

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G- 194-10



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

and

**Application by Terasen Gas Inc.
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 the Catalyst Biomethane Project**

BEFORE: D.A. Cote, Panel Chair/Commissioner
A.A. Rhodes, Commissioner
L.A. O'Hara, Commissioner
December 14, 2010

O R D E R

WHEREAS:

- A. On June 8, 2010, Terasen Gas Inc. (Terasen Gas) filed an application (the Application) for approval of rate schedules, related deferral accounts, a cost recovery mechanism and a Biomethane Energy Recovery Charge to support a Biomethane Service Offering;
- B. The Application also sought approval of an expenditure schedule in respect of two Biomethane supply projects: the Salmon Arm Biomethane Project and the Catalyst Biomethane Project, and sought acceptance of the associated energy supply contracts;
- C. On June 23, 2010, the Commission issued Order G-109-10 establishing a Written Public Hearing Process and a Regulatory Timetable;
- D. The Commission has reviewed the Application, the evidence, and the submissions, and for the reasons set out in the Decision issued concurrently with this Order, concludes that the Application should be approved subject to certain additional terms and directives included in this Order and the Decision;

NOW THEREFORE pursuant to the provisions of the *Utilities Commission Act* (the Act), the Commission orders as follows:

1. The Commission approves Rates Schedules 1B, 2B, 3B, 11B, the amended Rate Schedule 30, and the amendments to Terasen Gas' General Terms and Conditions described in Section 6 of the Application.
2. The Commission will accept, subject to timely filing, the new Rate Schedules 1B, 11B, the amended Rate Schedule 30, and the amendments to Terasen Gas' General Terms and Conditions, in accordance with this Order and the Decision.
3. The Commission will accept for filing, on or after January 1, 2012, the new Rate Schedules 2B and 3B in accordance with this Order and the Decision.
4. The cost allocations, deferral accounts, and accounting treatment for the costs associated with the Biomethane Program requested by Terasen Gas and described in Section 10 of the Application are approved as described in the accompanying Decision.
5. Terasen Gas may purchase carbon offsets and recover the costs through the Biomethane Variance Account in the event of under-supply of Biomethane, at a per gigajoule unit price not exceeding the difference between the Biomethane Energy Recovery Charge and the Commodity Cost Recovery Charge in effect at that time.
6. The Biomethane Energy Recovery Charge is set at \$9.904/GJ effective October 1, 2010.
7. Pursuant to section 71 of the Act, the following energy supply contracts are accepted as filed:
 - the Purchase of Biogas Agreement with the Columbia Shuswap Regional District; and
 - the Purchase of Biogas Agreement with Catalyst Power Incorporated.
8. Pursuant to subsection 44.2(3) of the Act, the following expenditures are in the public interest and are accepted:
 - the expenditures relating to the facilities required for the Salmon Arm Project; and
 - the expenditures relating to the facilities required for the Catalyst Project.
9. Future Biomethane Program supply contracts for the purchase of biogas or Biomethane filed with the Commission that meet the criteria described in Section 8 of the Application (p. 80), with the following changes and additions, meet the filing requirements described in sections 71(1)(a) and 71(1)(b) of the Act :
 - i. The total production of Biomethane from all projects undertaken under what has been approved in this Decision does not exceed an annual purchase of 250,000GJ;

ii. The Maximum price for delivered Biomethane on the system is set at \$15.28.

10. Terasen Gas is directed to:

- Maintain separate records of project costs related to Biomethane upgrading facilities to allow for cost comparisons to other upgrading operations;
- Keep the Biomethane upgrading process sufficiently distinct so as to be severable should the Commission determine that this business ought to be conducted through a separate entity in the future;
- Include in its next Revenue Requirements Application, in accordance with this Order and the Decision, details of costs for all deferral accounts created by this Order;
- Provide to the Commission any future proposed Biomethane rate schedules, or amendments to schedules, at least 60 days in advance of their proposed effective date;
- File a Post-Implementation Report that provides the information described in Section 8.4.4 of the Application within 2 years of the date of this Order;
- Hold a post-implementation Workshop for the interveners in this proceeding and any interested stakeholders at which it will address the contents of the Post-Implementation Report; and
- Comply with all other directives in the Decision.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of December, 2010.

BY ORDER

Original signed by:

D.A. Cote
Panel Chair/Commissioner