



ORDER NUMBER
G-214-22

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

and

FortisBC Energy Inc.
Stage 2 Comprehensive Review and Application for Approval of a Revised Renewable Gas Program

BEFORE:

D. M. Morton, Panel Chair
D. A. Cote, Commissioner
R. I. Mason, Commissioner

on July 29, 2022

ORDER

WHEREAS:

- A. On December 17, 2021, in accordance with British Columbia Utilities Commission (BCUC) Orders G-35-21 and G-242-21, FortisBC Energy Inc. (FEI) filed its Stage 2 Comprehensive Review and Application for Approval of a Revised Renewable Gas Program (Application);
- B. By Order G-165-22A, the BCUC amended the regulatory timetable and established the scope for the Application, which includes a second round of information requests (IRs);
- C. By letter dated July 19, 2022, FEI filed an objection to the following intervenor IR No. 2, as outlined in Exhibit B-32, on the basis that they are outside of the scope of the proceeding:
 - i. British Columbia Sustainable Energy Association and Sierra Club (BCSEA) IRs 19.1 and 22.1;
 - ii. Commercial Energy Consumers of British Columbia (the CEC) IR 63.1;
 - iii. Movement of United Professionals (MoveUP) IR 1.4;
 - iv. BC Old Age Pensioners' Organization *et al.* (BCOAPO) IRs 18.1, 18.2, 18.3, 18.5 and 18.6;
 - v. Residential Consumer Intervener Association (RCIA) IRs 41.1 and 41.2;
 - vi. British Columbia Hydro and Power Authority (BC Hydro) IR 2.6; and
 - vii. all of GNAR Inc. – Sustainable Home Design (GNAR)'s IR No. 2;

- D. In its July 19, 2022 letter, FEI seeks the BCUC's agreement on whether some or all of the IRs identified by FEI are out of scope for the purpose of determining whether a response is required, and whether responses to RNG supply and demand IRs can be limited to the five-year time frame;
- E. By letter dated July 19, 2022, as set out in Exhibit A-22, the BCUC invited interveners to provide comments on FEI's objection by July 21, 2022, and FEI to respond to the comments received by July 22, 2022;
- F. By letters dated July 19, 2022, MoveUP and GNAR provided comments on FEI's objection letter;
- G. By letter dated July 21, 2022, BCSEA provided comments on FEI's objection letter and withdrew BCSEA IRs 19.1 and 22.1. In place of IR 19.1, BCSEA asked FEI to respond substantively to BCSEA IRs 16.2 and 16.3, which as FEI noted, are restated in IR No. 2 as BCSEA IRs 20.1 and 20.2, respectively;
- H. By letter dated July 22, 2022, FEI replied to the comments by BCSEA, MoveUP and GNAR. Based on the context provided in the intervener comments, FEI agreed to provide substantive responses to BCSEA IRs 20.1 and 20.2 and withdrew its objection to MoveUP IR 1.4;
- I. The BCUC has considered the submissions received in this dispute, reviewed the associated IRs, and makes the following determinations.

NOW THEREFORE for the reasons set out in Appendix A attached to this order, the BCUC orders as follows:

- 1. The CEC IR 63.1 and BCOAPO IRs 18.1, 18.2, 18.3, 18.5 and 18.6 are outside the scope of the proceeding.
- 2. RCIA IRs 41.1 and 41.2 are within the scope of the proceeding.
- 3. BC Hydro IR 2.6 in IR No. 2 is within the scope of the proceeding, with modification to the time frame.
- 4. GNAR IRs 3.10, 6.3 and 6.4 in IR No. 2 are within the scope of the proceeding. All other remaining GNAR IR No. 2 questions are outside the scope of the proceeding.
- 5. The responses to RNG supply and demand IRs may be limited to the five-year time frame as set out by Order G-165-22A.
- 6. FEI is directed to respond, by August 15, 2022 to those IRs deemed to be within scope for this proceeding in accordance with the regulatory timetable.

DATED at the City of Vancouver, in the Province of British Columbia, this 29th day of July 2022.

Original signed by:

D. M. Morton
Commissioner

Attachments

Fortis BC Energy Inc.
Stage 2 Comprehensive Review and Application for Approval of a Revised Renewable Gas Program

REASONS FOR DECISION

1.0 Background

On December 17, 2021, in accordance with British Columbia Utilities Commission (BCUC) direction, FortisBC Energy Inc.¹ (FEI) filed its Stage 2 Comprehensive Review and Application for Approval of a Revised Renewable Gas Program (Application). By Order G-165-22A, the BCUC amended the regulatory timetable and established the scope for the Application as follows:

1. The ways in which renewable natural gas (RNG or biomethane) will be sold under FEI's services and offerings.
2. The rates and rate design for each of the RNG service based on rate-making principles. This includes the examination of rate design objectives and the appropriate allocation of costs to be recovered from certain class or classes of customers.
3. The price elasticity of demand for conventional natural gas and RNG.
4. The impacts of the FEI's RNG services and offerings on energy choice. Understanding the customer demand and cost implications on the competitiveness of natural gas equipment versus other types of equipment such as electric heat pumps.
5. The short term (5 years) forecast demand for RNG and the feasibility of FEI's plan to meet this demand.
6. The short term (5 years) forecast supply of RNG and FEI's plan for the RNG supply acquisition, the security of the RNG supply, the price of the RNG supply, and the supply substitutes such as carbon offsets.

As set out in the regulatory timetable established in Order G-165-22A, the BCUC and certain interveners filed information request (IR) No. 2. By letter dated July 19, 2022, FEI filed an objection to the following IRs, citing that they are outside of the scope of the proceeding:²

- British Columbia Sustainable Energy Association and Sierra Club (BCSEA) IRs 19.1 and 22.1;
- Commercial Energy Consumers of British Columbia (the CEC) IR 63.1;
- Movement of United Professionals (MoveUP) IR 1.4;
- BC Old Age Pensioners' Organization et al. (BCOAPO) IRs 18.1, 18.2, 18.3, 18.5 and 18.6;
- Residential Consumer Intervener Association (RCIA) IRs 41.1 and 41.2;
- British Columbia Hydro and Power Authority (BC Hydro) IR 2.6; and
- all of GNAR Inc. – Sustainable Home Design (GNAR)'s IR No. 2;

¹ Order G-35-21 and Order G-242-21.

² Exhibit B-32, p. 3.

In its July 19, 2022 letter, FEI also proposes to limit its responses regarding RNG supply and demand IRs to the five-year time frame as set out by Order G-165-22A. FEI seeks the BCUC's agreement on whether some or all of the IRs identified by FEI are out of scope for the purpose of determining whether a response is required.

The BCUC invited interveners to provide comments on FEI's objection letter and for FEI to respond to the comments received.³ BCSEA, MoveUP and GNAR provided comments on FEI's objection letter.⁴ In its letter, BCSEA withdrew BCSEA IRs 19.1 and 22.1, and, in place of IR 19.1, BCSEA asked FEI to respond substantively to BCSEA IRs 16.2 and 16.3 in IR No. 1, which, as FEI noted, are restated in IR No. 2 as BCSEA IRs 20.1 and 20.2, respectively.

By letter dated July 22, 2022, FEI submitted its reply to comments by BCSEA, MoveUP and GNAR.⁵ Based on the context provided in the intervener comments, FEI agreed to provide substantive responses to BCSEA IRs 20.1 and 20.2 and withdrew its objection to MoveUP IR 1.4 in IR No. 2.

2.0 Issues Arising

In consideration of the submissions of the parties, the Panel has determined the following items need to be addressed:

1. Whether some or all of the IRs disputed by FEI are outside the scope previously established by Order G-165-22A; and
2. Whether the IRs pertaining to RNG supply and demand should be limited to the five-year time frame as set out in Order G-165-22A.

2.1 Disputed IRs from IR No. 2 as Outside of Scope

In reply to intervener comments, FEI considered the following IR No. 2 are outside the scope of the proceeding:

1. The CEC IR 63.1;
2. BCOAPO IRs 18.1, 18.2, 18.3, 18.5 and 18.6;
3. RCIA IRs 41.1 and 41.2;
4. BC Hydro IR 2.6; and
5. GNAR all IRs in IR No. 2.

For reasons outlined below, FEI is directed to respond to those IRs deemed in scope for this proceeding by August 15, 2022 in accordance with the regulatory timetable.

2.1.1 The CEC and BCOAPO

FEI states that the CEC IR 63.1 is proving information related to Cost of Service Allocation (COSA) and Revenue to Cost ratios which is not related to the rate design of FEI's Renewable Gas (RG) Program.⁶ Similarly, FEI states that

³ Exhibit A-22.

⁴ Exhibit C1-9, Exhibit C2-7 and Exhibit C19-4.

⁵ Exhibit B-33.

⁶ Exhibit B-32, p. 3.

BCOAPO IRs 18.1, 18.2, 18.3, 18.5 and 18.6 are related to demand-side management (DSM) spending and rate impacts which are also not related to the rate design of FEI's RG Program.⁷

Neither the CEC or BCOAPO responded to FEI's objection.

Panel Determination

The Panel agrees with FEI and finds that the CEC IR 63.1 and BCOAPO IRs 18.1, 18.2, 18.3, 18.5 and 18.6 are outside the scope of this proceeding. The CEC IR 63.1 asks for information regarding the reliability of information from FEI's AMI system as data inputs for future COSA and the calculation of revenue to cost ratios.⁸ The information requested do not fall under any of the six scope areas established by Order G-165-22A for this proceeding. In the view of the Panel, it is more appropriate for COSA matters including revenue to cost ratios to be explored in a COSA application review. Similarly, the Panel is not persuaded that DSM spending and rate impacts raised in BCOAPO IRs are relevant topics or related to the design of FEI's RG Program.

2.1.2 RCIA

FEI states that RCIA IRs 41.1 and 41.2 on the potential limitations of storing RNG indirectly probes the issue of notional delivery of RNG, noting that the concept of notional delivery has been specifically identified as being outside the scope of the proceeding as per Order G-165-22A.⁹

RCIA did not respond to FEI's objection.

Panel Determination

The Panel determines that RCIA IRs 41.1 and 41.2 are within the scope of the proceeding and directs FEI to provide a response to those IRs. As part of managing supply for the RG Program, FEI intends to maintain a buffer of RG supply at the outset of each year to accommodate potential supply fluctuations or greater than anticipated demand.¹⁰ RCIA IRs 41.1 and 41.2 directly inquire into the potential limitations of FEI's RNG storage capacities. This information may be useful in evaluating FEI's short term supply management capabilities which is within the scope of the proceeding under scope item #6 of Order G-165-22A.

2.1.3 BC Hydro

FEI states BC Hydro IR 2.6 in IR No. 2 on the GHG emission by customer class with and without the RG Connection service is beyond the time period set out by Order G-165-22A.¹¹

BC Hydro did not respond to FEI's objection.

Panel Determination

The Panel agrees with FEI. BC Hydro's IR 2.6 in IR No. 2 requests for information that goes beyond the time frame as set out by Order G-165-22A. However, the Panel notes that while FEI commented on the requested time frame, it did not express any issues with the substance of the question being within the scope of the

⁷ Ibid.

⁸ Exhibit C3-6, the CEC IR 63.1.

⁹ Exhibit B-32, p. 3.

¹⁰ Exhibit B-17, BCUC IR 10.2.

¹¹ Exhibit B-32, p. 3.

proceeding. We consider the information sought by BC Hydro (i.e., the GHG emission by customer class with and without the RG Connection service) to be relevant in evaluating the merits of the RG Connection service and is covered under scope item #1 of Order G-165-22A. **Accordingly, the Panel determines that BC Hydro IR 2.6 in IR No. 2 is within the scope of this proceeding and directs FEI to respond to BC Hydro IR 2.6 but only up to the five-year time frame as set out by Order G-165-22A.**

2.1.4 GNAR

GNAR's IR No. 2 is separated into six topics. The first of these (Topic 1), pertains to the properties and specification of natural gas. Topics 2, 3, 4 and 6 pertain primarily to the specification, naming convention, carbon neutrality and the concept of notional delivery for RNG. Topic 5 pertains to methane leaks from RNG production facilities and FEI's existing natural gas pipeline.

FEI states that all of the IRs in IR No. 2 filed by GNAR are outside the scope of the proceeding as they address the specification of RNG sold, the concept of notional delivery of RNG and FEI's natural gas distribution system.¹²

GNAR submits that it disagrees with FEI's objection, arguing that customer understanding of the service provided, as a derivative of FEI's naming conventions, are within the ways in which RNG will be sold under FEI's services and offerings (scope item #1).¹³ GNAR also argues that the concept of notional delivery is within the scope of the proceeding based on the preliminary list of scope items in Appendix C to Order G-292-20.

In reply, FEI maintained its position stating that GNAR's questions in IR No. 2 pertain to the marketing and specification of RNG which does not relate to the design of the rates and services under the RG Program.¹⁴ On the concept of notional delivery, FEI states, among other reasons, that the Panel determined the proper scope of this proceeding based on submissions from FEI and interveners in Order G-165-22A which supersedes Order G-292-20.

Panel Determination

The Panel agrees with FEI that most of GNAR's IR No. 2 questions are outside the scope of the proceeding, as previously established in Order G-165-22A. In GNAR's IR No. 2, Topic 1 includes three questions on the properties of natural gas.¹⁵ This does not relate to the design of the RG program nor to the rates proposed in the application, and therefore, the Panel finds them to be outside the scope of this proceeding.

Topic 2 includes three questions on the properties of RNG.¹⁶ As explained in Section 2.2.1 of the Reasons for Decision to Order G-165-22A, the specification of RNG and the nature of notional delivery are outside the scope of this proceeding.¹⁷

GNAR IRs 3.1 to 3.8 in Topic 3 focus primarily on the naming convention of RNG, and GNAR IR 3.9 asks whether FEI discloses that natural gas is a fossil fuel or that it contains methane.¹⁸ As the scope of the proceeding is focused on the design of and the rates for FEI's RG Program, these items are also outside the scope of the proceeding.

¹² Exhibit B-32, p. 3.

¹³ Exhibit C19-4, pp. 1-2.

¹⁴ Exhibit B-33, pp. 2-3.

¹⁵ Exhibit C19-3, GNAR IRs 1.1, 1.2 and 1.3.

¹⁶ Exhibit C-19-3, GNAR IRs 2.1, 2.2 and 2.3.

¹⁷ Order G-165-22A, Appendix A, Section 2.2.1, p. 6.

¹⁸ Exhibit C-19-3, GNAR IRs 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, and 3.9.

GNAR IR 3.10 focuses on whether FEI discloses the nature of the fuels supplied under RNG services.¹⁹ The Panel believes that this directly relates to the content of the rate schedules in which the RG Program will be sold, and finds that IR 3.10 is within the scope of the proceeding because it relates to the ways in which RNG will be sold under FEI's services and offerings (scope item #1). **The Panel determines that GNAR IR 3.10 is within the scope of the proceeding and directs FEI to respond to this IR.**

Topic 4 includes three questions on whether RNG is carbon neutral.²⁰ As explained in Section 2.2.1 of the Reasons for Decision to Order G-165-22A, the Panel is not persuaded that the specification of RNG is within the scope of this proceeding.²¹

Topic 5 includes six questions mostly on the issue of methane leaks from production facilities and FEI's distribution system.²² In regards to the methane leaks from production facilities, the current application pertains to the design of and to the rates for FEI's RG Program, and not to the production process for RNG. As such, questions pertaining to methane leaks from production facilities are not within the scope of the proceeding. In regards to methane leaks from FEI's distribution system, Section 2.2.1 of the Reasons for Decision to Order G-165-22A explained that matters relating to the status of FEI's existing distribution system are not within the scope of the proceeding noting that such topics are being explored in the RNG Inquiry which is currently underway.

Topic 6, with the exception of IRs 6.3 and 6.4, focuses on the specification of RNG and the concept of notional delivery.²³ As explained in Section 2.2.1 of the Reasons for Decision to Order G-165-22A, the Panel is not persuaded that the specification of RNG and the concept of notional delivery are within the scope of this proceeding.²⁴

GNAR IRs 6.3 and 6.4 in IR No. 2 focus on whether FEI discloses that notional delivery is taking place as related to the services provided by it under the RG Program.²⁵ The Panel is of the view that this directly relates to the content of the rate schedules as well as to the presentation of the RG Program, and that it is within the scope of the proceeding under the ways in which RNG will be sold under FEI's services and offerings, outlined as scope item #1. Accordingly, **the Panel determines that GNAR IRs 6.3 and 6.4 in IR No. 2 are within the scope of the proceeding and directs FEI to respond to these IRs.**

The Panel notes that the [RNG Inquiry](#) is currently underway and explores a number of issues that GNAR is pursuing as part of Topics 2, 3, 4, 5 and 6 that are out of scope for this proceeding. Should GNAR wishes to pursue these issues, the Panel encourages it to participate in the RNG Inquiry.

¹⁹ Exhibit C-19-3, GNAR IR 3.10.

²⁰ Exhibit C19-3, GNAR IRs 4.1, 4.2 and 4.3.

²¹ Order G-165-22A, Appendix A, Section 2.2.1, p. 6

²² Exhibit C19-3, GNAR IRs 5.1, 5.2, 5.3, 5.4, 5.5 and 5.6.

²³ Exhibit C-19-3, GNAR IRs 6.1, 6.2, 6.7, 6.8, 6.9, 6.10, 6.11, 6.12, 6.13, 6.14, 6.15 and 6.16.

²⁴ Order G-165-22A, Appendix A, Section 2.2.1, p. 6

²⁵ Exhibit C-19-3, GNAR IRs 6.3 and 6.4.

2.2 Time Frame for RNG Supply and Demand IRs

FEI proposes to limit responses to questions pertaining to RNG supply and demand to the five-year time frame as set out by Order G-165-22A.²⁶

No interveners responded to FEI's proposal.

Panel Determination

The Panel determines that FEI may limit responses pertaining to RNG supply and demand to the five-year time frame as set out by Order G-165-22A. In Order G-165-22A, the Panel specifically defined the time frame considered to be appropriate for review in the proceeding.²⁷ However, the Panel notes that there are instances where FEI has prepared information, as submitted in the Application and responses to IR No. 1, that go beyond the time frame as set out by Order G-165-22A. To reduce potential duplication of work, the Panel accepts that FEI may respond to IRs pertaining to RNG supply and demand to periods exceeding the five-year time frame if existing work has been done for information exceeding the five-year time frame.

²⁶ Exhibit B-32, p. 3.

²⁷ Order G-165-22A, Appendix A, Section 2.2.2, p. 7.