



ORDER NUMBER
G-147-17

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

and

Creative Energy Vancouver Platforms Inc.
2017 Long Term Resource Plan

BEFORE:

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

on September 25, 2017

ORDER

WHEREAS:

- A. On June 9, 2017, in accordance with section 44.1 of the *Utilities Commission Act* (UCA), Creative Energy Vancouver Platforms Inc. (Creative Energy) submitted a Long Term Resource Plan (LTRP) to the British Columbia Utilities Commission (Commission) (Application). The Application specifically discussed the Fuel Switching Program. The Application was filed following Directive #3 in Commission Order G-98-15 and Decision for the Creative Energy 2015-2017 Revenue Requirements Application (RRA) for Creative Energy's steam system, and Directive #3 in Commission Order C-12-15 and Decision for Creative Energy's Application for a Certificate of Public Convenience and Necessity (CPCN) for a Low Carbon Neighbourhood Energy System for Northeast False Creek (NEFC) and Chinatown Neighbourhoods of Vancouver (NEFC CPCN);
- B. In its Application, Creative Energy stated that in its view, the Commission was not obligated to establish a process. Creative Energy submitted however, that if the Commission does establish a process, a Streamlined Review Process (SRP) would be the most appropriate. Creative Energy submitted that an SRP was suitable given the scale and nature of the utility and the LTRP;
- C. On August 1, 2017, the Commission requested comments on process from registered interveners in the Creative Energy 2015-2017 RRA proceeding and the Creative Energy NEFC CPCN proceeding by August 11, 2017. The Commission requested Creative Energy respond to parties' comments by August 18, 2017;
- D. On August 4, 2017, the Commission allowed Creative Energy's request for a one business day extension for submissions to August 14, 2017 for registered interveners comments, and August 21, 2017 for Creative Energy's comments;

- E. By August 14, 2017, Corix Multi-Utility Services Inc. (Corix), British Columbia Old Age Pensioners' Organization (BCOAPO), Commercial Energy Consumers Association of BC (CEC), FortisBC Alternative Energy Services Inc. (FAES), FortisBC Energy Inc. (FEI), and BC Sustainable Energy Association and Sierra Club of BC (BCSEA-SCBC) provided comments on process for the Application;
- F. On August 21, 2017, Creative Energy provided its reply to comments from the parties; and
- G. The Commission reviewed the Application and the submissions, and finds that it is appropriate to adjourn this proceeding.

NOW THEREFORE for the reasons set out in the Reasons for Decision attached as Appendix A to this Order, the Commission orders as follows:

1. Pursuant to section 90 of the UCA, the Commission 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 Commission's Resource Planning Guidelines when filing the RRA for the 2020-2021 test period.
2. Pursuant to section 49 of the UCA, the Commission directs Creative Energy to submit a Progress Report on the Fuel Switch Program on a semi-annual basis to the Commission by February 15 and August 15 each year.
3. Creative Energy is directed to determine the form and content of the Progress Report in consultation with Commission staff prior to filing the first Progress Report which is due on February 15, 2018.

DATED at the City of Vancouver, in the Province of British Columbia, this 25th day of 2017.

BY ORDER

Original signed by:

Miriam Kresivo
Commissioner

Attachment

Creative Energy Vancouver Platforms Inc.
2017 Long Term Resource Plan

REASONS FOR DECISION

1.0 Introduction

On June 9, 2015, the British Columbia Utilities Commission (Commission) issued Order G-98-15 and the accompanying Decision in the matter of the Creative Energy Vancouver Platforms Inc.'s (Creative Energy) 2015-2017 Revenue Requirements Application (RRA) for Creative Energy's steam system. Directive #3 of Order G-98-15 states:

Pursuant to section 44.1 of the UCA, Creative Energy must file a long-term resource plan (LTRP) regarding the existing steam utility no later than two years from the date of this Decision. The LTRP shall include information available from the fuel switch feasibility study.

Further, in the Decision accompanying Order G-98-15, it states:

The Panel finds that the nature and extent of the business transformation contemplated by Creative Energy at this point in the utility's history warrants a Commission review of the core steam utility LTRP in order to ensure that core steam utility customers continue to receive cost-effective delivery of secure and reliable energy services... The LTRP should address the impact and timing of a potential switch to a low carbon fuel or other means of meeting the carbon reduction targets set out in the [Neighbourhood Energy Agreement between Creative Energy and the City of Vancouver dated March 25, 2015] as well as the impact of supplying the load requirements of NEFC and other Creative Energy neighbourhood energy utilities from the existing steam utility. It is not necessary for Creative Energy to provide an in-depth discussion of demand-side measures in this LTRP.

On December 8, 2015, the Commission issued Order C-12-15 and the accompanying Decision in the matter of Creative Energy's Application for a Certificate of Public Convenience and Necessity (CPCN) for a Low Carbon Neighbourhood Energy System for Northeast False Creek (NEFC) and Chinatown Neighbourhoods of Vancouver (NEFC CPCN). Directive #3 of Order C-12-15 states: "Creative Energy Vancouver Platforms Inc. is directed to comply with all the directives of the Commission set out in the decision issued concurrently with this order." Specifically in regards to the Creative Energy Long Term Resource Plan (LTRP) (Application), the Decision accompanying Order C-12-15 states:

Considering the arguments put forth by Creative Energy regarding the relationship of the NEFC to the existing utility, and that NEFC will be physically connected to the existing utility infrastructure, and that the NEFC will be physically connected to the existing utility infrastructure, the Panel finds that the NEFC is not a separate utility from the existing utility. In this circumstance, the Panel is also finds that the LTRP filing previously directed for the utility includes NEFC.

2.0 Process and timing for Creative Energy LTRP review

For the reasons outlined below, the Commission adjourns the review of the Creative Energy LTRP until the Creative Energy RRA for the 2020-2021 test period is filed.

2.1 Creative Energy LTRP and Fuel Switch Program

In the Creative Energy LTRP (Application), regarding the Fuel Switch Program, Creative Energy submits that:

...it requires additional financial and policy support before investment risks are acceptable to Creative Energy... it is too large to be absorbed by new development downtown alone, particularly near-term development. There are also challenges arising from the lack of formal mechanisms to defer carbon performance requirements for near-term developments given the lead time for the Fuel Switch Project... [W]ithout commitments from customers, it will be extremely challenging to build the Fuel Switch Project... In the absence of enabling mechanisms that reduce the Fuel Switch Project rate impacts, the investment risks for the Fuel Switch Project are not acceptable to Creative Energy.¹

Creative Energy further states:

The LTRP includes an action plan that identifies the enabling mechanisms that Creative Energy intends to pursue for the next two years to advance the Fuel Switch Project. If sufficient enabling mechanisms can be secured, Creative Energy will file an Application for a [CPCN] for the Fuel Switch Project. In the event Creative Energy does not secure sufficient enabling mechanisms in the next two years and/or the proposed Fuel Switch Project is no longer viable for other reasons, Creative Energy proposes a contingency plan that would see it continue to rely solely on its natural gas plant for the existing steam network, and also offer individual customers the option to purchase steam produced with RNG.²

In its Application, regarding process, Creative Energy states that in its view the Commission is not obligated to establish a process.³ Creative Energy submits however, that if the Commission does establish a process, a Streamlined Review Process (SRP) would be the most appropriate. Creative Energy submits that an SRP is suitable given the scale and nature of the utility and the LTRP.⁴

2.2 Submissions on process

Corix Multi-Utility Services Inc. (Corix), British Columbia Old Age Pensioners' Organization (BCOAPO), Commercial Energy Consumers Association of BC (CEC), FortisBC Alternative Energy Services Inc. (FAES), FortisBC Energy Inc. (FEI), and BC Sustainable Energy Association and Sierra Club of BC (BCSEA-SCBC) provided comments on process for the Application (collectively, the Submissions).

None of the parties fully support Creative Energy's suggestion of only conducting an SRP to review the Application. All parties, other than BCSEA-SCBC, submit that the Application content is too technical, complex and/or contentious for an SRP alone.⁵ Though Corix did not oppose Creative Energy's suggestion, it submits that a written process with two rounds of Information Requests (IRs) may be the preferred option due to the technical nature of the Application.⁶ BCOAPO, FAES and FEI also suggest two rounds of IRs with no SRP.⁷ CEC and BCSEA-SCBC suggest combining an SRP with one round of IRs leading or following the SRP.⁸ In addition,

¹ Exhibit B-1, p. 3

² Exhibit B-1, p. 4

³ Ibid, p. 26

⁴ Ibid, p. 27

⁵ FEI Submission, p.2; FAES Submission, p. 1, CEC Submission, p. 1; BCOAPO Submission, p. 1

⁶ Corix Submission, p. 1

⁷ BCOAPO Submission, p. 1; FAES Submission, p. 1; FEI Submission, p. 2

⁸ CEC Submission, p. 1; BCSEA Submission, p. 1

BCSEA-SCBC, FAES and FEI suggest that interveners should be given an opportunity to file evidence, with BCSEA-SCBC suggesting an additional round of IRs on evidence.⁹

In Creative Energy's response, it identifies that no parties commented on whether a process is necessary.¹⁰ Creative Energy submits that if the Commission determines a process is necessary at this time, that Creative Energy would prefer an SRP followed by one round of IRs to be held after October 1, 2017. Creative Energy states that if the Commission concludes that an SRP is not appropriate and also concludes a process with two rounds of IRs is necessary, then Creative Energy requests that the review of the Application be incorporated into the review of its RRA expected to be filed with the Commission by December 1, 2017. Further, Creative Energy states:

Diverting limited resources at Creative Energy from the action plan to the regulatory process as requested by the interveners is unlikely going to be effective given the current uncertainties related to the Fuel Switch enabling mechanisms, especially as compared to Creative Energy continuing to direct its limited resources to achieving the enabling mechanisms."¹¹

Commission Determination

The Panel finds that it is not reasonable to review Creative Energy's LTRP at this stage because the Fuel Switch Program, which is central to its LTRP, has not sufficiently progressed and is still in the preplanning stage. Creative Energy is still in the midst of pursuing enabling mechanisms that would advance the Fuel Switch Program and it will continue to pursue the enabling mechanisms for the next two years. However, based on its Application, Creative Energy is currently not in the position to commit to the Fuel Switch Program and thus lacks important information regarding details, schedules and impacts that would normally be reviewed within the LTRP. Absent of the commitments that Creative Energy needs in the next two years, the Fuel Switch Program may not continue. As such, the Panel does not believe Creative Energy is able to provide the full information required to facilitate a complete review of its LTRP. While the Panel recognizes that the Submissions requested public processes to review the LTRP, given the uncertainty of the situation, the Panel is not convinced that now is the time to review Creative Energy's LTRP.

The Panel finds that the review of the Creative Energy LTRP would be better suited for when Creative Energy is filing its RRA in 2019 for the 2020-2021 test period. Waiting till 2019 to review the Creative Energy LTRP will solidify the utility's planning and will allow Creative Energy to file a complete and comprehensive plan as per all the LTRP requirements under section 44.1 of the UCA, including Demand-Side Management requirements and the Commission's Resource Planning Guidelines. As such, **the Commission 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 Commission's Resource Planning Guidelines when filing the RRA for the 2020-2021 test period.** Based on Creative Energy's concerns with limited resources, combining with the RRA would address the burden on Creative Energy and reduce the regulatory costs. This approach would also allow for a comprehensive review of the LTRP, which was requested by all Submissions. Further, given the significant interest expressed in the Submissions, the Panel would encourage Creative Energy to undertake public consultation in preparation of the updated LTRP.

In the meantime, however, the Panel finds that semi-annual progress reports from Creative Energy will allow the Commission and interested parties to assess the viability and stage and of the Fuel Switch Program. Therefore,

⁹ BCSEA Submission, p. 1; FAES Submission, p. 1; FEI Submission, p.2;

¹⁰ Exhibit B-3, p.1

¹¹ Ibid., pp. 2-3

the Commission directs Creative Energy to submit a Progress Report on the Fuel Switch Program on a semi-annual basis to the Commission by February 15 and August 15 each year. Creative Energy is directed to determine the form and content of the Progress Report in consultation with Commission staff prior to filing the first Progress Report which is due on February 15, 2018.

The Panel agrees with all parties who have submitted comments that a process should be established when a review of Creative Energy's LTRP does take place. It will be left to the Panel appointed to the proceeding on Creative Energy's RRA for the 2020-2021 test period to decide which regulatory process to move forward with.