



**ORDER NUMBER
G-27-23**

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

and

Creative Energy Vancouver Platforms Inc.
2023 Revenue Requirements Application for the Core Thermal Energy System

BEFORE:

T. A. Loski, Panel Chair
A. C. Dennier, Commissioner
E. B. Lockhart, Commissioner

on February 9, 2023

ORDER

WHEREAS:

- A. On December 1, 2022, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed with the British Columbia Utilities Commission (BCUC) its 2023 Revenue Requirements Application (RRA) for its thermal energy system serving downtown Vancouver and Northeast False Creek (NEFC) (Core TES) (Application) and requested, among other things, the following:
 - (i) interim and permanent approval of the thermal energy service rates for the Core TES and the system contribution charge for customers connected to the NEFC system as set out in Appendix B to the Application, effective January 1, 2023; and
 - (ii) approval of a proposed Inter-Affiliate Conduct and Transfer Pricing Policy (IAC/TPP) filed as Appendix C to the Application;
- B. On November 30, 2021, the BCUC issued Order G-349-21 and the accompanying decision on Creative Energy's IAC/TPP (Original IAC/TPP) filed as part of its 2021 RRA for the Core Steam System (2021 IAC/TPP Decision). The 2021 IAC/TPP Decision made several directives and key findings and ultimately did not approve the Original IAC/TPP as filed;
- C. On November 29, 2022, the BCUC issued its Decision and Order G-345-22, approving Creative Energy's application (2022 RRA) to unify the NEFC system cost of service and rates with the Core Steam system in a new rate design, effective January 1, 2022 (2022 RRA Decision). Directive 15 of Order G-345-22 directed Creative Energy to file an evidentiary update to its 2023 RRA for the Core Steam and NEFC systems within 60 days of the date of the order, addressing the relevant directives and determinations in the decision, as applicable (Evidentiary Update);

- D. By Order G-379-22 dated December 20, 2022, the BCUC approved, on an interim and refundable/recoverable basis, effective January 1, 2023, the thermal energy rates as set forth in Appendix B to the Application and the same system contribution charge for customers connected to the NEFC system as approved by Order G-345-22. By the same order, the BCUC established a regulatory timetable for the review of the Application;
- E. On January 27, 2023, Creative Energy filed an Evidentiary Update with supporting schedules to amend its request for thermal energy rates on a permanent basis and to address Directive 15 of Order G-345-22; and
- F. The Panel has reviewed the Application and Evidentiary Update and considers that an amended regulatory timetable is warranted, to allow for submissions regarding the directives and BCUC guidance in the 2021 IAC/TPP Decision and 2022 RRA Decision that are relevant to the Application.

NOW THEREFORE the BCUC orders that the regulatory timetable be amended as set out in Appendix A to this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 9th day of February 2023.

BY ORDER

Original signed by:

T. A. Loski
Commissioner

Attachments

Creative Energy Vancouver Platforms Inc.
2023 Revenue Requirements Application for the Core Thermal Energy System

REGULATORY TIMETABLE

Action	Date (2023)
Creative Energy Written Submissions on Items Outlined in Appendix B	Monday, February 27
Intervener Written Submissions on Items Outlined in Appendix B	Monday, March 6
Creative Energy Reply Submissions on Items Outlined in Appendix B	Monday, March 13
Further Process	To be determined

Creative Energy Vancouver Platforms Inc.
2023 Revenue Requirements Application for the Core Thermal Energy System

REQUEST FOR SUBMISSIONS

Background

On November 30, 2021, the British Columbia Utilities Commission (BCUC) issued Order G-349-21 and the accompanying decision on Creative Energy Vancouver Platforms Inc.'s (Creative Energy) proposed Inter-Affiliate Conduct and Transfer Pricing Policy (Original IAC/TPP) (2021 IAC/TPP Decision). In the 2021 IAC/TPP Decision the BCUC made several determinations, directives and key findings and ultimately did not approve the Original IAC/TPP as filed.

On November 29, 2022, the BCUC issued its Decision and Order G-345-22, approving Creative Energy's application to consolidate the revenue requirements and unify the rate base and rates for the Northeast False Creek (NEFC) thermal energy system (TES) with the Core Steam TES, among other things, effective January 1, 2022 (2022 RRA Decision). Directive 15 of Order G-345-22 directed Creative Energy to file an evidentiary update to its 2023 Revenue Requirements Application (RRA) for the Core Steam and NEFC system within 60 days of the date of the order (Evidentiary Update), addressing the relevant directives that are applicable to the current Application and outlined in the tabular summary at the end of this Appendix.

On December 1, 2022, Creative Energy filed with the BCUC its 2023 RRA for its thermal energy system serving downtown Vancouver and NEFC service areas (Core TES) (Application) and requested, among other things: (i) interim and permanent approval of the thermal energy service rates for the Core TES and the system contribution charge for customers connected to the NEFC system, effective January 1, 2023; and (ii) approval of a proposed IAC/TPP (Revised IAC/TPP). On January 27, 2023, Creative Energy filed its Evidentiary Update with supporting schedules and rates and to amend its request for permanent approval of thermal energy rates and to address Directive 15 of Order G-345-22.

Request for Submissions

The Panel requests submissions from Creative Energy and registered interveners on the following items, in accordance with the deadlines set out in the regulatory timetable attached as Appendix A to Order G-27-23:

1. Whether and how Creative Energy's Application, Evidentiary Update or written submission address the directives and BCUC guidance included in the 2021 IAC/TPP Decision and 2022 RRA Decision that are relevant to the Application, as included in the tabular summary below. For Creative Energy, and for any relevant directives and BCUC guidance that are not addressed, please explain why not.
2. Further to the submissions provided in item 1, and for each of the Revised IAC/TPP and the 2023 forecast revenue requirements please address:
 - a. any additional information that is required to proceed with the regulatory process; and
 - b. the appropriate regulatory process.

The following are the directives and BCUC guidance provided in the 2021 IAC/TPP Decision and 2022 RRA Decision that are relevant to the Application, and which relate to the items on which the Panel is seeking submissions:

Relevant Directives and BCUC Guidance from the 2021 IAC/TPP Decision	Reference
Creative Energy is directed to provide further evidence demonstrating how its labour rates are reflective of the higher of market pricing or full cost recovery where resources are shared with non-regulated affiliates in its next RRA for the Core Stream System.	Order G-349-21, Directive 2; Decision accompanying Order G-349-21, p. 13.
Creative Energy is directed to cease sharing, by no later than the time of filing of its 2023 RRA for the Core Steam System, its staff resources with Creative Energy's non-regulated affiliates, to the extent that those staff allocate more than a minimal amount of their time to activities of its non-regulated affiliates.	Order G-349-21, Directive 3; Decision accompanying Order G-349-21, p. 14.
Creative Energy is directed to request advance BCUC approval, unless otherwise ordered, for any material cost or resource sharing by Creative Energy with any non-regulated affiliate. When seeking such approval, Creative Energy must provide the basis and any justification for the proposed amounts of the cost or resource sharing.	Order G-349-21, Directive 4; Decision accompanying Order G-349-21, p. 14.
<p>To provide guidance to Creative Energy on developing a revised inter-affiliate code of conduct and transfer pricing policy in the future, the Panel considers that any such policy should:</p> <ul style="list-style-type: none"> • Incorporate the principles as outlined in Section 2 of this decision, including ensuring provisions are included that limit sharing of public utility resources with non-regulated affiliates and ensure that where resources are shared between regulated and non-regulated entities, they are done so at the full cost to provide the service or market pricing, whichever is higher; • Govern all inter-affiliate or non-arms length transactions between the BCUC-regulated utility and any affiliate; • Address cost allocations between affiliated regulated businesses separately from transactions between affiliated regulated and unregulated businesses; • Consider and strike an appropriate balance between the interests of the ratepayers of the various BCUC-regulated TES in the Creative Energy Group; • Be developed from the perspective of safeguarding utility ratepayers against the risks of cross-subsidization of the regulated or non-regulated business activities of its affiliates; • Include a requirement of annual certification of compliance with the policy as part of Creative Energy's Annual Report. We do not consider such a requirement to be overly onerous for a utility of Creative Energy's size and we regard that to be an appropriate best practice and safeguard in light of Creative Energy's organizational structure, including the difference in the degree of regulatory oversight over its Stream A and Stream B TES, and the continuing growth in the number of new Creative Energy affiliates. All of these considerations speak in favour of the need to maintain some degree of scrutiny over compliance with any such policy; and • Require Creative Energy to file with the BCUC particulars of any instances of significant non-compliance with the policy as part of its Annual Report. 	Decision accompanying Order G-349-21, pp. 18–19.

Relevant Directives from the 2022 RRA Decision	Reference
<p>[T]he Panel directs Creative Energy to provide the following in future RRAs:</p> <ul style="list-style-type: none"> • A revised long-term load forecast for both the Core Steam and NEFC systems for the purposes of re-calculating the NEFC System Contribution Charge and a re-calculated NEFC System Contribution Charge based on the revised long-term load forecasts. If Creative Energy comes forward with a multi-year RRA, the Panel directs Creative Energy to explain how the System Contribution Charge will be addressed should new load connect to the NEFC system during the corresponding test period. • The calculation and annual balance of the components recovered through the System Contribution Charge, including the NEFC System Contribution Charge and the NEFC RDDA net of the NEFC Variance Deferral Account. 	Decision accompanying Order G-345-22, p. 20.
The Panel directs Creative Energy to include in its next RRA, a review of its methodology for forecasting water treatment costs which includes a summary of the monitoring data collected and a discussion of how the data informs the forecast methodology.	Decision accompanying Order G-345-22, pp. 38–39.
[T]he Panel directs Creative Energy to provide in future RRAs, the total gross costs for Creative Energy Vancouver Platforms Inc., including a breakdown of all costs allocated to each of its TES and any other entities, and to identify whether the cost is directly assigned or allocated via the Massachusetts Formula.	Decision accompanying Order G-345-22, p. 44.
Creative Energy is denied its request to maintain the RCDA on an ongoing basis.	Order G-345-22, Directive 7; Decision accompanying Order G-345-22, p. 51.
<p>[T]he Panel directs Creative Energy to include with its next RRA: (i) a proposal to close the COVID-19 Deferral Account, including the disposition of the existing balance; and (ii) a proposal to establish a new load variance deferral account, including the following:</p> <ul style="list-style-type: none"> (i) The factors that contribute to variances between forecast and actual loads that would be appropriate to include in the deferral account; (ii) The proposed interest rate; and (iii) Proposed amortization period. 	Decision accompanying Order G-345-22, p. 53.
[T]he Panel directs Creative Energy to provide in its next RRA, a breakdown of the Core Steam and NEFC rates in a format similar to that provided in response to BCUC IR 56.3, without the NEFC average bill information and expanded to separately report the average thermal energy rate, the fuel charge and the NEFC System Contribution Charge in dollars per megawatt hour for the NEFC system.	Decision accompanying Order G-345-22, p. 61.