the customer owns the specific environmental attributes and pays for them or the customer does not own the attributes and cost socialization is appropriate.[189]

Thus, while BCOAPO considers FEI's proposal to sit on solid ground on many factors, it submits there "is a disconnect between FEI's proposal that treats all customers equally from a cost attribution and ratemaking perspective (i.e. customers are viewed as similarly situated) and proposed terms and conditions of service that notionally attributes a greater level of clean energy to new connection customers." This in turn would create

[185] RCIA Final Argument Stage 2, p. 11.
[186] BCOAPO Final Argument Stage 2, p. 6.
[187] BCOAPO describes postage stamp rates as a method of cost allocation where any rate class is charged the same rate regardless of the geographic region and of whether customers are existing or new (BCOAPO Final Argument Stage 2, p. 8).
[188] BCOAPO Final Argument Stage 2, pp. 8–9.
[189] BCOAPO Final Argument Stage 2, p. 10.

two separate rate classes, those that are "clean ratepayers" and those that are "non-clean ratepayers." This creates uncertainty in FEI's existing ratepayer pool going forward as "new customers will be somehow designated as more compliant with climate goals and policies despite both old and new customers being subject to equal rate treatment." BCOAPO ultimately refuses to recommend the BCUC accept the RNG Connections service at this time noting it "is simply solving one problem by creating another."[190]

MoveUP

In MoveUP's submission, the proposed rates for the RNG Blend and RNG Connections services relate to the delivery of two distinct commodities and the entire RNG program relies on the concept of notional delivery of a notional RNG commodity and an equally notional differentiation of fossil fuel from RNG blends. MoveUP further submits it is important to maintain consistency with this view when debating whether RNG Blend and RNG Connections service customers would receive different or the same commodity. What was established in Phase 1 of the RNG Inquiry remains the foundation of this proceeding and "[i]f notional acquisition, blending or delivery are to yield to the physical origin of gas molecules, we had better go back [to Stage 1 of the RNG Inquiry] and start over."[191]

Noting that the UCA does not offer a definition of the phrase undue discrimination, MoveUP points out that Mr. Strunk's places reliance on a meaning of the phrase "undue discrimination" which is asserted in his evidence:

> Undue discrimination means the dissimilar treatment of similar services or similar treatment of dissimilar services.

MoveUP submits that Mr. Strunk relied on an American proceeding which based its decision on different statutory language. The specific legal issue in the case cited was "unreasonable difference" not "undue discrimination." MoveUp holds that undue discrimination is "a question of fact" and "whether or not a particular rate gives rise to undue discrimination is an issue arising from the unique facts of the instance before the Panel."[192] Arguing about whether this rate class bifurcation can be characterized as discriminatory as that phrase has been applied in various past decisions, where precedents are available either way, does not advance the cause. In MoveUp's view, "undue discrimination" needs conceptual grounding in its real-world factual application and context.[193] Further, MoveUP argues that as long as the discrimination is not undue, the UCA contemplates that a rate may entail "discrimination" explaining that "'[d]ue' in this context connotes a dimension of appropriateness or flowing rationally from the context or circumstances" and the BCUC should have due regard to the words of the statute.[194]

MoveUP submits, "the proposed differentiations in terms and conditions of service as between Blends and Connections ratepayers serves purposes that are rationally connected to the scheme of the [UCA], including satisfying the regulatory compact – maintaining access to gas (from the standpoint of ratepayers), maintaining access to the market (from the standpoint of the utility), and most significantly mitigating the risk of stranding or

[190] BCOAPO Final Argument Stage 2, pp. 20–21.
[191] MoveUP Final Argument Stage 2, p. 9.
[192] MoveUP Final Argument Stage 2, p. 9.
[193] MoveUP Final Argument Stage 2, pp. 7 and 9–10.
[194] MoveUP Final Argument Stage 2, pp. 7–9.

underutilization of utility capital. They are also 'reasonable', another distinct standard for the legality of a rate under section 59 [of the UCA]…"[195]

The CEC

The CEC agrees with FEI's Final Argument that "rolled-in cost ratemaking is just and reasonable," particularly from the perspective of the generally accepted postage stamp pricing for utility services based on cost causation by rate class. The CEC recommends the BCUC approve the rolled-in pricing as applied for and suitably justified.[196]

FEI Reply Argument

FEI argues the LG Interveners' submission that the proposed RNG Connections service rate design "offends" the ratemaking principles on which both Mr. Reed and Mr. Strunk agree "is without merit and fails to provide any cogent rebuttal to the evidence of Mr. Reed."[197]

1) FEI reaffirms that the RNG Connections service reflects a link between cost causation and cost responsibility.

FEI submits there is no basis in ratemaking principles to create a new class of residential customer in response to the LG Interveners' argument that new residential customers cause the increased costs of RNG by seeking to connect "at a class of property where, in some municipalities, bylaws require them to use a low or zero carbon source of energy" and thus should form a new class with a higher rate. FEI asserts this position is unreasonable noting it has never had to create a class of "new customers" from an otherwise similar group to reflect a new cost required to serve those new customers. Further, neither Mr. Strunk, the LG Interveners, or any other intervener have cited a single instance where such a ratemaking approach was taken. FEI submits there is no evidence of any regulator dividing residential customers into two classes, because of the cost to serve the new residential customers, or dividing residential customers into two classes – of new and old customers. FEI asserts the LG Interveners' position is unsupported by ratemaking principles and must be rejected.[198]

The LG Interveners, BCSEA and BCOAPO have all argued the physical product delivered to customers is irrelevant and FEI cannot claim the benefits of RNG for compliance but ignore the cost responsibility for those benefits. FEI claims this argument misconstrues the point and takes Mr. Reed's rate design statements on cost causation out of context.

From a ratemaking perspective, the fact that the system delivers the same mixed stream product to all customers is a critical distinction. FEI argues, customers should not be treated on such a highly discriminatory basis because there is no point of differentiation in the system on the delivered product. New customers are no more responsible for system demands such as atypical supply costs than existing ones.[199]

FEI also argues the benefits and commodity received by the two groups of customers are the same. The LG Interveners have claimed the benefit new customers receive is in compliance with their personal (private)

[195] MoveUP Final Argument Stage 2, p. 19.
[196] CEC Final Argument Stage 2, p. 10.
[197] FEI Reply Argument Stage 2, p. 29.
[198] FEI Reply Argument Stage 2, pp. 29–30.
[199] FEI Reply Argument Stage 2, pp. 30–31.

obligation to decarbonize. However, in FEI's view there is nothing "personal" about this obligation from a ratemaking perspective. Instead, the need to decarbonize is not the choice of the new residential customer, but rather, a general policy-driven cost imposed on new residential buildings through building codes. FEI argues further the new residential customer, who likely buys the residence from a developer or builder or previous resident, likely has no say in the construction of the home and what connections are installed. Therefore, the obligations apply most directly to buildings and "calling building codes a 'personal obligation' to decarbonize is an attempt to transform a building code rubric into a rate design principle and should be rejected."[200]

Finally, the cost of RNG for the RNG Connections service is not a cost driven directly by the new customers. It is instead an environmental compliance cost caused by environmental policies and bylaws seeking to curb GHG emissions. FEI notes that Mr. Reed considers the LG Interveners' argument that the RNG costs are not an obligation of FEI, but a "private obligation of specific customers that choose to live in a new home in specific places" to be specious, noting:

> The same could be said about the cost to serve customers that choose to live in: (1) Fort Nelson rather than Victoria that is further from the source of natural gas; (2) Revelstoke where they are served with propane rather than Vancouver where they are served with natural gas; or (3) Whistler which required a pipeline project to convert their appliances to natural gas.

Mr. Reed continues asserting the ratemaking policy of the BCUC is that customers are not punished for where they chose to live or when their home was constructed. Instead, customers' rates are set regardless of the cost to serve based on where and when service commences. He explains the alternative would be that every customer would have a different rate based on their unique cost to serve noting that regulators across North America have consistently rejected this approach, as reflected in the predominance of postage stamp ratemaking.[201]

FEI concludes by stating its proposed rate for RNG Connections service operates in accordance with the principle of cost causation, and "rolls-in" the cost of RNG to be reasonably and appropriately recovered from all customers which is consistent with how the incremental costs to serve new residential customers have always been treated.

2) FEI also reaffirms that the RNG Connections service rate design does not unjustly discriminate in the price charged to similarly situated customers.[202]

The LG Interveners, BC Hydro and others have argued that the RNG Connections service rate design imposes a subsidy on existing customers while FEI submits these arguments are without merit. FEI denies there is undue discrimination involved in this service, asserting it reasonably "rolls-in" the incremental commodity cost to serve new customers. This is done in a manner that is consistent with other incremental costs to serve and will treat both new and existing customers who are being served on the same system equally. Conversely, if a rate design were to force one narrow subset of customers to be responsible for a certain portion of the supply costs it would be very unfair.

[200] FEI Reply Argument Stage 2, pp. 31–32.
[201] FEI Reply Argument Stage 2, pp. 32–34.
[202] FEI Reply Argument Stage 2, pp. 35–42.

In reply to BC Hydro citing the *Prince George* decision to argue that the RNG Connections service rate is unduly discriminatory, FEI argues the *Prince George* decision makes it clear that average cost pricing can be just and reasonable and the RNG Connections service does not create a subsidy. The *Prince George* decision was clear in stating there was nothing said preventing the commission "from setting, in proper cases, a uniform schedule of rates for all or any part of the system, which may incidentally have the effect of compelling some consumers to contribute to the cost of serving others" and stated:

> The commission did not enter upon an inquiry to determine the facts which are necessary to support uniform rates. On the contrary, it said it would be premature to enter upon an inquiry at that time…[203]

FEI argues the proposed RNG Connections service lines up with the fixing of a uniform price rather than a subsidy. Specifically, the result of offering this service is there are equal rates for both new and existing customers as it justifiably rolls in the cost of environmental compliance recovered from all customers. FEI concludes stating the *Prince George* case is "consistent with the kind of rolled-in form of ratemaking proposed by FEI, which is not a ratemaking subsidy and not unduly discriminatory."[204]

The LG Interveners argue that the RNG Connections service is unduly discriminatory based on the extent of the difference between the incremental and rolled-in cost of RNG to serve the customers of this service. In FEI's view, this argument merely begs the question by assuming there is a subsidy. FEI's position is there is, in fact, no subsidy. On the contrary, FEI takes the opposite position and submits the size of the difference between the incremental and rolled-in cost of supply for new residential customers illustrates how discriminatory the vintaging approach espoused by the LG Interveners and others would be. FEI considers there to be no justification to discriminate against new residential customers to this degree.[205]

3) FEI reaffirms that the RNG Connection service promotes economic efficiency.[206]

Noting BC Hydro's assertion that local and provincial governments do not require 100 percent RNG but are moving towards requiring new residential developments to be heated with low carbon energy, FEI states that the policy should be energy source neutral. Further, while there are no explicit mandates requiring the use of 100 percent RNG, there are building codes that can only be met with a low carbon resource requiring RNG.[207]

Further, FEI outlines its view on BC's energy use decisions with respect to the true economics of options:[208]

> Furthermore, and in any event, FEI submits that energy use decisions in the province are not currently being guided by the true economics of the options. Rather, the economics of energy use decisions have been fundamentally altered by policies biased against the use of the gas system (e.g., the PST difference between gas (12 percent) and electric (0 percent) heating equipment), the removal of demand-side measures for high efficiency gas heating equipment in the recent amendments to the *Demand-Side Measures Regulation*, the incentives and subsidies for electric heat pumps, and the advantages of government ownership to help keep BC Hydro

[203] FEI Reply Argument Stage 2, Book of Authorities, TAB 3 - *Prince George Gas Co. v. Inland Natural Gas Co.,* 1958 CanLII 493 (BC CA).
[204] FEI Reply Argument Stage 2, p. 39.
[205] FEI Reply Argument Stage 2, p. 42.
[206] FEI Reply Argument Stage 2, p. 42.
[207] FEI Reply Argument Stage 2, p. 43.
[208] FEI Reply Argument Stage 2, p. 44.

> rates low. In this context, the true economics of energy use decisions cannot be maintained, and setting the Connections rate for new customers on an incremental costs basis will significantly erode energy market efficiency. [*footnotes omitted]*

2.2.2 Is it Appropriate to Offer Permanency for the Life of the Building?

FEI states the requirement for the RNG Connection service to be permanent for the life of the building is to provide, at the time of design and construction, an enforceable way to allow building officials a way to determine that the building will use RNG. FEI notes that when new building GHG intensity emissions regulations are set and enforced by local governments, all home builders will be required to show local government how compliance with the applicable local regulations is being met. In addition, for the builder to claim the RNG low-carbon benefits, it must have a way to show that RNG will continue to be used for the life of the building. FEI has designed it in this way because the existing voluntary RNG program is an opt-in month-to-month service and thus, the customer can opt out at any time. Therefore, FEI designed the RNG Connections service to deal with this, thereby meeting the necessary permanency requirements to show that RNG will be used by the building.[209]

FEI states that the permanence of the RNG Connections service will be embodied in its rate schedules. This requires all RNG Connections service customers to be served with 100 percent RNG, on a permanent basis for the life of the premises and will be exclusive and mandatory for all these customers. The need for a new service line will define whether the RNG Connections service will be applicable. FEI states it will retain in its customer information system the date upon which a service line is installed to connect a premise to FEI's system. Once the service has been established, it will remain permanent for that premise and any requests for service will only be allowed 100 percent RNG.[210]

When queried about how the RNG Connections service could be made permanent, FEI provided the following response:[211]

> The proposed Renewable Gas Connections tariff will be considered permanent because FEI's BCUC-approved rate schedules for the service will indicate that all new residential connections will be served with 100 percent Renewable Gas for the life of the building. As discussed in the response to BCUC IR1 20.1, FEI has proposed additional language in its proposed rate schedules to provide clarity regarding the permanency of the service.
>
> The BCUC's decision to approve tariffs indicating that the service is permanent for the life of the building would provide a significant signal to the marketplace upon which customers and stakeholders will rely. Although the BCUC is not bound by precedent, any future proposal to change the permanent nature of the Renewable Gas Connections tariff would need to consider the underlying rationale for the BCUC's decision to approve the tariff as being permanent for the life of the building and the reliance placed on that permanence by customers and other stakeholders.
>
> As described in the Application, the rationale for the permanence of the tariff is to support decarbonization of new residential construction for the life of the building and provide a

[209] FEI Final Argument Stage 2, p. 25.
[210] FEI Final Argument Stage 2, pp. 25–26.
[211] Exhibit B-20, City of Richmond IR 3.2.

pathway to meeting carbon intensity targets for new residential construction. Customers and many other stakeholders will therefore rely on this permanence in making decisions with respect to the construction of new residential buildings and their energy choices and how they are meeting GHG reductions goals. Given this reliance, FEI cannot foresee circumstances in which it would be just and reasonable for the BCUC to change the permanent nature of the service provided to Renewable Gas Connection customers unless the low carbon nature of the service was maintained. If there were changes to the service generally in the future, existing Renewable Gas Connection customers at that time would need to be grandfathered to preserve their 100 percent Renewable Gas service.

A number of the LG Interveners filed evidence on the subject of permanency. A brief summary of the relevant submissions relating to permanence follows:

- The District of Saanich states that it was clear during its consultation process on the implementation of carbon pollution standards that participants were not to consider RNG as a carbon pollution standards compliance pathway. This was based on its concerns about "the permanence, and [the] ability to verify permanence" of RNG. Energy choices have long term impacts and there is a risk of failing to meet long term GHG emission reduction targets. In the District of Saanich's view, RNG may be a reasonable choice for certain existing buildings where "an existing natural gas heating system is not due for replacement" or for building systems that are difficult to electrify.[212]
- The City of Richmond indicated that ongoing use of RNG could not be guaranteed over the long term. The City of Richmond states it is not aware how, under current legislation, a BCUC Panel could bind a future building owner permanently in a way that future Panels could not change.[213]
- The City of Richmond is concerned about limits on potential RNG supply. It notes the study cited by FEI in its original application, states that RNG will, at most, account for only 3.3 percent of Canadian natural gas consumption, and that "this limited volume means RNG will not be able to displace a large quantity of fossil fuels for GHG reductions." Because of this, the City of Richmond likewise believes it is important to allocate this scarce resource to those uses that lack available and cost-effective alternatives.[214]

In rebuttal, FEI makes the following observations:

- While accepting that the BCUC is not bound by precedent, FEI states that its permanence proposal provides a high level of certainty the RNG Connections service would be permanent for the life of the building. In FEI's view, an important reason as to why it is unlikely a future panel would change the permanent nature of the service is because customers would place reliance on the permanence. FEI further reiterates that in the event a change does occur in the future "existing Renewable Gas Connections customers at that time would need to be grandfathered to preserve their 100 percent Renewable Gas service." It further explains that if the permanent nature of the of the service were changed both the building owner/occupant and "the City" would face cost risk and potential non-compliance issues with respect to GHG emission reduction commitments or future regulations. These

[212] Exhibit C26-8, pp. 5–6.
[213] Exhibit C26-11, BCUC IR 3.3.
[214] Exhibit C26-11, BCUC IR 3.4.

are factors future BCUC panels would have to deal with. Consequently, FEI asserts the LG Interveners "have incorrectly identified the BCUC as the source of uncertainty to the permanence of the service."[215]

- FEI also responded to two concerns raised by the LG Interveners; (1) whether RNG could be guaranteed over the long-term and (2) if chosen systems cannot meet GHG emissions reduction standards over the long run, there is a risk to achieving emissions targets. FEI states the LG Interveners have set up a false standard of a "guarantee over the long term" with no chance of any distributed energy system being able to meet. Over the long term, every energy system is subject to change as are bylaws regulations and legislation governing things like GHG emission targets and energy supply requirements. FEI acknowledges "any 'guarantee' of permanence is always a matter of degree only."[216]

Positions of the Parties

BCSEA

BCSEA states that FEI places a heavy reliance on its request for the RNG Connection service to be made permanent for the life of the building. However, despite its importance to making the program work, FEI has acknowledged that the UCA provides the BCUC the jurisdiction to modify a rate schedule. Further, when asked how the RNG Connections service could be considered permanent given this authority to alter the rate schedule, FEI responded that the BCUC approval of permanence would send a signal to the market which could be relied upon by stakeholders and customers. In addition, if a change was being considered in the future, the BCUC would need to consider the underlying rationale for the original decision to approve the tariff as permanent.

BCSEA states it agrees a BCUC approval of the permanence attribute would provide a significant signal – one on which customers and stakeholders could rely. However, any signal of permanence would be hollow, noting that section 75 of the UCA states:

> The commission must make its own decision on the merits and justice of the case, and is not bound to follow its own decisions.

BCSEA argues this means the Panel in the current proceeding "cannot make a tariff immune from future revision by the BCUC." Therefore, even if the BCUC were to order a limit on its own authority to make future orders regarding a material rate element, it would fetter the BCUC's discretion and have no lawful effect. BCSEA concludes by stating "the BCUC has no authority to grant FEI's request that the Connections Program be approved on a permanent basis." Given the permanence attribute's centrality to the RNG Connections service, BCSEA submits the BCUC should not approve this program.[217]

The LG Interveners

Acknowledging the importance of permanence to the RNG Connections service, the LG Interveners note it would be problematic if a later panel found the subsidy to be unduly discriminatory or there were RNG supply issues after new customers had made capital investments. The LG Interveners point out that while the proposed rate is designed to be permanent, it cannot be assured:

[215] Exhibit B-65, pp. 2–3.
[216] Exhibit B-65, pp. 3–4.
[217] BCSEA Final Argument Stage 2, pp. 31–33.

> Any Commission panel, formed on the Commission's own volition, in response to a complaint, a Provincial direction, or because FEI changes its mind and reapplies for something else, could reopen the question of whether the rate is just, reasonable, and not unduly discriminatory.

Further, FEI's contention that permanence comes from being written in its tariff, is overlaid with FEI's understanding the tariff terms can be reset by the BCUC. Noting FEI's reliance on the potential cost and liability issues that could occur in the event of a change in this permanence, the LG Interveners add that "[i]n essence, FEI is saying that the potential for inefficiency damage is so great, that no one would dare unwind the rate and return customers to facing the true, unsubsidized, cost of their investment."

Noting that FEI states the LG Interveners, in identifying the BCUC as the source of uncertainty, have mischaracterized the issue, the LG Interveners reply: "This is not a mischaracterization: it is the legal reality."[218]

The CEC

The CEC states it agrees with the points made by FEI in its Final Argument and has nothing further to add at this time.[219]

BCOAPO

BCOAPO submits it has concerns with the permanence attribute in the proposed RNG Connections service. As noted by others, BCOAPO first points to the fact a current BCUC Panel cannot bind future panels. A second issue concerns the evolving energy transition and potential future policy changes. BCOAPO is apprehensive as to the potential impact on existing customers of FEI's proposal to attach 100 percent RNG environmental attributes to new connections permanently, noting it will result in existing customers having a much higher percentage of natural gas associated with them. Consequently, uncertainty exists as to "how a rate program that attaches these much different environmental attributes to similarly serviced and situated residential and low-income customers will play out in the future of evolving climate change policy."[220]

FEI Reply Argument

In reply to the LG Interveners' arguments, FEI asserts it is asking "the BCUC to approve the Renewable Gas Connections service with the degree of permanence it can provide" which in its view "is substantial and sufficient for the purposes of the rate design." FEI's position is that if the BCUC approves the rate as proposed, it will provide substantial and significant assurance as to the permanence of the program in a new building.

FEI further asserts that the BCUC regularly uses its jurisdiction and approves long term rates and contracts providing examples in the 5 to 10 year range and some that were 35 years. FEI submits the difference between long term contracts for 10 or 35 years and one of 50 years is in degree only, adding that after the BCUC approves a long-term contract between two parties, it cannot arbitrarily cancel the agreement. Similarly, because the BCUC will have to take into account the reliance placed on the long-term permanent nature of the service, FEI

[218] LG Interveners Final Argument Stage 2, pp. 13–15.
[219] CEC Final Argument Stage 2, p. 9.
[220] BCOAPO Final Argument Stage 2, p. 10.

does not foresee circumstances "in which it would be just and reasonable for the BCUC to change the permanent nature of the low carbon service provided…" to RNG Connections service customers.

From FEI's perspective, permanence is a feature of the RNG Connections service that is important to local governments. The approval of permanency that can be provided by the BCUC will be substantial and sufficient and will enable FEI to work with the Province and local governments to have the RNG Connections service recognized as a low carbon pathway.[221]

2.2.3 Impact on FEI and Existing Customers if the RNG Connections Service is Denied

FEI submits that in the absence of the RNG Connections service, government policies will result in lower gross customer additions and decreasing throughput over time. FEI provided two estimates of the throughput loss it expects would occur in the absence of such an offering, using different assumptions related to the use per customer (UPC). Both estimates assume that provincial building stock turnover is two percent per year, none of the new buildings connect to the gas system starting in 2023, and, as a result, FEI loses two percent of its residential and commercial customers per year.

FEI used the two percent building stock turnover assumption in its 2021 Conservation Potential Review (CPR), which has been included in its 2022 Long Term Gas Resource Plan (LTGRP). When asked to explain the method and data it used to derive this amount, FEI explained that this figure was originally developed by the Posterity Group, a consultant FEI engaged when developing the reference case under the 2017 LTGRP. The Posterity Group used the draft data from the 2015 CPR and estimated the demolition rate to be two percent by working backwards from that data and adding their own insights. For the 2021 CPR, based on a review of building permit data, this assumption was reviewed and checked against a high-level review of office space demolition rates for the City of Vancouver in recent years. The demolition rate implies a building's effective useful life of 50 years. This amount was deemed to be a reasonable and conservative estimate by the consulting team. FEI notes that during the development of the reference case in the 2022 LTGRP, the demolition rate was highlighted and acknowledged to be an area of uncertainty and flagged by the FEI LTGRP team for more detailed study in future resource plans.[222]

For its first estimate, holding the UPC constant over the analysis period (2023-2032) and losing two percent of its residential and commercial customers per year, FEI calculated the total volume of gas sold to residential and commercial customers in 2032 could be 20 PJ or 18 percent lower than it would if the RNG Connections service were approved.[223] For its second estimate, FEI provided its 10-year load forecast for residential and commercial customers for the period 2023 to 2032 with and without the RNG Connections service, based on the analysis from the 2022 LTGRP. In this scenario, customer growth continues and low carbon energy solutions are delivered by the existing gas structure in the "With RNG Connections Service" case (Table 3).[224] In the "Without RNG Connections Service" case (Table 4) the scenario reflects the UPC from its 2022 LTGRP and a two percent loss of residential and commercial customer count due to the inability of FEI to add new customers.

[221] FEI Reply Argument Stage 2, pp. 18–21.
[222] Exhibit B-42, BCUC IR 53.1.
[223] Exhibit B-17, BCUC IR 12.2.1.
[224] Exhibit B-17, BCUC IR 12.2.2.

Table 3: 10-Year Load Forecast based on Diversified Energy Future (Planning Scenario) - With RNG Connections Service[225]

Rate Schedule	Category	Unit	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
RS 1	Residential	TJ	69,752	68,319	67,077	65,896	64,762	63,675	62,673	61,746	60,769	59,831
RS 2	Small Commercial	TJ	30,163	30,112	30,034	29,968	29,853	29,708	29,626	29,615	29,430	29,269
RS 3	Large Commercial	TJ	27,314	27,267	27,197	27,138	27,033	26,902	26,828	26,818	26,650	26,504
	Total	**TJ**	**127,229**	**125,698**	**124,308**	**123,003**	**121,649**	**120,285**	**119,128**	**118,179**	**116,848**	**115,604**

Table 4: 10-Year Load Forecast based on Diversified Energy Future (Planning Scenario) - Without RNG Connections Service[226]

Rate Schedule	Category	Unit	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032
RS 1	Residential	TJ	65,503	62,441	59,702	57,133	54,711	52,429	50,307	48,328	46,388	44,551
RS 2	Small Commercia	TJ	28,939	27,982	27,036	26,136	25,228	24,329	23,510	22,773	21,934	21,140
RS 3	Large Commercial	TJ	26,205	25,339	24,482	23,668	22,845	22,031	21,289	20,622	19,862	19,144
	Total	**TJ**	**120,647**	**115,761**	**111,220**	**106,936**	**102,784**	**98,788**	**95,107**	**91,723**	**88,183**	**84,835**

This is based on FEI's Diversified Energy Future (Planning) Scenario from the 2022 LTGRP. In this second estimate, FEI estimates the loss of load at 30.8 PJ in 2032 which is 26.6 percent lower than it would be with the RNG Connections service. The difference between the two estimates exists because the first estimate held the UPC constant while the Diversified Energy Future (Planning) Scenario from FEI's LTGRP provides a more comprehensive view where UPC declines over time based on changes in equipment efficiencies and end points and includes growth in customers based on population growth.[227]

At the BCUC's request, FEI also produced a third estimate, this time reflecting a scenario where the RNG Connections service would only be offered to new buildings in municipalities having adopted more stringent GHG intensity targets and where FEI could continue providing the RNG Blend service to new buildings in all other municipalities. In this scenario, FEI estimates that, in 2032, the demand from the RNG Connections service customers would decrease by 10.4 PJ, from 14.6 PJ to 4.2 PJ, while the demand from the RNG Blend service would increase by 10.4 PJ. FEI cautions that this estimate is based on a static snapshot in time, at a time where only about 29 percent of FEI's new residential connections came from municipalities (primarily within the Greater Vancouver area) having adopted stringent GHG intensity targets. As more local governments adopt restrictive GHG intensity targets, FEI states the 29 percent figure will increase, as will the demand from the RNG Connections service customers in 2032.[228]

FEI points out that the CleanBC Roadmap "describes how new homes and buildings shall no longer emit carbon pollution by 2030" and although it cannot predict when, it believes that more stringent GHG intensity targets will be adopted and ultimately extend beyond Lower Mainland communities. Thus, FEI cautions that the 29 percent represents a snapshot in time and, as more local governments adopt bylaws restricting natural gas each

[225] Exhibit B-17, BCUC IR 12.2.2.
[226] Exhibit B-42, BCUC IR 53.3.
[227] Exhibit B-42, BCUC IR 53.3.
[228] Exhibit B-17, BCUC IR 20.3.1.

year and/or GHG intensity limitations are incorporated into the BC Building Code, the percentage will increase.[229]

FEI states that the current distribution system represents an investment of billions of dollars and, to avoid a rate spiral that would detrimentally affect customers, it argues it is critical that throughput on the system be maintained through the RNG Connections service. In its absence, government policies will lead to lower throughput due to lower gross customer additions. If the ability to add new customers is eliminated, the declining number of remaining customers will have to bear the additional costs associated with RNG content. As a result, the remaining customers will face higher costs and higher overall customer bills.[230]

FEI explains that under the current RNG program all non-bypass customers (both sales service and T-Service) carry some of the costs through the BVA rate rider. Further, if it loses the new construction sector because the RNG Connections service is not approved, there will be fewer RNG costs recovered from that (primarily sales service) sector. This will result in less RNG costs being recovered leaving more of these costs to be recovered from other sectors (primarily T-Service). FEI estimates sales service customers will, by 2030, be paying $510 per year toward renewable gas recovery which will increase to $740 per year in 2022 dollars.[231]

FEI also calculated the bill impact that customers would see in 2030 relative to 2022 under two scenarios: 1) the proposals in the Application are approved (Approved); and 2) FEI loses the new construction sector without the RNG Connections service (Denied).

Table 5: 2030 Bill Impact Attributable to Rejection of RNG Connections Service[232]

Customers	Scenarios	2030		Difference attributable to rejection of RNG Connections service
		Real $2022	% change from 2022	
RS 1	Approved	$ 1,760	43%	13%
	Denied	$ 1,920	56%	
RS 2	Approved	$ 6,250	51%	10%
	Denied	$ 6,733	61%	
RS 3	Approved	$ 64,300	57%	9%
	Denied	$ 68,900	66%	

Table 5 shows that based on FEI's calculations, the bill impact in 2030 on ratepayers in these three rate schedules will range from 9 to 13 percent if the program is denied rather than accepted.

Positions of the Parties

The LG Interveners

The LG Interveners state they are sensitive to the important concerns raised by FEI with respect to system stranding. However, they submit FEI has failed to demonstrate or provide compelling evidence there is a real risk of rate shock and a death spiral nor has FEI shown that only the proposed package of rates can prevent these

[229] Exhibit B-17, BCUC IR 20.3.1; Exhibit B-42, BCUC IR 50.2.
[230] FEI Final Argument Stage 2, pp. 52–53.
[231] Exhibit B-17, BCUC IR 12.2.3
[232] BCUC Staff table created from pp. 67 through 69 of the FEI response to BCUC IR 12.3.2 in Exhibit B-17.

risks. The LG Interveners underline their position by stating "FEI has relied on a form of 'self-evident truth' arguments, based on speculative claims…"[233]

The LG Interveners also state, "FEI's proposed Renewable Gas Connections rate would adversely impact customers in existing residential buildings by consuming more of their disposable income through higher rates that arise because of the cross-subsidy" while explaining that affordability is a key consideration when determining if and how its members proceed with policy and regulations.[234] The LG Interveners point out that the City of Vancouver provided evidence that affordability is an important consideration in making policy decisions and claim FEI's proposed RNG Connections service rate imposes unjustified additional costs on existing homeowners which:[235]

> … would detrimentally impact the Local Government Interveners' ability to develop regulations to reduce GHG in existing buildings that are affordable, equitable, and therefore likely to achieve public acceptance.

BCSEA

BCSEA makes similar submissions arguing approval of the RNG Connections service would, in effect, shift decarbonization costs from new residential gas customers to existing gas customers. This would exacerbate the financial challenge to decarbonize existing customer's own heating needs. Further, BCSEA notes that reallocating the supply to the RNG Blend service "would dramatically improve the relationship between revenue and cost causation," pointing out FEI's acknowledgement that if RNG does not flow to RNG Connections service customers it would flow to RNG Blend service customers instead.[236]

MoveUP

While noting that FEI's solution is not elegant, MoveUP submits the RNG Connections service is "what it looks like" if you wish to deal with the matrix of statutory and policy constraints with an eye to maintaining access to new connections and avoiding a death-spiral. Moreover, MoveUP considers none of the critics have proposed an alternative way to enable new connections going forward that is workable. MoveUP acknowledges the point for some interveners is to prevent this service, but there must be a solution to this problem if the BCUC wants to maintain space for FEI to remain viable beyond the next few years.[237]

The CEC

The CEC observes that customers may end up paying for both the gas system and the new electric system assets as a consequence of winding down the gas system, thereby creating stranded assets from initially prudently acquired assets. The CEC is of the view the BCUC should find that decarbonizing the gas system is dependent upon two factors; allowing FEI to continue to acquire new customers by enabling FEI to successfully utilize RNG and enabling FEI to find a pathway to full system decarbonization. More specifically, the CEC recommends that the BCUC "should not create the regulatory context for dismantling FEI but rather should support FEI's initiative

[233] LG Interveners Final Argument Stage 2, pp. 17–18.
[234] LG Intervener Final Argument Stage 2, p. 36.
[235] LG Intervener Final Argument Stage 2, pp. 36–37.
[236] BCOAPO Final Argument Stage 2, pp. 13 and 33.
[237] MoveUP Final Argument Stage 2, p. 7.

to make the best use of the RNG to clearly benefit the ratepayer interests." Further, the CEC recommends that FEI be required to file in 2024 "a potential pathway for a complete transition from the fossil natural gas to a full-low carbon solution" and that FEI and the BCUC support development of "a long-term and complete low-carbon solution for the whole gas system."[238]

BCOAPO

BCOAPO agrees that the proposed RNG Connections service will allow FEI to maintain new connections and grow its system. In its view, FEI needs to create a modern regulatory rate setting model suitable for the current gas system given the current overarching policy considerations. If these circumstances are not considered there, it will likely lead to grid defection resulting in stranded investment and increasing financial challenges. This will affect not only FEI, but also remaining customers, including those that can least afford their utility bills. BCOAPO believes FEI has an important role to play in the energy transition and the RNG Connections service proposal "whereby new residential customers pay the same rate as existing residential customers maintains energy affordability for all customers."[239]

FEI Reply Argument

FEI disagrees with the LG Interveners' submission that "FEI has failed to demonstrate, with any compelling evidence, that the alluded-to rate shock and death spiral are real risks." FEI asserts that the risk to the gas system 1) has been confirmed by the BCUC, 2) is apparent from recent legislation, and 3) the impacts of the risk can be calculated and shown to lead to rate shock.[240] FEI's explanation for each of these claims follows.

First, the fact that there are real risks to the gas system was recently confirmed by the BCUC in its decision on FEI's cost of capital. In Decision and Order G-236-23, the BCUC stated:

> The evidence shows that the Energy Transition represents a fundamental change that has a pervasive impact on FEI's business and that the change in BC is markedly different than in other jurisdictions as a result of government policies relating to climate change, decarbonization and electrification that have emerged since 2016. The Panel considers this to be the biggest driver of real and perceived risk for FEI's shareholder primarily as a result of all levels of government addressing climate change concerns and the uncertainty regarding the role that BC's natural gas utilities will play in addressing climate change concerns, especially when compared to utilities operating in other jurisdictions since the FEI 2016 COC [Cost of Capital] proceeding.[241]

With respect to legislation, FEI points out the risk to the long-term viability of the gas system is apparent from the introduction of the Zero Carbon Step Code, stating that the higher levels of this code cannot be met with conventional natural gas. Further, if FEI cannot add new customers and its existing customer base declines with building stock turnover, the customer base will inevitably shrink. Moreover, when this is coupled with the additional costs to address climate change, there will be upward pressure on rates, further exacerbating the loss in customers.[242]

[238] CEC Final Argument Stage 2, pp. 5 and 11.
[239] BCOAPO Final Argument Stage 2, p. 7.
[240] FEI Reply Argument Stage 2, p. 25.
[241] BCUC Decision and Order G-236-23 as quoted in FEI Reply Argument Stage 2, p. 25.
[242] FEI Reply Argument Stage 2, p. 25.

Rather than being speculative claims, FEI argues the impact of the risk can be estimated, pointing out that it has outlined scenarios. These have provided estimates for both the loss of throughput from residential and commercial customers and the bill impacts in the absence of the RNG Connections service relative to a scenario in which that service is approved.[243]

Noting the LG Interveners had commented on FEI admitting its analysis is subject to uncertainty, FEI clarifies what it admitted was that the percentage turnover in the building stock is subject to uncertainty. That said, FEI notes that regardless of whether the turnover rate is 2.0, 2.5 or 1.5 percent, the result will be the same. Its inability "to serve the new residential construction sector, and new buildings generally, poses a real risk to the long-term viability of the gas system, which has significant consequences for the affordable and reliable delivery of energy to British Columbians."[244]

2.2.4 Panel Determination

FEI has proposed its RNG Connections service as a means of responding to the changing provincial and municipal GHG emissions policy landscape and ensuring that FEI remains able to offer a viable solution to builders and new homeowners desiring to use gas as their energy source. The RNG Connections service proposal, as characterized by FEI, has four attributes: it provides 100 percent RNG to the customer; it will be permanent for the life of the building; it will be mandatory to all New Residential Connections; and it will be made available to RNG Connections service customers at a price that equates with rates paid by existing customers in similar rate schedules.

Over the course of this proceeding, interveners have filed evidence and provided argument outlining their respective positions regarding the issues raised concerning the RNG Connections service and the various attributes FEI has proposed to be included in this rate. Much of the review and discussion has focused on whether the RNG Connections service is unduly discriminatory and the opposing views of FEI and its witness, Mr. Reed, and the LG Interveners and their witness, Mr. Strunk. However, the other interveners have also been actively engaged and taken positions on important issues that have been raised. Based on numbers, there are a greater number of interveners that oppose approving this service than those supporting it. One intervener, BCOAPO, agrees that on many factors the RNG Connections service sits "on solid ground" but does not recommend moving forward with it, noting the RNG Connections service is "solving one problem by creating another…"[245]

Approval or rejection of the RNG Connections service primarily rests on determining whether its rate is unduly discriminatory. However, in the view of the Panel, this issue cannot be dealt with in isolation. The impact on both FEI and the ratepayer needs to be considered in reaching a decision. Therefore, the Panel will first consider the impact of this decision on ratepayer groups and FEI prior to examining issues related to whether the RNG Connections service is unduly discriminatory.

<u>Impact on FEI and Existing Customers</u>

[243] FEI Reply Argument Stage 2, p. 26.
[244] FEI Reply Argument Stage 2, p. 26.
[245] BCOAPO Final Argument Stage 2, pp. 20–21.

FEI has submitted that if the RNG Connections service is not approved, government policies will, over time, result in lower customer additions and decreasing throughput. FEI has produced two estimates, both based on losing two percent of its residential and commercial customers per year and there being no new building connections to the gas system starting in 2023. The first of these indicated the volume of gas sold to these customers could, by 2032, be 20 PJ or 18 percent less than what could be expected if the RNG Connections service were approved. The second, taken from a planning scenario from FEI's 2022 LTGRP, was considered more comprehensive and estimates by 2032, the volume of gas sold could be 30.8 PJ or 26.6 percent lower than it would be if the RNG Connection service were approved. FEI acknowledged there was a potential for these estimates to be overstated if the two percent annual loss figure were lower.

In a different scenario, where new buildings subject to stringent GHG intensity targets are served under the RNG Connections service while new buildings not subject to those targets are served under the RNG Blend service, FEI reallocated its forecast demand from the RNG Connections service customers (14.6 PJ) between those two groups and estimated that, in 2032, it would sell 4.2 PJ to the former and 10.4 PJ to the latter. This means that, in practice, in the absence of the RNG Connections service, FEI is not at risk of losing all new residential construction, as the previous two estimates assumed, but only the share that is subject to stringent GHG intensity targets (4.2 PJ) since FEI could still serve all new buildings not subject to those targets under the RNG Blend service. The Panel recognizes that this estimate assumes the number of local governments choosing to enact more stringent GHG intensity targets remains static (static scenario) and therefore acknowledge that reliance on the static scenario may result in understating the potential number of participating municipalities and the impact of the demand reduction by 2032.

Given the variances among these estimates and the variables at play, the Panel cannot with any certainty embrace any one of these estimates. The first two estimates are based on there being no new gas service connections. That clearly is not the case as FEI has acknowledged that only 29 percent of its new connections come from municipalities that have adopted stringent GHG intensity targets. Thus, as outlined in the static scenario, the estimated loss of customers is significantly lower. **Consequently, given the lack of a precise estimate for the loss of throughput taking into account both the current number of potentially affected new customers and the projected growth in this number over the coming years, the Panel finds that only limited weight should be placed on these estimates**. However, we do acknowledge that because of recent policy changes at various levels of government and statements in the CleanBC Roadmap regarding further emissions controls, it is unlikely the enactment of more stringent GHG intensity targets will remain static. Therefore, there is a greater likelihood that the loss of throughput will be greater than the estimate provided in the static scenario. That said, regardless of the estimates provided and their efficacy, it is clear to the Panel that rejecting FEI's proposal for the RNG Connections service will have a negative impact on the number of new and existing customers served by the FEI gas system and, if a solution is not found, over time this will negatively impact rates of the remaining existing customers.

There were a few interveners, primarily from the local governments, which were of the understanding that turning down this proposal would positively impact the rates of existing customers. The analysis provided by FEI and outlined in Table 5 above counters this assumption. FEI estimates that the bill impact under rate schedules RS 1, RS 2, and RS 3 will all be significantly higher by a range of 9 to 13 percent in 2030 than they would otherwise be if the RNG Connections service proposal were approved. It can be argued that this is a worst-case scenario based on FEI's admission that its two percent estimate for building stock turnover may be uncertain

and, as noted above, FEI's estimates are based on there being no new connections starting in 2024. Thus, while these estimates might be overstated, they are at least directionally correct because there will be less customers.

Undue Discrimination

Both FEI and the LG Interveners have filed evidence as to whether the RNG Connections service, as proposed, will result in undue discrimination.

FEI and Mr. Reed take the position that the RNG Connections service customers will not cause the higher costs for RNG to be incurred, arguing these additional costs are a product of policy changes at the political level. The Panel disagrees. As pointed out by the LG Interveners, some local government bylaws require the use of a low/zero-carbon energy source and the use of RNG is more expensive than conventional natural gas. However, this higher cost is only being incurred by FEI because of the actions of their customers. Put more simply, it is the builder's or customer's choice as to whether to install gas service. FEI is not being forced to purchase higher priced RNG on their behalf. On the contrary, FEI is only required to purchase the additional RNG because the builder/customer has made that choice. Moreover, because 100 percent RNG will be made available to all new RNG Connections service customers regardless of whether it is required by a local bylaw, the additional cost in many cases is currently unnecessary where no such bylaws exist. **The Panel therefore rejects FEI's argument that the RNG Connections service customers will not cause the higher RNG costs to be incurred.** In our view, each builder/customer is free to choose either RNG or pursue another low/zero carbon alternative.

FEI has based much of its evidence and supporting argument on acceptance of the concept that the higher cost related to RNG should be the same as any other cost and rolled into the rate in keeping with postage stamp pricing. FEI further argues that the fact the system delivers the same mixed stream product to all customers is a critical distinction and because there is no point of differentiation on delivered product, customers should not be treated in a discriminatory way. The Panel disagrees. As noted by MoveUP, the proposed rates for the RNG Blend and the RNG Connections services relate to the delivery of two distinct commodities and the entire RNG program relies on the concept of notional delivery of a notional RNG commodity. The Panel agrees. If the Panel were to accept there was no point of differentiation between what an existing customer receives and what a new RNG Connections service customer would receive, it would put at risk the foundation upon which FEI's current RNG program and the Revised Renewable Gas Program are based. **Therefore, the Panel finds that RNG, as notionally injected, is a more costly product that is distinctly different from "the mixed stream product" that will be sold to existing customers under the RNG Blend service.** The Panel notes that this point has also been made by FEI's witness, Mr. Reed, who stated that it was not FEI's position that the gas provided to the two groups of customers is the same product, noting that product differentiation is necessary to comply with regulations restricting new natural gas connections. As noted by the LG Interveners, FEI cannot have it both ways and as noted by BCOAPO the proposed RNG Connections service solves one problem but creates another.

Given there is a significant difference in the cost of purchasing these two products, it becomes difficult to argue that rolled-in pricing is not discriminatory. Mr. Reed has testified that charging RNG Connections service customers for the higher cost of RNG would, in his view, be a form of vintaging and these customers should not be responsible for these additional costs. Mr. Reed notes that vintaging has been consistently rejected by Canadian regulators including the Canadian Energy Regulator. While the Panel acknowledge Mr. Reed's assessment, we question whether the term vintaging applies in this case. As noted by Mr. Reed, for vintaging to apply requires three conditions:

(i) it must be established that there is no physical point of differentiation on the system for cost allocation purposes,
(ii) new customers need to receive the same product as other customers; and
(iii) new customers will not cause the need for RNG.

As determined above, none of these conditions apply. As noted by Mr. Strunk, the incremental cost of RNG based on FEI's 2024 forecast is four times the Conventional Gas Cost and RNG Connections service customers would receive 100 percent RNG (at least notionally) which is far more than the amount existing customers, who would be paying the same price, would receive. In the view of the Panel, this describes a clear case of price discrimination with RNG Connections service customers being subsidized by existing customers. **Therefore, the Panel rejects FEI's assertion that rolling-in the incremental commodity cost to serve new customers is not discriminatory.**

While FEI's RNG Connections service proposal is discriminatory, this does not necessarily mean it is unduly so. As noted in Section 2.2.1, the UCA is explicit that the question of whether a particular rate gives rise to undue discrimination arises from the facts of the circumstances before the BCUC of which the BCUC is the sole judge. As outlined by Mr. Reed in his evidence, the BCUC, in the Revelstoke Decision, found that FEI's proposal to amalgamate its natural gas and propane portfolios was approved despite the BCUC's acknowledgment that it may suggest discrimination. Specifically, the Revelstoke Decision stated, "the Panel is mindful that the actual costs involved are sufficiently small as to be considered negligible and do not outweigh merit of the greater good which can be delivered."[246] For the RNG Connections service proposal, the evidence clearly shows the amount of subsidization for each new customer would be very significant. Mr. Strunk has estimated the incremental cost per customer as four times that of the Conventional Gas Cost in 2024 and when aggregated over the period 2024 to 2032, totals $750 million. This, by any measure, is a significant level of subsidy and therefore, as a comparator, the Revelstoke Decision can be given little weight. **Consequently, in accordance with section 59 of the UCA, the Panel determines the RNG Connections service as proposed by FEI to be unreasonable and unduly discriminatory. Accordingly, the Panel rejects FEI's request for approval of the RNG Connections service.** The level of subsidization is simply too great to call it reasonable and, as pointed out by both RCIA and BCOAPO, the future is difficult to predict. A decision in favor of the RNG Connections service could in the future result in an unfair advantage/disadvantage for either existing or new customers. Due to the current lack of predictability, this cannot be discounted considering the current policy environment.

Panel Discussion

As noted, FEI has specifically requested the BCUC to approve the RNG Connections service only in its entirety and asked that if the BCUC is unable to do so to "provide FEI with reasons for its decision and any directions or guidance on what may be an acceptable path forward for low carbon gas service to serve new buildings in the province."[247] The Panel has rejected FEI's proposal for the reasons stated above but would like to address two issues it considers important as a means of providing some guidance for the future:

i) FEI's permanency request; and

[246] FEI Revelstoke Propane Portfolio Cost Amalgamation Application, Order G-245-20 with Reasons for Decision dated October 1, 2020, p. 25.
[247] FEI Reply Argument Stage 2, p. 65.

ii) The need for a long-term solution at this time.

While neither of these issues were instrumental in the Panel reaching a determination on the RNG Connections service, the Panel accepts there is a need to provide some guidance to FEI as it navigates through this period of rapid change in the BC energy environment.

Permanency of the Program

It is FEI's position that permanency is a requirement for the RNG Connections service as it provides building officials an enforceable way to determine, at the time of design and construction, whether a building will use 100 percent RNG. In FEI's view, this was necessary to relieve concerns with the current opt-in month to month service of the current voluntary RNG program that provides no certainty around continued use of RNG. The Panel agrees that the inclusion of this attribute might solve some of FEI's problems regarding being able to increase public confidence in the continuity of the service. However, as set out below, even if the Panel had decided to approve the RNG Connections service, it would not have described the approval as "permanent."

FEI assumes that the average life expectancy of a new building is 50 years. In terms of policy direction, 50 years is a very long time. This is especially true in the current circumstances as the Province has committed to embarking on a transition to a clean energy future. The CleanBC Roadmap signals that the Province is in a period of significant change designed to move forward to a zero-carbon future. It is by no means a stretch to consider that over the next 50 years, at some point in time, the question of serving buildings permanently with RNG may be revisited.

By FEI's admission, the BCUC is not bound by precedent and any future assessment of limiting or restricting the RNG Connections service tariff would need to consider the underlying rationale for the BCUC having approved the service in the first place. Moreover, FEI acknowledges that, even if there were changes to the service in the future, the RNG Connections service customers would need to be grandfathered and, if the availability of the service were changed, both the builder owner/occupant and local government would face cost risk and potential non-compliance issues with respect to GHG commitments or future regulations. FEI has stated that, if future change were to be contemplated, the BCUC would be required to consider factors like the reliance on the long-term permanent nature of the service. Given this requirement, FEI notes it cannot foresee circumstances where the BCUC would change the permanency related to this rate. Given the considerations laid out by FEI, the Panel agrees that it would likely be difficult for the BCUC to initiate significant future changes limiting the availability of the RNG Connections service for existing customers using the service if it were approved. Moreover, there is no compelling reason to depart from the BCUC's normal practice by describing such a rate as "permanent." With any BCUC decision, there is implicitly a level of permanence attached – namely, that the decision will stand unless a future BCUC panel alters it. From a legal perspective, declaring permanency of a rate provides no more actual certainty as to the future than the BCUC approving an attribute which will remain permanent until a future BCUC review, either on its own motion, or on application or complaint.

The Need for a Long-Term Solution

The RNG Connections service as designed by FEI is proposed to be a long-term solution allowing new customers or building contractors to address current and future stringent GHG intensity targets which may be imposed on new building construction throughout the Province. This has been rejected by the Panel for the reasons stated

above. However, the Panel accepts there is a need for a longer-term solution and, given the ongoing transition to a net-zero GHG future, we understand there will be significant challenges which lie ahead for FEI. The question is how these challenges are best met in both the short and the long term.

MoveUP has argued taking a broader view of reasonableness, explaining that differentiations in terms and conditions of service between different rates (e.g. RNG Connections and RNG Blend services) can serve purposes that are rationally connected to the UCA and the regulatory compact, such as addressing the challenges faced by FEI by maintaining ratepayers' access to gas and the utility's access to the market while mitigating the risk of underutilizing or stranding utility capital. MoveUP has also argued there must be a solution to these challenges if the BCUC wants to maintain space for FEI to remain viable beyond the next few years. The Panel agrees there is a need to find an acceptable solution if gas is to continue to be a part of the future. However, this does not mean doing so at the cost of established ratemaking principles.

As stated in the RNG Inquiry Phase 2 Report, there is a need for an orderly transition to a "net-zero carbon energy system in BC."[248] Further, the fact that ratepayers may pay more over time due to the RNG Connections service being denied underlines the need to address the challenges faced by FEI in a timely manner.

Accordingly, the Panel considers it to be important that measures are taken to address the role of the gas system in the future, in order to protect FEI's customers (including with respect to the safety and reliability of service) and provide clear signals to FEI's investors. The Panel agrees with the suggestion in the RNG Inquiry Phase 2 Report that this objective may be met, in part, by ensuring full disclosure and transparency regarding costs of the gas system through the transparency measures discussed in Section 4.0 of that report, as well as public scrutiny of the public utility in various BCUC proceedings such as long-term planning proceedings.[249]

However, the Panel also acknowledges that to provide greater clarity to utilities and customers, further guidance may be helpful. Such guidance could potentially take the form of:

1. A plan or other policy document issued by the BC government; or
2. An inquiry conducted by the BCUC, followed by a BCUC-issued report.

The scope of any guidance would depend, in part, on whether the BC government or the BCUC undertook this initiative (e.g. the BC government may be able to address broader issues of policy beyond the mandate of the BCUC). However, to the extent possible, the Panel considers that it may be helpful for the guidance to address the following non-exhaustive list of issues:

- the potential roles of gas and electricity in BC's energy future;
- the potential role of decarbonization solutions, such as RNG, hydrogen, and other alternative fuels, within the gas distribution system in BC;
- means of reducing the risk of incurring stranded gas system assets, with associated impacts on utilities, investors, employees, and customers;

[248] BCUC Inquiry into the Acquisition of RNG by Public Utilities in BC Phase 2 Report dated June 13, 2023 (RNG Inquiry Phase 2 Report), p. 49.
[249] RNG Inquiry Phase 2 Report, p. 49.

- means of ensuring safe and reliable operation of the gas system; and
- whether different approaches to the treatment of the gas system may be appropriate in different regions of BC.

As the BCUC has previously noted, fuel choices are ultimately for customers to make, but it is important for measures to be taken to support and assist effective decision making for customers.[250] The Panel hopes that greater clarity on the issues listed above may provide such support and assistance, while also providing tools to utilities, investors, employees and other stakeholders as they navigate the future role of the gas system in BC.

2.3 Voluntary RNG Service

FEI's customers have had the option to purchase RNG on a voluntary basis since 2010 as part of their gas commodity. As established in the 2016 Biomethane Decision, the commodity rate that a voluntary customer currently pays is a premium on the Conventional Gas Cost but is below FEI's cost of acquiring RNG. As noted by FEI, customers have various reasons for seeking to purchase more RNG than the amounts sold to them through the RNG Blend service. These reasons vary from customers who are concerned about the environment and want to reduce their GHG emissions to those concerned with meeting government-mandated emission reduction goals. FEI believes that providing an RNG option through the Voluntary RNG service "helps to maintain the long-term viability of the gas system and maintain energy choice for these customers."[251]

2.3.1 Background

The Voluntary RNG service is available to residential, commercial, general firm, interruptible, liquefied natural gas sales, dispensing and transportation service, and long-term biomethane contracts customers.[252] Subject to availability, customers in these rate classes have the option to select their desired percentage of RNG from 5 to 100 percent.[253]

Voluntary RNG service customers can be divided into three groups: (i) Sales customers excluding Natural Gas Vehicle (NGV) Customers (Non-NGV Sales Customers), (ii) NGV Sales Customers, and (iii) Transportation Service customers (T-Service Customers). The current BERC rate was designed as a postage stamp rate applied to all customer segments.[254]

Non-NGV Sales Customers

Non-NGV Sales customers include a wide range of rate classes that include residential, small commercial, large commercial, and industrial customers. FEI states that it has approximately 9,500 residential customers out of its total residential base of 970,000 who have opted to participate in the Voluntary RNG service. Of this group, most have elected to take a 5 or 10 percent RNG blend resulting in an incremental billing cost of $5 to $10 per month.[255] FEI states that many larger-volume gas customers are seeking ways to reduce their GHG emissions noting that some have government-mandated emission reduction targets and must incur costs to comply. Still

[250] RNG Inquiry Phase 2 Report, p. 49.
[251] Exhibit B-11, pp. 61 and 102.
[252] Exhibit B-11, Appendix D-1, FEI Terms and Conditions, p. D-1, effective February 1, 2022.
[253] Exhibit B-11, p. 102.
[254] Exhibit B-11, p. 69.
[255] Exhibit B-11, p. 61.

others that are not subject to such targets are "increasingly adopting corporate [environmental, social and governance] ESG climate change targets." FEI points out that these customers often have a range of options to reduce their emissions but "unlike residential new construction customers in certain municipalities, can still obtain a connection to the gas system."[256]

NGV Sales Customers

NGV Sales Customers are customers who use natural gas in vehicles and shipping under RS 3B, 5B, and 11B.[257] FEI states that over the first six years of the current RNG program, this segment only expressed minor interest in the purchase of RNG. Recently, NGV Sales Customers have shown increased interest in RNG and FEI has observed increased pressure locally and globally to find innovative solutions and fight climate change by reducing GHG emissions with the transportation industry at large experiencing demand for zero and near-zero emissions solutions. FEI submits that currently there are few credible low carbon alternatives to RNG for medium to heavy transportation customers and because RNG is a direct substitute for commonly used compressed natural gas (CNG), the ability to switch to achieve emission reduction targets is relatively easy.[258]

FEI explains that the BC Low Carbon Fuel Standard (BC-LCFS) was enacted in 2008 which has created an incentive for NGV Sales Customers to become fuel suppliers allowing them to generate credits for sale in the carbon credit market. NGV Sales Customers can become eligible to be fuel suppliers once they purchase CNG, and in some cases LNG, both of which have a lower carbon content. By switching to CNG or LNG, NGV Sales Customers can generate credits, which can be further increased by moving to RNG. Once generated and provincially validated, these credits can be sold in the carbon credit market.[259]

T-Service Customers

T-Service Customers are large commercial and industrial customers who purchase their commodity and arrange storage and transport (midstream) resources to supply the FEI system with gas at the applicable interconnection points with upstream pipelines.[260] T-Service Customers can purchase RNG in the market or from FEI under RS 11B if available.[261] They also have the option to become an FEI sales customer where they would receive RNG through the RNG Blend service and could choose to purchase additional RNG through the Voluntary RNG service. T-Service Customers are not charged the S&T LC Rider as they supply their own commodity and therefore, do not receive RNG through the RNG Blend service.[262]

Long Term Contract Customers

Long term contract customers must meet certain requirements, including a commitment to purchase not less than 60,000 GJ in aggregate over the term of the contract, which must not be less than five years and no more than ten years.[263] At the time of the Application, FEI had three long term contracts with customers as tariff

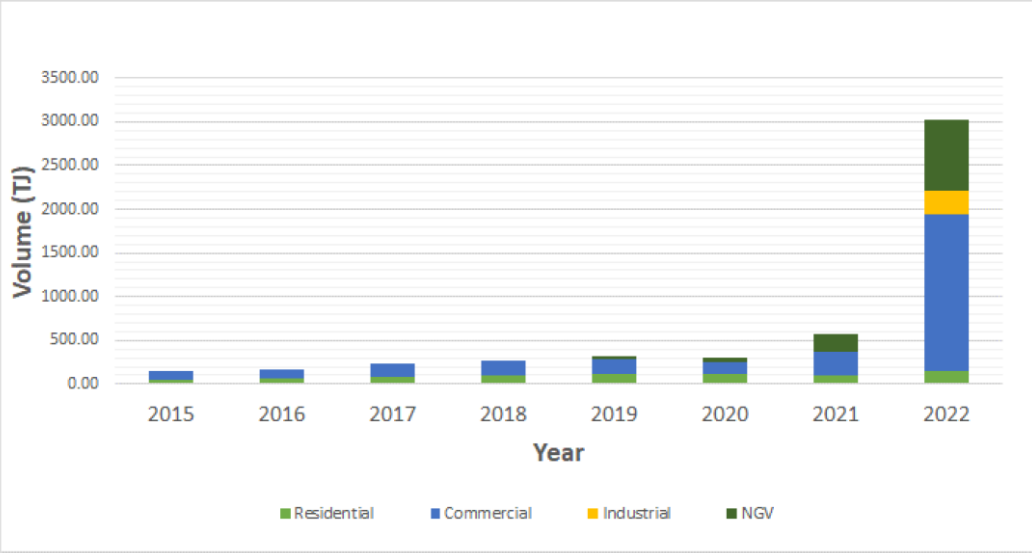
[256] Exhibit B-17, BCUC IR 11.1.
[257] Exhibit B-11, p. 67; Exhibit B-28, Translink IR 1.3.
[258] Exhibit B-11, pp. 67–68.
[259] Exhibit B-11, pp. 67–68.
[260] Exhibit B-11, p. 2, Footnote 3; Exhibit B-42, BCUC IR 62.3; Exhibit B-71, BCUC IR 1.1.
[261] Exhibit B-19, BCSEA IR 4.5.
[262] Exhibit B-17, BCSEA IR 4.12.
[263] Order G-64-18, Appendix A, p. 4.

supplements to RS 11B. These long term contracts are with University of British Columbia (UBC), City of Vancouver, and South Coast British Columbia Transportation Authority (Translink).[264] The long term contract with UBC, which came into effect in 2017, has a 10-year term, without a renewal option. FEI anticipates that the remaining long term contracts with the City of Vancouver and Translink will be renewed for a second 5-year term before they expire.[265] Subsequently, in September 2022, the BCUC approved a long term contract between FEI and BC Transit as a tariff supplement to RS 5B.[266]

Currently, all customers in the Voluntary RNG service, except customers on long term contracts, pay the Short Term BERC Rate for any amount of RNG they choose to consume.[267] Customers on longer-term contracts receive a $1 per GJ discount from the Short Term BERC Rate. The Short Term BERC Rate is $12.468 per GJ as of January 1, 2024, while FEI's weighted average cost of RNG supply for 2024 was estimated at $24.27 per GJ in May 2022.[268]

Figure 9 below shows both the historical actual and 2022 forecast RNG sales volumes for different customer segments.

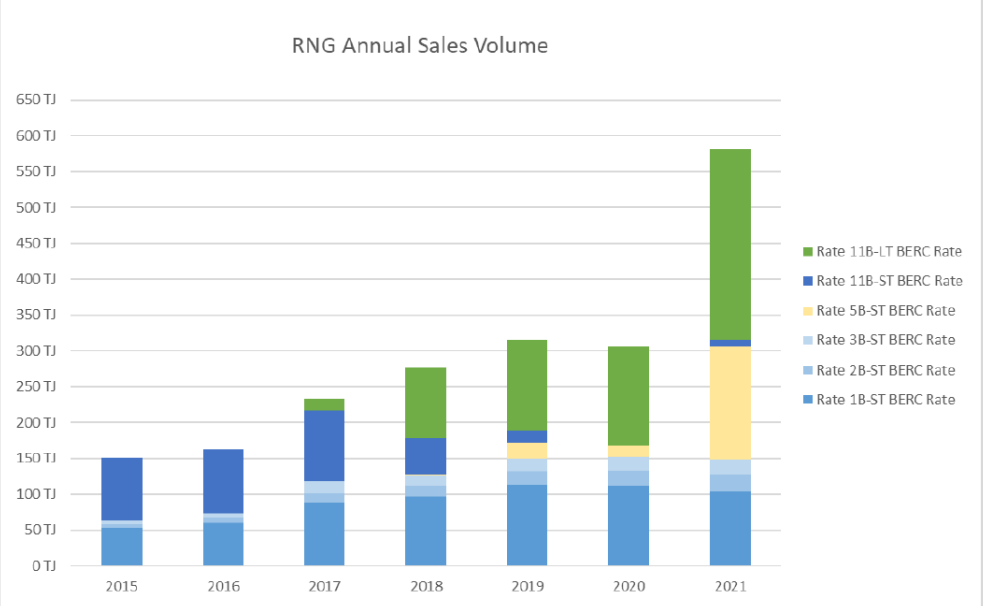
Figure 9: Annual RNG Sales by Customer Sector – Historical and Forecast[269]



Further, FEI provides a breakdown by rate schedule of the annual sales volume by voluntary customers in Figure 10 below. In that figure, Rate 1B represents single family residential customers, Rate 2B represents small commercial customers, and Rate 3B, 5B, and 11B represent large commercial, industrial, and NGV customers, respectively.

[264] Orders G-64-18, G-212-18, and G-19-19 respectively.
[265] Exhibit B-17, BCUC IR 11.3.1.
[266] Order G-271-22.
[267] Exhibit B-11, Section 2.1, p. 14.
[268] Order G-327-13, Exhibit B-30, RCIA IR 5.2; Exhibit B-17, BCUC IR 35.1 for 2023-2032 estimates.
[269] Exhibit B-16, BC Transit IR 7.

Figure 10: RNG Program Annual Sales Volume by Rate Schedule[270]



2.3.2 FEI's Proposals for the Voluntary RNG Service

The approvals proposed by FEI to the Voluntary RNG service are as follows:[271]

1. Setting the LCG Charge equivalent to the current Short Term BERC Rate for Non-NGV Sales Customers; [272]
2. Changing the LCG Charge for NGV Sales and T-Service Customers from the current Short Term BERC Rate to the forecast weighted average cost of RNG acquisition; and
3. Elimination of the $1 per GJ discount for long term contracts.[273]

Approval of these requests would set the rate for Non-NGV Sales Customers at a level that is substantially less than that for NGV Sales Customers and T-Service Customers. FEI argues that the only material issue concerning the Voluntary RNG service is the pricing of the LCG Charge. It is FEI's position that the current Short Term BERC Rate remains a just and reasonable approach for the Non-NGV Sales Customers while NGV Sales and T-Service Customers' rates should reflect full cost recovery.[274]

With respect to long-term contracts, FEI submits that in subsequent years following the initial contract date, the LCG Charge for long term contracts will be set to match the Short Term BERC Rate in January of each year. The current rate escalation provision (i.e. 50 percent of the Canadian general consumer price index) would no longer

[270] Exhibit B-28, Translink IR 1.3.
[271] Exhibit B-11, Section 7.4.3, p. 103; Exhibit B-17, BCUC IR 28.4.
[272] FEI submits that all customers will receive an offsetting carbon tax credit for any volume of RNG they receive via the S&T LC Rider.
[273] Exhibit B-11, Section 1.1, p. 2.
[274] FEI Final Argument Stage 2, p. 56.

be required.[275] FEI submits that the terms of its existing long-term contracts were entered into in good faith and will remain in place until they expire.[276]

FEI also considers that it would be appropriate to include a contract ceiling price which would cap the price of the LCG Charge at the average cost of RNG acquisition. This would ensure that, if the Conventional Gas Cost and carbon tax escalate to the point where the LCG Charge would exceed the average cost of RNG acquisition, Voluntary RNG service customers would not pay more than the average cost of RNG acquisition. FEI states that this ceiling price should apply to short and long term Voluntary RNG service customers and will include this provision in future long term contracts sent to the BCUC for approval.[277]

FEI maintains its Voluntary RNG service remains an important and beneficial program component of FEI's Revised Renewable Gas Program. First, the service provides an option for those gas customers seeking to reduce their GHG emissions. This includes NGV Sales Customers who are incented to reduce their emissions under the BC-LCFS, public sector building operators who are mandated to achieve carbon neutrality and building owners wanting to take action to reduce GHG emissions. Second, the Voluntary RNG service is an offset to the costs of the renewable gas program for all sales customers as the costs of RNG are borne by customers who seek, and value, a higher percentage of RNG. As FEI has proposed, revenue from the LCG Charge reduces the balance in the LCG Account, thereby reducing the S&T LC Rider which benefits all sales customers. Third, the Voluntary RNG service helps maintain load on the system and affordable rates and ultimately the efficient use of FEI's infrastructure.[278]

FEI's Rationale for Changing the LCG Charge for NGV Sales Customers

As outlined above, the LCG Charge is proposed to be increased from the current Short Term BERC Rate to the average cost of RNG supply. FEI states there are two reasons for increasing the rate for NGV Sales Customers:[279]

1) Any GHG emissions reductions resulting from the sale of RNG to NGV Sales Customers will not contribute to achieving the GHG reduction policy under the CleanBC Roadmap; and
2) RNG has a higher value to NGV customers than other customer types.

Noting that the CleanBC Roadmap calls for a 47 percent reduction from 2007 levels in GHG emissions from gas used to heat homes and buildings and power industries by 2030, FEI explains that any emission reductions resulting from the use of RNG in NGVs will not contribute to achieving this goal. Therefore, additional RNG would have to be purchased by FEI ratepayers to replace the RNG consumed by NGV Sales Customers and meet the GHG emission reduction objectives in the CleanBC Roadmap. In addition, since RNG was sold at a discount to the acquisition cost, "the effect would be to increase the costs borne by all other ratepayers as more Renewable Gas would need to be purchased to meet the policy objective." Therefore, by setting the rate for NGV Sales Customers equal to the average cost of RNG supply, gas system ratepayers should be indifferent to the sale of RNG to NGV Sales Customers.[280]

[275] Exhibit B-42, BCUC IR 63.1.
[276] Exhibit B-17, BCUC IR 11.3.1.
[277] Exhibit B-42, BCUC IR 63.2.
[278] Exhibit B-17, BCUC IR 11.1; Exhibit B-11, p. 88.
[279] Exhibit B-11, p. 104.
[280] Exhibit B-11, p. 104.

FEI further explains that RNG has a higher value to NGV Sales Customers than to other customer types due to the introduction of the BC-LCFS in 2008. This increase in value is due to NGV Sales Customers being able to lower their emissions through fuel switching to notional RNG and resell credits gained through the BC-LCFS in the carbon credit market. This, in effect, provides these customers with a financial incentive to purchase RNG and reduce their GHG emissions.[281]

FEI also points out that unless NGV Sales Customers are charged the full cost of RNG, FEI's sales customers will in effect also shoulder the cost of emissions reductions in the transportation sector.[282] If the RNG were sold at a discount to the acquisition cost, the effect would be to increase the costs borne by all other ratepayers as more RNG would need to be purchased to meet the policy objective in the CleanBC Roadmap.[283]

BrightSide took issue with FEI's evidence regarding the ability of NGV Sale Customers to generate credits. BrightSide filed evidence showing that, based on current government policy, "it is only possible to generate LCG [low carbon fuel] credits on RNG which originates in BC."[284] Through dialogue with the BC Ministry of Energy, Mines and Low Carbon Innovation, BrightSide has confirmed that "physical delivery of the RNG must be demonstrated from the point of origin to the point of consumption in BC, if the RNG originates out of Province"[285] and that "the pipeline would need to flow in the direction of transport to meet the above requirements."[286] BrightSide states that the "requirement to demonstrate forward flow on the pipeline effectively eliminates any possibility of RNG produced in other regions being accepted for [Low Carbon Fuel] LCF Credit generation in BC. " Therefore, if FEI succeeds in applying a two-tiered pricing mechanism for RNG, transportation customers (i.e. NGV Sales Customers) will be required to pay a large RNG premium but will be unable to recover that premium from LCF credit generation and sales.[287]

FEI responded that it was not aware of any BC Ministry of Energy, Mines and Low Carbon Innovation policy that precluded out-of-province RNG from generating BC-LCFS credits as of September 2022 and was informally advised of this in February 2023. FEI does not disagree with BrightSide's understanding of current government policy but notes that these developments "do not change FEI's approvals sought in this proceeding." Further, FEI points to the federal *Clean Fuel Regulation* as a potential opportunity to obtain credits for the use of RNG.[288]

FEI's Rationale for Changing the LCG Charge for T-Service Customers

The primary rationale for charging T-Service Customers the full RNG acquisition cost is that they do not participate in the RNG services provided to RNG Blend service customers. As such, T-Service Customers do not pay for under-recoveries from the RNG Connections service or the Voluntary RNG service, nor will they receive any RNG volumes via the S&T LC Rider. Put more simply, FEI states T-Service Customers should not receive any pricing discount on RNG because they will not be charged the S&T LC Rider and will not contribute to the recovery of program costs.[289]

[281] Exhibit B-11, p. 104.
[282] Ibid.
[283] Ibid.
[284] Exhibit C18-8, BCUC IR 1.3.
[285] Exhibit C18-7, p. 3.
[286] Exhibit C18-7, p. 3.
[287] Exhibit C18-7, p. 3.
[288] Exhibit B-64, p. 2.
[289] Exhibit B-42, BCUC IR 62.3; FEI Final Argument Stage 2, p. 68.

FEI reports that T-Service Customers have raised concerns about the added cost associated with the current BVA rider and its potential escalation without receiving any program or environmental benefits. The current proposal includes replacing the BVA rider with the S&T LC Rider, which T-Service Customers will not be required to contribute to. Therefore, because T-Service Customers receive no RNG volumes through the S&T LC Rider there is no requirement for them to pay for under-recoveries from RNG Connections or Voluntary RNG services. FEI notes that T-Service Customers also have the option to become sales customers and purchase RNG from FEI at their discretion.[290]

FEI's Rationale for Maintaining a Reduced LCG Charge for Non-NGV Sales Customers

FEI submits the rate setting methodology approved by the BCUC in 2015 continues to be just and reasonable for Non-NGV Sales Customers.[291] FEI argues that all customer segments are sensitive to the premium paid for RNG above conventional natural gas and the likelihood of signing up for the Voluntary RNG service declines as the cost to customers increases.[292] Therefore, as noted by Mr. Reed, "[i]f the premium for the Voluntary Renewable Gas service were increased, it is not likely that revenues would likewise be increased."[293]

FEI points out that it is important to note that in addition to paying the $7 per GJ premium for the additional RNG purchased, Voluntary RNG customers also pay the S&T LC Rider. By paying for both charges Voluntary RNG Customers take on a greater share of the RNG acquisition costs.[294] FEI notes that when the BERC rate was approved, "the BCUC noted that one objective for FEI was to maximize recovery of program costs from Renewable Gas customers."[295] As explained by Mr. Reed, the $7 per GJ premium strikes a balance that both maximizes revenue and does so in a way that:[296]

- enables FEI to increase the amount of RNG in the supply portfolio that is dedicated to customers who wish to, or are required to, purchase greater amounts of RNG than is in the blended rate;
- advances GHG emission reduction goals;
- reduces other customers' contributions to the S&T LC Rider; and
- retains customers and mitigates potential upward rate pressure if those customers left the system.

FEI explains that if the full cost of acquisition was charged to Non-NGV Sales Customers, it would be unlikely that FEI's forecast demand would materialize. Based on history and customer feedback, FEI believes residential and small commercial customers would not take this service. In addition, based on surveys and key account managers' feedback, FEI believes that higher-volume large commercial/institutional customers participation rates would decline significantly and be limited to those with firm and committed GHG emission targets and face high capital or technical barrier costs to electrification.[297]

Is Differential Pricing for Voluntary RNG Service Customers Discriminatory?

[290] Exhibit B-42, BCUC IR 62.3; FEI Final Argument Stage 2, p. 69.
[291] Exhibit B-11, p. 103.
[292] Exhibit B-11, p. 59.
[293] Exhibit B-42, BCUC IR 60.1.
[294] Exhibit B-42, BCUC IR 60.4.
[295] Exhibit B-17, BCUC IR 28.1.
[296] Exhibit B-42, BCUC IR 60.1.
[297] Exhibit B-17, BCUC IR 28.7.

FEI takes the position that differential pricing for the Voluntary RNG service is justified and is not unduly discriminatory. This is because voluntary customers have chosen to take the service and have the option to take the same service as all customers where they receive natural gas and the percentage of RNG provided through the RNG Blend service. [298] For greater clarity, FEI relies on Mr. Reed's response to an IR from BCOAPO asking FEI to discuss the appropriateness of a premium to be charged to customers who elect greater than the blended gas offering:[299]

> …the Voluntary Renewable Gas service is appropriately priced differently than the Renewable Gas Blend or Connections services. Customers who voluntarily choose to purchase up to 100 percent Renewable Gas are charged a premium over conventional natural gas or the average cost of acquisition of Renewable Gas for that premium service. This distinction is well-supported in ratemaking principles. Charging a different price for a different service is just discrimination where that service is distinguishable from the default service, and where the value of that service to the customer is materially different. In FEI's proposal, new customers joining the natural gas system are not provided a distinguishable service as compared to the service provided to existing customers. By contrast, Voluntary Renewable Gas service customers voluntarily pay FEI to acquire fully decarbonized supply, which is distinguishable both as a matter of cost causation and value. Therefore, charging the directly assigned stand-alone cost to those customers is "just discrimination".
>
> The elimination of any premium for Voluntary Renewable Gas would violate the principle established by the BCUC that the voluntary program should maximize revenues to cover as many of the higher Renewable Gas costs as possible while still maintaining customer interest in the program. It would also not produce the reductions in the S&T LC rider for blended rate customers that would result from the voluntary service.

Further, FEI was asked to "explain why it would be just, fair and reasonable for entities that must comply with increasing stringent emissions reduction regulations or want to improve their ESG score to potentially be subsidized by all sales customers for their increased cost of doing business." Mr. Reed made reference to BCUC IR 60.1 and provided the following response:[300]

> In order to advance clean energy policies, departures from strict cost-based ratemaking may be appropriate.
>
> Further, as discussed in the response to BCUC IR1 28.4.1, while FEI has no information regarding the particular price sensitives of these customers, FEI is aware that these customers are price sensitive generally and have other options to reduce GHG emissions, including energy efficiency, fuel switching, renewable distributed energy resources, carbon offsets, or any combination thereof. Therefore, charging these customers a rate higher than the current $7/GJ premium can only make it more likely that these entities will choose an option other than Renewable Gas to reduce GHG emissions, and potentially leave the gas system, which would reduce program

[298] Exhibit B-17, BCUC IR 28.3; FEI Final Argument Stage 2, p. 64.
[299] Exhibit B-21, BCOAPO IR 15.3.
[300] Exhibit B-42, BCUC IR 60.3.

participation and volumes, and increase the Renewable Gas costs borne by other sales customers.

Accordingly, FEI proposes to continue to price the Voluntary Renewable Gas service on a stand-alone cost basis using $7/GJ as a proxy for the Renewable Gas cost differential over the cost of conventional natural gas. This approach is just, fair and reasonable because it helps to achieve provincial goals for decarbonization while limiting the premium paid by Voluntary Renewable Gas customers to one which keeps these customers on the gas network and sustains their contribution to the recovery of fixed costs.

FEI was also asked to explain how its proposed Revised Renewable Gas Program "is not unduly discriminatory in its treatment of Non-NGV sales customers, T-service customers and NGV customers." FEI's response provided by Mr. Reed argues that NGV Sales and T-Service Customers are not similarly situated when compared to Non-NGV Sales Customers and reiterates many of the points made by FEI in its rationale for changing the LCG Charge for NGV Sales Customers. In addition, Mr. Reed also notes it is important to recognize that RNG has a higher value to NGV Sales Customers than to other customer types making the following observation:[301]

> Overall, this information indicates that NGV customers are not similarly situated to non-NGV sales customers. Charging a different price for a different service is just discrimination where that service is distinguishable from the default service, and where the value of that service to the customer is materially different. In FEI's proposal, NGV customers voluntarily pay FEI to acquire fully-decarbonized supply, which is distinguishable both as a matter of cost causation and value. Therefore, charging the directly assigned stand alone cost to those customers is "just discrimination".

Finally, FEI was asked how it is not price discrimination when one set of customers is paying a subsidized price and the other set of customers is paying a different price (and explain this on a "cost of service" rather than a "value of service" basis). Mr. Reed, on behalf of FEI, states the following:[302]

> The distinction here does not constitute unjust discrimination because the two groups of customers are very differently situated. Transportation customers operate in a workably competitive market where viable low-carbon options are provided by other unregulated providers and do not require the protection offered by regulated cost-based rates. FEI pricing its service to that segment on a value of service basis is appropriate in a competitive market. Conversely, only FEI provides RNG to non-transportation customers located on its network, and regulated rates apply to this service. For service to these customers, FEI has applied cost-based ratemaking principles on a consistent and equitable basis.

Mr. Reed further elaborated stating that the NGV market is workably competitive as it has various options including hydrogen, gas, diesel, electric vehicles as well as CNG and RNG available to it and where markets are workably competitive, market pricing is not unduly discriminatory.[303]

Premium of $7 per GJ for Non-NGV Sales Customers

[301] Exhibit B-19, BCSEA IR 4.15.
[302] Exhibit B-46, BrightSide IR2, 8i.
[303] Exhibit B-42, BCUC IR 62.7.1.

FEI also notes that the $7 per GJ premium is consistent with the BCUC's objective of maximizing revenues from the Voluntary RNG Service.[304] To shield ratepayers as much as possible from the costs of acquiring RNG, revenue maximization was included as a BCUC objective for the current voluntary RNG program.[305] As noted above, FEI customer surveys and anecdotal feedback support the view that customers are sensitive to the price of RNG. This is particularly true for those who have other options to reduce their GHG emissions by switching to electricity or other fuels, implementing energy conservation, purchase carbon offsets, or a combination of options.[306] While a premium above $7 per GJ would mitigate cross-subsidization between all sales customers and customers in the voluntary program choosing to purchase a higher percentage of RNG compared to the blend, it would, in FEI's view, do so at the expense of program participation. Lower program participation would (i) complicate achieving the Province's climate goals and (ii) increase costs for remaining gas customers.[307]

$1 per GJ discount on Long Term Contracts

The current $1 per GJ discount from the Short Term BERC Rate for long term contracts was approved in August 2016.[308] The approval for the discount was sought by FEI to reduce the risk of unsold volumes of RNG being charged to all customers by providing a means to encourage large volume customers to enter into long term contracts. FEI notes these contracts provided long-term revenue certainty as well as a predictable load throughout the year and resulted in marketing efforts to eligible customers being reduced. At that time, the most important consideration was the assurance of revenue from the voluntary customer. Noting that the Revised Renewable Gas Program as proposed has mechanisms to ensure that all RNG will be sold, FEI submits the $1 discount is no longer required for future long term contracts and will have no material impact on overall demand. Therefore, FEI submits the discount should be discontinued because the RNG Blend service will eliminate the risk of unsold volumes.[309]

The terms of the existing long term contracts will remain in place until they expire; the renewal terms which were agreed to in good faith will be honored.[310]

Previously, the BCUC expressed concern that "those on longer term contracts are charged the BERC Rate effective at the date of signing for the length of the contract — which is a minimum of five and up to ten years."[311] The only adjustment to the longer-term contracts was an annual escalator of 50 percent of the Canadian general consumer price index rate.[312] The potential for significant price discrepancies between the Short Term BERC Rate, which is updated annually, and the price in the longer-term contracts, could jeopardize the stated goal of revenue maximization.[313] The BCUC directed FEI to implement a provision, stating the BERC rate or the mechanism used to calculate the long-term contract rate will be subject to change as determined in this Stage 2 Comprehensive Review. This provision applies to any longer-term contract initiated after the date of the order, which was issued on August 12, 2021.[314]

[304] Exhibit B-17, BCUC IR 16.1.
[305] Exhibit B-17, BCUC IR 16.1.
[306] Exhibit B-17, BCUC IR 28.1.
[307] Exhibit B-42, BCUC IR 60.4.
[308] 2016 Biomethane Decision, p. 53.
[309] FEI Final Argument Stage 2, p. 73; Exhibit B-17, BCUC IR 11.4.
[310] Exhibit B-17, BCUC IR 11.3.1.
[311] FEI BERC Rate Methodology Assessment Report Decision, Section 3.1, p. 11.
[312] Ibid.
[313] Ibid.
[314] Ibid.

Positions of the Parties

The CEC

The CEC states that FEI's proposed modifications to the Voluntary RNG service are just and reasonable and this service remains an important and beneficial component of the RNG program. The CEC agrees with FEI's arguments in favour of the differential pricing for each of the Non-NGV Sales, NGV Sales and T-Service Customer groups.[315]

BCOAPO

BCOAPO note the rate-setting framework of the proposed Voluntary RNG service is in line with the Province's environmental policy. However, the distinction between voluntary and involuntary is of significant importance. BCOAPO submits that Voluntary RNG service customers need to be a separate ratepayer group without ratepayer subsidization. Those customers purchasing RNG amounts which exceed the RNG Blend service will better enable FEI to meet its environmental targets creating a greater benefit to society and partially offsetting the impact of supply costs on rates.[316]

BCSEA

BCSEA also agrees that the Voluntary RNG service remains important and beneficial. BCSEA favours leaving the $7 per GJ premium acknowledging this service produces less revenue than the RNG cost but pointing out it reduces the RNG costs that will be recovered from all customers under an approved RNG Blend service. BCSEA also acknowledges NGV Sales Customers pay the same S&T rider charges as all sales customers but accepts FEI's rationale that NGV Sales Customers will not contribute to GHG reduction policy targets as justification for higher average-cost based pricing for the NGV Sales Customers.[317] Noting its agreement with FEI's rationale for average-cost pricing of RNG to NGV Sales Customers, BCSEA submits that parenthetically, the same reasoning is why it opposes approval of the RNG Connections service:[318]

> The Connections Program would provide 100% RNG to new residential customers at a substantial discount to the cost of acquisition of RNG and the effect would be to increase the costs borne by all other ratepayers as more RNG would need to be purchased to meet the policy objective to reduce GHG emissions from buildings.

BCSEA also agrees that T-Service Customers should bear the average cost of RNG supply because they are not included in the RNG Blend service and thus, would not be required to purchase RNG like sales customers. In keeping with FEI, BCSEA concurs that the higher pricing for both the NGV Sales and the T-Service Customer groups is not unduly discriminatory because these customers are not similarly situated to Non-NGV Sales Customers.[319]

[315] CEC Final Argument Stage 2, p. 12.
[316] BCOAPO Final Argument Stage 2, p. 16.
[317] BCSEA Final Argument Stage 2, pp. 36–37.
[318] BCSEA Final Argument Stage 2, p. 37.
[319] BCSEA Final Argument Stage 2, p. 38.

BrightSide

BrightSide states that FEI's justification for charging higher pricing to T-Service Customers is based on these customers earning Low Carbon Fuel Credits under the BC-LCFS program as the value of these credits exceeds the RNG premium. BrightSide asks the BCUC to consider the following points:

1) The BC Government implemented the LCF Regulation to encourage greater use of low carbon fuels in transportation and the LCF is intended to improve the business case for transportation customers to switch from diesel to low carbon fuels. Charging more for RNG would effectively transfer this incentive from transport customers to FEI's entire customer base;
2) Differential pricing is not consistent with normal utility ratemaking practices; and
3) Over 70 percent of RNG is generated outside of the Province and is not eligible for credits under the present LCF regulations. Therefore, only 30 percent of the RNG supplied to transport customers is eligible.[320]

MoveUP

Noting FEI's argument that providing a discount to NGV customers for RNG acquisition would increase the costs borne by ratepayers, MoveUP is in agreement noting that a solution from the NGV customer perspective "would entail changes to the Province's climate policy to deal with all applications of RNG in a more comprehensive and consistent way."[321]

RCIA

With regards to the $7 per GJ premium, RCIA submits that FEI suggesting the premium is consistent with the objective of maximizing revenues is pure speculation without understanding the potential changes in demand related to changing the BERC rate.

RCIA argues that the BERC rate was set in 2016 and because the economic and policy environment has changed since then, it is reasonable to expect that the optimal BERC rate may have also changed. Further, considering the changes to "the CleanBC Act and its predecessor regulation since 2016, it is unclear whether the BERC underpinning the Voluntary Renewable Gas program pricing should include any obvious cross-subsidization from other residential customers." RCIA recommends that FEI take steps to charge Voluntary RNG service customers a rate that fully recovers the cost of RNG noting the cost recovery mechanism should better reflect what customers are paying for. This could be phased in over time thereby encouraging participation and minimizing rate volatility.[322]

MS2S

[320] BrightSide Final Argument Stage 2, pp. 1–2.
[321] MoveUp Final Argument Stage 2, p. 10.
[322] RCIA Final Argument Stage 2, p. 13.

MS2S recommends the BCUC set the price for the Voluntary RNG service at the weighted average cost of RNG as this will ensure cost recovery for this currently subsidized program. Noting this service affects less than a percent of FEI's customers, MS2S observes "this should not be hugely disruptive."[323]

Neither BC Hydro nor the LG Interveners made specific arguments concerning the Voluntary RNG service.

FEI Reply Argument

In response to RCIA's recommendation to charge a Voluntary RNG service rate that fully recovers the cost of RNG, FEI reiterates three reasons why the Voluntary RNG service remains important and beneficial; reduced GHG emissions, offset of some costs and its positive impact on affordable rates, and the long-term viability of the gas system. FEI argues these benefits would be undermined if customers were charged the full acquisition cost and the impacts would not be softened by phasing in a more aggressive premium over time as suggested by RCIA. FEI further argues that RCIA has made these recommendations "without any reasonable basis for doing so. RCIA has not pointed to any reliable information on the record that supports a change to the $7 per GJ premium for the Voluntary Renewable Gas service; nor has it identified an alternative means of estimating whether a change in price would be likely to prove beneficial or meet the overarching objectives established by the BCUC in setting the short-term BERC [rate]..."[324]

FEI argues that RCIA's statement, which is that is it is "purely speculative" for FEI to suggest the $7 per GJ premium remains consistent with the maximization of revenues objective, is a mischaracterization and largely ignores points FEI made in its final argument. It is FEI's position that the historical success of the BERC rate since 2016 supports the view that the current rate is just and reasonable, noting that since its introduction, there has been positive net growth in customer participation of RNG sales volumes and RNG revenues. FEI argues that this historical success is the best evidence demonstrating the current BERC is just and reasonable and is consistent with maximizing revenues.[325]

FEI disagrees with BrightSide's argument that charging NGV customers the average cost of RNG amounts to a "transfer" of LCFS incentives to FEI's customer base. They are independent of one another and therefore the cost of the commodity in no way contradicts the purpose of the BC-LCFS. FEI acknowledges the incentive for NGV customers to credit eligible RNG would be higher if the $7 per GJ premium were maintained. However, the BC-LCFS does not guarantee any particular quantum of incentive and does not impose a legal obligation on FEI to subsidize the transportation sector cost of RNG. FEI points out that the BC-LCFS incentive is to the benefit of NGV customers, not FEI's customers.[326]

FEI also takes issue with BrightSide's argument that differential pricing is not consistent with normal rate making practices, noting the evidence on the record and confirmed by Mr. Reed supports the view that FEI's proposal to charge NGV customers the average cost of gas is superior when assessed against Bonbright principles.[327]

[323] MS2S Final Argument Stage 2, p. 16.
[324] FEI Reply Argument Stage 2, pp. 67–68.
[325] FEI Reply Argument Stage 2, p. 69.
[326] FEI Reply Argument Stage 2, pp. 74–75.
[327] FEI Reply Argument Stage 2, p. 77.

2.3.3 Panel Determination

FEI has described the Voluntary RNG service as an important component of its service offering and has proposed changes in response to evolving government policies and customer preferences. There was little disagreement among interveners as to whether this service should continue, as none suggested it should be discontinued. There is, however, significant disagreement among the parties as to how it should be structured and whether the changes proposed by FEI are appropriate. A number of interveners (the CEC, BCSEA, and MoveUP) supported FEI's proposed changes while others (RCIA, BrightSide, and MS2S) raised concerns about the proposed price differential amongst Non-NGV Sales, NGV Sales, and T-Service Customers and the continuation of the current Short Term BERC Rate for Non-NGV Sales Customers.

The Panel notes that a voluntary RNG offering was the basis for FEI's biomethane service offering to its sales customers and has been in place since the program's inception in 2010. Over time, the voluntary program has expanded to include NGV Sales and T-Service Customers. All of these groups see value in the program with limited or no detrimental effects to voluntary customers or FEI's ratepayers in general. In addition, the voluntary program can generate incremental revenue to offset the cost recovery required for the acquisition of RNG under the CEA and GGRR. **Therefore, the Panel agrees with FEI and the interveners and finds the Voluntary RNG service should continue as part of FEI's Revised Renewable Gas Program.**

Having established that the Voluntary RNG service should remain in place, a number of questions have arisen as to how it should be structured. Among these are the following:

- Are Non-NGV Sales, NGV Sales, and T-Service Customers differently situated so as to justify different rates among these groups?
- Is a subsidized RNG rate still appropriate in the Voluntary RNG service? If so, is the $7 per GJ premium justified?
- Is there still a need for the $1 per GJ discount on long term contracts?

Differentiation between Non-NGV Sales, NGV Sales, and T-Service Customers

Currently, FEI's rate for RNG service under its voluntary RNG program is the same (a premium of $7 per GJ) across all three customer groups. FEI now proposes to charge different rates for Non-NGV Sales, NGV Sales, and T-Service Customers. To approve this proposal, the Panel must be satisfied there is an economic or regulatory justification to have differentiated rates amongst customers of the Voluntary RNG service. As noted in Section 2.2.1, pursuant to section 59 of the UCA, the BCUC is the sole judge as to whether a particular rate gives rise to undue discrimination.

T-Service Customers, while having the option to become sales customers, have chosen to source their own commodity and storage and transportation and will not contribute to the RNG Blend through the S&T LC Rider. T-Service Customers may voluntarily purchase RNG from FEI for a portion of their gas supply and obtain the remaining from a source of their own. Based on these characteristics, T-Service Customers can be clearly differentiated from NGV and Non-NGV Sales Customers. **Because T-Service Customers will not be charged the S&T LC Rider and therefore will not contribute to the recovery of the RNG Blend service costs approved in Section 2.1, the Panel finds FEI's proposal to charge the weighted average cost of RNG supply is reasonable and not unduly discriminatory. Therefore, subject to the Panel's determination on the effective date and the name of the LCG Charge in sections 3.1 and 3.2 below, the Panel approves FEI's proposal to set the LCG Charge**

for T-Service Customers at the forecast weighted average cost of RNG supply under the Voluntary RNG service.

FEI's rationale to charge NGV Sales Customers at the weighted average cost of RNG supply originally considered two factors: (i) GHG reductions resulting from selling RNG to NGV Sales Customers do not contribute to achieving the GHG reduction goal under the CleanBC Roadmap's anticipated cap for gas utilities; and (ii) the value of RNG to NGV Sales Customers as opposed to other customers. FEI later conceded on the second point after BrightSide's evidence clarified that the monetization of fuel credits is limited to certain circumstances.

The Panel notes that NGV and Non-NGV Sales Customers will both pay into the RNG Blend through the S&T LC Rider (approved in Section 2.1), which would indicate that both groups have similar terms. However, this does not address whether the two customer groups are situationally different as claimed by FEI and Mr. Reed. As Mr. Reed pointed out, transportation customers operate in a competitive market and have viable low carbon fuel options provided by other unregulated providers. In the view of the Panel, the fact that NGV Sales Customers have choice and operate in a market that is adequate to give buyers genuine alternatives differentiates them significantly from Non-NGV Sales Customers whose choices are more limited. A further consideration lies in the fact that any emission reductions resulting from the use of RNG in NGVs will not contribute to GHG emission reductions under the CleanBC Roadmap's anticipated cap for gas utilities. As pointed out by Mr. Reed, any RNG sold to NGV Sales Customers needs to be replaced in order to reach the GHG reduction target under this anticipated cap. Thus, if the rate charged to NGV Sales Customers remained unchanged, FEI's Non-NGV Sales Customers would, in effect, also bear the cost of reducing transportation sector emissions. This will be on top of any possible costs related to meet the anticipated emissions cap for gas distribution utilities. These additional costs are not reasonable or justified. **Therefore, the Panel finds that while a differential rate between Non-NGV Sales and NGV Sales Customers may be discriminatory, it is not unduly discriminatory due to the negative cost impact on FEI's Non-NGV Sales Customers if the rate for NGV Sales Customers continues to be subsidized. Accordingly, subject to the Panel's determination on the effective date and the name of the LCG Charge and S&T LC Rider in sections 3.1 and 3.2 below, the Panel approves FEI's proposal to set the LCG Charge for NGV Sales Customers at the forecast weighted average cost of RNG supply less the S&T LC Rider under the Voluntary RNG service.**

Voluntary RNG Service Rates for Non-NGV Sales Customers

The Panel's approval of the RNG Blend service in this Decision means all FEI sales customers will pay toward the recovery of RNG supply cost through the S&T LC Rider. Any voluntary Non-NGV Sales Customers who choose to purchase a greater share of RNG, thereby lowering the RNG Blend percentage for RNG Blend customers, will have the effect of lowering the S&T LC Rider.

In 2016, the BCUC approved the market-based pricing methodology due to excess amounts of unsold biomethane as the costs would otherwise be borne by all other FEI ratepayers. Since then, several events have occurred. Among them are the following:[328]

- The voluntary RNG program being oversubscribed in 2019;
- Amendments to the GGRR in relation to the acquisition of RNG as a prescribed undertaking; and

[328] Exhibit B-11, Section 2.1, p. 15.

- FEI's proposal to add a new baseline or mandatory component in its Revised Renewable Gas Program.

The evidence shows that the 2016 pricing methodology to sell off excess biomethane has worked as intended. The subsidized BERC rate has, as intended, attracted additional demand, including long-term contracts from larger entities and a growing number of voluntary customers. The RNG Program demand was so high that FEI had to temporarily pause the service to allow FEI to secure sufficient quantities of RNG.[329] In 2017, the GGRR was amended to allow RNG (up to 15 percent of total GJs) to be sold at a rate lower than the acquisition price. Subsequently, FEI increased RNG supply significantly from 154 TJs per year in 2017, to 250 TJs per year in 2020, to an expected annual volume of approximately 20,000 TJ per year by 2030.

The Panel is cognizant the RNG program with a subsidized rate has been in place for a number of years and, as noted above, continues to work. But does this mean that continuing to offer a subsidized rate is justified in this instance or is it unduly discriminatory to Non-NGV Sales Customers who have opted to not purchase additional RNG?

FEI and Mr. Reed have argued that changing the current rate to one based on the weighted average cost of RNG supply will result in limited uptake from Non-NGV Sales Customers. The Panel agrees noting there was limited uptake in the program prior to the $7 per GJ premium being established. This is likely to occur again if the weighted average cost of RNG supply pricing is re-established, all else being equal.

The Panel accepts it can be argued that not charging the weighted average cost of RNG supply to all groups of Voluntary RNG service customers may be considered discriminatory. **However, the Panel does not find charging Non-NGV Sales Customers a subsidized rate to be unduly discriminatory**. We note that any RNG voluntarily purchased by Non-NGV Sales Customers will reduce the S&T LC Rider because it would inherently be reducing the blend percentage of the RNG Blend service. Given that the S&T LC Rider will continue to grow over time as additional RNG is secured to meet the CleanBC Roadmap targets, it follows that any relief provided to limit the growth of this rider amount can be considered positive to all FEI ratepayers. **Therefore, in consideration of the fact that the subsidized rate has been in place for a number of years, and it does provide some cost relief to sales customers, the Panel finds that arguments in favour of changing the BERC for Non-NGV Sales Customers to the weighted average cost of RNG supply are not compelling at this time.** Instead, the Panel considers it appropriate for FEI to continue to offer RNG at a subsidized rate for Non-NGV Sales Customers**.**

With respect to the subsidized rate level of the $7 per GJ premium, the Panel is of the view that it would be appropriate for FEI to conduct more analysis to support its pricing strategy. We consider FEI's argument to be circular as FEI cites the lack of alternative price points being an impediment to conduct elasticity studies, but at the same time FEI is reluctant to try other pricing strategies. Businesses constantly find ways to optimize their pricing strategies through various means, even if there is no definitive data available. FEI can gather comprehensive customer feedback, engage independent experts, or conduct literature reviews, to assist in modeling alternative scenarios.

Given the lack of evidence in support of changing the current $7 per GJ premium to another amount, the Panel finds that maintaining this rate is just and reasonable at this time. Accordingly, FEI is granted approval to maintain the $7 per GJ premium for providing voluntary RNG to Non-NGV Sales Customers.

[329] On page 131 of Exhibit B-11, FEI explains that it ceased accepting enrollments in the RNG Program in 2019 when demand exceeded the available supply. The program was later re-opened in October 2021, following an increase in supply.

However, the Panel is not convinced that maintaining a subsidized rate or specifically the $7/GJ premium should continue for more than a few years. **FEI is directed to report on the appropriateness of continuing to offer a subsidized rate and if so, whether the $7 per GJ premium over the Conventional Gas Cost for Non-NGV Sales customers is appropriate. This report must be filed by no later than January 31, 2026.** By that time, the impact of the RNG Blend service will be more fully understood and the level of customer demand for the Voluntary RNG service will be known. In addition, FEI will be able to assess the impact of updated government policies, if any, at that time and propose whether any ceiling price for the Voluntary RNG service is warranted.

Long Term Contracts

The current $1 per GJ discount to the Short Term BERC Rate was an incentive to encourage long-term commitments from large volume customers at a time when FEI had biomethane inventory build up in 2016. Since then, FEI has entered into several long term contracts and the RNG program was oversubscribed resulting in its temporary closure to new participants in 2019. FEI's rationale is to remove the discount because the RNG Blend service will eliminate the risk of unsold volumes. The Panel agrees. In our view, the introduction of the RNG Blend service will act as a mechanism to match supply and demand of RNG thereby limiting the need for long term contracts. **Accordingly, the Panel finds that a discounted pricing incentive is no longer necessary and approves FEI's proposal to eliminate the $1 per GJ discount on any future voluntary long term contract effective on the date of this Decision**.

For any new long term contracts, the Panel notes that FEI has confirmed that the rate charged for long term contracts in subsequent years following the initial contract date will be set to match the short term charge in January of each year.[330] Therefore, the current rate escalation provision of 50 percent of the Canadian general consumer price index is no longer required.

3.0 Implementation of the Revised RNG Program

This section addresses the matters relating to the implementation of the renewable gas program for FEI that pertain to the Panel's directives and determinations in Section 2.0, which we refer hereafter to as the "Revised RNG Program." For clarity, this means the implementation of the RNG Blend service and the Voluntary RNG service only as described in sections 2.1 and 2.3, as the RNG Connections service is denied in Section 2.2.

3.1 Program Mechanics and Rate-Setting Process

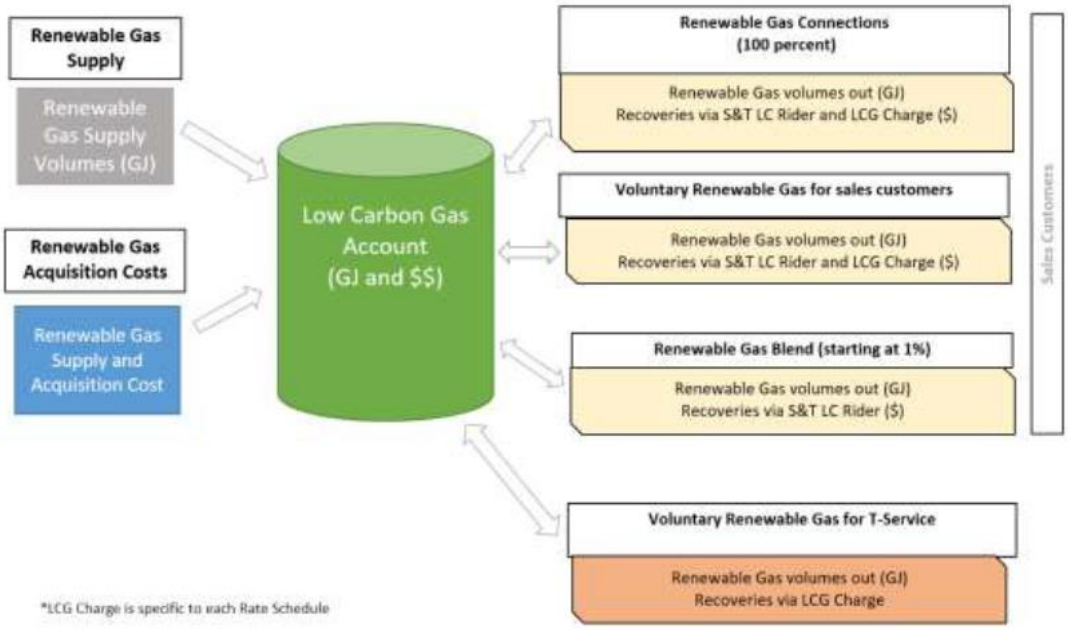
To implement the Revised Renewable Gas Program as originally proposed, FEI proposes to change the name of the BVA to the LCG Account and the BERC rate to the LCG Charge. FEI explains that the LCG Account is intended to be the replacement account for the BVA, as the regulatory mechanism to track all RNG program supply costs and recoveries, as well as the associated volumes.[331] The recoveries of the RNG supply costs recorded in the LCG Account will be through two charges: the S&T LC Rider and the LCG Charge.[332] However, customers will also receive an offsetting carbon tax credit for any volume of RNG they receive via the S&T LC Rider.[333]

[330] Exhibit B-42, BCUC IR 63.1.
[331] Exhibit B-11, p. 107.
[332] Exhibit B-11, pp. 107 and 112.
[333] Exhibit B-11, p. 116.

FEI provided mock bill examples for customers and indicated that the current plan is for the LCG Charge to be included in the S&T line item and the percent of RNG included to be shown below that line item. FEI stated that this bill design is not yet finalized and it will explore the bill format options once a decision has been rendered on the Application.[334]

Figure 11 below illustrates how the proposed LCG Account will function, including the role of the S&T LC Rider and LCG Charges.[335]

Figure 11: LCG Account including S&T LC Rider and LCG Charge[336]



In the Application and responses to IRs, FEI provides an illustrative example of the calculations and corresponding accounting entries that would flow through the LCG Account.[337]

FEI states that the RNG supply and acquisition costs to be captured in the LCG Account will remain the same as those approved by the BCUC for the BVA and include the following:[338]

- Payments to suppliers for the acquisition of RNG;
- The cost of service of FEI-owned interconnections enabling the injection of RNG into FEI's transmission or distribution system;
- The cost of service of FEI-owned renewable gas production facilities;

[334] Exhibit B-12, BCOAPO IR 11.1.
[335] The Panel notes that this figure, which is reproduced from the original Application (Exhibit B-11) includes the RNG Connections service which is denied in Section 2.2 of this Decision, but considers that it does not otherwise impact how the proposed LCG Account will function as it relates to the RNG Blend and Voluntary RNG services. The figure also references "starting at 1%" for the RNG Blend service; this has since been superseded by FEI's Evidentiary Update but does not otherwise impact the figure.
[336] Exhibit B-11, p. 108, Figure 8-1.
[337] Exhibit B-11, pp. 108–111; Exhibit B-17, BCUC IR 37.1; Exhibit B-42, BCUC IR 64.1.
[338] Exhibit B-11, p. 112; Exhibit B-17, BCUC IR 34.1.

- Costs related to the procurement of carbon offsets, if any, in the context of the Voluntary RNG service (carbon offsets may be purchased to ensure sufficient volume exists to cover FEI's obligations if there is a shortfall in renewable gas supply); and
- FEI's costs to manage the procurement of supply and administration of supply contracts.

Due to the Carbon Tax Matter which came to light during the proceeding, FEI proposes to account for any un-refunded carbon tax amounts in the LCG Account in addition to these amounts. These will be recovered from all sales customers in a subsequent period when setting the S&T LC Rider.[339] For clarity, this is not captured in Figure 11 above.

Like the BVA, FEI states the LCG Account will also be used to track all volumes of RNG, including the RNG FEI acquires from locations other than BC which is received in BC via displacement.[340] Cost recoveries from customers through the S&T LC Rider and LCG Charge are credited into the LCG Account.[341]

Table 6 below provides an illustrative example of how the S&T LC Rider and LCG Charge would apply for each component of the Revised Renewable Gas Program and for each rate schedule as proposed by FEI. This example assumes the RNG blend to all sales customers is one percent and the elected voluntary RNG percentage is 10 percent.[342]

[339] Exhibit B-89, pp. 16–17.
[340] Exhibit B-11, p. 112; Exhibit B-17, BCUC IR 34.2.
[341] Exhibit B-11, p. 112.
[342] Exhibit B-11, p. 113.

Table 6: Illustrative Example – S&T LC Rider and LCG Charge Summary[343]

	Sales Customers				T-Service
	Baseline Renewable Gas		Voluntary Renewable Gas		
	Renewable Gas Blend (for Sales Customers)	Renewable Gas Connections (residential dwellings)	Non-NGV Sales	NGV Sales	T-Service
Renewable Gas Service	**No Renewable Gas Sign up Required**	**Default 100% Renewable Gas**	**Elect 10% Renewable Gas**	**Elect 10% Renewable Gas**	**Elect 10% Renewable Gas**
Cost recovery via S&T LC rider for decarbonizing gas supply	1%	1%	1%	1%	0%
Cost recovery via LCG Charge for Incremental Renewable Gas % up to required or elected amount	0% 99% for NGV	99%	9%	9%	10%
Total Renewable Gas % Customer Receives	**1%**	**100%**	**10%**	**10%**	**10%**
S&T LC rider (Section 8.4.2)	TBD Annually	TBD Annually	TBD Annually	TBD Annually	Not Applicable
LCG Charge (Section 8.4.1)	Not Applicable	Equivalent to CCRC + carbon tax	CCRC + carbon tax +$7	Renewable Gas weighted average supply cost per GJ *less* the S&T LC rider	Renewable Gas weighted average supply cost per GJ
Rate Schedules	1, 2, 3, 4, 5, 6, 7	New Rate Schedules: 1PLC, 2PLC, 3PLC, 5PLC	Rate Schedules 1B replaced by 1LC, 2B replaced by 2LC, 3B replaced by 3LC, 5B replaced by 5LC, and new Rate Schedule 7LC	New Rate Schedules 3VLC and 5VLC, amendments to Rate Schedule 46	Rate Schedule 11B replaced by 11LC Applicable to RS 22, 23, 25 and 27
Customer Type	Residential, Commercial, Industrial and NGV Sales	New Residential Connections[10]	Residential, Commercial, Industrial Sales	NGV Sales	T-Service (commercial, NGV transport, industrial)

S&T LC Rider

FEI proposes to discontinue the BVA delivery rate rider (Rider 3) and begin to use the S&T LC Rider (Rider 8). FEI states the proposed S&T LC Rider is so named because it will be a rider on the storage and transport charge, reflecting the fact that the cost of RNG will now be part of the overall costs of the commodity received by sales customers.[344] FEI proposes to set the S&T LC Rider annually, less recoveries from the LCG Charges, to equal the amount of under-recovery of RNG through other components of the Revised Renewable Gas Program whether due to differences between the supply costs and the rates charged, volume-related over- or under-recoveries, or forecasting true-ups.[345]

FEI proposes to charge the S&T LC Rider to all customers except T-Service Customers. FEI explains that T-Service Customers supply their own commodity and do not pay FEI a CCRC charge or a storage and transportation

[343] Table reproduced from Exhibit B-30, FEI response to RCIA IR 25.3 (yellow highlight in the original). Footnote 10 in the original table states: "As per footnote 93 of the Application: New Residential Connections are all residential dwellings served by a service line installed on or after a designated date, including new construction activity, conversions and retrofits. FEI serves a range of residential dwellings, including detached homes, semi-detached homes, row houses, duplexes and quadruplexes, townhouses and multifamily condominiums under RS 1, RS 2, RS 3, or RS 5 depending on the volume of the gas service." As such, the BCUC notes that this figure includes the RNG Connections service which is denied in Section 2.2 of this Decision, but considers that it does not otherwise impact the summary as it pertains to the other components of the Revised Renewable Gas Program.

[344] Exhibit B-11, p. 97.

[345] Exhibit B-11, p. 116.

charge, therefore will not be charged the S&T LC Rider.[346] During the proceeding, FEI noted that Revelstoke customers benefit from an amalgamated midstream cost and energy supply portfolio with the rest of FEI's sales service customers. Thus, it is reasonable and fair they contribute to the cost to decarbonize this supply by way of including the S&T LC Rider on their bills.[347] FEI confirmed it will amend the tariffs to include Revelstoke in the "LC" tariffs for the Voluntary RNG service (see Section 3.3) as part of the compliance filing to this Application. Therefore, Revelstoke customers will cover some of the costs to decarbonize FEI's gas stream through the S&T LC Rider.[348]

Each year, FEI will calculate the S&T LC Rider for the following year, on a forecast basis, based on the projected January 1 opening balance of the LCG Account and the following:[349]

- Forecast supply volumes that will account for downtime and unexpected underproduction from existing suppliers and a period of production ramp up for new suppliers;
- Forecast costs; and
- Forecast recoveries from Voluntary RNG service customers.[350]

The difference between the forecasts of the opening balance, the costs, and the recoveries from Voluntary RNG service customers will determine the total net cost to be recovered via the S&T LC Rider. The total net cost is then divided by the forecast volumes sold to all sales customers to arrive at the S&T LC Rider.[351] For example, if FEI is to set the S&T LC Rider for 2025, the "Forecast year" is 2025 and the "Projection year" is 2024. FEI would undertake the calculations described above in late 2024, including as many months of actual amounts as possible to project the 2024 ending balance or January 1 opening balance and the forecasts for 2025.[352] Accordingly, this process as proposed, will not only set the S&T LC Rider for the year, but also determine the volume of RNG deemed to be delivered via the RNG Blend service for sales customers for the same year.[353] An example of the calculation for the S&T LC Rider is provided in the Application.[354]

To provide time for the BCUC's review, FEI anticipates the application for approval to set the S&T LC Rider will be filed approximately one month in advance of FEI's Q4 gas cost reporting, with a decision expected to be issued at the same time as the Q4 gas cost.[355]

In the Evidentiary Update, FEI notes that, although it proposes to adjust the percent of RNG blend as frequently as monthly, it still proposes to set the S&T LC Rider annually based on a forecast overall blend it will provide to customers over the year. FEI states that setting the S&T LC Rider in this way would ensure that no monthly bill volatility, with respect to the recovery of renewable gas costs, occurs from changing the RNG blend percentage monthly.[356]

[346] Exhibit B-11, p. 116.
[347] Exhibit B-19, BCSEA IR 13.1.
[348] Exhibit B-19, BCSEA IR 13.1.
[349] Exhibit B-11, pp. 116-117.
[350] In the original Application, FEI had also included the forecast recoveries from RNG Connections customers. The reference to these customers has been removed for clarity as the RNG Connections service is denied in Section 2.2 of this Decision.
[351] Exhibit B-11, p. 117.
[352] Exhibit B-11, p. 117.
[353] Exhibit B-11, p. 116.
[354] Exhibit B-11, p. 118, Table 8-3. In Exhibit B-17, response to BCUC IR 23.1.2, FEI also provided an example for the S&T LC Rider calculation if only the RNG Blend service is approved.
[355] Exhibit B-11, p. 117.
[356] Exhibit B-89, p. 9.

With respect to the initial setting of the S&T LC Rider, FEI proposes to file an application for approval which would take place prior to the effective date and implementation of the RNG Blend service.[357] This is discussed later in Section 3.2. FEI expects that this implementation application will not involve any new or substantive issues but would be focused on confirming that FEI is implementing the service as approved. FEI anticipates that the application will be straightforward and can be quickly prepared, reviewed and approved.[358]

LCG Charge

The LCG Charge is the name FEI proposes for the charge for RNG supplied to all Voluntary RNG service offerings.[359] The proposed LCG Charge for each offering is summarized in the table below:

Table 7: Cost Recovery via the LCG Charge[360]

	Voluntary Non-NGV Sales Customers	**Voluntary NGV Sales Customers**	**Voluntary T-Service Customers**
Applicable renewable gas volume	LCG Charge for the remaining[361] RNG selected via the Voluntary RNG service		LCG Charge for the percentage of RNG selected via the Voluntary RNG service
Applicable rate for LCG Charge	CCRC plus carbon tax + $7 per GJ	Forecast Cost of Acquisition per GJ less S&T LC Rider	Forecast Cost of Acquisition per GJ

FEI states it will calculate the weighted average cost of RNG (Forecast Cost of Acquisition), by forecasting the cost of renewable gas supply and dividing that cost by the forecast supply volume of renewable gas for the forecast year.[362]

For NGV sales customers, the S&T LC Rider will be subtracted from the Forecast Cost of Acquisition to arrive at the LCG Charge.[363] NGV customers pay the Forecast Cost of Acquisition whether they are taking service under a sales rate schedule or a T-service rate schedule but the proposed setting of the LCG Charge for NGV sales customers is for ease of administration.[364] FEI proposes that the LCG Charge will be updated each year, through FEI's annual rate setting process.[365]

Treatment of Forecast versus Actual Variances

As described above, FEI proposes to set rates on a prospective or forecast basis for the S&T LC Rider and LCG Charges. By setting the charges each year based on a forecast, FEI acknowledges there will be variances (positive or negative) which will be accounted for in the LCG Account. The variances will either make up a portion of the

[357] Exhibit B-89, p. 26.
[358] Exhibit B-89, BCUC IR 2.1.
[359] Exhibit B-11, p. 115. In the original Application, FEI had stated that the LCG Charge is the proposed name of the charge for RNG supplied to RNG Connections service customers. That reference has been removed for clarity as the RNG Connections service is denied in Section 2.2 of this Decision.
[360] Based on Table 8-2 in Exhibit B-11, p. 115.
[361] This is the amount remaining after the recovery from S&T LC Rider for the percentage of RNG provided through the RNG Blend service.
[362] Exhibit B-11, pp. 115–116.
[363] Exhibit B-11, p. 116.
[364] Exhibit B-17, BCUC IR 35.2.
[365] Exhibit B-11, p. 115.

S&T LC Rider in the following year, or if any of the prior year's supply is held in inventory, will influence the LCG Charges for NGV Sales and T-Service Customers in the following year.[366]

FEI notes that setting rates on a prospective basis is common to how all FEI's rates are set. While setting rates on a prospective basis nearly always results in variances, FEI endeavors to forecast accurately to minimize these variances.[367]

Positions of the Parties

BCOAPO is the only intervener to comment on the proposed program mechanics or rate-setting process, submitting that, while the Application should not be denied on the basis of deficiencies related to implementation complexity, administrative ease and customer understandability, customers' ability to understand their bills may be "far less than ideal." BCOAPO does not make any specific recommendations for changes.[368]

In reply, FEI reiterates that it has not yet finalized the bill design for the proposals in the Application, but that it intends to ensure any changes can be easily understood by its customers.[369]

Panel Determination

The Panel finds that FEI's proposed methodology and timing to set the S&T LC Rider and LCG Charge annually are reasonable, including the timing to set the initial S&T LC Rider through a separate application to be filed prior to the effective date and implementation of the RNG Blend service. As such, subject to the effective dates in Section 3.2 and the Panel's determination on the names of the account and charges below, the Panel approves the proposals as filed. The proposal to set the charges on a forecast basis, with variances to be captured in the following years' charges through the LCG Account, is consistent with how all FEI's rates are set. **To further improve clarity and transparency, FEI is directed, in these future applications to also apply to the BCUC for approval of the RNG volumes FEI plans to deliver through the RNG Blend and Voluntary RNG services despite the provisions of section 2.2 of the GGRR and section 18 of the CEA.**

However, the Panel modifies FEI's requested names for the account and charges for the Revised RNG Program and directs the following instead:

- **Change the name of the BVA to the RNG Account (instead of the LCG Account);**
- **Change the name of FEI's BERC rate to the RNG Charge (instead of the LCG Charge); and**
- **Discontinue the BVA delivery rate rider (Rider 3) and begin to use the S&T RNG Rider (Rider 8) (instead of the S&T LC Rider).**

The Panel agrees with FEI that changes to the names of the BVA and BERC rate, respectively, are warranted to reflect that there are new changes to FEI's Biomethane Program and the implementation of a S&T RNG Rider better aligns with T-Service Customers as they should not pay for any storage and transportation charges. However, as noted in Order G-165-22A, the scope of the proceeding is for RNG instead of the "renewable gas" that FEI had originally contemplated in its Application. Thus, the Panel finds that using consistent terminology of

[366] Exhibit B-17, BCUC IR 35.3.
[367] Exhibit B-17, BCUC IR 35.3.
[368] BCOAPO Final Argument Stage 2, pp. 14 and 18.
[369] FEI Reply Argument Stage 2, p. 81.

"RNG" for the account and charges of the Revised RNG Program as approved in this Decision is warranted. For example, the Panel considers that discontinuing the BVA delivery rate rider and replacing it with the S&T RNG Rider instead of the proposed S&T Low Carbon (LC) Rider, better reflects FEI's service offering.

3.2 Effective Dates of the RNG Blend Service and Voluntary RNG Offering

Baseline RNG Blend Service

FEI proposes to implement the RNG Blend service at the earliest practicable implementation date, which is the first of the month at least two months after the date of the BCUC's final decision on this proceeding.[370] FEI states that the required customer communication and billing system changes to support the RNG Blend service will take approximately two months.[371]

With the implementation of the RNG Blend service, FEI indicated it would also require related "housekeeping" amendments to all rate schedules (including the *existing* Voluntary RNG service rate schedules[372]) with the same proposed effective date, to reflect the RNG Blend service definitions, naming conventions and associated rate rider changes.[373] These tariff changes, among others, are reviewed below in Section 3.3 of this Decision.

Voluntary RNG Service

FEI states that the proposed changes to the Voluntary RNG service will take more time to implement, estimated at approximately five months. Therefore, FEI proposes that the effective date related to changes to these services be addressed in a compliance filing subsequent to the BCUC's final decision on this proceeding, filed at least 30 days prior to implementation.[374] By proposing an exact effective date in the compliance filing, FEI explains it will be able to assess and determine the earliest date for implementation.[375] The compliance filing would also include the revised tariff pages (RS 3VLC and 5VLC) for BCUC review, approval and endorsement.[376] These tariff changes, among others, are reviewed below in Section 3.3 of this Decision.

During the estimated five-month period, FEI states it would implement the necessary changes to its customer information system to enable the new rate schedules and provide training to customer service representatives to support the new offerings.[377]

Positions of the Parties

Interveners did not comment on the proposed effective date for services if the components of the Revised RNG Program are approved.

[370] Exhibit B-89, p. 2.
[371] Exhibit B-89, BCUC IR 2.2.
[372] RS 1B, 2B, 3B, 5B, 7B, 11B and 46 (Exhibit B-90, BCUC IR 1.1).
[373] Exhibit B-90, BCUC IR 1.1.
[374] Exhibit B-89, p. 2; Exhibit B-90, BCUC IR 1.1.
[375] Exhibit B-90, BCUC IR 1.1.
[376] Exhibit B-89, p. 2
[377] Exhibit B-90, BCUC IR 1.1.

Panel Determination

The Panel notes that it will take approximately two months for FEI to undertake the necessary billing system changes to support the RNG Blend service and communicate to customers. We accept FEI's implementation proposal for the RNG Blend service to take effect the first of the month at least two months following the date of this Decision. Further, in light of the complexity of the various changes in FEI's Revised RNG Program, the Panel considers that additional time is warranted. **Therefore**, **FEI is directed to implement the RNG Blend service, including the S&T RNG Rate Rider, and to capture the carbon tax credits granted to customers but not refunded by the Province into the RNG Account, effective July 1, 2024. FEI is also approved to discontinue using the BVA Balance Transfer Account at that time.**

The Panel accepts that the proposed effective date for all changes to the Voluntary RNG service, approved in Section 2.3 of this Decision, will be filed in a subsequent compliance filing at least 30 days prior to implementation of the changes to give FEI time to assess and determine the earliest effective date for implementation.

3.3 Changes to FEI's Tariff

FEI proposes to file blacklined General Terms and Conditions of Service (GT&Cs) and rate schedules for the BCUC's endorsement following the BCUC's final decision and order in this proceeding.[378] FEI also committed to file tariff revisions to remove references to hydrogen, lignin, and syngas, as needed, in compliance with the BCUC's decision to scope this proceeding to RNG only.[379]

Baseline RNG Blend Service

Subject to the BCUC's direction and further refinement on the language, FEI states that the expected changes to its GT&Cs to implement the RNG Blend service are:[380]

- Adding a definition to Section 1 for "Blended Low Carbon Gas Service":

  > means Gas Service where Gas delivered to Customers each month includes a percentage of Low Carbon Gas, from 0 to 100 percent, to be determined by FortisBC each month.

- Adding a description to Section 28 that FEI will provide Blended Low Carbon Gas to sales customers and determine the percentage of renewable gas each month to match total renewable gas supply and demand for those months:

  > 28.7 **Blended Low Carbon Gas Service**
  >
  > Beginning [date of implementation to be determined], FortisBC Energy will provide Blended Low Carbon Gas Service to Customers in the following rates schedules:
  >
  > (a) Residential Service:
  >
  > - 1 for Residential Service;

[378] Exhibit B-89, p. 28.
[379] Exhibit B-42, BCUC IR 45.2.
[380] Exhibit B-89, pp. 27–28.

- 1LC for Residential Low Carbon Gas Service;

(b) Commercial Service:

- 2 for Small Commercial Service;
- 2LC for Small Commercial Low Carbon Gas Service;
- 3 for Large Commercial Service;
- 3LC for Large Commercial Low Carbon Gas Service;

(c) Seasonal Firm Gas Service:

- 4 for Seasonal Firm Gas Service;

(d) General Firm and Interruptible Service:

- 5 for General Firm Service;
- 5LC for General Firm Low Carbon Gas Service;
- 7 for General Interruptible Firm Service; or
- 7LC for General Interruptible Low Carbon Service;

(e) Natural Gas for Vehicle Service:

- 6 for Natural Gas Vehicle Service.

FortisBC Energy will determine the percentage of Low Carbon Gas to be provided each month for the purpose of the Blended Low Carbon Gas Service with the objective of matching FortisBC Energy's total supply and demand for Low Carbon Gas in that month. FortisBC will file a letter with the BCUC with notification of the percentage blend prior to the first of each month.

For clarity, the percentage of Low Carbon Gas determined by FortisBC Energy each month for the purpose of the Blended Low Carbon Gas service may differ from the blend of Low Carbon Gas forecast by FortisBC Energy each year for rate setting purposes.

In addition, FEI expects the following amendments to all sales service rate schedules, including:[381]

- Add notes to the "Table of Charges" setting out: (i) 0 to 100 percent of the gas delivered each month will be low carbon gas; (ii) the percentage of low carbon gas for each month will be determined by FEI; and (iii) the cost of the Blended Low Carbon Gas Service will be charged through the S&T LC Rider; and
- Amend other notes to make reference to the percentage of low carbon gas received through the Blended Low Carbon Gas Service, with the remaining portion being conventional natural gas, such that the total gas received in a given billing period will be 100 percent of a customer's consumption.

Voluntary RNG Service

[381] Exhibit B-89, p. 28.

In the original Application, FEI filed new and amended GT&Cs and rates schedules in Appendix D-2 to enable Voluntary RNG services.[382] The amended and new rates schedules for this service are summarized in the following table:

Table 8: Voluntary RNG Service Rate Schedules[383]

	Non-NGV Sales	NGV Sales	T-Service
Rate Schedules	• RS 1B replaced by 1LC • RS 2B replaced by 2LC • RS 5B replaced by 5LC • New RS 7LC	• New RS 3VLC and 5VLC • Amendments to RS 46	• RS 11B replaced by 11LC • Applicable to RS 22, 23, 25 and 27
Customer Type	Residential, Commercial, Industrial Sales	NGV sales	T-Service (commercial, NGV transport, industrial)

Notes for rate schedule naming conventions:
LC: Low Carbon
VLC: Vehicle Low Carbon

As shown in the above table, FEI proposed in its Application a new RS 7LC for customers in RS 7 to have access to the Voluntary RNG service as this customer group previously did not have a designated rate schedule under which they could receive renewable gas.[384] Subsequently, the BCUC approved RS 7B for the RS 7 for FEI customers.[385]

Positions of the Parties

Interveners generally have not commented on the proposed changes to FEI's tariff or the proposal to file blacklined GT&Cs and rate schedules for the BCUC's endorsement following the receipt of the decision and final order in this proceeding. The CEC notes, however, that the way renewable gas is communicated to customers and appears in tariffs should incorporate "the context that FEI, in the public interest, will be pursuing a complete energy transition solution in regard to converting the gas system to a low carbon delivery of energy for customer heating requirements."[386]

FEI does not respond to the CEC.

Panel Determination

FEI is directed to file in a compliance filing at least 30 days prior to the effective date (see Section 3.2), the following for the BCUC's review and endorsement:

- **All amendments to FEI's GT&Cs of its Tariff and rate schedules to implement the RNG Blend service and the program mechanics approved in sections 2.1.3 and 3.1, respectively;**

[382] Appendix D-2 also included tariff revisions to enable the RNG Connections service (Exhibit B-11, p. 128).
[383] The BCUC compiled this table from the Requested Revised Table 8-1 in Exhibit B-30, RCIA IR 25.3.
[384] Exhibit B-11, p. 114.
[385] Order G-3-22, Directive 9.
[386] The CEC Final Argument Stage 2, p. 8.

- **All amendments to FEI's GT&Cs of its Tariff and amended and new rate schedules to implement the Voluntary RNG service approved in Section 2.3.**

The Panel acknowledges the CEC's comments regarding FEI's Tariff but does not believe that action needs to be taken by FEI as such comments are not necessary in a legal document which is the Tariff.

3.4 Implementation and Expenditures

Program Implementation

FEI states that implementation of the RNG Blend service will require updates to billing for all of FEI's sales customers, updates to FEI's systems, such as a more robust method of forecasting and tracking supply and demand balances through the deployment of an integrated software solution, as well as user testing and training of customer service staff. [387] FEI estimates a total cost of $185,000 for this work, including information technology (IT) capital costs of $96,000, which FEI stated, it will fund from its approved IT capital expenditures under FEI's 2020-2024 Multi-Year Rate Plan.[388] FEI proposes the remainder of the costs, calculated at $89,000, be recorded in the LCG Account.[389]

With respect to the Voluntary RNG service, FEI stated there will be minimal to no incremental costs to implement the proposed modifications.[390]

Annual Program Expenditures

During the proceeding, FEI stated it is not yet in a position to estimate the forecast annual expenditures of the Revised Renewable Gas Program, including the Voluntary RNG service, relating to administration, management and marketing[391] as a detailed estimate requires an in-depth review and redevelopment of FEI's program administration processes, pursuant to the BCUC's approval in this proceeding.[392]

However, FEI expects many of the functions of administering the revised program will be similar in nature to those of the current program, but of a greater scope and complexity given the small number of suppliers and voluntary customers in the current program.[393] These activities include, but are not limited to:[394]

- Forecasting RNG demand for the year;
- Matching demand to supply
- Forecasting the baseline RNG;
- Preparing management reporting;
- Accounting for environmental benefits and carbon tax credits; and

[387] Exhibit B-11, p. 130.
[388] As approved in the FEI and FortisBC Inc. Application for Approval of a Multi-Year Rate Plan for the Years 2020 through 2024, Decision and Orders G-165-20 and G-166-20 dated June 22, 2020.
[389] Exhibit B-11, p. 130.
[390] Exhibit B-17, BCUC IR 43.1.
[391] Including education and awareness spending (Exhibit B-17, BCUC IR 43.2).
[392] Exhibit B-17, BCUC IR 43.2.
[393] Exhibit B-17, BCUC IR 43.2.
[394] Exhibit B-11, pp. 130–131.

- Preparing regulatory reporting.

As such, in the near term (i.e. two to three years) FEI expects it will need increased labour resources to administer and manage the Revised Renewable Gas Program as it ramps up.[395] Over the longer term, however, FEI anticipates there will be synergies with FEI's current Gas Supply department which can be leveraged.[396]

FEI will seek approval in operations and maintenance (O&M) expenses for these amounts, as well as any marketing, customer education and awareness that may be required, for BCUC approval in other proceedings.[397] For information purposes, costs related to administering, managing and reporting on the current RNG program pertaining to a portion of employee time, are approximately $65,000 to $100,000 per year, and are captured within O&M.[398]

Positions of the Parties

Interveners did not comment on these issues.

Panel Discussion

The Panel accepts FEI's estimate of $185,000 to implement the RNG Blend service and notes FEI's submission that changes to the Voluntary RNG service will have minimal to no incremental implementation cost. The Panel is satisfied that the approach to estimate the implementation costs includes necessary IT capital costs, as well as user testing and training of customer service staff, as needed.

The Panel is also satisfied with FEI's explanation that, subject to the directives and determinations in this Decision, the annual Program expenditures will require more time for FEI to estimate and accepts that FEI will file an application for approval for such costs, as needed, in separate future regulatory proceedings.

3.5 Compliance Filing and Future Reports

Regular Program Reporting

FEI provides information to the BCUC about its current RNG program through the following reports and filings:[399]

1. Biomethane purchase agreements are filed for acceptance as projects are developed;
2. A BVA Annual Status Report is filed annually, providing information on the quantities and costs of biomethane purchased and the quantities and prices of biomethane sold;
3. The revenues, capital and O&M expenses related to biomethane projects to be recovered in rates are provided as part of FEI's annual review materials, including a continuity of forecast, actual and variance (actual – forecast) BERC revenues and volumes sold by rate schedule and type of contract and seeking approval of the BVA delivery rate rider;

[395] Exhibit B-11, pp. 130–131; Exhibit B-17, BCUC IR 34.1.
[396] Exhibit B-11, p. 131.
[397] Exhibit B-17, BCUC IR 43.2.
[398] Exhibit B-17, BCUC IR 43.2.
[399] Exhibit B-11, p. 133.

4. Each year, the BCUC is copied on FEI's annual report under section 18 of the CEA to the Ministry of Energy, Mines and Low Carbon Innovation for biomethane projects that are undertaken through the GGRR; and
5. Each year, FEI seeks approval to adjust the BERC rates (now LCG Charge) as part of the Q4 gas cost report.

FEI proposes to continue with the above-noted reporting with some changes.[400] Going forward, FEI states it will explore more efficient approaches to reviewing supply contracts, such as including the renewable gas supply contracts in FEI's Annual Contracting Plan which is filed for review and acceptance by the BCUC once each year.[401] Second, as reviewed in Section 3.1, FEI proposes the LCG Charge for sales customers will be reviewed and updated quarterly as part of the regular gas cost quarterly reporting and the S&T LC Rider will be updated annually.[402]

Program Review After Five Years

FEI proposes to file a Revised Renewable Gas Program review five years from the date of the BCUC's final decision on this proceeding, stating the review of the Revised Renewable Gas Program will provide a program assessment and determine whether any further changes or adjustments are needed, including the following information:[403]

- A review of customer feedback on the various components of the Revised Renewable Gas Program;
- Annual actual supply versus annual projected supply;
- Annual actual RNG demand versus annual projected demand;
- Forecast future RNG supply;
- An assessment of how the Revised Renewable Gas Program has performed against the objectives of the Revised Renewable Gas Program; and
- Potential recommended changes to the Revised Renewable Gas Program.

FEI proposes a five-year timeframe for review on the basis that it expects that sufficient time will have elapsed since the Revised Renewable Gas Program's implementation for the utility to have gathered pertinent information to assess the progress and the success of the program's design as a whole.[404] During the proceeding, FEI provided the following example, assuming the BCUC would have issued its decision on the Application in October 2022:[405]

> … FEI anticipates the Renewable Gas Connections service will be launched and available to customers in Q2 2023, and that the Renewable Gas Blend for all sales customers will commence in Q1 2024. Taking into consideration the required time to review and collect information on the [Revised] Renewable Gas Program's progress and to prepare the review materials for filing by October 2027, the proposed review period will provide an assessment of the Renewable Gas

[400] Exhibit B-11, p. 133.
[401] Exhibit B-11, p. 133.
[402] Exhibit B-11, p. 133
[403] Exhibit B-11, p. 134.
[404] Exhibit B-17, BCUC IR 44.3 series.
[405] Exhibit B-17, BCUC IR 44.3 series.

> Connections service for less than four years and Renewable Gas Blend service for only three and a half years. FEI believes that this timing is the minimum period required to assess progress and that FEI will not be able to provide a meaningful review within a shorter timeline… [*Emphasis added*]

In order to supplement the five-year comprehensive review process and ensure the BCUC continues to receive incremental updates regarding the Revised Renewable Gas Program, FEI also proposes to provide information in its Q4 gas cost report about the Revised Renewable Gas Program on an annual basis.[406] As discussed in Section 3.1, this reporting would include a calculation of the S&T LC rider for the following year on a forecast basis and to determine the volume of renewable gas deemed to be delivered via the Renewable Gas Blend service for sales customers, as well as any other information directed by the BCUC.[407] FEI confirmed that its quarterly gas cost reports are publicly filed applications, wherein generally, only those pages of the quarterly gas cost reports that include individual contract/project-level supply details are filed confidentially.[408]

Finally, FEI stated that it will bring forward a request for amendment(s) in advance of the proposed five-year review timeframe if there are any significant changes to public policy at the local or provincial level that directly impact one or more of the Revised Renewable Gas Program offerings.[409]

Positions of the Parties

Interveners did not comment on the proposed reporting of the Revised Renewable Gas Program if approved.

Panel Determination

Considering the Panel's determinations in Section 2.0, the Panel directs FEI to file in a compliance filing to the BCUC, by no later than 90 days after the date of this Decision, the following, for the period 2024 to 2030, unless otherwise stated:

1. **An updated forecast of its RNG supply as well as its RNG demand from the Voluntary RNG service and the RNG Blend service, respectively, in a format similar to Figure 8-3 in the Application;**
2. **A breakdown of the forecast demand for the Voluntary RNG service by customer group: (i) Non-NGV Sales Customers, (ii) NGV Sales Customers and (iii) T-Service Customers.**
3. **An updated Figure 5-5 of the Evidentiary Update showing the forecast range of monthly RNG blend percentages, and for each year in this figure, the corresponding overall RNG blend percentage that FEI will provide to customers over the year, similar to the boxes at the top of Figure 5-3 of the Evidentiary Update;**
4. **Updated Figures 5-12 to 5-17 of the Evidentiary Update, in real 2022 dollars, showing customers' annual bill components for the RNG Blend service and the Voluntary RNG service (RS 1, RS 2 and RS 3), for the years 2024 and 2030; and**
5. **An estimate of the annual S&T RNG Rider and RNG Charge.**

[406] Exhibit B-17, BCUC IR 44.3 series.
[407] Exhibit B-17, BCUC IR 44.3 series.
[408] Exhibit B-43, CEC IR 71.1.
[409] Exhibit B-17, BCUC IR 44.3 series.

Upon receipt of the above-directed compliance filing, the BCUC will determine whether any further process is required.

In terms of future reporting, in addition to the report by January 31, 2026 directed in Section 2.3.3, the Panel directs FEI to file, by April 30 of each year, an annual report comparing FEI's actual versus forecast RNG supply, as well as its actual versus forecast RNG demand from the RNG Blend service and Voluntary RNG service for the immediately preceding calendar year, by customer group: (i) Non-NGV Sales Customers, (ii) NGV Sales Customers and (iii) T-Service Customers. If the difference between the actuals and forecasts is greater than 10 percent, FEI must provide an explanation for this difference.

Furthermore, since the Panel has approved rate-setting methodologies for certain services where the full cost of the acquired RNG will be recovered from their respective customers (i.e., the RNG Blend service and the Voluntary RNG service for NGV Sales Customers and T-Service Customers), it appears based on FEI's reply argument[410] that the quantity of RNG FEI will be able to acquire under the GGRR for the aforementioned services will not be subject to any maximum volume constraint, as section 2.2(4) of the GGRR imposes no maximum volume for RNG that is provided to a customer who pays a rate that fully recovers the cost of: (i) the acquisition of the RNG; and (ii) the service related to the provision of the RNG. **The Panel requests that FEI confirm, by no later than 90 days after the date of this Decision, the Panel's understanding of the interaction between section 2.2(4) of the GGRR and the approvals given to FEI in relation to the RNG Blend and Voluntary RNG services for NGV Sales Customers and T-Service Customers, as described above. In the event FEI cannot confirm this, FEI is directed to explain how the rate-setting methodology for either service does not fully recover the cost of the acquisition of the RNG and of the service related to the provision of RNG, contrary to section 2.2(4)(b) of the GGRR.**

4.0 Summary of Directives

This summary is provided for the convenience of readers. In the event of any difference between the directives in this summary and those in the body of the decision, the wording in the decision shall prevail.

#	Directive	Page
1.	**The Panel accepts there is a need for a new service that would act as a mechanism to balance RNG supply and demand and subject to the effective date outlined in Section 3.2 below, approves the establishment of the new RNG Blend service.**	24
2.	**Therefore, subject to the effective date outline in Section 3.2 below, the Panel approves FEI's proposal to set the blend percentage for the RNG monthly to maximize the carbon tax refunds available for its customers.**	24

[410] FEI Reply Argument Stage 2, p. 27.

#	Directive	Page
3.	**Because of this, subject to the effective date and the Panel's determination on the names of the LCG Account and S&T Rider outlined in sections 3.1 and 3.2 below, the Panel approves FEI's proposal to capture the carbon tax credits granted to customers but not refunded by the Province in the LCG Account to be recovered from all sales customers in a subsequent period when setting the S&T LC Rider.**	25
4.	**Should the Province bring legislative changes recognizing FEI's practice of inventorying for the purpose of the *Carbon Tax Regulation*, subject to the Panel's determination on the names of the LCG Account and S&T LC Rider outlined in Section 3.1 below, the Panel directs FEI to update the BCUC, within 30 days of the date of any legislative change on this matter, with respect to whether FEI wishes to revert back to its original proposal of setting the RNG blend percentage annually in alignment with the annual setting of the S&T LC Rider (see Section 3.1) or, alternatively, to continue setting the blend percentage monthly.**	25
5.	**Consequently, in accordance with section 59 of the UCA, the Panel determines the RNG Connections service as proposed by FEI to be unreasonable and unduly discriminatory. Accordingly, the Panel rejects FEI's request for approval of the RNG Connections service.**	56
6.	**Therefore, subject to the Panel's determination on the effective date and the name of the LCG Charge in sections 3.1 and 3.2 below, the Panel approves FEI's proposal to set the LCG Charge for T-Service Customers at the forecast weighted average cost of RNG supply under the Voluntary RNG service.**	72
7.	**Accordingly, subject to the Panel's determination on the effective date and the name of the LCG Charge and S&T LC Rider in sections 3.1 and 3.2 below, the Panel approves FEI's proposal to set the LCG Charge for NGV Sales Customers at the forecast weighted average cost of RNG supply less the S&T LC Rider under the Voluntary RNG service.**	73
8.	**Accordingly, FEI is granted approval to maintain the $7 per GJ premium for providing voluntary RNG to Non-NGV Sales Customers.**	74

#	Directive	Page
9.	**FEI is directed to report on the appropriateness of continuing to offer a subsidized rate and if so, whether the $7 per GJ premium over the Conventional Gas Cost for Non-NGV Sales customers is appropriate. This report must be filed by no later than January 31, 2026.**	75
10.	**Accordingly, the Panel finds that a discounted pricing incentive is no longer necessary and approves FEI's proposal to eliminate the $1 per GJ discount on any future voluntary long term contract effective on the date of this Decision.**	75
11.	**The Panel finds that FEI's proposed methodology and timing to set the S&T LC Rider and LCG Charge annually are reasonable, including the timing to set the initial S&T LC Rider through a separate application to be filed prior to the effective date and implementation of the RNG Blend service. As such, subject to the effective dates in Section 3.2 and the Panel's determination on the names of the account and charges below, the Panel approves the proposals as filed.**	81
12.	**To further improve clarity and transparency, FEI is directed, in these future applications to also apply to the BCUC for approval of the RNG volumes FEI plans to deliver through the RNG Blend and Voluntary RNG services despite the provisions of section 2.2 of the GGRR and section 18 of the CEA.**	81
13.	**However, the Panel modifies FEI's requested names for the account and charges for the Revised RNG Program and directs the following instead:** • **Change the name of the BVA to the RNG Account (instead of the LCG Account);** • **Change the name of FEI's BERC rate to the RNG Charge (instead of the LCG Charge); and** • **Discontinue the BVA delivery rate rider (Rider 3) and begin to use the S&T RNG Rider (Rider 8) (instead of the S&T LC Rider).**	81
14.	**Therefore, FEI is directed to implement the RNG Blend service, including the S&T RNG Rate Rider, and to capture the carbon tax credits granted to customers but not refunded by the Province into the RNG Account, effective July 1, 2024. FEI is also approved to discontinue using the BVA Balance Transfer Account at that time**	83

#	Directive	Page
15.	**FEI is directed to file in a compliance filing at least 30 days prior to the effective date (see Section 3.2) the following for the BCUC's review and endorsement:** • **All amendments to FEI's GT&Cs of its Tariff and rate schedules to implement the RNG Blend service and the program mechanics approved in sections 2.1.3 and 3.1, respectively;** • **All amendments to FEI's GT&Cs of its Tariff and amended and new rate schedules to implement the Voluntary RNG service approved in Section 2.3.**	85
16.	**Considering the Panel's determinations in Section 2.0, the Panel directs FEI to file in a compliance filing to the BCUC, by no later than 90 days after the date of this Decision, the following, for the period 2024 to 2030, unless otherwise stated:** 1. **An updated forecast of its RNG supply as well as its RNG demand from the Voluntary RNG service and the RNG Blend service, respectively, in a format similar to Figure 8-3 in the Application;** 2. **A breakdown of the forecast demand for the Voluntary RNG service by customer group: (i) Non-NGV Sales Customers, (ii) NGV Sales Customers and (iii) T-Service Customers.** 3. **An updated Figure 5-5 of the Evidentiary Update showing the forecast range of monthly RNG blend percentages, and for each year in this figure, the corresponding overall RNG blend percentage that FEI will provide to customers over the year, similar to the boxes at the top of Figure 5-3 of the Evidentiary Update;** 4. **Updated Figures 5-12 to 5-17 of the Evidentiary Update, in real 2022 dollars, showing customers' annual bill components for the RNG Blend service and the Voluntary RNG service (RS 1, RS 2 and RS 3), for the years 2024 and 2030; and** 5. **An estimate of the annual S&T RNG Rider and RNG Charge.**	89

#	Directive	Page
17.	**In terms of future reporting, in addition to the report by January 31, 2026 directed in Section 2.3.3, the Panel directs FEI to file, by April 30 of each year, an annual report comparing FEI's actual versus forecast RNG supply, as well as its actual versus forecast RNG demand from the RNG Blend service and Voluntary RNG service for the immediately preceding calendar year, by customer group: (i) Non-NGV Sales Customers, (ii) NGV Sales Customers and (iii) T-Service Customers. If the difference between the actuals and forecasts is greater than 10 percent, FEI must provide an explanation for this difference.**	90
18.	**The Panel requests that FEI confirm, by no later than 90 days after the date of this Decision, the Panel's understanding of the interaction between section 2.2(4) of the GGRR and the approvals given to FEI in relation to the RNG Blend and Voluntary RNG services for NGV Sales Customers and T-Service Customers, as described above. In the event FEI cannot confirm this, FEI is directed to explain how the rate-setting methodology for either service does not fully recover the cost of the acquisition of the RNG and of the service related to the provision of RNG, contrary to section 2.2(4)(b) of the GGRR.**	90

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of March 2024.

Original signed by:

D. A. Cote
Panel Chair / Commissioner

Original signed by:

M. Jaccard
Commissioner

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Utilities Commission

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ORDER NUMBER
G-77-24

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Biomethane Energy Recovery Charge Rate Methodology and
Comprehensive Review of a Revised Renewable Gas Program

BEFORE:
D. A. Cote, Panel Chair
M. Jaccard, Commissioner

on March 20, 2024

ORDER

WHEREAS:

A. On December 17, 2021, in accordance with British Columbia Utilities Commission (BCUC) Orders G-35-21 and G-242-21, FortisBC Energy Inc. (FEI) filed its Stage 2 Comprehensive Review and Application for Approval of a Revised Renewable Gas Program (Application);

B. By Orders G-3-22, G-103-22, G-165-22A, G-28-23, G-86-23, G-112-23, G-142-23 and G-215-23, the BCUC established and amended a regulatory timetable for the review of the Application, which included public notice and intervener registration, two rounds of BCUC and intervener information requests (IRs) on FEI's evidence, intervener/expert evidence and FEI rebuttal evidence and related IRs, an FEI evidentiary update and related IRs, and written final and reply arguments;

C. On June 16, 2022, by Order G-165-22A, the BCUC determined that the scope of this proceeding pertains to renewable natural gas (RNG) only;

D. On August 1, 2023, FEI filed an evidentiary update (Evidentiary Update) amending its approvals sought;

E. Pursuant to sections 59 to 61 of the *Utilities Commission Act*, FEI seeks approval of the following, as amended in the Evidentiary Update:

(i) Effective the first of the month, at least two months after the date the BCUC issues its final decision in this proceeding:

a. Approval to implement FEI's proposed renewable gas blend service and the related tariff changes as described in Sections 7 and 8 of the Application and as amended in the Evidentiary Update;

b. Approval to discontinue the Biomethane Variance Account (BVA) delivery rate rider and to begin to use the Storage and Transport (S&T) Low Carbon rider;

c. Approval to discontinue the BVA Balance Transfer Account;

d. Approval to change the name of the BVA to the Low Carbon Gas Account;

e. Approval to capture any carbon tax credits granted to customers that are not refunded by the Province of BC (the Province) into the Low Carbon Gas Account; and

f. Approval to change the name of the Biomethane Energy Recovery Charge (BERC) to the Low Carbon Gas Charge;

(ii) Effective on an implementation date that FEI will propose in a compliance filing at least 30 days before the effective date:

a. Approval to implement FEI's proposed renewable gas connections service as described in Sections 7 and 8 of the Application and as set out in the corresponding new rates schedules in Appendix D-2 of the Application; and

b. Approval of FEI's proposed changes to the voluntary renewable gas services as described in Sections 7 and 8 of the Application and in the new and amended rate schedules in Appendix D-2 of the Application;

F. The BCUC has reviewed the Application, evidence and arguments filed by all parties in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 58 to 61 of the *Utilities Commission Act* and for the reasons provided in the Decision issued concurrently with this order, the BCUC orders as follows:

1. FEI is approved to do the following, effective July 1, 2024:

    a. Implement the RNG Blend service as set out in Section 2.1.3 of the Decision;

    b. Discontinue the BVA delivery rate rider and to begin to use the S&T RNG rider as set out in Section 3.1 of the Decision;

    c. Discontinue using the BVA Balance Transfer Account as set out in Section 3.2 of the Decision.

    d. Change the name of the BVA to the RNG Account as set out in Section 3.1 of the Decision;

    e. Capture any carbon tax credits granted to customers that are not refunded by the Province into the RNG Account as set out in sections 2.1.3 and 3.2 of the Decision; and

    f. Change the name of the BERC to the RNG Charge as set out in Section 3.1 of the Decision;

2. FEI's proposal to implement the renewable gas connections service is denied.

3. FEI is approved to make the following changes to the voluntary RNG service, with the proposed effective date for all changes to be filed in a subsequent compliance filing at least 30 days prior to the implementation of the changes:

    a. Set the RNG Charge for Transportation Service customers at the forecast weighted average cost of RNG supply as set out in Section 2.3.3 of the Decision;

    b. Set the RNG Charge for Natural Gas Vehicle (NGV) Sales Customers at the forecast weighted average cost of RNG supply less the S&T RNG rider as set out in Section 2.3.3 of the Decision;

4. FEI is approved to continue providing voluntary RNG to Non-NGV Sales Customers at a subsidized rate, which is a $7 per gigajoule (GJ) premium above the Conventional Gas Cost which is defined as the sum of the Commodity Cost Recovery Charge, the carbon tax and any other taxes applicable to conventional natural gas sales, as set out in Section 2.3.3 of the Decision.

5. FEI's proposal to eliminate the $1 per GJ discount on any future long-term voluntary RNG contract is approved, effective on the date of the Decision.

6. FEI is directed to file a report to the BCUC, by no later than January 31, 2026, on the appropriateness of continuing to offer a subsidized rate and if so, whether the $7 per GJ premium over the Conventional Gas Cost for voluntary RNG to Non-NGV Sales Customers is appropriate.

7. FEI Is directed to file in a compliance filing to the BCUC, at least 30 days prior to the effective dates set out in Directives 1 and 3, amendments to the General Terms and Conditions of FEI's Tariff and rate schedules for each of the RNG Blend service and the approved changes to the voluntary RNG service.

8. FEI is directed to file in a compliance filing to the BCUC, by no later than 90 days after the date of the Decision, the RNG information for the period 2024 to 2030, as set out in Section 3.5 of the Decision.

9. FEI is directed to file, by April 30 of each year, an annual report comparing FEI's actual versus forecast RNG supply, as well as its actual versus forecast RNG Demand from the RNG Blend service and voluntary RNG service for the immediately preceding calendar year, as set out in Section 3.5 of the Decision.

10. FEI must comply with all other directives and determinations set out in the Decision issued concurrently with this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of March 2024.

BY ORDER

Original signed by:

D. A. Cote
Commissioner

Glossary of Terms

Acronym	Description
2013 Biomethane Decision	FEI Biomethane Service Offering: Post Implementation Report and Application for Approval of the Modification of the Biomethane Program on a Permanent Basis, Decision and Order G-210-13 dated December 11, 2013
2016 Biomethane Decision	FEI Application for Approval of BERC Rate Methodology, Decision and Order G-133-16 dated August 12, 2016
Application or Revised Renewable Gas Program	FEI Stage 2 Comprehensive Review and Application for Approval of a Revised Renewable Gas Program seeking approval for a revised renewable gas program for new and amended renewable gas services, including changes to its tariff, cost recovery methods, and regulatory accounting treatment
BCOAPO	British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and Tenants Resource and Advisory Centre
BC Hydro	British Columbia Hydro and Power Authority
BCSEA	BC Sustainable Energy Association
BERC	Biomethane Energy Recovery Charge
BC or the Province	British Columbia
BC-LCFS	BC Low Carbon Fuel Standard
BCUC	British Columbia Utilities Commission
BrightSide	BrightSide Solutions Inc.
BVA	Biomethane Variance Account
BVA Balance Transfer Account	BVA Balance Transfer Deferral Account
Carbon Tax Matter	A matter that had arisen with respect to the provincial *Carbon Tax Act* for which FEI filed an Evidentiary Update
CCRC	Commodity Cost Recovery Charge
The CEC	Commercial Energy Consumers Association of British Columbia
CEA	*Clean Energy Act*
CleanBC Roadmap	The Province of BC CleanBC Roadmap to 2030
Conventional Gas Cost	The sum of the CCRC the carbon tax and any other taxes applicable to conventional natural gas sales
Concentric	Concentric Energy Advisor's Inc.
CNG	Compressed natural gas

CPR	Conservation Potential Review
ESG	Environmental, social and governance
Evidentiary Update	The update FEI filed on August 1 2023 providing further information regarding the Carbon Tax Matter
FEI	FortisBC Energy Inc.
Forecast Cost of Acquisition	Weighted average cost of RNG
GGRR	*Greenhouse Gas Reduction (Clean Energy) Regulation*
GHG	Greenhouse gas
GJ	Gigajoule
GNAR	GNAR Inc. – Sustainable Home Design
GT&Cs	General Terms and Conditions
IRs	Information requests
IT	Information technology
LCF	Low carbon fuel
LCG	Low carbon gas
LG Interveners	Local Government Interveners – collectively, the City of Vancouver, City of Victoria, City of Richmond, Lulu Island Energy Company Ltd., the District of Saanich, the District of North Vancouver, and Metro Vancouver Regional District in this proceeding
LNG	Liquefied natural gas
Long Term BERC Rate	The BERC rate approved in the 2016 Biomethane Decision that is a $1.00 per GJ discount to the Short Term BERC Rate
LTGRP	Long Term Gas Resource Plan
MCRA	Midstream Cost Reconciliation Account
MoveUP	Movement of United Professionals
MS2S	Citizens for My Sea to Sky Society
Mr. Strunk	Mr. Kurt G. Strunk of NERA Economic Consulting
Mr. Reed	Mr. John J. Reed of Concentric Energy Advisors, Inc.
New Residential Connections	All residential dwellings, including detached homes, semi-detached homes, row houses, duplexes and quadruplexes, townhouses and multifamily condominiums, served by a service line installed on or after a designated date (including new construction activity, conversions and retrofits) under RS 1, 2, 3, or 5 depending on the volume of the gas service
NGV	Natural gas vehicles

Non-NGV Sales Customers	Sales customers excluding NGV customers
Q4	Fourth quarter
PJ	Petajoule
RCIA	Residential Consumer Intervener Association
Renewable gas	In this Decision, refers only to RNG, unless the context indicates otherwise
Revised RNG Program	The renewable gas program for FEI approved by this Decision
Revelstoke Decision	FEI Revelstoke Propane Portfolio Cost Amalgamation Application, Order G-245-20 and Reasons for Decision dated October 1, 2020
RNG	Renewable natural gas or biomethane
RNG Blend service	Renewable gas blend service
RNG Connections service	Renewable gas connections service
RNG Connections service customers	Customers served under the RNG Connections tariff
RNG Inquiry Phase 1 Report	BCUC Inquiry into the Acquisition of RNG by Public Utilities in BC Phase 1 Report dated July 28, 2022
RNG Inquiry Phase 2 Report	BCUC Inquiry into the Acquisition of RNG by Public Utilities in BC Phase 2 Report dated June 13, 2023
RNG program	FEI's current renewable gas program, formerly referred to as the Biomethane Program
RS	Rate schedule
S&T LC Rider	Storage & Transportation Low Carbon Rider
Short Term BERC Rate	The BERC rate approved in the 2016 Biomethane Decision that is a premium of $7.00 per GJ above the Conventional Gas Cost
TJ	Terajoules
Translink	South Coast British Columbia Transportation Authority
T-Service Customers	Transportation Service customers
UBC	University of British Columbia
UBPDA	Unsold Biomethane Premium Deferral Account
UBPDA/CCRA method	The use of the UBPDA to capture the difference between the volume of unsold and unsaleable biomethane to be transferred to the MCRA at the prevailing CCRC at the time of the transfer and the selling price of that volume at the BERC rate
UCA	*Utilities Commission Act*
UPC	Use per customer
Voluntary RNG service	Voluntary renewable gas services

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Biomethane Energy Recovery Charge Rate Methodology - British Columbia Utilities Commission
Decision and Order G-133-16 Compliance Filing – BERC Rate Assessment Report

EXHIBIT LIST

Exhibit No.	Description
COMMISSION DOCUMENTS	
A-1	Letter dated October 9, 2020 – Appointing the Panel for the review of FortisBC Energy Inc. Biomethane Energy Recovery Charge (BERC) Rate Methodology - British Columbia Utilities Commission Decision and Order G-133-16 Compliance Filing – BERC Rate Assessment Report
A-2	Letter dated October 13, 2020 – BCUC Amending the Panel for the review of the Application
A-3	Letter dated November 12, 2020 – BCUC Order G-292-20 establishing a regulatory timetable
A-4	Letter dated November 20, 2020 – BCUC response to FEI Regulatory Timetable Amendment Request
A-5	Letter dated November 30, 2020 – BCUC Order G-301-20 establishing an amended regulatory timetable
A-6	Letter dated January 29, 2021 – BCUC Order G-35-21 establishing a further regulatory timetable
A-7	Letter dated February 23, 2021 – BCUC Information Request No. 1 to FEI
A-8	Letter dated April 28, 2021 – BCUC request for Oral Submissions
A-9	Letter dated January 7, 2022 – BCUC Order G-3-22 establishing a regulatory timetable
A-10	Letter dated February 17, 2022 –BCUC Stage 2 Information Request No. 1 to FEI
A-11	Letter dated February 18, 2022 – BCUC amending the regulatory timetable

Exhibit No.	Description
A-12	Letter dated February 24, 2022 – BCUC approval for City of Richmond and Lulu Island Energy Company's Request to Intervene
A-13	Letter dated February 28, 2022 – BCUC approval for Force of Nature Alliance's Request to Intervene
A-14	Letter dated March 17, 2022 – BCUC providing procedural conference information
A-15	Letter dated April 7, 2022 – BCUC response to FEI proposed regulatory timetable
A-16	Letter dated April 14, 2022 – BCUC Order G-103-22 amending the regulatory timetable
A-17	Letter dated May 18, 2022 – BCUC providing updated procedural conference information
A-18	Letter dated May 27, 2022 – BCUC requesting submissions on expert evidence
A-19	Letter dated June 1, 2022 – BCUC requesting submissions on scope of Application
A-20	**REPLACED** - Letter dated June 16, 2022 – BCUC Order G-165-22 amending the regulatory timetable with Reasons for Decision
A-20-1	Letter dated June 20, 2022 – BCUC issuing Order G-165-22A with Reasons for Decision, updated regulatory timetable and Scope
A-21	Letter dated July 12, 2022 – BCUC Stage 2 Information Request No. 2 to FEI
A-22	Letter dated July 19, 2022 – BCUC requesting submissions on FEI objection to Information Request No. 2 as out of scope questions
A-23	Letter dated July 29, 22 – BCUC Order G-214-22 with reasons
A-24	Letter dated August 4, 2022 – BCUC providing clarification on deadline to file responses to Information Requests No. 2
A-25	Letter dated October 6, 2022 – BCUC invitation to City of Richmond, District of North Vancouver, The Corporation of the District of Saanich, City of Victoria, and Lulu Island Energy Company Ltd. to provide a reply submission to FEI's letter dated October 5, 2022
A-26	Letter dated October 14, 2022 – BCUC requesting information regarding My Sea to Sky Society's Notice of Intent to submit Intervener Evidence
A-27	Letter dated October 14, 2022 – BCUC requesting information regarding District of North Vancouver and the District of Saanich's Notice of Intent to submit Intervener Evidence
A-28	Letter dated October 14, 2022 – BCUC requesting information regarding Brightside Solution's Notice of Intent to submit Intervener Evidence

Exhibit No.	Description
A-29	Letter dated October 20, 2022 – BCUC Order G-293-22 with Reasons for Decision
A-30	Letter dated January 16, 2023 – BCUC Information Request No. 1 to BCSEA on intervener evidence
A-31	Letter dated January 16, 2023 – BCUC Information Request No. 1 to City of Vancouver on intervener evidence
A-32	Letter dated January 16, 2023 – BCUC Information Request No. 1 to City of Richmond and Lulu Island Energy Company Ltd. on intervener evidence
A-33	Letter dated January 16, 2023 – BCUC Information Request No. 1 to BC Hydro on intervener evidence
A-34	Letter dated January 16, 2023 – BCUC Information Request No. 1 to Brattle Group on intervener evidence
A-35	Letter dated January 16, 2023 – BCUC Information Request No. 1 to BrightSide Solutions on intervener evidence
A-36	Letter dated January 16, 2023 – BCUC Information Request No. 1 to City of Victoria on intervener evidence
A-37	Letter dated January 16, 2023 – BCUC Information Request No. 1 to District of Saanich and District of North Vancouver on intervener evidence
A-38	Letter dated January 16, 2023 – BCUC Information Request No. 1 to My Sea to Sky on intervener evidence
A-39	Letter dated February 2, 2023 – BCUC request for comment to Metro Vancouver timetable extension request
A-40	Letter dated February 14, 2023 – BCUC Order G-28-23 amending the regulatory timetable
A-41	Letter dated March 21, 2023 – BCUC Information Request No. 1 on FEI Rebuttal Evidence to BCSEA
A-42	Letter dated March 21, 2023 – BCUC Information Request No. 1 on FEI Rebuttal Evidence to Brattle
A-43	Letter dated March 21, 2023 – BCUC Information Request No. 1 on FEI Rebuttal Evidence to BrightSide
A-44	Letter dated March 21, 2023 – BCUC Information Request No. 1 on FEI Rebuttal Evidence to CoV et al

Exhibit No.	Description
A-45	Letter dated March 21, 2023 – BCUC Information Request No. 1 on FEI Rebuttal Evidence to MS2S and Brattle
A-46	Letter dated March 21, 2023 – BCUC Information Request No. 1 on FEI Rebuttal Evidence to Strunk
A-47	Letter dated April 4, 2023 – BCUC response to FEI extension request to the regulatory timetable
A-48	Letter dated April 19, 2023 – BCUC Order G-86-23 amending the regulatory timetable
A-49	Letter dated May 9, 2023 – BCUC Order G-112-23 amending the regulatory timetable
A-50	Letter dated June 14, 2023 – BCUC Order G-142-23 establishing a further regulatory timetable
A-51	Letter dated August 14, 2023 – BCUC Order G-215-23 establishing a further regulatory timetable
A-52	Letter dated September 7,2023 – BCUC Information Request No. 3 to FEI on Evidentiary Update
A-53	Letter dated October 10, 2023 – BCUC amending the Panel for the review of the application
A-54	Letter dated November 15, 2023 – BCUC response to BCOAPO and CEC extension requests
A-55	Letter dated November 17, 2023 – BCUC response to MS2S and GNAR extension requests
A-56	Letter dated December 6, 2023 – BCUC response to FEI extension request to file Reply Argument
A-57	Letter dated December 20, 2023 –BCUC confirming the appointment of an additional panel member in this proceeding

COMMISSION STAFF DOCUMENTS

A2-1	Letter dated December 24, 2021 – BCUC Staff Questions No. 1 to FEI
A2-2	Letter dated May 31, 2022 – BCUC Staff submitting draft regulatory timetable
A2-3	Letter dated August 30, 2022 – BCUC Staff submitting Terms of Reference for independent expert report

Exhibit No.	Description
A2-4	Letter dated December 6, 2022 – BCUC Staff submitting The Brattle Group Independent Expert Report dated December 5, 2022
A2-4-1	Letter dated February 7 2023 – BCUC Staff submitting The Brattle Group Memorandum regarding Errata on The Brattle Group Independent Expert Report and the Errata on the independent expert report
A2-5	Letter dated February 7, 2023 – BCUC Staff submitting The Brattle Group response to BC Hydro Information Request No. 1 on expert evidence
A2-6	Letter dated February 7, 2023 – BCUC Staff submitting The Brattle Group response to the CEC Information Request No. 1 on expert evidence
A2-7	Letter dated February 7, 2023 – BCUC Staff submitting The Brattle Group response to BCSEA Information Request No. 1 on expert evidence
A2-8	Letter dated February 7, 2023 – BCUC Staff submitting The Brattle Group response to the City of Richmond Information Request No. 1 on expert evidence
A2-9	Letter dated February 7, 2023 – BCUC Staff submitting The Brattle Group response to BCUC Information Request No. 1 on expert evidence
A2-10	Letter dated February 7, 2023 – BCUC Staff submitting The Brattle Group response to MoveUp Information Request No. 1 on expert evidence

APPLICANT DOCUMENTS

B-1	**FORTISBC ENERGY INC. (FEI)** - Application for Biomethane Energy Recovery Charge (BERC) Rate Methodology - British Columbia Utilities Commission Decision and Order G-133-16 Compliance Filing – BERC Rate Assessment Report
B-2	Letter dated November 17, 2020 – FEI submitting request to rescind Order G-292-20
B-3	Letter dated January 28, 2021 – FEI submitting reply to intervener submissions on process
B-4	Letter dated March 15, 2021 – FEI submitting response to BCUC Information Request No. 1
B-5	Letter dated March 15, 2021 – FEI submitting response to BCSEA Information Request No. 1
B-6	Letter dated March 15, 2021 – FEI submitting response to MoveUp Information Request No. 1
B-7	Letter dated March 15, 2021 – FEI submitting response to CEC Information Request No. 1

Exhibit No.	Description
B-8	Letter dated March 15, 2021 – FEI submitting response to BCOAPO Information Request No. 1
B-9	Letter dated June 30, 2021 – FEI submitting Stage 2 Comprehensive Review and Assessment of the Renewable Gas Program – Status update in compliance with G-35-21
B-10	Letter dated September 9, 2021 – FEI submitting proposed contract wording and billing correction in Compliance with Order G-242-21
B-11	Letter dated December 17, 2021 – FEI submitting the Stage 2 Comprehensive Review and Application for a Revised Renewable Gas Program
B-11-1	Letter dated May 27, 2022 – FEI submitting errata to the Stage 2 Comprehensive Review and Application for a Revised Renewable Gas Program
B-12	Letter dated January 4, 2021 – FEI submitting response to BCUC Staff Information Request No. 1
B-13	Letter dated April 5, 2021 – FEI submitting extension request to file responses to Information Requests No. 1
B-14	Letter dated April 14, 2021 – FEI submitting reply comment to Intervener submissions on proposed timetable amendment
B-15	Letter dated May 16, 2022 – FEI submitting responses to BC Hydro Information Request No. 1
B-16	Letter dated May 16, 2022 – FEI submitting responses to BC Transit Information Request No. 1
B-17	Letter dated May 16, 2022 – FEI submitting responses to BCUC Information Request No. 1
B-18	Letter dated May 16, 2022 – FEI submitting responses to BrightSide Solutions Information Request No. 1
B-19	Letter dated May 16, 2022 – FEI submitting responses to BCSEA Information Request No. 1
B-20	Letter dated May 16, 2022 – FEI submitting responses to CoR Information Request No. 1
B-21	Letter dated May 16, 2022 – FEI submitting responses to BCOAPO Information Request No. 1
B-22	Letter dated May 16, 2022 – FEI submitting responses to CEC Information Request No. 1
B-23	Letter dated May 16, 2022 – FEI submitting responses to GNAR Information Request No. 1

Exhibit No.	Description
B-24	Letter dated May 16, 2022 – FEI submitting responses to CoV Information Request No. 1
B-25	Letter dated May 16, 2022 – FEI submitting responses to MetroVan Information Request No. 1
B-26	Letter dated May 16, 2022 – FEI submitting responses to Creative Energy Information Request No. 1
B-27	Letter dated May 16, 2022 – FEI submitting responses to Force of Nature Information Request No. 1
B-28	Letter dated May 16, 2022 – FEI submitting responses to TransLink Information Request No. 1
B-29	Letter dated May 16, 2022 – FEI submitting responses to MS2S Information Request No. 1
B-30	Letter dated May 16, 2022 – FEI submitting responses to RCIA Information Request No. 1
B-31	Letter dated May 16, 2022 – FEI submitting responses to MoveUP Information Request No. 1
B-32	Letter dated July 19, 2022 – FEI submitting Information Request No. 2 questions are Out of Scope
B-33	Letter dated July 22, 2022 – FEI reply to Participants response to FEI out of scope comments
B-34	Letter dated August 2, 2022 – FEI submitting request for clarification
B-35	Letter dated September 12, 2022 – FEI submitting responses to BC Hydro Information Request No. 2
B-36	Letter dated September 12, 2022 – FEI submitting responses to BCOAPO Information Request No. 2
B-37	Letter dated September 12, 2022 – FEI submitting responses to CoV Information Request No. 2
B-38	Letter dated September 12, 2022 – FEI submitting responses to GNAR Information Request No. 2
B-39	Letter dated September 12, 2022 – FEI submitting responses to CoR Information Request No. 2

Exhibit No.	Description
B-40	Letter dated September 12, 2022 – FEI submitting responses to MoveUP Information Request No. 2
B-41	Letter dated September 12, 2022 – FEI submitting responses to MetroVan Information Request No. 2
B-42	Letter dated September 12, 2022 – FEI submitting responses to BCUC Information Request No. 2
B-43	Letter dated September 12, 2022 – FEI submitting responses to CEC Information Request No. 2
B-44	Letter dated September 12, 2022 – FEI submitting responses to RCIA Information Request No. 2
B-45	Letter dated September 12, 2022 – FEI submitting responses to BCSEA Information Request No. 2
B-46	Letter dated September 12, 2022 – FEI submitting responses to BrightSide Information Request No. 2
B-47	Letter dated October 5, 2022 – FEI submitting responses to COR Out-of-Scope Information Requests
B-48	Letter dated November 3, 2022 – FEI submitting response to CoR Information Request No. 2 in scope
B-49	Letter dated November 7, 2022 – FEI submitting response to CoR response regarding FEI Information Request No. 2 response
B-50	Letter dated December 13, 2022 – FEI submitting Confidentiality Declaration and Undertaking for R. Gosselin
B-51	Letter dated December 14, 2022 – FEI submitting Confidentiality Declaration and Undertaking for R. Cook
B-52	Letter dated January 10, 2023 – FEI submitting Confidentiality Declaration and Undertaking for P. Koepfgen
B-53	**CONFIDENTIAL** - Letter dated January 16, 2023 – FEI submitting confidential Information Request No. 1 to BCSEA on intervener evidence
B-54	Letter dated January 16, 2023 – FEI submitting Information Request No. 1 to Brightside on intervener evidence

Exhibit No.	Description
B-55	Letter dated January 16, 2023 – FEI submitting Information Request No. 1 to City of Victoria on intervener evidence
B-56	Letter dated January 16, 2023 – FEI submitting Information Request No. 1 to City of Vancouver on intervener evidence
B-57	Letter dated January 16, 2023 – FEI submitting Information Request No. 1 to My Sea to Sky on intervener evidence
B-58	Letter dated January 16, 2023 – FEI submitting Information Request No. 1 to RCIA on intervener evidence
B-59	Letter dated January 16, 2023 – FEI submitting Information Request No. 1 to Saanich and North Vancouver on intervener evidence
B-60	Letter dated February 6, 2023 – FEI submitting comment to Metro Vancouver timetable extension request
B-61	Letter dated February 8, 2023 – FEI submitting Confidentiality Declaration and Undertaking for Richard Gosselin
B-62	Letter dated February 28, 2023 – FEI submitting Rebuttal Evidence to BCSEA
B-63	Letter dated February 28, 2023 – FEI submitting Rebuttal Evidence to Brattle Group
B-64	Letter dated February 28, 2023 – FEI submitting Rebuttal Evidence to Brightside
B-65	Letter dated February 28, 2023 – FEI submitting Rebuttal Evidence to CoV
B-66	Letter dated February 28, 2023 – FEI submitting Rebuttal Evidence to MS2S and Brattle
B-67	Letter dated February 28, 2023 – FEI submitting Rebuttal Evidence to RCIA
B-68	Letter dated February 28, 2023 – FEI submitting Rebuttal Evidence to Strunk
B-69	Letter dated April 3, 2023 – FEI submitting request to amend the Regulatory Timetable
B-70	Letter dated April 12, 2023 – FEI submitting reply response on submissions for proposed Final Argument dates
B-71	Letter dated April 18, 2023 – FEI submitting response to BCUC Information Request No. 1 on FEI Rebuttal Evidence to BCSEA
B-71-1	**CONFIDENTIAL** - Letter dated April 18, 2023 – FEI submitting confidential Attachment 2.1 to response to BCUC Information Request No. 1 on FEI Rebuttal Evidence to BCSEA

Exhibit No.	Description
B-71-2	**CONFIDENTIAL** - Letter dated April 18, 2023 – FEI submitting confidential Attachment 2.6 to response to BCUC Information Request No. 1 on FEI Rebuttal Evidence to BCSEA
B-72	Letter dated April 18, 2023 – FEI submitting response to CEC Information Request No. 1 on FEI Rebuttal Evidence to CoV
B-73	Letter dated April 18, 2023 – FEI submitting response to CEC Information Request No. 1 on FEI Rebuttal Evidence to Brattle and MS2S
B-74	Letter dated April 18, 2023 – FEI submitting response to CEC Information Request No. 1 on FEI Rebuttal Evidence to RCIA
B-75	Letter dated April 18, 2023 – FEI submitting response to CEC Information Request No. 1 on FEI Rebuttal Evidence to Strunk
B-76	Letter dated April 18, 2023 – FEI submitting response to MS2S Information Request No. 1 on FEI Rebuttal Evidence to MS2S and Brattle
B-77	Letter dated April 18, 2023 – FEI submitting response to RCIA Information Request No. 1 on FEI Rebuttal Evidence
B-78	Letter dated April 18, 2023 – FEI submitting response to BCSEA Information Request No. 1 on FEI Rebuttal Evidence
B-78-1	Letter dated April 21, 2023 – FEI submitting erratum to response to BCSEA Information Request No. 1 on FEI Rebuttal Evidence
B-79	Letter dated April 18, 2023 – FEI submitting response to BCUC Information Request No. 1 on FEI Rebuttal Evidence to Brattle
B-80	Letter dated April 18, 2023 – FEI submitting response to BCUC Information Request No. 1 on FEI Rebuttal Evidence to Brightside
B-81	Letter dated April 18, 2023 – FEI submitting response to BCUC Information Request No. 1 on FEI Rebuttal Evidence to CoV
B-82	Letter dated April 18, 2023 – FEI submitting response to BCUC Information Request No. 1 on FEI Rebuttal Evidence to MS2S and Brattle
B-83	Letter dated April 18, 2023 – FEI submitting response to BCUC Information Request No. 1 on FEI Rebuttal Evidence to Strunk
B-84	Letter dated April 18, 2023 – FEI submitting response to CEC Information Request No. 1 on FEI Rebuttal Evidence to BCSEA

Exhibit No.	Description
B-85	Letter dated April 18, 2023 – FEI submitting response to CEC Information Request No. 1 on FEI Rebuttal Evidence to Brattle
B-86	Letter dated April 18, 2023 – FEI submitting response to CEC Information Request No. 1 on FEI Rebuttal Evidence to Brightside
B-87	Letter dated May 8, 2023 – FEI submitting request for amendment of the regulatory timetable
B-88	Letter dated June 5, 2023 – FEI submitting Update on Carbon Tax Matter
B-89	Letter dated August 1, 2023 – FEI submitting Update No. 2 on Carbon Tax Matter
B-90	Letter dated October 4, 2023 – FEI submitting response to BCUC Information Request No. 3 on Evidentiary Update
B-91	Letter dated October 4, 2023 – FEI submitting response to BCOAPO Information Request No. 3 on Evidentiary Update
B-92	Letter dated October 4, 2023 – FEI submitting response to BCSEA Information Request No. 3 on Evidentiary Update
B-93	Letter dated October 4, 2023 – FEI submitting response to CEC Information Request No. 3 on Evidentiary Update
B-94	Letter dated October 4, 2023 – FEI submitting response to MoveUP Information Request No. 3 on Evidentiary Update
B-95	Letter dated October 4, 2023 – FEI submitting response to MS2S Information Request No. 3 on Evidentiary Update
B-96	Letter dated October 4, 2023 – FEI submitting response to RCIA Information Request No. 3 to Evidentiary Update
B-97	Letter dated December 4, 2023 – FEI submitting extension request to file Reply Argument

Exhibit No.	Description
INTERVENER DOCUMENTS	
C1-1	**BC SUSTAINABLE ENERGY ASSOCIATION AND SIERRA CLUB (BCSEA)** - Letter dated October 29, 2020 Request to Intervene by T. Hackney and W. Andrews
C1-2	Letter dated December 2, 2020 - BCSEA submitting comments on process
C1-3	Letter dated February 23, 2021 – BCSEA Information Request No. 1 to FEI
C1-4	Letter dated March 3, 2022 – BCSEA Stage 2 Information Request No. 1 to FEI
C1-5	Letter dated April 12, 2022 – BCSEA response to FEI's proposed timetable amendment
C1-6	Letter dated May 30, 2022 – BCSEA submitting intent to file evidence
C1-7	Letter dated May 30, 2022 – BCSEA submitting Oral Submission notes for Procedural Conference
C1-8	Letter dated July 12, 2022 – BCSEA Stage 2 Information Request No. 2 to FEI
C1-9	Letter dated July 21, 2022 – BCSEA response to FEI objection to Stage 2 Information Request No. 2
C1-10	Letter dated October 3, 2022 – BCSEA submitting notice to provide Intervener evidence
C1-11	Letter dated December 5, 2022 – BCSEA submitting Intervener evidence
C1-11-1	**CONFIDENTIAL** - Letter dated December 5, 2022 – BCSEA submitting confidential Intervener evidence Attachment
C1-11-2	Letter dated March 21, 2023 – BCSEA submitting errata and revised Intervener evidence
C1-12	Letter dated January 16, 2023 – BCSEA submitting Information Request No. 1 to The Brattle Group, Inc. on Expert Evidence
C1-13	Letter dated January 16, 2023 – BCSEA submitting Information Request No. 1 to BrightSide
C1-14	Letter dated January 16, 2023 – BCSEA submitting Information Request No. 1 to CoV
C1-15	Letter dated January 16, 2023 – BCSEA submitting Information Request No. 1 to North Vancouver and Saanich
C1-16	Letter dated January 16, 2023 – BCSEA submitting Information Request No. 1 to RCIA

Exhibit No.	Description
C1-17	Letter dated January 16, 2023 – BCSEA submitting Information Request No. 1 to CoR and Lulu Island
C1-18	Letter dated January 16, 2023 – BCSEA submitting Information Request No. 1 to CoVictoria
C1-19	Letter dated February 3, 2023 –BCSEA submitting comment to Metro Vancouver timetable extension request
C1-20	Letter dated February 6, 2023 – BCSEA submitting response to BCUC Information Request No. 1
C1-21	Letter dated February 6, 2023 – BCSEA submitting response to FEI Information Request No. 1
C1-22	Letter dated March 21, 2023 – BCSEA submitting Information Request No. 1 on Rebuttal Evidence
C1-23	Letter dated April 6, 2023 – BCSEA submitting response on proposed amended dates for Final Argument
C1-24	Letter dated September 12, 2023 – BCSEA submitting Information Request No. 3 to FEI on Evidentiary Update
C1-25	Letter dated October 17, 2023 – BCSEA submitting no objection to Panel Amendment
C1-26	Letter dated December 14, 2023 – BCSEA submitting question regarding Panel Amendment
C2-1	**MOVEMENT OF UNITED PROFESSIONALS (MOVEUP)** – Letter dated December 8, 2020 – Request to Intervene by Jim Quail, Allevato Quail & Roy, Barristers & Solicitors
C2-2	Letter dated December 8, 2020 – MoveUP submitting comments on process
C2-3	Letter dated February 22, 2021 – MoveUP Information Request No. 1 to FEI
C2-4	Letter dated March 3, 2022 – MoveUP Stage 2 Information Request No. 1 to FEI
C2-5	Letter dated April 8, 2022 – MoveUp submitting comments on the proposed amendment to the regulatory timetable
C2-6	Letter dated July 11, 2022 – MoveUP Stage 2 Information Request No. 2 to FEI
C2-7	Letter dated July 19, 2022 – MoveUP response to FEI objection to Stage 2 Information Request No. 2 Question 1.4

Exhibit No.	Description
C2-8	Letter dated January 16, 2023 – MoveUP submitting Information Request No. 1 to The Brattle Group, Inc. on Expert Evidence
C2-9	Letter dated February 2, 2023 –MoveUP submitting comment to Metro Vancouver timetable extension request
C2-10	Letter dated September 7, 2023 – MoveUP submitting Information Request No. 3 to FEI on Evidentiary Update
C3-1	**COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BRITISH COLUMBIA (CEC)** - Letter dated January 14, 2021 Request to Intervene by Christopher Weafer
C3-2	Letter dated January 14, 2020 – CEC submission on process alternatives
C3-3	Letter dated February 23, 2021 – CEC Information Request No. 1 to FEI
C3-4	Letter dated March 3, 2022 – CEC Stage 2 Information Request No. 1 to FEI
C3-5	Letter dated April 12, 2022 – CEC response to FEI's proposed timetable amendment
C3-6	Letter dated July 12, 2022 – CEC Stage 2 Information Request No. 2 to FEI
C3-7	Letter dated January 16, 2023 – CEC submitting Information Request No. 1 to The Brattle Group, Inc. on Expert Evidence
C3-8	Letter dated March 21, 2023 – CEC Information Request No. 1 on FEI Rebuttal Evidence to Brightside
C3-9	Letter dated March 21, 2023 – CEC Information Request No. 1 on FEI Rebuttal Evidence to Brattle Group and MS2S
C3-10	Letter dated March 21, 2023 – CEC Information Request No. 1 on FEI Rebuttal Evidence to RCIA
C3-11	Letter dated March 21, 2023 – CEC Information Request No. 1 on FEI Rebuttal Evidence to CoV
C3-12	Letter dated March 21, 2023 – CEC Information Request No. 1 on FEI Rebuttal Evidence to Strunk
C3-13	Letter dated March 21, 2023 – CEC Information Request No. 1 on FEI Rebuttal Evidence to Brattle Group
C3-14	Letter dated March 21, 2023 – CEC Information Request No. 1 on FEI Rebuttal Evidence to BCSEA

Exhibit No.	Description
C3-15	Letter dated September 12, 2023 – CEC submitting Information Request No. 3 to FEI on Evidentiary Update
C3-16	Letter dated November 14, 2023 – CEC submitting extension request to file Final Argument
C4-1	**BC OLD AGE PENSIONERS' ORGANIZATION, ACTIVE SUPPORT AGAINST POVERTY, COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS OF BC, DISABILITY ALLIANCE BC, TENANTS RESOURCE AND ADVISORY CENTRE, AND TOGETHER AGAINST POVERTY SOCIETY, KNOWN COLLECTIVELY IN REGULATORY PROCESSES AS "BCOAPO ET AL." (BCOAPO ET AL)** - Letter dated January 15, 2020 - Request for Intervener Status by Leigha Worth and Irina Mis
C4-2	Letter dated January 14, 2020 – BCOAPO submission on process alternatives
C4-3	Letter dated February 23, 2021 – BCOAPO Information Request No. 1 to FEI
C4-4	Letter dated March 3, 2022 – BCOAPO Stage 2 Information Request No. 1 to FEI
C4-5	Letter dated April 12, 2022 – BCOAPO response to FEI's proposed timetable amendment
C4-6	Letter dated July 12, 2022 – BCOAPO Stage 2 Information Request No. 2 to FEI
C4-7	Letter dated January 16, 2023 – BCOAPO submitting Information Request No. 1 to RCIA on Expert Evidence
C4-8	Letter dated January 16, 2023 – BCOAPO submitting Information Request No. 1 to City of Vancouver on Expert Evidence
C4-9	Letter dated April 6, 2023 – BCOAPO submitting response on proposed amended dates for Final Argument
C4-10	Letter dated September 12, 2023 – BCOAPO submitting Information Request No. 3 to FEI on Evidentiary Update
C4-11	Letter dated November 10, 2023 – BCOAPO submitting extension request to file Final Argument
C5-1	**PACIFIC NORTHERN GAS INC. (PNG)** - Letter dated February 4, 2022 Request to Intervene by Verlon Otto
C6-1	**CITIZENS FOR MY SEA TO SKY SOCIETY (MS2S)** - Letter dated February 4, 2022 Request to Intervene by Eoin Finn

Exhibit No.	Description
C6-2	Letter dated March 3, 2022 – MS2S Stage 2 Information Request No. 1 to FEI
C6-3	Letter dated October 5, 2022 – MS2S submitting Notice of Intent to file Intervener Evidence
C6-4	Letter dated December 5, 2022 – MS2S submitting Intervener evidence
C6-5	Letter dated December 15, 2022 – MS2S submitting notice of Emma Hume as Legal Counsel
C6-6	Letter dated February 4, 2023 –MS2S submitting comment to Metro Vancouver timetable extension request
C6-7	Letter dated February 6, 2023 – MS2S submitting response to FEI Information Request No. 1
C6-8	Letter dated February 6, 2023 – MS2S submitting response to BCUC Information Request No. 1
C6-9	Letter dated March 21, 2023 – MS2S Information Request No. 1 on Rebuttal Evidence to FEI
C6-10	Letter dated September 12, 2023 – MS2S submitting Information Request No. 3 to FEI on Evidentiary Update
C6-11	Letter dated November 15, 2023 – MS2S submitting extension request to file Final Argument
C7-1	**CITY OF VANCOUVER (COV)** - Letter dated February 4, 2022 Request to Intervene by Ian Neville
C7-2	Letter dated March 3, 2022 – CoV Stage 2 Information Request No. 1 to FEI
C7-3	Letter dated August 12, 2022 – CoV Stage 2 Information Request No. 2 to FEI
C7-4	Letter dated October 5, 2022 – CoV submitting Notice of Intent to file Intervener Evidence
C7-5	Letter dated December 5, 2022 – CoV submitting Intervener evidence
C7-6	Letter dated February 3, 2023 –CoV submitting comment to Metro Vancouver timetable extension request
C7-7	Letter dated February 6, 2023 – CoV submitting response to BCOAPO Information Request No. 1

Exhibit No.	Description
C7-8	Letter dated February 6, 2023 – CoV submitting response to BCUC Information Request No. 1
C7-9	Letter dated February 6, 2023 – CoV submitting response to FEI Information Request No. 1
C7-10	Letter dated February 6, 2023 – CoV submitting response to BCSEA Information Request No. 1
C8-1	**BC TRANSIT (TRANSIT) -** Letter dated February 7, 2022 Request to Intervene by Geoff Huber
C8-2	Letter dated March 1, 2022 – Transit submitting Information Request No. 1 to FEI
C9-1	**CITY OF VICTORIA (COVICTORIA) -** Letter dated February 8, 2022 Request to Intervene by Laura Berndt
C9-2	Letter dated October 5, 2022 – CoVictoria submitting Notice of Intent to file Intervener Evidence
C9-3	Letter dated December 5, 2022 – CoVictoria submitting intervener evidence
C9-4	Letter dated February 6, 2023 – CoVictoria submitting response to FEI Information Request No. 1
C9-5	Letter dated February 6, 2023 – CoVictoria submitting response to BCSEA Information Request No. 1
C9-6	Letter dated February 6, 2023 – CoVictoria submitting response to BCUC Information Request No. 1
C9-7	Letter dated February 6, 2023 –CoVictoria submitting comment to Metro Vancouver timetable extension request
C10-1	**RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA) -** Letter dated February 9, 2022 Request to Intervene by Samuel Mason
C10-2	Letter dated March 3, 2022 – RCIA Stage 2 Information Request No. 1 to FEI
C10-3	Letter dated April 12, 2022 – RCIA response to FEI's proposed timetable amendment
C10-4	Letter dated June 1, 2022 – RCIA submitting intent to file evidence
C10-4-1	Letter dated October 5, 2022 – RCIA submitting updated Notice of Intent to file evidence
C10-5	Letter dated July 12, 2022 – RCIA Stage 2 Information Request No. 2 to FEI

Exhibit No.	Description
C10-6	Letter dated December 5, 2022 – RCIA submitting Intervener evidence
C10-7	Letter dated February 3, 2023 – RCIA submitting comment to Metro Vancouver timetable extension request
C10-8	Letter dated February 6, 2023 – RCIA submitting response to BCOAPO Information Request No. 1
C10-9	Letter dated February 6, 2023 – RCIA submitting response to BCSEA Information Request No. 1
C10-10	Letter dated February 6, 2023 – RCIA submitting response to FEI Information Request No. 1 updated to include excel Model
~~C10-10-1~~	REMOVED
C10-11	Letter dated March 21, 2023 – RCIA Information Request No. 1 on Rebuttal Evidence to FEI
C10-12	Letter dated September 12, 2023 – RCIA submitting Information Request No. 3 to FEI on Evidentiary Update
C11-1	**METRO VANCOUVER REGIONAL DISTRICT (METRO VANCOUVER) -** Letter dated February 9, 2022 Request to Intervene by Roger Quan
C11-2	Letter dated March 3, 2022 – Metro Vancouver Stage 2 Information Request No. 1 to FEI
C11-3	Letter dated August 12, 2022 – Metro Vancouver Stage 2 Information Request No. 2 to FEI
C11-4	Letter dated January 30, 2023 – Metro Vancouver requesting extension to the regulatory timetable
C11-5	Letter dated August 2, 2023 – Metro Vancouver submitting notification of representative change
C12-1	**CREATIVE ENERGY VANCOUVER PLATFORMS INC. (CREATIVE ENERGY) -** Letter dated February 9, 2022 Request to Intervene by Rob Gorter
C12-2	Letter dated March 3, 2022 – Creative Energy Stage 2 Information Request No. 1 to FEI
C13-1	**DISTRICT OF NORTH VANCOUVER (NORTH VANCOUVER) -** Letter dated February 9, 2022 Request to Intervene by Caroline Jackson

Exhibit No.	Description
C13-2	Letter dated October 5, 2022 – North Vancouver and Saanich submitting Notice of Intent to file Intervener Evidence
C13-3	Letter dated October 21, 2022 – North Vancouver and Saanich submitting additional information regarding Notice of Intent to file Intervener Evidence
C14-1	**TRANSLINK (TRANSLINK) -** Letter dated February 9, 2022 Request to Intervene by Ralf Nielsen
C14-2	Letter dated February 28, 2021 – Translink submitting Information Request No. 1 to FEI
~~C15-1~~	**REMOVED –** NOW EXHIBIT D-19
C16-1	**SEASPAN FERRIES (SEASPAN)** - Letter dated January 22, 2022 Request to Intervene by Harly Penner
C16-2	Letter dated February 25, 2022 – Seaspan submitting their Information Request mirrors Brightside Solutions and will not be submitting separate Information Requests
C17-1	**BRITISH COLUMBIA HYDRO AND POWER AUTHORITY (BC HYDRO)** - Letter dated January 24, 2022 Request to Intervene by Chris Sandve
C17-2	Letter dated March 3, 2022 – BC Hydro Stage 2 Information Request No. 1 to FEI
C17-3	Letter dated July 12, 2022 – BC Hydro Stage 2 Information Request No. 2 to FEI
C17-4	Letter dated January 10, 2023 – BC Hydro submitting Confidentiality Declaration and Undertakings
C17-5	Letter dated January 16, 2023 – BC Hydro submitting Information Request No. 1 to The Brattle Group, Inc. on Expert Evidence
C17-6	Letter dated February 6, 2023 – BC Hydro submitting response to BCUC Information Request No. 1
C18-1	**BRIGHTSIDE SOLUTIONS INC. (BRIGHTSIDE SOLUTIONS)** - Letter dated January 31, 2022 Request to Intervene by Mark Grist
C18-2	Letter dated February 28, 2022 – Brightside Solutions submitting Information Request No. 1 to FEI
C18-3	Letter dated May 27, 2022 – Brightside Solutions written submission for Procedural Conference
C18-4	Letter dated August 9, 2022 – Brightside Solutions submitting Information Request No. 2 to FEI

Exhibit No.	Description
C18-5	Letter dated September 28, 2022 – Brightside Solutions submitting notice of intent to file intervener evidence
C18-6	Letter dated October 21, 2022 – Brightside Solutions submitting clarification regarding notice of intent to file intervener evidence
C18-7	Letter dated December 4, 2022 – Brightside Solutions submitting intervener evidence
C18-8	Letter dated February 6, 2023 – Brightside Solutions submitting response to BCUC Information Request No. 1
C18-9	Letter dated February 6, 2023 – Brightside Solutions submitting response to BCSEA Information Request No. 1
C18-10	**REDACTED** - Letter dated February 6, 2023 – Brightside Solutions submitting redacted response to FEI Information Request No. 1
C18-10-1	**CONFIDENTIAL** - Letter dated February 6, 2023 – Brightside Solutions submitting confidential response to FEI Information Request No. 1
C19-1	**GNAR INC - SUSTAINABLE HOME DESIGN (GNAR)** - Letter dated February 7, 2022 Request to Intervene by Edgar Dearden
C19-2	Letter dated March 3, 2022 – GNAR Stage 2 Information Request No. 1 to FEI
C19-3	Letter dated July 12, 2022 – GNAR Stage 2 Information Request No. 2 to FEI
C19-4	Letter dated July 19, 2022 – GNAR response to FEI objection to Stage 2 Information Request No. 2 Questions
C19-5	Letter dated November 15, 2023 – GNAR submitting extension request to file Final Argument
C20-1	**BRITISH COLUMBIA FERRY SERVICES INC. (BC FERRIES)** - Letter dated February 8, 2022 Request to Intervene by Frank Cholette
C21-1	**CITY OF SURREY (COSURREY)** - Letter dated February 8, 2022 Request to Intervene by Bentjie Lee
C21-2	Letter dated February 6, 2023 –CoSurrey submitting comment to Metro Vancouver timetable extension request
C22-1	**DISTRICT OF SAANICH (SAANICH)** - Letter dated February 15, 2022 Request to Intervene by Rebecca Newlove

Exhibit No.	Description
C23-1	**CITY OF RICHMOND (COR)** - Letter dated February 9, 2022 Request to Intervene by Anthony Capuccinello Iraci
C24-1	**LULU ISLAND ENERGY COMPANY LTD. (LULU ISLAND)** - Letter dated February 9, 2022 Request to Intervene by Anthony Capuccinello Iraci
C25-1	**FORCE OF NATURE ALLIANCE (FORCE OF NATURE) -** Letter dated February 23, 2022 Late Request to Intervene by Laurie Parkinson
C25-2	Letter dated March 3, 2022 – Force of Nature Stage 2 Information Request No. 1 to FEI
C26-1	Letter dated March 3, 2022 – City of Richmond, City of Surrey, District of North Vancouver, District of Sannich, City of Victoria and Lulu Island Energy Company Stage 2 Information Request No. 1 to FEI
C26-2	Letter dated August 12, 2022 – City of Richmond, City of Surrey, District of North Vancouver, District of Saanich, City of Victoria and Lulu Island Energy Company Stage 2 Information Request No. 1 to FEI
C26-3	Letter dated September 26, 2022 – City of Richmond, City of Surrey, District of North Vancouver, District of Saanich, City of Victoria and Lulu Island Energy Company Stage 2 submitting FEI Information Request No. 2 responses are inadequate
C26-4	Letter dated October 5, 2022 – City of Richmond and Lulu Island Energy Company submitting Notice of Intent to file Intervener Evidence
C26-5	Letter dated October 14, 2022 – City of Richmond submitting response to FEI Stage 2 Information Request No. 2 clarifying how responses are inadequate as requested in Exhibit A-25
C26-6	Letter dated November 7, 2022 – City of Richmond submitting response to FEI Stage 2 Information Request No. 2 responses
C26-7	Letter dated December 5, 2022 – City of Richmond and Lulu Island Energy Company submitting intervener evidence
C26-8	Letter dated December 5, 2022 – District of Saanich and DNV submitting Intervener evidence
C26-9	Letter dated January 13, 2023 – City of Richmond, City of Surrey, District of North Vancouver, District of Saanich, City of Victoria and Lulu Island Energy Company submitting Information Request No. 1 on Expert Evidence to The Brattle Group, Inc.
C26-10	Letter dated February 6, 2023 – City of Richmond and Lulu Island Energy Company submitting comment to Metro Vancouver timetable extension request

Exhibit No.	Description
C26-11	Letter dated February 6, 2023 – City of Richmond and Lulu Island Energy Company submitting responses to BCUC Information Request No. 1
C26-12	Letter dated February 6, 2023 – City of Richmond and Lulu Island Energy Company submitting responses to BCSEA Information Request No. 1
C26-13	Letter dated February 6, 2023 – DNV and Saanich submitting responses to BCUC Information Request No. 1
C26-14	Letter dated February 6, 2023 – DNV and Saanich submitting responses to BCSEA Information Request No. 1
C26-15	Letter dated February 6, 2023 – DNV and Saanich submitting responses to FEI Information Request No. 1
C26-16	Letter dated February 8, 2023 – DNV and Saanich submitting comment to Metro Vancouver timetable extension request

INTERESTED PARTY DOCUMENTS

D-1	**SHELL ENERGY NORTH AMERICA (SHELL ENERGY)** – Submission dated December 11, 2020 Request for Interested Party Status by Marcie Milner
D-2	**SENTINEL ENERGY MANAGEMENT INC. (SENTINEL ENERGY)** – Submission dated February 18, 2021 Request for Interested Party Status by Jim Langley
D-3	**UNIVERSITY OF BRITISH COLUMBIA (UBC) -** Submission dated November 3, 2021 Request for Interested Party Status by Joshua Wauthy
D-4	**CITY OF SURREY (SURREY) -** Submission dated December 9, 2021 Request for Interested Party Status by Jason Owen
D-5	**BOREALIS GEOPOWER (BOREALIS) -** Submission dated January 10, 2022 Request for Interested Party Status by Alison Thompson
D-6	**FINK MACHINE INC. (FINKMACHINE) -** Submission dated January 24, 2022 Request for Interested Party Status by David Dubois
D-7	**CITY OF ABBOTSFORD (ABBOTSFORD)** - Submission dated January 25, 2021 Request for Interested Party Status by Wasel Rahman
D-8	**ZERO EMISSIONS BUILDING EXCHANGE (ZEBX)** - Submission dated February 7, 2021 Request for Interested Party Status by Roberto Pecora

Exhibit No.	Description
D-9	**FIRST THINGS FIRST OKANAGAN (FRFO)** - Submission dated February 10, 2022 Request for Interested Party Status by Margaret Hollm
D-10	**CURREN, M. (CURREN)** - Submission dated February 10, 2022 Request for Interested Party Status
D-11	**GOLDMAN, L. (GOLDMAN)** - Submission dated February 16, 2022 Request for Interested Party Status
D-12	**DAUNCY, G. (DAUNCY) -** Submission dated February 18, 2022 Request for Interested Party Status
D-13	**MAAS, K. (MAAS) -** Submission dated February 18, 2022 Request for Interested Party Status
D-14	**CANADIAN ASSOCIATION OF PHYSICIANS FOR THE ENVIRONMENT (CAPE) -** Submission dated February 20, 2022 Request for Interested Party Status by Deborah Curry
D-15	**DEROO, J. (DEROO) -** Submission dated February 20, 2022 Request for Interested Party Status
D-16	**ZERO WASTE BC -** Submission dated February 25, 2022 Request for Interested Party Status by Sue Maxwell
D-17	**ZERO WASTE CANADA -** Submission dated February 25, 2022 Request for Interested Party Status by Jamie Kaminski
D-18	**DISTRICT OF WEST VANCOUVER (D-WESTVANCOUVER) -** Submission dated March 2, 2022 Request for Interested Party Status by Shazeen Tejani
D-19	**CANADIAN BIOGAS ASSOCIATION (CBA) -** Letter dated March 30, 2022 Request to change status to Interested Party by Jennifer Green
D-20	**CONSCIOUS ENERGY SERVICES (CES)** – Letter dated September 25, 2022 submitting request for Interested Party Status by Hugh Prodan
D-21	**SOUTH ISLAND CLIMATE ACTION NETWORK (SI-CAN)** – Letter dated October 12, 2022 submitting request for Interested Party Status by Jane Devonshire
D-22	**HUXTABLE, C. (HUXTABLE) -** Letter dated December 7, 2022 submitting request for Interested Party Status

LETTERS OF COMMENT

E-1	Langley, J. – Letter of Comment dated April 27, 2021

Exhibit No.	Description
E-2	E3 Eco Group (E3-Eco) – Letter of Comment dated January 4, 2022
E-3	City of Coquitlam (Coquitlam) – Letter of Comment dated January 17, 2022
E-4	Caldwell, R. – Letter of Comment dated February 3, 2022
E-5	Orr, D. – Letter of Comment dated February 6, 2022
E-6	Canadian Geothermal Energy Association (CanGEA) – Letter of Comment dated February 8, 2022
E-7	Mayba, J. – Letter of Comment dated February 10, 2022
E-8	Little, M. – Letter of Comment dated February 3, 2022
E-9	City of Kelowna (Kelowna) – Letter of Comment dated February 10, 2022
E-10	Maas, K. – Letter of Comment dated February 18, 2022
E-11	White, E. – Letter of Comment dated February 18, 2022
E-11-1	White, E. – Additional Letter of Comment dated August 7, 2023
E-12	Wilson, M. – Letter of Comment dated February 19, 2022
E-13	Curry, D. – Letter of Comment dated February 20, 2022
E-14	Vaneck, K. – Letter of Comment dated February 22, 2022
E-15	Rusland, P. – Letter of Comment dated February 23, 2022
E-16	Dronkers, A. – Letter of Comment dated February 26, 2022
E-17	Coldstar Solutions Inc. (Coldstar Solutions) – Letter of Comment dated February 16, 2022
E-18	4 Less Disposal Inc. (4 Less Disposal) – Letter of Comment dated February 22, 2022
E-19	Canadian Linen & Uniform Supply Corp. (Canadian Linen) – Letter of Comment dated February 18, 2022
E-20	The Aboriginal Housing Management Association (AHMA) – Letter of Comment dated January 26, 2022
E-21	Hepting, C. (Hepting) – Letter of Comment dated March 17, 2022
E-22	Building Owners and Managers Association of British Columbia (BOMA BC) – Letter dated March 24, 2022

Exhibit No.	Description
E-23	Martini Film Studios (Martini Film) – Letter of Comment dated March 28, 2022
E-24	MacKinnon, B. (MacKinnon) – Letter of Comment dated March 30, 2022
E-25	Zero Waste British Columbia (Zero Waste BC) – Letter of Comment dated April 2, 2022
E-26	ARPA Investments Ltd. (ARPA Investments) – Letter of Comment dated October 26, 2021
E-27	Goldman, L. (Goldman) – Letter of Comment dated May 16, 2022
E-27-1	Goldman, L. (Goldman) – Additional Letter of Comment dated July 21, 2023
E-28	City of West Kelowna (West Kelowna) – Letter of Comment dated July 13, 2022
E-29	Regional District of Okanagan-Similkameen (RDOS) –Letter of Commend dated July 25, 2022
E-30	Thompson Okanagan Tourism Association (TOTA) – Letter of Comment dated September 28, 2022
E-31	Town of Oliver (Oliver) – Letter of Comment dated September 13, 2022, received via letter mail October 3, 2022
E-32	South Island Climate Action Network (SI-CAN) – Letter of Comment dated October 11, 2022
E-33	District of Logan Lake (DLL) – Letter of Comment dated October 20, 2022
E-34	BC Hotel Association (BCHA) – Letter of Comment dated October 27, 2022
E-35	Huxtable, C. (Huxtable) - Letter of Comment dated December 4 2022
E-36	District of Sicamous (Sicamous) - Letter of Comment dated April 18, 2023
E-37	Capital Home Energy (CHE) - Letter of Comment dated April 26, 2023
E-38	Town of Creston (Creston) – Letter of Comment dated May 23, 2023
E-39	District of Chetwynd (Chetwynd) – Letter of Comment dated June 29, 2023
E-40	van der Vorm, C. (van der Vorm) – Letter of Comment dated July 21, 2023
E-41	Freeman, M. (Freeman) - Letter of Comment dated July 21, 2023
E-42	Sy, S. (Sy) - Letter of Comment dated July 21, 2023
E-43	Darnell, B. (Darnell) - Letter of Comment dated July 21, 2023

Exhibit No.	Description
E-44	O'Leary, J. (O'Leary) – Letter of Comment dated July 21, 2023
E-45	Hopwood, D. (Hopwood) – Letter of Comment dated July 21, 2023
E-46	Horstman, S. (Horstman) – Letter of Comment dated July 21, 2023
E-47	Kilthei, J. (Kilthei) – Letter of Comment dated July 21, 2023
E-47-1	Kilthei - Additional Letter of Comment dated October 11, 2023
E-48	Isaac, R. (Isaac) – Letter of Comment dated July 21, 2023
E-49	van Eyk, D. (van Eyk) – Letter of Comment dated July 21, 2023
E-50	Welton, J. (Welton) – Letter of Comment dated July 21, 2023
E-51	Varga, D. (Varga) – Letter of Comment dated July 21, 2023
E-52	Bass, F. (Bass) – Letter of Comment dated July 23, 2023
E-53	Baumann, E. (Baumann) – Letter of Comment dated July 23, 2023
E-54	Crosby, K. (Crosby) – Letter of Comment dated July 23, 2023
E-55	Diller, E. (Diller) – Letter of Comment dated July 22, 2023
E-56	Hackett, H. and E. (Hackett) – Letter of Comment dated July 24, 2023
E-56-1	Hackett – Additional Letter of Comment dated August 4, 2023
E-56-2	Hackett – Additional Letter of Comment dated August 16, 2023
E-56-3	Hackett – Additional Letter of Comment dated October 4, 2023
E-57	Mayfield, BJM (Mayfield) – Letter of Comment dated July 23, 2023
E-58	Peterson, M. (Peterson) – Letter of Comment dated July 22, 2023
E-59	Ruckert, G. (Ruckert) – Letter of Comment dated July 23, 2023
E-60	Slade, D. (Slade) – Letter of Comment dated July 21, 2023
E-61	Stewart, B. (Stewart) – Letter of Comment dated July 22, 2023
E-62	Whistler, J. (Whistler) – Letter of Comment dated July 21, 2023
E-63	McMahon, K. (McMahon) – Letter of Comment dated July 24, 2023

Exhibit No.	Description
E-64	Ashwell, M. (Ashwell) – Letter of Comment dated July 24, 2023
E-64-1	Ashwell – Additional Letter of Comment dated August 29, 2023
E-65	Voth, B. (Voth) – Letter of Comment dated July 24, 2023
E-66	Baughen, C. (Baughen) – Letter of Comment dated July 27, 2023
E-67	Cross, S. (Cross) – Letter of Comment dated July 26, 2023
E-68	Guthier, J. (Guthier) – Letter of Comment dated July 26, 2023
E-68-1	Guthier – Additional Letter of Comment dated October 8, 2023
E-69	Hourigan, G. (Hourigan) – Letter of Comment dated July 26, 2023
E-70	Parkins, J. (Parkins) – Letter of Comment dated July 26, 2023
E-71	Kenyon, G. (Kenyon) – Letter of Comment dated July 27, 2023
E-72	Bryenton, R. (Bryenton) – Letter of Comment dated July 28, 2023
E-73	Parkinson, L. (Parkinson) – Letter of Comment dated July 28, 2023
E-74	Swail, B. (Swail) – Letter of Comment dated July 28, 2023
E-75	Schultz, A. (Schultz) – Letter of Comment dated July 28, 2023
E-76	Maas, K. (Maas) – Letter of Comment dated July 28, 2023
E-77	Quipp, S. (Quipp) – Letter of Comment dated July 28, 2023
E-78	Landell, B. (Landell) – Letter of Comment dated July 29, 2023
E-79	Weixl, J. (Weixl) – Letter of Comment dated July 30, 2023
E-80	Quigley, S. (Quigley) – Letter of Comment dated July 30, 2023
E-81	Brook, J. (Brook) – Letter of Comment dated July 30, 2023
E-82	Crosby, K. (Crosby) – Letter of Comment dated July 31, 2023
E-82-1	Crosby – Additional Letter of Comment dated August 20, 2023
E-83	Holm, M. (Holm) – Letter of Comment dated July 31, 2023
E-84	District of Hope (District of Hope) – Letter of Comment dated July 31, 2023

Exhibit No.	Description
E-85	Lawes, K. (Lawes) – Letter of Comment dated August 1, 2023
E-86	Hammond, J. (Hammond) – Letter of Comment dated August 2, 2023
E-87	Isaac, R. (Isaac) – Letter of Comment dated August 3, 2023
E-88	Blacklin, S. (Blacklin) – Letter of Comment dated August 4, 2023
E-89	Lissau, J. (Lissau) – Letter of Comment dated August 4, 2023
E-90	Brown, A. (Brown) – Letter of Comment dated August 4, 2023
E-90-1	Brown – Additional Letter of Comment dated August 16, 2023
E-90-2	Brown – Additional Letter of Comment dated October 10, 2023
E-91	Slakov, J. (Slakov) – Letter of Comment dated August 4, 2023
E-92	Schroder, J. (Schroder) – Letter of Comment dated August 4, 2023
E-93	Burns, S. (Burns) – Letter of Comment dated August 4, 2023
E-94	Waller, H. (Waller) – Letter of Comment dated August 4, 2023
E-95	Elliott, K. (Elliott) – Letter of Comment dated August 4, 2023
E-96	Wilson, S. (Wilson) – Letter of Comment dated August 5, 2023
E-97	Cairns, S. (Cairns) – Letter of Comment dated August 5, 2023
E-98	Cojocaru, S. (Cojocaru) – Letter of Comment dated August 6, 2023
E-99	Dunne, K. (Dunne) – Letter of Comment dated August 6, 2023
E-100	Friskie, L. (Friskie) – Letter of Comment dated August 7, 2023
E-101	Hendry, K. (Hendry) – Letter of Comment dated August 6, 2023
E-102	Lindgren, B. (Lindgren) – Letter of Comment dated August 7, 2023
E-103	Michaud, D. (Michaud) – Letter of Comment dated August 5, 2023
E-104	Sander, C. (Sander) – Letter of Comment dated August 5, 2023
E-105	Fast, C. (Fast) – Letter of Comment dated August 11, 2023
E-106	Kirschmann, S. (Kirschmann) – Letter of Comment dated August 11, 2023

Exhibit No.	Description
E-107	Brassard, F. (Brassard) – Letter of Comment dated August 13, 2023
E-108	Cornwall, C. (Cornwall) – Letter of Comment dated August 14, 2023
E-109	Woodland, K. (Woodland) – Letter of Comment dated August 14, 2023
E-110	Mewhort, K. (Mewhort) – Letter of Comment dated August 14, 2023
E-111	Calder, E. (Calder) – Letter of Comment dated August 14, 2023
E-112	Hourigan, K. (Hourigan) – Letter of Comment dated August 14, 2023
E-113	Moorhead, D. (Moorhead) – Letter of Comment dated August 15, 2023
E-114	McCourt, K. (McCourt) – Letter of Comment dated August 15, 2023
E-115	Crozier, S. (Crozier) – Letter of Comment dated August 16, 2023
E-116	Doyle, P. (Doyle) – Letter of Comment dated August 16, 2023
E-117	Macgregor, N. (Macgregor) – Letter of Comment dated August 16, 2023
E-118	Smith, L. (Smith) – Letter of Comment dated August 16, 2023
E-119	Frketich, F. (Frketich) – Letter of Comment dated August 16, 2023
E-120	Sparrow, M. (Sparrow) – Letter of Comment dated August 16, 2023
E-121	Brown, I. (Brown) – Letter of Comment dated August 16, 2023
E-122	Lea, G. (Lea) – Letter of Comment dated August 16, 2023
E-123	Grube, A. (Grube) – Letter of Comment dated August 17, 2023
E-123-1	Grube, A. (Grube) – Letter of Comment dated October 3, 2023
E-124	McLaren, A. (McLaren) – Letter of Comment dated August 17, 2023
E-124-1	McLaren – Letter of Comment dated October 8, 2023
E-125	Sharp, E. (Sharp) – Letter of Comment dated August 16, 2023
E-126	Siemens, J. (Siemens) – Letter of Comment dated August 18, 2023
E-127	Wieder, S. (Wieder) – Letter of Comment dated August 18, 2023
E-128	Wieder, C. (Wieder) – Letter of Comment dated August 18, 2023

Exhibit No.	Description
E-129	Evans, G. (Evans) – Letter of Comment dated August 18, 2023
E-130	Mckone, G. (McKone) – Letter of Comment dated August 18, 2023
E-131	Cross, J. (Cross) – Letter of Comment dated August 20, 2023
E-132	Alcock, R. (Alcock) – Letter of Comment dated August 20, 2023
E-133	Wallace, W. (Wallace) – Letter of Comment dated August 21, 2023
E-134	Kmet, W. (Kmet) – Letter of Comment dated August 21, 2023
E-135	Crabtree, C. (Crabtree) – Letter of Comment dated August 21, 2023
E-136	District of Kent (Kent) – Letter of Comment dated August 22, 2023
E-137	Dieno, C. (Dieno) – Letter of Comment dated August 23, 2023
E-138	Parry, M. (Parry) – Letter of Comment dated August 26, 2023
E-139	Algra Bros Development Ltd. (Algra Bros) – Letter of Comment dated August 25, 2023
E-140	Canadian Home Builders' Association of BC (CHBA BC) – Letter of Comment dated March 14, 2023
E-141	Torrence, A. (Torrence) – Letter of Comment dated August 31, 2023
E-142	Gibson, C. (Gibson) – Letter of Comment dated September 1, 2023
E-143	Pangilinan, J. (Pangilinan) – Letter of Comment dated September 1, 2023
E-144	Anderson, G. (Anderson) – Letter of Comment dated September 4, 2023
E-145	Armstrong, A. (Armstrong) – Letter of Comment dated September 4, 2023
E-146	Walp, S. (Walp) – Letter of Comment dated September 2, 2023
E-147	Eyre, S. (Eyre) – Letter of Comment dated September 5, 2023
E-148	Citizens for Climate Action and Transition Kamloops (Transition Kamloops) – Letter of Comment dated September 6, 2023
E-148-1	Transition Kamloops – Additional Letter of Comment dated October 3, 2023
E-148-2	Transition Kamloops – Additional Letter of Comment dated October 11, 2023
E-149	Choquette, W. (Choquette) – Letter of Comment dated September 6, 2023

Exhibit No.	Description
E-149-1	Choquette – Additional Letter of Comment dated September 13, 2023
E-150	Wesbild Holdings Ltd. (Wesbild) – Letter of Comment dated September 6, 2023
E-151	Gingras, J. (Gingras) – Letter of Comment dated September 10, 2023
E-152	Choy, R. (Choy-R) – Letter of Comment dated September 14, 2023
E-153	Choy, M. (Choy-M) – Letter of Comment dated September 14, 2023
E-154	Fuentes, M. (Fuentes) – Letter of Comment dated September 14, 2023
E-155	Cheah, J. (Cheah) – Letter of Comment dated September 18, 2023
E-156	Formwerks Boutique Properties (Formwerks) – Letter of Comment dated September 20, 2023
E-157	Wi, P. (Wi) – Letter of Comment dated October 2, 2023
E-158	Wismath, D. (Wismath) – Letter of Comment dated October 2, 2023
E-159	Vogel, J. (Vogel) – Letter of Comment dated October 2, 2023
E-160	Vogel, H. (Vogel) – Letter of Comment dated October 3, 2023
E-161	Granger, B. (Granger) – Letter of Comment dated October 3, 2023
E-162	Alore, D. (Alore) – Letter of Comment dated October 3, 2023
E-163	Hadgkiss, B. (Hadgkiss) – Letter of Comment dated October 2, 2023
E-164	Spice, A. (Spice) – Letter of Comment dated October 2, 2023
E-165	Pruden, M. (Pruden) – Letter of Comment dated October 2, 2023
E-166	Richards, L. (Richards) – Letter of Comment dated October 4, 2023
E-167	Stewart, F. (Stewart) – Letter of Comment dated October 4, 2023
E-168	Fairweather, A. (Fairweather) – Letter of Comment dated October 6, 2023
E-169	Buerk, J. (Buerk) – Letter of Comment dated October 6, 2023
E-170	Kehtler, R. (Kehtler) – Letter of Comment dated October 6, 2023
E-171	Rafiee, S. (Rafiee) – Letter of Comment dated October 6, 2023

Exhibit No.	Description
E-172	Heating, Refrigeration and Air Conditioning Institute of Canada (HRAI) – Letter of Comment dated October 6, 2023
E-173	Ghinis Holdings Ltd. (Ghinis) – Letter of Comment dated October 6, 2023
E-174	Zenn Developments (Zenn) – Letter of Comment dated October 6, 2023
E-175	Bryans Mechanical Ltd. (Bryans) – Letter of Comment dated October 6, 2023
E-176	Murley, A. (Murley) – Letter of Comment dated October 6, 2023
E-177	Renaud, A. (Renaud) – Letter of Comment dated October 6, 2023
E-178	Stuart, R. (Stuart) – Letter of Comment dated October 6, 2023
E-179	G. Datoff & Sons Bldg Ltd. (Datoff) – Letter of Comment dated October 6, 2023
E-180	Sartori Custom Homes (Sartori) – Letter of Comment dated October 6, 2023
E-181	Merdyn Group of Companies (Merdyn) – Letter of Comment dated October 6, 2023
E-182	Metropolitan Hospitality Management (Metropolitan) – Letter of Comment dated October 6, 2023
E-183	Abrams, S. (Abrams) – Letter of Comment dated October 10, 2023
E-184	Airstream Mechanical (Airstream) – Letter of Comment dated October 6, 2023
E-185	Barnes, J. (Barnes) – Letter of Comment dated October 10, 2023
E-186	Barnes, M. (Barnes) – Letter of Comment dated October 10, 2023
E-187	Billwiller, D. (Billwiller) – Letter of Comment dated October 8, 2023
E-188	Black, A. (Black) – Letter of Comment dated October 10, 2023
E-189	Bloomfield, D. (Bloomfield) – Letter of Comment dated October 9, 2023
E-190	Cameron, T. (Cameron) – Letter of Comment dated October 10, 2023
E-191	Campbell, J. (Campbell) – Letter of Comment dated October 10, 2023
E-192	CAOBC Construction LTD. (COABC) – Letter of Comment dated October 6, 2023
E-193	Canadian Institute of Plumbing and Heating (CIPH) – Letter of Comment dated October 6, 2023

Exhibit No.	Description
E-194	Citta Construction Ltd. (Citta) – Letter of Comment dated October 10, 2023
E-195	Cooper, A. (Cooper) – Letter of Comment dated October 10, 2023
E-196	Cormack, M. (Cormack) – Letter of Comment dated October 10, 2023
E-197	Degelman, C. (Degelman) – Letter of Comment dated October 10, 2023
E-198	Degelman, D. (Degelman) – Letter of Comment dated October 10, 2023
E-199	Dickson, C. (Dickson) – Letter of Comment dated October 10, 2023
E-200	Dueck General Contracting (DGC) – Letter of Comment dated October 6, 2023
E-201	Befus, C. (Befus) – Letter of Comment dated October 10, 2023
E-202	Bowen, C. (Bowen) – Letter of Comment dated October 10, 2023
E-203	DRG Plumbing & Heating Ltd. (DRG) – Letter of Comment dated October 10, 2023
E-204	Egerton, D. (Egerton) – Letter of Comment dated October 10, 2023
E-205	Ellis, D. (Ellis) – Letter of Comment dated October 10, 2023
E-206	Elmworth Construction (Elmworth) – Letter of Comment dated October 10, 2023
E-207	Finlay, J. (Finlay) – Letter of Comment dated October 10, 2023
E-208	Fouquette, D. (Fouquette) – Letter of Comment dated October 10, 2023
E-209	Goosen, A. (Goosen) – Letter of Comment dated October 10, 2023
E-210	Hamalainen, J. (Hamalainen) – Letter of Comment dated October 10, 2023
E-211	Hamalainen, E. (Hamalainen) – Letter of Comment dated October 10, 2023
E-212	Holland Creek Partnership (HCP) – Letter of Comment dated October 10, 2023
E-213	J, C. (J) – Letter of Comment dated October 10, 2023
E-214	Joosse, B. (Joosse) – Letter of Comment dated October 10, 2023
E-215	Kuan, V. (Kuan) – Letter of Comment dated October 10, 2023
E-216	McGill, B. (McGill) – Letter of Comment dated October 10, 2023
E-217	Miles, P. (Miles) – Letter of Comment dated October 10, 2023

Exhibit No.	Description
E-218	Milligan, J. (Milligan) – Letter of Comment dated October 8, 2023
E-219	Newton, R. (Newton) – Letter of Comment dated October 11, 2023
E-220	Patrick, R. (Patrick) – Letter of Comment dated October 10, 2023
E-221	Patz, A. (Patz) – Letter of Comment dated October 8, 2023
E-222	Rush, C. (Rush) – Letter of Comment dated October 7, 2023
E-223	Schmidt, K. (Schmidt) – Letter of Comment dated October 9, 2023
E-224	Schmidt, L. (Schmidt, L.) – Letter of Comment dated October 8, 2023
E-225	Sharpline Developments (Sharpline) – Letter of Comment dated October 6, 2023
E-226	Shulver, D. (Shulver) – Letter of Comment dated October 11, 2023
E-227	Shuswap Climate Action Society (Shuswap CAS) – Letter of Comment dated October 10, 2023
E-228	Silva Pacific Developments (Silva) – Letter of Comment dated October 7, 2023
E-229	Singh, A. (Singh) – Letter of Comment dated October 10, 2023
E-230	Stahlstrom, D. (Stahlstrom) – Letter of Comment dated October 10, 2023
E-231	Sundset, J. (Sundset) – Letter of Comment dated October 8, 2023
E-232	von Schleinitz, M. (von Schleinitz) – Letter of Comment dated October 11, 2023
E-233	Waterstradt, C. (Waterstradt) – Letter of Comment dated October 10, 2023
E-234	Waterstradt, W. (Waterstradt, W.) – Letter of Comment dated October 10, 2023
E-235	Wells, M. (Wells) – Letter of Comment dated October 8, 2023
E-236	Whittall, A. (Whittall) – Letter of Comment dated October 10, 2023
E-237	Woodbury, B. (Woodbury) – Letter of Comment dated October 8, 2023
E-238	Guthier, J. (Guthier, J.) – Letter of Comment dated October 8, 2023
E-239	Guthier, T. (Guthier, T.) – Letter of Comment dated October 8, 2023
E-240	Rosvold, D. (Rosvold) – Letter of Comment dated October 11, 2023
E-241	VanGarderen, J. (VanGarderen) – Letter of Comment dated October 7, 2023

Exhibit No.	Description
E-242	Zebra Group (Zebra) – Letter of Comment dated October 10, 2023
E-243	Zhang, G. (Zhang) – Letter of Comment dated October 10, 2023
E-244	City of Kamloops (Kamloops) – Letter of Comment dated October 3, 2023
E-245	Victoria Residential Builders Association (VRBA) – Letter of Comment dated October 10, 2023
E-246	Archgard Fireplaces (Archgard) – Letter of Comment dated October 11, 2023
E-247	Blaze King (Blaze King) – Letter of Comment dated October 11, 2023
E-248	Badesha, G. (Badesha) – Letter of Comment dated October 11, 2023
E-249	Campbell, J. (Campbell) – Letter of Comment dated October 11, 2023
E-250	Johnstone, J. (Johnstone) – Letter of Comment dated October 11, 2023
E-251	Westhills (Westhills) – Letter of Comment dated October 11, 2023
E-252	City of Campbell River (Campbell River) – Letter of Comment dated October 11, 2023
E-253	Heller, D. (Deller) - Letter of Comment dated October 11, 2023
E-254	Kalack, D. (Kalack) - Letter of Comment dated October 11, 2023
E-255	Bowen, C. (Bowen) - Letter of Comment dated October 11, 2023
E-256	Johnsen, R. (Johnsen) - Letter of Comment dated October 11, 2023
E-257	Pro-West Sales Ltd. (Pro-West) - Letter of Comment dated October 11, 2023
E-258	Broekhuysen, J. (Broekhuysen) - Letter of Comment dated October 11, 2023
E-259	Bradbury, M. (Bradbury) - Letter of Comment dated October 11, 2023
E-260	Huff, M. (Huff) - Letter of Comment dated October 11, 2023
E-261	Cormack, N. (Cormack) - Letter of Comment dated October 12, 2023
E-262	Rolston Plumbing & Heating (Rolston) - Letter of Comment dated October 6, 2023
E-263	Crampton, T. (Crampton) - Letter of Comment dated October 12, 2023
E-264	Jones, B. (Jones) - Letter of Comment dated October 12, 2023
E-265	Strate, D. (Strate) - Letter of Comment dated October 12, 2023

Exhibit No.	Description
E-266	Sangha, M. (Sangha) - Letter of Comment dated October 12, 2023
E-267	Logan, S. (Logan) - Letter of Comment dated October 12, 2023
E-268	Citizens Oversight Accountability Project (COAP) - Letter of Comment dated October 12, 2023
E-269	Pro-West Sales Ltd. (Pro-West) - Letter of Comment dated October 6, 2023
E-269-1	Pro-West - Additional Letter of Comment dated October 11, 2023
E-269-2	Pro-West – Additional Letter of Comment dated October 12, 2023
E-269-3	Pro-West – Additional Letter of Comment dated October 12, 2023
E-270	Khowutzun Development Corporation (Khowutzun) – Letter of Comment dated October 12, 2023
E-271	AES Engineering Ltd. (AES) – Letter of Comment dated October 12, 2023
E-272	First Things First Okanagan (FTFO) – Letter of Comment dated October 12, 2023
E-273	Gagnier, C. (Gagnier) – Letter of Comment dated October 12, 2023
E-274	Rosiak, E. (Rosiak) – Letter of Comment dated October 12, 2023
E-275	Jackson, B. (Jackson) – Letter of Comment dated October 12, 2023
E-276	Many Concerned Citizens of BC (MCCBC) – Letter of Comment dated October 12, 2023
E-277	Russell, A. (Russell) – Letter of Comment dated October 12, 2023
E-278	Cowichan Bay Investments Ltd. (CBI) – Letter of Comment dated October 6, 2023
E-279	Shawnigan Lake Developments Ltd. (SLD) – Letter of Comment dated October 6, 2023
E-280	The Fireplace Warehouse – Letter of Comment dated October 11, 2023
E-281	Savannah Heating Products – Letter of Comment dated October 11, 2023