

PROVINCE OF BRITISH COLUMBIA

ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 302

, Approved and Ordered June 10, 2024



Lieutenant Governor

Executive Council Chambers, Victoria

On the recommendation of the undersigned, the Lieutenant Governor, by and with the advice and consent of the Executive Council, orders that, effective July 1, 2024,

- (a) the Fuel Price Transparency Regulation, B.C. Reg. 52/2020, is amended as set out in the attached Schedule 1, and
- (b) the Greenhouse Gas Reduction (Clean Energy) Regulation, B.C. Reg. 102/2012, is amended as set out in the attached Schedule 2.



Minister of Energy, Mines and Low Carbon Innovation



Presiding Member of the Executive Council

(This part is for administrative purposes only and is not part of the Order.)

Authority under which Order is made:

Act and section: *Clean Energy Act*, S.B.C. 2010, c. 22, s. 35; *Fuel Price Transparency Act*, S.B.C. 2019, c. 46, s. 23

Other: *O.C. 123/2020; O.C. 295/2012*

R10794424

SCHEDULE 1

1 *Section 6 (2) (b) of the Fuel Price Transparency Regulation, B.C. Reg. 52/2020, is repealed and the following substituted:*

- (b) the purchase price to the responsible person for credits under the *Low Carbon Fuels Act* that were purchased by the responsible person during the reporting period.

SCHEDULE 2

1 *Section 1 of the Greenhouse Gas Reduction (Clean Energy) Regulation, B.C. Reg. 102/2012, is amended by adding the following definition:*

“environmental attribute” means any credit, benefit, greenhouse gas emissions reduction, offset or allowance attributable to

- (a) the production and use of renewable natural gas, hydrogen, synthesis gas or lignin, and
- (b) the displacement, by the production and use described in paragraph (a), of the production and use of natural gas derived from fossil fuels; .

2 *Sections 2 and 2.1 are amended by striking out “March 31, 2024” wherever it appears and substituting “March 31, 2026”.*

3 *Section 2.2 (3) is repealed and the following substituted:*

(3) The public utility

- (a) acquires renewable natural gas that meets the criteria described in section 8.2 (3) at costs that meet the following criteria, as applicable:
 - (i) if the public utility enters into a contract, before December 31, 2023, to acquire renewable natural gas by purchasing it, the purchase price of the renewable natural gas does not exceed the maximum amount, determined in accordance with section 9 (1), in effect in the fiscal year in which the contract for purchase is signed;
 - (ii) if the public utility enters into a contract, on or after December 31, 2023, to acquire renewable natural gas by purchasing it, the purchase price of the renewable natural gas for each fiscal year of the contract for purchase does not exceed the maximum amount, determined in accordance with section 9 (2), in effect in that fiscal year;
 - (iii) if the public utility acquires renewable natural gas by producing it, the levelized cost of production reasonably expected by the public utility does not exceed the maximum amount, determined in accordance with section 9 (1), in effect in the fiscal year in which the public utility decides to construct or purchase the production facility,
- (b) subject to subsection (4) of this section and section 10, acquires renewable natural gas that, in a calendar year, does not exceed 15% of the total amount, in GJ, of natural gas provided by the public utility to its non-bypass customers in 2019,

- (c) acquires and sells or transfers to its customers the environmental attributes of the renewable natural gas it purchases or produces, and
- (d) the environmental attributes described in paragraph (c) are retired at the time of sale or transfer to the customers of the public utility.

4 Section 6 (b), (c) and (d) is repealed and the following substituted:

- (b) the hydrogen referred to in paragraph (a) meets the criteria described in section 8.2 (3);
- (c) the costs incurred by the public utility in producing or purchasing the hydrogen referred to in paragraph (a) meet the following criteria, as applicable:
 - (i) if the public utility produces hydrogen, the levelized cost of production reasonably expected by the public utility does not exceed the maximum amount, determined in accordance with section 9 (1), in effect in the fiscal year in which the public utility decides to construct or purchase the production facility;
 - (ii) if the public utility purchases the hydrogen for distribution through the natural gas distribution system in British Columbia, the purchase price of the hydrogen for each fiscal year of the contract for purchase does not exceed the maximum amount, determined in accordance with section 9 (2), in effect in that fiscal year;
 - (iii) if the public utility purchases the hydrogen to provide it to a customer by a means other than the natural gas distribution system in British Columbia, the sum of the purchase price of the hydrogen and the costs of distribution reasonably expected by the public utility does not exceed, for each fiscal year of the contract for purchase, the maximum amount, determined in accordance with section 9 (2), in effect in that fiscal year;
- (d) subject to section 10, the public utility purchases hydrogen in an amount that, in a calendar year, does not exceed 5 PJ;
- (e) the public utility acquires and sells or transfers to its customers the environmental attributes of the hydrogen it purchases or produces;
- (f) the environmental attributes described in paragraph (e) are retired at the time of sale or transfer to the customers of the public utility.

5 Section 7 (2) is amended

(a) in paragraph (a) by striking out “synthesis gas that is” and substituting “synthesis gas that meets the criteria described in section 8.2 (3) and that is”,

(b) by repealing paragraph (b) and substituting the following:

- (b) the sum of the purchase price of the synthesis gas referred to in paragraph (a) and the costs of distribution reasonably expected by the public utility does not exceed, for each fiscal year of the contract for purchase, the maximum amount, determined in accordance with section 9 (2), in effect in that fiscal year; , **and**

(c) by adding the following paragraphs:

- (d) the public utility acquires and sells or transfers to its customers the environmental attributes of the synthesis gas it purchases;
- (e) the environmental attributes described in paragraph (d) are retired at the time of sale or transfer to the customers of the public utility.

6 Section 8 (1) is amended

(a) in paragraph (a) by striking out “lignin that is” and substituting “lignin that meets the criteria described in section 8.2 (3) and that is”,

(b) by repealing paragraph (b) and substituting the following:

- (b) the sum of the purchase price of the lignin referred to in paragraph (a) and the costs of distribution reasonably expected by the public utility does not exceed, for each fiscal year of the contract for purchase, the maximum amount, determined in accordance with section 9 (2), in effect in that fiscal year; , *and*

(c) by adding the following paragraphs:

- (d) the public utility acquires and sells or transfers to its customers the environmental attributes of the lignin it purchases;
- (e) the environmental attributes described in paragraph (d) are retired at the time of sale or transfer to the customers of the public utility.

7 The following sections are added:

**Prescribed undertaking – grants and loans
for synthesis gas or lignin**

8.1 (1) A public utility’s undertaking that is in the class defined as follows is a prescribed undertaking for the purposes of section 18 of the Act:

- (a) the public utility purchases and distributes synthesis gas or lignin that meets the criteria described in section 7 (2) (a) or 8 (1) (a), as applicable;
- (b) the purchase described in paragraph (a) is from a customer of the public utility to whom the public utility provides a grant or zero-interest loan to cover the costs that the customer will incur to convert facilities, or to purchase equipment for the purpose of producing the synthesis gas or lignin to be sold to the public utility;
- (c) the sum of the following costs incurred by the public utility does not exceed, for each fiscal year of the contract for purchase of the synthesis gas or lignin, the maximum amount, determined in accordance with section 9 (2), in effect in that fiscal year:
 - (i) the costs incurred by the public utility to provide the grant or zero-interest loan;
 - (ii) the purchase price of the synthesis gas or lignin;
 - (iii) the costs of distribution reasonably expected by the public utility;

- (d) subject to section 10, the total amount of synthesis gas or lignin the public utility purchases, in a calendar year, from all customers described in paragraph (b) does not exceed 5 PJ;
 - (e) the public utility acquires and sells or transfers to its customers the environmental attributes of the synthesis gas or lignin it purchases;
 - (f) the environmental attributes described in paragraph (e) are retired at the time of sale or transfer to the customers of the public utility.
- (2) The costs of distribution described in subsection (1) (c) (iii) are limited to the costs of the construction and operation, at the site at which the synthesis gas or lignin is produced, of meters and pipelines associated with the undertaking.

Carbon intensity

8.2 (1) In this section:

“carbon dioxide equivalent” means the mass of carbon dioxide that would produce the same global warming impact as a given mass of another greenhouse gas, as determined in accordance with section 2 of the Low Carbon Fuels (Technical) Regulation;

“carbon intensity” has the same meaning as in section 1 of the *Low Carbon Fuels Act*;

“gCO₂e/MJ” means grams of carbon dioxide equivalent per megajoule of energy;

“GHGenius” means the spreadsheet model of that name designed for analyzing the components attributable to the stages of the life cycles of fuels for the purpose of determining all greenhouse gases resulting from the production and use of those fuels;

“greenhouse gas” has the same meaning as in section 1 of the *Climate Change Accountability Act*;

“higher heating value” means a measure of heat content based on the gross energy content of a combustible fuel;

“ISO” means the International Organization for Standardization;

“ISO 14044:2006” means ISO standard entitled *Environmental management – Life cycle assessment – Requirements and guidelines*, published in July 2006;

“reference date” means the date

- (a) a public utility decides to construct or purchase a production facility for the purposes of section 2.2 (3) (a) (iii), or
- (b) a contract for purchase is signed for the purposes of section 2.2 (3) (a) (ii), 6, 7, 8 or 8.1;

“verification body” means a person that is accredited as a verification body by, and is in good standing with, a member of the International Accreditation Forum.

(2) For the purposes of the definition of “carbon intensity” in subsection (1),

- (a) greenhouse gas emissions attributable to fuel are the total greenhouse gas emissions from all stages in the life cycle of the fuel, as calculated using the most recent version of GHGenius available on the reference date, and

- (b) the expected use of the fuel is for transportation, unless the public utility reasonably expects that the fuel will be used for another purpose.
- (3) For the purposes of sections 2.2 (3) (a), 6 (b), 7 (2) (a), 8 (1) (a) and 8.1 (1) (a), an undertaking is a prescribed undertaking only if the renewable natural gas, hydrogen, synthesis gas or lignin, as the case may be, that is acquired by the public utility has a carbon intensity that does not exceed 30.8 gCO₂e/MJ
 - (a) as forecast in accordance with subsection (4),
 - (b) as determined in accordance with subsection (5), and
 - (c) as verified in accordance with subsection (6).
- (4) The carbon intensity described in subsection (3) must be forecast
 - (a) within a reasonable time before the reference date,
 - (b) for the entire duration of the undertaking, and
 - (c) based on higher heating value.
- (5) The carbon intensity described in subsection (3) must,
 - (a) during the undertaking, be determined every 3 years, or at any other interval specified by the commission, and
 - (b) at the conclusion of the undertaking, be determined for the entire duration of the undertaking.
- (6) The carbon intensity forecast or determined for the purposes of subsection (3) is verified if the public utility provides to the commission a statement by a verification body that
 - (a) attests to the fair and accurate representation of the data used to forecast or determine the carbon intensity, and
 - (b) is prepared in accordance with ISO 14044:2006.
- (7) If, in a single undertaking, a public utility purchases renewable natural gas, hydrogen, synthesis gas or lignin that is produced at multiple production facilities, each delivery of the renewable natural gas, hydrogen, synthesis gas or lignin produced at each facility must meet the criteria described in subsection (3).

8 Section 9 is repealed and the following substituted:

Maximum amount for costs

- 9** (1) For the purposes of sections 2.2 (3) (a) (i) and (iii) and 6 (c) (i),
 - (a) the maximum amount in effect in the 2021/2022 fiscal year is \$31 per GJ, and
 - (b) for fiscal years subsequent to the 2021/2022 fiscal year, the maximum amount is calculated on April 1 of each year by multiplying
 - (i) the maximum amount in effect in the immediately preceding fiscal year, and
 - (ii) the sum of
 - (A) 1, and
 - (B) the annual percentage change for the previous calendar year.

- (2) For the purposes of sections 2.2 (3) (a) (ii), 6 (c) (ii) and (iii), 7 (2) (b), 8 (1) (b) and 8.1 (1) (c),
 - (a) the maximum amount for the first year of the contract for purchase is calculated on April 1 of that year in accordance with subsection (1), and
 - (b) the maximum amount for subsequent years of the contract for purchase is calculated on April 1 of each year by multiplying
 - (i) the maximum amount for the contract in effect in the immediately preceding fiscal year, and
 - (ii) the sum of
 - (A) 1, and
 - (B) half of the annual percentage change for the previous calendar year.

9 *Section 10 is amended by adding the following paragraph:*

- (e) purchases synthesis gas or lignin from customers to which it has provided grants or zero-interest loans in accordance with section 8.1, .