



ORDER NUMBER
E-7-22

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

and

Pacific Northern Gas Ltd. and
Pacific Northern Gas (N.E.) Ltd.
Application for Approval of a Low Carbon Energy Cost Recovery Mechanism and
Biomethane Purchase Agreements

BEFORE:

R. I. Mason, Panel Chair
A. C. Dennier, Commissioner
M. Kresivo, QC, Commissioner

on April 1, 2022

ORDER

WHEREAS:

- A. On November 17, 2021, Pacific Northern Gas Ltd. and Pacific Northern Gas (N.E.) (collectively, PNG) submitted an application to the British Columbia Utilities Commission (BCUC) pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA) seeking approval of a Low Carbon Energy (LCE) Cost Recovery Mechanism, and pursuant to section 71 of the UCA and the BCUC Rules for Natural Gas Energy Supply Contracts (Rules) seeking approval of Biomethane Purchase Agreements (BPAs) with ATCO Future Fuel RNG Limited Partnership (ATCO RNG) and Tidal Energy Marketing Inc. (Tidal RNG) (Application);
- B. Section 18(1) of the *Clean Energy Act* (CEA) defines a prescribed undertaking as “...a project, program, contract or expenditure that is in a class of projects, programs, contracts or expenditures prescribed for the purpose of reducing greenhouse gas emissions in British Columbia.”;
- C. Section 18(3) of the CEA states that “the commission must not exercise a power under the UCA in a way that would directly or indirectly prevent a public utility...from carrying out a prescribed undertaking.”;
- D. On May 25, 2021, the Lieutenant Governor in Council, by Order in Council 306/2021, approved an amendment to the Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR), which among other things, repealed and replaced section 2 (3.8) to state:

(3.8) The public utility acquires renewable natural gas

(a) at costs that meet the following criteria, as applicable:

- (i) if the public utility acquires renewable natural gas by purchasing it, the price of the renewable natural gas does not exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the contract for purchase is signed;

(ii) if the public utility acquires renewable natural gas by producing it, the levelized cost of production reasonably expected by the public utility does not exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the public utility decides to construct or purchase the production facility, and,

(b) that, in a calendar year, does not exceed 15% of the total amount, in GJ, of natural gas provided by the public utility to its non-bypass customers in 2019, subject to subsection (3.9) and section 10;

- E. Under the BPAs, ATCO and Tidal will supply biomethane, a type of renewable natural gas (RNG), which will be acquired by PNG and notionally delivered to PNG at Westcoast Station 2 in BC;
- F. The quantities and prices of RNG supplied under the BPAs are within the limits set out by sections 2 (3.8) and 9 of the GGRR;
- G. By Order G-6-22 dated January 11, 2022, the BCUC established a written hearing process and regulatory timetable to review the Application. The timetable included intervener registration, one round of information requests, final submissions on the BPAs and reply, submissions on further process, and further process to be determined;
- H. BC Sustainable Energy Association (BCSEA) and the Residential Consumer Intervener Association (RCIA) registered as interveners;
- I. By March 28, 2022, following one round of BCUC and intervener information requests, PNG, BCSEA and RCIA had provided final arguments and reply on the BPAs, all expressing support for BCUC acceptance of the BPAs as prescribed undertakings;
- J. PNG requests that the redacted portions of the Application and BPAs be kept confidential due to their commercially sensitive nature;
- K. The BCUC has reviewed the Application, BPAs, and submissions to-date and determines that the BPAs meet the requirements for a prescribed undertaking as defined by the GGRR and that acceptance of the BPAs is warranted; and
- L. The BCUC has not reviewed the BPAs from a public interest perspective as the BPAs are prescribed undertakings under section 18(1) of the CEA.

NOW THEREFORE pursuant to section 71 of the UCA, the Rules, section 18 of the CEA and the GGRR, the BCUC orders as follows:

- 1. The BPA between PNG and Tidal RNG is accepted for filing.
- 2. The BPA between PNG and ATCO RNG is accepted for filing.
- 3. The redacted portions of the Application and BPAs will be held confidential.

DATED at the City of Vancouver, in the Province of British Columbia, this 1st day of April 2022.

BY ORDER

Original signed by:

R. I. Mason
Commissioner