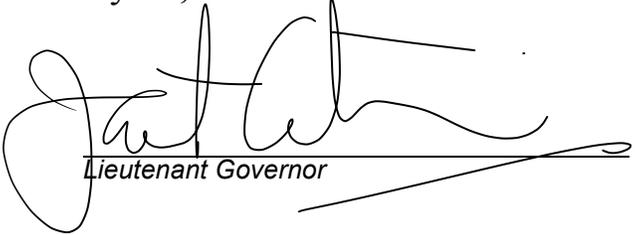


PROVINCE OF BRITISH COLUMBIA

ORDER OF THE LIEUTENANT GOVERNOR IN COUNCIL

Order in Council No. 306

, Approved and Ordered May 25, 2021



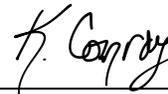
Lieutenant Governor

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 the Greenhouse Gas Reduction (Clean Energy) Regulation, B.C. Reg. 102/2012, is amended as set out in the attached Schedule.



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*, R.S.B.C. 1996, c. 473, s. 18 and s. 35 (n)

Other: O.C. 295/2012

R10468524

## SCHEDULE

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

“**annual percentage change**” means the annual percentage change in the annual average All-items Consumer Price Index for British Columbia, as published by Statistics Canada under the authority of the *Statistics Act* (Canada);

“**fiscal year**” means the period from April 1 in one year to March 31 in the next year;

**2 Section 2 is amended**

**(a) by adding the following subsection:**

(3.71) For the purposes of subsection (3.8), “acquires renewable natural gas” includes producing renewable natural gas by producing or purchasing biogas and upgrading it to renewable natural gas. , **and**

**(b) by repealing subsection (3.8) and substituting the following:**

(3.8) The public utility acquires renewable natural gas

(a) at costs that meet the following criteria, as applicable:

(i) if the public utility acquires renewable natural gas by purchasing it, the price of the renewable natural gas does not exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the contract for purchase is signed;

(ii) 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, in effect in the fiscal year in which the public utility decides to construct or purchase the production facility, and

(b) 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, subject to subsection (3.9) and section 10.

**3 The following sections are added:**

**Prescribed undertaking – hydrogen**

**6** A public utility’s undertaking that is in a class defined as follows is a prescribed undertaking for the purposes of section 18 of the Act:

(a) the public utility

(i) produces or purchases hydrogen that is distributed through the natural gas distribution system in British Columbia to the customers of that public utility or of another public utility, or

(ii) purchases hydrogen that is provided to a customer of the public utility other than through the natural gas distribution system in British

- Columbia and that is to be used by that customer to replace, at least in part, natural gas derived from fossil fuels;
- (b) the hydrogen referred to in paragraph (a)
    - (i) is derived from water using electricity that is generated primarily from clean or renewable resources, or
    - (ii) is waste hydrogen, as defined in the Clean or Renewable Resource Regulation, purchased by the public utility;
  - (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, 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 hydrogen
      - (A) that is distributed through the natural gas distribution system in British Columbia, the price of the hydrogen does not exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the contract for purchase is signed;
      - (B) that is provided to a customer other than through the natural gas distribution system in British Columbia, the price of the hydrogen and the costs of distribution reasonably expected by the public utility do not, together, exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the contract for purchase is signed;
  - (d) subject to section 10, the public utility produces or purchases hydrogen that, in a calendar year, does not exceed 15% of the total amount of natural gas, in GJ, provided by the public utility to its non-bypass customers in 2019.

**Prescribed undertaking – synthesis gas**

- 7 (1) In this section, “**biomass**” means non-fossilized plants or parts of plants, animal waste or any product made of either of these, other than a fuel product, and includes wood and wood products, agricultural residues and wastes, biologically derived organic matter found in municipal and industrial wastes, black liquor and kraft pulp fibres.
- (2) A public utility’s undertaking that is in a 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 that is
    - (i) derived from biomass,
    - (ii) to be used by a customer to replace, at least in part, natural gas derived primarily from fossil fuels, and
    - (iii) to be used at the site at which it is produced;

- (b) the price of the synthesis gas referred to in paragraph (a) and the costs of distribution reasonably expected by the public utility do not, together, exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the contract for purchase is signed;
  - (c) subject to section 10, the public utility purchases the synthesis gas in an amount that, in a calendar year, does not exceed 15% of the total amount of natural gas, in GJ, provided by the public utility to its non-bypass customers in 2019.
- (3) The costs of distribution described in subsection (2) (b) are limited to the costs of the construction and operation, at the site at which the synthesis gas is produced, of meters and pipelines associated with the undertaking.

**Prescribed undertaking – lignin**

- 8 (1) A public utility’s undertaking that is in a class defined as follows is a prescribed undertaking for the purposes of section 18 of the Act:
- (a) the public utility purchases and distributes lignin that is
    - (i) derived from black liquor,
    - (ii) to be used by a customer to replace, at least in part, natural gas derived from fossil fuels, and
    - (iii) to be used at the site at which it is produced;
  - (b) the price of the lignin referred to in paragraph (a) and the costs of distribution reasonably expected by the public utility do not, together, exceed the maximum amount, determined in accordance with section 9, in effect in the fiscal year in which the contract for purchase is signed;
  - (c) subject to section 10, the public utility purchases the lignin in an amount that, in a calendar year, does not exceed 15% of the total amount of natural gas, in GJ, provided by the public utility to its non-bypass customers in 2019.
- (2) The costs of distribution described in subsection (1) (b) are limited to the costs of the construction and operation, at the site at which the lignin is produced, of meters and pipelines associated with the undertaking.

**Maximum amount for costs**

- 9 For the purposes of sections 2 (3.8) (a), 6 (c), 7 (2) (b) and 8 (1) (b),
- (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.

**Aggregate amount if multiple undertakings**

**10** If a public utility does 2 or more of the following:

- (a) acquires renewable natural gas in accordance with section 2 (3.8);
- (b) produces or purchases hydrogen in accordance with section 6;
- (c) purchases synthesis gas in accordance with section 7;
- (d) purchases lignin in accordance with subsection 8,

the aggregate amount of all products must not exceed 15% of the total amount of natural gas, in GJ, provided by the public utility to its non-bypass customers in 2019.