



ORDER NUMBER
G-219-24

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

and

FortisBC Energy Inc.
Rate Treatment of Grant for Seaspan Marine Vehicles
under the Greenhouse Gas Reduction (Clean Energy) Regulation

BEFORE:

B. A. Magnan, Panel Chair
W. E. Royle, Commissioner

on August 15, 2024

ORDER

WHEREAS:

- A. On June 28, 2024, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (BCUC), pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA), for approval to record a grant amount of \$22,848,457 (Grant) to Seaspan Energy Ltd. (Seaspan) in FEI's existing Greenhouse Gas Reduction (Clean Energy) Regulation (GGRR) incentives deferral account (GGRR Incentives Deferral Account) for recovery from all non-bypass natural gas customers through amortization of the deferral account, on the basis that the Grant is a prescribed undertaking in accordance with section 2 of the GGRR (Original Application);
- B. On March 28, 2024, FEI and Seaspan entered into a Liquefied Natural Gas (LNG) Bunkering Vessel Contribution Agreement (Contribution Agreement). Under the Contribution Agreement, as amended on July 31, 2024, FEI provided the Grant to Seaspan for the acquisition of an LNG-fuelled bunkering vessel to be operated in British Columbia (BC) and Seaspan committed to purchasing a minimum of 12.64 petajoules of LNG or liquefaction services under FEI's Rate Schedule 46;
- C. In the Original Application, FEI marked Appendix A as confidential and redacted certain details in Appendix C, requesting that this information be held confidential in perpetuity due to its commercially sensitive and market competitive nature, which, if disclosed, could prejudice or influence future negotiations between FEI and counterparties;
- D. On July 3, 2024, FEI filed an amended application, maintaining the request for approval to record the Grant for Seaspan's LNG bunkering vessel acquisition in the GGRR Incentives Deferral Account and revising its confidentiality request for Appendix A (together with the Original Application, Application). FEI determined that only certain details in Appendix A required redaction and requested these redacted details remain confidential in perpetuity on the basis that they contain information between Seaspan and other parties unrelated to FEI and not pertinent to the Application as well as contain other commercially sensitive information. The redactions in Appendix C from the Original Application were maintained;

- E. By Order G-161-12, the BCUC approved the Natural Gas Transmission Incentives Account, allowing FEI to capture, among other things, all grants and costs related to prescribed undertakings for vehicle incentives or zero-interest loans as defined under the GGRR, to be amortized over a 10-year period into the delivery rates of all non-bypass natural gas customers. By Order G-56-17, this account was renamed the GGRR Incentives Deferral Account;
- F. 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”;
- G. 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”;
- H. On May 19, 2023, Order in Council 308/2023 amended the GGRR by repealing section 2 and replacing it with a prescribed undertaking specifically for marine vehicles using LNG, which includes allowing a public utility to provide grants or zero-interest loans to persons in BC for the purchase of an LNG-fuelled marine vehicle to be operated in BC. On June 10, 2024, the GGRR was further amended by Order in Council 302/2024, extending the undertaking period for LNG marine vehicles from March 31, 2024 to March 31, 2026;
- I. On July 24, 2024, BCUC staff issued questions to FEI (Staff Questions). On July 31, 2024, FEI filed public and confidential responses to Staff Questions which included an amending agreement to the Contribution Agreement, revising the Grant amount from \$23,500,000 to \$22,848,457;
- J. The BCUC has reviewed the Application and FEI’s responses to Staff Questions and finds the Grant meets the requirements for a prescribed undertaking as defined by the GGRR and determines that approval is warranted; and
- K. The BCUC has not reviewed the Application from a public interest perspective, as the Grant is a prescribed undertaking under section 18(1) of the CEA.

NOW THEREFORE pursuant to sections 59 to 61 of the UCA, section 18 of the CEA and the GGRR, the BCUC orders as follows:

- 1. FEI is approved to record the Grant amount of \$22,848,457 in the existing GGRR Incentives Deferral Account.
- 2. The redacted information in Appendices A and C of the Application and FEI’s responses to Staff Questions will be kept confidential until the BCUC determines otherwise.

DATED at the City of Vancouver, in the Province of British Columbia, this 15th day of August 2024.

BY ORDER

Original signed by:

B. A. Magnan
Commissioner