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**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER G-118-15**

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IN THE MATTER OF
the *Utilities Commission Act*, RSBC 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 July 13, 2015
I. F. MacPhail, Commissioner

O R D E R

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 the Northeast False Creek (NEFC) and Chinatown Neighbourhood Energy Agreement (NEA) under section 45(7) and granting a Certificate of Public Convenience and Necessity (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;
- B. Creative Energy is also seeking approval for:
- I. The method for establishing a project-specific rate base for the Neighbourhood Energy System (NES), including the recovery of direct project development costs;
 - II. 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 BC;
 - III. 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.
 - IV. The proposed NEFC and Chinatown Connection and Service Agreement for developers and ultimate owners;
 - V. 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;
 - VI. 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. On July 10, 2015, the Commission held a Procedural Conference and submissions were received from Creative Energy; FortisBC Energy Inc.; FortisBC Alternative Energy Services Inc.; Commercial Energy Consumers Association of British Columbia / Onni Hastings Holdings Corp. and the Onni Group / Hollyburn Properties Limited / LandlordBC; the Urban Development Institute; and the British Columbia Old Age Pensioners’ Organization *et al.* including a reply from Creative Energy.
- D. The Commission has considered the submissions and evidentiary record and concludes that the Regulatory Timetable should be amended to require Creative to submit its response to certain information requests, and to include a second round of information requests, provisions for evidence, an oral hearing and written arguments. The Commission also concludes that issues related to the method for establishing the revenue requirement as outlined in Recital B (III) above, and other cost allocations should be within the scope of this hearing.

NOW THEREFORE, for Reasons to follow, the British Columbia Utilities Commission orders as follows:

1. The remainder of the Regulatory Timetable shall proceed in accordance with the dates set out in Appendix A to this order.
2. Creative Energy Vancouver Platforms Inc. is directed to respond to the following information requests no later than Thursday, July 16, 2015:
 - a. British Columbia Utilities Commission 1.35.1;
 - b. FortisBC Energy Inc. 1.8.2.2;
 - c. FortisBC Alternative Energy Services Inc. 1.40.2; and

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- d. Commercial Energy Consumers of British Columbia: 1.1.3, 1.1.8, 1.4.1, 1.4.6, 1.4.7, 1.8.4, 1.8.5, 1.8.6, 1.12.1, 1.12.7, 1.43.5, 1.47.2, 1.51.1, 1.54.3, 1.55.1, 1.59.1, 1.62.1, 1.65.1, 1.65.2, 1.67.1, 1.67.2, 1.67.3, and 1.67.4
3. The method for establishing the revenue requirement for the NES as outlined in Recital B (III) above, and other cost allocations are within the scope of this hearing.

DATED at the City of Vancouver, in the Province of British Columbia, this *13th* day of July 2015.

BY ORDER

Original signed by:

D. M. Morton
Commissioner

Attachment

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REGULATORY TIMETABLE

ACTION	DATE (2015)
Creative Re-submission of Responses to IR No. 1	July 16
Commission and Intervener Information Request No. 2	July 21
Intervener PACA Budget Deadline	July 21
Urban Development Institute Information Request No. 2	July 24
Creative Response to Commission and Intervener (including UDI) Information Request No. 2	August 5
Intervener Evidence Filing Deadline	August 7
Creative Information Request on Intervener Evidence	August 21
Intervener Response to Creative Information Request on Intervener Evidence	September 4
Creative Rebuttal Evidence Filing Deadline	September 9
Oral Hearing	September 14, 15 and 16
Written Final Argument	September 18
Written Intervener Final Argument	September 25
Written Reply Argument	September 28