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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-53-13**

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

and

**FortisBC Energy Inc.
Biomethane Service Offering: Post Implementation Report and
Application for Approval of the
Continuation and Modification of the Biomethane Program on a Permanent Basis
(2012 Biomethane Application)**

BEFORE: D.M. Morton, Panel Chair/Commissioner
D.A. Cote, Commissioner April 10, 2013
L.A. O'Hara, Commissioner
C. van Wermeskerken, Commissioner

O R D E R

WHEREAS:

- A. On December 19, 2012, FortisBC Energy Inc. (FEI) filed an application with the British Columbia Utilities Commission (Commission) seeking approvals for the continuation of the Biomethane Program on a permanent basis with certain modifications (the 2012 Biomethane Application). In particular, FEI seeks the following approvals pursuant to sections 59 to 61 of the *Utilities Commission Act (UCA)*:
- Continuation of Rate Schedules 1B, 2B and 3B, and amendments to the same;
 - Continuation of Section 28 and related Definitions of FEI's General Terms and Conditions (GT&Cs), and amendments to the same;
 - Continuation of Rate Schedules 11B and 30 as part of FEI's Biomethane Program;
 - Continuation of the cost allocations and accounting treatment for the costs associated with the Biomethane Program, including the continuation of the Biomethane Variance Account, the quarterly reporting process and the Biomethane Energy Recovery Charge (BERC) rate setting mechanism;
 - The resetting of the BERC rate at \$12.001/GJ to be effective at the start of the first quarter after the Commission's Decision on the 2012 Biomethane Application;
 - Continuation of FEI's ability to 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 BERC and the Commodity Cost Recovery Charge in effect at that time; and

- Approval of the recovery of costs in the Biomethane Variance Account through the Midstream Cost Recovery Account as set out in Section 8 of the 2012 Biomethane Application;
- B. FEI states that the 2012 Biomethane Application constitutes FEI's Post-Implementation Report on the Biomethane Program in compliance with Commission Order G-194-10. The 2012 Biomethane Application includes Table 1-1 in which FEI cross references the Post-Implementation Reporting requirements with the corresponding sections of the 2012 Biomethane Application;
- C. FEI also seeks acceptance, pursuant to section 71 of the *UCA*, of four Biomethane Purchase Agreements between FEI and the following suppliers:
- Earth Renu Energy Corp. (Earth Renu),
 - Greater Vancouver Sewerage and Drainage District (GVS&DD),
 - Seabreeze Farm Ltd. (Seabreeze), and
 - Dicklands Farms (Dicklands);
- D. FEI also seeks acceptance, pursuant to section 44.2 of the *UCA*, of the capital costs related to the facilities required for the four biomethane supply projects as described in Section 7 of the 2012 Biomethane Application;
- E. FEI seeks approval that future supply contracts for the purchase of biogas or biomethane filed with the Commission which meet the criteria described in Section 6 of the 2012 Biomethane Application and also meet the filing requirements in sections 71(1)(a) and 71(1)(b) of the *UCA*;
- F. On January 8, 2013, by Order G-1-13, the Commission issued a Preliminary Regulatory Timetable establishing a Workshop on the Post-Implementation Report and a Procedural Conference. The Workshop was held on January 17, 2013;
- G. On January 25, 2013, FEI filed an update letter on matters related to third-party suppliers. Subsequently, on January 31, 2013, FEI filed a correction to its January 25, 2013 update letter;
- H. On February 5, 2013, the Commission issued Order G-18-13 that established a Regulatory Timetable and provided an opportunity for FEI, Interveners and other stakeholders to make comments by February 12, 2013, on a number of issues identified by the Commission in pages 6 and 7 of Appendix A to Order G-18-13 regarding the biomethane suppliers regulatory process;
- I. The Commission reviewed the submissions regarding the biomethane suppliers regulatory process and on February 18, 2013, issued Commission Order G-29-13. In Order G-29-13, the Commission determined that the supply cap set in Commission Order G-194-10 would be increased by an amount sufficient to accommodate the supply from the four new biomethane suppliers provided FEI confirmed to the Commission by March 6, 2013, that the natural gas non-bypass customers bear no actual or potential risk for unsold biomethane pending the outcome of the 2012 Biomethane Application;

- J. On March 6, 2013, FEI filed its response to Commission Order G-29-13, stating FEI would not assume the economic risk for the unsold biomethane from the four new supply contracts over the lives of the contracts. FEI further requested that the Commission reconsider the need for FEI to assume this risk;
- K. The Commission issued Letter L-14-13 dated March 11, 2013, and noted that FEI had not fully elaborated on its reasons for a reconsideration in its March 6, 2013 response. However, in order to accommodate the timelines of the third party biomethane suppliers, the Commission acknowledged it would proceed directly to Phase 2 of the reconsideration provided FEI filed a fulsome amended reconsideration application by March 15, 2013, and the application included all necessary evidence required in Phase 2 of a reconsideration;
- L. FEI submitted its Application for Reconsideration of Commission Order G-29-13 (Reconsideration Application) on March 15, 2013;
- M. The Commission reviewed the Reconsideration Application and determined that the criteria set out in Letter L-14-13 were met and the Reconsideration Application would proceed to Phase 2;
- N. On March 18, 2013, by the Commission by Order G-40-13 suspended the 2012 Biomethane Application proceeding Regulatory Timetable pending the outcome of the Reconsideration Application;
- O. On March 28, 2013, the Commission issued Order G-45-13 and determined that Order G-29-13 should be varied by removing the condition that FEI bear the risk of unsold biomethane. Order G-29-13 also increased the supply cap by an amount sufficient to accommodate up to an additional 280,000 GJ of supply annually from the four biomethane suppliers;
- P. On April 4, 2013 the Commission by Order G-46-13 in the FortisBC Energy Inc. Biomethane Third-Party Suppliers Regulatory Process issued a Revised Regulatory Timetable (FEI Third-Party Suppliers Process). Directive No. 1 of Order G-46-13 states the Commission will review the proposed rates under sections 58-61 of the *UCA* and the related supply agreements under subsection 71(1) of the *UCA* as well as the capital expenditure schedule for the related interconnection facilities under section 44.2(3) of the *UCA* in one proceeding;
- Q. By Letter L-23-13 dated April, 9, 2013, the Commission provided General Directions on the FEI Third-Party Suppliers Regulatory Process to review the rate applications by Dicklands, Earth Renu, and Seabreeze and the relevant FEI supply agreements and interconnection facilities for each of the biomethane projects;
- R. The Commission considers issuance of a Revised Regulatory Timetable is warranted for the review of the 2012 Biomethane Application.

NOW THEREFORE the Commission orders as follows:

1. The Revised Regulatory Timetable is amended as shown in Appendix A to this Order.

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2. The scope of the FEI 2012 FEI Biomethane Application proceeding will exclude the FEI requests made under section 44.2 and subsection 71(1) of the *Utilities Commission Act* related to Dicklands Farms, Earth Renu Energy Corp., and Seabreeze Farm Ltd. These excluded requests from FEI will be addressed in the FEI Biomethane Third-Party Suppliers Regulatory Process set out in Order G-46-13.
3. Interveners intending to file Intervener Evidence must submit their Notice of Intention by June 19, 2013. Any filing of Intervener Evidence must be submitted to the Commission Secretary by July 11, 2013. If a Notice of Intention is received from an Intervener, the Commission will amend the Revised Regulatory Timetable to accommodate the filing of Intervener Evidence.

DATED at the City of Vancouver, in the Province of British Columbia, this 10th day of April 2013.

BY ORDER

Original signed by:

D.M. Morton
Panel Chair/Commissioner

Attachment

FortisBC Energy Inc.
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REVISED REGULATORY TIMETABLE

ACTION	DATE (2013)
Participant Assistance/Cost Awards Budget Submission	Monday, April 29
Commission Information Request No. 1 on the 2012 Biomethane Application	Thursday, May 2
Intervener Information Request No. 1	Tuesday, May 7
FEI Response to Information Request No. 1	Tuesday, May 28
Commission and Intervener Information Request No. 2	Tuesday, June 18
Intervener Notice of Intention regarding filing of Intervener Evidence	Wednesday, June 19
FEI Response to Information Request No. 2	Friday, July 5
FEI Final Argument	Wednesday, July 17
Intervener Final Arguments	Tuesday, July 30
FEI Reply Argument	Wednesday, August 7