

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-57-09**

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, B.C. V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by Terasen Gas Inc.
for a Certificate of Public Convenience and Necessity
for the Lions Gate Waste Water Treatment Plant Biogas Upgrading Demonstration Project

and

for approval of an Energy Supply Contract for Biogas from the Lions Gate Waste Water Treatment Plant

BEFORE: D.A. Cote, Commissioner and Panel Chair May 21, 2009
A.W.K. Anderson, Commissioner
M.R. Harle, Commissioner

O R D E R

WHEREAS:

- A. On April 14, 2009, Terasen Gas Inc. ("TGI") applied (the "Application") to the British Columbia Utilities Commission (the "Commission") pursuant to sections 45 and 46 of the *Utilities Commission Act* (the "UCA"), for a Certificate of Public Convenience and Necessity ("CPCN") to construct and operate the biogas upgrading facilities at the Lions Gate Waste Water Treatment Plant ("Lions Gate WWTP") as a demonstration Project (the "Project"); and
- B. The Project, as proposed by TGI, involves the installation of a small, skid-mounted plant within the Lions Gate WWTP which will recover pipeline-grade bio-methane from the raw gas produced by the Lions Gate WWTP and inject the pipeline-grade bio-methane into TGI's local distribution pressure gas line serving the installation; and
- C. TGI estimates the direct capital cost of the Project will be approximately \$1.7 million. This will be offset somewhat by a \$0.366 million award from the Innovative Clean Energy ("ICE") Fund; and
- D. TGI has also applied pursuant to section 71 of the Act for approval of an energy supply contract with Greater Vancouver Sewerage and Drainage District ("Metro Vancouver") for raw biogas from the Lions Gate WWTP in the form included as Appendix 2 to the Application; and

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2

- E. TGI seeks approval pursuant to sections 59-61 of the Act to charge the cost of service for the Project (including the return on rate base, depreciation expense, operating and maintenance expenses, property taxes and income taxes) to the Midstream Cost Reconciliation Account and recover these costs from customers through the Midstream Cost Recovery Charge; and
- F. TGI states that the Project is a significant first step in the development of a new source of renewable energy and that while the cost of the bio-methane yielded on the Project is greater on a per gigajoule basis than the current cost of gas acquired by TGI for its customers, the impact on rates will be negligible and outweighed by the learning benefits of having a practical application of biogas upgrading in service; and
- G. The Commission has reviewed the Application and, by Order No. G-45-09 dated May 1, 2009, established a written public hearing and regulatory timetable for review of the Application; and
- H. By letter dated May 19, 2009 TGI notified the Commission of recent developments with respect to the energy supply agreement with Metro Vancouver that might affect TGI's ability to proceed with the Project; and
- I. In the May 19, 2009 letter TGI requested a one-month temporary suspension of the regulatory process for the Application.

NOW THEREFORE the Commission orders as follows:

- 1. TGI's request for a one-month temporary suspension of the regulatory process for the Application is granted.
- 2. TGI is to provide notice to the Commission, no later than Friday, June 19, 2009, of the progress of discussions regarding the agreement with Metro Vancouver and of its intentions with respect to continuing with the Project and review of the Application.

DATED at the City of Vancouver, In the Province of British Columbia, this 21st day of May 2009.

BY ORDER

Original signed by:

D.A. Cote
Panel Chair