



**ORDER NUMBER
G-293-22**

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

and

FortisBC Energy Inc.
Stage 2 Comprehensive Review and Application for Approval of a Revised Renewable Gas Program

BEFORE:

D. M. Morton, Panel Chair
D. A. Cote, Commissioner
R. I. Mason, Commissioner

on October 20, 2022

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 Order G-165-22A, the BCUC amended the regulatory timetable and established the scope for the Application, which includes a second round of information requests (IRs);
- C. By letter dated September 12, 2022, FEI filed its responses to IR No. 2 by the City of Richmond, the District of North Vancouver, the District of Saanich, the City of Victoria and Lulu Island Energy Company Limited (collectively the City of Richmond or CoR et al.);
- D. By letter dated September 26, 2022, CoR et al. filed a submission stating that FEI had refused to answer IRs 15.1, 15.2, 17.2, 19.1, 19.3, 19.5, 19.7, and 19.8 provided by CoR et al., and requests that the BCUC direct FEI to provide full and adequate responses to five of the identified IRs for the proceeding;
- E. By letter dated October 5, 2022, FEI filed a response to CoR et al.'s submission and explained FEI's position as to why the IRs identified are outside the scope of the proceeding. On October 14, 2022, CoR et al. responded to FEI's submission dated October 5, 2022; and
- F. The BCUC has considered the submissions made by CoR et al. and FEI regarding the IRs and makes the following determinations.

NOW THEREFORE for the reasons set out in Appendix A attached to this order, the BCUC orders as follows:

- 1. CoR et al. IRs 15.1, 15.2 and 17.2 in IR No. 2 are outside the scope of the review of the Application.

2. CoR et al. IRs 19.1, 19.3, 19.5, 19.7 and 19.8 in IR No. 2 are within the scope of the review of the Application. Responses to renewable natural gas supply and demand IRs may be limited to the five-year time frame as set out by Order G-165-22A. FEI is directed to respond by November 3, 2022.

DATED at the City of Vancouver, in the Province of British Columbia, this 20th day of October 2022.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

Attachment

Fortis BC Energy Inc.
Stage 2 Comprehensive Review and Application for Approval of a Revised Renewable Gas Program

REASONS FOR DECISION

1.0 Background

On December 17, 2021, in accordance with British Columbia Utilities Commission (BCUC) direction, FortisBC Energy Inc.¹ (FEI) filed its Stage 2 Comprehensive Review and Application for Approval of a Revised Renewable Gas Program (Application). By Order G-165-22A dated June 16, 2022, the BCUC amended the regulatory timetable and established the scope for the Application as follows:

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 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.
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.

As set out in the regulatory timetable established in Order G-165-22A, FEI provided responses to information request (IR) No. 2 on September 12, 2022, including responses to IR No. 2 by the City of Richmond, the District of North Vancouver, the District of Saanich, the City of Victoria and Lulu Island Energy Company Limited (collectively the City of Richmond or CoR et al.). FEI did not provide responses to several of CoR et al.'s IRs, noting that they were outside the scope of this proceeding.

By letter dated September 26, 2022, CoR et al. filed a submission stating that FEI's response was inadequate for the following IRs:²

- 15.1, 15.2, and 17.2; and
- 19.1, 19.3, 19.5, 19.7 and 19.8.

In its September 26, 2022 letter, CoR et al. states that it is willing to direct IRs 15.1, 15.2 and 17.2, all of which pertain to hydrogen, to the FEI Long Term Gas Resource Plan (LTGRP) proceeding, assuming there will be a second round of written IRs in that proceeding. For IRs 19.1, 19.3, 19.5, 19.7 and 19.8, CoR et al. requests the BCUC to direct FEI to provide a full and adequate response.

¹ Order G-35-21 and Order G-242-21.

² Exhibit C26-3, p. 2.

By letter dated October 5, 2022, FEI filed a response to CoR et al.'s submission and explained FEI's position as to why the IRs identified are outside the scope of the proceeding.³ In accordance with BCUC letter dated October 6, 2022 (Exhibit A-25), on October 14, 2022, CoR et al. responded to FEI's submission dated October 5, 2022.⁴

2.0 Issues Arising

In consideration of the submissions received, the Panel will address the IRs in dispute as follows:

1. Whether CoR et al. IRs 15.1, 15.2 and 17.2 pertaining to hydrogen are outside the scope previously established by Order G-165-22A; and
2. Whether the CoR et al. IRs, 19.1, 19.3, 19.5, 19.7 and 19.8, titled "Customer Bill Impacts – Customer Bill Impacts under the CleanBC Roadmap's Emissions Cap," are outside the scope previously established by Order G-165-22A.

2.1 IRs Pertaining to Hydrogen (15.1, 15.2 and 17.2)

FEI states that IRs 15.1, 15.2 and 17.2 are outside the scope of the proceeding previously established by Order G-165-22A as they relate to hydrogen.⁵

CoR et al. states that it is willing to direct IRs 15.1, 15.2 and 17.2 to FEI's LTGRP proceeding. However, since FEI's response to IR No. 2 in the current proceeding was received on September 12, 2022, there was insufficient time available to prepare the IRs for the LTGRP proceeding which was due on September 15, 2022. CoR et al. hopes that BCUC will consider this fact when contemplating further regulatory process for the LTGRP proceeding.⁶

FEI is of the view that CoR et al. had ample time to ask the above IRs in the 2022 LTGRP proceeding. The scope of this proceeding was established by Order G-165-22A that was issued on June 20, 2022, in which FEI notes that the BCUC had decided that hydrogen was out of scope.⁷

Panel Determination

The Panel determines that CoR et al. IRs 15.1, 15.2 and 17.2 in IR No. 2 are outside the scope of this proceeding. The Panel agrees with FEI that these IRs pertain to hydrogen which do not fall under any of the six scope areas established by Order G-165-22A for this proceeding. The Panel notes CoR et al.'s plans to pursue these questions related to hydrogen in the FEI LTGRP proceeding. However, CoR et al. will have to make separate submissions on further process for consideration in the FEI LTGRP proceeding. The Panel notes that a procedural conference is scheduled on December 5, 2022 for the FEI LTGRP proceeding.

2.2 CoR et al. IRs 19.1, 19.3, 19.5, 19.7 and 19.8

FEI states that IRs 19.1, 19.3, 19.5, 19.7 and 19.8 are outside the scope of the proceeding as they relate to the various inputs and measures that FEI may take to meet the 2030 Greenhouse gases (GHG) emissions cap.⁸ FEI is

³ Exhibit B-47

⁴ Exhibit C26-5

⁵ Exhibit B-39, Response to CoR et al. IRs 15.1, 15.2 and 17.2.

⁶ Exhibit C26-3, p. 2.

⁷ Exhibit B-47, pp. 1-2.

⁸ Exhibit B-39, Responses to CoR et al. IRs 19.1, 19.3, 19.5, 19.7 and 19.8; Exhibit B-47, p. 3.

of the view that how the company will meet the emissions cap proposed in the CleanBC Roadmap is outside the scope of this proceeding.⁹ FEI also submits that it does not have the information to respond to CoR et al.'s IRs with any certainty, including IRs 19.1 and 19.5 which are presented in table format.¹⁰

CoR et al. states that IRs 19.1 and 19.5 are within the scope of the proceeding as they relate to FEI's demand for renewable gas with and without the Renewable Gas Connections service.¹¹ With respect to IR 19.5, CoR et al. explains that the question explores FEI's demand of renewable gas which is in scope rather than focusing on FEI's energy efficiency measures or load losses due to electrification. Interveners must have some information to be able to evaluate FEI's claimed level of demand.¹² IR 19.1 is in a similar format as IR 19.5 but under different scenarios.¹³ IRs 19.3 and 19.7 ask for their respective bill impacts which CoR et al. views to be within the scope of this proceeding.¹⁴

CoR et al. explains that IR 19.8 asks for an updated table regarding renewable gas demand and cost recovery based on FEI's forecast of how much renewable gas FEI will need to purchase in order to meet the GHG emissions cap.¹⁵ CoR et al. submits that IR 19.8 is seeking relevant information on the total program costs and how these costs will be allocated to customers. CoR et al. does not object to FEI providing the information for 2028 instead of 2030 in accordance with the scope established in this proceeding.¹⁶

Panel Determination

The Panel determines that CoR et al. IRs 19.1, 19.3, 19.5, 19.7 and 19.8 in IR No. 2 are within the scope of the proceeding. Responses to RNG supply and demand IRs may be limited to the five-year time frame as set out by Order G-165-22A. The Panel agrees with CoR et al. that IRs 19.1 and 19.5 explore FEI's demand for renewable gas based on whether or not the Renewable Gas Connection service will be approved. FEI's demand for RNG is within the scope of the proceeding under scope item #5 of Order G-165-22A, limited to a short term time frame of five years.

Similarly, the Panel agrees with CoR et al. that IRs 19.3, 19.7 and 19.8 explore the costs and customer bill impacts as a result of whether or not the Renewable Gas Connection service will be approved. Customer costs and bill impacts are considerations in the rates and rate design of the RNG services which are within the scope of the proceeding under scope item #2 of Order G-165-22A.

The Panel also notes that it has addressed a similar situation regarding BC Hydro's IR 2.6 in IR No. 2. As discussed in the Reasons for Decision to Order G-214-22, the Panel considered the GHG emission by customer class with and without the Renewable Gas (RG) Connection service to be relevant in evaluating the merits of the RG Connection service and is covered under scope item #1 of Order G-165-22A.¹⁷

While Panel understands that FEI may not have the necessary information available to respond to CoR et al.'s IRs with certainty in the format requested by the intervener, FEI is expected to make reasonable attempts to

⁹ Exhibit B-47, p. 3.

¹⁰ Ibid., pp. 3-4.

¹¹ Exhibit C-26-3, p. 4.

¹² Exhibit C26-5, p. 3.

¹³ Ibid., p. 4.

¹⁴ Ibid., pp. 4-5.

¹⁵ Ibid., pp. 2-3.

¹⁶ Ibid., p. 3.

¹⁷ Order G-214-22, Appendix A, Section 2.1.3, p. 4.

respond to the IRs making assumptions as necessary. Any assumptions made with respect to the interpretation of the question should be clearly outlined in FEI's responses.

FEI is directed to respond to the IRs deemed within the scope of the review of the Application by November 3 2022.