



Diane Roy
Vice President, Regulatory Affairs

Gas Regulatory Affairs Correspondence
Email: gas.regulatory.affairs@fortisbc.com

Electric Regulatory Affairs Correspondence
Email: electricity.regulatory.affairs@fortisbc.com

FortisBC
16705 Fraser Highway
Surrey, B.C. V4N 0E8
Tel: (604) 576-7349
Cell: (604) 908-2790
Fax: (604) 576-7074
Email: diane.roy@fortisbc.com
www.fortisbc.com

November 21, 2017

British Columbia Public Interest Advocacy Centre
Suite 208 – 1090 West Pender Street
Vancouver, B.C.
V6E 2N7

Attention: Ms. Leigha Worth, Executive Director

Dear Ms. Worth:

Re: FortisBC Energy Inc. (FEI)

Project No. 1598930

Application for Approval of Tariff Supplement No. K-1 Biomethane Long Term Large Volume Interruptible Sales Agreement between the University of British Columbia (UBC) and FEI (the Application)

Response to the British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre *et al.* (BCOAPO) Information Request (IR) No. 1

On September 14, 2017, FEI filed the Application referenced above. In accordance with the British Columbia Utilities Commission Order G-154-17 setting out the Regulatory Timetable for the review of the Application, FEI respectfully submits the attached response to BCOAPO IR No. 1.

If further information is required, please contact Ilva Bevacqua at 604-592-7664.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Diane Roy

Attachments

cc (email only): Commission Secretary and Registered Parties



FortisBC Energy Inc. (FEI or the Company) Application for Approval of TS No. K-1 Biomethane Long Term Sales Agreement between UBC and FEI (the Application)	Submission Date: November 21, 2017
Response to British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre et al. (BCOAPO) Information Request (IR) No. 1	Page 1

1 **1.0 Reference: Exhibit B-1 Application and Exhibit A-4 BCUC IR No.1 #6.0**

2 1.1 Please confirm that the instant proposal is fully compliant with all terms specified
3 in Commission Order G-133-16. If unable to so confirm, please provide full
4 details.

5
6 **Response:**

7 Confirmed.

8
9

10

11 **2.0 Reference: Exhibit B-1 Application General**

12 2.1 Please provide any material costs, benefits, or any other impacts of the
13 Application on FEI's other customers if approved as proposed and if the contract
14 remains in effect for 10 years.

15
16 **Response:**

17 There are no material costs or other negative impacts on FEI customers as a result of the
18 Application. The benefits and positive impacts of this Application if approved as proposed, and
19 if the contract remains in effect for 10 year, include long term revenue certainty, a more
20 predictable biomethane load throughout the year, and reduced risk for non-biomethane
21 customers as it reduces potential transfer of unsold biomethane to the MCRA.

22 The Long Term Biomethane Service Charge set out in Schedule A of the Agreement is set at
23 the approved minimum strike price of \$10.00 per GJ set by the Commission.¹ The
24 Commission's objective in establishing a minimum strike price was to allow for contribution to
25 the maximization of revenues while still providing long term customers with a discount over the
26 cost of acquisition of biomethane². The Long Term Biomethane Service Charge is at a \$0.54
27 cents per GJ discount from the current Short Term biomethane rate. This discount is in
28 exchange for UBC's long term volume commitment. The Agreement provides long term
29 demand certainty and reduces the possible need to transfer unsold Biomethane to the MCRA
30 given that the customer intends to purchase a large volume of biomethane for a 10 year term.

¹ BERC Decision, p. 30.

² BERC Decision, p. 30.



FortisBC Energy Inc. (FEI or the Company) Application for Approval of TS No. K-1 Biomethane Long Term Sales Agreement between UBC and FEI (the Application)	Submission Date: November 21, 2017
Response to British Columbia Public Interest Advocacy Centre representing the British Columbia Old Age Pensioners' Organization, Active Support Against Poverty, Disability Alliance BC, Council of Senior Citizens' Organizations of BC, and the Tenant Resource and Advisory Centre et al. (BCOAPO) Information Request (IR) No. 1	Page 2

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20

2.2 If the Application is approved as proposed, are there any possible adverse impacts on FEI's other customers, including residential delivery customers, that could arise under any plausible scenario that could be realized? If so, please discuss.

Response:

No, there are no plausible adverse impacts on FEI's other customers that could arise under any scenario that could be realized as a result of this Tariff Supplement agreement with UBC. On the contrary, as noted in the response to BCOAPO IR 1.2.1, customers benefit from the long-term committed purchase volumes and the consequent guaranteed recoveries from UBC to the Biomethane Variance Account (BVA). In absence of the UBC Tariff Supplement agreement, and in accordance with the BERC Decision and Order G-133-16, all non-bypass customers bear the cost of biomethane supply not recovered through BERC revenues³. Having UBC as a long-term biomethane customer provides for a certain revenue stream that will offset biomethane costs. In addition, the early termination notice and termination payment provisions in the Tariff Supplement provide further certainty of revenues to the BVA.

³ In the BERC Decision, FEI received approval to amortize/transfer the net of tax year-end balance in the BVA, after adjustment for the value of unsold biomethane quantities, to a BVA Rate Rider Account for recovery from, or refund to, all non-bypass customers via a delivery rate rider effective January 1 of the subsequent year.