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Via email: lcfrr@gov.bc.ca

Ministry of Environment & Climate Change Strategy
The British Columbia Low Carbon Fuels Branch

Re: Comments on the British Columbia Low Carbon Fuels Compliance Pathway Assessment

FortisBC delivers approximately 21 per cent of the total energy consumed in British Columbia, the most by any utility in the province. We own and operate two liquefied natural gas (LNG) storage facilities and operate seven hydroelectric generating plants, four of which we own. Our more than 2,200 employees serve approximately 1.1 million customers in 135 communities across BC. In 2016, FortisBC invested over $407 million in capital expenditures in the province, bringing our gross asset base to $7.2 billion. Looking forward, we plan to invest a further $2.8 billion in capital expenditures between 2017 and 2021. We are committed to investing in projects that will make life more affordable for British Columbians, improve efficiency, reduce greenhouse gas emissions and drive innovation. By investing in BC natural gas and electricity, we see a long-term opportunity to create sustainable, well-paying jobs across the province.

FortisBC owns and operates a number of sustainable energy solutions that will help your government expand energy efficiency and conservation programs while lowering greenhouse gas emissions in the province. FortisBC also partners with key stakeholders in the private sector, local government and crown corporations to deploy sustainable energy solutions. We are one of the first utilities in North America to have an approved program for the supply and delivery of Renewable Natural Gas ("RNG") where the utility works with municipal landfills, waste-water treatment facilities, and private farms to capture methane from decomposing organic material. This methane can then be purified to produce carbon neutral RNG, and can be injected into the utility distribution system to displace conventional natural gas in the buildings, industry or transport sectors.

FortisBC has been supporting the development of the CNG/LNG transportation market in BC since 2010. Since this time, FortisBC has supported the adoption of over 770 natural gas vehicles and seven marine vessels. Support is provided to adopting fleets in the form of financial incentives to kick start the market transformation process of adopting natural gas as a transport fuel. The Greenhouse Gas Reduction Regulation that enables FortisBC to support the market with incentives runs through to April 1, 2022. Compliance credits are generated under the Renewable and Low Carbon Fuel Requirements Regulation (RLCFRR) from the sale of applicable LNG and CNG fuel. This revenue further enhances the benefit of utilizing CNG and LNG fuel, as these fuels are less carbon intensive than fuels such as gasoline and diesel.

FortisBC is investing in infrastructure like expansion of our Tilbury LNG facility to support the expansion of natural gas transport solutions and address concerns over fuel availability. Once operational, the expanded facility will help meet the growing LNG demands of the transportation sector, remote communities and industry in BC, all while reducing carbon emissions. The Tilbury LNG facility has been operating safely and reliably since 1971 as an on-system peak shaving resource. The current expansion, which will add a billion cubic foot storage tank and 0.23 million tonnes per annum of liquefaction capacity, will provide LNG supply to the emerging transportation market. FortisBC also has approved gas delivery tariffs for LNG, which enable FortisBC to supply competitive LNG at our facilities and also to deliver LNG using our tanker assets to customers throughout BC.

In addition to being a supplier of LNG, FortisBC also constructs, owns and operates CNG and LNG fueling stations in BC. We currently have 19 CNG and LNG fueling stations providing fueling services to CNG and LNG transport customers in BC. The continuation of regulations promoting the use of alternative fuels is an important contributor to the business case for CNG and LNG customers to expand this network and provide more options to comply.

BC's transportation industry is responsible for the largest share of provincial greenhouse gas emissions. By converting fleets, mining vehicles and marine vessels to natural gas we're helping reduce carbon dioxide emissions by up to 29 per cent while ensuring these industries vital to British Columbia remain sustainable and competitive. Our LNG is being used by a variety of operators including BC Ferries and the community of Anahim Lake in the Chilcotin.

BC Ferries' use of natural gas for the three new Salish Class vessels results in the reduction of an estimated 9,000 tonnes of carbon dioxide equivalent per year, which is the same as taking 1,900 cars off the road annually. Additionally, the planned conversion of the two Spirit Class vessels to LNG will realize a further reduction of 12,000 tonnes annually. LNG-powered ferries will reduce ferry fuel costs by more than 40% and provide cost-certainty over the long term.

FortisBC has four operational renewable natural gas (RNG) projects that capture, clean, and inject RNG into our distribution system. Since the renewable natural gas offering launched to residential customers in June 2011 and commercial customers in March 2012, our 8,500+ supporters have helped reduce greenhouse gas emissions by an amount equivalent to removing 7,200 cars from the road. We are developing three additional RNG gas production facilities located in the Lower Mainland with more to come as a result of increasing customer demand.

RNG can significantly reduce the carbon intensity of transport fuels even beyond the benefits of displacing diesel with CNG or LNG. FortisBC is actively exploring opportunities to utilize RNG in the transport system. For example, in 2017 FortisBC partnered with the City of Surrey to develop and build a City-owned facility that creates RNG from the City's organic waste collection. Source separated organics such as kitchen food waste are collected by the City's waste hauler fleet, which is powered by CNG. The organic waste will be delivered to a processing facility where it will be upgraded to RNG and then injected in to the FortisBC natural gas distribution system. Expected pipeline-quality RNG will effectively create the equivalent of 100,000 GJ, enough to heat approximately 1,100 homes. The City of Surrey will purchase the majority of the RNG produced, to indirectly fuel their natural gas waste hauler fleet and their District Energy System, creating a closed loop system turning waste in to renewable energy.

FortisBC is also interested in options to expand the network of electric charging stations. We believe that utilities like FortisBC can play an important role to make initial investments in charging infrastructure to support the market transformation process of emerging markets. Supportive provincial policy should help de-risk the early stages of this infrastructure for a utility like FortisBC to invest.

Clearly, we see an important role for FortisBC's energy solutions to lower the carbon intensity of transport fuels. The BC Low Carbon Fuel Standard (LCFS) not only reduces carbon, it has also produced important co-benefits such as reducing criteria air contaminants (CAC) and noise pollution. This is helping improve the healthy and livability of communities in BC. The BC government should consider additional incentives or credits for fuel options that reduce CACs to ensure that fuel options are leading to a more sustainable end-use energy system across a number of indicators. FortisBC is supportive of the proposed direction of BC's Low Carbon Fuel Standard for the transport sector. The Standard has supported the responsible development of BC's low-carbon gas resources to provide domestic solutions to reduce the carbon intensity of transportation fuels.

Sincerely,

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