Corporation of the City of
NEW WESTMINSTER

Utility Commission Meeting
Agenda

Tuesday, September 3, 2024, 2:00 p.m.
Meeting held electronically and in Committee Room 2
City Hall

We recognize and respect that New Westminster is on the unceded and unsurrendered land of the Halkomelem speaking peoples. We acknowledge that colonialism has made invisible their histories and connections to the land. As a City, we are learning and building relationships with the people whose lands we are on.

Pages

1. CALL TO ORDER AND LAND ACKNOWLEDGEMENT

   The Chair will open the meeting and provide a land acknowledgement.

2. APPROVAL OF THE AGENDA

   Additions or deletion of items.

   Recommendation

   THAT the Electric Utility Commission adopt the Regular Meeting agenda of September 3, 2024.

3. ADOPTION OF MINUTES FROM PREVIOUS MEETINGS 3

   Recommendation

   THAT the Electric Utility Commission adopt:

   1. Regular Commission Minutes of October 3, 2023;
   2. Regular Commission Minutes of February 20, 2024; and
   3. Regular Commission Minutes of May 22, 2024.

4. REPORTS AND PRESENTATIONS

   4.1 **Energy and Climate Action Department Organizational Structure**

   Verbal report by Leya Behra, Deputy Director, Climate Action, and Marc Rutishauser, Deputy Director, Electrical Services.

   a. **Attachment** 28

4.2 **Deepening partnerships with BC Hydro on Program Delivery**
Verbal report by Leya Behra, Deputy Director, Climate Action.

4.3 **BC Utilities Commission Decisions and Local Government Interests in the Energy Transition** 29
Correspondence dated July 22, 2024.

Recommendation
THAT the Electric Utility Commission receive the correspondence regarding BC Utilities Commission Decisions and Local Government Interests in the Energy Transition, as attached to the agenda package of September 3, 2024, for information.

5. NEW BUSINESS

6. CLOSURE OF THE MEETING TO THE PUBLIC & COMPLIANCE WITH THE COMMUNITY CHARTER CLOSED MEETING CRITERIA

Recommendation
THAT the Electric Utility Commission move into meeting closed to the public and that the basis of this closure is that the following items on the agenda comply with Section 90 of the *Community Charter*:

90(1)(k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public.

7. UPCOMING MEETINGS

Remaining scheduled meetings for 2024, which take place Tuesdays at 2:00 p.m. unless otherwise noted:

- November 19.

Corporation of the City of
NEW WESTMINSTER

ELECTRIC UTILITY COMMISSION

MINUTES

Tuesday, October 3, 2023, 10:00 a.m.
Meeting held electronically and open to public attendance
Council Chamber, City Hall

PRESENT

Lino Siracusa*	Commissioner, Chair
Mayor Patrick Johnstone	Commissioner
Councillor Paul Minhas	Commissioner
Sally Bhullar-Gill*	Commissioner
Maya Chorobik	Commissioner
Lisa Spitale	Commissioner
Katie Stobbart	Committee Clerk

*Denotes electronic attendance

1. CALL TO ORDER AND LAND ACKNOWLEDGEMENT

Lino Siracusa opened the meeting at 10:01 a.m. and recognized with respect that New Westminster is on the unceded and unsurrendered land of the Halkomelem speaking peoples. He acknowledged that colonialism has made invisible their histories and connections to the land. He recognized that, as a City, we are learning and building relationships with the people whose lands we are on.

2. INTRODUCTIONS AND ICEBREAKERS

There were no new members or guests to introduce.

3. CHANGES TO THE AGENDA

There were no changes to the agenda.

4. ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

MOVED and SECONDED

THAT the July 11, 2023 Minutes of the Utility Commission be adopted.

CARRIED UNANIMOUSLY

5. CONSENT AGENDA

MOVED and SECONDED

THAT the Utility Commission adopt items 5.1 and 5.2 on consent.

CARRIED UNANIMOUSLY

5.1 Financial Report

5.2 Purchases and Sales Report

6. CORRESPONDENCE

6.1 BCUC Welcomes New Chair and Chief Executive Officer

MOVED and SECONDED

THAT the Utility Commission receive all correspondence for information.

CARRIED UNANIMOUSLY

7. REPORTS AND PRESENTATIONS

7.1 2024 Budget – Electrical Rates and Fees Charges

Rod Carle, General Manager, Electrical Operations, provided an update on the fees and rates review, noting the following:

- It was agreed in conjunction with the Finance department to increase fees and charges per CPI, which is rated at 3%;
- Given the work that may be underway on the current state of the electrical utility, a hybrid rate increase is a possibility;
- A hybrid rate would see the Utility continuing with a 2.8% increase in 2024, 3.3% in 2025, 3.8% in 2026, then half a point increase per year over the next five years.

In response to questions from the Commission, Mr. Carle advised:

- While BC Hydro did not have a specific indication of their rates following 2026, they advised that using CPI in our model is likely the closest New West's electric utility can get to them;
- If the Sapperton Substation and reinforcement for Queensborough Substation were not a factor, the utility could stay at a 2.8% increase for the next five years, but those costs are approaching.

7.2 Implementation of a Temporary Low-Income Energy Assistance Program in 2023

Rod Carle, General Manager, Electrical Operations, reviewed the resolution passed by Council that referred the discussion of piloting a low-income rate or two-tiered fee structure to the Utility Commission.

In response to questions from the Commission, Mr. Carle and Steven Faltas, Business Process Manager, Electrical Operations, advised:

- The Commission has a policy of being revenue-neutral; unless that policy were changed, moving forward with a lower rate for some would mean a higher rate for others;
- It would be advisable to wait until 2025 to avoid the change happening at the same time as installing new meters; and
- There is no precedent in BC for a low-income rate.

The Commission had the following comments arising from discussion:

- The crisis fund pilot demonstrated that the model of just getting over one month did not work long-term for helping people get ahead of paying their bills;
- There is concern of adding to staff workload and increasing fees for people who would not qualify as low-income;
- There is an opportunity to differentiate ourselves as a utility to respond to the struggles of seniors and people with low or fixed income in the community; and
- A new subsidy program helping people purchase air conditioners could be a start to responding to the community's needs while giving the utility time to explore a tiered rate.

MOVED and SECONDED

THAT staff report back to the Utility Commission outlining the options, a legal review, and financial models for a low-income assistance program.

CARRIED

Sally Bhullar-Gill and Paul Minhas opposed

7.3 Explore Implementing a Two-Tiered Residential Fee Structure Based on Usage

Rod Carle, General Manager, Electrical Operations, advised that a two-tiered residential fee structure based on usage would be similar to that currently in use by BC Hydro.

MOVED and SECONDED

THAT the Utility Commission wait until there is more clarity on BC Hydro's direction before exploring and implementing a two-tiered residential fee structure based on usage.

CARRIED UNANIMOUSLY

7.4 BridgeNet Status Report

Phil Kotyk, Fibre Networks Operations Manager, reviewed the status of BridgeNet, noting that so far there are six residential connections, four small business connections, and two new sites on which construction started this week, along with four more buildings in the design phase.

7.5 Updated Meeting Schedule

Rod Carle, General Manager, Electrical Operations, updated the meeting schedule to add a meeting on October 24, 2023 at 2:00 p.m.

8. NEW BUSINESS

There were no items.

9. MOTION TO GO INTO CLOSED MEETING

MOVED and SECONDED

THAT the Utility Commission will now go into a meeting which is closed to the public in accordance with Section 90 of the Community Charter, on the basis that the subject matter for all agenda items relates to matters listed under sections:

(1)(a) personal information about an identifiable individual who holds or is being considered for a position as an officer, employee, or agent of the municipality or another person appointed by the municipality;

(1)(c) labour relations or other employee relations;

(1)(k) negotiations and related discussions respecting the proposed provision of a municipal service that are at the preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public.

CARRIED UNANIMOUSLY

10. END OF MEETING

The meeting ended at 11:01 a.m.

11. UPCOMING MEETINGS

Remaining scheduled meetings for 2023:

- October 24, 2023
- December 4, 2023 (with Council)

Corporation of the City of
NEW WESTMINSTER

ELECTRIC UTILITY COMMISSION

MINUTES

Tuesday, February 20, 2024, 2:00 p.m.
Meeting held electronically and in Committee Room 2
City Hall

PRESENT:

Mayor Patrick Johnstone	Commissioner
Councillor Paul Minhas	Commissioner
Sally Bhullar-Gill	Commissioner
Maya Chorobik*	Commissioner
Lino Siracusa	Chair/Commissioner
Lisa Spitale	Commissioner

STAFF PRESENT:

Ronald Au	Senior Financial Services Analyst
Leya Behra	Manager, Climate Action
Rod Carle	General Manager, Electrical Operations
Steven Faltas	Business Process Manager, Electrical Operations
Marius Miklea	Assistant Corporate Officer

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1. CALL TO ORDER AND LAND ACKNOWLEDGEMENT

Chair Siracusa opened the meeting at 2:04 p.m.

Chair Siracusa recognized with respect that New Westminster is on the unceded and unsurrendered land of the Halkomelem speaking peoples. They acknowledged that colonialism has made invisible their histories and connections to the land. They recognized that, as a City, we are learning and building relationships with the people whose lands we are on.

2. CHANGES TO THE AGENDA

No changes.

3. ADOPTION OF MINUTES FROM PREVIOUS MEETINGS

3.1 Minutes of October 24, 2023

MOVED and SECONDED

THAT the minutes of the October 24, 2023, Utility Commission meeting be adopted.

CARRIED UNANIMOUSLY

4. REPORTS AND PRESENTATIONS

4.1 Climate Action Decision Making Framework: Introduction and Implementation Plan

Staff presented on the guiding principles and general concepts of the Climate Action Decision Making Framework (CADMF) – a tool developed to allow Council to quantify potential decisions from a Climate Action perspective and provide a structured decision making approach to allocating funds from the Climate Action Reserve Fund (CARF). If endorsed by the Utility Commission, the CADMF will be put forward for endorsement at the Council Workshop on March 4, 2024.

In response to questions from Utility Commission members, Staff noted that all capital projects will be evaluated using the CADMF including utility rates and spending amounts. The framework is intended to help the utility in its work – fundamentally ensuring that there are resourcing and plans in place to continue providing utility and climate action services.

Clarification was provided regarding the Climate Action Levy (CAL) which is set at 3.5% and the money collected is put into the CARF. The reserve does not have any legislation guiding its use and this is left to the Utility Commission to develop such guidance. For the purposes of transparency, there may be considerations around how the money comes into the reserve and how the funds are utilized. The Commission considered it may be possible to have two reserves in which one reserve is for carbon credit sales and a second reserve funded solely by the CAL.

Further clarification was offered regarding funds collected through the CAL will fund the Climate Action Department operations and the residuals to be put into the CARF, as per their related bylaws.

MOVED and SECONDED

THAT the Utility Commission endorse the proposed Climate Action Decision Making Framework.

CARRIED UNANIMOUSLY

5. NEW BUSINESS

There was none.

6. CORRESPONDENCE

6.1 BC Hydro - Transition Options - RS 1830

Staff presented regarding a new rate code provided by BC Hydro. BC Hydro has made changes in their rates for consumption and demand, but the rate ends up where the Utility Commission resolved previously.

MOVED and SECONDED

THAT the Utility Commission receives for information

CARRIED UNANIMOUSLY

6.2 Premier announces new actions to build electricity system, create jobs

Staff referred the commission to review a media release from Premier Eby regarding BC Hydro's expansion to the electrical system to power homes and businesses and create jobs.

MOVED and SECONDED

THAT the Utility Commission receives for information.

CARRIED UNANIMOUSLY

7. CONSENT AGENDA

7.1 Electric Sales & Purchases Report

THAT the Utility Commission receives the 2023 summary of electrical energy purchases and sales for information.

ADOPTED ON CONSENT

8. MOTION TO CLOSE MEETING

MOVED and SECONDED

THAT the Utility Commission will now go into a meeting which is closed to the public in accordance with Section 90 of the *Community Charter*, on the basis that the subject matter for all agenda items relate to matters listed under sections:

(1)(a) personal information about an identifiable individual who holds or is being considered for a position as an officer, employee, or agent of the municipality or

another person appointed by the municipality;
(1)(c) labour relations or other employee relations; and
(1)(k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public.

CARRIED UNANIMOUSLY

The Utility Commission convened into the closed portion of the meeting at 3:15 p.m.

The Utility Commission reconvened into the open portion of the meeting at 4:04 p.m.

Members of the Utility Commission thanked General Manager Rod Carle for his work with the City of New Westminster

9. END OF MEETING

Members of the commission thanked Roderick on behalf of the Electrical Utility for his contributions to the City of New Westminster across 18 years of service and congratulated him on his retirement.

Chair Siracusa terminated the meeting at 4:05 p.m.

Lino Siracusa	Marius Miklea
CHAIR	ASSISTANT CORPORATE OFFICER

Corporation of the City of
NEW WESTMINSTER

ELECTRIC UTILITY COMMISSION

MINUTES

Wednesday, May 22, 2024, 2:00 p.m.
Meeting held electronically and in Committee Room 2
City Hall

PRESENT:	Mayor Patrick Johnstone Councillor Paul Minhas Maya Chorobik Lino Siracusa (Chair) Lisa Spitale
ABSENT:	Sally Bhullar-Gill
THOSE PRESENT:	L. Behra, M. Miklea, M. Rutishauser, L. Sampliner, G. So, S. Somji

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1. CALL TO ORDER AND LAND ACKNOWLEDGEMENT

Chair Siracusa opened the meeting at 2:00 p.m. and recognized with respect that New Westminster is on the unceded and unsurrendered land of the Halkomelem speaking peoples. He acknowledged that colonialism has made invisible their histories and connections to the land. He recognized that, as a City, we are learning and building relationships with the people whose lands we are on.

2. ADOPTION OF AGENDA

MOVED AND SECONDED

THAT the Utility Commission adopt the meeting agenda for May 22, 2024.

CARRIED UNANIMOUSLY

3. MOTION TO MOVE INTO CLOSED MEETING

MOVED AND SECONDED

THAT the Utility Commission go into a meeting which is closed to the public in accordance with Section 90 of the *Community Charter*, on the basis that the

subject matter of all agenda items relate to matters listed under Section 90 and where required, Council does consider that the matters could reasonably be expected to harm the interests of the municipality if they were held in public:

90(1)(a) personal information about an identifiable individual who holds or is being considered for a position as an officer, employee, or agent of the municipality or another person appointed by the municipality;

90(1)(c) labour relations or other employee relations; and

90(1)(k) negotiations and related discussions respecting the proposed provision of a municipal service that are at their preliminary stages and that, in the view of the council, could reasonably be expected to harm the interests of the municipality if they were held in public.

CARRIED UNANIMOUSLY

The Electric Utility Commission moved into Closed Meeting at 2:05 p.m.

The Electric Utility Commission came back into the open session at 3:57 p.m.

4. DELEGATIONS

Harry Crosby and Scott Jansen, representing New Westminster Climate Action Hub (NWCAH), presented on a proposal regarding the adoption of a distributed energy system for New Westminster.

This proposal outlines several key features that would enable New Westminster to establish a model building retrofitting program, positioning the city as a leader in the province for adopting similar initiatives:

1. Electrification – It will provide support to homeowners and building owners aiming to retrofit their properties with eco-friendly electrical systems, while implementing measures to accelerate the transition;
2. Generation – It will enhance the electricity supply to the grid;
3. Distribution – It will manage electrical loads during peak periods, thereby reducing strain on the grid.
4. Support for New Westminster Electrical Utility – It will help the utility manage the costs associated with: a) Upgrading the city's electrical grid, and b) Assisting homeowners in retrofitting their properties with environmentally friendly electrical systems.

The NWCAH had previously successfully worked with the owner of a heritage home in the implementation of hydronic heating, creating an opportunity for the City of New Westminster to develop specific instructions and guidelines for applying such improvements to houses and Property Assessed Clean Energy (PACE) loans.

Staff present in the meeting were directed to review the document provided by NWCAH (Attached as Schedule 1 to the Minutes) for potential opportunities.

5. NEW BUSINESS

None.

6. END OF MEETING

MOVED AND SECONDED

THAT the Utility Commission adjourn the meeting of May 22, 2024, at 4:19 p.m.

CARRIED UNANIMOUSLY

7. UPCOMING MEETINGS

The next scheduled meeting of the Utility Commission is June 18, 2024, at 2:00 p.m.

Certified a true and correct copy of the Minutes of the Closed Utility Commission meeting of the City of New Westminster held on May 22, 2024.

Lino Siracusa	Marius Miklea
CHAIR	ASSISTANT CORPORATE OFFICER

ADOPTION OF A DISTRIBUTED ENERGY SYSTEM FOR NEW WESTMINSTER

Submitted by NW Climate Action Hub – Contact S.22(1)Personal and Confidential S.22(1)Personal and Confidential.
Electronic copies with links can be made available.

EXECUTIVE SUMMARY

Proposal

This proposal has a number of main features which would allow New Westminster to develop a model building retrofitting program to lead the rest of the province in adopting similar programs:

1) **Electrification** - It will support homeowners and building owners who want to retrofit homes and buildings with environmentally friendly electrical services, putting in place measures to speed the transition
2) **Generation** – It will increase the supply of electricity to the grid
3) **Distribution** – it will distribute the load during peak periods, taking pressure off the electrical grid
4) It will assist the New Westminster Electrical Utility to manage costs of:
   a) Upgrading the electrical grid in New Westminster
   b) Homeowners seeking to retrofit homes and buildings with environmentally friendly electrical services

Options

Components may be implemented simultaneously or separately.
Alternate approaches are possible in different combinations:

1) A full distributed energy program could be established
2) The Electrical Utility and Energy Save New Westminster could take steps to remove technical barriers to homeowners and building owners to participating in the electrification program
3) The Electrical Utility and City could take steps to assist removing financial barriers

There are ways of implementing the proposals that reduce greenhouse gases equitably.

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A - NEEDS /THREATS/SOLUTIONS

Existential Threat

The increase in the quantity of greenhouse gases in the atmosphere is leading to global warming and climate change. The impact of global warming can be observed and felt in the following forms:

1) Heat waves - –ith the impact on health
2) Drought – with the impact on food availability and electrical generation
3) Warming oceans - –ith the impact on heat waves, drought and food availability
4) Rising sea levels – with the impact of flooding low lying lands
5) Wildfires and the release of methane in the arctic which is accelerating the release of greenhouse gases

Greenhouse gases are increasing in the atmosphere largely as a result of the production and use of

fossil fuels (gas oil and coal). The full impact of global warming on ecological systems and human life is not known, but climate models indicate that Earth is reaching a tipping point beyond which the impact will be catastrophic.

Solutions

The Climate Solutions Council is appointed by and reports to the Minister of the Environment for the province of British Columbia undersection 4.2 of the Climate Accountability Act. In its 2023 report filed in January, 2024 the council made a number of recommendations for reducing greenhouse gasses in the atmosphere including [1]:

1) Electrification
2) Affordability - –roviding support to households.

The 2023 report states that Buildings (residential and commercial) made up 7.5 million tonnes of emissions in 2021 (12.1% of the total) [2]

Affordability and Social Justice

The question of how to manage affordability needs to be addressed by New Westminster City Council (See PACE Loans – below in section H)

B - GOAL – What we want to do

transition from fossil fuel to use of electrical energy to reduce our carbon footprint, while keeping costs down

The overall goal of the province of British Columbia is to reduce greenhouse gases to 40% of the 2007 level by 2030 [3]. Apparently, we have only achieved 6% by 2021 (14 years) and will need to achieve the remaining 34% in 9 years.

The provincial goal for 2050 is 80% reduction.

The Goals of this proposal are to move from gas to electricity in buildings in order to face the existential threat – the climate crisis.

1) Electrify new homes and buildings
2) Retrofit old homes and buildings

Rationale: Buildings are the source of approximately 45% of New Westminster's GHG pollution and the city has significant jurisdiction over buildings

New Westminster residents are seeking to do a number of things with their building electrical systems that support the city's greenhouse gas reduction targets: install

1) heat pumps
2) solar panels
3) ZEV charging plugs
4) Battery Backup Systems for use during peak periods and power failures

We seek to accelerate retrofitting of heat pumps to accelerate reduction in use of fossil fuels

- per year, through Energy Save New West (ESNW), about 50 "topped up" heat pump installations were completed in New West; While this rate is improving, it will not get us to net zero emissions from buildings by 2050
- New West just increased top up rebates from $350 to $2000 for heat pumps and $500 for electrical panel upgrade
- ESNW is no longer promoting gas furnaces

Under the proposal, the city and possibly property owners will reduce costs for operating the utility and may reduce energy costs to consumers

1 Connectivity: Climate Policy in 2024 and Beyond, pages 6 for electrification and page 18 regarding affordability https://www2.gov.bc.ca/gov/content/environment/climate-change/planning-and-action/advisory-council

2 same at page 17

3 Climate Change Accountability Act, s2 https://www.bclaws.gov.bc.ca/civix/document/id/lc/statreg/07042_01

C - OBJECTIVES – How could we transition from fossil fuel to electrical consumption in buildings to reduce our carbon footprint and costs?

Support from the New Westminster Utility Commission and Energy Save New West

A program could lower installation costs and make installations easier by clearing the way by

1) Providing information on the steps required to do an installation
2) Identifying the standards and requirements for an installation
3) Providing for pre-approval of equipment
4) Providing installation design ideas
5) Identifying and matching equipment suppliers and installers to consumers

Concept – Prosumer

A homeowner can be both a producer and consumer (prosumer) of electricity. The prosumer can

1) replace fossil fueled home heating, cooking and hot water systems with electrically powered systems
2) can contribute to the electrical system by generation of electricity
3) store power, by participating in a distributed energy system (electrical)
4) contribute to the distribution of electricity with the use of electrical storage systems, to reduce peak demand

Stage 1 Support from the Electrical Commission

A distributed energy program will:

1) Use currently available technology
2) Enhance the electrical system
   a) Accommodate an Electrical Distributed Energy Resources (DER) system program
   b) Assist homeowners and building owners to install a functional integrated electrical system that will
      i) Reduce consumption of fossil fuels by switching to solar generation and consume electrical energy rather than fossil fuels for building space and water heating
      ii) Maximize the use of the current capacity of the grid
3) Obtain approval for use of technology as needed from CSA (Canadian Standards Association)
4) Assist with the financing of retrofits in existing buildings and homes
5) Advertise the Program - –he city, electrical utility and its citizens (including the Hub) will develop and share a handbook on the meter collar “Connect DER” and other electricity-related products and distribute information on how to do home and building conversion

Stage 2 Support from the Province and City - –tep Code / Building Code

Support for the program can be provided by the city with changes to bylaws if the province allowed it – building code – so that when homes and buildings are renovated or when repairs are done to heating systems, heat pumps and other electrification measures occur.

D - BARRIERS

When consumers want to electrify their homes, they face a number of barriers

1) Lack of information about the negative impact on our climate from burning fossil fuels to heat buildings
2) Lack of information about what is involved in retrofitting
   a) Equipment needed
   b) Permitting process
   c) Affordability
3) Lack of information about who to hire to do the work
4) Cost of electrical panel upgrades and equipment purchases
5) Total capital cost to the city

E - BACKGROUND

The pace of electrification is slow (see Item 1 in GOAL above)

What is a Distributed Electrical System (DER)

In energy science, DER stands for Distributed Energy Resource. The acronym may be applied in

1) Electrical systems
2) Heat distribution systems (used to distribute surplus latent heat generated as a byproduct of industrial processes)
3) Systems used to collect and distribute (recycle) gas byproducts produced by sewage and waste

A DER electrical system we propose develops the capacity to generate and store electricity for distribution and provides access to the grid to allow consumption of externally generated electricity as needed. How?

1) Solar panels generate electricity
2) Batteries store electricity for use and distribution in peak periods
3) Distribution is controlled by the utility

Equipment can be owned by the utility and located in a home or building (the utility may lease space)

What is the City Facing

The city is facing increasing cost of services caused by the need to build additional substations to feed services to consumers.

Additional background – the Advanced Metering Infrastructure Program

The City of New Westminster is installing "Advanced Metering Infrastructure" (AMI) The purpose of the program is to provide greater insight into homeowner's energy usage and to help homeowners reduce energy waste and save money (providing customers with new ways to conserve energy) Electric meters will transmit energy consumption information at more frequent intervals via a secure, wireless network back to the electric utility.

When power outage occurs, AMIs provide information about the location and lead to faster response and restoration

The AMI program allows modernization of the grid to support EV charging, solar panels and other electrification technologies

F - TECHNICAL BARRIERS - –YSTEM REQUIREMENTS/OPERATIONS

Equipment Requirements

1) Elements of a DER that are incorporated into a home or building
   a) Batteries
   b) Solar panels
2) New equipment often required to electrify heating, and transportation
   a) EV Chargers
   b) Heat Pumps
3) Technical improvements available to reduce cost
   a) Electric collars and electrical upgrades
4) Additional equipment needed
   a) Switching equipment
   b) AC-DC conversion (inverters)

Operations – Function

DER system development can be used to level peaks in electrical demand

1) Battery backup: A home battery backup program to support the grid. The battery allows the homeowner to come off the grid during peak periods of electrical demand to reduce demand on the grid (What is the incentive for a homeowner to do this when NW has such a stable grid? The program allows the utility to ensure a stable grid even with 100% load growth.)

   Batteries are recharged outside of peak periods of electrical demand from solar panels or

from the grid.

Home battery usually is mounted on a wall or possibly in a garage.

2) Solar panels – generate electricity
3) Switching and conversion equipment allows electricity to be generated
4) Heat pumps and E.V. chargers provide owner with electric heat, cooling and transportation

Available Technology

Suppliers of components for the DER

1) Connect DER Meter Collar – The adapter will be offered through Siemens.
   https://connectder.com/siemens-and-connectder-partner-to-offer-plug-in-home-ev-charging-solution/
   https://connectder.com/
2) Home Batteries
   https://www.momentenergy.com/
3) Electrical Generation
   i) solar panels on homes
4) ZEV Services
   https://www.bsaelectronics.com/collections/dryer-buddy-plus-auto
5) Other equipment is readily available
   a) Switching Equipment
   b) Inverter for AC-DC conversion

Scaling Up

Batteries can be used for multifamily dwellings – Local supplier – Moment Energy
https://www.momentenergy.com/

Use of Car Batteries

Car batteries might be used as power source, but mainly in the future. Use for supporting the grid degrades car batteries.

BC Hydro has looked into this but determined there is not enough upside to the car owner. They are considering having BC Hydro own or manage the batteries

A bidirectional charger is required and probably requires an electrical panel upgrade.

Only some EVs have a battery that can connect and provide electricity to a home. These include the Chevy Volt, Ford F-150 Lightning truck. Makers of the Hyundai Ioniq 5, Lucid Air, Kia EV6, VW's ID.4, Mitsubishi Outlander, and Chevy Silverado EV has announced they will offer home electricity services in the next year or so.)

Approvals

Rather than obtaining approval for use of equipment on a case by case basis, it is preferable that the manufacturer or utility obtain approval.

All installed equipment must have CSA approval?

1) Heat Pumps
2) Solar Panels
3) Batteries
4) Electrical panel components and other systems components, including Connect DER meter collar

CSA Approval can be applied for if not already available
https://www.csagroup.org/store/product/CSA%20C22.3%20NO.%209:20/

Equipment in use has generally obtained approval for use from Underwriters Laboratories Limited UL Listing in the United States.

G - BENEFITS

Environmental Impact

Clean energy - –ransitioning to a DER with heat pumps and E.V. charging will reduce

carbon emissions because heat pumps replace gas furnaces. EVs replace gas-powered cars, less fossil fuel is burned.

Cost Management – To the City and Utility

Because the city has its own electrical utility, New Westminster is uniquely positioned to implement this program. This is an opportunity for our city to lead in our province, providing a model that may speed up province-wide adoption of a similar program.

The DER will reduce and can totally avoid the cost of upgrading the grid.

Advantages of development and implementation of the program to property owners

A DER program will increase in the value of buildings due to reliability, even if the utility, not the homeowner owns the solar panels.

Improved service benefits, energy security

The battery system provides power to the homeowner during power failures.

Electrical Generation

Solar panels provide increased electrical generation, Solar Panels provide clean electrical energy

Solar panel advances will see millions abandon electrical grid, scientists predict | The Independent

Cost Reduction And Control - –ost Reduction Solutions

Energy Save and the Electrical Utility working together could quickly develop and implement the DER program in ways that would reduce costs for the individual property owner seeking to participate in the program.

Electrical panel upgrades can be required for Electric Vehicle (EV) charging stations https://secondlifestorage.com/index.php?threads/game-changing-home-ev-charger.11846/ Electrical panel upgrades can be a major expense. Meter Socket Adaptors enable people to do the following without the need to upgrade electrical panels. It will allow

1) install EV chargers
2) install heat pumps

The adapter will save an estimated 60 to 80 percent of the EV charger installation cost by avoiding the need for electric panel upgrades, allowing for a simple, 15-minute EV charger installation. This eliminates the need for complex and prohibitively expensive installation costs.

The socket adaptor allows the connecting of equipment directly through a socket installed between the meter and the electric panel, bypassing a home's electric service panel (intercepting power after it passes the meter and before it reaches the electric panel). Without the socket adaptors many home panels would need upgrades to allow the installation of a typical Level 2 charger, typically a 7-11kW device requiring 40-60 Amps on a 240V line. This is a major roadblock for EV adoption, especially for low-and moderate-income homeowners.

Switches may allow electrical services to be switched between heat pumps and air conditioners, an alternate way of avoiding electrical panel upgrades.

https://www.bsaelectronics.com/collections/dryer-buddy-plus-auto

H - FINANCIAL MODEL

Climate

The model must encourage the move from fossil fuels to electrification

Capital Cost and Revenue Generation for the City and Utility

The utility continues to receive revenue:

1) by net supply of electricity
2) A property owner (strata unit owner, building owner or homeowner) may borrow from the utility and repay installation costs

Incentives for the City

A Distributed Energy System allows a utility to manage the flow of electricity more efficiently. It can defer capital costs for the utility, saving money for NW Electric / BC Hydro by reducing infrastructure costs to distributor, by leveling out the peaks and valleys, negating the need for some of the new substations and transformers and reducing wiring costs.

A Distributed Energy System reduces transmission losses. Generation and storage of electricity where it is consumed avoids the five to ten percent of generation losses that come with running power down a long line." (New Yorker article)

Property Owners

Capital Cost and Revenue Generation for the property owner – ***Option 1*** Equipment Owned by Utility

The property owner could rent their roof to the utility (for solar panels) and rents space for battery storage, receiving income earning approximately $55/month. Owners may receive payment for supplying equipment space, possible rental of locations for solar panels, storage batteries.

Capital Cost and Revenue Generation for the property owner – ***Option 2*** Equipment Owned by Homeowner

A property owner may receive revenue by resale of electricity generated from solar panels and supply of electricity from battery system.

The owner can offset the cost of the upgrade against the energy saving. For example,

Investment - Possible Incentives for owners (all owners)

The system may be attractive as an investment plan for property owners, providing for self-owned electrical generation and supply of alternate revenue generated from leasing equipment or space to the city's utility

PACE Loans

PACE means Property Assessed Clean Energy. A PACE program allows a homeowner to borrow the money for electrification using

1) Heat pumps
2) Solar panels
3) EV chargers
4) Battery backup systems
5) Meter collars

The loan works as follows. The homeowner has the electrical upgrade completed. The local government or utility pays the cost of the installation. The homeowner repays the cost of the installation monthly on the city's electric utility bill. When the use of electrical energy is found to be cheaper than the use of hydrocarbons, payments are set to match the savings in energy cost.

Programs may be managed by the local government or an electrical utility. There may be other options available.

Pace programs exist in other provinces.

Some cities/municipalities in British Columbia have developed PACE programs

1) Saanich https://www.saanich.ca/EN/main/community/sustainable-saanich/climate-change/programs-rebates/heat-pump-financing.html https://www.google.ca/url?sa=t&source=web&rct=j&opi=89978449&url=https://saanich.ca.granicus.com/MetaViewer.php%3Fview_id%3D1%26clip_id%3D241%26meta_id%3D134003&ved=2ahUKEwiIx8WcgMiFAxVOBDQIHXKUCjwQFnoECBYQAQ&usg=AOvVaw1bV_2aWT1XnX0PEWXkaBox
2) Nelson https://www.nelson.ca/825/On-Bill-Financing-Program https://greenmunicipalfund.ca/resources/video-nelson-scales-local-program-support-home-energy-upgrades

Incentives / Subsidies

The homeowner may also be entitled to receive other incentives (subsidies or rebates) to

reduce the loan amount

Funding

The program could be funded using the city's Climate Action Reserve Fund and/or the Federation of Canadian Municipalities. There would be no net cost to the fund if the city loaned money and recovered the loan advances through electrical billing

I - SOCIAL JUSTICE ISSUES AND THE CLIMATE CRISIS

A percentage of PACE loans could be reserved for low-income residents, as it was in the Saanich PACE program.

Technology for use in multi-family and high-rise buildings may not be as advanced and available as it is for homes, and smaller buildings. Moving forward with the transition from hydrocarbons to electrical energy should not and can not be delayed until the technology is available for larger units. We need to adopt the technology currently available. If the technology for multi-family buildings is available, the city could reserve a percentage of the PACE loans expressly for this purpose.

What are the financial benefits of the program?

1) Savings - Possible Incentives for property owners – to be calculated.
2) Energy costs may be lower as the cost of hydrocarbons increases, and as owners switch from fossil fuel to electrical energy.
3) The property owner may realize savings in Carbon tax.
4) The property owner may reduce costs and generate revenue through the supply of energy. Owners can provide power to the grid or provide power for their own use.
5) Optionally property owners can draw power from their batteries and/or supply power to the grid during peak periods and pay for power from the grid during low-cost periods. If power is priced higher during peak periods, this would earn revenue for a property owner
6) Benefits can be distributed to strata owners if strata's are transitioned.
7) Lower costs to building owners can mean lower costs to renters.

What adjustments may be needed to balance the benefits for all members of the community.

1) A DER system may reduce cost to consumers, by providing lowers energy rates.
2) Loans to homeowners can bear interest, to ensure there is no cost to the City.
3) The City may wish to provide incentives for low income people.
4) Federal and other incentives will continue in place for all.
5) Costs to city of transitioning homes, - none except if increased incentives or interest free loans are are provided. Staffing costs could be paid from the Federation of Canadian Municipalities

J - LEGAL MODEL

Feasibility of Legal Models needs review from the City Legal Department

Securing Loans

In New Westminster

1) the loan can be paid through the electrical bill
2) the loan could be sold with the property or could come due when property owners sell property with a notice on tax statements (building owners may find the selling of the loan with the property advantageous since it allows them to recoup their investment)
3) The loan can be secured by adding arrears of payment or default amounts to taxes - In this way repayment of the loan actually takes priority over all mortgages.
4) Purchasers would receive notice at time of purchase

Securing the Assets – Batteries and Solar Panels

Ownership by the City

One model has the utility owning solar panels and paying rent to the homeowner (example: $55/month). The homeowner buys the battery via a city loan (example: $55/month. In this way, the homeowner nets no cost or income monthly. This might require the city to give notice of ownership of fixtures (batteries and solar panels) by registering interests in equipment in the Land Titles Office. This approach might be administratively complex but has been done by Green Mountain Power in Vermont (see section K below).

Ownership by the Strata, Building owner or Homeowner

In another model, equipment is owned by the homeowner and power is sold to and purchased from the city.

K - SUCCESS STORIES

1) Green Mountain Power BYOD
   https://greenmountainpower.com/
   The Next Power Plant Is on the Roof and in the Basement | The New Yorker
2) Electricity Canada
   https://www.electricity.ca/knowledge-centre/the-grid/regulatory/economic-regulatory-system/

L - OUR ASK

1) Approval in principle to exploration of the project
2) Continuing discussions on feasibility and implementation of the program

M - TO DO – WORK PLAN

1) Review the proposal and identify areas which need refinement.
2) Review other successful projects to determine what setup can be adopted.
3) Explore and determine costs and structure for funding the program.
4) Develop material to promote the program.

N - EVALUATION – MEASURES OF SUCCESS

Ways to measure the success of a DER installation program. The program will be effective if it:

1) develops an effective and efficient Distributed Energy (Electricity) program,
2) if the rate of electrification and heat pump installation increases,
3) if capital costs for the city's utility are deferred

O - ADDITIONAL REFERENCE MATERIAL

https://natural-resources.canada.ca/energy/energy-offices-and-labs/canmetenergy/canmetenergy-varennes/distributed-energy-resource-assessment-and-technology-development/24239

P - MANDATES

Energy Save New West:

The New Westminster Energy Save program is mandated to:

1) "Deliver community members and businesses the tools they need to take control of their energy bills and carbon footprint"
2) "Providing customer service and assisting community members and business owners in identifying energy improvements. This may take the approach of a "One-Stop-Shop" or concierge service model."

New Westminster Utility (Based on latest available strategic plan 2018-2022 and the Utility Commission Bylaw 2018 – Bylaw 8029,2018)

1) addressing

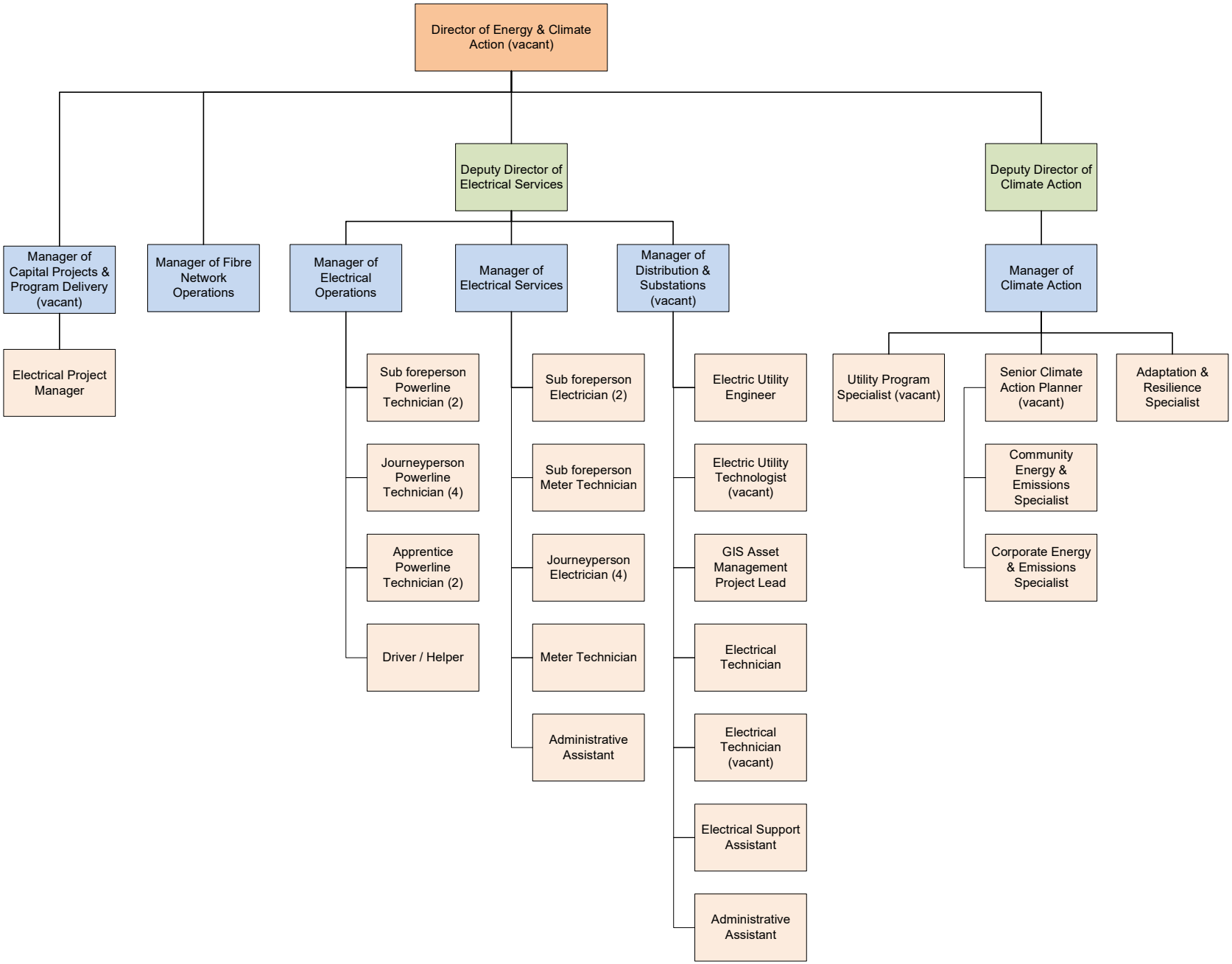
a) growing population
b) changing customer expectations
c) climate and environmental concerns
d) innovative and technological advances

2) establish a green initiatives plan
3) develop a formal process to evaluate innovative projects.

This submission is simply a further development of the New Westminster Community Energy and Emissions Plan 2050 (page 41 reproduced below)
https://www.newwestcity.ca/database/files/library/CEEP_2050.pdf

BUILDING SECTOR ACTIONSW	GHG REDUCTION	BENEFITS	RESOURCES	TIMELINE
EXISTING BUILDINGS				
1. Increase the supports and programs for energy retrofits for existing residential, institutional, commercial, and industrial buildings, including by: a. prioritizing the unique retrofit needs of existing multi-unit residential buildings, especially rental buildings; b. focusing on the least efficient building stock (pre-1980); c. adapting retrofit strategies to work with heritage and character buildings; d. collecting and analyzing energy and spatial data of existing buildings to identify priority building archetypes and optimal strategies to support energy retrofits; e. exploring innovative financing mechanisms and tools to support retrofits (e.g. on-bill financing, green revolving load funds, or Property Assessed Clean Energy Financing (PACE)); and f. exploring one-stop-shop models of retrofit management.	High	Equity Health Resilience	$$	Short-term

Energy & Climate Action



Office of the Chair
Tel. 604-432-6215 or via Email
CAOAdministration@metrovancouver.org

July 22, 2024

File: CR-12-01
Ref: RD 2024 05 31

Mayor Patrick Johnstone and Council
City of New Westminster
511 Royal Avenue
New Westminster, BC V3L 1H9
VIA EMAIL: pjohnstone@newwestcity.ca; clerks@newwestcity.ca

Dear Mayor Patrick Johnstone and Council:

BC Utilities Commission Decisions and Local Government Interests in the Energy Transition

At its May 31, 2024 regular meeting, the Board of Directors of the Metro Vancouver Regional District (MVRD) passed the following resolution:

That the MVRD Board:
a) receive for information the report dated April 15, 2024, titled "BC Utilities Commission Decisions and Local Government Interests in the Energy Transition"; and
b) direct staff to forward a copy of the report dated April 15, 2024, titled "BC Utilities Commission Decisions and Local Government Interests in the Energy Transition" to the Mayors and Council Members of each Metro Vancouver member jurisdiction.

In accordance with the MVRD Board's direction, for your information, please find enclosed a copy of the staff report summarizing the outcomes of three BC Utilities Commission (BCUC) proceedings in which Metro Vancouver participated as an intervener, in collaboration with several other local governments. The BCUC decisions were generally aligned with the positions taken by these local governments.

If you have any questions, please contact Conor Reynolds, Director, Air Quality and Climate Action Services, by phone at 604-456-8811, or by email at conor.reynolds@metrovancouver.org.

Yours sincerely,

M Hurley

Mike Hurley
Chair, Metro Vancouver Board

MH/CR/lt

68518774

cc: Jerry W. Dobrovolny, Commissioner/Chief Administrative Officer, Metro Vancouver
Heather McNell, Deputy Chief Administrative Officer, Policy and Planning, Metro Vancouver

Encl: Report dated April 15, 2024, titled “BC Utilities Commission Decisions and Local Government Interests in the Energy Transition”.

To: Climate Action Committee

From: Lise Townsend, Division Manager, Air Quality and Climate Action Policy, Air Quality and Climate Action Services

Date: April 15, 2024 Meeting Date: May 9, 2024

Subject: **BC Utilities Commission Decisions and Local Government Interests in the Energy Transition**

RECOMMENDATION

That the MVRD Board:

a) Receive for information the report dated April 15, 2024, titled "BC Utilities Commission Decisions and Local Government Interests in the Energy Transition"; and

b) Direct staff to forward a copy of the report dated April 15, 2024, titled "BC Utilities Commission Decisions and Local Government Interests in the Energy Transition" to the Mayors and Council Members of each Metro Vancouver member jurisdiction.

EXECUTIVE SUMMARY

Decisions recently issued by the BC Utilities Commission (BCUC) for three proceedings in which Metro Vancouver participated were generally aligned with the positions taken by the Local Government Interveners. Metro Vancouver, together with several other local governments, participated as an Intervener in three BCUC proceedings: (1) FortisBC's long-term resource plan; (2) BC Hydro's long-term resource plan; and (3) FortisBC's renewable natural gas (RNG) program. In these proceedings, the Local Government Interveners (LGI) advocated for fairness in energy rates and coordinated long-term planning. Both the utilities' long-term plans were accepted, but the BCUC did not resolve the need for coordinated energy planning between BC Hydro and FortisBC. The BC Government has communicated, in responses to letters from the MVRD Board, that a forthcoming Climate Aligned Energy Framework for BC is expected to address this concern. In the RNG proceeding, the BCUC denied a RNG Connections Service for new construction due to an unfair rate subsidized by existing ratepayers.

Metro Vancouver's participation in this proceeding highlighted the value of local government input to provincial energy planning. Staff will continue to seek opportunities for provincial input and advocacy to encourage alignment with regional policies.

PURPOSE

To inform the MVRD Board of the outcomes of three BC Utilities Commission Proceedings that Metro Vancouver participated in as an Intervener, and potential implications for local government policy goals and interests in the energy transition.

BACKGROUND

With approval of the MVRD Board, Metro Vancouver collaborated with several municipalities from Metro Vancouver and the Capital Regional District to participate as an intervener in three BC Utilities Commission (BCUC) proceedings.

- *FortisBC Energy Inc.* ("FortisBC") *2022 Long-Term Gas Resource Plan* ("LTGRP") (Reference 1);
- *British Columbia Hydro and Power Authority* ("BC Hydro") *2021 Integrated Resource Plan* ("IRP") (Reference 2); and
- *FortisBC Energy Inc. Biomethane Energy Recovery Charge Rate Methodology and Comprehensive Review of a Revised Renewable Gas Program* ("RNG Rate Case") (Reference 3).

In March 2024, the BCUC issued decisions for the above-noted proceedings. As directed by the Board, the purpose of this report is to summarize these decisions and provide high-level analysis of their implications for Metro Vancouver and related local government policy interests in the energy transition.

Metro Vancouver's board-endorsed *Climate 2050 Energy Roadmap* includes targets and key strategies to plan for the region's transition to clean, renewable, and resilient energy. Actions include working with member jurisdictions to provide input to relevant utility and regulatory processes, and advocating to the provincial government, the BCUC, and utilities for coordinated long-term planning for the energy transition.

OVERVIEW: BCUC AND INTERVENERS

Role of BCUC

The British Columbia Utilities Commission (BCUC), governed primarily by the *Utilities Commission Act*, is an independent agency of the Government of BC (the Province), charged with regulating BC's energy utilities, automobile insurance rates, common carrier pipelines, and the reliability of the electrical transmission grid. The BCUC's stated mandate is to ensure that customers have access to safe, reliable energy service rates, while allowing utilities the opportunity to earn a fair return on their investments. The Province, in addition to enacting enabling legislation governing the BCUC's mandate, can provide direction to the BCUC through an Order in Council.

The BCUC reviews applications from regulated entities through open, transparent, public proceedings, which include opportunities for the public to participate and provide feedback. Only registered interveners can file evidence, ask questions of other participants, and file final arguments in a proceeding, however other interested parties can submit letters of comment.

In October, 2023, a new Chair was appointed for the BCUC, and the Province issued a letter to the Chair emphasizing a need to prioritize GHG emissions reduction in the clean energy transition (Reference 4).

Local Government Interveners

In all three proceedings described in this report, Metro Vancouver collaborated with several other local governments. This enabled information sharing and more efficient use of resources among the parties, including procuring the services of experts. The Local Government Interveners (LGI) consisted of the following for all three proceedings: Metro Vancouver Regional District, District of North Vancouver, City of Vancouver, City of Richmond and Lulu Island Energy Company, and the District of Saanich. In addition, the City of Victoria participated in the FortisBC RNG Rates Case proceeding.

BCUC PROCEEDINGS – SUMMARY AND DECISIONS

FortisBC Long-Term Gas Resource Plan

FortisBC's Long-Term Gas Resource Plan (LTGRP) represents the utility's broad plan for transitioning to a low-carbon energy future in response to the Province's CleanBC Plan and CleanBC Roadmap to 2030. The LTGRP sets out how FortisBC expects to shift from distributing fossil natural gas to distributing various forms of renewable and low-carbon gases.

The Local Government Interveners (LGI) did not submit evidence in this proceeding, but individual members submitted information requests and the group jointly submitted a final argument.
In their final argument, the LGI expressed concern that, given the lack of clarity about how the energy transition will unfold in BC, the LTGRP is narrowly focused on renewable gases, with uncertainties regarding their performance, pricing, and availability in BC. They advocated for further study to address RNG and hydrogen availability, proper accounting of the environmental benefits of RNG procured from outside the province, and how hydrogen will be deployed in FortisBC's system. The LGI stressed the importance of coordinated planning for the energy transition in BC that integrates both gas and electrical utilities' long-term plans and considers a wider array of decarbonization pathways. Recognizing the need for FortisBC to progress towards solutions, the LGI did not recommend whether the BCUC accept or reject the LTGRP; rather, they emphasized the limited contextual value of the LTGRP to inform future applications, and asked that BCUC direct FortisBC to urgently address the gaps revealed through the proceeding.

The LGI did not directly comment on the two components of the LTGRP that were rejected by the BCUC, as noted below.

The BCUC's decision included the following findings:

- The BCUC broadly accepted the LTGRP, finding that the public interest would be best served to allow FortisBC to advance its planning.
- The BCUC rejected planned investments in liquefied natural gas (LNG) for marine fueling (bunkering) and global markets due to insufficient evidence of demand for the product.
- The BCUC rejected the Resiliency Plan[1] which is intended to respond to and recover from disruptions to the gas system, but noted that FortisBC has committed to providing an updated Resiliency Plan in its next LTGRP submission to the BCUC.
- FortisBC was directed to file its next LTGRP by March 31, 2026.

[1] In the FortisBC Tilbury LNG Storage Expansion Project proceeding (BCUC Decision and Order G-62-23), the BCUC identified a number of shortcomings with the Resiliency Plan. This BCUC panel agreed with those shortcomings.

As discussed in the following section of this report, the BCUC agreed with the LGI and other interveners that collaboration between the major utilities would be beneficial, but did not take any action beyond encouraging such an approach.

Noteworthy BCUC Comments: Notwithstanding the overall acceptance of the LTGRP, the BCUC noted many uncertainties that it directed FortisBC to address in its next LTGRP. In particular, the BCUC emphasized the need for more sophisticated modeling of demand changes due to the energy transition, including scenarios that contemplate "demand destruction" (reduced gas throughput) and more details about planned actions to reduce GHG emissions.

BC Hydro Integrated Resource Plan

BC Hydro's Integrated Resource Plan (IRP) is a 20-year plan for the electrical system. It includes a Base Resource Plan and several Contingency Resource Plans that forecast anticipated demand and how that would be met with existing and new supply and capacity under various scenarios. BC Hydro's initial 2021 IRP application was significantly modified with a "Signpost Update" filed by the utility in spring 2023. This signaled a major shift in planning, from decades of flat energy demand to rapidly rising projected demand in response to population growth, market trends and multi-level government policy driving increased electrification. This was the stage at which Metro Vancouver registered as an intervener.

The Local Government Interveners (LGI) did not submit information requests or evidence in this proceeding, but submitted a final argument in which they cited evidence filed by other interveners.

In their argument the LGI stated that, while they generally support the IRP given the increasingly critical role of electricity in the energy transition, there is an urgent need for coordination in long-term resource planning between BC Hydro and FortisBC, pointing to the fact that each long-term resource plan envisions a different energy future. They also recommended more detailed regional scale distribution system analysis and planning, to ensure that sufficient electricity is provided in a timely manner to meet expected growth and climate targets.

The BCUC's decision included the following findings:

- On the whole, the IRP, inclusive of the Signpost Update, was accepted and determined to be in the public interest.
- The need for BC Hydro to acquire an additional 3,700 GWh of clean or renewable energy, as announced by the Province while the IRP was in process, was "conclusively determined", meaning it is not subject to need for further review.
- BC Hydro was directed to submit its next IRP by October 31, 2025.

As discussed in the following section of this report, the BCUC agreed with the LGI and other interveners that collaboration between the major utilities would be beneficial, but did not take any action beyond encouraging such an approach.

Noteworthy BCUC Comments: In response to rapidly shifting policies, technology, and external factors, the BCUC directed BC Hydro to submit IRPs more frequently and clarify uncertainties. This includes more detailed analysis of potential resource options to better inform the market. Agreeing

with FortisBC, the BCUC directed BC Hydro to further analyze the impact of electrification on their load forecast, including at the regional scale. BC Hydro should also undertake regional load forecasts and planning for non-bulk transmission and distribution infrastructure. Regional demand-side measures and resources should also be included in the next IRP, to reduce the need for investments, and BC Hydro should consider further resource diversification and energy storage to mitigate variability in hydro-electric supply due to climate impacts.

FortisBC RNG Rates Case

On December 17, 2021, FortisBC applied to the Commission for approval of a Revised Renewable Gas Program[2]. The program consisted of three primary elements, of which the third was the focus of the LGI input.

1. Voluntary RNG Service, providing an option for customers to purchase RNG at a subsidized price relative to the conventional gas service and programmatic changes[3].
2. RNG Blend Service, in which all sales customers will receive and pay for a blend of RNG as part of their regular gas service, designed to comply with FortisBC's obligations under the Greenhouse Gas Reduction Regulation.
3. RNG Connection Service, in which 100 per cent notional RNG would be provided to all customers as a mandatory service in newly constructed residential buildings, with rolled-in pricing, meaning that RNG Connections service customers would pay the same price as existing customers receiving a lower blend of RNG.

The Voluntary RNG Service and RNG Blend Service are conventional rate products, following established practices for introducing higher-cost energy into a utility's supply mix system for policy reasons. As such, the LGI did not submit comments concerning these aspects of the proceeding. In response to the RNG Connection Service component of the FortisBC submission, the LGI participated in this proceeding by submitting and responding to information requests, submitting expert evidence[4], and submitting a final argument.

In their evidence and final argument, the LGI, among other interveners, opposed the RNG Connection Service, arguing – based on established rate-making principles – that the proposed rates are unjust, unreasonable, discriminatory, and not in the public interest. Central to this argument was economic analysis commissioned by the LGI that estimated the proposed rate would impose a $750 million subsidy over eight years, paid by existing ratepayers to cover the increased cost to deliver 100% notional RNG to new customers. The LGI further asserted that FortisBC's application relied on flawed assumptions about the permanence of the rate, the availability of RNG, and that the proposed rate could undermine local government policies and lead to inefficient investments that could hinder long-term climate goals.

[2] Renewable gas was originally defined in the submission as renewable natural gas (RNG), synthesis gas, and lignin. The BCUC subsequently determined that for the purpose of this proceeding, renewable gas would only include RNG. RNG is typically more expensive to produce than conventional (fossil) natural gas, but is a lower carbon alternative.

[3] The Voluntary RNG Service included expanding the program to larger volume businesses, increasing the price of RNG for natural gas vehicle and transportation service customers, and eliminating a discount for long-term contracts.

[4] The expert evidence filed by the LGI collectively was prepared by Kurt G. Strunk, Managing Director, National Economic Research Associates, Inc. (NERA). Expert evidence was also individually filed by the following LGI members: City of Vancouver, City of Richmond, District of North Vancouver, District of Saanich, and City of Victoria.

The BCUC's decision included the following findings:

- The BCUC accepted the Voluntary RNG Service, finding that the subsidy, although in principle discriminatory, was not "unduly" so, and directed FortisBC to report by January 31, 2026 whether the rate subsidy continues to be appropriate.
- The BCUC accepted the RNG Blend Service, finding that it was reasonable in light of increased penetration of RNG into the system.
- The BCUC denied the RNG Connections Service on the basis that it is "unreasonable and unduly discriminatory." In its decision, the BCUC states:

"The incremental cost of RNG based on FEI's 2024 forecast is four times the cost of natural gas, whereas the RNG Connections service customers would receive (notionally) 100 percent RNG, which is far more than the amount existing customers, who would be paying the same price, would receive. In the Panel's view, this describes a clear case of price discrimination with RNG Connections service customers being subsidized by existing customers. The evidence in this proceeding shows that the level of subsidization from existing customers would be very significant, estimated at $750 million over the period 2024 to 2032. As such, the Panel determines the RNG Connections service, as proposed by FEI, is unreasonable and unduly discriminatory and rejects FEI's RNG Connections service."

METRO VANCOUVER AND LOCAL GOVERNMENT POLICY INTERESTS AND OPPORTUNITIES

Role of Local Governments in Energy Transition Planning

Local governments have long played an important role in provincial and regional planning for the energy transition through advocacy, policy-making, and directly through providing energy and related infrastructure. This has included advocacy and input to green building policies such as the Zero Carbon Step Code, policies to encourage low-carbon energy systems and electric vehicles, producing RNG (e.g., Surrey's biofuel facility and Metro Vancouver's wastewater treatment plants); operating district energy systems, and, in the case of Metro Vancouver, providing waste heat from the sewer system and waste-to-energy facility.

Elevating Local Government Policy Interests

These BCUC proceedings represent the first time Metro Vancouver has coordinated with other local governments to advance its interests through in-depth input to utility proceedings. In these proceedings, the LGI advocated for a fair and evidence-based approach to the energy transition that aligns local government climate commitments, and protects their policy role and regulatory authority. While recognizing a role for renewable gases, the LGI also sought to ensure that these gases are verifiably zero-emission, safely deployed, affordable, reliably available, and deployed to their highest and best use.

The influence of the LGI evidence and argument were particularly strong in the BCUC's decision for the RNG Connection Service in the RNG Rates Case. Although the decision hinged on rate-making principles, finding the proposal to be "unduly discriminatory", it also resulted in preserving local government authority regarding acceptable pathways to meet the Zero Carbon Step Code, a key municipal policy tool to ensure new construction is zero emissions and resilient to climate impacts.

In both long-term resource plans the LGI influence was more uncertain, since the plans were largely accepted by the BCUC, a direction that itself presents challenges as noted below. Yet the BCUC in its comments directed both utilities to address uncertainties and include regional considerations in their future long-term resource plans, which may present opportunities for Metro Vancouver.

Need for Coordinated and Climate-Aligned Energy Planning
In both the FortisBC LTGRP and the BC Hydro IRP proceedings, the BCUC agreed with the LGI and most other interveners on the importance of a more coordinated approach to the energy transition to protect the interest of ratepayers. However, while the BCUC "strongly encouraged" BC Hydro and FortisBC to communicate closely and adopt a common set of assumptions for the next BCUC filing, it refrained from providing specific direction regarding collaboration between or imposing agreement "upon any given view of the future" among the two utilities, which it noted would be "resource intensive", and the domain of the provincial government.

This matter was also outlined in a letter to the Province dated February 1, 2024, in which the MVRD Board requested that the Province improve coordination between FortisBC's and BC Hydro's long-term planning processes (Attachment 1). In their response, dated February 28, 2024 (Attachment 2), the Province emphasized that the pending Climate Aligned Energy Framework is anticipated to play a key role in developing "joint approaches for optimizing the combined electricity and gas infrastructure to achieve emissions reductions in the most cost-effective way". This letter built upon a prior letter that the MVRD Board sent to the Province (dated September 24, 2023), regarding the Climate Aligned Energy Framework, as well as a request to reform the BCUC to ensure GHG emission reduction from gas utilities (Attachment 3), and the Province's response (Attachment 4).

Currently, the timing, scope, and specific opportunity for local governments to be involved in the Climate Aligned Energy Framework is still unknown. In the meantime, the lack of clarity about how the energy transition will unfold creates a highly uncertain context for local government policy-making and planning for growth, amid significant and growing affordability challenges. Staff will continue to seek to provide input to the Province on this Framework and other opportunities for coordinated, publicly transparent energy planning, including a focus on regional scale opportunities aligned with *Climate 2050*, as outlined below.

Need for Regional Energy Demand Analysis and Planning
The BCUC decisions for both long-term resource plans highlighted a need for more detailed and regionally-focused analysis and planning in future plan iterations. In addition to undertaking more regional scale (bottom-up) energy demand analysis for both gas and electricity, the BCUC directed both utilities to pursue demand-side measures that could defer infrastructure investments. This could include strategic planning at the neighbourhood scale to right-size the gas and electrical grid for efficiency and GHG reduction, and deploying various combinations of low-carbon energy such as waste heat, electrification, and RNG, including via thermal energy networks (i.e., district energy). Local governments may be able to build on existing programs and policies to play a key role, in the context of the pending provincial Climate-Aligned Energy Framework.

Collecting building-scale energy data, such as with energy benchmarking and reporting, could also help to better characterize regional energy demand from existing buildings. This opportunity is described in more detail in a separate report on this Climate Action Committee agenda.

ALTERNATIVES

1. That the MVRD Board:

a) Receive for information the report dated April 15, 2024, titled "BC Utilities Commission Decisions and Local Government Interests in the Energy Transition"; and

b) Direct staff to forward a copy of the report dated April 15, 2024, titled "BC Utilities Commission Decisions and Local Government Interests in the Energy Transition" to the Mayors and Council Members of each Metro Vancouver member jurisdiction.

2. That the MVRD Board receive for information the report dated April 15, 2024, titled "BC Utilities Commission Decisions and Local Government Interests in the Energy Transition", and provide alternative direction to staff.

FINANCIAL IMPLICATIONS

This report is for information and does not have any direct financial implications. Costs to hire experts to support the LGI participation were provided for in the departmental operating budget, and are being shared among the parties. A grant for refund of a portion of consultant costs is being sought through the BCUC Participant Assistance/ Cost Award program. The LGI played a significant role in highlighting the financial implications of utility rate decisions, in which a discriminatory cross-subsidy from ratepayers to pay for higher-cost RNG to new customers was a key factor in the BCUC decision. Financial implications of the energy transition more broadly are significant and of critical importance, but are beyond the scope of this report.

CONCLUSION

Metro Vancouver participated with several other jurisdictions as Local Government Interveners (LGI) in three BC Utilities Commission (BCUC) proceedings. Through their participation the LGI elevated the interests of local governments at a pivotal time in the energy transition in the province, with significant implications for their objectives related to affordability, energy security, and climate action. Staff will continue to seek opportunities to contribute constructively to provincial policy for the energy transition, and are exploring opportunities for regional energy planning.

ATTACHMENTS

1. Correspondence from the MVRD Board to the Government of BC, dated February 1, 2024 re: "Coordination Between FortisBC's 2022 Long Term Gas Resource Plan and BC Hydro's 2021 Integrated Resource Plan".
2. Correspondence from the Government of BC, to the MVRD Board, dated February 28, 2024 (Response to Attachment 1 letter).
3. Correspondence from the MVRD Board to the Government of BC, dated September 25, 2023 re: "Changes in Provincial Legislation Needed to Address Gas Utilities in BC".
4. Correspondence from the Government of BC to the MVRD Board, dated January 22, 2024 (Response to Attachment 3 letter).
5. Presentation re: BC Utilities Commission Decisions & Local Government Interests.

REFERENCES

1. BC Utilities Commission Proceedings: FortisBC Energy Inc. 2022 Long-term Gas Resource Plan
2. BC Utilities Commission Proceedings: BC Hydro 2021 Integrated Resource Plan
3. BC Utilities Commission Proceedings: FortisBC Energy Inc. Biomethane Energy Recovery Charge Rate Methodology and Comprehensive Review of a Revised Renewable Gas Program
4. Letter from Ministry of Energy, Mines and Low Carbon Innovation to Mark Jaccard, new Chair and CEO of BCUC, October 3, 2023.

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SERVICES AND SOLUTIONS FOR A LIVABLE REGION

Office of the Chair
Tel. 604-432-6215 or via Email
CAOAdministration@metrovancouver.org

February 1, 2024

File: CR-12-01
Ref: RDCL 2023 Nov 24

The Honourable David Eby, K.C., M.L.A.
Premier of British Columbia
PO Box 9041 Stn Prov Govt
Victoria, BC V8W 9E1
VIA EMAIL: premier@gov.bc.ca

The Honourable George Heyman, M.L.A.
Minister of Environment and Climate Change Strategy
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Victoria, BC V8W 9E2
VIA EMAIL: ENV.Minister@gov.bc.ca

The Honourable Anne Kang, M.L.A.
Minister of Municipal Affairs
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VIA EMAIL: MUNI.minister@gov.bc.ca

The Honourable Josie Osborne, M.L.A.
Minister of Energy, Mines, and Low Carbon Innovation
PO Box 9060 Stn Prov Govt
Victoria, BC V8W 9E2
VIA EMAIL: EMLI.Minister@gov.bc.ca

Dear Premier Eby, Minister Heyman, Minister Kang, and Minister Osborne:

Coordination Between FortisBC's 2022 Long Term Gas Resource Plan and BC Hydro's 2021 Integrated Resource Plan

Metro Vancouver and the BC Government are well-aligned in the pursuit of strong climate action needed to meet our respective climate targets. In the interest of ensuring alignment of provincial energy infrastructure planning with the strategies and actions in Metro Vancouver's *Climate 2050 Energy Roadmap*, Metro Vancouver registered as an intervener and submitted final arguments for the British Columbia Utilities Commission (BCUC) proceedings related to FortisBC's *2022 Long Term Gas Resource Plan* and BC Hydro's *2021 Integrated Resource Plan*, in coordination with the City of Richmond, District of North Vancouver, District of Saanich, and the City of Vancouver. The joint final arguments for both proceedings are enclosed in this letter.

Arising from discussion of the BCUC proceedings, the MVRD Board directed staff to write a letter to the Province to emphasize the need for better coordination between the two utilities. To meet the Province's greenhouse gas emission reduction targets, FortisBC has proposed a gas-centric pathway, whereas BC Hydro's plan emphasizes growing the supply of clean, renewable electricity. Having the two main utilities in BC proposing competing solutions for the energy transition is inefficient and risky. Uncoordinated planning presents risks to securing the necessary supply of low carbon energy and ensuring peak demand can be met, and could result in higher overall energy rates. Coordinated planning that is aligned with science-based climate targets and internationally recognized best practices for the energy transition would provide a clearer and more efficient pathway towards the Province's emission reduction targets, and provide a more robust platform for Metro Vancouver's and member jurisdictions' policymaking.

4515 Central Boulevard, Burnaby, BC, Canada V5H 0C6 | 604-432-6200 | metrovancouver.org

Therefore, on behalf of the Metro Vancouver Board of Directors, I am writing to ask that the Province accelerate action on the provincial Climate-Aligned Energy Framework (CAEF), including a goal to improve the coordination between FortisBC's and BC Hydro's long-term planning processes. If properly designed to address the barriers noted above, the CAEF can play a critical role in guiding effective coordination between the utilities and ensuring a clean, inclusive, and competitive energy future for BC. This request builds upon Metro Vancouver's previous request to the Province to reform the British Columbia Utilities Commission in the context of a changing climate, urgently enact legislation that reduces greenhouse gas emissions from gas utilities, and meaningfully engage Metro Vancouver on key provincial energy policies.

Climate 2050 guides Metro Vancouver's policies and actions to transition our region to a resilient, low carbon future, and establishes a regional greenhouse gas reduction target of 45% by 2030, compared to 2010 levels, and carbon neutrality by 2050. These targets were formalized in *Metro 2050*, the regional growth strategy. *Climate 2050* is implemented through ten issue-based roadmaps including the *Energy Roadmap,* which sets out goals, strategies, and actions to transition the region to 100% clean, renewable energy. Similarly, the Province has committed to strong climate action within *CleanBC*, including a target to reduce greenhouse gas emissions by 40% by 2030, from 2007 levels, building on its leadership to date.

As home to over half of BC's population, Metro Vancouver is ready to work with the BC Government to craft a clean energy future at both a regional and provincial level, in furtherance of our shared goals to achieve deep greenhouse gas emission reductions.

If you have any questions, please contact Conor Reynolds, Director, Air Quality and Climate Action Services, by phone at 604-456-8811 or by email at conor.reynolds@metrovancouver.org.

Yours sincerely,

George V. Harvie
Chair, Metro Vancouver Board

GVH/HM/nc

cc: Metro Vancouver Board Directors

Encl:

1. Filing from Metro Vancouver Regional District, City of Vancouver, District of Saanich, City of Richmond, District of North Vancouver to the BCUC Proceeding Related to the BC Hydro 2021 Integrated Resource Plan titled "Final Argument of Local Government Interveners", dated December 20, 2023

2. Filing from Metro Vancouver Regional District, City of Vancouver, District of Saanich, City of Richmond, District of North Vancouver to the BCUC Proceeding Related to the FortisBC Energy Inc. 2022 Long Term Gas Resource Plan titled "Final Argument of Local Government Interveners", dated December 20, 2023

BRITISH COLUMBIA

February 28, 2024

Ref: 120224

George V. Harvie
Chair, Metro Vancouver Board

Email: CAOAdministration@metrovancouver.org

Dear George V. Harvie:

Thank you for your letter dated February 1, 2024, regarding the role of the gas and electric utilities in meeting our provincial climate objectives. The Premier has asked me to respond on his behalf.

The Province is committed to building a clean economy that addresses our obligations to combat climate change by driving down emissions, while creating good, family-supporting jobs. As outlined in my Mandate Letter, we are working with the British Columbia Utilities Commission (BCUC) to determine how they can better support British Columbia's clean energy transition. This is done in alignment with the Province's climate goal to achieve net-zero by 2050, while also considering affordability and the impacts to ratepayers. We are encouraged to see local governments actively participating in the utilities' long-term planning proceedings.

Climate change is already making extreme weather events more frequent across the country and around the world. To achieve BC's climate objectives, a shift in how the electric and natural gas systems meet customer needs is required, particularly regarding the management of peak demand. Currently, natural gas distribution utilities meet about two-thirds of the Province's peak winter energy demand. In developing our approach to facilitate BC's transition to cleaner energy systems, close coordination in planning for the future of the electricity and natural gas systems will be required.

As my Ministry develops a Climate Aligned Energy Framework (the Framework), we will need to consider key energy system transition challenges and opportunities, including energy resiliency, affordability, and leveraging utility strengths such as existing infrastructure and low cost of capital. The Province is currently working to bring the two utilities together, to develop joint approaches for optimizing the combined electricity and gas infrastructure to achieve emissions reductions in the most cost-effective way. BC Hydro and FortisBC have significant expertise that will contribute greatly to the development of the Framework.

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Ministry of
Energy, Mines and
Low Carbon Innovation

Office of the Minister

Mailing Address:
PO Box 9060, Stn Prov Govt
Victoria, BC V8W 9E2

Telephone: 250 953-0900
Facsimile: 250 356-2965

The Framework will be a key step to securing our ongoing economic prosperity, enabled by an energy system that is powered by our world-leading low carbon resources. It will set the stage for future work and inform a more detailed energy plan. As my staff continues to build out priority actions through the Framework, we will continue to engage all stakeholders.

I deeply appreciate Metro Vancouver's interest in working with the Province on our mutual climate objectives, and welcome the input provided by the Board of Directors. We look forward to further discussions on how we can work together to achieve our shared objective of a clean, competitive and inclusive energy system.

Thank you again for writing.

Sincerely,

Josie Osborne
Minister

CC: Anne Kang, Minister
Ministry of Municipal Affairs
MUNI.Minister@gov.bc.ca

George Heyman, Minister
Ministry of Environment and Climate Change Strategy
ENV.Minister@gov.bc.ca

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September 25, 2023

File: CR-12-01
Ref: RD 2023 Jul 28

The Honourable David Eby, K.C., M.L.A.
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The Honourable Josie Osborne, M.L.A.
Minister of Energy, Mines, and Low Carbon Innovation
PO Box 9060 Stn Prov Govt
Victoria, BC V8W 9E2
VIA EMAIL: EMLI.Minister@gov.bc.ca

Dear Premier Eby, Minister Heyman, Minister Kang, and Minister Osborne:

Changes in Provincial Legislation Needed to Address Gas Utilities in British Columbia

At its July 28, 2023 regular meeting, the Board of Directors of the Metro Vancouver Regional District (MVRD) adopted the following resolution:

That the MVRD Board:

a) send letters to the Premier, the Minister of Municipal Affairs, the Minister of Environment and Climate Change Strategy, and the Minister of Energy, Mines and Low Carbon Innovation, in response to Richmond City Council's request for support, asking the Government of British Columbia to reform the British Columbia Utilities Commission in the context of a changing climate and urgently enact legislation that regulates greenhouse gas emissions from gas utilities, in alignment with the strategies and actions in the Climate 2050 Energy Roadmap; and

b) request meetings between Metro Vancouver staff and the appropriate provincial ministries, to discuss the issues raised in the letters.

Climate 2050 guides Metro Vancouver's policies and actions to transition our region to a resilient, low carbon future. *Climate 2050* establishes a regional greenhouse gas reduction target of 45% by 2030, compared to 2010 levels, and carbon neutrality by 2050. These targets were formalized in *Metro 2050*, the regional growth strategy. *Climate 2050* is implemented through ten issue based roadmaps, and of these, the *Energy Roadmap* sets out goals, strategies, and actions to transition the region to 100% clean, renewable energy. Similarly, the Province has committed to strong

climate action within *CleanBC*, including a target to reduce greenhouse gas emissions by 40% by 2030, from 2007 levels, building on its leadership to date. Our governments are strongly aligned in the pursuit of strong climate action to meet our respective climate targets.

In May 2023, Metro Vancouver received a request from the City of Richmond asking for Metro Vancouver's support on seven energy policy recommendations to the Province. That request is Attachment 1 to this letter. The City of Richmond's recommendations are aligned with the following actions in the *Climate 2050 Energy Roadmap*, two of which are designated as Big Moves, and are foundational actions to achieving the 2030 and 2050 targets:

- Action 1.1, "Align British Columbia's Energy Objectives with Strong Climate Action", to ensure that the BC's energy objectives outlined in the *Clean Energy Act* reflect strong action on climate change.
- Action 1.2, "Strong Climate Mandate for Energy Utilities", to ensure that the BCUC regulates public utilities in a manner that ensures their appropriate contribution to achieving BC's energy objectives, which include BC's legislated greenhouse gas reduction targets.
- Action 1.4, "Long-term Planning Scenarios for the Transition to 100% Clean, Renewable Energy", to ensure that the utilities are coordinating their long-term resource plans, using common planning scenarios.
- Action 1.6, "Implement Tracking, Verification, and Reporting Requirements for Renewable Natural Gas Supply", to guarantee the integrity of emission reductions from renewable natural gas (RNG) supply, and mitigate risks of double-counting.

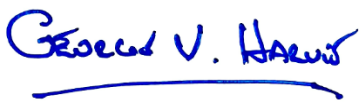
Therefore, on behalf of the MVRD Board, I am writing to ask that the Province reform the British Columbia Utilities Commission in the context of a changing climate and urgently enact legislation that regulates greenhouse gas emissions from gas utilities. These reforms will be essential to protect the affordability of energy services through the clean energy transition.

The Province is a leader on climate action, implementing the first carbon tax in North America, establishing the *BC Low Carbon Fuel Standard*, developing *CleanBC*, and now, considering progressive policies such as an emissions cap for the oil and gas industry. It is clear that the Province is taking action to address the above topics. However, given that provincial energy policy has a significant impact on Metro Vancouver residents, Metro Vancouver is writing to request deeper engagement from the Province on policies related to the *Energy Roadmap* actions. Specifically, Metro Vancouver would like to be meaningfully engaged on critical pieces of provincial energy policy, such as development of the natural gas emissions cap, as well as tracking, verification, and reporting requirements for RNG supply. Local governments have a unique perspective related to the energy transition, which should be reflected within provincial policy deliberations.

Metro Vancouver staff would like to meet with ministry staff to discuss the issues raised in this letter and how to work more closely together on energy policy. Staff will be in touch with your offices to request meetings. If you have any questions in the meantime, please contact Conor Reynolds, Director, Air Quality and Climate Action Services, by email at conor.reynolds@metrovancouver.org or by phone at 604-456-8811.

Metro Vancouver looks forward to continuing to work with the BC Government on advancing climate action at both a regional and provincial level, in furtherance of our shared goals to achieve deep greenhouse gas emission reductions and ensure affordability.

Yours sincerely,



George V. Harvie
Chair, Metro Vancouver Board

GVH/HM/nc

Encl: Report from staff to Climate Action Committee titled “Changes in Provincial Legislation Needed to Address Gas Utilities in British Columbia”, dated June 19, 2023

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BRITISH COLUMBIA

January 22, 2024

George Harvie
Office of the Chair
Metro Vancouver Board
Sent via email: chair@metrovancouver.org

Dear Chair George Harvie:

Thank you for your letter received on September 25, 2023, regarding changes in provincial legislation needed to address gas utilities in British Columbia.

The Province is committed to building a clean economy that addresses our obligations to combat climate change by driving down emissions, while creating sustainable, family-supporting jobs. As outlined in the Mandate Letter to the Minister of Energy, Mines and Low Carbon Innovation, Minister Osborne and her staff are working with the BC Utilities Commission (BCUC) to determine how they can better support BC's clean energy transition. This is done in alignment with the Province's climate goal to achieve net-zero by 2050, while also considering impacts to ratepayers and affordability. We value the input of local governments on the role of the BCUC.

Through the CleanBC Roadmap to 2030, the Province committed to phasing out utility gas equipment incentives and establishing an emissions cap for natural gas utilities. In June 2023, amendments were made to the Demand-Side Measures Regulation under the *Utilities Commission Act* so that gas utilities can no longer provide incentives for conventional gas-fired equipment that is less than 100 percent efficient.

Work is underway to thoroughly consider how we undertake energy supply and demand planning for a low carbon future that meets the needs of people and communities. One of our priorities is to create a Climate-Aligned Energy Framework for BC with an overall goal of maximizing our province's production of clean energy to use at home and for export.

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Office of the Premier

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Victoria BC V8W 9E1

Location:
Parliament Buildings
Victoria

As Minister Osborne and her staff work to develop that framework, the views expressed in your letter will be considered, and we welcome staff-to-staff discussions as this work continues to achieve our mutual climate goals.

Thank you, again, for writing.

Sincerely,

David Eby, KC
Premier

cc: Honourable Josie Osborne
Minister of Energy, Mines and Low Carbon Innovation

Honourable George Heyman
Minister of Environment and Climate Change Strategy

Honourable Anne Kang
Minister of Municipal Affairs

BC Utilities Commission Decisions

& LOCAL GOVERNMENT INTERESTS

Lise Townsend

Division Manager, Air Quality and Climate Action Services

metrovancouver

Climate Action Committee | May 9, 2024

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BC UTILITIES COMMISSION (BCUC) PROCEEDINGS

Background

- What is the BCUC?
- What is a Proceeding?
- What is the role of Interveners?
- Where is the information posted?

3 BCUC PROCEEDINGS

FortisBC Long-Term Gas Resource Plan (LTGRP)

20-year plan to preserve gas system load and shift from fossil natural gas to renewable gases

- MVRD
- City of Vancouver
- City of Richmond & LI Energy Co.
- District of North Vancouver
- District of Saanich

BC Hydro Integrated Resource Plan (IRP)

20-year plan to meet anticipated demand for electricity, including for accelerated electrification

- MVRD
- City of Vancouver
- City of Richmond & LI Energy Co.
- District of North Vancouver
- District of Saanich

FortisBC RNG Rates

Included proposal to provide mandatory 100% RNG to new buildings with rolled-in pricing

- MVRD
- City of Vancouver
- City of Richmond & LI. Energy Co.
- District of North Vancouver
- District of Saanich
- City of Victoria

LOCAL GOVERNMENT INTERVENERS FINAL ARGUMENT: FORTIS BC LONG-TERM GAS PLAN

Local Government Interveners recommended that the LTGRP not be used as the basis for decision-making and planning

Uncertain supply of RNG and hydrogen; reliance on unknown technologies

Uncertain infrastructure impacts, including hydrogen blending and separate "backbone“ pipelines

Integration and compatibility with BC Hydro long-term planning lacking - direction needed from Province

LOCAL GOVERNMENT INTERVENERS FINAL ARGUMENT: BC HYDRO RESOURCE PLAN

Local Government Interveners recommended that the BCUC accept the IRP and direct BC Hydro to update the plan within 18 months with attention to local demand for electrification.

Planning for accelerated electrification needed to support local government climate targets

Transmission and distribution to meet local electrification needs should be included in a near-term update

Integration and compatibility with FortisBC long-term planning lacking - direction needed from Province

LOCAL GOVERNMENT INTERVENERS FINAL ARGUMENT - FORTISBC RNG RATES

Local Government Interveners recommended that the BCUC reject the application.

FortisBC's proposal is *discriminatory* *and violates* rate-making principles. It amounts to a $750 million subsidy over the next 8 years, from existing customers to new customers.

Long-term supply of RNG in question; risk of double-counting GHG reduction from RNG procured from outside the province

Proposal would **undermine LG policy-making authority** for new construction, and skew investments toward gas systems

BCUC DECISIONS

FortisBC Long-Term Gas Resource Plan (LTGRP)

✓ **Broadly accepted** LTGRP
x **Rejected** planned investments in LNG and Resiliency Plan
? **Did not address** lack of coordination between utilities

BC Hydro Integrated Resource Plan (IRP)

✓ **Accepted** the IRP including Signposts Update and 3,700 GWh new power
? **Did not address** lack of coordination between utilities

FortisBC RNG Rates

✓ **Accepted** the Voluntary RNG Service and the RNG Blend Service
x **Denied** the RNG Connections Service; "unreasonable and unduly discriminatory"

UNCERTAINTIES

FortisBC and BC Hydro Long-Term Plans

- Alignment with provincial and local government GHG targets
- Green gases: availability, infrastructure, cost
- Electrical system build-out – timeline and costs
- Lack of coordinated planning remains a concern

KEY FINDINGS

- Value to participating; elevated interests and profile, protected local government policy-making authority
- Need to continue to advocate for provincial climate-aligned energy policy
- Potential role for local planning and distributed energy

QUESTIONS?

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