

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,



Mike Hurley
Chair, Metro Vancouver Board

MH/CR/lt
68518774

cc: Jerry W. Dobrovlny, 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.
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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 Plan¹ 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 Program². 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 changes³.
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 evidence⁴, 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.](#)



Office of the Chair
Tel. 604-432-6215 or via Email
CAOAdministration@metrovancover.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
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VIA EMAIL: premier@gov.bc.ca

The Honourable George Heyman, M.L.A.
Minister of Environment and Climate Change Strategy
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The Honourable Anne Kang, 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:

**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.

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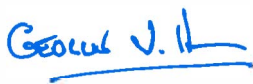
Therefore, on behalf of the Metro Vancouver Board of Directors, I am writing to ask that the Province accelerate action on the provincial Climate-Aligned Energy Framework (CAEF), including a goal to improve the coordination between FortisBC's and BC Hydro's long-term planning processes. If properly designed 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@metrovancover.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



Metro Vancouver
CAO Executive Offices

APR 03 2024

RECEIVED

February 28, 2024

Ref: 120224

George V. Harvie
Chair, Metro Vancouver Board

Email: CAOAdministration@metrovancover.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

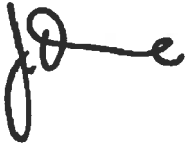
Telephone: 250 953-0900
Facsimile: 250 356-2965

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,

A handwritten signature in black ink, appearing to read 'Josie', with a stylized flourish extending to the right.

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
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Office of the Chair
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September 25, 2023

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

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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:

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

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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.

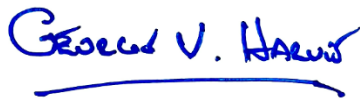
Therefore, on behalf of the MVRD Board, I am writing to ask that the Province reform the British Columbia Utilities Commission in the context of a changing climate and urgently enact legislation that regulates greenhouse gas emissions from gas utilities. These reforms will be essential to protect the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



Metro Vancouver
CAO Executive Office

JAN 23 2024

RECEIVED

January 22, 2024

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

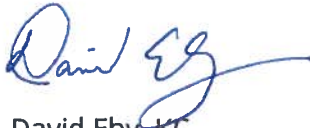
Work is underway to thoroughly consider how we undertake energy supply and demand planning for a low carbon future that meets the needs of people and communities. One of our priorities is to create a Climate-Aligned Energy Framework for BC with an overall goal of maximizing our province's production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

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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,

A handwritten signature in blue ink, appearing to read "David Eby", with a long horizontal flourish extending to the right.

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?