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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-201-12**

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

and

An Inquiry into FortisBC Energy Inc.'s
Offering of Products and Services in
Alternative Energy Solutions and Other New Initiatives

BEFORE: N.E. MacMurchy, Panel Chair
D.A. Cote, Commissioner December 27, 2012
L.A. O'Hara, Commissioner
A.A. Rhodes, Commissioner

O R D E R

WHEREAS:

- A. On May 24, 2011, the British Columbia Utilities Commission (Commission) issued Order G-95-11 establishing an Inquiry into FortisBC Energy Inc.'s (FEI) transformation into an integrated energy service provider. A Commission staff working paper on scoping of issues was attached as Appendix B to Order G-95-11 to facilitate discussions at the First Procedural Conference scheduled on June 15, 2011;
- B. At the First Procedural Conference the Commission Panel heard submissions from all Parties on the issues and scope contained in the staff working paper, and on alternative regulatory processes and timelines. On July 8, 2011, the Commission issued Order G-118-11 setting out the scope of the proceeding along with a Regulatory Timetable set out as Appendix C to that Order;
- C. The Inquiry into Alternative Energy Services and New Initiatives (AES Inquiry) was established to evaluate three major issues:
 - i. What principles or guidelines should be followed by the Commission to protect the public interest, what process should the Commission use before it allows the utility to undertake AES and New Initiatives, and how should Energy Efficiency and Conservation (EEC) funds or other incentive funds being made available to support AES and New Initiatives be administered to ensure fair, effective and non-discriminatory treatment;
 - ii. What are the principles that should be applied to determine whether an AES or other New Initiatives project can or should be pursued as a Regulated Business;

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- iii. What standards should the Commission apply to determine whether the activity being carried out by the utility is done in the most cost-effective manner and what principles or guidelines should be applied to ensure that, where feasible, competitive forces can be utilized.
- D. The AES Inquiry was set to address the issues at a principles level and not as a means to re-open past decisions of the Commission or to impinge on any regulatory processes that are underway before the Commission. The Inquiry would focus on the activities of FEI but the Commission expects that principles established in the Inquiry would be of wider application beyond FEI to other utilities in future proceedings;
- E. By Order G-164-11 issued on September 23, 2011, the Commission amended the regulatory timetable and ordered a Second Procedural Conference for January 25, 2012;
- F. Registered Interveners who filed evidence in this Inquiry included the Energy Services Association of Canada, Ferus Inc., Corix Utilities Inc. (Corix), Clean Energy Fuels, and the Coalition for Renewable Natural Gas;
- G. On December 22, 2011, the Commission issued Order G-223-11 and determined General Terms and Conditions (GT&C) 12A for AES projects as interim, effective January 1, 2012. On January 4, 2012, the Commission issued Order G-4-12 and established a zero dollar threshold for a Certificate of Public Convenience and Necessity (CPCN) application effective the date of the order and invited submissions from all Parties on the appropriate CPCN threshold(s) for AES and other New Initiatives;
- H. By Order G-9-12 issued on January 31, 2012 after the Second Procedural Conference, the Commission ordered a zero dollar CPCN threshold on an interim basis for AES projects and New Initiatives other than Biomethane projects, with a final CPCN threshold to be determined at the completion of the Inquiry;
- I. Order G-9-12 also determined that the review of the Inquiry would proceed by way of a Written Hearing Process with Submissions and Reply Submissions to take place between March 15, 2012 and April 24, 2012;
- J. On February 7, 2012, the Commission issued Order G-14-12 which accepted for filing the GT&C 12B relating to tariffs for vehicle fuelling stations;
- K. On May 14, 2012 the Lieutenant Governor in Council approved and ordered the Greenhouse Gas Reduction (Clean Energy) Regulation (Section 18 Regulation). By letter dated May 17, 2012, the Commission established a timetable to allow Parties to make submissions that would form part of the record in the AES Inquiry related to the significance of the Section 18 Regulation. The last date of the argument phase was June 8, 2012;
- L. The Commission Panel has considered the evidence and submissions filed by all Parties.

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NOW THEREFORE pursuant to sections 23, 72, 82 and 83 of the Act, the Commission orders that:

1. The principles and guidelines set forth in the attached Inquiry Report shall apply to regulated public utilities who provide products and services outside traditional utility activities.
2. The CPCN thresholds, as applicable and as determined and set forth in the Inquiry Report, apply to all regulated public utilities.
3. FEI is directed to file an application to address the allocation and recovery of the TESDA account as set forth in the attached Inquiry Report.
4. The costs of this Inquiry are to be allocated 75 percent to FEU's natural gas customers and 25 percent to FEU's Thermal Energy customers.

DATED at the City of Vancouver, in the Province of British Columbia, this 27th day of December 2012.

BY ORDER

Original signed by:

N.E. MacMurchy
Panel Chair