



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-147-15**

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

and

an Application by FortisBC Energy Inc.
for Approval of Biomethane Energy Recovery Charge Rate Methodology

BEFORE: D. M. Morton, Panel Chair/Commissioner
H. G. Harowitz, Commissioner September 18, 2015
K. A. Keilty, Commissioner

O R D E R

WHEREAS:

- A. On August 28, 2015, FortisBC Energy Inc. (FEI) filed the Biomethane Energy Recovery Charge (BERC) Rate Methodology Application (Application), pursuant to sections 59–61 of the *Utilities Commission Act*;
- B. By Order G-210-13 and its Decision dated December 11, 2013 (2013 Decision), the British Columbia Utilities Commission (Commission) approved the continuance of the Biomethane Program on a permanent basis with certain modifications as directed in the 2013 Decision;
- C. By Letter L-51-14 dated September 18, 2014, the Commission noted that FEI is expected to file proposed guidelines and criteria for BERC rate changes with the 2014 fourth quarter Biomethane Variance Account (BVA) report, among other matters;
- D. On October 22, 2014, FEI filed its 2014 Fourth Quarter Report on the BVA (2014 Fourth Quarter BVA Report);
- E. In the 2014 Fourth Quarter BVA Report, FEI stated that it is evaluating possible options for the BERC rate methodology and expects to file a proposal in 2015 for a revised BERC rate. On an interim basis, in accordance with Letter L-51-14, FEI proposed the following guidelines and criteria for potential BERC rate changes:
 - (i) Annual resetting of the BERC rate on an annual basis effective January 1st of a given year; and
 - (ii) A threshold of \$1.00 per GJ that will trigger a rate reset. That is, if a Quarterly Report indicates a change greater than \$1.00 per GJ (plus or minus) is required, the BERC rate will be reset;

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- F. By Order G-177-14 dated November 14, 2014, the Commission approved an increase in the FEI BERC rate to a rate of \$14.414 per gigajoule, effective January 1, 2015, for Rate Schedules 1B, 2B, 3B, 5B and 11B within the Mainland Service Area, and accepted the FEI proposed BERC rate change guidelines on an interim basis pending a review of the BERC rate methodology proposal in 2015;
- G. In the Application, FEI requests the following approvals:
- (i) Approval of a Short Term Contract BERC rate at the Commission approved January 1 Commodity Cost Recovery Charge (CCRA rate) per GJ, plus the current Carbon Tax applicable to natural gas customers, plus a premium of \$7.00 per GJ; and applicable to all affected biomethane rate schedules within the Mainland, Vancouver Island and Whistler Service Areas, to be effective the later of the start of the first quarter after the Commission's Decision or January 1, 2016 as discussed in Section 7 of the Application;
 - (ii) Approval that the Long Term Contract BERC rate be set at a \$1.00 per GJ discount to the Short Term Contract rate;
 - (iii) Approval to discontinue the quarterly BERC and BVA report and replace with a single report in conjunction with the Fourth Quarter CCRA & Midstream Commodity Reconciliation Account (MCRA) report;
 - (iv) FEI may apply to transfer unsold biomethane supply that is greater than 18 months in age and/or 250,000 GJs in the BVA to the MCRA at the prevailing CCRA rate on January 1 each year; and
 - (v) Approval to amortize the forecast December 31 balance in the BVA, net of the transfer of unsold inventory and remaining supply costs, through the delivery rates of all non-bypass customers effective January 1 of the subsequent year.
- H. By Letter L-36-15 dated September 10, 2015, the Commission acknowledged receipt of the 2015 Third Quarter Report on the BVA and BERC, filed on August 14, 2015 (2015 Third Quarter BVA Report) and accepted the FEI recommendation that the BERC rate remain unchanged at October 1, 2015 at \$14.414 per gigajoule as established in Commission Order G-177-14.
- I. The Commission considers that the Application should be supplemented with additional information to facilitate a more complete and efficient review and that establishing a regulatory timetable for the registration of interveners and interested parties for the review of the Application is warranted.

NOW THEREFORE the Commission orders as follows:

1. The Regulatory Timetable for the Application is set out in Appendix A to this order.
2. FortisBC Energy Inc. (FEI) must provide supplementary information as outlined in Appendix B to this order by no later than Thursday, October 1, 2015.

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3. FEI must provide a copy of this order and the Biomethane Energy Recover Charge Rate Methodology Application (Application) to past interveners and interested parties in the FEI 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); and also to gas marketers who supply the energy commodity to any FEI delivery customer. Copies must be provided in a timely manner and by no later than Wednesday, September 23, 2015.
4. The Application, together with any supporting materials, is to be made available for inspection at the FEI Office, 16705 Fraser Highway, Surrey, BC. The Application and supporting materials are to be made available on FEI's website at www.fortisbc.com.
5. Intervenors and interested parties must register with the Commission, in writing or by electronic submission, by Tuesday, October 13, 2015. Intervenors must specifically state the nature of their interest in the proceeding and identify generally the nature of the issues they may intend to pursue during the proceeding, as well as the nature and extent of their anticipated involvement in the review process. Information filed in the proceeding will be made public via the Commission's website.
6. A procedural conference will be held on Monday, November 16, 2015, commencing at 9:00 a.m., in the Commission's Hearing Room on the 12th Floor, 1125 Howe Street, Vancouver, BC at which the remainder of the Regulatory Timetable and the nature of the remaining hearing process will be addressed.

DATED at the City of Vancouver, in the Province of British Columbia, this 18th day of September 2015.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

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REGULATORY TIMETABLE

| ACTION: | DATE (2015): |
|---|---|
| FortisBC Energy Inc. (FEI) Supplementary Information Filing | Thursday , October 1 |
| Intervener and Interested Party Registration | Tuesday, October 13 |
| Commission Information Request (IR) No. 1 | Tuesday, October 13 |
| Intervener IR No. 1 | Wednesday, October 21 |
| FEI Responses to IR No. 1 | Wednesday, November 4 |
| Procedural Conference* | Monday, November 16 commences at 9:00 a.m. |
| Further Process | To be determined |

* Location: Commission Hearing Room
12th Floor, 1125 Howe Street
Vancouver, BC V6Z 2K8

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SUPPLEMENTARY INFORMATION

FortisBC Energy Inc. (FEI) is to file the following supplementary information with the British Columbia Utilities Commission (Commission) by no later than Thursday, October 1, 2015.

1. With respect to Rate Schedules 1B, 2B, 3B and 5B, provide a graph, table and the associated fully functional spreadsheet showing, for each month in the period from October 1, 2010 through to October 1, 2015, the Commodity Cost Recovery Charge (referred to as the Commission approved CCRA rate in the Application), the BERC rate and the difference between the two rates.
2. In order to provide an equivalent reference for Rate Schedule 11B, provide a graph, table and the associated fully functional spreadsheet showing, for each month in the period from October 1, 2010 through to October 1, 2015, the BERC rate, the Sumas monthly index, the FEI Rate Schedule 14A Index Rate price, the difference between the BERC rate and the Sumas monthly index and the difference between the BERC rate and the FEI Rate Schedule 14A Index Rate price.
3. Provide a table and the associated fully functional spreadsheet showing the number of biomethane customers by rate schedule (1B, 2B, 3B, 5B and 11B) for each month in the period from 2010 through 2015.
4. Provide a table and the associated fully functional spreadsheet for each month in the period from 2010 through 2015 showing:
 - a. the actual biomethane sales volumes expressed in gigajoules by rate schedule (1B, 2B, 3B, 5B and 11B);
 - b. the forecast biomethane sales by rate schedule as reported in the quarterly BVA and BERC report filed with the Commission for the fourth quarter immediately proceeding the particular year; and
 - c. the variance between the actual and forecast biomethane sales by rate schedule.
5. Provide the non-confidential portion of the 2015 Third Quarter Report on the Biomethane Variance Account (BVA) and Biomethane Energy Recovery Charge (BERC) that was filed with the Commission on August 14, 2015 (2015 Third Quarter BVA Report).
 - a. Reconcile and explain the differences, for the 2015 year, between the data presented in Schedules 1 and 2 of Appendix E in the Application and the data reported in the 2015 Third Quarter BVA Report.
6. Reconcile and explain the differences between the forecast BERC rates using the status quo methodology as shown in Table 4-2 with the data presented in Schedule 4 in Appendix E.
7. Provide the associated fully functional spreadsheets for each of the following tables in the Application: Table 3-2, Table 3-3, Table 4-2, Table 6-2.
8. Provide the tables and the associated fully functional spreadsheets for the following figures in the Application: Figure 3.1, Figures 3-2 and 3-3, Figures 3-4 through 3-7, Figures 4-1 through 4-7, Figure 5-2, Figures 8-2 and 8-3.

9. Provide the associated fully functional spreadsheets and key assumptions for each of the schedules provided in Appendix E of the Application.
10. Provide the non-confidential pages contained in the BVA specific Tabs of the 2011, 2012 and 2013 Commodity Cost Reconciliation Account (CCRA)/Midstream Cost Reconciliation Account (MCRA)/BVA Status Reports respectively filed with the Commission on April 30, 2012, April 30, 2013 and April 30, 2014.
11. Provide the non-confidential portion of 2014 BVA Status Report filed with the Commission on April 30, 2015.