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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER E-19-12**

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

and

A Filing by FortisBC Energy Inc.
For Approval of the Biomethane Purchase Agreement Between
FortisBC Energy Inc. and City of Kelowna

BEFORE: L.F. Kelsey, Commissioner
N.E. MacMurchy, Commissioner October 18, 2012
B.A. Magnan, Commissioner
R.D. Revel, Commissioner

ORDER

WHEREAS:

- A. On December 14, 2010, the British Columbia Utilities Commission (Commission) issued its Decision and accompanying Order G-194-10 in regard to Terasen Gas Inc., now FortisBC Energy Inc.'s (FEI) biomethane application (Biomethane Decision);
- B. In addition to criteria proposed by FEI, the Biomethane Decision added the following criteria for energy supply contracts to be determined to meet the filing requirements in sections 71(1)(a) and 71(1)(b) of the *Utilities Commission Act* (the Act):
 - "The total production of Biomethane for all projects undertaken under what has been approved in this Decision does not exceed an annual purchase in each year of 250,000 GJ.
 - The maximum price for delivered Biomethane on the system is set at \$15.28 per GJ."
- C. On May 9, 2012, FEI filed with the Commission an application (the Application) for acceptance under section 71 of the Act of an executed Biomethane Purchase Agreement between FEI and the City of Kelowna dated February 27, 2012 (the Agreement);
- D. In the Application, FEI represented that the Agreement complies with the criteria for new biomethane purchase agreements set out in the Biomethane Decision;
- E. In the Application, FEI notes that the total maximum annual quantity committed to including the Agreement and the two projects approved to date is 248,250 GJ;

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2

- F. In the Application, FEI requested the financial models, project budget, the two agreements, and related material appended to the Application as Appendices A through D be held confidential as they contain commercially sensitive information and negotiated rates;
- G. On September 14, 2012, FEI responded to Commission Information Request No. 1 dated August 31, 2012 and confidentially to a Confidential Commission Information Request, also dated August 31 2012;
- H. The Commission has reviewed the FEI filing and Information Request responses and determines that the Agreement should be accepted with conditions and determines that FEI has reached the limit from a contracted quantity perspective with regard to the biomethane supply contracts that can be approved under the criteria set out for the test period under the Biomethane Decision.

NOW THEREFORE pursuant to section 71 of the of the Act and the Commission's Rules for Natural Gas Energy Supply Contracts, and the Biomethane Decision, the Commission determines as follows:

- 1. The Commission accepts for filing the Biomethane Purchase Agreement between FortisBC Energy Inc. and the City of Kelowna with the following condition:
 - (a) To the extent the price of delivered biomethane under the Kelowna project exceeds the cap of \$15.28 per GJ set out in the criteria established in the Biomethane Decision, FEI is not to recover these costs from ratepayers.
- 2. The Commission understands the 250,000 GJ per year limit on annual biomethane purchases as set out in the Biomethane Decision to represent the maximum total annual contracted supply commitment and, as such, the Commission determines that FEI has reached this limit. The Commission will not accept further biomethane supply contracts under section 71 of the Act pending Commission review of the Post-Implementation Report that FEI is required to file under the Biomethane Decision.
- 3. The Commission will keep confidential the financial models, budget, two agreements, and related material that were appended to the Application as Appendices A through D, related documentation and the confidential responses to the Commission's Confidential Information Request.

DATED at the City of Vancouver, in the Province of British Columbia, this 23th day of October 2012.

BY ORDER

Original signed by:

L.F. Kelsey
Commissioner