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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER** G-75-15

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IN THE MATTER OF  
the *Utilities Commission Act*, R.S.B.C. 1996, Chapter 473

and  
Creative Energy Vancouver Platforms Inc.  
Application for a Certificate of Public Convenience and Necessity  
for Northeast False Creek and Chinatown Neighbourhood Energy System

**BEFORE:** D. M. Morton, Panel Chair/Commissioner  
C. A. Brown, Commissioner May 8, 2015  
I. F. MacPhail, Commissioner

## **ORDER**

### **WHEREAS:**

- A. On April 17, 2015, Creative Energy Vancouver Platforms Inc. (Creative Energy) applied to the British Columbia Utilities Commission (Commission) for an order approving a new Neighbourhood Energy Agreement (NEA) between Creative Energy and the City of Vancouver (CoV) under section 45(7) and granting a Certificate of Public Convenience and Necessity (CPCN) under section 45(9) of the *Utilities Commission Act* (UCA) to construct and operate a new Neighbourhood Energy System (NES) to serve new developments in the Northeast False Creek (NEFC) and Chinatown neighbourhoods of the CoV (Application).
- B. Creative Energy is seeking approval for;
- I. Approval of the NEFC and Chinatown NEA under section 45(7) and granting a CPCN under section 45(9) of the UCA, consistent with the procedures in section 46 of the UCA and the Commission's 2014 Thermal Energy Systems Regulatory Framework;
  - II. The method for establishing a project-specific rate base for the NES, including the recovery of direct project development costs;
  - III. The method for establishing the revenue requirement for the NES, including:
    - A deemed capital structure of 57.5% debt and 42.5% equity;
    - Long-term debt costs equivalent to Creative Energy's overall projected third party debt costs (currently forecast at 4%);

- A return on equity (ROE) of 9.5%, which is based on the current benchmark equity return plus 75 basis points to account for the additional risk related to the development of a small-scale alternative energy utility and consistent with Creative Energy's requested ROE for its core steam system;
  - Operating costs as described in section 5.5 of the Application, which includes the proposed allocation of costs for energy supplied from Creative Energy's existing infrastructure, including an allocation of existing Creative Energy overheads;
  - The creation of the Carbon Emission Rider and associated Carbon Reduction Fund, as required in the NEA;
  - The two part rate design as described in section 5.13 of the Application, consisting of a fixed charge and a variable energy recovery charge based on the approximate share of fixed and variable costs in the indicative NEFC pro forma, which is comparable to the rate design for other new hot water systems in B.C.;
- IV. The creation of a revenue deficiency deferral account (RDDA) under sections 59-61 of the UCA, as described in section 5.14 of the Application and Creative Energy's weighted average cost of capital (WACC) as the carrying cost for the RDDA.
- V. The proposed NEFC and Chinatown Connection and Service Agreement for developers and ultimate owners;
- VI. An exemption from filing a Long-Term Resource Plan (section 44.1 of the UCA) for NEFC and Chinatown until completion of further feasibility work on low carbon energy sources and the filing of a CPCN Application for Energy Supply Phase 2 of this project;
- VII. The NEFC System Extension Test (to be applied to development in Chinatown and any other loads secured outside of the existing NEFC and Chinatown Franchise Area).
- C. Creative Energy (formerly Central Heat Distribution Ltd.) was selected by the CoV to deliver the NEFC and Chinatown low carbon NES. Currently, Creative Energy operates an existing gas-fired steam district energy system within the downtown core of Vancouver which serves over 210 customers including condo buildings, hotels, office buildings, social housing, small manufacturers, a major hospital, and other institutions. The proposed NES is adjacent to Creative Energy's existing system and will be served in part from Creative Energy's existing infrastructure. However, the NES will be governed by a separate NEA with the CoV. The NES will be wholly owned and operated by Creative Energy but will have unique infrastructure, unique performance requirements, and a unique revenue requirement and tariff;
- D. The NES will consist of two new shared steam to hot water (Steam – HW) converter stations; a small addition to the existing Creative Energy steam distribution network; a new hot water distribution network within the NEFC neighbourhood; and Energy Transfer Stations within individual buildings. The entire energy needs for the new NES will initially be met from Creative Energy's existing steam plant (Energy Supply Phase 1), which

is located at Beatty and Georgia Streets adjacent to NEFC. The use of the existing plant avoids the need for any temporary or permanent gas boilers in the neighbourhood;

- E. Creative Energy request this Application be considered under a Streamlined Review Process;
- F. The current application (Initial CPCN) seeks approval for the entire NEFC hot water network, including two new Steam – HW converter stations, new upstream steam infrastructure connecting NEFC to the existing Creative Energy steam plant, and Energy Transfer Stations within all connected buildings. The current Class C cost estimate, including contingency, for the new infrastructure required to serve NEFC is \$10,733,686 in real 2015 dollars. Under current development expectations, the network will be built out by 2024;
- G. The Commission has determined that a public hearing is necessary to review the Application; and
- H. Creative Energy request that the indicative financial model be kept confidential in order to protect Creative Energy's business interests.

**NOW THEREFORE** the British Columbia Utilities Commission orders as follows:

- 1. A written hearing process for review of the Application in accordance with the preliminary Regulatory Timetable attached as Appendix A to this Order is established.
- 2. The Commission will hold the indicative financial model confidential. Interveners may request access to this information in accordance with the Commission's Confidential Filing Practice Directive.
- 3. Creative Energy Vancouver Platforms Inc. (Creative Energy) must publish, within 7 days of the date of this Order, a Public Notice of the Written Hearing Process, in the form attached as Appendix B to this Order, in display-ad format, in the Vancouver Sun and the Province, and other local and community news publications in the vicinity of NEFC and Chinatown that will provide reasonable notice to members of the public who may be affected by the Project.
- 4. Creative Energy must provide a copy of this Order to the City of Vancouver, participants in the Creative Energy 2015-2017 Revenue Requirements Application proceeding, Concord Pacific, Aquilini Development, Paragon Gaming, Canadian Metropolitan Properties and all current core customers.
- 5. The Application and supporting materials must be made available to the public for inspection at Creative Energy Vancouver Platforms Inc., Suite 1-720 Beatty Street, Vancouver, BC, and at the British Columbia Utilities Commission, Sixth Floor, 900 Howe Street, Vancouver, BC. The Application and supporting materials will also be available on the Commission's website at [www.bcuc.com](http://www.bcuc.com).
- 6. Prospective interveners are requested to provide comment on the proposed Streamlined Review Process, as outlined in the SRP Guidelines, at the time of intervener registration.

BRITISH COLUMBIA UTILITIES COMMISSION	
ORDER NUMBER	G-75-15

**DATED** at the City of Vancouver, in the Province of British Columbia, this 8th day of May 2015.

BY ORDER

*Original Signed By:*

D. M. Morton  
Commissioner

Creative Energy Vancouver Platforms Inc.  
Application for a Certificate of Public Convenience and Necessity  
for Northeast False Creek and Chinatown Neighbourhood Energy System

**REGULATORY TIMETABLE**

<b>ACTION</b>	<b>DATE (2015)</b>
Intervener Registration and Comments on the SRP Process	Friday, May 22
Participant Assistance/Cost Award Budget Deadline	Friday May 22
Commission Information Request No. 1	Monday, May 25
Intervener Information Request No. 1	Monday, June 1
Creative Energy Information Request No. 1 Responses	Monday, June 15
Streamlined Review Process (tentative)	Wednesday, June 24

# PUBLIC NOTICE

BRITISH COLUMBIA UTILITIES COMMISSION



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## **Creative Energy Vancouver Platforms Inc. Application for a Certificate of Public Convenience and Necessity for Northeast False Creek and Chinatown Neighbourhood Energy System**

### **HEARING PROCESS**

On April 17, 2015, Creative Energy Vancouver Platforms Inc. (Creative Energy) applied to the British Columbia Utilities Commission (Commission) for an order approving a new Neighbourhood Energy Agreement (NEA) between Creative Energy and the City of Vancouver (CoV) under section 45(7) and granting a Certificate of Public Convenience and Necessity (CPCN) under section 45(9) of the *Utilities Commission Act* (UCA) to construct and operate a new Neighbourhood Energy System (NES) to serve new developments in the Northeast False Creek (NEFC) and Chinatown neighbourhoods of the CoV.

#### **HOW TO GET INVOLVED**

A Person wishing to actively participate in the proceeding must register as an intervener through the Commission's website at [www.bcuc.com](http://www.bcuc.com) or in writing by May 22, 2015. In their registration, interveners must identify the issues they intend to pursue and indicate the extent of their anticipated involvement in the review process. Intervenors will each receive a copy of all non-confidential correspondence and filed documentation, and must provide an email address if available.

A Person not expecting to actively participate, but who have an interest in the proceeding, should register as an interested party through the Commission's website or in writing by May 22, 2015, identifying their interest in the proceeding. Interested parties receive a copy of the Decision when it is released.

Letters of Comment on the Application will also be accepted. All submissions and/or correspondence received relating to the Application are provided to the Panel and all participants in the proceeding. Submissions are placed on the public record and posted to the Commission's website. By participating and/or providing comment on the Application, you agree that all submissions will be placed on the public record and posted on the Commission's website.

#### **VIEW THE APPLICATION**

The Application and supporting documentation are available on the Commission's website on the "Current Applications" page. If you would like to review the material in hard copy, it is available to be viewed at the locations listed below:

<b>British Columbia Utilities Commission</b> Sixth Floor, 900 Howe Street Vancouver, BC V6Z 2N3 <a href="mailto:Commission.Secretary@bcuc.com">Commission.Secretary@bcuc.com</a> Phone: 604-660-4700 Toll Free: 1-800-663-1385	<b>Creative Energy Vancouver Platforms Inc.</b> Suite 1-720 Beatty Street Vancouver, BC V6B 2M1 Phone: (604) 688-9584 Facsimile: (604) 688-2213
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**FURTHER INFORMATION**

For more information or to register please contact Ms. Erica Hamilton, Commission Secretary using the contact information above.