



**ORDER NUMBER
G-350-23**

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

and

Creative Energy Mount Pleasant Limited Partnership
Rates for the Mount Pleasant District Cooling System

BEFORE:

E. B. Lockhart, Commissioner

on December 14, 2023

ORDER

WHEREAS:

- A. On October 31, 2023, Creative Energy Mount Pleasant Limited Partnership (CEMP) filed with the British Columbia Utilities Commission (BCUC), pursuant to sections 58 to 61 and 90 of the *Utilities Commission Act* and section 15 of the *Administrative Tribunal Act*, its application for rates for the Mount Pleasant District Cooling System (DCS) for the provision of cooling service to the Main Alley Development (Application) and requested, among other things, the following interim approvals for the three year period, effective January 1, 2024 through December 31, 2026 (Test Period):
 - (i) A levelized capacity charge (\$/kilowatt (kw)/month) as set out in Appendix B to the Application to recover the forecast capital and fixed operating costs (Capacity Charge); and
 - (ii) A variable charge (\$/megawatt-hour (MWh)) as set out in Appendix B to the Application to recover the actual electricity and water costs on a flow-through basis (Variable Charge);
- B. By Order C-5-20 dated December 3, 2020, the BCUC granted a Certificate of Public Convenience and Necessity to CEMP authorizing it to acquire and operate the existing Mount Pleasant DCS, including specific extensions, renovations, expansions and upgrades that will be completed in four phases;
- C. In the Application, CEMP states the proposed interim rates for the Test Period are designed on a 25-year levelized basis, determined in accordance with the rate structure approved by Order G-242-22, and that the Test Period is defined by the forecast completion of Phase 2 of the Mount Pleasant DCS;
- D. CEMP adds that upon the completion of Phase 2, specifically once actual capital costs are known and Phase 2 assets are placed into service, it will file an evidentiary update supporting a request for approval of permanent rates for the Test Period (Evidentiary Update), the timing of which is yet to be determined; and
- E. The Panel has commenced a review of the Application and determines that certain interim approvals as well as establishing a regulatory timetable, to allow for submissions from CEMP on the proposed regulatory process, is warranted.

NOW THEREFORE pursuant to sections 59 to 61 and 89 of the *Utilities Commission Act*, the BCUC orders as follows:

1. CEMP is approved to charge the Capacity Charge and Variable Charge for the Test Period on an interim and refundable/recoverable basis effective January 1, 2024, as set out in Appendix B to the Application.
2. Any variance between the interim and permanent rates for the Capacity Charge and Variable Charge, as determined at the time the BCUC renders its final decision on the Application, is subject to refund or recovery from ratepayers, with interest at the average prime rate of CEMP's principal bank for its most recent year.
3. A regulatory timetable for the review of the Application is established, as set out in Appendix A to this order.
4. CEMP is directed to file the rate schedules reflecting the interim approvals in this order for endorsement by the BCUC within 15 days of the date of this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of December 2023.

BY ORDER

Original signed by:

E. B. Lockhart
Commissioner

Attachments

Creative Energy Mount Pleasant Limited Partnership
Rates for the Mount Pleasant District Cooling System

REGULATORY TIMETABLE

Action	Date (2023)
Creative Energy Written Submissions on Items Outlined in Appendix B	Friday, December 22
Further Process	To be determined

Creative Energy Mount Pleasant Limited Partnership
Rates for the Mount Pleasant District Cooling System

REQUEST FOR SUBMISSIONS

Background

On October 31, 2023, Creative Energy Mount Pleasant Limited Partnership (CEMP) filed with the British Columbia Utilities Commission (BCUC) its application for rates for the Mount Pleasant District Cooling System (DCS) for the provision of cooling service to the Main Alley Development (Application) and seeks, among other things, approval of rates on an interim and refundable basis for the three year period, effective January 1, 2024 through December 31, 2026 (Test Period).¹

By Order C-5-20, the BCUC granted a Certificate of Public Convenience and Necessity to CEMP authorizing it to acquire and operate the existing Mount Pleasant DCS, including specific extensions, renovations, expansions and upgrades, to be completed in four phases, to provide cooling service to the Main Alley Development.²

In the Application, CEMP states the proposed interim rates for the Test Period are designed on a 25-year levelized basis, determined in accordance with the rate structure approved by Order G-242-22, and that the Test Period is defined by the forecast completion of Phase 2 of the Mount Pleasant DCS. CEMP further notes that upon the completion of Phase 2, once actual capital costs are known and Phase 2 assets are placed into service, it intends to file an evidentiary update, the timing of which is yet to be determined, supporting a request for approval of permanent rates for the Test Period (Evidentiary Update).³

CEMP proposes that a written public hearing to review the proposed permanent rates for the Test Period be established once the Evidentiary Update, reflecting actual Phase 2 costs, is filed.⁴

Request for Submissions

The Panel requests submissions from Creative Energy on the following items, in accordance with the deadlines set out in the regulatory timetable attached as Appendix A to Order G-350-23:

1. Please provide an estimate for when CEMP expects to file its Evidentiary Update to the Application. If unknown, please provide the rationale for the uncertainty.
2. Please identify the specific items in the Application that CEMP intends to update in the Evidentiary Update, including but not limited to the Phase 2 capital costs. As part of the response, please explain the necessity for each update.
3. Please discuss the pros and cons of establishing permanent rates under each of the following scenarios:
 - Setting permanent rates on the basis of forecast Phase 2 capital costs and adjusting rate base moving forward to reflect actual Phase 2 capital costs at the beginning of the next test period.
 - Setting permanent rates on the basis of forecast Phase 2 capital costs and capturing the revenue requirement impact of the difference between forecast and actual Phase 2 capital costs in a deferral account.

¹ Exhibit B-1, Section 1.4, pp. 6-7; Appendix A.

² Exhibit B-1, Section 1, p. 1; Decision accompanying Order C-5-20, Section 4.1, pp. 18-21.

³ Exhibit B-1, Section 1, p. 1

⁴ Exhibit B-1, Section 1.3, p. 6; Appendix B.

4. Please discuss any specific circumstances applicable to CEMP that require permanent rates to be established on the basis of actual capital costs instead of forecast for the Test Period, as compared to other regulatory public utilities.
5. Please discuss the pros and cons of commencing the regulatory process after the Evidentiary Update is filed, as compared to commencing the regulatory process in the near term based on the current Application.