



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-30-13**

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

and

FortisBC Energy Inc.
Biomethane Third-Party Suppliers Regulatory Process:
Applications for Approval of Third-Party Suppliers' Rates &
Acceptance of FEI Biomethane Supply Agreements with Third-Party Suppliers and
FEI Capital Expenditures for Related Interconnection Facilities

BEFORE: L.A. O'Hara, Panel Chair/Commissioner
C. van Wermeskerken, Commissioner

March 4, 2013

O R D E R

WHEREAS:

- A. On December 19, 2012, FortisBC Energy (FEI) filed an application with the Commission (the 2012 Biomethane Application) seeking approval for the continuation of the Biomethane Program on a permanent basis with certain modifications. In addition, FEI sought specific acceptance of four Biomethane Purchase Agreements and capital costs for related facilities pursuant to sections 71 and 44.2 of the *Utilities Commission Act (UCA)*, respectively;
- B. At the Procedural Conference respecting the 2012 Biomethane Application, held on January 22, 2013, FEI expressed a sense of urgency regarding the review of the contracts and suggested that if the review of the 2012 Biomethane Application cannot be completed expeditiously, the contracts should be heard separately. FEI also indicated that applications would be filed for rates for the third-party biomethane suppliers because the biomethane upgrading activities, as proposed, are now considered public utility activities;
- C. On January 28, 2013, CH Four Biogas, Inc. filed applications for approval of rates under sections 58 to 61 of the *UCA* on behalf of Dicklands Farms (Dicklands) and Seabreeze Farm Ltd. (Seabreeze). For commercial reasons Seabreeze and Dicklands stress the need for a speedy review process and approvals no later than March 29, 2013, and April 19, 2013, respectively;
- D. On January 30, 2013, Earth Renu Energy Corp. (Earth Renu) filed its application seeking approval of a rate pursuant to sections 58 to 61 of the *UCA*, requesting that its filing be combined with FEI's application for approval of the Earth Renu Supply Agreement and asking for a decision by March 31, 2013;
- E. On January 30, 2013, the Greater Vancouver Sewerage and Drainage District (GVS&DD, part of Metro Vancouver) filed a letter with the Commission explaining its two-part proposed at the Lulu Island wastewater treatment plant. The second part involves installation of the biogas upgrading facilities. The GVS&DD states that if the supply agreement is not approved, it is unlikely it will carry out the full project;

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-30-13**

2

- F. On January 31, 2013, FEI wrote to the Commission to correct its earlier assessment that Metro Vancouver was exempt from regulation under the *UCA* due to the exemption for regional districts in the *Act*. FEI clarified that the GVS&DD is not a regional district under the *Local Government Act*. FEI understands that Metro Vancouver is seeking advice on this matter and will be in further correspondence with the Commission in due course;
- G. On February 5, 2013, the Commission issued Order G-18-13 stating that the 2012 Biomethane Application will be examined by way of a written public hearing process and that the supply contracts, including all directly related requests under the *UCA* will be reviewed in separate process(es). To expedite the separate review process the Commission also sought submissions from the parties on whether there is evidence on the record of sufficient demand required by 2015 to justify raising the pilot program supply cap and the review process for the related issues under sections 44.2, 59-61 and 71(1) of the *UCA*;
- H. Order G-18-13 also requires a Certificate of Public Convenience and Necessity (CPCN) for the Earth Renu project due to its larger size and for the GVS&DD project unless it is exempt;
- I. As requested by Order G-18-13, the Commission received submissions from the Commercial Energy Consumers Association of British Columbia (CEC), the B.C. Pensioners' and Seniors' Organization *et al* (BCPSO), the B.C. Sustainable Energy Association (BCSEA), Dicklands, Earth Renu, GVS&DD, Seabreeze and FEI. All parties supported either one Streamlined Review Process (SRP) or a written proceeding, whichever is quicker, for the review of all the related issues;
- J. In the submissions filed on behalf of Seabreeze and Dicklands, these parties further indicated that approvals are required by March 15, 2013, and March 29, 2013, for Seabreeze and Dicklands respectively, in order to reasonably meet expectations regarding the dates for financing repayment;
- K. In its submission, Earth Renu requests approval by March 1, 2013;
- L. On February 18, 2013, Earth Renu advised the Commission that it has made a business decision to build a plant that will not exceed \$5 million in capital costs, in order to avoid the lengthy CPCN review;
- M. On February 19, 2013, FEI indicated it has been in discussions with Earth Renu and will amend the supply agreement to reflect lower volumes expected from the smaller project;
- N. On February 21, 2013, Earth Renu provided an update to their rate application which reflects the amended supply agreement with FEI;
- O. On February 28, 2013, the Commission issued Order G-29-13, conditionally increasing the supply cap set by Order G-194-10 by an amount sufficient to accommodate the supply from the four biomethane suppliers. In particular, FEI is to confirm 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.
- P. Order G-29-13 further directed that 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);

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-30-13

3

Q. The Commission has reviewed the rate applications from the third-party biomethane suppliers, process related submissions from parties requested by Order G-18-13, as well as various status updates and determines that a SRP and a new Regulatory Timetable be established conditionally, subject to FEI and third-party suppliers accepting the terms of Order-29-13.

NOW THEREFORE the Commission orders as follows:

1. The biomethane third-party suppliers regulatory review for those parties that have all relevant applications filed by March 7, 2013 will proceed by way of a Streamlined Review Process (SRP).
2. For third-party suppliers the review of rates under sections 58-61 of the *UCA* and for FortisBC Energy Inc. (FEI) the related supply agreements under *subsection 71(1)* of the *UCA* as well as the capital expenditure schedule for the related *interconnection* facilities under *section 44.2(3)* of the *UCA* will be conducted in one proceeding.
3. The SRP methodology is set out in the Commission's "Streamlined Review process – Policy, Guidelines and Procedures," which is available on the Commission's website.
4. The Regulatory Timetable for Intervener registration, Information Request (IR) process, and Streamlined Review Oral Proceeding is attached as Appendix A to this Order.
5. Information filed confidentially by FEI and third-party suppliers will continue to be treated in confidence. Intervener counsel and Interveners who represent FEI customer groups will be provided access to confidential information, subject to filing an Undertaking of Confidentiality in satisfactory form with FEI with a copy to the Commission.
6. Interveners registering by March 8, 2013, are also asked to indicate whether they plan to attend the SRP, intend to ask any IR's and initiate the process for receiving confidential documents, if so required.
7. FEI is to submit an update on the Greater Vancouver Sewerage and Drainage District (GVS&DD) exemption status for rates and its intentions to have the related Supply Agreement reviewed by Wednesday, March 6, 2013. FEI is also requested to advise the Commission on GVS&DD's plans to file a Certificate of Public Convenience and Necessity CPCN.
8. The Streamlined Review Oral Proceeding is to take place at 9:00 a.m. on Thursday, March 21, 2013 at the Commission Hearing Room located on the 12th Floor, 1125 Howe Street, Vancouver, BC.

DATED at the City of Vancouver, in the Province of British Columbia, this 4th day of March 2013.

BY ORDER

Original signed by:

L.A. O'Hara
Panel Chair/Commissioner

Attachment

FortisBC Energy Inc.
Biomethane Third-Party Suppliers Regulatory Process:
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FEI Capital Expenditures for Related Interconnection Facilities

REGULATORY TIMETABLE

ACTION	DATE (2013)
Intervener Registration Deadline	Friday, March 8
Commission & Intervener IR's	Monday, March 11
FEI and Third-Party Suppliers' responses to IRs	Friday, March 15
Streamlined Review Oral Proceeding Commission Hearing Room 12 th Floor, 1125 Howe Street, Vancouver, BC	Thursday, March 21 commencing at 9:00 a.m.