



**ORDER NUMBER**  
**G-56-17**

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

and

FortisBC Energy Inc.  
Application for Approval of Accounting and Rate Treatment for Greenhouse  
Gas Reduction (Clean Energy) Regulation Incentive Funding for  
Prescribed Undertakings 3.2 and 3.4 as approved by B.C Reg. 214/2016  
Order in Council 609/2016

**BEFORE:**

K. A. Keilty, Commissioner  
W. M. Everett, QC, Commissioner  
B. A. Magnan, Commissioner

on April 12, 2017

**ORDER**

**WHEREAS:**

- A. On March 21, 2017, FortisBC Energy Inc. (FEI) applied to the British Columbia Utilities Commission (Commission) for approval of rate treatment for Prescribed Undertakings 3.2 and 3.4, requesting a Commission order as follows;
- (i) Approval to capture the incentives provided under Prescribed Undertaking 3.2 in the existing Natural Gas for Transportation (NGT) Incentive deferral account, and to rename the existing NGT Incentive deferral account to the Greenhouse Gas Reduction (Clean Energy) Regulation, B.C. Reg. 102/2012 (GGRR) Incentive deferral account;
  - (ii) Approval to capture revenues received from Prescribed Undertaking 3.4 customers which are in excess of the take-or-pay volume revenues in the existing Compressed Natural Gas (CNG) and Liquefied Natural Gas (LNG) Recoveries deferral account;
  - (iii) The GGRR established the need for the LNG distribution and storage infrastructure projects under Prescribed Undertaking 3.4; therefore, these projects are exempt from the Certificate of Public Convenience and Necessity requirements under sections 45 and 46 of the *Utilities Commission Act*, for the term of the GGRR;
  - (iv) The Commission will set rates considering FEI's total expenditures on Prescribed Undertaking 3.4 in accordance with the relevant provisions of the GGRR and Special Direction No. 5 to the Commission, and as confirmed in various Commission orders pertaining to CNG and LNG stations (Application);
- B. On July 19, 2011, the Commission issued Order G-128-11, approving, among other things, an ongoing rate base deferral account to capture incremental CNG and LNG recoveries received from actual volumes purchased in excess of minimum contract take-or-pay commitments (CNG and LNG Recoveries deferral account) to be refunded to all non-bypass customers by amortizing the balance through delivery rates over a one year period, commencing the following year, to be effective as of January 1, 2012;
- C. On May 14, 2012, the Lieutenant Governor in Council (LGIC) approved the GGRR;
- D. On October 29, 2012, the Commission issued Order G-161-12, ordering among other things, the establishment of a non-rate base deferral account to capture all grants and costs related to Prescribed Undertaking 1 (NGT Incentive deferral account) for the period until December 31, 2013. The NGT Incentives Account is to be transferred to rate base,

effective January 1, 2014, and will continue to capture actual incentives granted by year from 2014 onward related to Prescribed Undertaking 1, and will be amortized over a 10 year period into the delivery rates of all non-bypass natural gas customers;

- E. On April 11, 2013, the Commission issued Order G-56-13 that determined, among other things, that the GGRR established the need for the fueling stations under Prescribed Undertakings 2 and 3; therefore these projects are exempt from the Certificate of Public Convenience and Necessity requirements for the term of the GGRR;
- F. On November 27, 2013, the LGIC approved Special Direction No. 5 to the Commission, B.C. Reg. 245/2013, relating to FEI's LNG and CNG services. Special Direction No. 5 states, that among other things, the Commission must "treat CNG service and LNG service, and all costs and revenues related to those services, as part of the utility's natural gas class of service";
- G. The GGRR was amended on November 27, 2013, by Order in Council (OIC) No. 556, and on June 3, 2015, by OIC No. 297;
- H. The GGRR was further amended on August 19, 2016, by OIC 609, which among other things, established Prescribed Undertakings 3.2 and 3.4; and
- I. The Commission reviewed the Application and finds that approval is warranted.

**NOW THEREFORE** pursuant to Special Direction No. 5 and sections 59-61 of the *Utilities Commission Act*, the British Columbia Utilities Commission orders as follows:

1. FortisBC Energy Inc. is approved to rename the existing Natural Gas for Transportation Incentive deferral account the Greenhouse Gas Reduction (Clean Energy) Regulation, B.C. Reg. 102/2012 Incentive deferral account.
2. FortisBC Energy Inc. is approved to capture the incentives provided under Prescribed Undertaking 3.2 in the Greenhouse Gas Reduction (Clean Energy) Regulation, B.C. Reg. 102/2012 Incentive deferral account.
3. FortisBC Energy Inc. is approved to capture revenues received from Prescribed Undertaking 3.4 customers which are in excess of the take-or-pay volume revenues in the existing Compressed Natural Gas and Liquefied Natural Gas Recoveries deferral account.
4. The liquefied natural gas distribution and storage infrastructure projects under Prescribed Undertaking 3.4 are exempt from the Certificate of Public Convenience and Necessity requirements for the term of the Greenhouse Gas Reduction (Clean Energy) Regulation, B.C. Reg. 102/2012.
5. The Commission will set rates considering FortisBC Energy Inc.'s total expenditures on Prescribed Undertaking 3.4 as described in the Greenhouse Gas Reduction (Clean Energy) Regulation, B.C. Reg. 102/2012 and Special Direction No. 5 and as confirmed in various Commission orders pertaining to Compressed Natural Gas and Liquefied Natural Gas stations.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 13<sup>th</sup> day of April 2017.

BY ORDER

*Original signed by:*

B. A. Magnan  
Commissioner