



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-29-13**

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IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

FortisBC Energy Inc.
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)

BEFORE: D.M. Morton, Panel Chair/Commissioner
D.A. Cote, Commissioner February 28, 2013
L.A. O'Hara, Commissioner
C. van Wermeckerken, Commissioner

O R D E R

WHEREAS:

- A. On December 19, 2012, FortisBC Energy Inc. (FEI) filed an application with the British Columbia Utilities Commission (Commission) seeking approvals for the continuation of the Biomethane Program on a permanent basis with certain modifications (the 2012 Biomethane Application). In particular, FEI seeks the following approvals pursuant to sections 59 to 61 of the *Utilities Commission Act (Act)*:
- Continuation of Rate Schedules 1B, 2B and 3B, and amendments to the same;
 - Continuation of Section 28 and related Definitions of FEI's General Terms and Conditions (GT&Cs), and amendments to the same;
 - Continuation of Rate Schedules 11B and 30 as part of FEI's Biomethane Program;
 - Continuation of the cost allocations and accounting treatment for the costs associated with the Biomethane Program, including the continuation of the Biomethane Variance Account, the quarterly reporting process and the Biomethane Energy Recovery Charge (BERC) rate setting mechanism;
 - The resetting of the BERC rate at \$12.001/GJ to be effective at the start of the first quarter after the Commission's Decision on the 2012 Biomethane Application;
 - Continuation of FEI's ability to purchase carbon offsets and recover the costs through the Biomethane Variance Account in the event of under-supply of biomethane, at a per gigajoule unit price not exceeding the difference between the BERC and the Commodity Cost Recovery Charge in effect at that time; and

- Approval of the recovery of costs in the Biomethane Variance Account through the Midstream Cost Recovery Account as set out in Section 8 of the 2012 Biomethane Application;
- B. FEI states that the 2012 Biomethane Application constitutes FEI's Post-Implementation Report on the Biomethane Program in compliance with Commission Order G-194-10. The 2012 Biomethane Application includes Table 1-1 in which FEI cross references the Post-Implementation Reporting requirements with the corresponding sections of the 2012 Biomethane Application;
- C. FEI also seeks acceptance, pursuant to section 71 of the *Act*, of four Biomethane Purchase Agreements between FEI and the following suppliers:
- EarthRenu Energy Corp. (Earth Renu),
 - Greater Vancouver Sewerage and Drainage District (GVS&DD),
 - Seabreeze Farm Ltd. (Seabreeze), and
 - Dicklands Farms (Dicklands);
- D. FEI also seeks acceptance, pursuant to section 44.2 of the *Act*, of the capital costs related to the facilities required for the four biomethane supply projects as described in Section 7 of the 2012 Biomethane Application;
- E. FEI seeks approval that future supply contracts for the purchase of biogas or biomethane filed with the Commission which meet the criteria described in Section 6 of the 2012 Biomethane Application and also meet the filing requirements in sections 71(1)(a) and 71(1)(b) of the *Act*;
- F. When FEI filed the 2012 Biomethane Application, it anticipated that a decision in the FEI Alternative Energy Solutions Inquiry (AES Inquiry) would be released during the course of the 2012 Biomethane Application proceeding. FEI submitted that it would make any adjustments to its proposals, if necessary, by taking into account any relevant determinations in the AES Inquiry after the decision is issued. Subsequently, on December 27, 2012, the Commission issued its Report on the FortisBC Energy Inc. Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives (AES Inquiry Report);
- G. On January 8, 2013, by Order G-1-13, the Commission issued a Preliminary Regulatory Timetable establishing a Workshop on the Post-Implementation Report and a Procedural Conference. The Workshop was held on January 17, 2013;
- H. On January 18, 2013, the Commission issued an Agenda for the Procedural Conference;
- I. On January 18, 2013, FEI filed its Application changes resulting from the AES Inquiry Report;
- J. At the Procedural Conference, held on January 22, 2013, submissions on the issues in the Agenda were received from FEI and three Registered Interveners: Commercial Energy Consumers Association (CEC), B.C. Pensioners' and Seniors' Organization *et al.* (BCPSO) and B.C. Sustainable Energy Association (BCSEA). Also, an Interested Party, Paradigm Environmental Technologies Inc. (Paradigm), made a submission;

- K. At the Procedural Conference, FEI committed to filing an update on the nature and status of the third-party biomethane suppliers and their rate filings within a week of the Procedural Conference;
- L. On January 25, 2013, FEI filed an update letter on matters related to third-party suppliers. Subsequently, on January 31, 2013, FEI filed a correction to its January 25, 2013 update letter;
- M. Subsequent to the Procedural Conference, submissions from the four biomethane suppliers Dicklands, Seabreeze, Earth Renu, and GVS&DD were filed;
- N. On February 5, 2013, the Commission issued Order G-18-13 that established a Regulatory Timetable and provided an opportunity for FEI, Interveners and other stakeholders to make comments by February 12, 2012, on a number of issues identified by the Commission in pages 6 and 7 of Appendix A to Order G-18-13 regarding the biomethane suppliers regulatory process;
- O. By Letter L-2-13, the Commission extended the comment period deadline to February 18, 2013, from stakeholders and a submission from FEI by February 19, 2013, after receiving a request from GVS&DD for an extension;
- P. Submissions from Interveners and other stakeholders on the issues regarding to the biomethane suppliers regulatory process were received from BCPSO, BCSEA, CEC, Dicklands, Earth Renu, GVS&DD, Paradigm and Seabreeze;
- Q. On February 19, 2013, FEI provided its submission regarding to the biomethane suppliers regulatory process. Subsequently, on February 21, 2013, FEI filed an Amending Agreement with Earth Renu for a specific change to the Maximum and Minimum supply volumes;
- R. On February 19, 2013, FEI requested the Commission reconsider the need for a Certificate of Public Convenience and Necessity (CPCN) for the EarthRenu and GVS&DD projects; and
- S. The Commission reviewed the submissions received regarding the biomethane suppliers regulatory process from Interveners, other stakeholders and FEI.

NOW THEREFORE the Commission orders as follows:

1. The supply cap, set by Order G-194-10, is increased by an amount sufficient to accommodate the supply from the four biomethane suppliers: Earth Renu, GVS&DD, Dicklands and Seabreeze, provided FEI confirms to the Commission by March 6, 2013, that natural gas non-bypass customers bear no actual or potential risk for unsold biomethane pending the outcome of the 2012 Biomethane Application. FEI is also directed, at that time, to confirm the exact maximum annual expected amount of the four contracts.
2. The review of the applications for rates by Earth Renu, GVS&DD, Dicklands and Seabreeze, and the applications by FEI for acceptance of expenditures under section 44.2 of the *Act* and the supply contracts under section 71 of the *Act* will be heard in (a) separate Streamlined Review Process(es).

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3. The Guidelines established in Order G-194-10 and the accompanying Decision, with respect to the criteria for supply contracts to meet the filing requirements in sections 71(1)(a) and 71(1)(b) of the *Act*, including the pilot price cap of \$15.28 per GJ, will apply to the evaluation of these contracts.
4. The request for a reconsideration of the CPCN requirements for biomethane production facilities with capital costs greater than \$5 million is denied.
5. The Revised Regulatory Timetable is amended as shown in Appendix B to this Order.

DATED at the City of Vancouver, in the Province of British Columbia, this 28th day of February 2013.

BY ORDER

Original signed by:

D.M. Morton
Panel Chair/Commissioner

Attachments

FortisBC Energy Inc.

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)

REASONS FOR DECISION

1.0 BACKGROUND

The British Columbia Utilities Commission (Commission) on pages 6 and 7 of Appendix A to Order G-18-13 requested submissions from the parties on the following:

1. Is there evidence on the record of sufficient demand required by 2015 to justify raising the Pilot Program supply cap? If so, by how much should it be raised?
2. If the supply cap is raised by an amount that is insufficient to accommodate all of the supply contracts, what criteria should be used to determine which contract(s) is accepted?
3. If the supply cap is raised to allow any additional contract(s) to potentially be accepted into the expanded Pilot Program:
 - a. What should the nature of the regulatory review process be? Is a Streamlined Review Process (SRP) appropriate?
 - b. Should the guidelines established in Order G-194-10, and the accompanying decision, with respect to the criteria for supply contracts to meet the filing requirements in sections 71(1)(a) and 71(1)(b) of the *Utilities Commission Act (Act)*, apply to those contracts?
 - c. What party should be responsible for the expenses related to the interconnection of biomethane suppliers' facilities to FortisBC Energy Inc. (FEI)'s distribution utility?
4. Should FEI requests for approvals under sections 44.2 (capital expenditures for pipe interconnection costs), if applicable, and 71 (supply contracts) be reviewed in the same proceeding as the biomethane suppliers regulatory process?

By Order G-18-13 the Commission established a Regulatory Timetable for submissions from Interveners and other stakeholders on the items above. Intervener submissions were required by February 12, 2013, followed by a submission from FEI on February 15, 2013.

On February 13, 2013, the Commission received a submission from Greater Vancouver Sewerage and Drainage District (GVS&DD, also known as Metro Vancouver) requesting: 1) an extension to file its comments with the Commission by Monday, February 18, 2013, and for FEI to file its Submission on February 19, 2013, and 2) changing its status to a Registered Intervener from an interested party. The Commission by Letter L-2-13 granted GVS&DD's request for Intervener status and the Commission extended the Intervener and Stakeholder comment period deadline to February 18, 2013, and extended the deadline for a submission from FEI to February 19, 2013. Interveners and other stakeholders who had already filed their Submissions were allowed to file an amended submission by the revised February 18, 2013 deadline.

Submissions from Interveners and other stakeholders were received from British Columbia Pensioners' and Seniors' Organization *et al.* (BCPSO), B.C. Sustainable Energy Association (BCSEA), Commercial Energy Consumers Association of British Columbia (CEC), Dicklands Farms (Dicklands), Earth Renu Energy Corp. (Earth Renu), Greater Vancouver

Sewerage and Drainage District (GVS&DD), Paradigm Environmental Technologies Inc., and Seabreeze Farm Ltd. (Seabreeze) between February 13 to February 18, 2013. On February 18, 2013, CEC made an amended submission while Earth Renu made an additional submission.

On February 19, 2013, FEI provided its submission. In this submission, FEI also requested the Commission reconsider its earlier decision regarding the need for EarthRenu and GVS&DD to obtain a Certificate of Public Convenience and Necessity (CPCN) for their proposed biomethane supply facilities. Subsequently, on February 21, 2013, FEI filed an Amending Agreement with Earth Renu for a specific change to the Maximum and Minimum supply volumes.

2.0 SUBMISSIONS

2.1 Supply Cap Increase

Is there evidence on the record of sufficient demand required by 2015 to justify raising the Pilot Program supply cap? If so, by how much should it be raised?

FEI submits that there is persuasive evidence demonstrating strong demand for biomethane that is more than sufficient to justify raising the supply cap for the Pilot Program. (Exhibit B-9, p. 2)

GVS&DD is also satisfied that the evidence on the record demonstrates sufficient demand to justify raising the supply cap to accommodate the four proposed biomethane supply contracts. (Exhibit C5-4. p. 3)

CEC, while noting the anticipated sizeable balances of unsold methane for 2012 and 2013, recommends raising the supply cap to accommodate all projects under consideration. It submits that demand could reasonably be expected to exceed supply in 2015 and that this test is met with sufficient information on the record. It cites FEI's moderate demand scenario which results in supply being outstripped in 2015, and the low demand scenario in 2016. In CEC's further view, the "emerging markets," including the City of Vancouver, the City of Richmond, UBC, District Energy Systems, Haida Gwaii and WesPac Energy represent a total demand of up to 3.454 petajoules (PJ). CEC points out that "UBC alone intends to require 500,000 GJ of Renewable Natural Gas (RNG) by the end of 2015, which may increase to 1.2 – 1.5 million GJ by 2017." CEC agrees with FEI's position that in order to ensure that FEI has sufficient supply to meet future demand and provide certainty in the marketplace, it must move forward with supply projects in advance of customer demand for RNG. CEC points out that suppliers require security of sale and have the option of pursuing sales contracts with BC Hydro, which may be considered more stable sales. (Exhibit C1-3, pp. 2, 3; Exhibit C1-4, p. 1)

Both Seabreeze and Dicklands believe "...FEI makes the proper justification for raising the supply cap due to increasing demand by 2015." (Exhibit D-5-1, p. 1; Exhibit D-6-1, p. 1)

Earth Renu believes that "...there is more B.C. based Municipal, Commercial and Industrial demand for RNG than FortisBC has conservatively documented in the application." Paradigm cites its own research of large and small municipalities in B.C.: "...the economic and social advantage of purchasing RNG outweighs the alternative – to purchase carbon offsets to meet with GHG reduction targets and qualify for the UBCM funding mechanisms." (Exhibit D-1-1, p. 1)

Earth Renu submits that "...the quantity of GJ's supplied to FEI via operating projects is nowhere close to 248,250 GJ. In fact, it is our understanding that approximately 60,000 GJ were supplied to Fortis by Fraser Valley Biogas in 2012 and neither the Salmon Arm or Kelowna projects are producing any Biomethane to date. In addition, the Salmon Arm Project has experienced lengthy delays and if the Kelowna Project encounters similar delays, it is not unreasonable to project that there will be less than 150,000 GJ supplied to the grid in 2015." In the 2012 Biomethane Application, FEI states that Fraser Valley Biogas has delivered 93,923 gigajoules (GJ) to December 1, 2012. (Exhibit B-1, p. 99) (Exhibit D-7-1, pp. 1-2)

Earth Renu "...emphatically state[s] its opinion that demand cannot be contractually demonstrated to the BCUC before there is a reasonable probability that the demand can be contractually supplied." It maintains that no large corporation or post-secondary institution can begin to consider entering into a long term purchase agreement if there is no ability to demonstrate supply security. (Exhibit D-7-1, p. 2)

Earth Renu is also of the opinion that an increase "somewhat less than" the 3,000,000 GJ request from Fortis and "somewhat more than" the 340,000 GJ capacity of the four current applicants could strike a reasonable balance. For example, an increase in the cap from 250,000 GJ to 750,000 GJ could offer some short term ability for FEI to negotiate with large potential customers while enabling the four applicants to proceed with their projects. (Exhibit D-7-1, p. 3)

In BCSEA's view the evidence establishes that there is sufficient demand for biomethane by 2015 to justify raising the Pilot Program supply cap, sufficient to allow the Commission to approve the four biomethane supply contracts, prior to determinations on the 2012 Biomethane Application. (Exhibit C4-2, p. 2)

Commission Determination

The Panel appreciates the need, as identified by Earth Renu and other Interveners, to demonstrate there is a supply of biomethane in order to foster demand. This need to "kick-start" the biomethane market was also the subject of the Biomethane Application decision dated December 14, 2010. However, in that decision, the Commission found the scope of the Biomethane Program should be limited until such time as actual results can be analyzed and more definitive conclusions drawn.

The 2010 Pilot Program was aimed at residential and commercial customers that take a blended mix of biomethane and conventional gas. It is on this basis that the supply cap was established. However, the demand cited as justification for the four new contracts is from potential large industrial and institutional customers taking pure biomethane product. This appears to the Panel to represent different circumstances than those of the Pilot Program. In the Panel's view, the public interest may be better served by a different business model to accommodate these changed circumstances. However, these changed circumstances have not yet been subject to analysis and no definite conclusions have been drawn.

In the 2010 Pilot Program decision, the Commission made it clear that it was a "...test period approval only, as another determination will be required at the point of the review for Phase 1." The Commission also noted that because the small levelized annual cost to non-participants (estimated at 38 cents to an average customer) was not material, it was "...relatively easy to approve the methodology." It further noted the "strings-attached" support given by British Columbia Old Age Pensioners' Organization (now known as BCPSO) under those circumstances.¹

That Commission Panel stated: "Small programs like this give [FEI] an opportunity to develop the markets and test customer demand under the auspices of the utility regulatory model. However, as the Biomethane business grows and matures the issue of 'who pays' becomes more significant. In the long term, once the markets have evolved, a time may come to take a fresh look at the role of the utility vis-a-vis competitive markets."²

This 2012 Biomethane Application is the "point of review for Phase 1" referred to in the previous Decision. It is the appropriate place to test assumptions, review the parameters of the program and make any adjustments that are deemed necessary going forward. In the Commission Panel's view it may be premature to expand the capacity of the Pilot Program, as it is currently configured, before this due diligence is completed as part of the Application review.

Of particular concern to the Panel is the economic risk of unsold biomethane that can potentially accrue to natural gas distribution customers. This risk arises when FEI purchases biomethane that it is not able to sell. This was

¹ Biomethane Application Reasons for Decision, December 14, 2010, pp. 51-52

² Biomethane Application Reasons for Decision, December 14, 2010, pp. 51-52

identified by the previous panel as a small risk and as such, it found that it was appropriate to allow it during the test period.

Since the inception of the Pilot Program, from early 2011 to December 1, 2012, there has been approximately 94,000 GJ delivered. This is considerably less than the 131,250 GJ annually that FEI contracted with the two original biomethane suppliers. Of this 94,000 GJ, there is an accumulation of 53,400 unsold GJs of biomethane and a deficit balance of \$367,000 at December 31, 2012 in the Biomethane Variance Account (BVA). The Panel notes that if production had been as high as originally expected, there could be over 350,000 GJ of unsold biomethane with a potential balance of several million dollars in the BVA.

Given the different circumstances of these four contracts and the concern about natural gas non-bypass customer risk, the Panel finds that if the supply cap is increased, the unsold biomethane risk to these customers must be eliminated. Accordingly, **the Panel will raise the cap to accommodate the production of all four new biomethane suppliers, as long as FEI can provide confirmation that non-bypass natural gas customers bear no actual or potential risk for unsold biomethane pending the outcome of the 2012 Biomethane Application.** The Commission Panel will accept FEI's interim assumption of this economic risk until such time as a determination on what party or parties should bear the risk of unsold biomethane is made, after a full hearing and testing of the evidence.

The Commission Panel would also accept other parties taking the economic risk of unsold biomethane. In that regard the Panel notes other business models such as "take or pay" contracts used by FEI in its CNG/LNG Service business and direct sales by suppliers of natural gas to customers in the Gas Marketer program. The Panel further notes that the potential biomethane customers – UBC, City of Vancouver, WesPac Energy – are large, sophisticated organizations that are well able to assess and manage risk and enter into take-or-pay or direct sales contracts.

FEI is directed to provide confirmation to the Commission, by no later than March 6, 2013, that natural gas non-bypass customers bear no actual or potential risk for unsold biomethane pending the outcome of the 2012 Biomethane Application. FEI is also directed, at that time, to confirm the exact maximum annual expected amount of the four contracts.

2.2 Supply Cap Criteria

If the supply cap is raised by an amount that is insufficient to accommodate all of the supply contracts, what criteria should be used to determine which contract(s) is accepted?

CEC submits that FEI should put forth the supply contract(s) with which it wishes to proceed under the expanded Pilot Program and delay the others depending upon the supply cap established. The CEC submits that FEI should have the discretion to determine which projects to advance under a given regulatory structure, and is also in the best position to determine its needs and the relative value of the supply contracts. (Exhibit C1-3, p. 4)

BCSEA agrees, stating "FEI's responsibility to determine how and by what criteria it would select which of the biomethane supply contracts to accept." (Exhibit C4-2, p. 2)

In FEI's view if the Commission determines that there is insufficient demand to approve all the supply contracts the combination of projects that provide the most supply and fall under the supply cap should be accepted. It further submits that, from a supply risk perspective, multiple projects are preferable to one project. (Exhibit B-9, p. 6)

Commission Determination

Given that the Panel has previously found that the supply cap can be raised to accommodate the production of Seabreeze, Dicklands, GVS&DD and EarthRenu, no further determination is required on this issue. If confirmation that non-bypass natural gas ratepayers bear no risk for unsold biomethane is not received by March 6, 2013, this issue will be addressed in the 2012 Biomethane Application.

3.0 REVIEW PROCESS

If the supply cap is raised to allow any additional contract(s) to potentially be accepted into the expanded Pilot Program:

3.1 Regulatory Review Process

What should the nature of the regulatory review process be? Is a Streamlined Review Process (SRP) appropriate?

BCPSO prefers a written process, but is open to considering the use of an SRP. (Exhibit C3-2, p. 3) (Exhibit D-7-1, p. 3) In BCSEA's view, either a written proceeding or an SRP would be appropriate. (Exhibit C4-2, p. 2) Both Dicklands and Seabreeze state that "A streamlined and timely review process would be preferable." (Exhibit D-5-1, p. 1; Exhibit D-6-1, p. 1) FEI, CEC and Earth Renu prefer an SRP. (Exhibit B-9, p. 6, Exhibit C1-3, p. 4; Exhibit D-7-1, p. 3)

Commission Determination

The Commission Panel finds that a Streamlined Review Process is an appropriate regulatory process for the review of the additional contracts. In making this determination, the Panel notes that the Streamlined Review Process is particularly suited to issues that are likely to be explored within a half day to one day proceeding, where all parties have agreed to the process.

3.2 Order G-194-10 Guidelines

Should the guidelines established in Order G-194-10, and the accompanying decision, with respect to the criteria for supply contracts to meet the filing requirements in sections 71(1)(a) and 71(1)(b) of the Act, apply to those contracts?

All parties are in agreement that the guidelines established in Order G-194-10 should apply with respect to the criteria for evaluation of the supply contracts. (Exhibit B-9, p. 10; Exhibit D-7-1, p. 3; Exhibit C1-3, p. 5; Exhibit C4-2, p. 2; Exhibit C3-2, p. 2; Exhibit D-1-1, p. 2; Exhibit D-5-1, p. 2; Exhibit D-6-1, p. 2)

Commission Determination

The Panel finds that the guidelines established in Order G-194-10 and the accompanying Decision, with respect to the criteria for supply contracts to meet the filing requirements in sections 71(1)(a) and 71(1)(b) of the Act, including the pilot price cap of \$15.28 per GJ, will apply to the review of the four contracts for acceptance.

3.3 Interconnection Costs

What party should be responsible for the expenses related to the interconnection of biomethane suppliers' facilities to FEI's distribution utility?

In the application, FEI states the following capital expenses are required for interconnection costs:

Earth Renu (Exhibit B-1, p. 98, Table 7-2)	\$785,900
Metro Vancouver Sewerage District (Exhibit B-1, p. 102, Table 7-3)	\$739,200
SeaBreeze (Exhibit B-1, p. 105, Table 7-4)	\$1,188,700
Dicklands (Exhibit B-1, p. 108, Table 7-5)	\$1,013,800

FEI proposes to bear the interconnection costs and seeks assurance that the Commission will permit recovery of the costs of these facilities before it proceeds. It argues that "...making the suppliers bear the cost of the interconnection facilities would require re-negotiation of the supply agreements and would result in the rate of the supply agreements to increase commensurately. Based on the existing cost recovery model, the effect of this would be to have the interconnection costs borne by the biomethane customers. This would be an inefficient approach." (Exhibit B-9, p. 11)

CEC submits that FEI maintains ownership of the interconnection facilities in order to retain control over the gas injected into the distribution system. It considers these costs are appropriately attributed to maintaining the integrity of the distribution utility. CEC is of the view that the expenses related to the interconnection of biomethane suppliers are reasonably borne by the distribution utility customers, since the interconnection may be considered as part of the distribution utility. (Exhibit C1-3, p. 5)

Earth Renu is of the view that the infrastructure is required to give all customers the choice to voluntarily purchase Biomethane. Accordingly, Earth Renu maintains that "...FEI should be responsible for interconnection costs to FEI's distribution utility just as it is for connection costs for supplies of traditional natural gas." (Exhibit D-7-1, p. 3)

BCSEA "...supports an approach in which the responsibility for the expenses related to the interconnection of the four biomethane suppliers' facilities to FEI's distribution utility is dealt with in the same manner as it was dealt with in the 2010 Biomethane Decision." (Exhibit C4-2, p. 3)

Paradigm submits that it is "...reasonable to continue to have the costs, maintenance and operational costs part of FEI distribution attributed in the same matter and form part of the regulated FEI network." (Exhibit D-1-1, p. 2)

Both Dicklands and Seabreeze state that FEI should be responsible for the costs, but provide no argument to support their position. (Exhibit D-5-1, p. 2, Exhibit D-6-1, p. 2)

BCPSO argues that "Biogas customers" should be responsible for interconnection costs to FEI's distribution utility contrary to the way in which the program is currently structured. (Exhibit C3-2, p. 2)

Commission Determination

In the 2010 Biomethane Decision, the Commission expressed concern about pipeline extension costs that are allocated to all customers and noted that recovery of these costs in future rates will be subject to further review by the Commission. The 2012 Biomethane Application provides that opportunity for review and the Panel is of the view that no final determination on interconnection costs should be made until that review is completed.

Regardless, the Panel confirms that the interconnection costs for these four projects will not be borne by the suppliers.

3.4 Section 44.2 and Section 71 Review Process

Should FEI request for approvals under section 44.2 (capital expenditure for pipeline costs), if applicable, and 71 (supply contracts) be reviewed in the same proceeding as the biomethane supplier regulatory process?

Earth Renu submits that each applicant should be subject to only one regulatory process in an effort to maintain transparency and efficiency. (Exhibit D-7-1, p. 3) All other parties stated their support for reviewing these matters in the same proceeding.

Commission Determination

The Panel finds that FEI's requests for approvals under section 44.2 (capital expenditure for pipeline costs) and acceptance of section 71 supply contracts can be reviewed in the biomethane supplier Streamlined Review Process(es).

4.0 RECONSIDERATION PROCESS

FEI submits that the Commission should reconsider the need for a CPCN for these projects. FEI argues that as a matter of substance, the raw biogas production should not be regulated and is analogous to other facilities that are not regulated. (Exhibit B-9, p. 9)

FEI also submits that if the Commission maintains that a CPCN is required for a project, the Commission should recognize the unique circumstances being faced, and require a less formal process. In particular, FEI suggests that the Commission inquire into the CPCN on its own motion. FEI states that requiring the filing of a formal CPCN Application may unduly delay the process and may not result in the Commission receiving the information it needs. The Commission has the jurisdiction under section 82 of the *Act* to inquire into and make a determination on any matter without an application. (Exhibit B-9, p. 9)

Commission Determination

The Reasons for Decision accompanying Order G-18-13 state: "The Commission Panel considers issues concerning the size and scope of CPCN requirements for biomethane facilities, and the appropriateness of any exemption to regulation, to be within the scope of the 2012 Biomethane Application review." Order G-18-13 is not intended to be a final determination. The Panel finds that a reconsideration process is unnecessary because no final determination has been made. **Accordingly the request for a reconsideration is denied.**

With regard to the Commission's jurisdiction under section 82 of the Act, the Panel finds that it is not appropriate for the Commission to bring forward a CPCN Application in these circumstances.

FortisBC Energy Inc.

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REVISED REGULATORY TIMETABLE

ACTION	DATE (2013)
FEI to provide a response to Commission Directive No. 1	Wednesday, March 6
Participant Assistance/Cost Awards Budget Submission	Monday, March 25
Commission Information Request No. 1 on the 2012 Biomethane Application	Thursday, March 28
Intervener Information Request No. 1	Wednesday, April 3
FEI Response to Information Request No. 1	Monday, April 22
Commission and Intervener Information Request No. 2	Tuesday, May 14
Intervener Notice of Intention regarding filing of Intervener Evidence	Wednesday, May 15
FEI Response to Information Request No. 2	Friday, May 31
FEI Final Argument	Wednesday, June 12
Intervener Final Arguments	Friday, June 21
FEI Reply Argument	Friday, June 28