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February 15, 2019

Commercial Energy Consumers Association of British Columbia  
c/o Owen Bird Law Corporation  
P.O. Box 49130  
Three Bentall Centre  
2900 – 595 Burrard Street  
Vancouver, BC V7X 1J5

Attention: Mr. Christopher P. Weafer

Dear Mr. Weafer:

**Re: FortisBC Energy Inc. (FEI)**

**Project No. 1598977**

**Application for Acceptance of the Biogas Purchase Agreement Between FEI and the City of Vancouver (the Application)**

**Response to the Commercial Energy Consumers Association of British Columbia (CEC) Information Request (IR) No. 1**

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On September 21, 2018, FEI filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-14-19 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to CEC IR No. 1.

If further information is required, please contact Sarah Smith, Director NGT, RNG, and Regional LNG at (604) 582-7528.

Sincerely,

**FORTISBC ENERGY INC.**

***Original signed:***

Doug Slater

Attachments

cc (email only): Commission Secretary  
Registered Parties



FortisBC Energy Inc. (FEI or the Company) Application for Acceptance of the Biogas Purchase Agreement Between FEI and the City of Vancouver (City or CoV) (the Application)	Submission Date: February 15, 2019
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1    **1.    Reference: Exhibit B-4, BCUC 1.5.4**

2    As noted above, the construction cost estimates provided in the Application have been developed with the required accuracy level to provide confidence that the costs are reasonable. As a result, FEI believes it is unlikely that the actual construction costs will result in a cost to acquire RNG exceeding \$30/GJ. Even at the high-end of the cost estimate range, the cost of acquisition remains below \$30/GJ.

The initial operating costs were developed based on a combination of industry estimates and FEI's experience. There may be fluctuations in costs at any time during the life of the Project, but FEI is confident that these costs, when examined as part of the levelized cost of service, are reasonable.

FEI based its ongoing cost of service on conservative assumptions regarding upgrader efficiency and existing data provided by the CoV. As such, FEI believes the annual operating cost estimates are also reasonable.

3  
4    1.1    What reporting does FEI expect to undertake on the progress of the project and  
5    ongoing operation? Please provide a brief discussion and the time frames for  
6    when this reporting would occur.

7  
8    **Response:**

9    FEI currently files two reports annually:

- 10    1. FEI files an annual report with the BCUC on the Biomethane Variance Account that  
11    captures ongoing operational costs of all biomethane projects.  
12  
13    2. FEI also files an annual report with the B.C. Government, with a copy to the BCUC, for  
14    all projects that are Prescribed Undertakings under the Greenhouse Gas Reduction  
15    Regulation. The report is intended to ensure accountability for any projects completed  
16    as Prescribed Undertakings. It captures the key aspects of the Renewable Natural Gas  
17    (RNG) program including the project capital costs, cost per GJ (an indirect measure of  
18    operating costs), volumes of RNG, and expected rate impact. This project will be  
19    included in these annual reports.

20  
21  
22  
23    1.1.1    What, if any, thresholds of project or ongoing operational change would  
24    trigger any additional reporting to the Commission?



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1

2 **Response:**

3 Given the annual reporting referenced in the response to CEC IR 1.1.1, FEI is not proposing  
4 any specific thresholds of project or ongoing operational change that would trigger any  
5 additional reporting to the BCUC specific to the CoV project.

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- 1 change over time and a year-by-year or non-levelized approach may, therefore, provide an
- 2 unfair (positive or negative) view of the project at particular points in time.
- 3 Given that this agreement is for twenty years and there is some expected variability of costs and
- 4 volume over time, using a levelized cost of service is the most appropriate approach.
- 5