

**EVIDENCE RELATING  
TO STEP C**

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**INTRODUCTION**

1 On July 7, 2017, Énergir, L.P. (Énergir) filed an application regarding measures relating to the  
2 purchase and sale of renewable natural gas (RNG); its proposals in that application included  
3 implementing a feed-in tariff (FIT) for subsidized producers.

4 On March 20, 2019, the Québec government enacted the *Regulation respecting the quantity of*  
5 *renewable natural gas to be delivered by a distributor* (the Regulation). Under the Regulation, the  
6 minimum requirement is set at 1% of total volumes distributed for 2020–2021, and will gradually  
7 increase to 5% by 2025–2026.

8 Énergir’s approach to procurement has evolved. On July 10, 2019, Énergir announced to the  
9 Régie de l’énergie (the Régie) that it intended to withdraw its initial evidence relating to the FIT  
10 from the file. It also informed the Régie that it would file new evidence on a purchase strategy for  
11 the first 1% of RNG under the Regulation.

12 In response to Énergir’s proposal, in its letter of August 7, 2019 (A-0051), the Régie established  
13 how file R-4008-2017 would be processed and set out the future topics, particularly those to be  
14 dealt with in steps B and C:

15 [Translation] “*The Régie considers that the next step (Step B) should be the examination, in*  
16 *accordance with section 72 of the Act, of the characteristics of the contracts to supply RNG that*  
17 *Énergir intends to conclude so as to meet the minimum quantity of RNG delivered by natural gas*  
18 *distributors as of 2020. This step is considered a priority so as to enable Énergir to enter into*  
19 *agreements for the acquisition of RNG.*”

20 [...]

21 *The next step (Step C) will be the substantive review, pursuant to section 48 of the Act, of the*  
22 *treatment of the renewable natural gas supply rate, as mentioned by the Régie in its decision D-*  
23 *2018-052 at paragraphs 39 to 41. At the end of this phase, the Régie will decide on the RNG rate*  
24 *strategy. It is therefore at this step that there will have to be a demonstration, in particular, of*  
25 *customer interest in purchasing RNG units on a voluntary basis, as well as a proposal for the*  
26 *treatment of unsold RNG units and the pricing strategy to reduce the impact on customers.”*

27 On May 26, 2020, the Régie rendered Decision D-2020-057 regarding Step B, filed on  
28 September 11, 2019. In its decision, the Régie approved the purchasing characteristics of the  
29 RNG supply contracts proposed by Énergir and determined, in particular, the following:

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- 1       • for the purposes of the Regulation, volumes delivered to interconnections in the territory  
2       must be accounted for; and
- 3       • for the purposes of the Regulation, Énergir must ensure that the volumes purchased are  
4       matched to the needs of voluntary customers.

5       Given these conclusions, Énergir reviewed its proposal.

6       This document constitutes the evidence for Step C, which is the substantive review of the RNG  
7       supply rate under section 48 of the *Act respecting the Régie de l'énergie* (the Act). To this end,  
8       certain elements drawn from previous evidence are repeated as they provide an overview that  
9       will facilitate the review of this step by the Régie and the intervenors on the file. As stipulated in  
10      Decision D-2018-052, the RNG rate strategy proposed by Énergir requires a demonstration of  
11      customer interest in purchasing RNG units on a voluntary basis, as well as a proposal for the  
12      treatment of unsold units.

## 1 BACKGROUND TO THE REGULATION

### 1.1 GOVERNMENT ENACTMENT OF THE REGULATION

1 As stated in the introduction, Énergir is subject to the Regulation. The quantity of RNG to be  
2 delivered annually is outlined in the Regulation as follows:<sup>1</sup>

3 “1. Natural gas distributors must deliver annually a quantity of renewable natural gas equal to or  
4 greater than the result of the following formula:

$$5 \quad T \times \frac{(LRA3 + LRA2 + LPA1)}{3}$$

6  
7 In the formula provided for in the first paragraph:

8 (1) the variable “T” represents

9 (a) a rate of 0.01 as of the distributor’s rate year beginning in 2020;

10 (b) a rate of 0.02 as of the distributor’s rate year beginning in 2023; and

11 (c) a rate of 0.05 as of the distributor’s rate year beginning in 2025;

12 (2) the variable “LRA3” represents the total of the distributor’s actual natural gas deliveries to the  
13 major enterprise market and the small and medium flow market for the third rate year preceding  
14 the current year, subtracted from any quantity of renewable natural gas;

15 (3) the variable “LRA2” represents the total of the distributor’s actual natural gas deliveries to the  
16 major enterprise market and the small and medium flow market for the second rate year preceding  
17 the current year, subtracted from any quantity of renewable natural gas;

18 (4) the variable “LPA1” represents the total of the distributor’s estimated deliveries to the major  
19 enterprise market and the small and medium flow market for the rate year preceding the current  
20 year, subtracted from any quantity of renewable natural gas.

21 The result of the formula and the variables described in subparagraphs 2 to 4 of the  
22 second paragraph are in million cubic metres (Mm<sup>3</sup>).”

23 For example, under the Regulation, the quantity of RNG to be delivered by Énergir in 2020–2021  
24 would be calculated as follows:

<sup>1</sup> Chapter R-6.01, r. 4.3, Regulation respecting the quantity of renewable natural gas to be delivered by a distributor; *Act respecting the Régie de l’énergie*, Chapter R-6.01, s. 112, 1st paragraph, subpar. 4.

**Table 1**  
**Quantity of RNG to be delivered by Énergir in 2020-2021 ( $10^3 m^3$ )<sup>2</sup>**

Rate year	Annual volume* ( $10^3 m^3$ )	RNG delivered ( $10^3 m^3$ )	Net volume ( $10^3 m^3$ )
2017–2018 (LRA3)	6,062,887	(1,397)	6,061,490
2018–2019 (LRA2)	6,056,483	(4,290)	6,052,192
2019–2020 (LPA1)	6,000,572	(6,450)	5,994,122
3-year average volume	6,039,980	(4,046)	6,035,934
<b>RNG to be delivered (1%)</b>			<b>60,359</b>

\* Excluding the volumes of dedicated network biogas customers.

## 1.2 ACCOUNTING FOR VOLUMES DELIVERED WITHIN THE MEANING OF THE REGULATION

1 In Decision D-2020-057, the Régie concluded that, under the wording of the Regulation, the  
 2 volumes of RNG delivered to interconnections located in the territory must be accounted for.  
 3 According to the Régie, this would make it possible to meet the two objectives of the Energy  
 4 Policy, i.e. increased RNG production in Québec and replacement of fossil natural gas by RNG  
 5 for Québec consumers.<sup>3</sup>

6 This interpretation implies that volumes of RNG delivered within the territory but consumed  
 7 outside the territory—for example, a Québec producer’s RNG units sold in the United States—  
 8 will have to be accounted for under the Regulation.

9 To ensure that it properly accounts for all the volumes of RNG that transit through its system,  
 10 Énergir will have to ensure that it can capture all potential scenarios. In addition to the volumes  
 11 purchased by Énergir, volumes from three scenarios must also be accounted for under the  
 12 Regulation:

- 13 1. The volumes of RNG produced and injected into the Énergir system, consumed by one or  
 14 more customers in the territory;
- 15 2. The volumes of RNG produced and injected into the Énergir system, consumed by one or  
 16 more customers outside the territory; and

<sup>2</sup> R-4119-2020, B-0009, Énergir-H, Document 4, p. 3.

<sup>3</sup> D-2020-057, paragr. 211, p. 60.

1 3. The volumes of RNG produced outside the territory, delivered in the territory for  
2 consumption by one or more of Énergir's customers.

3 For scenarios 1 and 2, RNG volumes are already accounted for, since in order to inject into the  
4 distributor's system, producers are subject to the receipt rate and all injected volumes are  
5 measured.

6 For the third scenario, Énergir proposes, in section 6.1, an amendment to Article 11.2.3.5 of the  
7 *Conditions of Service and Tariff* (CST) [...] to require direct purchase customers to inform Énergir  
8 of the quantities of RNG they supply.

9 As such, Énergir believes that it will be possible to account for all of the RNG volumes under the  
10 Regulation.

### 1.3 OBLIGATIONS OF THE DISTRIBUTOR

11 Also in Decision D-2020-057, the Régie defined the obligations of a natural gas distributor under  
12 the Regulation. The obligation to Énergir would therefore not consist in acquiring RNG volumes,  
13 but in delivering RNG to recipients. In paragraph 237 of its decision, the Régie states: *[translation]*

14 *"The delivery obligation in the Regulation requires the distributor to deliver a volume of RNG to*  
15 *recipients. It will only have to acquire it to satisfy its obligations under section 77 of the Act*  
16 *respecting the Régie, i.e., if these recipients are customers who request that it be supplied, in*  
17 *addition to delivered, for the sole purpose of satisfying their needs."*

18 In short, the "primary" obligation under the Regulation is a distribution obligation, with an  
19 "ancillary" supply obligation only if customers express a need for RNG consumption. Énergir must  
20 therefore match the acquisition of RNG with its customers' voluntary demand. To make RNG  
21 available to its voluntary customers, Énergir is proposing the creation of a new RNG supply  
22 service, with its own rate.

## 2 FUNCTIONALIZATION OF RNG PURCHASES

- 1 The first step in setting a rate is the functionalization of the costs incurred.
- 2 In order to allow the calculation of rates while limiting the transfers of amounts and adjustments  
3 on customer invoices, Énergir proposes the following functionalization.

### Calculation of RNG purchase price at Dawn

4 All RNG purchase costs would be functionalized at Dawn. Since Énergir can purchase the RNG  
5 on an in- or outside-franchise basis, some of the units purchased will have to be transported. To  
6 be able to charge voluntary customers adequately, for both transportation and supply, it is  
7 important that RNG purchases be functionalized at a common reference point. The  
8 functionalization of purchases at Dawn is consistent with the methodology already used for  
9 system gas: whether the gas comes from the franchise, Empress or Dawn, all purchases are  
10 functionalized at Dawn. In addition, as proposed in section 3.3, direct purchase customers have  
11 the option of subscribing to Énergir's RNG rate for a portion of their consumption. For the other  
12 part of their consumption, they must have conventional natural gas delivered to Dawn. Uniformity  
13 of the point of delivery will also allow for adequate pricing of supply and transportation to these  
14 customers.

15 For in-franchise RNG purchases, a transportation value would be deducted from the RNG  
16 purchase price. That portion would correspond to the distributor's transportation rate, less rate  
17 adjustments for maintaining FTLH capacity (85 TJ/day), ending December 31, 2020, and for the  
18 excess transmission capacity referred to in subparagraph (a) of subparagraph 3 of the  
19 first paragraph of section 72 of the Act. To illustrate this methodology, two detailed tables are  
20 presented below.

21 Table 2 shows how purchases of in-franchise produced RNG at a price of 50.000¢/m<sup>3</sup> would be  
22 functionalized.



Table 2

	Adjusted Énergir transportation rate (¢/m <sup>3</sup> )
<b>Purchase price for in-franchise RNG producer</b>	50.000
<b>Transportation portion</b>	
Distributor transportation rate <sup>(1)</sup>	-1.633
Minus the adjustment for:	
– Maintenance of FTLH <sup>(2)</sup> capacities	0.000
– Excess capacity <sup>(3)</sup>	-0.033
Adjusted distributor transportation rate	-1.666
<b>RNG purchase cost at Dawn (purchase price less transportation portion)</b>	<b>48.334</b>

<sup>(1)</sup> Distributor rate as at June 1, 2020.

<sup>(2)</sup> Capacity maintenance cost as at December 1, 2019.

<sup>(3)</sup> Cost of excess capacity as at December 1, 2019: The excess capacity is zero, but an overpayment has been incorporated.

1 Table 3 presents the amounts billed to a customer who contracts RNG from the distributor.

Table 3

	Adjusted Énergir transportation rate (¢/m <sup>3</sup> )
<b>Supply service (S)</b> RNG price at Dawn	48.334
<b>Transportation service (T)</b>	
Transportation basis price <sup>(1)</sup>	1.633
Rider <sup>(2)</sup>	0.000
<b>Total bill – S + T</b>	<b>49.967</b>

<sup>(1)</sup> Distributor's rate as at June 1, 2020 in Article 12.1.2.1.1 of the CST.

<sup>(2)</sup> Distributor's rate as at June 1, 2020 in Article 12.1.2.1.2 of the CST.

2 This example shows that ultimately, the customer will be charged the desired result, i.e. an RNG  
3 purchase price of 50.000 ¢/m<sup>3</sup>, adjusted by the excess capacity of -0.033 ¢/m<sup>3</sup> applicable to all  
4 customers.

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- 1 In light of the foregoing, Énergir proposes that the transportation portion for in-franchise RNG
- 2 purchases be functionalized by using the distributor transportation rate less rate adjustments for
- 3 FTLH capacity maintenance and excess transmission capacity.
  
- 4 The price that Énergir would pay to producers for RNG would not vary as the market fluctuated
- 5 during the year; prices are therefore not seasonal. Énergir would buy RNG available for sale from
- 6 producers based on contract volumes, without taking into account customers' day-to-day needs.
- 7 As a result, Énergir would exclude RNG purchases from the supply transfer to balancing
- 8 calculation.

### 3 RNG SALES

1 To meet a natural gas distributor's obligation under the Regulation defined in section 1.2, Énergir  
2 will have to supply itself with RNG to the extent of the anticipated voluntary demand and make  
3 available the RNG acquired to this identified customer category. In order to respect the principle  
4 of cost causation, the costs of supplying RNG should be charged to voluntary customers. Énergir  
5 proposes that the volumes of RNG consumed by voluntary customers be subject to a separate  
6 and specific RNG supply rate.

7 A provisional RNG rate has been in place since the Régie rendered Decision D-2019-120. This  
8 rate is part of the distributor's supply service. As mentioned in Exhibit B-0096, Gaz Métro-1,  
9 Document 1, the provisional rate makes it possible to comply with the rate principles and  
10 considerations below:

- 11 • Fairness among customers and a reduction and limitation of the level of cross-  
12 subsidization;
- 13 • Goals of simplicity, understanding and administrative ease; and
- 14 • Revenue stability and some rate stability.

15 Énergir maintains that the proposed supply service rate is the fairest and most beneficial for  
16 customers who wish to consume RNG, as well as for the rest of its customer base. The pricing-  
17 setting method is discussed in the next section.

#### 3.1 SETTING THE RNG RATE

18 The RNG rate would be set so as to recover exclusively the cost of acquiring RNG, as is always  
19 the case with the supply service. The rate would be set annually as part of the rate case. Énergir  
20 does not consider it necessary to review the RNG price on a monthly basis, as is done for system  
21 gas.

22 The variance of the purchase cost will be limited by the predominance of a longer term in the  
23 agreements signed with producers<sup>4</sup> and by the adoption of a portfolio diversification approach to

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<sup>4</sup> By way of illustration, refer to Appendix Q-3.2 filed under confidential cover of the answer to question 3.2 of the Régie's Request for Information No. 8, in Exhibit B-0307, Gaz Métro-2, Document 30 of the previous step of the file.

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1 purchase contracts. It should be noted that an annual review of the RNG price also leads to  
 2 greater customer satisfaction since customers will have greater cost certainty with respect to their  
 3 RNG consumption.

Setting the RNG rate

4 The RNG rate would then be calculated according to the following formula:

$$\begin{aligned} \text{RNG price} = \\ & \text{Average projected purchase cost for the 12 months of the rate case "a"} \\ & + \text{RNG price difference} \end{aligned}$$

Setting the projected average purchase cost for the 12 months of the rate case

5 When filing the rate case, Énergir would project the average purchase cost for the 12 months  
 6 from October to September, according to the following formula:

$$\begin{aligned} \text{Coût d'achat moyen projeté pour les 12 mois de la cause tarifaire (\$/m}^3\text{)} = \\ \frac{(\text{Price}_{\text{producer } 1} \times \text{Volumes}_{\text{producer } 1} + (\dots) + \text{Price}_{\text{producer } n} \times \text{Volumes}_{\text{producer } n})}{\text{Total RNG purchase volumes}} \end{aligned}$$

Setting the RNG price difference

7 The RNG rate will also have to incorporate the recovery/remittance of acquisition cost variance  
 8 from the second previous fiscal year. The RNG price difference deferred expense account (DEA)  
 9 balance will therefore be converted into a rate ( $\$/m^3$ ) as follows:

$$\text{RNG price difference (\$/m}^3\text{)} = \frac{(\text{DEA balance} - \text{RNG price difference } t-2 + \text{capitalized interest } t-1)}{\text{Total RNG sales volumes projected for the rate case}}$$

10 For example, the balance of the RNG price difference deferred expense account recognized in  
 11 the annual report for fiscal 2018–2019, plus the value of capitalized interest would be included in  
 12 the fiscal 2020–2021 RNG rate.

13 The terms and conditions for establishing the RNG price difference deferred expense account are  
 14 presented in section 4.1. Énergir is asking the Régie to include the balance of the deferral account  
 15 presented in the 2019 annual report, plus capitalized interest, in the RNG rate for the year  
 16 2020-2021.

### 3.2 TERMS AND CONDITIONS

1 In decisions D-2019-107<sup>5</sup> and D-2019-120<sup>6</sup>, the Régie approved, on a provisional basis, the  
2 amendment to articles 1.3, 10.2, 11.1.2 and 11.1.3 of the CST. These new terms and conditions  
3 for the RNG rate have yet to be implemented. The changes can be summarized as follows:

- 4 - **Article 1.3:** adjustment to the definition of fixed-price supply agreements<sup>[...]</sup>;
- 5 - **Article 10.2:** addition of a new combination of services for customers being supplied with  
6 RNG at Énergir's RNG rate for part of their consumption, and procuring natural gas  
7 through direct purchase with transfer of ownership for the other part<sup>[...]</sup>;
- 8 - **Article 11.1.2.1:** creation of the RNG supply rate; and
- 9 - **Article 11.1.3.5:** requirement of 60 days' notice to join (or withdraw) from the RNG  
10 supply rate and indication of the percentage of consumption targeted by the customer<sup>[...]</sup>.  
11 The same article includes the principle of "first-come, first on the list basis" with the  
12 allocation of consumption tiers to the customer and operational constraints to be respected  
13 by the distributor<sup>[...]</sup>, as well as possible financial settlement in the event that the  
14 percentage of consumption targeted by the customer is not met by the distributor<sup>[...]</sup>.

15 To address the concern expressed by the Régie in Decision D-2020-133<sup>7</sup> and facilitate the  
16 examination of step C as a whole, these changes to the CST that come from previous exhibits  
17 (B-0096, Gaz Métro-1, Document 1 and B-0180, Gaz Métro 1, Document 14) are detailed in  
18 Appendix 1. Each change is accompanied by its own argument and has been improved as  
19 needed.

20 Énergir proposes to renew the amendments to the articles cited on a permanent basis, with the  
21 exception of one rate application condition to be adjusted, as well as to review the way in which  
22 the RNG request list is managed.

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<sup>5</sup> Paragr. 175.

<sup>6</sup> Paragr. 47.

<sup>7</sup> Paragr. 60 and 61.

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1 To remove the notion of provisional application of the RNG rate and to take into account the  
2 annual review at the time of the rate case proposed by Énergir, the wording of Article 11.1.2.1  
3 should be modified as follows:

4 **“11.1.2.1 Supply Price**

5 *For each m<sup>3</sup> of volume withdrawn, the natural gas supply price, as of December 1, 2019, is*  
6 *10.988 ¢/m<sup>3</sup>. The price may be adjusted monthly to reflect actual cost of acquisition.*

7 *For each m<sup>3</sup> of volume withdrawn, the ~~provisional application of the renewable natural gas supply~~*  
8 *~~price, from June 19 to September 30, 2019, is 31.83¢/m<sup>3</sup>, and from October 1, 2019, is 34.13¢/m<sup>3</sup>.~~*  
9 *¢/m<sup>3</sup> renewable natural gas supply price, as of [date determined by the decision on the rate case],*  
10 *is ##,### ¢/m<sup>3</sup>.*

11 [...]”

12 In short, Énergir is seeking permanent approval of the articles that are currently in effect in the  
13 CST, with the exception of the change presented above for the provisional nature of the rate, and  
14 changes concerning the granting of RNG quantities among the voluntary customers, the proposal  
15 for which appears in section 5.5 regarding the RNG accessibility process and demand  
16 management.

## 4 INVENTORY MANAGEMENT

1 Since RNG has its own characteristics and must be monitored separately from conventional  
2 natural gas, it needs to be assigned a specific inventory management methodology. This section  
3 explains the methodology as well as the specifics of RNG inventory management.

### 4.1 INVENTORY MONITORING AND ACCOUNTING

4 Énergir proposes to value the RNG inventory based on the current RNG rate and to charge  
5 acquisition cost variances to the RNG price difference deferred expense account. The RNG  
6 inventory monitoring methodology would be based on the following parameters:

- 7 • acquisition cost differences between the price paid, reduced by the functionalized value  
8 of transportation for in-franchise purchases (as presented in section 2), and the current  
9 RNG rate are charged to the RNG price difference deferred expense account;
- 10 • equivalent sales and costs of RNG accounted for under the current RNG rate;
- 11 • inventory of RNG included in the rate basis; and
- 12 • non-rate-base RNG price difference deferred expense account, bearing interest at the  
13 prevailing weighted average cost of capital (WACC) would be incorporated into the RNG  
14 rate for the second subsequent rate year.

15 The table below, based on dummy data, presents an example of monitoring the RNG inventory  
16 and the RNG price difference deferred expense account with the integration of the proposed  
17 parameters. This table will be presented in Énergir's annual report.

Table 4

## Inventory and RNG price difference deferral account monitoring

Year	Inventory volume (10 <sup>3</sup> m <sup>3</sup> )				Inventory value (\$000) Valuation: RNG annual rate					RNG price difference DEA monitoring (\$000)							
	Start	Purchase	Sale	End	Start	Inv. reval.	Purchase	Sale	End	Start	RNG purchase price <sup>(1)</sup>	Supply price	Price difference	Differential t-2 <sup>(2)</sup>	Inv. var. <sup>(3)</sup>	Interest <sup>(4)</sup>	DEA
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)
2021 rate ¢/m <sup>3</sup>	1,000	50,000	(50,000)	1,000	\$400	\$200	\$30,000	(\$30,000)	\$600	-\$	\$30,990	\$30,000	\$990	-\$	(\$200)	\$26	\$816
				(1)+(2)+(3)	40.00		60.00	60.00	(5)+(6)+(7)+(8)	61.98	60.00		(11)-(12)		-(6)		(10)+(13)+(14)+(15)+(16)
2022 rate ¢/m <sup>3</sup>	1,000	70,000	(68,000)	3,000	\$600	(\$100)	\$35,000	(\$34,000)	\$1,500	\$816	\$36,190	\$35,000	\$1,190	-\$	\$100	\$95	\$2,201
					60.00		50.00	50.00		51.70	50.00						
2023 rate ¢/m <sup>3</sup>	3,000	89,000	(90,000)	2,000	\$1,500	(\$180)	\$39,160	(\$39,600)	\$880	\$2,201	\$37,240	\$39,160	(\$1,920)	(\$869)	\$180	\$58	(\$350)
					50.00		44.00	44.00		41.84	44.00						
2024 rate ¢/m <sup>3</sup>	2,000	134,000	(132,000)	4,000	\$880	(\$80)	\$53,600	(\$52,800)	1,600	(\$350)	\$57,460	\$53,600	\$3,860	(\$2,344)	\$80	\$29	\$1,276
					44.00		40.00	40.00		42.88	40.00						
2025 rate ¢/m <sup>3</sup>	4,000	144,000	(145,000)	3,000	\$1,600	(\$40)	\$56,160	(\$56,550)	\$1,170	\$1,276	\$57,660	\$56,160	\$1,500	\$373	\$40	\$145	\$3,333
					40.00		39.00	39.00		40.04	39.00						

(1) RNG purchase price net of transport value for in-franchise purchases.

(2) (Recovery)/remittance of differences in year t-2, plus the value of interest capitalized in t-1.

(3) Consideration for the revaluation of inventories at the beginning of the year.

(4) Interest capitalized according to the current WACC.



1 As part of Decision D-2019-107 rendered by the Régie with regard to the provisional RNG tariff,  
2 a temporary non-rate-base DEA bearing interest according to the prospective capital cost (PCC)  
3 was created effective June 19, 2019. However, for the reasons contained in Section 4.2 of Exhibit  
4 B-0360, Gaz Métro-5, Document 4 of this case, Énergir seeks to fund this temporary DEA at the  
5 weighted average cost of capital (WACC) instead of the prospective capital cost (PCC). Énergir  
6 believes that it is not consequential to apply a different treatment to this DEA than the one  
7 proposed for the DEA concerning the permanent application rate since they both serve to account  
8 for an identical price difference, namely the difference between the actual purchase cost of RNG  
9 and the revenues generated by the RNG rate. Subject to the Régie's approval, the balance of the  
10 temporary DEA would be recalculated based on the WACC before being integrated into the RNG  
11 rate at the end of this step of the case.

#### **4.2 RETURN AND TAXES ON RNG INVENTORY**

12 Énergir proposes that the costs of the return and income taxes generated by the RNG inventory  
13 be functionalized to the adjustment service related to existing system gas inventories. Both RNG  
14 and conventional natural gas consumers would be subject to this service. Since the inventory  
15 adjustment rate recovers costs based on the customer consumption profile, and since it is  
16 impossible to differentiate the customer profile by type of supply, it would be impossible to  
17 separately identify inventory maintenance costs between RNG and conventional natural gas.  
18 Furthermore, in the generic file on cost allocation and the rate structure,<sup>8</sup> Énergir proposed that  
19 the inventory-related adjustment service be abolished and that those costs be recovered in load  
20 balancing instead. The distributor considers functionalization more appropriate. It would therefore  
21 not be advisable to create a separate RNG inventory adjustment because it could be temporary.

#### **4.3 MONITORING OF VOLUMES SOLD**

22 Currently, a process and measures are in place to ensure that the total volumes billed at the RNG  
23 rate do not exceed the total RNG purchases made during the year. First, customer consumption  
24 scenarios are incorporated into the demand forecasting process in order to estimate the customer  
25 volumes at the RNG rate. A waiting list is maintained on a “first come, first on the list” basis and  
26 is monitored on a monthly basis. This list is also used as an input to the demand forecasting  
27 exercise. The forecast results are then incorporated into the demand forecast section of the

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<sup>8</sup> R-3867-2013, B-0133, Gaz Métro-5, Document 1, section 4.

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1 supply plan to ensure that planned RNG purchases do not exceed demand. Subsequently,  
2 Énergir evaluates whether it is operationally feasible to supply customers with RNG. This  
3 assessment applies both to a new application for the RNG rate and to a customer who is already  
4 signed up for the RNG rate wishes to change their consumption.

5 Customers' actual consumption may vary from the estimates in the demand forecasting  
6 scenarios. The same is true for RNG purchases, which could be different from those in the supply  
7 plan. If, after comparing the volumes purchased against those billed at the RNG rate for the period  
8 from October 1 to September 30, Énergir observed that more RNG was billed to customers than  
9 the volume actually purchased a financial settlement would be applied based on Article 11.1.3.5  
10 of the CST. This financial settlement would consist of billing system gas, subject to the Cap-and-  
11 Trade Emission Allowances System (CTEAS), to replace overbilled RNG. As the purchased RNG  
12 will have to be attached to customer demand, this should not be a common problem. As noted  
13 earlier in this section, measures are already in place to ensure that the total volumes billed at the  
14 RNG rate do not exceed the total RNG purchases made in a year, so this is unlikely to occur.

15 For example, if it was determined at year-end that a volume of 1,000 m<sup>3</sup> had been billed at the  
16 RNG rate during the preceding year but that the final total purchases had been only 900 m<sup>3</sup>, then  
17 100 m<sup>3</sup> would be subject to an adjustment on customers' invoices. If only two customers were on  
18 the RNG rate and had been billed 400 m<sup>3</sup> and 600 m<sup>3</sup> of RNG respectively, the adjustment would  
19 be made in proportion to the RNG volumes billed, i.e. 40 m<sup>3</sup> for the first customer and 60 m<sup>3</sup> for  
20 the second one. The financial settlement on the next invoice would be as shown in the following  
21 table.

Table 5

Example of a financial settlement (RNG invoiced &gt; RNG injected)

Components	Customer A RNG / Total consumption = 400 m <sup>3</sup>	Customer B RNG / Total consumption = 600 m <sup>3</sup>
RNG rate (45¢/m <sup>3</sup> )	-40 m <sup>3</sup> * 45 ¢/m <sup>3</sup> = -18.00	-60 m <sup>3</sup> * 45 ¢/m <sup>3</sup> = -27.00
Average system gas rate (15 ¢/m <sup>3</sup> )	40 m <sup>3</sup> * 15 ¢/m <sup>3</sup> = \$6.00	60 m <sup>3</sup> * 15 ¢/m <sup>3</sup> = \$ 9.00
Average CTEAS rate (3¢/m <sup>3</sup> )	40 m <sup>3</sup> * 3¢/m <sup>3</sup> = \$1.20	60 m <sup>3</sup> * 3¢/m <sup>3</sup> = \$ 1.80
<b>Credit to be paid to customers</b>	<b>-\$10.80</b>	<b>-\$16.20</b>

#### 4.4 USEFUL LIFE OF RNG

1 Énergir has done benchmarking related to the shelf life of RNG and of environmental credits in  
2 the broader sense.

3 No protocol has been defined in Canada for determining when an RNG unit can no longer be sold  
4 to a customer. However, it was concluded by the Fortis BC regulator that Fortis BC had to apply  
5 for an inventory transfer from the RNG to the conventional natural gas deferred expense account  
6 to be evaluated by its regulator as part of its RNG sales business. This demand shall include,  
7 inter alia, a comparison between the forecast demand for RNG and the forecast supply of RNG.

8 *“The Panel directs FEI to address the potential loss of the value of environmental attributes in any*  
9 *application to transfer inventory from the BVA to the MCRA, including a discussion of the steps FEI*  
10 *has taken to realize the value of the environmental attributes by other means than through sales to*  
11 *voluntary customers.*

12 [...]

13 *FEI is required to file a formal application with the Commission before unsold biomethane can be*  
14 *transferred from the BVA to the MCRA. The application must not be included as part of a quarterly*  
15 *gas cost review process. It will be left to FEI’s discretion to determine when it is appropriate to make*  
16 *application for a transfer of biomethane from the BVA to the MCRA. The application must be copied*

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1       to the intervenors in this proceeding and the Commission will consider whether a public hearing is  
2       required once the application has been filed.”<sup>9</sup>

3       The regulator specifies that the loss of the value of environmental attributes must be justified, and  
4       that means other than voluntary purchases must have been analyzed to avoid devaluing the RNG  
5       held.

6       As for what is observed outside of Canada, France allows a 24-month usage period before the  
7       RNG inventory in the national biomethane guarantee registry<sup>10</sup> is erased, and the U.S. RIN  
8       market<sup>11</sup> applies the same delay before environmental credits expire.

9       Énergir believes it is prudent to follow the best practices generally accepted in the market. In order  
10      to have an appropriate timeframe for selling RNG purchases, Énergir would consider that any  
11      RNG purchase has expired if it has not been voluntarily sold to a customer after 24 months. This  
12      delay gives the distributor sufficient flexibility in its operations, while mitigating the risk of excess  
13      inventory. Thus, in order to maintain the environmental attributes of these RNG purchases,  
14      Énergir would be entitled to a 24-month delay between the purchase of a unit of RNG and the  
15      sale of that same unit.

16      Accordingly, to ensure that the utilization period of its RNG purchases does not exceed this  
17      24-month timeframe, Énergir would maintain a log of RNG purchases and sales to target  
18      purchase volumes that have expired.

#### **4.5 TREATMENT OF UNSOLD UNITS**

19      Considering the Régie’s interpretation of the obligations of the Regulation in Decision  
20      D-2020-057, Énergir must reflect on a new perspective for the treatment of unsold RNG units.  
21      However, this reflection is not yet complete.

22      Furthermore, to the extent that Énergir’s obligation under the Regulation is to provide RNG to  
23      customers who request it, and that Énergir would have a 24-month period to dispose of RNG  
24      purchases, it would be unlikely in the near future that any RNG units would remain unsold after

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<sup>9</sup> British Columbia Utilities Commission Decision G-133-16, section 4.3.

<sup>10</sup> Source: Page 13 of the document titled “Cahier des charges – Procédure 2017 DGEG 05” under the “Mentions légales” section of the web page <https://gobiomethane.grdf.fr/Default.aspx>.

<sup>11</sup> Renewable identification numbers (RINs) are credits used for compliance and are the “currency” of the RFS program. (Source: <https://www.epa.gov/renewable-fuel-standard-program/renewable-identification-numbers-rins-under-renewable-fuel-standard>).

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1 the 24-month period. In addition, the following factors make it unlikely that RNG units will be  
2 unsold in the short term:

- 3 - demand for RNG currently higher than Énergir's supply;
- 4 - 60 days' notice for a customer who wishes to decrease (or increase) their consumption of  
5 RNG; and
- 6 - possibility for Énergir to sell RNG units on the market.

7 In keeping with Decision D-2020-133, additional evidence regarding the treatment of unsold RNG  
8 units will nevertheless be filed shortly as part of step C.

## 5 CUSTOMER DEMAND

1 This section is intended to cover the environmental and financial aspects of Énergir RNG  
2 customer demand. Advantages such as environmental benefits to the customer or market  
3 positioning relative to other energy sources will be discussed to demonstrate the increased  
4 customer interest in RNG use. The process for voluntary customers to use it will also be explained  
5 in detail. Strong customer demand means that Énergir must meet a growing need for RNG.

6 Énergir is aware that customers could also express interest in sourcing RNG directly from  
7 producers or brokers. Measures have already been put in place to facilitate this type of supply<sup>12</sup>  
8 and Énergir intends to play a facilitating role in encouraging the consumption of RNG by all types  
9 of customers.

### 5.1 CUSTOMER OBJECTIVES AND ENVIRONMENTAL BENEFITS

10 Énergir's customers have several environmental objectives: waste reduction, energy savings,  
11 decarbonization, brand or product positioning, etc. Also, as mentioned in B-0312, Gaz Métro-5,  
12 Document 1, Énergir entrusted the firm SOM with the task of conducting a price elasticity study  
13 of its customers. In addition to measuring interest in RNG and attitudes towards environmental  
14 issues, the study had a number of findings:

#### Perception of energy sources

15 Seventy percent (70 %) of respondents strongly or somewhat agreed that RNG is a clean energy,  
16 compared to 83% for electricity and 64% for natural gas.

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<sup>12</sup> The first service combination (direct purchase RNG and Énergir-supplied gas) approved in Decision D-2017-041 of rate case 2018 and the second service combination (Énergir-supplied RNG and direct purchase gas) proposed in section 3.3 of this document.

Environmental regulations

1 Thirty percent of business respondents expected that within five years, standards and/or  
2 regulations would require them to meet a certain proportion of renewable energy in their energy  
3 mix.

Environmental crisis

4 Over 60% of respondents disagreed or somewhat disagreed that it was too late to save the planet.  
5 This supports the findings that 79% of respondents were making significant efforts to reduce  
6 environmental impact.

The “green premium”

7 Sixty percent of respondents said they strongly or somewhat agreed that they would pay more for  
8 a product that reduces environmental impact.

9 These various points support Énergir’s efforts to offer an environmental solution that addresses  
10 customer concerns.

**5.2 COMPETITIVE POSITION OF RNG**

11 The table below shows energy choices, including RNG, compared to conventional natural gas for  
12 different market segments. As demonstrated, at a price of \$15/GJ, RNG remains competitive with  
13 the renewable solution (electricity) for the majority of market segments, at 50% and 100% RNG.

Table 6

## Competitive position of different energy sources relative to conventional natural gas

	Conventional natural gas (%)	Electricity (%)	Fuel oil (%)	50% RNG*	100 % RNG*
Single-family home 160 m <sup>2</sup> 2,000 m <sup>3</sup>	100	132	170	137	174
Small business 21,500 m <sup>3</sup>	100	199	198	149	197
Large business 400,000 m <sup>3</sup>	100	261	244	164	227
Industrial 1,000,000 m <sup>3</sup>	100	282	258	169	238

\* For an RNG price of \$15/GJ.

1 In addition to its competitiveness in terms of customers' annual bills, RNG also means Énergir  
 2 customers do not have to change their equipment to switch to renewable energy. Because RNG  
 3 is interchangeable with conventional natural gas, no changes to customers' energy infrastructure  
 4 are required.

### 5.3 IMPLICATIONS OF THE CUSTOMER SURVEY

5 The results of the survey show that customers still have limited knowledge of the product and its  
 6 environmental qualities. True to its orientations, Énergir has made efforts to improve RNG  
 7 awareness in order to enhance customer interest. To this end, Énergir has created a public  
 8 awareness campaign, using traditional and digital media, which will have a positive impact on the  
 9 results shown in the analysis models resulting from the customer survey.

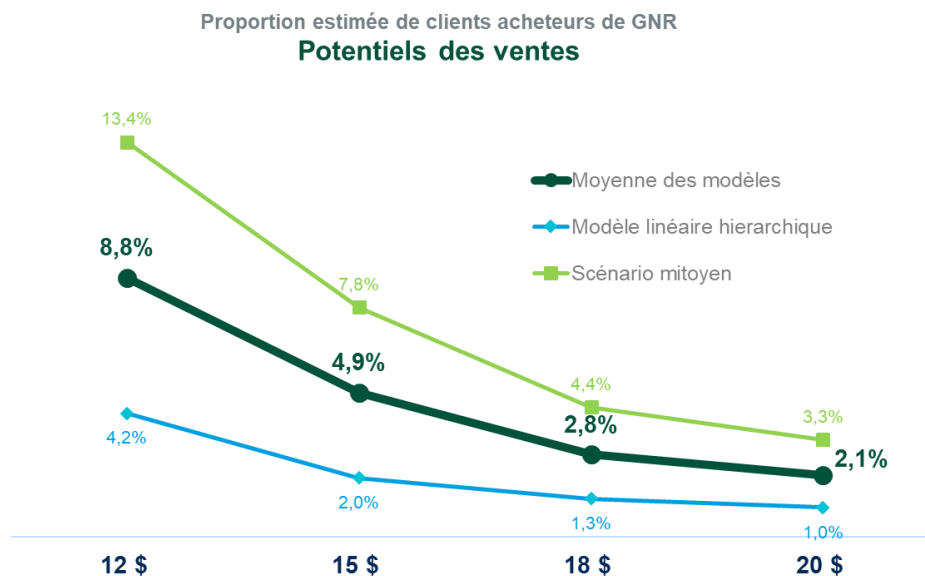
10 Based on the three models for analyzing sensitivity of demand to prices, SOM noted a moderate  
 11 valuation of RNG for now. This is due to the novelty of the product and to the usual preference  
 12 for maintaining the *status quo*. The measures taken by Énergir will serve to demonstrate the value  
 13 of RNG to customers and facilitate the integration of this energy source into their consumption.



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1 Nevertheless, study results show an undeniable interest in RNG, and of the benefits of using it.  
 2 Several customers are in favour of integrating RNG into the Énergir system and are interested in  
 3 buying it.

4 From an economic point of view, the triangulation<sup>13</sup> of measures confirms this interest and makes  
 5 it possible to estimate the proportion of potential customers who would buy RNG depending on  
 6 the price. Comparing the results and calculating the average value of the models selected by  
 7 SOM led to a realistic estimate of the volume of customers that would buy RNG. The middle curve  
 8 in the graph below<sup>14</sup> represents the sales potential of RNG under various price scenarios.



9 This estimate allows Énergir to evaluate potential sales volumes of RNG. To do so, Énergir  
 10 applied the percentage of customers interested in purchasing RNG to the total annual volumes of  
 11 natural gas distributed to all customers by segment and according to their consumption in  
 12 2018-2019. We assume that there is no concentration of customers interested in a particular  
 13 volume range. Interested customers can therefore be considered as average customers in the  
 14 segment and the percentage of interested customers can be applied to the total volumes in each

<sup>13</sup> Method triangulation involves the use of multiple data collection methods within a study to ensure greater reliability of results.

<sup>14</sup> B-0312, Gaz Métro-5, Document 1, p. 5.

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- 1 market. Overall, Énergir expects that between  $132.1 \times 10^6 \text{ m}^3$  (4.7 bcf) and  $553.4 \times 10^6 \text{ m}^3$  (19.5 bcf)  
 2 of RNG could be sold for between \$12/GJ and \$20/GJ.

**Table 7**  
**Estimated volumes of RNG demanded by**  
**voluntary customers at various price levels**

Interest in RNG based on price scenarios	\$12		\$15		\$18		\$20	
	% estimated buyers	Estimated volume of RNG (bcf)	% estimated buyers	Estimated volume of RNG (bcf)	% estimated buyers	Estimated volume of RNG (bcf)	% estimated buyers	Estimated volume of RNG (bcf)
<b>Total customers</b>	<b>8.8</b>	<b>19.5</b>	<b>4.9</b>	<b>10.9</b>	<b>2.8</b>	<b>6.2</b>	<b>2.1</b>	<b>4.7</b>
<b>Residential segment (SDT)</b>	9.0	2.1	5.1	1.2	3.2	0.8	2.4	0.6
<b>Business segments (CII)</b>	8.5	16.9	4.6	9.1	2.3	4.6	1.8	3.6
<b>including Institutional</b>	5.2	1.1	4.2	0.9	1.5	0.3	1.4	0.3

- 3 These forecasts argue in favour of total disposition of acquired RNG units at the pace set out in  
 4 the government Regulation, reaching 5% of the volumes distributed by 2025, while maintaining  
 5 the target average price at \$15/GJ.

- 6 In addition, by 2025, increased communication and marketing efforts will contribute to increased  
 7 customer and potential customer interest, further confirming Énergir's confidence in its ability to  
 8 sell all its RNG units. An overview of Énergir's planned methods will be presented in section 5.6.

#### **5.4 IMPACTS OF COVID-19**

- 9 First of all, Énergir wishes to reassure the Régie and stakeholders that the number of customers  
 10 and volumes on the waiting list are constantly growing and that new applications were received,  
 11 even during the pandemic period. Since mid-March 2020, 115 customers have applied for RNG,  
 12 adding a further 5.8 M m<sup>3</sup> to the waiting list.

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1 At the suggestion of a stakeholder,<sup>15</sup> Énergir questioned the relevance of launching a new survey  
 2 to test customer interest in the current context. It is of the opinion that a number of customer  
 3 concerns (job losses, financial fragility of the company, OHS measures to be implemented, home  
 4 schooling, etc.) would lead to a one-time distortion of the survey results, making it  
 5 unrepresentative of customers' exact interest in RNG. The COVID-19 context makes it difficult for  
 6 customers to assess their interest under a more normal context. Énergir believes that the results  
 7 of the survey already carried out, which also covered the average price approved by the Régie,  
 8 are still representative of the interest in RNG. As the current list of applications demonstrates the  
 9 strong interest in this product, Énergir does not consider it appropriate to incur significant  
 10 expenditures of time and money to conduct a new survey that is non-representative in the current  
 11 context.

12 Second, Énergir assessed the impact of COVID-19 on the consumption of RNG customers. While  
 13 some customers significantly reduced their activities, others increased their consumption beyond  
 14 the forecast. The table below shows the impact for the various customers currently consuming  
 15 RNG for the March to May 2020, the months when operations were most affected by government  
 16 restrictions.

**Table 8**  
**Assessment of the impact of COVID-19**  
**on the volumes of RNG consumed by existing customers from March to May 2020**

RNG customers	Forecast (actual HDD) (m <sup>3</sup> )	Consumption (m <sup>3</sup> )	Actual vs. forecast (m <sup>3</sup> )	Variation (%)
1	58,039	62,345	4,306	7
2	224,668	195,373	(29,295)	-13
3	4,902	4,289	(613)	-12
4	557,190	629,664	72,474	13
5	254,267	246,083	(8,184)	-3
6	17,369	7,376	(9,993)	-58
7	23,382	16,871	(6,511)	-28
8	11,503	11,457	(46)	0

<sup>15</sup> C-ACEFQ-0058.

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RNG customers	Forecast (actual HDD) (m <sup>3</sup> )	Consumption (m <sup>3</sup> )	Actual vs. forecast (m <sup>3</sup> )	Variation (%)
9	6,546	6,890	344	5
10	4,623	5,421	798	17
11	7,237	7,881	644	9
12	2,818	2,711	(107)	-4
13	5,159	2,410	(2,749)	-53
14	2,920	3,346	426	15
15	2,358	4,192	1,834	78
16	1,397	3,600	2,203	158
17	948	824	(124)	-13
18	8,632	10,028	1,396	16
19	12,090	13,554	1,464	12
<b>Total</b>	<b>1,206,049</b>	<b>1,234,315</b>	<b>28,266</b>	<b>2</b>

- 1 For these customers, Énergir does not anticipate any long-term effects related to COVID-19.
- 2 Énergir is already seeing a return to normal consumption levels and no indication has been
- 3 received by these customers that the desired amount of RNG will be reduced.

### 5.5 RNG ACCESSIBILITY PROCESS AND DEMAND MANAGEMENT

- 4 In accordance with Decision D-2019-120, an RNG accessibility process has been put in place at
- 5 Énergir to allocate available RNG units. First of all, a customer who wishes to purchase RNG
- 6 must send Énergir the “Request for consumption of renewable natural gas” form. The application
- 7 form must include the address of the facility in question, the desired percentage of RNG and the
- 8 start date of the desired RNG consumption. The RNG application is a contractual commitment
- 9 and all documentation related to this process is done electronically. Upon receipt of the request,
- 10 Énergir sends the customer an acknowledgement of receipt and places all of the customer’s
- 11 information on the waiting list. The date of receipt of the request is the data used to establish the
- 12 customer’s rank on the waiting list.

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1 Depending on the amount of RNG available, Énergir uses this rank to determine who to offer it  
2 to. The customer receives a notice of acceptance that indicates the planned consumption start-  
3 up date and the volume of RNG offered. This notice also includes a notice of withdrawal if the  
4 customer has changed their mind and no longer wishes to purchase RNG. Énergir limits the  
5 first award to 50,000 m<sup>3</sup> per customer. In the event that Énergir has offered RNG to all customers  
6 on the waiting list and there are still quantities available, Énergir would offer RNG to those who  
7 have identified additional needs within the pre-established rankings on the waiting list. In this  
8 situation, customers who currently consume RNG and that have requirements in excess of the  
9 initial 50,000 m<sup>3</sup> would be considered for a second grant, and so on for subsequent grants.

10 After applying the conditions for managing the request list in a practical manner, and with a view  
11 to more closely following the principles indicated below that guided the introduction of this list,  
12 Énergir proposes to make changes to the process for granting RNG quantities among its voluntary  
13 customers.

14 As a first change, Énergir proposes to reserve a volume of 50,000 m<sup>3</sup> for customers associated  
15 with a single-family home, duplex or triplex (SDT) in order to facilitate access to RNG for this  
16 portion of its clientele. Indeed, granting increments of up to 50,000 m<sup>3</sup> results in small-volume  
17 customers being disadvantaged in the current context where quantities are limited, even more so  
18 that the quantities they are requesting are minimal and would not monopolize the available  
19 quantities. This change would therefore enable more of these customers in the residential market  
20 to access RNG and would meet the following strategic objective, which is still the same as when  
21 the request list was implemented:

22 [Translation] “[...] In general, the strategy consists in offering RNG to a maximum of customers with  
23 a minimum of volume committed for each one, all while applying the following principles:

- 24 • Open to all customers, regardless of the market;
- 25 • Implementation of a customer request/waiting list with key information (including customer’s  
26 total volume, RNG volume requested by the customer, volume of RNG granted and unmet  
27 RNG volume/need);
- 28 • Maximum-volume criteria (that can vary as the available quantity of RNG increases);

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1 • *Judgement made by the multi-sectoral committee regarding the risk of losing the customer.*<sup>16</sup>

2 In a situation where the entire reserved volume of 50,000 m<sup>3</sup> was used by SDT customers, Énergir  
3 would file a new request with the Régie.

4 At the same time, Énergir proposes another change in the allocation of RNG quantities to better  
5 meet its customers' needs. This second change is aimed at larger volume customers. Indeed,  
6 Énergir notes that the maximum increment of 50,000 m<sup>3</sup> constitutes an impediment to the  
7 voluntary consumption of RNG by Sales Major Industries (SMI) customers. This is why Énergir  
8 proposes maintaining the maximum increment of 50,000 m<sup>3</sup> for the first run through the waiting  
9 list. However, once all of the customers on the list have been allocated or offered a maximum  
10 quantity of 50,000 m<sup>3</sup> of RNG, a second run through would offer the remaining available quantities  
11 based on customers' needs. This method would have the effect of increasing the number of these  
12 customers registering for the request list, thereby maximizing the volumes of RNG distributed and  
13 facilitating the sale of the RNG quantities held.

14 To illustrate Énergir's proposal in comparison to the current granting process, here is an example  
15 based on an available RNG quantity of 500,000 m<sup>3</sup>:

**Table 9****Comparison of the current and proposed granting processes**

Custo mer	Type of customer  (SDT or other)	Quantity related to % of consump. requested  (m <sup>3</sup> )	Quantity granted current process  (m <sup>3</sup> )		Quantity granted proposed process  (m <sup>3</sup> )	
			1 <sup>st</sup> run	2 <sup>nd</sup> run	1 <sup>st</sup> run	2 <sup>nd</sup> run
1	Other	70,000	50,000	20,000	50,000	20,000
2	Other	175,000	50,000	50,000	50,000	125,000
3	Other	55,000	50,000	5,000	50,000	5,000
4	Other	200,000	50,000	50,000	50,000	48,260
5	SDT	500	500		500	
6	Other	100,000	50,000	50,000	50,000	

<sup>16</sup> D-2019-107, paragraph 171.

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Customer	Type of customer <i>(SDT or other)</i>	Quantity related to % of consump. requested <i>(m<sup>3</sup>)</i>	Quantity granted current process <i>(m<sup>3</sup>)</i>		Quantity granted proposed process <i>(m<sup>3</sup>)</i>	
			1 <sup>st</sup> run	2 <sup>nd</sup> run	1 <sup>st</sup> run	2 <sup>nd</sup> run
7	SDT	40	40		40	
8	SDT	200	200		200	
9	SDT	1,000	1,000		1,000	
10	Other	75,000	50,000	23,260	50,000	

1 To reflect the changes proposed by Énergir, which affect management of the RNG request list,  
2 CST Article 11.1.3.5 would be amended as follows:

3 “[...]”

4 *If it is not operationally possible to provide renewable natural gas to a customer, the customer will*  
5 *be registered to the request list on a first-come, first on the list basis. Thereafter, the allocation of*  
6 *new available renewable natural gas units will be made based on the customer's rank on the list*  
7 *based on the following conditions:*

8 - *For customers whose service address is associated with a single-family home, a duplex or*  
9 *a triplex, 50,000 m<sup>3</sup> will be allocated according to their rank on the list;*

10 - *For the other customers, the units will be allocated according to their rank on the list:*

11 ○ *During the first run through the list, per maximum tiers of 50,000 m<sup>3</sup>;*

12 ○ *During the second run through, up to the consumption percentage targeted by the*  
13 *customer.*

14 “[...]”

15 As of today, there are 744 customers on Énergir's waiting list. All types of customers are  
16 represented, but the institutional sector is dominant, with 728 customers and 58% of the volumes  
17 requested, which can be explained by the exemplarity of the State to which this sector is subject.  
18 All customers on the waiting list have a total requested volume of 64.8 Mm<sup>3</sup> of RNG. In light of  
19 this demand information, even before having made efforts to commercialize the RNG, Énergir is  
20 confident that it will be able to sell it easily when it becomes available.

## **5.6 PROPOSED MARKETING PLAN**

1 In addition to the actions already undertaken by Énergir to promote awareness of RNG, certain  
2 strategies designed and deployed are aimed at making RNG better known to its customers, to  
3 encourage them to increase purchasing volumes. To do so, Énergir will deploy several marketing  
4 strategies, including the following:

- 5 • equip Énergir staff (already underway);
- 6 • maximize communication with customers; and
- 7 • promote the product and its benefits to influencers.

8 Énergir must adjust its marketing efforts so as not to affect customer satisfaction. Too much  
9 commercial promotion of RNG, when it is available in very limited quantities, would adversely  
10 affect the credibility of its availability. The possibility of making direct purchases of RNG may be  
11 advanced in selecting messages for customers with a greater likelihood of making such  
12 purchases.

### **5.6.1 Equip Énergir staff**

13 Customers seek out mainly the sales force and customer service when they wish to  
14 discuss RNG. Documentation has been developed to train the sales force better (major  
15 industry sales representatives and advisors), including a PowerPoint presentation by  
16 market segment and a summary tool. These documents contain all the information about  
17 the product, its attributes and Énergir's offer. FAQ documents have been developed to  
18 support customer service staff.

### **5.6.2 Maximize communication with customers**

19 Énergir is planning a number of communication actions that directly target its customers  
20 and can be deployed through both traditional and digital media. In terms of traditional  
21 media, Énergir already communicates information to demystify RNG to its customers via  
22 newsletters. It will be able to reuse this channel to support its commercial offer. In addition,  
23 Énergir could send out mailings to encourage the purchase of RNG to its customers. With  
24 regard to digital media, several actions can be carried out, such as increasing its visibility  
25 on the website; sending out email solicitations; purchasing keywords; creating and



1 distributing RNG messages via banners; and disseminating more RNG-related messages  
2 on social networks or during webinars.

### **5.6.3 Promote the product to influencers**

3 Various initiatives can enable Énergir to promote the product to influencers, including the  
4 distributor's active presence at events and engaging communications. The influencers  
5 referred to by Énergir are those in direct contact with customers, such as engineers,  
6 Certified Natural Gas Partners (CNGPs), professional associations, etc.

7 In summary, all of these strategies will enable Énergir to meet customer needs and bring the RNG  
8 commercialization offering to the forefront.

**6 RNG PROCUREMENT AUDIT PROCESS (FOLLOW-UP TO DECISION D-2020-057)**

1 This section responds to the first two requests expressed by the Régie in paragraph 492 of its  
2 Decision D-2020-057:

3 Translation "*The Régie therefore orders Énergir:*

- 4 • *to monitor the contractual clauses in RNG supply contracts relating to the audit of*  
5 *RNG supply;*
- 6 • *to present to it, in detail, the operational and administrative procedures it has put in*  
7 *place to monitor its RNG supply agreements;*
- 8 • *[...]*"

9 In a context where customer demand is greater than the supply available on the Québec market,  
10 Énergir is considering sourcing RNG outside its territory, namely in the United States and the rest  
11 of Canada. Accordingly, it must ensure the quality, integrity and renewability of the RNG which it  
12 supplies to its customers for consumption.

13 Énergir launched a call for tenders on April 24, 2020 and selected a responsible partner to certify  
14 and validate the renewable nature of the RNG which it purchases from producers outside Québec.

15 More specifically, the selected partner will support Énergir in the development of a certification  
16 protocol for RNG production in order to certify and validate the following key attributes:

- 17 • the organic origin of RNG (manure, slurry, food residues, sewage sludge, industrial  
18 residues, etc.);
- 19 • physical connection to the North American gas system;
- 20 • volumes injected; and
- 21 • the absence of double counting.

1 This certification protocol for RNG production will enable Énergir to ensure the integrity of its RNG  
2 supply produced outside Québec. This protocol will include periodic visits to the production site,  
3 legal attestations from the producer, as well as the examination and validation of several  
4 supporting documents. Once the protocol has been established, the partner will be responsible  
5 for the audit services. Énergir plans to conduct ad hoc or periodic audits of all new RNG producers  
6 outside Québec.

7 For all producers, supply contract clauses allow Énergir to perform any audit of the attributes of  
8 the purchased RNG and require the producer's cooperation when such audit is requested. If  
9 discrepancies are identified as a result of this audit, Énergir is entitled to demand redress and to  
10 impose compliance measures before proceeding with the contract.

11 Although the above attributes must also be respected by producers in Québec, interconnection  
12 to the Énergir system clearly limits the exposure of RNG customers. The validation of gas quality,  
13 measurement of injection quantities and management of environmental attributes by Énergir  
14 provides an adequate level of comfort on the integrity of RNG volumes at this step.

15 [...]

#### **6.1 OBLIGATIONS OF CUSTOMERS PROVIDING THEIR OWN SUPPLY SERVICE**

16 As part of the 2020-2021 Rate Case<sup>17</sup>, Énergir proposed a change to CST Article 11.2.3.5. For  
17 several reasons indicated in Decision D-2020-123, the Régie postponed the examination of the  
18 modification of that article to the current case. In paragraph 18 of its decision, [translation] "*the*  
19 *Régie invites Énergir to file in case R-4008-2017, as soon as possible, section 2.1 of Exhibit*  
20 *B-0153.*" Énergir's proposal, presented in the following paragraphs, remains the same.

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<sup>17</sup> R-4119-2020.

1 Énergir indicated to the Régie, in step B of the current case<sup>18</sup>, that it planned to make changes to  
2 the obligations of its direct-purchase customers to be able to fully capture all of the RNG they  
3 consume.

4 This traceability is necessary to comply with the Regulation and with the *Regulation respecting*  
5 *mandatory reporting of certain emissions of contaminants into the atmosphere* (RMRCECA),  
6 under which Énergir must now declare to the Ministre de l'Environnement et de la Lutte contre les  
7 changements climatiques the greenhouse gas emissions attributable to the RNG it has distributed  
8 (with the exception of the volumes distributed to establishments subject to the cap-and-trade  
9 emission allowances system). Furthermore, in the context of developing a new market based on  
10 certain characteristics of the natural gas commodity owing to its method of production, it is  
11 important that Énergir be able to have all relevant information about the supply sources of this  
12 gas.

13 However, at present, to determine which direct-purchase customers use RNG, Énergir relies on  
14 the sworn declarations submitted to it under CST Article 16.1.1, presuming that all of its direct-  
15 purchase customers, with the exception of large emitters, in fact provide it with this declaration.  
16 Nevertheless, Énergir is unable to track the quantities of RNG consumed by its large-emitter  
17 customers, who must cover their greenhouse gas emissions themselves under CST Article  
18 16.2.1, unless it contacts them to obtain the information.

19 Given the above, Énergir, following numerous internal work meetings, proposes a modification  
20 and addition to the obligations of customers providing their own supply service:

21 **"11.2.3.5 Customer Obligations**

22 *A customer must:*

23 [...]

24 3. *provide to the distributor all information related to the volume it intends to withdraw at its*  
25 *facilities, distinguishing between natural gas volumes and renewable natural gas volumes,*  
26 *in order to allow the distributor to adequately plan, manage and control all volumes carried*  
27 *in its distribution system;*

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<sup>18</sup> R-4008-2007, B-0265, Gaz Métro-2, Document 25, answers to questions 1.2 to 1.4.

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1 [...]

2 9. when the customer provides the distributor with renewable natural gas, the customer must  
3 ensure all of the following:

4 a) sell or deliver to the distributor renewable natural gas within the meaning of the Act  
5 respecting the Régie de l'énergie, with the environmental attributes still associated with  
6 said gas;

7 b) inform the distributor whether the renewable natural gas to be sold or delivered comes  
8 from Québec or outside of Québec;

9 c) provide, upon request, all supporting documents required by the distributor showing  
10 the contractual chain for the acquisition of the renewable natural gas from the producer  
11 to the customer that in particular makes it possible to determine the organic origin of  
12 the RNG, the physical connection to the North American gas system, the volumes  
13 injected and the absence of double counting.”

14 These new requirements enhance the monitoring which Énergir provides with respect to RNG  
15 supply agreements by extending it to customers who contract their supply directly from suppliers.

16 To answer the questions raised by the Régie during the hearings for the 2020-2021 Rate Case,  
17 Énergir wishes to clarify in what way certifying the absence of double counting does not conflict  
18 with fully accounting for RNG quantities within the meaning of the Regulation.

19 Indeed, the absence of double counting refers to a characteristic to be respected to ensure that  
20 the environmental attribute is not dissociated from the RNG commodity when Énergir purchases  
21 the natural gas supplied by the customer. This condition assures the distributor that the volume  
22 delivered and declared by the customer indeed constitutes a quantity of RNG. To conclude, the  
23 obligation concerning the absence of double counting that Énergir proposes to add is unrelated  
24 to the concept of double accounting between jurisdictions to which the Régie refers in its Decision  
25 D-2020-057<sup>19</sup>. It is clear for Énergir that it will comply with the opinion stated by the Régie in  
26 paragraph 177 of its decision:

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<sup>19</sup> Paragraphs 62 and 212.

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1 [Translation] “The Régie is of the opinion that, for the reasons expressed hereafter, the RNG  
2 volumes delivered to the interconnections located on the territory of the franchise granted to the  
3 holder of an exclusive distribution right must be accounted for under the Regulation.”

**CONCLUSION**

1 Énergir believes that its proposals for the sale of RNG will give effect to the Regulation, while  
2 facilitating customer access to this renewable energy source that many people want.

3 **Énergir asks the Régie to:**

- 4 • **approve the functionalization of the RNG purchase cost at Dawn to the supply**  
5 **service, based on a transportation portion equal to the distributor transportation rate**  
6 **less rate adjustments for FTLH capacity maintenance (85 TJ/day) and excess**  
7 **transmission capacity, without any transfer to load balancing;**
- 8 • **authorize the creation of the “RNG price difference deferred expense account”**  
9 **bearing interest at the weighted average rate of capital;**
- 10 • **approve funding at the weighted average cost of capital the temporary DEA that**  
11 **captures the cumulative price difference between the actual RNG purchase cost**  
12 **disbursed and the revenue generated by the RNG sales price billed to customers**  
13 **during a rate year, since June 19, 2019;**
- 14 • **approve the method for calculating the RNG price for the purpose of applying the**  
15 **RNG rate;**
- 16 • **authorize changes to the CST as described in sections 3.2, 5.5 and 6.1 and in**  
17 **Appendix 1;**
- 18 • **give its approval so that the costs of the return and income taxes generated by the**  
19 **RNG inventory can be functionalized to the adjustment service related to existing**  
20 **system gas inventories;**
- 21 • **defer consideration of the treatment of unsold RNG units to Step D of this**  
22 **submission; and**
- 23 • **acknowledge and be satisfied with the demonstration of customer interest in RNG.**

## APPENDIX 1 – CHANGES TO CONDITIONS OF SERVICE AND TARIFF

1 This appendix repeats the changes to the CST that were the subject of previous evidence and  
2 provisional approvals and which Énergir proposes be permanently applied as part of this step of  
3 the case. For the sake of simplicity and given that the vast majority of these changes are an  
4 integral part of the current CST, the text is written in the present tense.

### A. FIXED-PRICE SUPPLY AGREEMENTS

5 In paragraph 178 of its Decision D-2019-107, the Régie asks that the CST be interpreted  
6 [translation] “so as to ensure that the same treatment is applied for fixed-price tariffs, whether the  
7 customer wants to use traditional gas or RNG, and that it is possible to have fixed-price RNG  
8 supply agreements.” To clarify the CST, Énergir proposes that the definition of a fixed-price supply  
9 agreement appearing in Article 1.3 be adjusted slightly:

10 *“Supply service from a specific supplier chosen by the customer, allowing the latter to set the price of*  
11 *the natural gas or the renewable natural gas supply for a given period, given the agreed-upon price*  
12 *with the supplier to Énergir and taking into consideration the customer’s consumption.”*

13 Moreover, to avoid any ambiguity for customers when they consult the CST articles concerning  
14 fixed-price supply agreements, Énergir proposes modifying the following four articles:

#### 15 **“10.1 Service Options**

16 [...]

17 *A customer who uses the distributor’s ~~natural gas~~ supply service shall be subject, by default, to the*  
18 *variable price of ~~natural gas~~ supply not determined by a fixed-price supply agreement*

19 [...]

#### 20 **11.1.2.1 Supply Price**

21 [...]

22 *When a customer enters into a fixed-price supply agreement with the distributor, in writing, within the*  
23 *allowed timeframe, the specific gas supply price shall be the cost of acquisition of the natural gas or*  
24 *renewable natural gas from the specific supplier in accordance with the customer’s commitment under*  
25 *the agreement. The distributor does not guarantee the fixed gas supply price agreed upon with the*  
26 *specific supplier. The customer is billed this specific price commencing on the day deliveries from the*  
27 *specific supplier begin and for as long as these deliveries continue. Should the specific supplier no*  
28 *longer be able to meet its commitments to the distributor, the customer will be transferred to the*



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1 distributor's variable-price ~~natural gas~~ supply service once the natural gas or renewable natural gas  
2 already delivered by the specific supplier for the customer in question has been fully used.

3 [...]

**11.1.3.4 Prior Notice of Commitment to a Fixed-Price Supply Agreement**

5 [...]

6 In addition, a customer who is currently using the distributor's ~~natural gas~~ supply service may enter  
7 into a fixed-price supply agreement with the distributor provided the customer has used the  
8 distributor's ~~natural gas~~ supply service:

- 9 1. for a minimum of 12 months;
- 10 2. for a minimum 12 months in addition to the number of months remaining under the fixed-  
11 price supply agreement when it is cancelled if the customer uses the distributor's ~~natural~~  
12 ~~gas~~ supply service after terminating its fixed-price supply agreement before the end of the  
13 agreed term.

14 [...]

**14.1.1 NATURAL GAS SUPPLY AND TRANSPORTATION SERVICES, AND FIXED-PRICE SUPPLY AGREEMENTS**

17 [...]

18 When a customer enters into a fixed-price supply agreement with the distributor, there may be a  
19 ~~natural gas~~ supply inventory-related adjustment balance that the customer must pay to, or receive  
20 from, the distributor. Any inventory-related adjustment balance payable by the customer shall be  
21 spread in equal amounts over a 12-month period.

22 [...]"

**B. SERVICE COMBINATIONS**

23 The combination of supply and transportation services approved by the Régie<sup>20</sup> covers the  
24 situation where a customer:

- 25 • has the Énergir system gas tariff for part of the consumption; and
- 26 • procures RNG through direct purchase for the other part.

27 In light of the new RNG tariff under discussion, Énergir also proposes that the situation be allowed  
28 where a customer:

- 29 • has the Énergir RNG tariff for part of its consumption; and

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<sup>20</sup> D-2017-041, section 2.

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- 1           • procures natural gas through direct purchase for the other part.
- 2 More specifically, Figure 1 describes the various possible scenarios with the RNG tariff and
- 3 identifies which ones are accepted.

**Figure 1****Example of combination of services with RNG tariff**

		Service providers		Compliance with conditions of service
		Supply	Transportation	
<b>80% – RNG</b>		Énergir	Énergir	
<b>20% – Traditional natural gas</b>	1	Customer	Customer	No
	2	Customer	Énergir	Proposed
	3	Énergir	Énergir	Yes
	4	Énergir	Customer	No

4 Scenario 3 is accepted because that situation does not involve a combination of services.

5 Scenarios 1 and 4 are rejected because Énergir only allows transportation service to be combined

6 for customers who want to procure RNG directly from in-franchise producers<sup>21</sup>.

7 To allow the combination of services represented by scenario 2, the same two conditions required

8 in case R-3987-2016<sup>22</sup> are necessary, i.e.:

- 9           • Uniform delivery: Customers who want to combine their own supply service with the
- 10 distributor's RNG tariff must continue to deliver their entire consumption volume in a
- 11 uniform way. Delivery of their entire consumption volume is required for two reasons.
- 12 Firstly, customers with direct purchase contracts do not have to amend them in order
- 13 to be able to use RNG. Secondly, this method limits volume transfers between the
- 14 distributor's supply service and direct purchases.

<sup>21</sup> R-3987-2016, B-0064, Gaz Métro-4, Document 10, page 4.

<sup>22</sup> R-3987-2016, B-0005, Gaz Métro-1, Document 1, section 4.

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- 1           • Direct purchase with transfer of ownership: To easily apply the billing for customers  
2           with the proposed new combination of services, direct purchase by the customer with  
3           transfer of ownership to Énergir is required. This method is already in place and does  
4           not have to be adjusted for this combination of services. The following steps are taken  
5           for customers with direct purchase and transfer of ownership:

- 6           1. The customer and Énergir sign a contract for direct purchase with transfer of  
7           ownership;  
8           2. The customer can choose any supplier to procure the natural gas volumes  
9           covering the entire consumption;  
10          3. The natural gas is purchased by Énergir at the agreed delivery point and at the  
11          prevailing system gas price;  
12          4. The natural gas is transported and distributed by Énergir to the customer's  
13          facilities; and  
14          5. The natural gas supply, transportation, load-balancing, inventory-related  
15          adjustments, distribution and C&T system services are billed to the customer  
16          for every cubic metre of natural gas consumed by the customer.

17 For the proposed combination of services, the mechanism remains the same except that supply  
18 service billing is split between the system gas tariff and the RNG tariff based on the customer's  
19 targeted percentage:

- 20          1. The customer and Énergir sign a contract for direct purchase with transfer of  
21          ownership specifying the targeted RNG purchase percentage;  
22          2. The customer can choose any supplier to procure the natural gas volumes covering  
23          the entire consumption;  
24          3. The natural gas is purchased by Énergir at the prevailing system gas price;  
25          4. The natural gas is transported and distributed by Énergir to the customer's facilities;  
26          and  
27          5. The transportation, load-balancing, inventory-related adjustments and distribution  
28          services are billed to the customer for every cubic metre of natural gas consumed by

1           the customer. Supply service billing for the customer is split between the system gas  
2           tariff.

3   The new combination proposed by Énergir does not entail significant costs for customers and is  
4   easy to apply. Customers who opt for the proposed combination of services are subject to the  
5   same rules (uniform delivery for the entire consumption volume, management of daily volume  
6   imbalances and contractual period) as those in effect for “standard” direct purchase. In addition,  
7   customers are subject to volume transposition in compliance with CST Article 13.1.4. The  
8   customer’s consumption profile, which is used to evaluate the load-balancing price, thus takes  
9   the delivery profile into account. Since the combination customer continues to deliver its entire  
10   consumption volume, the seasonal portion of the transposed consumption remains unchanged.  
11   As a result, the customer’s load-balancing service price allows the same revenues to be  
12   recovered as if the customer were making direct purchases only.

13   Moreover, there is no impact on the use of supply tools because the total volumes at Dawn remain  
14   the same. The quantity of additional gas that Énergir takes possession of is a supply source  
15   purchased at the system gas price.

16   In the example below, a direct-purchase customer wants to convert 20% of consumption to the  
17   distributor’s RNG tariff. Over the period, Énergir purchases the customer’s delivery of  
18   1,000,000 m<sup>3</sup> at the system gas price and rebills the customer 800,000 m<sup>3</sup> at the system gas price  
19   and 200,000 m<sup>3</sup> at the RNG price.

Figure 2

Example of direct-purchase customer  
with 20% of consumption at RNG tariff

	Price	Volume	Cost
	(¢/m <sup>3</sup> )	(m <sup>3</sup> )	(\$)
	(1)	(2)	(3)
<b>Delivery</b>			
Direct purchase		1,000,000	
<b>Natural gas repurchase</b>			
Supply	10.00	1,000,000	(100,000)
<b>Billing</b>			
System gas supplied	10.00	800,000	80,000
RNG supplied	35.00	200,000	70,000
Transport	4.00	1,000,000	40,000
CTEAS	3.00	800,000	24,000
Load-balancing	1.00	1,000,000	10,000
Distribution	4.00	1,000,000	40,000

1 To enable the new combination of services represented by the scenario in figure 2, Énergir  
2 proposes modifying CST Section 10.2 as follows:

3 **“Combination of Customer’s and Distributor’s**

4 [...]°

5 *Exceptionally, however, a customer who uses firm service as well as interruptible service at a single*  
6 *metering point shall be entitled to use its own transportation service for the firm portion of its load*  
7 *while using the distributor's transportation service for the interruptible portion. In addition, a*  
8 *customer using "Make-up Gas Service to Avoid an Interruption" may combine its own natural gas*  
9 *supply and transportation services with those of the distributor for this make-up portion of its load.*

10 *Also, a customer who provides, in part, renewable natural gas at a single metering point shall be*  
11 *entitled to:*

12 *1° use the distributors’ supply service as well as, for renewable natural gas, its own supply service:*  
13 *when this renewable natural gas is produced within the franchise, a customer shall be entitled,*  
14 *furthermore, at a single metering point, to use the distributor’s transportation service as well*  
15 *as, for the renewable natural gas produced within the franchise, its own transportation service;²*  
16 *The natural gas then provided by a customer must be “with transfer of ownership”.*

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1            2° use the renewable natural gas supply tariff for the distributor's supply service as well as  
 2            supply its own service.

3            The natural gas then provided by a customer must be "with transfer of ownership". "

**C. SUPPLY RATE**

4            The distributor's supply service now comprises two rates, the natural gas rate and the RNG rate.  
 5            To standardize and simplify the text, Énergir proposes that the CST now refer to the distributor's  
 6            supply service but differentiate between the rate and price for natural gas and for RNG.  
 7            Articles 11.1.2 and 11.1.3 therefore read as follows:

8            **"11.1.2 SUPPLY RATE**9            **11.1.2.1. Supply Price**

10           *For each m<sup>3</sup> of volume withdrawn, the natural gas supply price, as of XXX XX, XXXX, is*  
 11           *XX.XXX€/m<sup>3</sup>. The price may be adjusted monthly to reflect actual cost of acquisition.*

12           *For each m<sup>3</sup> of volume withdrawn, the renewable natural gas supply price, as of XXX XX, XXXX,*  
 13           *is XX.XXX€/m<sup>3</sup>.*

14           [...]

15           **11.1.2.2 Inventory-Related Adjustment**

16           *The supply price of natural gas is accompanied by an adjustment to take into account variations in*  
 17           *the value of inventories resulting from a change in the ~~natural gas~~ supply price, as well as costs*  
 18           *associated with maintaining the inventories. This adjustment is described in the "Inventory-related*  
 19           *Adjustments" chapter.*

20           [...]"

**D. TERMS AND CONDITIONS**

21           Firstly, the rules for entry and withdrawal are determined. Customers who want to sign up for the  
 22           RNG tariff must notify Énergir and determine the percentage of RNG that they are billed as a  
 23           share of their total consumption. Énergir does not wish to constrain customers to predetermined  
 24           percentages, as noted during the benchmarking conducted at the start of the current case with  
 25           respect to voluntary RNG consumption models in North America. For administrative reasons,  
 26           60 days' prior notice must be given before the tariff comes into effect. Before accepting a new  
 27           customer for that tariff, Énergir ensures that it has sufficient RNG to supply to that customer. The  
 28           same applies for any customers who want to increase their RNG percentage or whose total  
 29           consumption increases after a load addition. For administrative reasons, 60 days' prior notice  
 30           must be given for withdrawal.

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1 Secondly, a financial settlement has been developed and implemented to reflect the application  
2 mechanism in case of a discrepancy between customers' actual quantity consumed and the  
3 quantity billed.

4 Thirdly, a waiting list has been created in response to Decision D-2019-107 in which the Régie  
5 asked Énergir to update Article 11.1.3.5 of the CST in order to better reflect the existing strategy  
6 and, in a context where RNG quantities are limited, to ensure that those quantities are granted to  
7 a customer who requests them [translation] "*based on that customer's rank on the waiting list*  
8 *created for that purpose, regardless of the consumer's market, with or without specifying a*  
9 *maximum volume criterion per customer*"<sup>23</sup>. In that respect, Énergir notes that in the written  
10 request to the distributor, the customer must define the annual RNG volumes it expects to start  
11 using within the subsequent 12 months. The purpose of the RNG request list is to ensure that all  
12 customers, regardless of the market, can have access to RNG. When new RNG units become  
13 available, allocation is based on the customer's rank on the list. Énergir also considers it  
14 appropriate, as suggested by the Régie, to set a maximum volume in a case where the  
15 quantities of RNG are limited in order to allow the greatest number of customers to access the  
16 RNG regardless of their size. At the same time, Énergir also wants to be able to meet customers'  
17 RNG needs which, in the case of certain large customers, exceed the predefined maximum  
18 volume. For that reason, Énergir is proposing to grant maximum RNG consumption increments  
19 rather than setting an absolute volume per customer.

20 Concretely, in a context where RNG quantities are limited, maximum increments of 50,000 m<sup>3</sup> are  
21 granted to customers on the list. Based on the projections of customers on the waiting list,  
22 maximum increments of 50,000 m<sup>3</sup> make it possible to meet the needs of a range of customers  
23 from small to large who would like to use RNG in the coming years. The proposed mechanism,  
24 which is currently in effect, is as follows:

- 25 • When new units of RNG are available, Énergir offers customers, according to the order  
26 they were added to the list, the possibility of contracting an additional consumption  
27 increment of up to 50,000 m<sup>3</sup>; and
- 28 • If units are still available after all the customers on the list have been given the  
29 opportunity to contract an increment of up to 50 000 m<sup>3</sup> of RNG, Énergir offers the

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<sup>23</sup> D-2019-107, p. 46.

1 customers the possibility of contracting an additional increment of up to 50,000 m<sup>3</sup>,  
2 again in the order they were added to the list. It should be noted that this situation has  
3 not yet occurred.

4 Énergir notes that the rules for allocating available RNG units previously described with respect  
5 to the request list were provisionally approved by the Régie and that they guide how the request  
6 list is currently managed. However, as presented in section 5.5 of this document, Énergir  
7 proposes to:

- 8 • reserve a quantity of 50,000 m<sup>3</sup> for SDT customers; and
- 9 • not limit to 50,000 m<sup>3</sup> the quantity granted to a customer being offered a second  
10 increment of RNG.

11 Finally, Énergir proposes that Article 11.1.3 be written as follows to include all of the previously  
12 discussed changes:

13 **“11.1.3 TERMS AND CONDITIONS**

14 [...]

15 **11.1.3.3 Prior Notice of Withdrawal**

16 *Subject to Article 11.1.3.56, a customer who wishes to opt out of the distributor’s natural gas supply*  
17 *service must so notify the distributor in writing at least 6 months in advance.*

18 *On shorter notice, the customer will be required to pay the transfer charge for the withdrawal from*  
19 *the distributor’s natural gas supply service set out in Article 11.1.2.3.*

20 *Notwithstanding the foregoing, the customer must have used the distributor’s supply service for a*  
21 *minimum of 12 months prior to retiring from the service.*

22 [...]

23 **11.1.3.5 Renewable Natural Gas**

24 *A customer who wishes to make or modify the portion of its consumption subject to the renewable*  
25 *natural gas supply rate must submit a request in writing to the distributor at least 60 days in*  
26 *advance, indicating the targeted consumption percentage.*

27 *Notwithstanding the foregoing, any new qualification subsequent to June 19, 2019 or increase of*  
28 *consumption percentage subject to the renewable natural gas rate will be given only if it is*  
29 *operationally possible for the distributor to supply the renewable natural gas to the customer. If it is*  
30 *not operationally possible to provide renewable natural gas to a customer, the customer will be*



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1 registered to the request list on a first-come, first on the list basis. Thereafter, the allocation of new  
2 available renewable natural gas units will be made based on the following conditions:

- 3 - For customers whose service address is associated with a single-family home, a duplex or  
4 a triplex, 50,000 m<sup>3</sup> will be allocated according to their rank on the list;
- 5 - For the other customers, the units will be allocated according to their rank on the list:
- 6 • During the first run through the list, per maximum tiers of 50,000 m<sup>3</sup>;
  - 7 • During the second run through, up to the consumption percentage targeted by the  
8 customer.

9 In the event the distributor is unable to supply the percentage of renewable natural gas targeted by  
10 the customer, the distributor may transfer part of the customer's consumption at the natural gas  
11 rate and settle the price difference through a financial settlement.

12 A customer who wishes to withdraw from the distributor's renewable natural gas supply rate must  
13 notify the distributor in writing at least 60 days in advance.

14 **11.1.3.56 Contract Term**

15 Any written natural gas supply service contract must be for a minimum of 12 months.

16 **11.1.3.67 Gas Quality**

17 The monthly average gross heating value of the natural gas delivered shall be at least 36.00 MJ/m<sup>3</sup>  
18 unless the customer and the distributor agree on a lower value.