

From: **"Mochrie, Paul"**

To: **"Direct to Mayor and Council - DL"**

Date: 2024-04-02 2:14:08 PM

Subject: Memo to Mayor & Council - Recent BC Utilities Commission Decisions on Energy Transition

Attachments: Memo to Mayor & Council - Memo - Recent BC Utilities Commission Decisions on Energy Transition.pdf

Dear Mayor and Council,

This memo provides an update on three recent BC Utilities Commission (BCUC) decisions on energy transition issues in which the City was an intervenor. Key points include:

- The BCUC approved BC Hydro. Integrated Resource Plan as in the public interest and consistent with BC's Clean Energy Act objectives. They found that the IRP appropriately forecasted electricity demand from population growth, electrification, and industrial development.
- The BCUC approved Fortis' application to continue its voluntary renewable natural gas (RNG) program and begin blending RNG into the gas supply for all customers. In the same decision, the BCUC denied Fortis' application to provide 100% RNG to all new customers because it was determined to be an unreasonable subsidy between existing and new customers.
- The BCUC largely approved Fortis' Long Term Gas Resource Plan as in the public interest and consistent with BC's Clean Energy Act objectives. Two exceptions were Fortis' resiliency plan because the BCUC wanted more details on scenarios where gas demand declines, and Fortis' plan for LNG in marine bunkering, where the BCUC concluded there was too much market uncertainty.
- Overall, the BCUC's direction to BC Hydro and Fortis aligns well with City priorities and goals. Staff believe Vancouver's participation in the process was an important part of achieving these outcomes.

Should you have any questions, please contact Doug Smith (doug.smith@vancouver.ca).

Best,
Paul

Paul Mochrie (he/him)
City Manager
City of Vancouver



The City of Vancouver acknowledges that it is situated on the unceded traditional territories of the xʷməθkʷəy̓əm (Musqueam), Skwxwú7mesh (Squamish), and səliwətał (Tsleil-Waututh) Nations.

MEMORANDUM

March 26, 2024

TO: Mayor and Council

CC: Paul Mochrie, City Manager
Armin Amrolia, Deputy City Manager
Karen Levitt, Deputy City Manager
Sandra Singh, Deputy City Manager
Katrina Leckovic, City Clerk
Maria Pontikis, Chief Communications Officer, CEC
Teresa Jong, Administration Services Manager, City Manager's Office
Mellisa Morphy, Director of Policy, Mayor's Office
Trevor Ford, Chief of Staff, Mayor's Office
Patrice Impey, General Manager, Finance
Andrea Law, General Manager, Development, Buildings and Licensing
Lon LaClaire, General Manager, Engineering Services

FROM: Doug Smith, Acting General Manager, Planning, Urban Design and Sustainability

SUBJECT: Recent BC Utilities Commission Decisions on Energy Transition

RTS #: N/A

This memo provides an update on three recent BC Utilities Commission (BCUC) decisions on energy transition issues in which the City of Vancouver intervened. The City participates in BCUC processes when they may have an impact on City operations, residents, or businesses. The decisions were on BC Hydro's [Integrated Resource Plan \(IRP\)](#), Fortis' [Renewable Natural Gas \(RNG\) rates application](#), and Fortis' [Long Term Gas Resource Plan \(LTGRP\)](#).

BC Hydro's Integrated Resource Plan

- The BCUC accepted that the IRP is in the public interest and aligned with the BC Clean Energy Act objectives and concluded that BC Hydro did an appropriate job forecasting electricity demand from population growth, electrification, and industrial development.
- The BCUC endorsed BC Hydro's proposal to update the IRP more frequently given rapidly evolving policy and technology. The next IRP is due in October 2025.
- The BCUC concluded that there is a need for the power that BC Hydro is preparing to procure and that they should plan for additional supply in their next IRP.
- The BCUC concluded that there would be value in Fortis and BC Hydro being more coordinated in their planning processes, but they also cautioned there would be challenges and point to it being a provincial responsibility. They expect Fortis and BC Hydro to include common energy transition assumptions (e.g. percentage of new buildings with gas space/water heat) to illustrate why the utilities have different gas and electricity forecasts.

- The BCUC is expecting the next IRP to have more detail on BC Hydro's efforts to reduce demand peaks (e.g. by charging electric vehicles at night) and demonstrate how the distribution system will be optimized and strengthened to meet increasing demand.

Fortis's RNG Rates Application

- The application focused on Fortis' proposal to pay for increasing volumes of RNG, which have grown beyond what can be paid for solely through a voluntary customer program.
- The application included three components: a 100% RNG rate for new customer connections, an increasing blend of RNG for all customers, and a continued voluntary program for customers wanting a higher blend of RNG.
- The BCUC denied the 100% RNG for new connections rate, primarily because they determined that the rate would be an unreasonable subsidy borne by existing customers.
- The BCUC approved the blended rate and voluntary rate. As Fortis clarifies how much RNG will be blended, staff will account for that in emissions forecasts. The City will continue to utilize the voluntary rate to purchase RNG for City buildings, fleet, and the Neighbourhood Energy Utility, and the voluntary rate will be a compliance option for large existing commercial buildings required to reduce emissions to meet the City's carbon pollution limits.

Fortis's Long Term Gas Resource Plan

- The BCUC approved most of the LTGRP as being in the public interest and consistent with the Clean Energy Act objectives. There were two exceptions to the approval:
 1. The resiliency plan in the LTGRP was rejected because it didn't adequately consider scenarios where the volume of gas delivered to customers declines.
 2. The portion of the LTGRP focused on investing in LNG for marine bunkering was rejected due to market uncertainty.
- The BCUC views the LTGRP as a reasonable first step in how Fortis plans for a low carbon future. The BCUC expects the next LTGRP to more robustly model how demand may be affected by the energy transition, and provide more detail on its actions to reduce emissions.
- The decision makes the same points on Fortis and BC Hydro better coordinating their long-term planning that are referenced in the IRP section above.
- The BCUC concludes that Fortis should shift to a more frequent planning cycle with the next LTGRP due on or before March 31, 2026.

Overall, the BCUC's direction to BC Hydro and Fortis aligns well with City priorities and goals. Staff believe Vancouver's participation in the process was an important part of achieving these outcomes.

Please feel free to contact me at doug.smith@vancouver.ca if you have any questions.



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