



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-210-13**

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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 December 11, 2013
L.A. O'Hara, Commissioner
C. van Wermeskerken, 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 (2012 Biomethane Application). FEI seeks the following approvals, among others, pursuant to sections 59 to 61 of the *Utilities Commission Act* (UCA):
- Continuation of Rate Schedules 1B, 2B and 3B with amendments to provide for additional blends of biomethane;
 - 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 (BVA), the quarterly reporting process and the Biomethane Energy Recovery Charge (BERC) rate setting mechanism;
 - The resetting of the BERC rate;
 - 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; and
 - Approval of the recovery of costs in the Biomethane Variance Account through transfer to the Midstream Cost Recovery Account (MCRA) as a mitigation strategy in the event of over-supply of biomethane;

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- B. Seven Interveners registered for the 2012 Biomethane Application Proceeding: the Commercial Energy Consumers Association of British Columbia (CEC), the British Columbia Pensioners' and Seniors' Organization *et al.* (BCPSO), the B.C. Sustainable Energy Association (BCSEA), the British Columbia Hydro and Power Authority (BC Hydro), Greater Vancouver Sewerage and Drainage District (GVS&DD), CHFour Biogas (CH₄), and the City of Vancouver. The City of Vancouver also filed Evidence and responded to one round of Information Requests from the Commission and other Registered Interveners;
- C. In Order G-18-13, the Commission Panel stated that issues concerning the size and scope of Certificate of Public Convenience and Necessity (CPCN) requirements for biomethane facilities, and the appropriateness of any exemption to regulation, to be within the scope of the 2012 Biomethane Application review;
- D. In the 2012 Biomethane Application FEI also sought acceptance, pursuant to section 71 of the UCA, of four Biomethane Purchase Agreements between FEI and four suppliers. FEI subsequently sought expedited approval of these contracts and an increase in the supply cap to accommodate the amount of supply expected from the four contracts;
- E. On February 19, 2013, as part of its submission on the biomethane third-party suppliers regulatory process, FEI requested the Commission reconsider the need for a CPCN for two of the supplier's projects;
- F. In Order G-29-13, the Commission:
- i. directed that the review of the contracts would be considered in a separate proceeding;
 - ii. determined that the supply cap set for the Biomethane Pilot Program in Commission Order G-194-10 would be increased by an amount sufficient to accommodate the supply from the four contracts, provided FEI confirmed 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; and
 - iii. denied the request for a reconsideration of the CPCN requirements for biomethane production facilities with capital costs greater than \$5 million, finding that a reconsideration process is unnecessary because no final determination has been made;
- G. On March 6, 2013, FEI filed its response to Commission Order G-29-13, stating FEI would not assume the economic risk for the unsold biomethane from the four new supply contracts over the lives of the contracts. FEI further requested that the Commission reconsider the need for FEI to assume this risk and submitted its Application for Reconsideration of Commission Order G-29-13 (Reconsideration Application) on March 15, 2013;
- H. On March 18, 2013, by Order G-40-13, the Commission suspended the 2012 Biomethane Application proceeding Regulatory Timetable pending the outcome of the Reconsideration Application;
- I. On March 28, 2013, by Order G-45-13, the Commission determined that Order G-29-13 should be varied by removing the condition that FEI bear the risk of unsold biomethane;

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- J. On April 10, 2013, by Order G-53-13, the Commission re-commenced the review of the 2012 Biomethane Application and established a Revised Regulatory Timetable; and
- K. The Commission has reviewed and considered the 2012 Biomethane Application including the Post-Implementation Report, the evidence and submissions of the parties and determined that the 2012 Biomethane Application should be approved with certain modifications.

NOW THEREFORE pursuant to sections 59-61 of the *Utilities Commission Act* and for the reasons contained in the Decision to which this Order is attached, the Commission determines as follows:

1. FortisBC Energy Inc. (FEI) must comply with all determinations and directives made within the Decision issued concurrently with this Order.
2. The continuance of the Biomethane Program on a permanent basis is approved with certain modifications as described in the Decision.
3. The FEI proposal for the Interconnection Test is rejected. FEI is directed to file a new, more comprehensive, proposal for a two-part Interconnection Test by March 31, 2014, which addresses metering and the pipe separately.
4. FEI must file an updated calculation of the Biomethane Energy Recovery Charge (BERC) rate by no later than February 15, 2014 with any proposed change to the BERC rate to be effective on April 1, 2014.
5. With regard to the appropriateness of the \$5 million threshold for a Certificate of Public Convenience and Necessity (CPCN) for biomethane facilities, parties are invited to provide submission, according to the timetable below, and the Commission will make a determination in this matter. If no submissions are received, the existing CPCN threshold will remain in place.

ACTION	DATE (2014)
FEI Submission	Monday, January 13
Intervener Submissions	Monday, February 3
FEI Reply Submission	Thursday, February 13

DATED at the City of Vancouver, in the Province of British Columbia, this 11th day of December 2013.

BY ORDER

Original signed by:

D.M. Morton
Panel Chair/Commissioner