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# Creative Energy Vancouver Platforms Inc.

# 2021 Long Term Resource Plan

# Decision and Order G-283-21

September 27, 2021

Before:

K. A. Keilty, Panel Chair M. Kresivo QC, Commissioner

R. I. Mason, Commissioner

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#### **Executive Summary**

On January 13, 2021, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed its 2021 Long Term Resource Plan (LTRP) (Application), pursuant to section 44.1 of the *Utilities Commission Act* (UCA), for acceptance by the British Columbia Utilities Commission (BCUC). As part of the Application Creative Energy also requested the BCUC's acceptance, pursuant to section 44.2(3)(a) of the UCA, of an expenditure schedule containing \$1.14 million in predevelopment expenditures related to investigating the technical and economic feasibility of a low-carbon energy project (Expenditure Schedule). The BCUC established a separate regulatory process for the review of the 2021 LTRP and the Expenditure Schedule. On June 7, 2021, the BCUC issued its decision accepting the Expenditure Schedule, among other things.<sup>1</sup>

Creative Energy owns and operates a centralized boiler plant located at 720 Beatty Street (Beatty Plant) in the City of Vancouver, which uses natural gas boilers to produce steam that is then distributed to individual buildings through a network of underground pipes (Core Steam System). The Beatty Plant also supplies thermal energy to Creative Energy's Northeast False Creek (NEFC) hot water system.<sup>2</sup>

On June 9, 2015, the BCUC previously directed Creative Energy to file an LTRP by June 9, 2017,<sup>3</sup> and subsequently the BCUC found that "the LTRP filing previously directed for the utility includes NEFC."<sup>4</sup> On June 9, 2017, Creative Energy filed its 2017 LTRP for BCUC approval and on August 21, 2017, the BCUC adjourned the proceeding and directed that Creative Energy file "a complete and updated LTRP that satisfies all requirements under section 44.1 of the UCA, including Demand-Side Management requirements, and the [BCUC's] Resource Planning Guidelines when filing the RRA [Revenue Requirement Application] for the 2020-2021 test period."<sup>5</sup>

The Panel agrees with Creative Energy that the following key issues set a planning context for its long-term future:

- How Creative Energy will provide low-carbon and eventually zero-carbon building heat and hot water to current and new customers;
- How it will provide such decarbonized services in a cost-effective manner; and
- How it will manage the attrition of customers who choose to cease taking steam service, should Creative Energy fail to find a method to provide decarbonized services.

The Panel also considers that Creative Energy faces long-term issues with respect to its NEFC hot water service, including the utility's ability to recover its capital investment and the disposition of the outstanding balance in its Revenue Deficiency Deferral Account. The Panel directs Creative Energy to address the future of its NEFC service in its next LTRP filing.

<sup>&</sup>lt;sup>1</sup> BCUC Order G-177-21.

<sup>&</sup>lt;sup>2</sup> Exhibit B-1, p. 1

<sup>&</sup>lt;sup>3</sup> BCUC Order G-98-15.

<sup>&</sup>lt;sup>4</sup> Decision accompanying Order C-12-15, pp. 70-71.

<sup>&</sup>lt;sup>5</sup> BCUC Order G-147-17, directive 1.

Based on its review of the Application, the Panel finds that:

- the objectives, demand forecast, and demand side management (DSM) plan included in the 2021 LTRP
  are inadequate for the purpose of the 2021 LTRP. As a result, the Panel is unable to make a
  determination on the appropriateness of Creative Energy's description of the facilities it needs to
  construct or extend and the energy purchases it intends to make in order to serve its estimated demand
  after taking cost-effective DSM measures; and
- Creative Energy's 2021 LTRP has not provided alternative resource portfolios or an adequate action plan, as set out in the Guidelines.

Since these elements of the LTRP are not adequate, the 2021 LTRP does not meet the BCUC's framework for review and acceptance of an LTRP as set out in section 44.1(2) of the UCA. Further, the Panel is unable to consider whether the 2021 LTRP is in the interests of persons in British Columbia who receive or may receive service from Creative Energy. Accordingly, the Panel determines that Creative Energy's 2021 LTRP is not in the public interest and rejects it.

Pursuant to section 44.1(2) of the UCA, the Panel directs Creative Energy to file an LTRP no later than March 31, 2024. The Panel also makes various directives providing specific guidance as to the information to be provided in Creative Energy's next LTRP in the form of directives to the utility.

To facilitate the review of the next LTRP, the Panel directs Creative Energy to file with the BCUC six-month status reports on its progress towards completing the next LTRP, starting on June 30, 2022 and to conduct a pre-filing workshop with BCUC staff and interveners by December 31, 2023.

The Panel is concerned that Creative Energy may not have complied with the BCUC's directive 1 of Order G-147-17 to file a complete and updated LTRP that satisfies the DSM requirements of section 44.1 of the UCA. Not complying with a BCUC order is a serious matter, and pursuant to part 8.1 of the UCA the BCUC may impose an administrative penalty if it finds that a person has contravened an order. The Panel recognizes that this is the first fulsome review of Creative Energy's LTRP and as a result does not recommend that the BCUC initiate a proceeding to determine whether Creative Energy has contravened directive 1 in Order G-147-17.

#### 1.0 Introduction

Creative Energy Vancouver Platforms Inc. (Creative Energy) owns and operates a centralized boiler plant located at 720 Beatty Street (Beatty Plant) in the City of Vancouver, which uses natural gas boilers to produce steam that is then distributed to individual buildings through a network of underground pipes (Core Steam System). The Beatty Plant also supplies thermal energy to Creative Energy's Northeast False Creek (NEFC) hot water system.<sup>6</sup>

Creative Energy requests that the British Columbia Utilities Commission (BCUC) accept its 2021 Long Term Resource Plan (LTRP) for the Core Stream System and NEFC as being in the public interest.

In this decision, the Panel sets out the key issues to be decided, provides an overview of the relevant evidence, considers Creative Energy's 2021 LTRP, and outlines the reasons for the Panel's decision. In this decision, the Panel addresses the following key issues:

- The planning context and objectives for Creative Energy's 2021 LTRP;
- Whether the 2021 LTRP meets the BCUC's framework for review and acceptance of an LTRP as set out in section 44.1(2) of the *Utilities Commission Act* (UCA);
- Whether the acceptance of the 2021 LTRP is supported by the Panel's required consideration of the
  applicable of BC's energy objectives, consistency with sections 6 and 19 of the Clean Energy Act, the
  adequacy of the proposed demand side management (DSM) measures, and the interests of customers
  and potential customers; and
- Whether acceptance of the 2021 LTRP is in the public interest.

#### 1.1 Background

On January 13, 2021, Creative Energy filed its 2021 LTRP (Application), pursuant to section 44.1 of the UCA, for acceptance by the BCUC.

On June 9, 2015, the BCUC had directed Creative Energy to file an LTRP by June 9, 2017.<sup>7</sup>

The BCUC also found that Creative Energy's Northeast False Creek (NEFC) system is not a separate utility from Creative Energy and as such "the LTRP filing previously directed for the utility includes NEFC."<sup>8</sup>

On June 9, 2017, Creative Energy filed its 2017 LTRP for BCUC approval and on August 21, 2017, the BCUC adjourned the proceeding until the filing of the Creative Energy Revenue Requirement Application (RRA) for the 2020 – 2021 test period. The BCUC stated this approach would allow for a comprehensive review of the LTRP, and would encourage Creative Energy to undertake public consultation in preparation of the updated LTRP. The BCUC directed:

<sup>&</sup>lt;sup>6</sup> Exhibit B-1, p. 1.

<sup>&</sup>lt;sup>7</sup> BCUC Order G-98-15.

<sup>&</sup>lt;sup>8</sup> Decision accompanying Order C-12-15, pp. 70-71.

<sup>&</sup>lt;sup>9</sup> By Order G-147-17.

Pursuant to section 90 of the UCA, the [BCUC] orders this proceeding adjourned until the Creative Energy RRA for the 2020-2021 test period is filed. Creative Energy is directed to file a complete and updated LTRP that satisfies all requirements under section 44.1 of the UCA, including Demand-Side Management requirements, and the [BCUC's] Resource Planning Guidelines when filing the RRA for the 2020-2021 test period.<sup>10</sup>

# 1.2 Application and Approvals Sought

Creative Energy files the 2021 LTRP pursuant to section 44.1(2) of the UCA for the BCUC's review pursuant to section 44.1(6) of the UCA. As part of the Application, Creative Energy also requested the BCUC's acceptance, pursuant to subsection 44.2(3)(a) of the UCA, of an expenditure schedule containing \$1.14 million in predevelopment expenditures related to investigating the technical and economic feasibility of a low-carbon energy project (Expenditure Schedule). The BCUC established a separate regulatory process for the review of the 2021 LTRP and the Expenditure Schedule. On June 7, 2021, the BCUC issued its decision accepting the Expenditure Schedule, among other things. 12

# 1.3 Legislative and Regulatory Framework

Section 44.1 of the UCA establishes the BCUC's framework for review and acceptance of an LTRP. Section 44.1(2) provides that a long-term resource plan must include all of the following:

- (a) an estimate of the demand for energy the public utility would expect to serve if the public utility does not take new demand-side measures during the period addressed by the plan;
- (b) a plan of how the public utility intends to reduce the demand referred to in paragraph (a) by taking cost-effective demand-side measures;
- (c) an estimate of the demand for energy that the public utility expects to serve after it has taken costeffective demand-side measures;
- (d) a description of the facilities that the public utility intends to construct or extend in order to serve the estimated demand referred to in paragraph (c);
- (e) information regarding the energy purchases from other persons that the public utility intends to make in order to serve the estimated demand referred to in paragraph (c);
- (f) an explanation of why the demand for energy to be served by the facilities referred to in paragraph(d) and the purchases referred to in paragraph (e) are not planned to be replaced by demand-side measures; and
- (g) any other information required by the BCUC.

<sup>&</sup>lt;sup>10</sup> BCUC Order G-147-17, directive 1.

<sup>&</sup>lt;sup>11</sup> Exhibit B-1, p. 10.

<sup>&</sup>lt;sup>12</sup> BCUC Order G-177-21.

The "other information" referred to in subsection 44.1(2)(g) includes consideration of the guidance set out in the BCUC's Resource Planning Guidelines (Guidelines)<sup>13</sup> as previously directed by the BCUC. <sup>14</sup>

In Section 3 of this decision, the Panel examines the extent to which the 2021 LTRP addresses the filing requirements outlined in section 44.1(2) of the UCA.

Sections 44.1(6) and (7) of the UCA require that after reviewing the 2021 LTRP, the BCUC must accept the plan, if the BCUC determines that carrying out the plan would be in the public interest, or reject the plan (in whole or in part). In determining whether the 2021 LTRP is in the public interest, the BCUC must consider whether the following considerations under section 44.1(8) of the UCA support acceptance:

- (a) the applicable of British Columbia's (BC) energy objectives;
- (b) the extent to which the plan is consistent with the applicable requirements under sections 6 and 19 of the Clean Energy Act,
- (c) whether the plan shows that Creative Energy intends to pursue adequate, cost-effective demandside measures; and
- (d) the interests of persons in BC who receive or may receive service from Creative Energy.

The Guidelines provide utilities with general guidance regarding the BCUC's expectations of the process and methods for utilities to follow in developing LTRPs that reflect their specific circumstances.<sup>15</sup>

In the Terasen Utilities 2010 LTRP Decision, the BCUC determined that section 6 and 19 of the *Clean Energy Act* (CEA) only apply to electric utilities. We agree with that determination and find that section 44.1(8)(b) is not relevant to the Application. In Section 4 of this decision, the Panel reviews evidence relevant to the remaining considerations outlined in 44.1(8) of the UCA.

BC's Energy Objectives as outlined in section 2 of the Clean Energy Act are as follows:

- (a) to achieve electricity self-sufficiency;
- (b) to take demand-side measures and to conserve energy, including the objective of the authority reducing its expected increase in demand for electricity by the year 2020 by at least 66%;
- (c) to generate at least 93% of the electricity in British Columbia from clean or renewable resources and to build the infrastructure necessary to transmit that electricity;
- (d) to use and foster the development in British Columbia of innovative technologies that support energy conservation and efficiency and the use of clean or renewable resources;
- (e) to ensure the authority's ratepayers receive the benefits of the heritage assets and to ensure the benefits of the heritage contract under the BC Hydro Public Power Legacy and Heritage Contract Act continue to accrue to the authority's ratepayers;

<sup>&</sup>lt;sup>13</sup> BCUC Resource Guidelines, https://www.bcuc.com/Documents/Guidelines/RPGuidelines 12-2003.pdf

<sup>&</sup>lt;sup>14</sup> BCUC Order G-147-17, directive 1.

 $<sup>^{\</sup>rm 15}$  BCUC Resource Planning Guidelines, p. 2.

- (f) to ensure the authority's rates remain among the most competitive of rates charged by public utilities in North America;
- (g) to reduce BC greenhouse gas emissions
  - i. by 2012 and for each subsequent calendar year to at least 6% less than the level of those emissions in 2007,
  - ii. by 2016 and for each subsequent calendar year to at least 18% less than the level of those emissions in 2007,
  - iii. by 2020 and for each subsequent calendar year to at least 33% less than the level of those emissions in 2007,
  - iv. by 2050 and for each subsequent calendar year to at least 80% less than the level of those emissions in 2007, and
  - v. by such other amounts as determined under the Climate Change Accountability Act;
- (h) to encourage the switching from one kind of energy source or use to another that decreases greenhouse gas emissions in British Columbia;
- (i) to encourage communities to reduce greenhouse gas emissions and use energy efficiently;
- (j) to reduce waste by encouraging the use of waste heat, biogas and biomass;
- (k) to encourage economic development and the creation and retention of jobs;
- (I) to foster the development of first nation and rural communities through the use and development of clean or renewable resources;
- (m) to maximize the value, including the incremental value of the resources being clean or renewable resources, of British Columbia's generation and transmission assets for the benefit of British Columbia;
- (n) to be a net exporter of electricity from clean or renewable resources with the intention of benefiting
  all British Columbians and reducing greenhouse gas emissions in regions in which British Columbia
  trades electricity while protecting the interests of persons who receive or may receive service in
  British Columbia;
- (o) to achieve British Columbia's energy objectives without the use of nuclear power.

# 1.4 Regulatory Process

The BCUC established regulatory timetables<sup>16</sup> for the review of the Application, which included separate regulatory processes for the review of the 2021 LTRP and the Expenditure Schedule. The process for the review of the 2021 LTRP consisted of two rounds of BCUC and intervener information requests (IRs), written final arguments filed by Creative Energy and interveners, and reply argument by Creative Energy.

The following parties registered as interveners in the proceeding:

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 $<sup>^{16}</sup>$  By Orders G-40-21 dated February 8, 2021, G-106-21 dated April 7, 2021, and G-151-21 dated May 18, 2021.

- BC Old Age Pensioners' Organization et al. (BCOAPO);
- Commercial Energy Consumers Association of BC (CEC); and
- Residential Consumer Intervener Association (RCIA);

As noted above, the BCUC accepted the Expenditure Schedule on June 7, 2021. Creative Energy subsequently filed an application for a Certificate of Public Convenience and Necessity (CPCN) for the low-carbon energy project (Decarbonization Project), on June 30, 2021.

# 1.5 Purpose of the LTRP

In this section, the Panel explains the purpose of an LTRP for utility regulation under the UCA, and the applicability of an LTRP to Creative Energy.

In the Panel's view, the purpose of an LTRP is to facilitate efficient and effective oversight of public utilities by periodically reviewing a utility's long-term plans and the choices they face when deciding how to provide safe and reliable service at just and reasonable rates.

Since an LTRP takes a longer-term view, it facilitates more effective and efficient regulation of utilities by allowing the BCUC and participants a process to understand the long-term challenges, opportunities, and direction of the utilities. This enables the BCUC to efficiently examine subsequent applications from utilities, such as CPCNs, RRAs, energy supply contracts and rate designs, which deal with shorter-term issues, and to understand how those applications relate to the long-term view of the utility. Without an in-depth LTRP, the utility and the BCUC may make decisions which are effective and appropriate for the short term but not appropriate when considering the long-term challenges and opportunities of the utility. The long-term focus of an LTRP also makes regulation more effective by identifying and considering strategic and public policy issues which might not otherwise arise in individual applications.

The Panel endorses the BCUC's 2014 FEU Long Term Resource Plan LTRP Decision (FEU 2014 LTRP Decision), wherein the BCUC elaborated on the purpose of an LTRP, among other things, and stated that resource planning and the LTRP are not simply perfunctory matters whereby utilities file template material cut and pasted from annual reports available in public records. Rather, resource planning is a process requiring utilities to consider all anticipated resources required to meet the demand for a utility's products and services. Furthermore, the Panel agrees with the BCUC where it stated in the FEU 2014 LTRP Decision that resource planning should provide direction on broader policy issues that may arise in other applications and identify and consider areas where there may be public interest concerns, for example, regarding support for BC's Energy Objectives.<sup>17</sup>

For an LTRP to achieve this purpose, it must be based on a credible and well-constructed forecast of a utility's future demand for energy. Such a forecast should, as set out in Section 44.1 (2) of the UCA and in the Guidelines, <sup>18</sup> consider the utility's anticipated demand for energy before and after DSM, and should generally include multiple forecasts to reflect uncertainty about future demographic, social, economic and technological trends.

<sup>&</sup>lt;sup>17</sup> 2014 LTRP Decision, Order G-189-14, p. 5.

 $<sup>^{\</sup>rm 18}$  BCUC Resource Planning Guidelines, p. 1.

An LTRP should also include several plausible portfolios of resources, such as facilities and sources of energy, for a utility to meet each of the range of forecasts of future demand. This allows examination of the trade-offs between the alternative portfolios when considering the utility's objectives such as reliability and cost of service, and the choice of a preferred resource portfolio.

Section 44.1 of the UCA does not require all public utilities to file an LTRP, but leaves it to the discretion of the BCUC to determine when such a filing is appropriate. As previously noted, the BCUC directed Creative Energy in 2015 to file an LTRP. For the following reasons, the Panel considers that it remains appropriate that Creative Energy files an LTRP for review by the BCUC.

The BCUC has previously examined the degree to which thermal energy systems (TES) should be regulated, and the appropriate manner of such regulation. As a result of the AES Inquiry and subsequent proceedings, the BCUC concluded that larger TES such as the steam system operated by Creative Energy did not warrant an exemption from regulation, defining a larger TES as one that operates on more than a single site or has an initial capital cost of more than \$15 million. The BCUC cited concerns about the possible monopoly characteristics of larger TES, also known as district energy systems, and the degree of choice customers may have when deciding whether to connect to them.<sup>19</sup>

The BCUC also concluded in the AES Inquiry that while district energy systems, including specifically Creative Energy, <sup>20</sup> did not warrant an exemption from regulation, the form of their regulation by the BCUC should be determined by the degree of natural monopoly characteristics present and the degree of consumer protection required. <sup>21</sup> The BCUC's TES Guidelines address the form of regulation for TES's, and provide for "increased regulatory oversight as the size and scope of the TES increases." Specifically, the TES Guidelines state that "All other TES [without an exemption from regulation] will be regulated similar [sic] to other Public Utility systems. An application for a CPCN and a rate approval application are required."<sup>22</sup>

The Panel considers it appropriate that the form of regulation of Creative Energy's Core Steam System together with NEFC includes the filing and review of an LTRP. Despite its assertion that it is "not a monopoly utility service provider,"<sup>23</sup> in the Panel's view Creative Energy has a degree of monopoly power over its current steam service customers. While there may be competitive alternatives to the steam service such as electricity or natural gas, as the BCUC has previously noted,<sup>24</sup> there is a cost for current customers to switch to another solution for building heat, and the BCUC regulates Creative Energy's steam service prices through review of a traditional cost-of-service RRA and CPCN applications for capital investments.

Given the nature of the BCUC's regulation of Creative Energy's steam service and the benefits of an LTRP in delivering efficient and effective regulation, the Panel finds that it continues to be appropriate for Creative Energy to file an LTRP. The Panel further finds that the 2021 LTRP should satisfy the purposes set out above for an LTRP, and should:

<sup>&</sup>lt;sup>19</sup> AES Inquiry, pp. 70-71; Order G-121-14; Order G-231-13, attachment 1, p. 30, 34.

<sup>&</sup>lt;sup>20</sup> Then known as Central Heat.

<sup>&</sup>lt;sup>21</sup> AES Inquiry, p. 76.

<sup>&</sup>lt;sup>22</sup> BCUC's TES Guidelines, Order G-27-15, Appendix A, p. 7.

<sup>&</sup>lt;sup>23</sup> Exhibit B-3, p. 3.

<sup>&</sup>lt;sup>24</sup> AES Inquiry, p. 75.

- provide a long-term view of Creative Energy's forecast demand, before and after DSM, which the BCUC requires when examining CPCN applications and energy supply contracts and when determining rates;
- allow an examination of the trade-offs between different resource portfolios which Creative Energy
  might use to ensure cost-effective delivery of secure and reliable energy services, while addressing
  government policy; and
- identify public interest and policy issues, such as decarbonization.

# 2.0 Planning Context and Objectives of the 2021 LTRP

This section reviews the planning context and objectives for the 2021 LTRP. The planning context sets the basis for the remaining sections of the 2021 LTRP, underpinning the analysis of the demand forecast, DSM, facilities and energy purchases. The utility's objectives provide a framework for comparing alternative resource portfolios to meet each demand forecast.

#### 2.1 Planning Context

The planning context is key to the LTRP in that it provides information on the key issues and assumptions of the LTRP, in the context of the resources of the utility.

The Guidelines provide some additional insights and state: "Key underlying issues and assumptions that inform the planning context should be identified and discussed (e.g., reliability and security issues, risk factors, major uncertainties)."<sup>25</sup>

As noted above, the 2021 LTRP addresses both the Core Steam System and NEFC hot water system.<sup>26</sup> In this decision, references to "steam services" or "steam energy services" include the steam which is subsequently converted to hot water to serve customers on the NEFC system.

In 2016, the BCUC approved NEFC's existing hot water levelized rate design. Under this design, rates were set so that increases would be smoothed in over time, recognizing that the rates in the earlier years would not be sufficient to recover forecast revenue requirements, due to the upfront costs incurred to install the required infrastructure to provide hot water service to initial customers and the expected future increase in customers and hot water load. The variances between approved revenue requirements and forecast revenues are recorded in the Revenue Deficiency Deferral Account (RDDA) for recovery at a later date.<sup>27</sup>

Creative Energy explains that the City of Vancouver (City) has extended its connection bylaw to include future development in the NEFC neighbourhood, which means the City will provide service to the future developments

<sup>&</sup>lt;sup>25</sup> BCUC Resource Planning Guidelines, number 1, p. 3.

<sup>&</sup>lt;sup>26</sup> Exhibit B-1, p. 1.

<sup>&</sup>lt;sup>27</sup> BCUC Decision and Order G-167-16, dated November 18, 2016.

in NEFC rather than Creative Energy. The utility adds that it intends to supply the hot water to serve the City of Vancouver's future loads in NEFC, but as the necessary arrangements are subject to a request for proposal from the City anticipated to be issued in the second quarter of 2021, at present it does not have a consolidated forecast of load growth in the NEFC neighbourhood and the timing is uncertain.<sup>28</sup>

Creative Energy is undertaking a project to upgrade the Beatty Plant, and constructing a new plant which will be interconnected with the existing Beatty Plant and steam distribution network (Redevelopment Project). The Redevelopment Project is projected to be in service by 2024. Creative Energy submits this LTRP addresses resource planning for the time period following completion of the Redevelopment Project, which Creative Energy states will ensure that it is able to continue to reliably serve current demand levels for many years to come. According to Creative Energy, the objectives of its 2021 LTRP are to continue to pursue initiatives to add customers and extend the system to serve them, and to maintain existing customers.<sup>29</sup>

Creative Energy asserts it provides the lowest cost thermal energy in Vancouver, which it states has historically been its competitive advantage. However, Creative Energy submits the low cost of its thermal energy may not be sufficient to retain existing customers and attract potential new customers in the future. New developments in downtown Vancouver might not be permitted to, or might choose not to, obtain their thermal energy requirements from Creative Energy unless it offers low carbon energy, at least as an optional service.<sup>30</sup>

Creative Energy provides a summary of relevant energy emissions policies. At a federal level, Creative Energy notes the Government of Canada (Canada) has committed to reducing greenhouse gas (GHG) emissions by 30 percent below 2005 levels by 2030 and achieving net-zero emissions by 2050. Creative Energy states Canada's approach to reducing GHG emissions in the built environment includes making new buildings net-zero energy and retrofitting existing buildings, as well as fuel switching. Creative Energy notes in 2018, the *Greenhouse Gas Pollution Pricing Act* was enacted, and that in the case of Creative Energy, costs of paying the carbon tax on natural gas purchased to generate steam are passed on to customers through the fuel cost adjustment charge.<sup>31</sup>

Creative Energy highlights the Province of BC's (Province) commitment to reducing GHG emissions includes legislated targets as outlined in the *Climate Action Accountability Act*. The Province aims to reduce GHG emissions primarily through the CleanBC initiative, which includes goals and programs for better buildings and reducing pollution from industry. Overall, emissions from buildings are targeted to drop by 40 percent. Creative Energy notes the BC Building Code is being improved and efficiency standards increased. By 2032, CleanBC intends for new buildings to be 80 percent more efficient through the BC Energy Step Code.<sup>32</sup>

At a municipal level, Creative Energy advises that as part of the City's Greenest City Action Plan, the City is targeting requiring all heating and hot water systems in new buildings to be zero emissions. For existing buildings, the City is considering staff proposals to improve energy efficiency and switch space heating and hot water systems to renewable energy.<sup>33</sup> The City has undertaken policy and bylaw amendments to implement the

<sup>&</sup>lt;sup>28</sup> Exhibit B-1, p. 18; Exhibit B-8, BCUC IR 5.2.

<sup>&</sup>lt;sup>29</sup> Exhibit B-1, pp. 2–3.

<sup>&</sup>lt;sup>30</sup> Exhibit B-1, p. 26.

<sup>&</sup>lt;sup>31</sup> Exhibit B-1, pp. 26–28.

<sup>&</sup>lt;sup>32</sup> Exhibit B-1, pp. 28–29.

<sup>&</sup>lt;sup>33</sup> Exhibit B-1, p. 30.

Zero Emission Building Plan, which includes a pathway for developers to comply with GHG reductions targets by requiring heat supply from a district-scale or on-site low carbon energy systems (LCES). Creative Energy states to attract new customers it must offer an energy service that supports a developer taking the LCES pathway.<sup>34</sup>

#### **Panel Determination**

The Panel agrees with Creative Energy that key issues it will face in its long-term future are:

- How Creative Energy will provide low-carbon and eventually zero-carbon building heat and hot water to current and new customers;
- How it will provide such decarbonized services in a cost-effective manner; and
- How it will manage the attrition of customers who choose to cease taking steam service, should Creative Energy fail to find a method to provide decarbonized services.

The Panel also considers that Creative Energy faces long-term issues with respect to its NEFC hot water service, including the utility's ability to recover its capital investment and the disposition of the outstanding balance in its RDDA. **The Panel directs Creative Energy to address the future of its NEFC service in its next LTRP filing**. The Panel examines the issue of Creative Energy's load for the NEFC neighbourhood in Section 3.1 below.

# 2.2 Objectives

Each utility must set its own objectives in an LTRP. The Guidelines provide a framework and thoughts on appropriate objectives as follows:

Objectives include, but are not limited to: adequate and reliable service; economic efficiency; preservation of the financial integrity of the utility; equal consideration of DSM and supply resources; minimization of risks; compliance with government regulations and stated policies; and consideration of social and environmental impacts (footnote omitted)

Creative Energy has set out its objectives of its 2021 LTRP as being to continue to pursue initiatives to add customers and extend the system to serve them, and to maintain existing customers.<sup>35</sup>

#### Panel Determination

The Panel finds that the objectives provided by Creative Energy are inadequate for the purpose of the 2021 LTRP.

The Guidelines explain that the objectives are used to assess the multiple, alternative resource portfolios that should be provided for each of the utility's gross demand forecasts. The preferred resource portfolio for each such forecast is selected by assessing each portfolio against the objectives the utility has set out for the LTRP. The Guidelines provide examples of objectives such as "adequate and reliable service; economic efficiency;

<sup>&</sup>lt;sup>34</sup> Exhibit B-1, pp. 30-31.

<sup>&</sup>lt;sup>35</sup> Exhibit B-1, p. 3.

preservation of the financial integrity of the utility; equal consideration of DSM and supply resources; minimization of risks; compliance with government regulations and stated policies; and consideration of social and environmental impacts."<sup>36</sup>

Creative Energy's proposed objectives, to add new customers and maintain existing ones, are not consistent with the Guidelines. The proposed objectives do not address a number of the examples provided in the Guidelines and provide insufficient clarity and precision to enable a meaningful examination of the trade-offs between different resource portfolios.

Accordingly, the Panel directs that in the next LTRP, Creative Energy must provide objectives which:

- broadly cover the topics for the objectives set out in section 1 of the Guidelines; and
- are sufficiently clear and precise to enable the BCUC to examine the trade-offs between different resource portfolios.

# 3.0 Does the LTRP meet the section 44.1(2) filing requirements?

In this section, the Panel assesses whether the 2021 LTRP meets the filing requirements set out in section 44.1(2) of the UCA and the Guidelines which have been outlined in Section 1.3 of this decision.

#### 3.1 Estimate of Demand

Section 44.1(2)(a) requires that an LTRP includes an estimate of demand in the absence of new DSM.

Section 44.1(6) states:

After reviewing a long-term resource plan filed under subsection (2), the commission must

- (a) accept the plan, if the commission determines that carrying out the plan would be in the public interest, or
- (b) reject the plan.

The Guidelines state that gross demand forecasts should generally project 15 to 20 years into the future. Further, an LTRP should generally include more than one forecast of demand to reflect uncertainty about the future, and that "it is necessary to distinguish between demographic, social, economic and technological factors unaffected by utility actions, and those actions the utility can take to influence demand."<sup>37</sup>

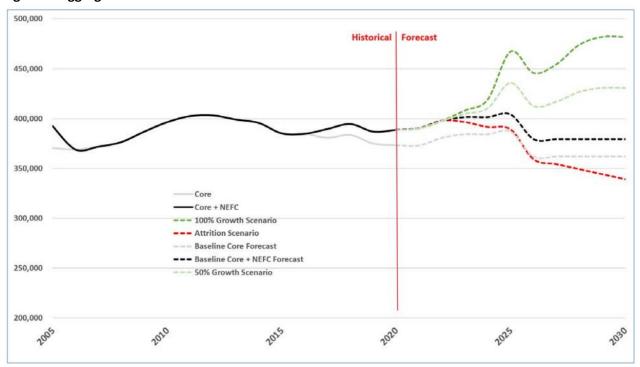
In the Application, Creative Energy presents the several load forecast scenarios, as outlined in the below diagrams illustrating energy and peak demand respectively:<sup>38</sup>

<sup>&</sup>lt;sup>36</sup> BCUC Resource Planning Guidelines, pp. 3–4.

<sup>&</sup>lt;sup>37</sup> BCUC Resource Planning Guidelines, pp. 1–2.

<sup>&</sup>lt;sup>38</sup> Exhibit B-1, p. 40.

Figure 1: Aggregate Load Forecast Scenarios<sup>39</sup>



Creative Energy states it is presently connected to four buildings in NEFC, served by two hot water plants with a demand of 19.2 MWh in 2020, the first full year of forecast consumption for all four buildings in total. The utility provides the following evidence of installed and potential capacity of the NEFC steam to hot water conversion stations:<sup>40</sup>

Table 6: Capacity of the NEFC steam to hot water conversion stations (utilized and available)

Location	Installed Capacity	Potential Capacity
Parq Casino	8.8MW	17.6MW
Roger's Arena South	8.8MW	17.6MW
Total	17.6MW	35.2MW

A summary of its baseline steam load forecast, broken down between the Core Steam System and the demand from the NEFC neighbourhood is set out below:<sup>41</sup>

<sup>&</sup>lt;sup>39</sup> Exhibit B-1, p. 40.

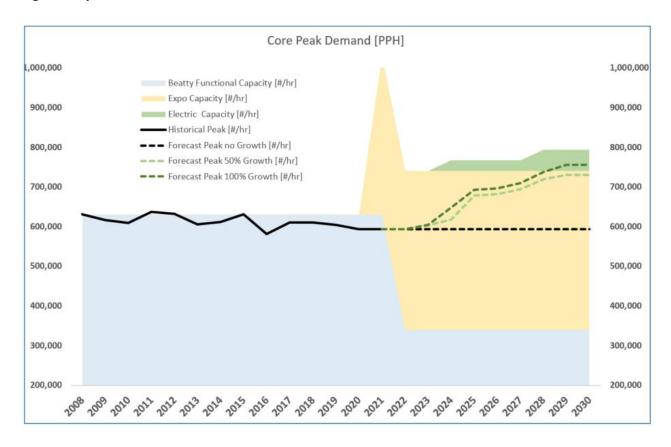
<sup>&</sup>lt;sup>40</sup> Exhibit B-1, pp. 17-18.

<sup>&</sup>lt;sup>41</sup> Exhibit B-1, p. 40.

Table 8: Baseline Steam Load Forecast - Summary

Year	Core Steam MWh	NEFC Steam MWh	Total Steam MWh
2020	373,161	15,406	388,568
2021	372,948	16,177	389,125
2022	380,591	16,177	396,768
2023	384,131	16,177	400,308
2024	384,131	16,177	400,308
2025	386,731	16,177	402,908
2026	362,009	16,177	378,185
2027	362,009	16,177	378,185
2028	362,009	16,177	378,185
2029	362,009	16,177	378,185
2030	362,009	16,177	378,185

Figure 2: System Peak Demand<sup>42</sup>



<sup>&</sup>lt;sup>42</sup> Exhibit B-1, p. 21.

The forecast was developed by Creative Energy using billing data to generate a three-year average demand, and accounting for known customer connections and disconnections.<sup>43</sup> Under the base forecast, Creative Energy would continue to use natural gas as the primary fuel, with a nominal amount of fuel oil burned each year to test-fire each boiler on fuel oil and confirm reliable operations of the back-up fuel oil systems.<sup>44</sup>

Creative Energy states that the growth scenarios are based upon an estimation of additional steam demand and year of energization for upcoming developments projects within 500 feet of Creative Energy's existing steam network, which are derived from public sources including the City's database of rezoning applications. The 100% Growth scenario is a forecast of all such heating load growth in Creative Energy's service area that Creative Energy could serve, which is not considered probable as there are a number of building-scale alternatives which developers may find preferable. The 100% Growth scenario represents an upper bound of Creative Energy's demand forecast rather than a forecast of demand it expects to serve.<sup>45</sup>

The 50% Growth scenario assumes Creative Energy serves half of the available new load. Creative Energy states that both the 100% Growth and 50% Growth scenarios are contingent upon it having a low carbon offering. 46

The Attrition scenario assumes no new customers connect, and there is a loss of steam load assumed at a rate of 5,000MWh per year.<sup>47</sup> Creative Energy says the attrition rate is indicative and there is no specific basis for the number, other than it is in the range of a medium-size customer building.<sup>48</sup> Creative Energy submits it is facing attrition almost exclusively in connection to existing customers wanting cleaner energy, and the challenges of attracting new customers because of regulations requiring the use of renewable energy or customer commitments to go further than compliance with the minimum standards.<sup>49</sup>

Creative Energy submits it is not able to quantify the probability of any scenario, but considers the Attrition scenario relatively likely if no low carbon capacity is installed, and the 50% Growth scenario relatively likely if low carbon capacity is installed.<sup>50</sup>

Since Creative Energy does not have access to any development data that extends out 15 to 20 years, it states that to extend the time horizon otherwise would be largely speculative and would not provide any additional information or further basis to support the current action plan of resource planning activities that it intends to pursue over the next four years (Action Plan).<sup>51</sup>

Creative Energy states no price elasticity assumptions are reflected in any of the load forecast scenarios and are not necessary. In Creative Energy's view, elasticity is not directly applicable in the load attrition scenario which is indicative of the choice existing building customers have to separately procure low carbon energy or improve

<sup>&</sup>lt;sup>43</sup> Exhibit B-3, p. 4.

<sup>&</sup>lt;sup>44</sup> Exhibit B-1, p. 31.

<sup>&</sup>lt;sup>45</sup> Exhibit B-1, pp. 39, 41 Exhibit B-3, p. 4.

<sup>&</sup>lt;sup>46</sup> Exhibit B-1, pp. 39, 41 Exhibit B-3, p. 4.

<sup>&</sup>lt;sup>47</sup> Exhibit B-3, pp. 4–5.

<sup>&</sup>lt;sup>48</sup> Exhibit B-8, Response to BCUC IR 7.4.

<sup>&</sup>lt;sup>49</sup> Exhibit B-1, p. 39.

<sup>&</sup>lt;sup>50</sup> Exhibit B-3, p. 4.

<sup>&</sup>lt;sup>51</sup> Exhibit B-8, Response to BCUC IR 7.1.

their energy use efficiency, and not reflective in any manner of a forecast demand effect due to rate changes in their current service offering. Creative Energy has observed that the demand for heating by its existing building customers has been "relatively price inelastic."<sup>52</sup>

Creative Energy raises a concern regarding its rates and suggests that the Carbon Tax could escalate by \$15/tonne/year from \$65/tonne in 2023 to \$170/tonne by 2030, which would represent an increase of approximately 5 percent per year or a total increase of approximately 40 percent by 2030.<sup>53</sup>

Creative Energy adds that, with its Decarbonization Project, it "will retain existing load" as well as being able to attract a significant portion of growth in heating demand.<sup>54</sup>

In Order G-147-17, the BCUC encouraged Creative Energy "to undertake public consultation in preparation of the updated LTRP." Notwithstanding this encouragement, Creative Energy did not undertake public consultation in preparation of the 2021 LTRP. Creative Energy states that it "did not engage with customers in the preparation of the load forecast scenarios." <sup>56</sup>

# Positions of the Parties

Creative Energy submits that the BCUC's decision to accept or reject an LTRP is to be made with respect to the components of the 2021 LTRP which the utility plans to carry out "over the time horizon covered by the 2021 LTRP, which is the Action Plan." The utility adds that when the Redevelopment Project is complete, it will have sufficient boiler capacity to serve its anticipated load "for years to come," based on the average of the last three years of steam demand, adjusted for known new connections and confirmed disconnections. 58

BCOAPO submits that Creative Energy's load forecasts were presented in a "perfunctory manner given the important function they serve," and that Creative Energy's evidence was of "such a shallow nature" that the BCUC was forced to begin the review process by directing Creative Energy to file supplementary information, which BCOAPO submits was also "very basic and high level." <sup>59</sup>

Creative Energy does not reply directly to BCOAPO's submission regarding its load forecast, but submits that it will have sufficient steam generation resources "for many years" and that it will only experience load growth if it offers a low-carbon steam energy service. As a result, Creative Energy concludes that the only options for consideration in the 2021 LTRP are to reduce consumption of natural gas and/or to procure resources to support new service options for customers.<sup>60</sup>.

<sup>&</sup>lt;sup>52</sup> Exhibit B-3, p. 3.

<sup>&</sup>lt;sup>53</sup> Exhibit B-8, BCUC IR 4.1.

<sup>&</sup>lt;sup>54</sup> Exhibit B-8, IR 7.7.1.

<sup>&</sup>lt;sup>55</sup> Order G-147-17, p. 3.

<sup>&</sup>lt;sup>56</sup> Exhibit B-8, IR 6.1.

<sup>&</sup>lt;sup>57</sup> Creative Energy Final Argument, p. 2.

<sup>&</sup>lt;sup>58</sup> Creative Energy Final Argument, p. 3.

<sup>&</sup>lt;sup>59</sup> BCOAPO Final Argument, pp. 5–6.

<sup>&</sup>lt;sup>60</sup> Creative Energy Reply, p. 3.

The CEC submits that the load forecast is "weak," and "not adequately or sufficiently justified." The CEC notes that Creative Energy provides no price elasticity assumptions in any of the load forecast scenarios and is unable to provide sufficient detail to quantify attrition related to customers wanting cleaner energy. The CEC is concerned that Creative Energy does not perceive rate increases to be a significant issue for its customers, with the exception of the impacts of the carbon tax, and submits that many steam customers may not require lower carbon energy if it is provided at higher prices.

Creative Energy does not reply to the CEC's submission with respect to its load forecast.

#### **Panel Determination**

The Panel finds that the demand forecast in Creative Energy's 2021 LTRP, required pursuant to section 44.1(2)(a) of the UCA, is not adequate for the purposes of an LTRP.

The Panel agrees with the submissions of the interveners that the demand forecast in the 2021 LTRP is insufficient and inadequately justified. The Panel finds that the demand forecast in Creative Energy's 2021 LTRP is not based on sufficient data from its customers, is too short-term in its outlook and fails to provide a realistic range of demand forecast scenarios based on reasonable assumptions.

The Panel notes that Creative Energy has not sought data from its current customers or from any known potential customers to evaluate their future demand for steam energy, low-carbon or otherwise and provides no support for not doing so. The absence of evidence from such consultation seriously undermines the reliability of the demand forecasts.

Creative Energy states that it has 208<sup>64</sup> customers in Vancouver's downtown core. The Panel considers it reasonable to survey this number of customers to determine their anticipated future demand for steam energy including low-carbon steam energy, a service Creative Energy is considering. Customer survey data could also be used to estimate the price elasticity of demand as well as the level of possible customer attrition, an issue the Panel deals with later in the section.

The Guidelines state that "Resource planning is intended to facilitate the selection of cost-effective resources that yield the best overall outcome of expected impacts and risks for ratepayers <u>over the long run</u>" (emphasis added),<sup>65</sup> and that demand forecasts in an LTRP should generally consider demand "15 to 20 years into the future." In the Panel's view, an LTRP should generally be based on a planning horizon of 15 to 20 years and the expectation is that Creative Energy would provide such a long term view.

Creative Energy provides a demand forecast to 2030, nine years into the future and only six years after the completion of the Redevelopment Project. The utility explains that it does not have access to development data

<sup>&</sup>lt;sup>61</sup> CEC Final Argument, p. 1.

<sup>&</sup>lt;sup>62</sup> CEC Final Argument, pp. 5–6.

<sup>&</sup>lt;sup>63</sup> CEC Final Argument, pp. 15–16.

<sup>&</sup>lt;sup>64</sup> Exhibit B-9, CEC IR 17.7, figure from 2020.

<sup>65</sup> BCUC Resource Planning Guidelines, p. 1.

<sup>&</sup>lt;sup>66</sup> BCUC Resource Planning Guidelines, p. 2.

on new building construction extending out 15 to 20 years and that extending the time horizon beyond 2030 would be speculative and would not provide any new basis to support the current Action Plan.

The Panel does not agree with Creative Energy's justification for not providing a demand forecast at least 15 years into the future for the following two reasons.

Firstly, examining development data on new building construction is not the only way to create a demand forecast. For example, other utilities use different methods and sources of data to project 15 or more years into the future, including economic and societal projections from bodies such as Conference Board of Canada. In addition, other utilities generally provide projections and forecasts after surveying customers or consulting with experts. Forecasts may be less reliable the further into the future they project, but in the Panel's view, simply relying on one statistic and not considering other estimating methodologies is too limited and results in too short term a view for an LTRP.

Secondly, the Panel disagrees with Creative Energy that the time horizon of the 2021 LTRP is defined by the Action Plan, which the Guidelines state is a plan for the next four years. As indicated in Section 1.5 above, the purpose of an LTRP is to consider a utility's long-term plans and direction, not its short-term plans. An LTRP should provide the long-term planning context for a utility, a critical aspect of which is the optimal resource portfolio for the most likely gross demand forecast. The economic life of utility assets and the length of energy purchase contracts may be much longer than the four-year time horizon of an LTRP's action plan, so evaluating an LTRP solely on consideration of the next four years would not allow proper consideration of the optimal resource portfolio.<sup>67</sup> In addition to the 2021 LTRP demand forecast being too short-term, Creative Energy's demand forecast fails to provide a range of future demand based on reasonable assumptions, as the Panel explains below.

In the Panel's view, the demand forecast scenarios provided in the 2021 LTRP do not provide a realistic range of plausible outcomes. The 100% Growth scenario is, as Creative Energy submits, an upper bound on demand rather than a forecast of demand it might expect to serve. As a result, there is no plausible forecast scenario for the greatest demand the utility might reasonably expect to serve. Further, the Panel does not have confidence that the Attrition scenario is a plausible forecast of the least demand the utility might expect to serve. While attracting no new customers in future might be plausible, Creative Energy's assumption that attrition will be 5,000 MWh per year is arbitrary and unsupported.

In addition to not having plausible highest and lowest demand forecasts, the 50% Growth scenario is arbitrary and unsupported by credible and reasonable assumptions. Creative Energy acknowledges it cannot quantify the probability of this scenario, and that the figure of 50 percent is "simply a middle-ground between no new connections and 100% of new buildings connect." Further, Creative Energy does not provide scenarios for possible growth of demand in the NEFC neighbourhood, a possible outcome of the City's anticipated request for proposal process.

The Guidelines provide that utilities should consider "demographic, social, economic and technological factors" when constructing a demand forecast. Creative Energy has cited none of these factors in its justification for its

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<sup>&</sup>lt;sup>67</sup> BCUC Resource Planning Guidelines, p. 5.

<sup>&</sup>lt;sup>68</sup> BCUC Resource Planning Guidelines, p. 3.

demand forecast scenarios, and as a result the Panel is unable to assess which demand forecast scenario is most likely, a requirement for evaluating the utility's Action Plan. Additionally, the Guidelines provide that an action plan should "include a contingency plan that specifies how the utility would respond to changed circumstances, such as changes in loads, market conditions or technology and resource options." The absence of an understanding of the factors underlying the demand forecast means there is no basis to consider what circumstances, if any, might require contingency plans to respond if a higher or lower demand forecast materialized, and why.<sup>69</sup>

None of the demand forecast scenarios differentiate between the forecast of demand for Creative Energy's current steam energy service and demand for a possible low-carbon steam energy service. This omission makes it impossible to evaluate which portfolios of resources, possibly comprising facilities such as the Decarbonization Project, or the use of renewable natural gas (RNG) or other alternatives, might best meet the demand for a low-carbon steam energy service.

Further, the Panel disagrees with Creative Energy that assumptions about price elasticity of demand, the degree to which demand changes when prices change, are "not necessary" in the demand forecast scenarios. Creative Energy submits that its existing demand is "relatively price inelastic" and states that with a low-carbon offering it "will retain existing load," but provides no quantification of the effect future price increases may have on demand from its existing customers. In the Panel's view, it is reasonable to expect that the Redevelopment Project and the Decarbonization Project would lead to an increase in customer rates, other things being equal. In addition, Creative Energy estimates that carbon tax increases might lead to a further 40 percent increase in rates by 2030. The Panel does not find it credible, in the absence of supporting evidence, to assume that such rate increases would have no effect on customer demand.

As a result of the foregoing, the Panel finds that the demand forecast in Creative Energy's 2021 LTRP is not a useful basis on which to make long-term plans. Further, the Panel finds that the demand forecast does not provide a useful basis for considering future applications submitted by Creative Energy, such as the Decarbonization CPCN or the anticipated NEFC rate design filing,<sup>71</sup> one of the purposes of an LTRP set out in Section 1.5 above.

Accordingly, the Panel directs that in the next LTRP, Creative Energy must submit a load forecast which:

- is for a period of at least 15 years;
- provides a range of realistic load scenarios which are based upon a credible range of assumptions and factors which may affect new and existing load;
- incorporates estimates of short-term and long-term price elasticity including supporting explanations;
- incorporates quantitative and qualitative results of a survey of current and known future customers;
- differentiates between forecast demand for steam energy and for low-carbon steam energy.

<sup>&</sup>lt;sup>69</sup> BCUC Resource Planning Guidelines, p. 5.

<sup>&</sup>lt;sup>70</sup> Exhibit B-3, p. 3.

<sup>&</sup>lt;sup>71</sup> Creative Energy was directed in directive 13 of Order G-227-20 to file a "comprehensive proposal for an NEFC rate design" by June 30, 2021.

#### 3.2 Demand-Side Measures

Section 44.1(2) of the UCA requires that an LTRP include: a plan of how a utility intends to reduce demand by taking cost-effective DSM; an estimate of demand after taking DSM; and an explanation of why demand served by (i) facilities a utility intends to construct or extend, and (ii) energy purchases the utility intends to make, are not planned to be replaced by DSM.

With respect to DSM, Creative Energy states that it has not historically undertaken DSM programs, and that it does not have sufficient information at this time to make formal DSM program offers to its customers. It advises that further work is required to identify the opportunities for cost-effective DSM; coordinate with the City of Vancouver's requirements and initiatives for energy efficiency of new and existing buildings; understand the customer response and the potential energy savings; and understand required expenditures. Creative Energy's plan at this time is therefore to advance such work, as outlined in its Action Plan.<sup>72</sup> Creative Energy submits data which are required to further investigate DSM opportunities include how customers use energy supplied by Creative Energy, baseline efficiency and characteristics of customer equipment and systems, and estimates of energy savings and costs for improvement projects for equipment/systems with potential for efficiency improvement.<sup>73</sup>

Creative Energy observes that while DSM reduces steam consumption and in turn natural gas consumption, DSM does not change the carbon intensity of Creative Energy's steam, and therefore will not assist with retaining customers requiring low carbon energy.<sup>74</sup>

Creative Energy notes the adequacy requirements outlined in section 3 of the DSM Regulation<sup>75</sup> do not apply to Creative Energy. The DSM Regulation specifies section 3 does not apply to utilities with fewer than 10,000 customers; Creative Energy notes it has approximately 200 customers.<sup>76</sup>

#### Positions of the Parties

Creative Energy submits that the Action Plan contained in the 2021 LTRP shows that it intends to pursue cost-effective demand-side measures and has a plan to identify those DSM opportunities that are cost effective for it to support. The utility further submits that the prescribed requirements for "adequacy" contained in section 3 of the Demand-Side Measures Regulation do not apply to Creative Energy as it has fewer than 10,000 customers.<sup>77</sup>

The CEC submits that the approach to DSM is "weak and inadequately supported by evidence," noting that Creative Energy did not identify any significant DSM opportunities and focussed on "potential pitfalls rather than identifying a clear path to developing a substantial DSM program." The CEC notes that FortisBC Energy Inc. (FEI)

<sup>&</sup>lt;sup>72</sup> Exhibit B-1, pp. 42, 46.

<sup>&</sup>lt;sup>73</sup> Exhibit B-10, Response to BCOAPO IR 7.4.

<sup>&</sup>lt;sup>74</sup> Exhibit B-8, Response to BCUC IR 10.6.

<sup>&</sup>lt;sup>75</sup> B.C. Reg. 326/2008, as amended by B.C. Reg. 117/2017.

<sup>&</sup>lt;sup>76</sup> Exhibit B-8, Response to BCUC IR 11.2.

<sup>&</sup>lt;sup>77</sup> Creative Energy Final Argument, p. 8.

has extensive experience in implementing DSM measures and would be a "reasonable source for Creative Energy consultation, which incidentally could avoid substantial duplication of effort."<sup>78</sup>

The CEC recommends that the BCUC not accept the 2021 LTRP based on the insufficiency of Creative Energy's DSM plan, and that the BCUC request a more comprehensive DSM plan and timeline for that plan to be in place prior to accepting the DSM aspects of the 2021 LTRP. <sup>79</sup>

Creative Energy replies that the BCUC may only reject the 2021 LTRP if it determines that it would not be in the public interest to carry out the Action Plan. Creative Energy submits it must carry out the investigations contained in the Action Plan to pursue DSM opportunities, and therefore understands that the CEC does not oppose the Action Plan but rather prefers that the work on DSM was further advanced.<sup>80</sup>

BCOAPO supports the "serious deficits to the DSM Plan" discussed by the CEC in its final submission and adopts the CEC's submissions on DSM.<sup>81</sup> BCOAPO adds that Creative Energy's Action Plan does not contain even high-level targets for DSM energy reductions.<sup>82</sup>

RCIA acknowledges that the COVID-19 pandemic may have increased the challenges associated with customer communication, but does not consider these challenges to be intractable. The RCIA submits that Creative Energy should immediately gather information on DSM opportunities, and should be directed to report on the costs and benefits of DSM initiatives relative to the other fuel supply and low-carbon options being explored in the Action Plan prior to seeking CPCN approval for the proposed Decarbonization Project, including any carbon emission reduction credits that may be attributable to the DSM opportunities.<sup>83</sup>

Creative Energy replies that none of the interveners suggest it would not be in the public interest for it to investigate opportunities for cost-effective DSM.<sup>84</sup>

#### **Panel Determination**

The Panel finds that the DSM Plan in Creative Energy's 2021 LTRP, required pursuant to section 44.1(2)(b) of the UCA, is not adequate.

Subsection 44.1(2)(b) states that a public utility must file an LTRP including "a plan of how the public utility intends to reduce the demand referred to in paragraph (a) by taking cost-effective demand-side measures."

Creative Energy does not provide any specific DSM initiatives it intends to pursue, beyond noting it will be reviewing its existing declining block rate. The BCUC first directed Creative Energy to submit an LTRP.<sup>85</sup>
Subsequently, in 2017 the BCUC directed the utility to submit an updated LTRP "that satisfies all requirements

<sup>&</sup>lt;sup>78</sup> CEC Final Argument, p. 10.

<sup>&</sup>lt;sup>79</sup> CEC Final Argument, pp. 1–2.

<sup>80</sup> Creative Energy Reply, p. 4.

<sup>&</sup>lt;sup>81</sup> BCOAPO Final Argument, p. 16.

<sup>82</sup> BCOAPO Final Argument, p. 8.

<sup>83</sup> RCIA Final Argument, p. 7.

<sup>&</sup>lt;sup>84</sup> Creative Energy Reply, p. 2.

<sup>85</sup> BCUC Order G-98-15, directive 3.

under section 44.1 of the UCA, <u>including Demand-Side Management requirements</u>" <sup>86</sup> (emphasis added). Despite those two directives, Creative Energy has not attempted to consult with its customers regarding DSM opportunities, or taken any other steps to consider DSM opportunities.

The Panel agrees with Creative Energy that the adequacy requirements set out in section 3 of the Demand-Side Measures Regulation (Adequacy Requirements) do not apply in this instance because the utility has fewer than 10,000 customers. Notwithstanding that Creative Energy does not need to meet the Adequacy Requirements, it remains subject to the obligation to file a DSM plan set out in section 44.1(2)(b) of the UCA.

The Panel also agrees with Creative Energy that DSM do not reduce the carbon intensity of the steam service. However, the purpose of DSM is broader than merely reducing the carbon intensity of energy. DSM might provide opportunities for Creative Energy's customers to reduce their overall steam consumption, which in turn, as the utility notes, would reduce natural gas consumption and hence GHG emissions. The Panel considers that DSM and the reduction of the carbon intensity of the steam energy service are both potentially in the public interest, and both belong in the alternative resource portfolios which should be part of an LTRP. The trade-off between DSM and the reduction of the carbon intensity of the steam energy service as alternative methods of reducing GHG emissions in different portfolios is an example of why alternative resource portfolios are required in an LTRP.

Since Creative Energy has not historically undertaken DSM programs and does not provide any information at this time regarding its planned DSM offerings, the Panel is unable to assess whether there are cost-effective DSM opportunities for Creative Energy's customers.

In addition to the steps outlined in its Action Plan regarding identification of cost-effective demand-side measures, the Panel suggests that Creative Energy also consult with BC Hydro and FEI on ways in which their DSM programs might assist Creative Energy and/or its customers, since both BC Hydro and FEI offer programs to organizations in Creative Energy's service territory.

The Panel does not agree with Creative Energy's inference that by rejecting its DSM plan, the Panel is saying that it is not in the public interest for Creative Energy to take the first step towards developing such a plan. The Panel does believe such a first step is in the public interest, and notes that the BCUC previously directed Creative Energy to take such a step.<sup>87</sup>

Accordingly, the Panel directs that in the next LTRP, Creative Energy submits a DSM plan which:

- satisfies the requirements of section 44.1 of the UCA;
- is consistent with the Guidelines, or explains any divergence from them;
- outlines Creative Energy's DSM consultation activities with its customers and with any other parties with whom it has consulted;
- outlines Creative Energy's consideration of potential DSM measures and the extent to which these measures are cost-effective within the meaning of the UCA and the DSM Regulation;

<sup>86</sup> BCUC Order G-147-17, directive 1.

<sup>87</sup> BCUC Order G-147-17.

- documents Creative Energy's proposed plan to reduce its demand by taking cost-effective DSM measures; and
- analyzes DSM measures in a manner consistent with guideline 2 of the Guidelines to enable the BCUC to consider Creative Energy's demand forecasts with and without DSM measures, if any.

#### 3.3 Facilities

Section 44.1(2)(e) of the UCA states an LTRP must include a description of the facilities that the public utility intends to construct or extend in order to serve the estimated demand.

In Section 2 of this decision, the Panel summarized Creative Energy's Redevelopment Project. Figure 2 of the decision illustrates Creative Energy's peak capacity following the Redevelopment Project in 2022. Creative Energy submits that following the Redevelopment Project, it can meet the peak demand of the base forecast for the next 20 years.<sup>88</sup>

Additionally, as noted in Section 3.1 of this decision, Creative Energy highlights that in order to meet the potential growth scenarios in the load forecast, it would need to offer low carbon capacity. In Appendix A of the Application, Creative Energy provides information regarding the Decarbonization Project which Creative Energy is investigating. If commissioned as planned, the Decarbonization Project would be installed in two phases, each adding 10 MW of capacity, with in-service dates of January 2024 and June 2027. On June 30, 2021, Creative Energy applied to the BCUC for a CPCN for the Decarbonization Project.

The other project which Creative Energy says could be needed to serve the demand in the load forecast is the replacement of Boiler #3, which is at the end of its expected life but is being retained to manage risks with the timing of customer additions and losses. Creative Energy notes Boiler #3 can be replaced if and when needed, with the timing dependent in part on the rate of growth of load in the core steam system, if any, and the implementation or not of the Decarbonization Project. A high-level cost estimate for replacement of Boiler #3 is around \$5 million. Project.

# Positions of the Parties

BCOAPO asks how "anyone looking at what the Utility has presented could come away reasonably confident that it has adequately considered all known resources for meeting future demand." It submits that "the BCUC Resource Planning Guidelines specify not only the identification of supply and demand resources and the development of multiple resource portfolios, but also the evaluation and selection of preferred resource portfolios as well as the development of an action plan containing the detailed acquisition or program steps

<sup>88</sup> Exhibit B-8, Response to BCUC IR 8.1.

<sup>&</sup>lt;sup>89</sup> Exhibit B-1-2, pp. 1–2.

<sup>&</sup>lt;sup>90</sup> Creative Energy Certificate of Public Convenience and Necessity for the Core Steam System Decarbonization Project <a href="https://www.bcuc.com/ApplicationView.aspx?ApplicationId=907">https://www.bcuc.com/ApplicationView.aspx?ApplicationId=907</a>

<sup>91</sup> Exhibit B-8, Response to BCUC IR 9.1. Exhibit B-12, Response to BCUC IR 16.1.

<sup>&</sup>lt;sup>92</sup> Exhibit B-8, Response to BCUC IR 3.1.1.

which would be fully developed, applied for and initiated over the next four years in order to meet the most likely demand forecast."93

BCOAPO notes that Creative Energy's 2021 LTRP does not balance its load forecasts with supply and "does not identify the capital expenditures necessary to meet the load growth scenarios" and submits that Creative Energy's five-year rolling timeframe for planning capital investments to be "woefully short in the energy utility field."<sup>94</sup>

BCOAPO submits that Creative Energy's representations about the expected capacity of the Decarbonization Project being sufficient to satisfy both existing and new customer requirements for low carbon energy are "purely anecdotal," as the level of demand for low-carbon energy is "not based on any analysis of customer requirements or load forecasting." BCOAPO recommends that the BCUC direct Creative Energy to provide more rigorous analysis of customer low-carbon energy requirements to justify the scale of the proposed project and demonstrate the flexibility it has claimed in terms of being able to meet customer requirements for low carbon energy in its CPCN, if not sooner."95

Creative Energy replies that when its Redevelopment Project is in service, the utility will have sufficient steam generation "to reliably and safely serve customer load for many years." It adds that there will be no load growth for steam produced using natural gas fuel, and there is no need for additional natural gas boiler capacity. Creative Energy submits it will only connect new customers and experience load growth if it offers low-carbon steam energy.<sup>96</sup>

RCIA submits that Creative Energy's proposal to keep Boiler #3 in service to manage risks is reasonable.<sup>97</sup>

The CEC finds it reassuring that Creative Energy's steam distribution system is considered to be in good condition, and submits that retaining Boiler #3 is a prudent course of action. However, the CEC submits there is insufficient evidence to support the utility's long-term capital plans and the potential consequences for customers and that the 2021 LTRP is deficient in this regard.<sup>98</sup>

In its reply, Creative Energy notes that consideration of the Decarbonization Project and the Redevelopment Project is not within the scope of this final stage of the proceeding.<sup>99</sup>

#### **Panel Determination**

The Panel is unable to determine whether Creative Energy has provided a description of the facilities it needs to construct or extend in order to serve its estimated demand after taking cost-effective DSM measures, required pursuant to section 44.1(2)(d) of the UCA.

<sup>&</sup>lt;sup>93</sup> BCOAPO Final Argument, p. 5.

<sup>&</sup>lt;sup>94</sup> BCOAPO Final Argument, p. 7.

<sup>95</sup> BCOAPO Final Argument, pp. 15-16.

<sup>&</sup>lt;sup>96</sup> Creative Energy Reply, p. 3.

<sup>&</sup>lt;sup>97</sup> RCIA Final Argument, p. 8.

<sup>98</sup> CEC Final Argument, p. 6.

<sup>99</sup> Creative Energy Reply, pp. 2-3.

Creative Energy has identified the Decarbonization Project as a potential resource for providing low-carbon steam energy in future and has provided a description of this proposed facility. Creative Energy has also identified the possible replacement of Boiler #3 to meet future increased demand. The Panel acknowledges that Creative Energy has identified and provided a description of two supply resources that might be required to meet forecast demand.

However, to satisfy the requirements of subsection 44.1(2)(d) of the UCA, a utility must provide a description of the facilities it needs in order to serve its estimated demand after taking cost-effective DSM measures. As noted previously, since the Panel finds that Creative Energy's demand forecast is inadequate for long-term planning, so the Panel has no basis on which to determine whether any new or extended facilities might be required to serve customer demand in the long term. The absence of a demand forecast specifically for low-carbon steam energy makes it particularly difficult to assess the requirement for the Decarbonization Project as part of Creative Energy's long-term plan.

Further, in the absence of a DSM plan, the Panel has no basis to know the extent to which DSM is a resource for meeting customer demand, and hence could not determine the forecast demand <u>after DSM</u> measures even if a reliable load forecast <u>before</u> DSM measures were available.

Accordingly, the Panel directs that in the next LTRP, Creative Energy describes facilities which:

- Creative Energy intends to construct or extend to serve forecast demand after taking cost-effective
   DSM measures for a period of at least 15 years; and
- are clearly identified as serving Creative Energy's forecast demand for different services such as lowcarbon steam energy.

# 3.4 Energy Purchases

Section 44.1(2)(e) of the UCA requires an LTRP contain information regarding the energy purchases the utility intends to make to meet its energy demand.

Effective November 1, 2019, as accepted by BCUC Letter L-22-19, Creative Energy acquires its natural gas (both commodity and delivery) from FEI under FEI Rate 7 bundled interruptible service. Creative Energy previously acquired its natural gas supply (commodity) from a gas marketer, and gas transportation service from FEI under FEI Rate 22. Creative Energy changed to bundled service from FEI in 2019 in consideration of the following:

- FEI Rate 7 itself is deemed just and reasonable under the oversight of the BCUC through its regulation of FEI and FEI's annual gas contracting plans, yielding an efficiency benefit to Creative Energy management and administration of our gas portfolio;
- Natural gas prices during the winter of 2018/2019 were extremely volatile and at times very high.
   Creative Energy considered that it would not be acceptable to go through a scenario like the 2018/2019 winter again; and
- Fuel costs are a flow-through to customers and FEI Rate 7 allows Creative Energy to achieve long-term
  price stability for our customers and to entirely avoid the risk of extreme price volatility, on a costeffective basis.

Creative Energy states the curtailment risk under FEI Rate 7 is low, and Creative Energy is able to fully meet customer demand with its backup fuel oil system if gas supply is curtailed.<sup>100</sup>

Creative Energy identifies the purchase of RNG, displacing conventional natural gas, as a potential option to reduce the carbon intensity of Creative Energy's steam. RNG would not affect plant efficiency, operating costs (other than incremental cost of RNG, and costs to design rates and obtain BCUC approval), or capital costs. Creative Energy submits a major issue with RNG is long-term uncertainty of available supply. The Action Plan includes the continued evaluation of purchasing RNG from FEI.<sup>101</sup> Creative Energy did not undertake engagement with FEI regarding the feasibility of RNG supply prior to the filing of the LTRP.<sup>102</sup>

The City of Vancouver has defined requirements for low carbon energy systems (LCES) supplying heat energy to new buildings in the LCES Policy. Creative Energy's interpretation of the LCES Policy is that RNG can be offered as an interim measure only until a durable low carbon solution is commissioned, but RNG does not qualify as a primary low carbon source for the purposes of certifying a district energy system. Creative Energy indicates that it has not sought clarification from the City on the LCES Policy with respect to RNG, and considers this may be a matter for FEI or developers to discuss with the City rather than Creative Energy.

# Positions of the Parties

Creative Energy submits that it acquires natural gas from FEI under FEI's rate schedule 7 (bundled interruptible service), an approach which was approved by the BCUC in BCUC Letter L-22-19. Creative Energy adds that it has no plans to change its gas supply, although it does plan to evaluate the use of RNG.<sup>106</sup>

Creative Energy also submits that it might have to change its gas procurement strategy in order to acquire RNG, that it does not know whether RNG would meet the low-carbon steam energy needs of its customers, or whether there is sufficient supply of RNG available for its customers' needs.<sup>107</sup> Creative Energy files no information with respect to these points in the 2021 LTRP.

RCIA submits that Creative Energy should be required to demonstrate it has "thoroughly investigated" alternative fuel supply arrangements before discarding RNG as a viable alternative for meeting its low-carbon objectives through the Decarbonization Project.<sup>108</sup>

RCIA further submits that, in the absence of evidence to the contrary, it should be assumed that RNG could meet the low carbon requirements of Creative Energy's customers for at least long enough for the utility to evaluate all the low-carbon alternatives available to it, before committing to "a costly capital intensive solution (i.e., the proposed [Decarbonization Project]) which will impact customer rates for decades." RCIA adds that in

<sup>&</sup>lt;sup>100</sup> Exhibit B-1, p. 16.

<sup>&</sup>lt;sup>101</sup> Exhibit B-1, pp. 45–46.

<sup>&</sup>lt;sup>102</sup> Exhibit B-8, Response to BCUC IR 12.1.

<sup>&</sup>lt;sup>103</sup> City of Vancouver Low-Carbon Energy Systems Policy, retrieved from <a href="https://guidelines.vancouver.ca/L009.pdf">https://guidelines.vancouver.ca/L009.pdf</a>

<sup>&</sup>lt;sup>104</sup> Exhibit B-8, Response to BCUC IR 12.3.

<sup>&</sup>lt;sup>105</sup> Exhibit B-12, Response to BCUC IR 19.1; Exhibit B-14, Response to CEC IR 45.3.

<sup>&</sup>lt;sup>106</sup> Creative Energy Final Argument, p. 7.

<sup>&</sup>lt;sup>107</sup> Creative Energy Final Argument, p. 5.

<sup>&</sup>lt;sup>108</sup> RCIA Final Argument, p. 5.

the absence of evidence demonstrating the availability or unavailability of sufficient RNG to satisfy forecast demand to meet low-carbon requirements, approval of Creative Energy's proposed Decarbonization Project should be deferred.<sup>109</sup>

RCIA disagrees with Creative Energy that the BCUC's approval of FEI's rate schedule 7 is equivalent to saying that Creative Energy's use of FEI rate schedule 7 is the optimal fuel supply choice for Creative Energy's customers. RCIA submits that prior to approval of the Decarbonization Project, Creative Energy should be directed to undertake an evaluation of different long-term fuel supply mixes, with specific consideration of their impact on customer rates and different capital expenditure levels required.<sup>110</sup>

In reply, Creative Energy submits that its natural gas procurement strategy "should not be changed rashly based on unconfirmed presumptions." The utility adds that it can consider any gas procurement alternatives once the Redevelopment Project is complete and/or FEI offers a partial firm/partial interruptible service and/or the utility's customers want an optional steam service based on RNG.<sup>111</sup>

The CEC submits it is important that the potential for RNG be considered because RNG does not result in GHG emissions. The CEC adds that an LTRP should be open to this option and not rely on interpretations of City of Vancouver policy with respect to efficiency to pre-judge its validity.<sup>112</sup>

The CEC submits that Creative Energy's evidence with regards to whether RNG is as cost effective as the Decarbonization Project is deficient, and submits the BCUC should request Creative Energy conduct a "serious review of the potential for RNG to serve a low carbon future" and for the results of this review to be submitted to the BCUC for assessment. The CEC notes that the use of RNG could potentially result in Creative Energy achieving carbon reductions "without some or all of the additional capital expenditures association with a decarbonization project." <sup>113</sup>

The CEC submits that it does not consider the issues raised by Creative Energy, such as appropriateness for customers and sufficiency of RNG volumes, to be a serious detriment to potentially including RNG supply.<sup>114</sup>

In its reply, Creative Energy submits that none of the interveners suggest it would not be in the public interest for it to investigate opportunities for implementing an RNG option.<sup>115</sup>

#### **Panel Determination**

The Panel is unable to evaluate whether the information Creative Energy has provided regarding the energy purchases it intends to make in order to serve its estimated demand after taking cost-effective DSM measures, meets the requirements pursuant to section 44.1(2)(e) of the UCA.

<sup>&</sup>lt;sup>109</sup> RCIA Final Argument, p. 6.

<sup>&</sup>lt;sup>110</sup> RCIA Final Argument, p. 8.

<sup>111</sup> Creative Energy Reply, p. 4.

<sup>&</sup>lt;sup>112</sup> CEC Final Argument, p. 8.

<sup>&</sup>lt;sup>113</sup> CEC Final Argument, p. 8.

<sup>&</sup>lt;sup>114</sup> CEC Final Argument, p. 7.

<sup>&</sup>lt;sup>115</sup> Creative Energy Reply Argument, p. 2.

The Panel is satisfied with the information that Creative Energy has provided about its current procurement of natural gas from FEI, and that it has identified the purchase of RNG as a potential source of fuel to provide a low-carbon steam energy service to its customers. The Panel agrees that RNG is a potential supply resource for Creative Energy to evaluate and considers that RNG may be a complement or alternative to electrification.

However, Creative Energy has not evaluated RNG is a potential supply resource in the manner set out in the Guidelines. The BCUC's expectation is that utilities evaluate the utility and customer costs of potential supply resources, and evaluate them against the utility's objectives, including social and environmental objectives. Creative Energy has not evaluated RNG in this manner, and had not contacted FEI, its natural gas supplier, about RNG before filing this 2021 LTRP.

In the absence of sufficient information on RNG, the Panel is unable to assess whether RNG is a suitable supply resource for Creative Energy's resource portfolios, or whether there are other potential supply resources which are discussed in Section 3.5 below.

For the foregoing reasons, the Panel finds that the information on energy purchases provided by Creative Energy is not sufficient for the purposes of an LTRP.

Accordingly, the Panel directs that in the next LTRP, Creative Energy provides information regarding energy purchases which:

- Includes the identification of feasible energy resources, including RNG or other alternative fuels, in a manner consistent with section 3 of the Guidelines; and
- Includes an evaluation of each identified energy resource in a manner consistent with section 4 of the Guidelines.

#### 3.5 Other Information Required by the BCUC

Section 44.1(2)(g) of the UCA provides that an LTRP must include "any other information required by the [BCUC]." The Guidelines set out the BCUC's expectation of information which should be included in an LTRP in addition to the requirements set out in sections 44.1(2)(a) through (f) of the UCA.

The Guidelines state:117

For each of the gross demand forecasts, several plausible resource portfolios should be developed, each consisting of a combination of supply and demand resources needed to meet the gross demand forecast.

...

<sup>&</sup>lt;sup>116</sup> BCUC Resource Planning Guidelines, p. 4.

<sup>&</sup>lt;sup>117</sup> BCUC Resource Planning Guidelines, p. 4.

For each of the gross demand forecasts, the set of alternative resource portfolios that match the forecast are assessed against the objectives. Analysis of the tradeoffs between portfolios and how they perform under uncertainty will facilitate determining which portfolio performs best relative to the stated objectives. This process will lead to the selection of a set of preferred resource portfolios, each portfolio matching one of the gross demand forecasts.

...

The action plan consists of the detailed acquisition steps for those resources (from the selected resource portfolio) which need to be initiated over the next four years in order to meet the most likely gross demand forecast. The action plan should include a contingency plan that specifies how the utility would respond to changed circumstances, such as changes in loads, market conditions or technology and resource options. For resources with considerable uncertainty, the action plan should incorporate an experimental design and monitoring plan to allow for hindsight evaluation of associated market impacts and full resource costs.

Creative Energy states that it does not provide multiple resource portfolios or an evaluation and selection of resource portfolios in its 2021 LTRP:<sup>118</sup>

Resource Planning Guideline	Addressed in the 2020 LTRP
3. Identification of supply and demand resources	See Sections 4, 6, and 7
4. Measurement of supply and demand resources	See Sections 4, 6, and 7
5. Development of multiple resource portfolios	N/A
6. Evaluation and selection of resource portfolios	N/A

In response to the BCUC's directive  $^{119}$  to file supplemental information, Creative Energy, provided the following: $^{120}$ 

Therefore, in effect, there are two resource portfolios considered in the LTRP, and two load forecast scenarios contemplated in connection with each:

- 1) Base Case Do nothing
  - a. Baseline load
  - b. Load Attrition
- 2) Decarbonization Project
  - a. Connect 50 percent of forecast low carbon heating growth
  - b. Connect 100 percent forecast low carbon heating growth

<sup>&</sup>lt;sup>118</sup> Exhibit B-1, p. 10.

<sup>119</sup> BCUC Order G-40-21.

<sup>&</sup>lt;sup>120</sup> Exhibit B-3, p. 7.

The Decarbonization Project reflects our intent to acquire a low carbon resource option to attract new customers (a portion of the heating growth) and to retain existing customers (reduce or avoid attrition). The LTRP establishes the policy imperative that doing nothing is not an option to achieve this outcome. The decision between doing nothing and a decarbonization project is a decision into the load to be served by Creative Energy.

Creative Energy's Action Plan is as follows: 121

- 1. Creative Energy will continue to evaluate a low carbon energy project, and seeks the Commission's acceptance of the expenditure schedule in respect of the project pursuant to section 44.2(1) of the UCA.
- Creative Energy will continue to evaluate the option of purchasing RNG from FEI to displace natural
  gas use in Creative Energy's existing steam plant and support a low carbon steam service, noting
  however that availability of RNG is an issue, particularly over the long-term, with demand for RNG
  potentially exceeding supply.
- 3. Creative Energy will investigate opportunities for cost-effective DSM with customers, noting however that DSM does not change the carbon intensity of Creative Energy's steam and that such initiatives should coordinate with and support those of the City that might be designed to improve the energy efficiency of the very same buildings.

# Positions of the Parties

BCOAPO submits that the 2021 LTRP as filed and the evidence as it currently stands "did not balance the demand of the [demand forecast] scenarios with supply and did not identify the capital expenditures necessary to meet the load growth scenarios." 122

BCOAPO submits that Creative Energy's plan to evaluate RNG purchases from FEI is lacking in detail such as planned steps, timetables or milestones, barriers and risks, and even high-level targets for RNG purchases.<sup>123</sup>

In reply, Creative Energy submits that while the purchase of RNG might support a bridging and/or an optional service offering, RNG is "not presently available" and requires further evaluation in any event. 124

Creative Energy submits that the interveners "argue variously that the Action Plan should have been carried out in the past already, should be accelerated, or should have a detailed timetable, for example." Creative Energy submits that "history cannot be changed and there has to be a beginning to the implementation of a plan – implementation of an RNG option and implementation of cost-effective DSM has to start with investigation and evaluation. We also reiterate that Creative Energy has to focus on the successful completion of the certificated Expo and Beatty Redevelopment Project (Redevelopment Project)." 125

<sup>&</sup>lt;sup>121</sup> Exhibit B-1, p. 46.

<sup>&</sup>lt;sup>122</sup> BCOAPO Final Argument, p. 7.

<sup>&</sup>lt;sup>123</sup> BCOAPO Final Argument, p. 8.

<sup>&</sup>lt;sup>124</sup> Creative Energy Reply, p. 3.

<sup>&</sup>lt;sup>125</sup> Creative Energy Reply, p. 2.

Creative Energy submits that the 2021 LTRP Action Plan is "entirely appropriate for the circumstances of Creative Energy." <sup>126</sup>

#### **Panel Determination**

The Panel finds that Creative Energy's 2021 LTRP has not provided alternative resource portfolios or an adequate action plan, as set out in the Guidelines.

Creative Energy does not provide resource portfolios in its 2021 LTRP in the manner set out in the Guidelines. While "Base Case – Do nothing" and "Decarbonization Project" may describe two possible future states for the utility, in the Panel's view they are not resource portfolios. The Guidelines state that for each of the gross demand forecasts "several plausible resource portfolios should be developed" and that each portfolio consists of "a combination of supply and demand resources needed to meet the gross demand forecast," i.e. the resources described in Sections 3.2, 3.3 and 3.4 above. Creative Energy has not done this for any gross demand forecast.

The Panel acknowledges that Creative Energy is not a large utility, but considers that long-term resource planning is a valuable and appropriate process for the utility to undertake. An LTRP is an important regulatory step in determining which of a utility's expenditures the BCUC should approve in future proceedings.

It is evident from Creative Energy's evidence in this proceeding that there may be demand for a low-carbon steam service and that there are multiple ways Creative Energy could satisfy such demand, including the utility's Decarbonization Project and the use of RNG or other alternatives. The trade-off between these resources to meet the most likely gross demand forecast for low-carbon steam is an example of the analysis that should be performed in an LTRP, and which should have been provided in the 2021 LTRP.

Creative Energy's Action Plan in its 2021 LTRP also fails to meet the expectations of the Guidelines. The Action Plan does not address "the most likely gross demand forecast," as Creative Energy fails to identify the most likely of its gross demand forecasts, does not include a "contingency plan that specifies how the utility would respond to changed circumstances," and, for resources with considerable uncertainty, does not "incorporate an experimental design and monitoring plan to allow for hindsight evaluation of associated market impacts and full resource costs."

The Panel considers that Creative Energy's stated intention to evaluate RNG as part of an action plan is inadequate. As BCOAPO has noted, there is no information on planned steps, milestones, risks, or any other information that the Panel would expect to see in a plan. The Guidelines sets out that the action plan consists of "detailed acquisition steps" (emphasis added), which Creative Energy does not provide.

The Panel does not agree that Creative Energy's submission that "history cannot be changed" is an acceptable explanation for the absence of detail discussed above in the Action Plan, or any other aspect of the 2021 LTRP.

<sup>126</sup> Creative Energy Reply, p. 4.

<sup>&</sup>lt;sup>127</sup> BCUC Resource Planning Guidelines, p. 5.

As we have previously noted, an LTRP is intended to be the <u>outcome</u> of a utility's planning activities, not the initiation of them, and Creative Energy was directed in both 2015 and 2017 to file an LTRP.

#### Accordingly, the Panel directs that in the next LTRP, Creative Energy:

- provides multiple resource portfolios for each gross demand forecast, each resource portfolio consisting of a combination of supply and demand resources needed to meet the respective gross demand forecast;
- analyzes the trade-offs between resource portfolios and how they perform under uncertainty;
- identifies the set of preferred resource portfolios, each resource portfolio matching one of the gross demand forecasts;
- identifies the most likely gross demand forecast; and
- provides a detailed action plan consistent with the Guidelines.

# 3.6 Overall Finding on Section 44.1(2) Requirements

The Panel has determined that the demand forecast and the DSM plan in Creative Energy's 2021 LTRP set out above are inadequate, and the Panel is therefore unable to make determinations on the utility's required facilities and energy purchases. Further, the Panel has determined that the alternative resource portfolios and action plan in this 2021 LTRP are inadequate or were not provided. As a result, the Panel finds that the 2021 LTRP is inadequate and has not met the requirements of section 44.1(2) of the UCA that are applicable to Creative Energy.

# 4.0 Do the section 44.1(8) considerations support acceptance?

Section 44.1(8) of the UCA provides that the BCUC in determining whether to accept an LTRP must consider the applicable of BC's energy objectives, consistency with sections 6 and 19 of the CEA, the adequacy of the proposed DSM measures, and the interests of customers and potential customers. The Panel examines each of these considerations below.

# 4.1 British Columbia's Energy Objectives

BC's energy objectives are outlined in section 2 of the CEA.

Creative Energy submits that the RNG option and DSM opportunities being evaluated and investigated in the Action Plan, if implemented, will lend support to BC's energy objectives to:

- (b) take demand-side measures and to conserve energy;
- (d) use and foster the development in British Columbia of innovative technologies that support energy conservation and efficiency and the use of clean or renewable resources (CEA section 2(g));
- (g) reduce BC greenhouse gas emissions (CEA section 2(g))

- (h) encourage the switching from one kind of energy source or use to another that decreases greenhouse gas emissions in British Columbia (CEA section 2(h))
- (o) achieve British Columbia's energy objectives without the use of nuclear power (CEA section 2(o))

Creative Energy submits the 2021 LTRP Action Plan either supports or is neutral to each of the energy objectives, and does not impede any of BC's energy objectives. 128

# Positions of the Parties

The CEC recommends that the BCUC accept the 2021 LTRP as not hindering BC's Energy Objectives, but recommends that the Panel find the 2021 LTRP is not sufficient in its support of BC's Energy Objectives. No other intervener commented on this.

#### Panel Discussion

The Panel has considered all BC's Energy Objectives set out in section 2 of the CEA and agrees with Creative Energy that objectives (b), (d), (g), (h) and (o) apply in this instance. The Panel is of the view that objectives (i), (j) (k), (l) may also apply. Those objectives are:

- (i) to encourage communities to reduce greenhouse gas emissions and use energy efficiently;
- (j) to reduce waste by encouraging the use of waste heat, biogas and biomass;
- (k) to encourage economic development and the creation and retention of jobs;
- (I) to foster the development of first nation and rural communities through the use and development of clean or renewable resources;

As noted in Section 3 above, the Panel is not able to assess the proposed facilities or energy purchases in the 2021 LTRP, and does not consider the DSM Plan or the Action Plan to be adequate. These four items constitute the substance of the 2021 LTRP against which the Panel must consider consistency with BC's Energy Objectives. Therefore, the Panel is unable to assess whether the 2021 LTRP is consistent with BC's Energy Objectives.

#### 4.2 Adequate and Cost-Effective DSM

Section 44.1(8)(c) of the UCA provides that the BCUC must consider "whether the [LTRP] shows that the public utility intends to pursue adequate, cost-effective demand-side measures."

#### Positions of the Parties

The CEC submits that Creative Energy's DSM plan is "little more than a vague proposal to investigate DSM in the future with several disclaimers as to why it will not be possible to achieve substantial improvement." The CEC accepts that the adequacy requirements of section 3 of the DSM Regulation do not apply to Creative Energy, but

<sup>&</sup>lt;sup>128</sup> Creative Energy Final Argument, p. 8.

<sup>&</sup>lt;sup>129</sup> CEC Final Argument, p. 11.

submits this does not prevent the Panel from determining what constitutes a "meaningful attempt at developing a DSM plan." <sup>130</sup>

In Creative Energy' reply to the CEC it submits that "the BCUC could only reject the 2021 LTRP if it determines that it would not be in the public interest to carry out the plan – that is, a determination that Creative Energy should not investigate opportunities for cost-effective DSM with customers. Clearly, Creative Energy must carry out such investigations to develop a more comprehensive proposal or proposals, as the CEC seeks, and therefore we understand the CEC does not oppose Creative Energy carrying out its plan; rather, the CEC would have preferred that the work was further along." <sup>131</sup>

### Panel Discussion

The Panel has addressed Creative Energy's DSM plan in Section 3.2 of the decision. For the same reasons, the Panel finds that Creative Energy has not shown that it intends to pursue "adequate, cost-effective demand-side measures" and therefore the Panel finds its consideration of section 44.1(8)(c) of the UCA does not support acceptance of the 2021 LTRP.

#### 4.3 The Interests of Customers or Potential Customers

Owing to the recency of the BCUC review and approval of the means by which Creative Energy acquires the resource necessary to generate steam production (by Letter L-22-19), Creative Energy states no customer and stakeholder engagement was required to seek feedback on this component of the LTRP. Creative Energy states it commenced a public engagement process to review the planned Decarbonization Project and its benefits with customers, other stakeholders and members of the public potentially impacted by the project. The LTRP sets out the nature of the informal discussions Creative Energy has had with some of its customers and local developers into low carbon energy opportunities. <sup>132</sup>

Creative Energy submits that its 2021 LTRP Action Plan, which does not seek acceptance or approval of any expenditures with the exception of the Expenditure Schedule, is prudent for the present context of Creative Energy and its customers.<sup>133</sup>

# Positions of the Parties

Creative Energy submits that the Action Plan is prudent for the present context of Creative Energy and its customers. When its Redevelopment Project is completed, it will have sufficient boiler capacity to serve its baseline forecast load for years to come. The utility submits that the Action Plan describes the resource planning activities that it intends to pursue over the next four years, which timing integrates with the delivery of the Redevelopment Project and its proposed Decarbonization Project.<sup>134</sup>

<sup>&</sup>lt;sup>130</sup> CEC Final Argument, pp. 11–12.

<sup>131</sup> Creative Energy Reply, p. 4.

<sup>&</sup>lt;sup>132</sup> Exhibit B-3, p. 7.

<sup>&</sup>lt;sup>133</sup> Creative Energy Final Argument, p. 8.

<sup>&</sup>lt;sup>134</sup> Creative Energy Final Argument, pp. 8–9.

BCOAPO submits that the 2021 LTRP is not in the interests of persons who receive or may receive service from Creative Energy as it is "more a plan to plan and it falls short on many fronts." <sup>135</sup>

The CEC is concerned that Creative Energy "does not appear to have an especially strong appreciation for ratepayer price sensitivity" and "does not perceive rate increases to be a significant issue for its customers/ratepayers, with the exception of the impacts of the carbon tax." The CEC submits that while decarbonization activities may be important, it is equally imperative that Creative Energy should consider the impact of its future actions on customer rates and bills. It adds that Creative Energy "does not operate in a strongly competitive environment," which confers on them the regulatory responsibilities appropriate for a monopolistic utility. <sup>136</sup>

The CEC also submits that many of Creative Energy's steam customers may not have a requirement for lower carbon energy if it is provided at higher prices, and that it may not be appropriate to impose the higher costs of lower carbon energy on all customers without strong supporting evidence and a full understanding of the willingness of customers to pay for such options. The CEC submits that there is a "significant gap in the understanding of customer requirements and price sensitivity," and that it should not be left to Creative Energy to determine unilaterally what energy sources should be utilized in the absence of supporting evidence. <sup>137</sup>

The CEC recommends that the Panel give little weight to Creative Energy's assertion that its customers are not price sensitive, and instead weigh heavily "the potential long-term impact on rates and customer requirements when assessing Creative Energy's proposed Action Plan and the deficiency of actions with respect to important long term planning." <sup>138</sup>

### **Panel Discussion**

As noted in Section 3 above, the Panel is not able to assess the proposed facilities or energy purchases in the 2021 LTRP, and does not consider the DSM Plan or the Action Plan to be adequate. These four items constitute the substance of the 2021 LTRP, which the Panel must assess to determine whether the 2021 LTRP is in the interests of persons in British Columbia who receive or may receive service from Creative Energy.

Given the inadequacies in the 2021 LTRP already noted, and the Panel's inability to assess its substance, the Panel is unable to consider whether the 2021 LTRP is in the interests of persons in British Columbia who receive or may receive service from Creative Energy.

# 5.0 Is the LTRP in the public interest?

Subsections 44.1(6) and (7) of the UCA provide:

(6) After reviewing a long-term resource plan filed under subsection (2), the commission must

<sup>&</sup>lt;sup>135</sup> BCOAPO Final Argument, p. 16.

<sup>&</sup>lt;sup>136</sup> CEC Final Argument, pp. 13–15.

<sup>&</sup>lt;sup>137</sup> CEC Final Argument, p. 16.

<sup>&</sup>lt;sup>138</sup> CEC Final Argument, p. 17.

(a)accept the plan, if the commission determines that carrying out the plan would be in the public interest, or (b)reject the plan.

(7) The commission may accept or reject, under subsection (6), a part of a public utility's plan, and, if the commission rejects a part of a plan,

(a) the public utility may resubmit the part within a time specified by the commission, and (b) the commission may accept or reject, under subsection (6), the part resubmitted under paragraph (a) of this subsection.

# Positions of the Parties

Creative Energy submits that, pursuant to section 44.1(6) of the UCA, the Panel's determination in this proceeding is whether carrying out the 2021 LTRP would be in the public interest, and therefore:<sup>139</sup>

If the BCUC determines that carrying out the plan would be in the public interest, the BCUC must accept the plan.

If the BCUC determines that carrying out the plan or part of it would not be in the public interest, the BCUC may reject the plan or the problematic part of it (citation omitted)

Creative Energy adds that it is evident from the wording of section 44.1(6) of the UCA that the BCUC's determination as to the public interest of the 2021 LTRP should be made specifically in respect of the carrying out of the Action Plan. <sup>140</sup>

BCOAPO recommends that the Panel not accept Creative Energy's 2021 LTRP. BCOAPO submits that acceptance of the 2021 LTRP is not in the public interest as it is "more a plan to plan and it falls short on many fronts" and "clearly not in the interests of persons in British Columbia who receive or may receive service" from Creative Energy. 141

While RCIA makes no submission on whether the 2021 LTRP is in the public interest, it submits that Creative Energy's Action Plan can only be considered to be in the public interest if the prudence and cost effectiveness of the Decarbonization Project are evaluated in consideration of the additional information and prerequisites included in RCIA's submissions regarding RNG, DSM and boiler fuel supply.<sup>142</sup>

The CEC submits that the Panel should not accept Creative Energy's 2021 LTRP based on the insufficiency of its DSM Plan. 143

<sup>&</sup>lt;sup>139</sup> Creative Energy Final Argument, p. 2.

<sup>&</sup>lt;sup>140</sup> Creative Energy Final Argument, p. 2.

<sup>&</sup>lt;sup>141</sup> BCOAPO Final Argument, p. 16.

<sup>&</sup>lt;sup>142</sup> RCIA Final Argument, p. 10.

<sup>&</sup>lt;sup>143</sup> CEC Final Argument, p. 1.

Creative Energy submits in reply that none of the interveners suggests it would not be in the public interest for it to evaluate the option of purchasing RNG from FEI and to investigate opportunities for cost-effective DSM with customers, and that "no intervener suggests that Creative Energy should 'down tools' on these resource planning activities because it is not in the public interest to proceed with them."<sup>144</sup>

#### Panel Determination

The Panel finds that Creative Energy's 2021 LTRP is not in the public interest and rejects it. The Panel determines that accepting Creative Energy's 2021 LTRP is not in the public interest for the following reasons.

- The demand forecast, a requirement of section 44.1(2)(a) of the UCA and one of the most fundamental underpinnings of an LTRP, is inadequate for the reasons set out in Section 3.1 above;
- The DSM plan, a requirement of section 44.1(2)(b) of the UCA, is inadequate for the reasons set out in Section 3.2 above;
- Creative Energy has not provided alternative resource portfolios consistent with the Guidelines, as explained in Section 3.5 above; and.
- The Action Plan is not consistent with the Guidelines, and is inadequate, as explained in Section 3.5 above.

As a result of these deficiencies, the Panel is unable to assess the adequacy of:

- The facilities Creative Energy needs to construct or extend in order to serve its estimated demand after taking cost-effective DSM measures, for the reasons set out in Section 3.3 above; and
- The energy purchases Creative Energy intends to make in order to serve its estimated demand after taking cost-effective DSM measures, for the reasons set out in Section 3.4 above.

As a result, the 2021 LTRP does not serve the purposes of an LTRP, which are set out in Section 1.5 above.

To be clear, the Panel is not saying that the tasks on the Action Plan themselves are not in the public interest. To the contrary, these are steps that the Panel expects Creative Energy should take to address the resource planning issues identified in this proceeding and as part of developing its next LTRP.

The Panel does not agree with Creative Energy's position that the BCUC's consideration of an LTRP consists solely of determining whether carrying out an action plan contained in an LTRP is in the public interest. In the Panel's view, this is too narrow a reading of the legislation. The Panel's reasons are as follows.

When section 44.1(6) of the UCA refers to "carrying out the plan," the word "plan" clearly refers to the phrase "long term resource plan" used earlier in the sentence. Thus, the BCUC is to accept the LTRP if carrying out the LTRP in its entirety would be in the public interest. Similarly, other uses of the word "plan" in sections 44.1(6) and (7) of the UCA also refer to the LTRP in its entirety.

 $^{\rm 144}$  Creative Energy Reply, p. 2.

Notably, an action plan is not included in the lists the items that must be filed as part of an LTRP, which are set out in section 44.1(2) of the UCA. The requirement to file an action plan comes instead from the Guidelines, which apply because the BCUC may require other information pursuant to section 44.2(g) of the UCA. If the UCA had intended to limit the BCUC's public interest determination solely to the action plan, then it would have said so, and an action plan would have been included in the filing requirements in section 44.1(2).

## 6.0 Other Issues Arising

The following issues arose during the Panel's review of the 2021 LTRP.

## 6.1 The Next LTRP Filing

Creative Energy submits that the next LTRP should be filed once the Redevelopment Project and the Decarbonization Project are implemented and once DSM activities and the possible low-carbon steam service have been evaluated, as these will inform the priority and context for future resource planning activities.<sup>145</sup>

BCOAPO requests that, prior to the next LTRP filing, Creative Energy be directed to file annual interim reports on the status of its activities, any substantive progress made, and information on barriers and risk to progress towards a satisfactory LTRP. 146

## **Panel Determination**

Pursuant to section 44.1(2) of the UCA, the Panel directs Creative Energy to file an LTRP no later than March 31, 2024.

The Panel has found that the load forecast in the 2021 LTRP is not a suitable basis for future applications such as the Decarbonization Project CPCN, and that the 2021 LTRP does not contain alternative resource portfolios. As a result, the Panel is not able to determine the optimum resource portfolio to meet Creative Energy's forecast demand, whatever that might be. The alternatives of RNG and DSM to address some or all of the utility's demand for steam energy or for a possible low-carbon steam energy service have yet to be explored.

As explained in Section 1.5 above, an LTRP serves an important role in the BCUC's efficient and effective oversight of utilities such as Creative Energy. The deficiencies in the 2021 LTRP mean that important ratepayer and public interest issues of cost-effectiveness and GHG emission reduction have not been adequately examined. The Panel is of the view that they should be examined as soon as possible.

That said, the Panel recognizes that Creative Energy has now filed an application for the Decarbonization CPCN, and that directing the utility to file a satisfactory LTRP while that proceeding is underway would result in unnecessary duplication and regulatory inefficiency, as the Panel anticipates that the BCUC will require at least some of the information which should have been in the 2021 LTRP to be filed in that proceeding.

<sup>&</sup>lt;sup>145</sup> Creative Energy, Final Argument, p. 9.

<sup>&</sup>lt;sup>146</sup> BCOAPO Final Argument, p. 17.

For these reasons, the Panel determines that the next LTRP should be filed as soon as possible, but in any case no later than March 31, 2024.

To ensure that the utility produces a more complete LTRP next time, the Panel directs Creative Energy to file with the BCUC status reports on its progress towards completing the next LTRP every six months until it files its next LTRP, starting on June 30, 2022, including but not limited to:

- a list of activities undertaken;
- a description of progress made;
- a list of barriers or risks to the timely completion of the next LTRP;
- a description of the utility's consultations with current and future customers on their future demand for steam service and for low-carbon steam service;
- a description of the utility's evaluation of RNG; and
- a description of the utility's evaluation of DSM opportunities.

To improve the completeness of the next LTRP, the Panel directs that Creative Energy conduct a pre-filing workshop with BCUC staff by December 31, 2023, at which time the utility will present and seek feedback on:

- a draft load forecast;
- a draft DSM plan;
- a draft list of facilities; and
- a draft set of resource portfolios for each gross demand forecast.

Creative Energy is directed to invite to the pre-filing workshop all interveners in this proceeding.

# 6.2 Compliance with Previous Directive

Creative Energy has had six years since it was directed by the BCUC in 2015 to file an LTRP,<sup>147</sup> and almost four years since it was directed by the BCUC by Order G-147-17 to file a "complete and updated LTRP that satisfies all requirements under section 44.1 of the UCA, <u>including Demand-Side Management requirements</u>, and the [BCUC's] Resource Planning Guidelines"<sup>148</sup> (emphasis added).

Given that Creative Energy has not filed a DSM plan, as required by subsection 44.1(2)(b) of the UCA, the Panel is concerned that Creative Energy may not have complied with the BCUC's directive 1 of Order G-147-17 to file a complete and updated LTRP that satisfies the DSM requirements of section 44.1 of the UCA.

<sup>&</sup>lt;sup>147</sup> BCUC Order G-98-15, directive 3.

<sup>&</sup>lt;sup>148</sup> BCUC Order G-147-17, directive 1.

Not complying with a BCUC order is a serious matter, and pursuant to part 8.1 of the UCA the BCUC may impose an administrative penalty if it finds that a person has contravened such an order. The Panel recognizes that this is the first fulsome review of Creative Energy's LTRP, and as a result does not recommend that the BCUC initiate a proceeding to determine whether Creative Energy has contravened a BCUC order for the utility's failure to comply with directive 1 in Order G-147-17.

In this decision, the Panel has provided specific guidance as to its expectations for Creative Energy's next LTRP in the form of directives to the utility. These directives are meant to assist Creative Energy in understanding what is required for an acceptable LTRP suitable for the purpose discussed in Subsection 1.5. In the event that Creative Energy considers any aspects of the LTRP requirements set out in section 44.1 of the UCA or in Guidelines should not apply, it should apply for a variance of the directives or for exemption pursuant to section 44.1(3) of the UCA and provide a fulsome explanation and sufficient reasons why this information should not be required in its next LTRP filing. Any consideration of an application for a variance should be included in the status report updates as set out above and any application must be filed at least six months prior to the filing of the LTRP.

To further assist Creative Energy, the directives from the decision are reproduced in the following table:

The Panel directs that in the next LTRP, Creative Energy must provide objectives which:

- broadly cover the topics for the objectives set out in section 1 of the Guidelines; and
- are sufficiently clear and precise to enable the BCUC to examine the trade-offs between different resource portfolios.

The Panel directs that in the next LTRP, Creative Energy must submit a load forecast which:

- is for a period of at least 15 years;
- provides a range of realistic load scenarios which are based upon a credible range of assumptions and factors which may affect new and existing load;
- incorporates estimates of short-term and long-term price elasticity including supporting explanations;
- incorporates quantitative and qualitative results of a survey of current and known future customers; and
- differentiates between forecast demand for steam energy and for low-carbon steam energy.

The Panel directs that in the next LTRP, Creative Energy submits a DSM plan which:

- satisfies the requirements of section 44.1 of the UCA;
- is consistent with the Guidelines, or explains any divergence from them;
- outlines Creative Energy's DSM consultation activities with its customers and with any other parties with whom it has consulted;
- outlines Creative Energy's consideration of potential DSM measures and the extent to which these measures are cost-effective within the meaning of the UCA and the DSM Regulation;
- documents Creative Energy s proposed plan to reduce its demand by taking cost-effective DSM measures; and

 analyzes DSM measures in a manner consistent with guideline 2 of the Guidelines to enable the BCUC to consider Creative Energy's demand forecasts with and without DSM measures, if any;

The Panel directs that in the next LTRP, Creative Energy describes facilities which:

 Creative Energy intends to construct or extend to serve forecast demand after taking costeffective DSM measures for a period of at least 15 years; and

are clearly identified as serving Creative Energy's forecast demand for different services such as low-carbon steam energy.

The Panel directs that in the next LTRP, Creative Energy provides information regarding energy purchases which:

- Includes the identification of feasible energy resources, including RNG or other alternative fuels, in a manner consistent with section 3 of the Guidelines; and
- Includes an evaluation of each identified energy resource in a manner consistent with section 4
  of the Guidelines.

The Panel directs that in the next LTRP, Creative Energy:

- provides multiple resource portfolios for each gross demand forecast, each resource portfolio consisting of a combination of supply and demand resources needed to meet the respective gross demand forecast;
- analyzes the trade-offs between resource portfolios and how they perform under uncertainty;
- identifies the set of preferred resource portfolios, each resource portfolio matching one of the gross demand forecasts;
- identifies the most likely gross demand forecast; and
- provides a detailed action plan consistent with the Guidelines.

Pursuant to section 44.1(2) of the UCA, the Panel directs Creative Energy to file an LTRP no later than March 31, 2024.

The Panel directs Creative Energy to file with the BCUC status reports on its progress towards completing the next LTRP every six months until it files its next LTRP, starting on June 30, 2022, including but not limited to:

- a list of activities undertaken;
- a description of progress made;
- a list of barriers or risks to the timely completion of the next LTRP;
- a description of the utility's consultations with current and future customers on their future demand for steam service and for low-carbon steam service;
- a description of the utility's evaluation of RNG; and
- a description of the utility's evaluation of DSM opportunities.

The Panel directs that Creative Energy conduct a pre-filing workshop with BCUC staff by December 31, 2023, at which time the utility will present and seek feedback on:

- a draft load forecast;
- a draft DSM plan;
- a draft list of facilities; and
- a draft set of resource portfolios for each gross demand forecast.

Creative Energy is directed to invite to the pre-filing workshop all interveners in this proceeding.

Original signed by:	
K. A. Keilty	-
Panel Chair / Commissioner	
Original signed by:	
	-
M. Kresivo QC	
Commissioner	
Original signed by	
Original signed by:	
R. I. Mason	<u>.</u>
Commissioner	



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## ORDER NUMBER G-283-21

IN THE MATTER OF the Utilities Commission Act, RSBC 1996, Chapter 473

and

Creative Energy Vancouver Platforms Inc. 2021 Long Term Resource Plan

### **BEFORE:**

K. A. Keilty, Panel Chair M. Kresivo QC, Commissioner R. I. Mason, Commissioner

on September 27, 2021

#### **ORDER**

#### WHEREAS:

- A. On January 13, 2021, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed its 2021 Long Term Resource Plan (LTRP) (Application) pursuant to section 44.1 of the *Utilities Commission Act* (UCA), for acceptance by the British Columbia Utilities Commission (BCUC);
- B. Creative Energy also seeks BCUC approval, pursuant to section 44.2 of the UCA, of the expenditure schedule contained in Appendix A to the Application (Expenditure Schedule) related to predevelopment expenditures for a boiler electrification project;
- C. By Order G-40-21 dated February 8, 2021, the BCUC established a regulatory timetable for the review of the 2021 LTRP, which included a separate regulatory process for the review of the Expenditure Schedule;
- D. By February 18, 2021, the following parties registered as interveners in the proceeding:
  - BC Old Age Pensioners' Organization et al. (BCOAPO);
  - Commercial Energy Consumers Association of BC (CEC); and
  - Residential Consumer Intervener Association (RCIA);
- E. The regulatory process for the LTRP consisted of two rounds of written information requests, written final arguments filed by Creative Energy and interveners, and Creative Energy Reply Argument; and
- $F. \quad \text{The BCUC has reviewed the evidence and submissions and considers rejecting the LTRP is warranted.} \\$

Final Order 1 of 2

**NOW THEREFORE** for the reasons outlined in the decision accompanying this order, pursuant to section 44.1 of the UCA, the BCUC orders as follows:

- 1. Creative Energy's LTRP is rejected.
- 2. Creative Energy is directed to file its next LTRP no later than March 31, 2024.
- 3. Creative Energy is directed to comply with all other directives outlined in the decision accompanying this order.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 27<sup>th</sup> day of September 2021.

BY ORDER

Original signed by:

K. A. Keilty Commissioner

Final Order 2 of 2

# IN THE MATTER OF the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

# Creative Energy Vancouver Platforms Inc. 2021 Long Term Resource Plan

### **EXHIBIT LIST**

Exhibit No. Description

**COMMISSION DOCUMENTS** 

A-11

Schedule

Letter dated January 20, 2021 - Appointing the Panel for the review of Creative Energy Vancouver A-1 Platforms Inc. 2021 Long Term Resource Plan Application A-2 Letter dated February 8, 2021 – BCUC Order G-40-21 establishing a Regulatory Timetable A-3 CONFIDENTIAL – Letter dated February 19, 2021 – BCUC Confidential Information Request No. 1 on Appendix A of the Application A-4 Letter dated March 4, 2021 - BCUC Information Request No. 1 to Creative Energy on the Long Term Resource Plan A-5 Letter dated March 24, 2021 - BCUC Order G-93-21 establishing a further Regulatory Timetable A-6 Letter dated April 7, 2021 - BCUC Order G-106-21 establishing a further Regulatory Timetable Letter dated April 22, 2021 – BCUC Information Request No. 2 to Creative Energy A-7 A-8 **CONFIDENTIAL** – Letter dated April 22, 2021 – BCUC Confidential Information Request No. 2 A-9 Letter dated May 10, 2021 – BCUC request to Creative Energy on confidentiality A-10 Letter dated May 18, 2021 – BCUC Order G-151-21 establishing a further Regulatory Timetable

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Letter dated June 7, 2021 – BCUC Order G-177-21 with Reasons for Decision on the Expenditure

B-1	CREATIVE ENERGY VANCOUVER PLATFORMS INC. (CREATIVE ENERGY) - 2021 Long Term Resource
	Plan (LTRP) dated January 13, 2021
B-1-1	CONFIDENTIAL – Creative Energy confidential 2021 LTRP dated January 13, 2021
B-1-2	Letter dated March 26, 2021 – Creative Energy submitting public version of Appendix A to the Application
B-2	Letter dated February 11, 2021 – Creative Energy submitting additional information in compliance with Order G-40-21 Directive 5
B-3	Letter dated February 18, 2021 – Creative Energy submitting additional information in compliance with Order G-40-21 Directive 6
B-4	<b>CONFIDENTIAL</b> – Letter dated March 5, 2021 – Creative Energy response to BCUC Confidential Information Request No. 1 on Appendix A of the Application
B-5	<b>CONFIDENTIAL</b> – Letter dated March 5, 2021 – Creative Energy response to RCIG Confidential Information Request No. 1 on Appendix A of the Application – No longer confidential
B-6	<b>CONFIDENTIAL</b> – Letter dated March 5, 2021 – Creative Energy response to BCOAPO Confidential Information Request No. 1 on Appendix A of the Application
B-7	<b>CONFIDENTIAL</b> – Letter dated March 5, 2021 – Creative Energy response to CEC Confidential Information Request No. 1 on Appendix A of the Application
B-8	Letter dated March 25, 2021 – Creative Energy submitting responses to BCUC Information Request No. 1
B-8-1	<b>CONFIDENTIAL</b> -Letter dated March 25, 2021 – Creative Energy submitting confidential responses to BCUC Information Request No. 1 Series 7.10
B-9	Letter dated March 25, 2021 – Creative Energy submitting responses to CEC Information Request No. 1
B-10	Letter dated March 25, 2021 – Creative Energy submitting responses to BCOAPO Information Request No. 1

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B-11	Request No. 1
B-12	Letter dated May 13, 2021 – Creative Energy submitting responses to BCUC Information Request No. 2
B-13	<b>CONFIDENTIAL</b> -Letter dated May 13, 2021 – Creative Energy submitting responses to BCUC confidential Information Request No. 2
B-14	Letter dated May 13, 2021 – Creative Energy submitting responses to CEC Information Request No. 2
B-15	Letter dated May 13, 2021 – Creative Energy submitting responses to BCOAPO Information Request No. 2
B-16	Letter dated May 13, 2021 – Creative Energy submitting responses to RCIA Information Request No. 2
B-17	Letter dated May 19, 2021 – Creative Energy submitting response to Exhibit A-9

### **INTERVENER DOCUMENTS**

- C1-1 **RESIDENTIAL CONSUMER INTERVENOR GROUP (RCIG)** Letter dated February 17, 2021 Request to Intervene by Fredrik Ambrosson
- C1-2 Letter dated February 23, 2021 RCIG submitting request for access to confidential documents and providing Confidential Declaration and Undertaking Forms for F.

  Ambrosson and C. Oakley
- C1-3 **CONFIDENTIAL** Letter dated February 26, 2021 RCIG submitting confidential Information Request No. 1 to Creative Energy
- C1-4 Letter dated March 11, 2021 RCIG submitting Information Request No. 1 to Creative Energy
- C1-5 Letter dated April 29, 2021 RCIG submitting Information Request No. 2 to Creative Energy

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C2-1	COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BC (CEC) - Letter dated February 18, 2021 Request to Intervene by Christopher Weafer, Owen Bird Law Corporation
C2-2	Letter dated February 23, 2021 – CEC submitting request for access to confidential documents and providing Confidential Declaration and Undertaking Forms for J. Rhodes, C. Weafer and P. Weafer
C2-3	<b>CONFIDENTIAL</b> - Letter dated February 26, 2021 – CEC submitting confidential Information Request No. 1 to Creative Energy
C2-4	Letter dated March 11, 2021 – CEC submitting Information Request No. 1 to Creative Energy
C2-5	Letter dated April 29, 2021 – CEC submitting Information Request No. 2 to Creative Energy
C3-1	BC OLD AGE PENSIONERS' ORGANIZATION, COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS OF BC, ACTIVE SUPPORT AGAINST POVERTY, DISABILITY ALLIANCE BC, AND TENANT RESOURCE AND ADVISORY CENTRE (BCOAPO OR BCOAPO ET AL) - Letter dated February 18, 2021 - Request for Intervener Status by Leigha Worth and Irina Mis
C3-2	Letter dated February 22, 2021 – BCOAPO submitting request for access to confidential documents and providing Confidential Declaration and Undertaking Forms for L. Worth, I. Mis, D. Rainkie and K. Derksen
C3-3	<b>CONFIDENTIAL</b> - Letter dated February 26, 2021 – BCOAPO submitting confidential Information Request No. 1 to Creative Energy
C3-4	Replaced on March 12, 2021 - Letter dated March 11, 2021 – BCOAPO submitting Information Request No. 1 to Creative Energy
C3-5	Letter dated April 29, 2021 – BCOAPO submitting Information Request No. 2 to Creative Energy

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