

FortisBC – Natural Gas for Transportation

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Fortis Inc. (TSX: FTS)

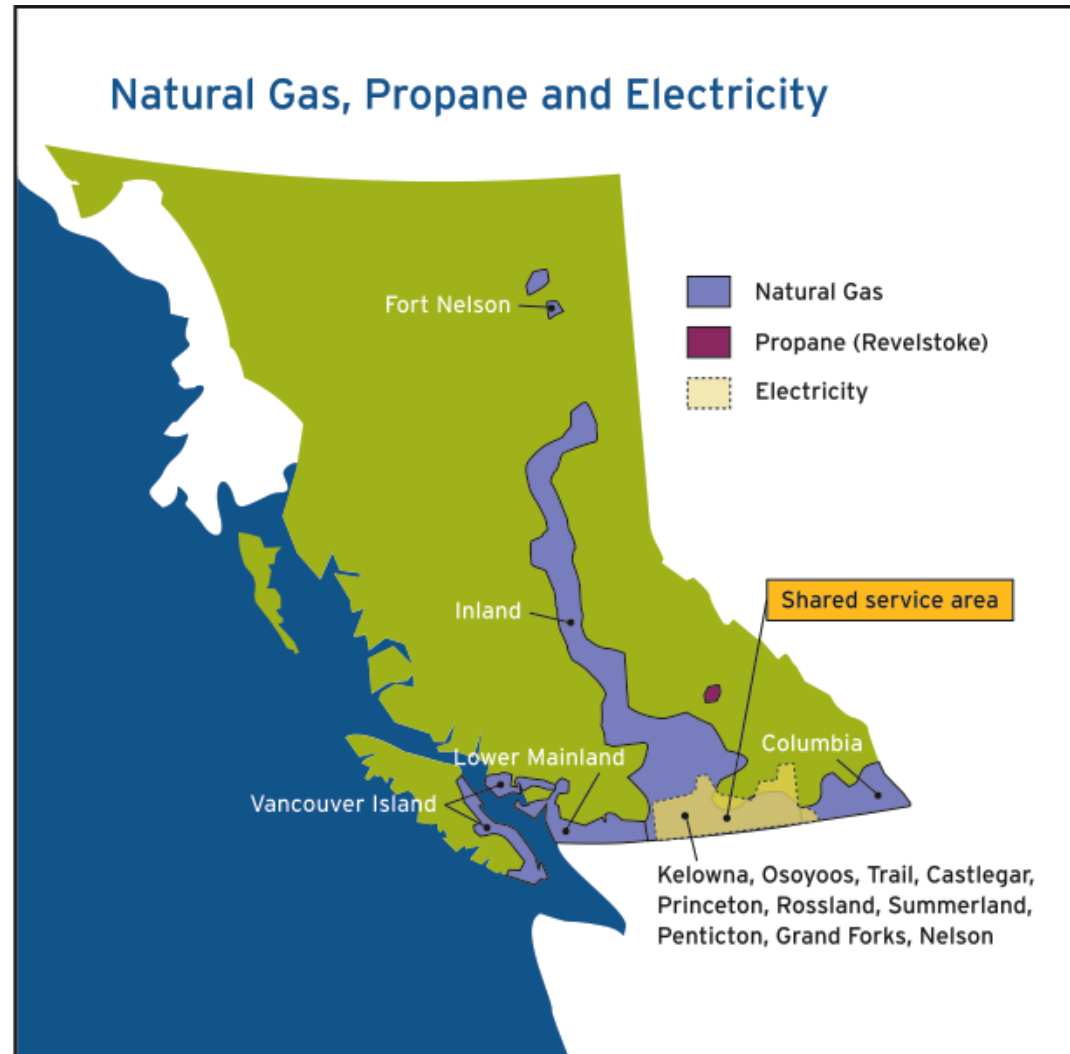


Largest investor-owned energy distribution utility in Canada

- (8 electric/2 gas)
- \$18 billion assets
- \$9.2 billion rate base
- 2.4 million utility customers

Fortis in BC

- Over 1.1M customers
- 135 communities across BC
- Combined assets of \$7.9 billion
- Over 2,200 employees
- Integrated energy solutions
- Regulated return on capital
- No mark up on gas commodity



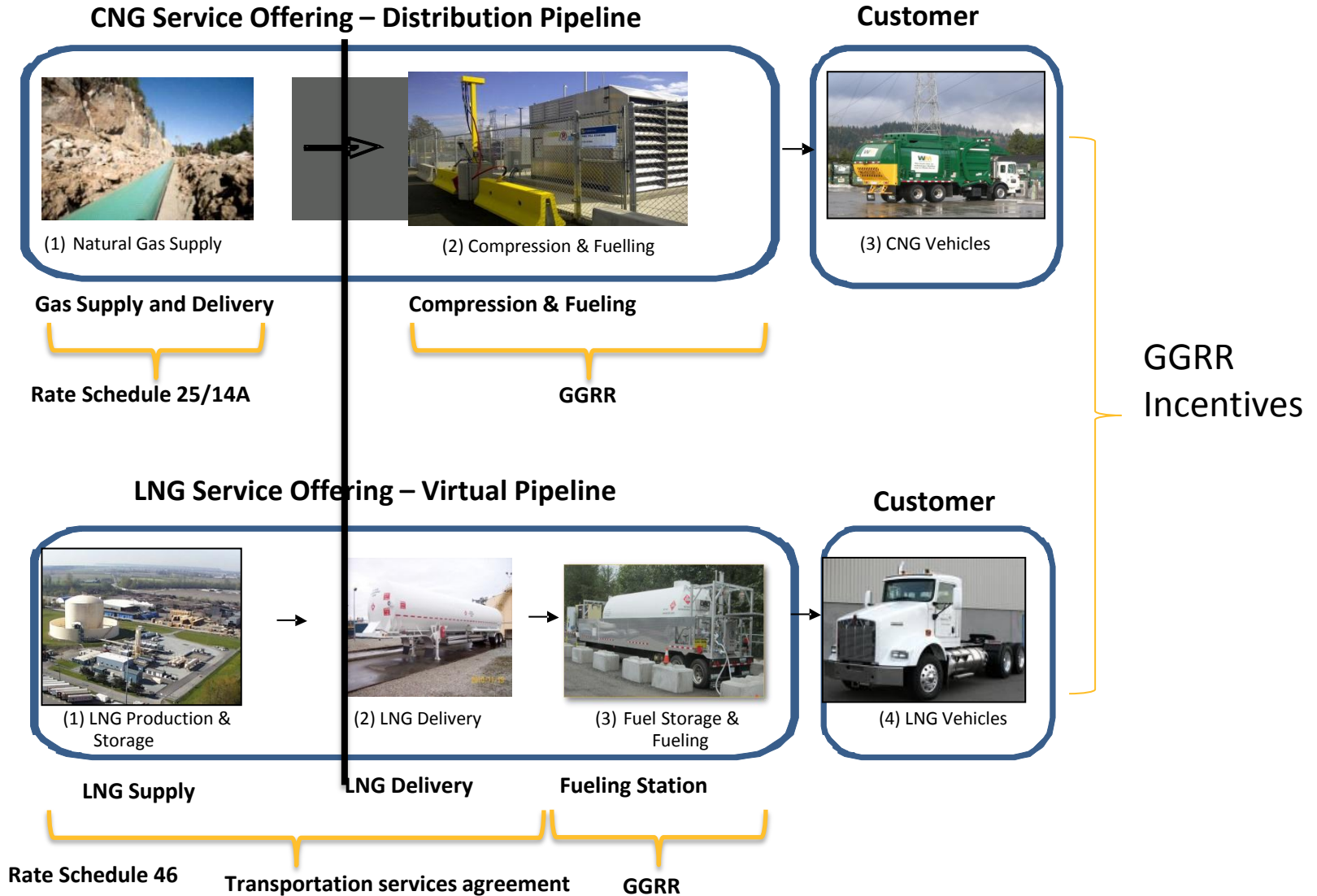
Why Natural Gas for Transportation?

- Regulatory Support
 - \$62M Financial incentives (incl. shop upgrades, training and marketing)
 - \$42M to invest in CNG and LNG fuelling infrastructure
- Adds volume to the system year round
- Keeps delivery rates low
- Fits with our business model

Customer Drivers

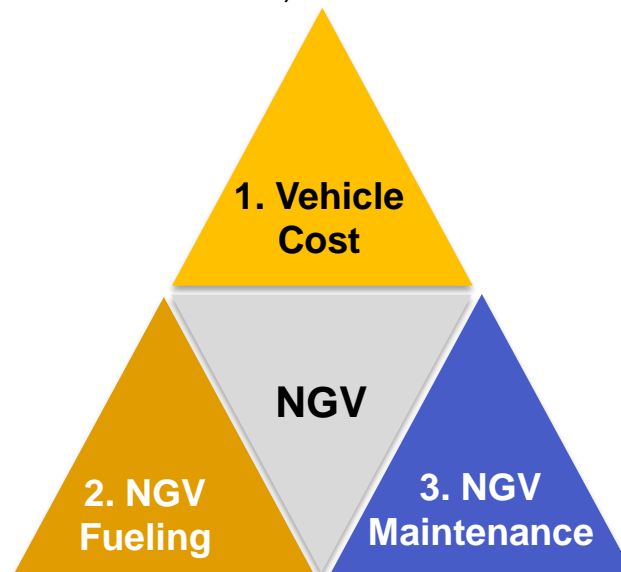
- Economics
- Environment
- Reduced Noise
- Shipper Requirements
- Staying ahead of the competitive curve

End to End Business Model



Role of FortisBC

- FortisBC vehicle incentive program to offset a portion of incremental cost (up to 50% in 2015)



- Fueling station can be built by fueling station providers* or FortisBC
- Fuel can also be obtained through public fueling stations.

- FortisBC incentive program to offset a portion of the facility upgrade cost to maintain NGVs

* List of fueling service providers can be found in FortisBC NGT website

* FortisBC vehicle incentive award recipients must use FortisBC's distribution network to deliver natural gas to the fueling site

Eligible Vehicle Types for GGRR



Waste Haulers



Transit & School Buses



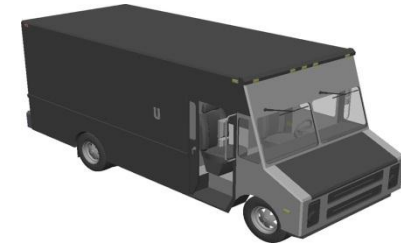
Port Yard Trucks



Straight Truck



**Heavy Duty class8/Tandem
Axle Trucks**



Step Vans



Mine Haul trucks



Locomotives



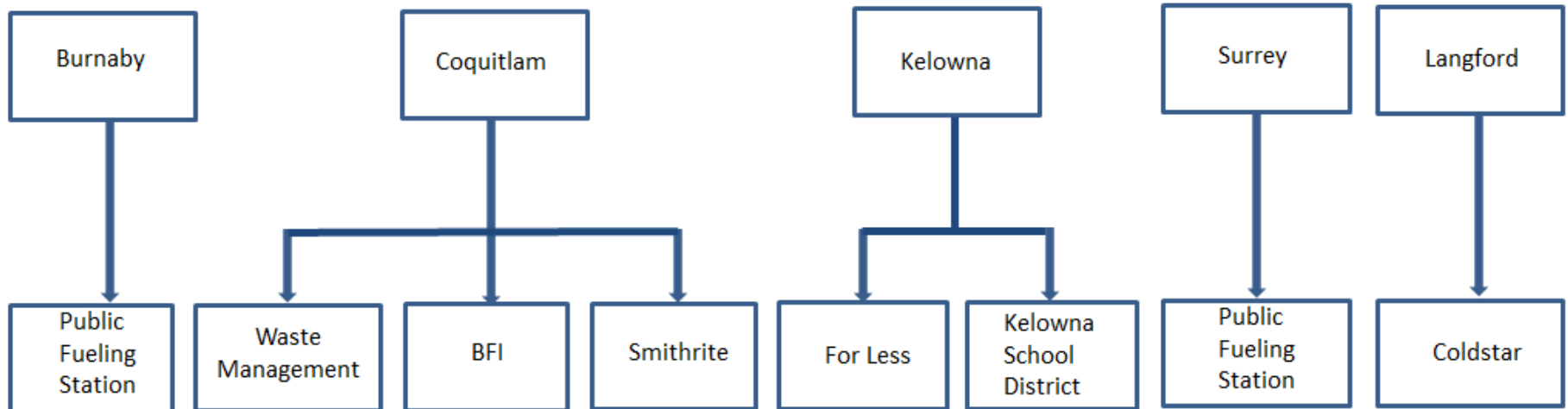
Ferries

\$29M Committed on Vehicle Incentives

	Number of committed vehicles	Diesel Displaced Annually (Liters)	Greenhouse Gas Reduction Annually (Tons)	Annual Customer fuel savings(\$/Year)
 <p>CNG Vehicle</p>	267	~8 Million	~10,000 Tons	3.2 Million
 <p>LNG Vehicle</p>	123	~12 Million	~13,000 Tons	7.2 Million
 <p>Marine Vessels</p>	5	~12.5 Million	~14,000 Tons	6-7 Million

Progress to Date – CNG Stations

CNG
7 CNG stations
\$6.8 Million Committed
175 CNG vehicles in operation 6.7 million litres of diesel displaced <u>per year</u>



BC Refuse Haulers

CNG
~190 vehicles
~5.3 Million litres of diesel displaced
\$.55 - \$.70 DLE 30,000- 35,000 Diesel litres per vehicle



78



28



28



16



34

Economic Case Study

Assumptions

Vehicles to be converted: **12**

Diesel litres consumed annually: **30,000**

Diesel cost: **\$1.10**

Incremental natural gas vehicle cost: **\$50,000**

ESTIMATED ANNUAL FUEL SAVINGS²

\$105,704

FortisBC incentive³

\$30,000

Maximum per vehicle

Payback⁴

2.30

Years

Diesel

 **360,000**

Litres for all vehicles

\$396,000

Annual cost⁶

CNG

 **414,000**

Annual litres equivalent⁵

\$290,296

Annual cost⁶

Diesel Cost

\$1.10

Per litre

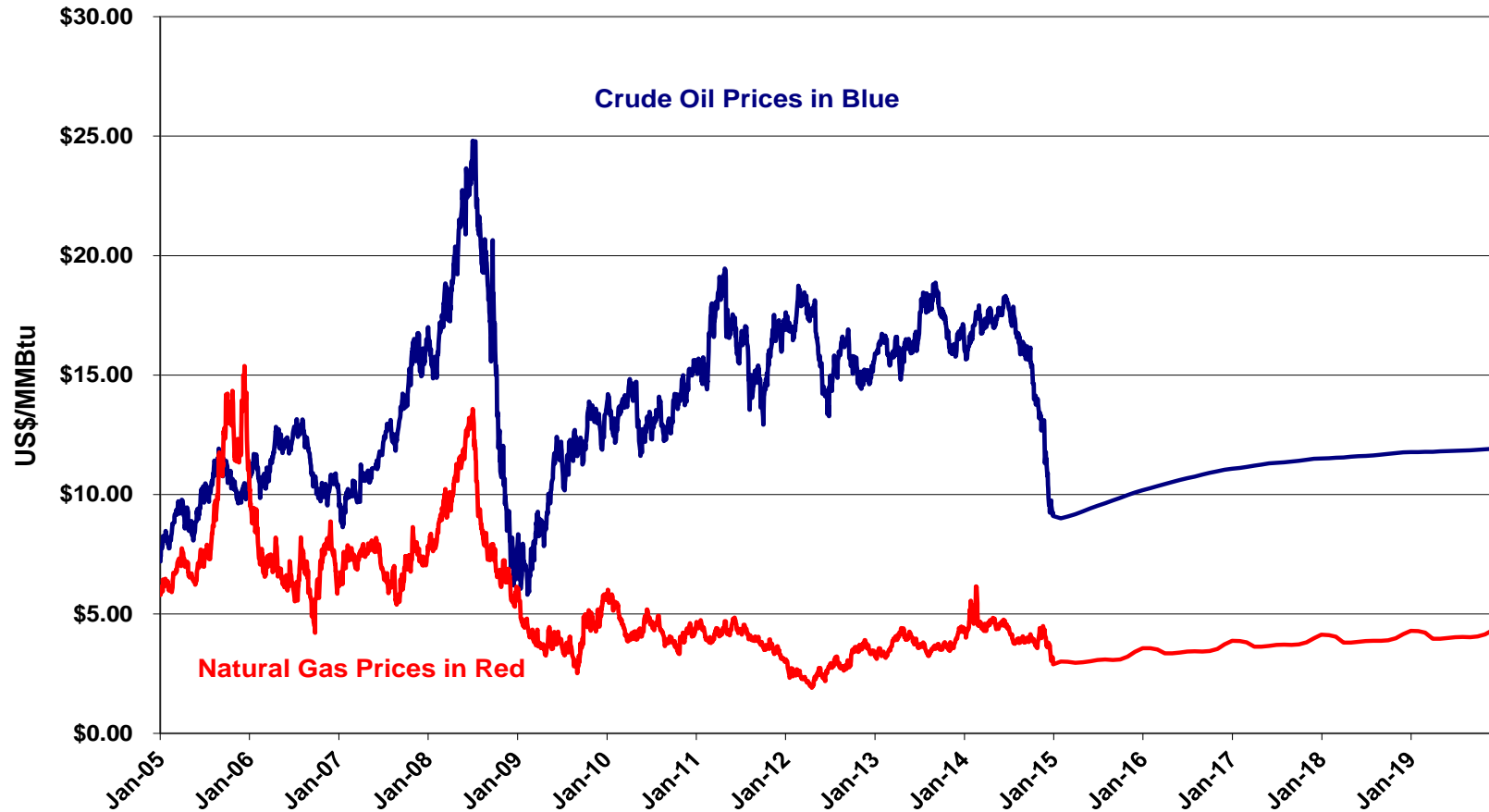
CNG cost⁷

\$0.70

Per diesel litre equivalent

Long term outlook for Oil and Natural Gas

Nymex Natural Gas vs Crude Oil
2005-15 Prompt Month Prices





**For further information,
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