



ORDER NUMBER
G-26-16

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

and

FortisBC Energy Inc.
A Filing regarding its 2016 First Quarter Report on the Biomethane Variance Account
and Biomethane Energy Recovery Charge Rate effective April 1, 2016
for the Mainland Service Area

BEFORE:

D. M. Morton, Commissioner
H. G. Harowitz, Commissioner
K. A. Keilty, Commissioner
R. D. Revel, Commissioner

on March 3, 2016

ORDER

WHEREAS:

- A. On February 15, 2016, FortisBC Energy Inc. (FEI) filed its 2016 First Quarter Report (Report) on the Biomethane Variance Account (BVA) and the Biomethane Energy Recovery Charge (BERC);
- B. By Order G-210-13 and the accompanying 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 Order G-177-14 dated November 13, 2014, the Commission approved an increase in the FEI BERC to a rate of \$14.414 per gigajoule (GJ), effective January 1, 2015, for Rate Schedules 1B, 2B, 3B, 5B and 11B within the Mainland Service Area, as set out in the 2014 Fourth Quarter Report on the BVA;
- D. Also by Order G-177-14, the Commission accepted the following BERC rate change guidelines on an interim basis (Interim Guidelines) pending a review of the BERC rate methodology proposal in 2015:
 - (i) Annual resetting of the BERC rate on an annual basis effective January 1 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;
- E. On August 28, 2015, FEI filed an application for approval of the BERC Rate Methodology (BERC Rate Methodology Application), which sought approval of a non cost-based BERC rate methodology, mechanisms for transferring costs and unsold biomethane volumes out of the BVA for recovery from FEI's non-bypass ratepayers and revised reporting requirements;

- F. By Orders G-147-15 and G-181-15, the Commission established a regulatory timetable for the review of the BERC Rate Methodology Application;
- G. By Order G-190-15 dated December 3, 2015, the Commission approved FEI's proposal that no change be made to the BERC as at January 1, 2016, in consideration of the ongoing review of the BERC Rate Methodology Application;
- H. In the Report, FEI projects a BVA balance at March 31, 2016, of approximately \$1.373 million deficit after tax;
- I. In the Report, FEI provides a re-calculation of the BERC, based on the BVA cost and recovery assumptions for the 12-month period ending March 31, 2017, and the projected March 31, 2016 unsold biomethane quantity, to be an increase of \$3.546/GJ from \$14.414/GJ to \$17.960/GJ, effective April 1, 2016, indicating a change to the BERC rate is required as per the Interim Guidelines;
- J. In the Report, FEI proposes no change to the BERC as at April 1, 2016, pending the outcome of the BERC Rate Methodology Application;
- K. FEI requests that the biomethane project cost information in Tab 1, Pages 4.1C, 4.2C, and 4.3C of the Report, be held confidential on the basis that it contains market sensitive information; and
- L. The Commission reviewed the Report and, despite the guidelines made on an interim basis in Order G-177-14, considers it acceptable and in the interests of regulatory efficiency that no change be made to the BERC as at April 1, 2016, while the BERC Rate Methodology Application proceeding is currently reviewing issues pertaining to the BERC.

NOW THEREFORE pursuant to sections 59–61 of the *Utilities Commission Act*, the British Columbia Utilities Commission approves the FortisBC Energy Inc. (FEI) proposal that the Biomethane Energy Recovery Charge rate remain unchanged as at April 1, 2016. The Commission will hold the biomethane project cost information in Tab 1, Pages 4.1C, 4.2C, and 4.3C of the 2016 First Quarter Report on the Biomethane Variance Account confidential as requested by FEI as it contains commercially sensitive information.

DATED at the City of Vancouver, in the Province of British Columbia, this 3rd day of March 2016.

BY ORDER

Original signed by:

D. M. Morton
Commissioner