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VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-98-14**

TELEPHONE: (604) 660-4700
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**IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473**

and

**An Application by FortisBC Alternative Energy Services Inc.
for a Certificate of Public Convenience and Necessity
and
Rate Approvals Established in Agreements for Thermal Energy Services
for Artemisia Development**

BEFORE: D.M. Morton, Commissioner
N.E. MacMurchy, Commissioner July 17, 2014
H. Harowitz, Commissioner

O R D E R

WHEREAS:

- A. On June 24, 2014, FortisBC Alternative Energy Services Inc. (FAES) submitted an Application for a Certificate of Public Convenience and Necessity (CPCN) to the British Columbia Utilities Commission (Commission) pursuant to sections 45-46 of the *Utilities Commission Act* (Act) for the purchase of the thermal energy system for the Artemisia Development (Development), and for approval under sections 59-61 of the Act, for the proposed service agreements and rates to provide Thermal Energy Service (TES) to one residential customer which is a Strata Corporation that will be comprised of 21 Strata Unit Owners;
- B. The Development consists of 21 luxury condominium residences located at 1102 Hornby Street in Vancouver, BC. The Artemisia Thermal Energy System (ATES) has been designed and is being built by Boffo Developments (Hornby) Ltd. (Boffo/Developer) and its consultant, AME Group Consulting Professional Engineers (AME). Construction of the ATES is substantially complete and occupancy was granted in April 2014. Upon successful commissioning, and subject to Commission approval, FAES will purchase, own and operate the ATES;

- C. Boffo selected the Thermal Energy System to meet its reduction of greenhouse gas emissions goals and to enhance marketability of the developments. The ATES will provide space heating and cooling and comprised of a Geo-exchange system (GES), heat pumps and hydronic building loop. Excess heat will be removed from the system via the GES loop field. Domestic hot water is not provided and will be heated solely by electrical hot water tanks located in each suite owned separately by the suit owners. The ATES is located entirely within the Development lands and is designed to only serve the Development currently under construction;
- D. Prior to FAES' involvement in the Project, the Developer established the Strata Budget with respect to thermal energy and distributed that information to all the unit owners. Boffo and FAES have negotiated a purchase price for the energy system on the basis of what FAES would be prepared to invest in order to provide this service at the rates already established by the Developer;
- E. FAES will purchase the system from the Developer for \$100,000, an amount that is less than the actual capital costs that the developer expects to incur for the construction and commissioning of the system (\$587,500). Annual Operating and Maintenance costs are forecasted at \$14,000 for 2015, with an additional \$14,000 expense for gas and electricity;
- F. On June 25, 2014, the Commission issued a letter indicating that the Provincial Government, by 2014 Orders in Council 399-401, had approved exemptions for certain TES Systems and that the Commission expected to enact orders to give effect to the TES System Exemption and TES Framework and Guide in early to mid-July 2014;
- G. On June 26, 2014, the Commission issued a letter informing FAES that it does not intend to review the rates for TES systems that are in 'progress', i.e., that have a CPCN but are not yet in service, and that otherwise comply with Stream A requirements. The Commission noted that it expects FAES to register for 'Stream A' exemption for such projects;
- H. On July 9, 2014, FAES responded to the Commission Letters outlining some of the challenges that FAES would face with respect to certain projects that are in progress, including Artemisia, if required to transition to the TES framework regulatory guidelines;
- I. FAES state that if the Framework principles and guidelines would be applied to Artemisia then service agreements would need to be revised again. FAES state that this would pose commercial challenges for FAES in that changing contract terms presents an opportunity for reopening negotiations;

**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
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3

- J. FAES requests that the Commission follow the SOLO approach for the Artemisia project. Where the Commission approved the rates established in service agreements for that project by Order G-54-14. FAES believe this approach is appropriate because the rate design and service agreement for the Artemisia project are identical to the ones employed for the SOLO project;
- K. Given that the application was received by the Commission prior to approval of the TES framework, the Commission accepts the Application in the context of a streamlined CPCN (using the Stream A application form proposed in the TES framework) and full rates approval process;
- L. On July 15, 2014, the Commission issued a Regulatory timetable by Order G-95-14 establishing a Streamlined Review Process for a Review of the Application in the context of the proposed TES regulatory framework and full rates review;
- M. On July 17, 2014, FAES issued an Erratum to the application identifying an error in the description of the Artemisia Thermal Energy System on Page 2 of the cover letter and on page 2 of the Notice attached as Appendix B in order G-95-14. By separate email to Commission staff, FAES also identified and requested a correction to the building permit number indicated in the Notice;
- N. The Commission have reviewed the Errata and amended as appropriate.

NOW THEREFORE pursuant to sections 45-46 of the *Utilities Commission Act*, the Commission orders FAES to post the amended Application and the Amended Notice of Public Hearing, attached as Appendix B, on its website. The Amended Notice of Public Hearing to be posted to the Developer and confirm that a copy of the amended Notice is provided to all pre-purchasers of units at the Development as of the date of this Order. FAES is to confirm to the Commission Secretary in writing by July 21, 2014 that Notice, as ordered, was provided.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of July, 2014.

BY ORDER

Original signed by:

D.M. Morton
Commissioner

Attachment



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FORTISBC ALTERNATIVE ENERGY SERVICES

An Application by FortisBC Alternative Energy Services Inc.
for a Certificate of Public Convenience and Necessity for a Thermal Energy System
and
Rate Approvals for Thermal Energy Services for the Artemisia Development

AMENDED NOTICE OF PUBLIC HEARING PROCESS

THE APPLICATION

On June 24, 2014, FortisBC Alternative Energy Services Inc. (FAES) applied to the British Columbia Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity for the Artemisia Thermal Energy System (Development). The Application also seeks approval of the proposed rates for the first 5 years and a rate design that determines future rates over a 20 year service agreement. The service agreements are made between FAES and the developer Boffo Developments (Hornby) Ltd. and assigned to the residential customer. The Development is located at 1102 Hornby Street, Vancouver, BC under Vancouver Building Permit number BU444083.

The Artemisia Thermal Energy System (ATES) will provide space heating and cooling and comprise of a Geo-exchange system (GES), heat pumps and hydronic building loop. Excess heat will be removed from the system via the GES loop field. Domestic hot water is not provided and will be heated solely by electrical hot water tanks located in each suite and owned by each separate strata owner. The ATES will provide thermal energy to one residential customer, which is a Strata Corporation that will be comprised of 21 Strata Unit Owners. FAES will purchase the system from the developer for \$100,000. FAES will own and operate the thermal energy system. The Commission, by the province of British Columbia and through the *Utilities Commission Act*, has the authority to approve an application for a Certificate of Public Convenience and Necessity to construct and operate a public utility plant or system in the province and to approve rates that are just, fair and non-discriminatory.

THE REGULATORY PROCESS

Commission Order G-95-14 establishes a Regulatory Timetable for the review of the Application by way of a Written Public Hearing.

The detailed Regulatory Timetable can be reviewed on the Commission's website at www.bcuc.com>Current Applications>FAES Artemisia TES CPCN and Rates.

REGISTERING TO PARTICIPATE

Persons who wish to actively participate in this proceeding should register as Interveners with the Commission in writing by Friday, August 1, 2014. Interveners will receive a copy of the Application as well as all correspondence and filed documents. An email address should be provided if available.

Persons not expecting to actively participate, but who have an interest in the proceeding, should register as Interested Parties with the Commission in writing, by Friday, August 1, 2014, identifying their interest in the Application. Interested Parties will receive an Executive Summary of the Application and a copy of the Commission's Decision when issued.

PUBLIC INSPECTION OF DOCUMENTS

This Application and supporting material will be made available on the FortisBC website and on the Commission's website at www.bcuc.com.

All submissions and/or correspondence received from active participants or the general public relating to the Application will be placed on the public record and posted to the Commission's website.

FURTHER INFORMATION

For further information, please contact Erica Hamilton, Commission Secretary, by telephone (604) 660-4700 or BC Toll Free at 1-800-663-1385, by fax (604) 660-1102, or by Email Commission.Secretary@bcuc.com.