



ORDER NUMBER
G-149-25

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

and

Creative Energy Señákw Limited Partnership
Variance to Order C-5-23

BEFORE:

B. A. Magnan, Commissioner
B. E. Lockhart, Commissioner
W. E. Royle, Commissioner

on June 17, 2025

ORDER

WHEREAS:

- A. On October 20, 2022, Creative Energy Señákw Limited Partnership (CESLP) filed an application (Application) with the British Columbia Utilities Commission (BCUC) pursuant to sections 45 and 46 of the *Utilities Commission Act* (UCA) for a Certificate of Public Convenience and Necessity (CPCN) to construct, own and operate a thermal energy system to provide heating and cooling to the Señákw development (Project);
- B. By Decision and Order C-5-23, dated October 26, 2023, the BCUC issued a CPCN to CESLP for the Project and directed CESLP to file Project reports, which include, among other things:
- Semi-annual progress reports comparing actual costs and forecast costs of the Project to the Project capital cost estimate provided in Table 6 of the Application, highlighting variances and with an explanation of significant variances;
 - A final report, within three months of commissioning of the Señákw District Energy System energy centre, including the final cost of the Project, a breakdown of the final costs, a comparison of these costs to the estimates provided in Table 6 of the Application, and an explanation of all material cost variances; and
 - A material change report, if there is a schedule delay of greater than six months compared to the schedule provided in Table 4 of the Application, the total Project cost exceeds 30 percent of the estimated Project cost provided in Table 6 of the Application, or there is a change to the Project scope detailed in Chapter 5 of the Application (Material Change Report);
- C. On July 26, 2024, CESLP filed Semi-Annual Progress Report No. 1 for the period ending June 30, 2024;

- D. On October 29, 2024, CESLP filed a Material Change Report with the BCUC (Material Change Report No. 1), in which CESLP stated that its Project cost estimate had increased by 58% compared to the Application. In this report, CESLP also provided a new cost template (New Template) that it proposed to use for all future Project reporting;
- E. On January 21, 2025, CESLP filed Semi-Annual Report No. 2 for the period ending December 31, 2024;
- F. On February 6, 2025, the BCUC issued BCUC Staff Questions No. 1 to CESLP regarding Semi-Annual Progress Reports No. 1 and 2 and Material Change Report No. 1. CESLP provided its responses to Staff Questions No. 1 on February 26, 2025;
- G. On March 31, 2025, CESLP filed an amendment to its responses to Staff Questions No. 1;
- H. On April 9, 2025, the BCUC issued BCUC Staff Questions No. 2 to CESLP. On April 14, 2025, CESLP filed its responses to Staff Questions No. 2, in which CESLP confirmed it is requesting a variance to Directive 2 of Order C-5-23 to report the Project capital costs using the New Template for all future Project reporting (Variance Request); and
- I. The BCUC has reviewed the Variance Request and considers a variance to the cost reporting template for all future project reporting is not warranted.

NOW THEREFORE pursuant to section 99 of the UCA, and for the reasons outlined in the decision accompanying this order, the BCUC denies CESLP's Variance Request.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of June 2025.

BY ORDER

Electronically signed by Bernard Magnan

B. A. Magnan
Commissioner

DECISION

1.0 Background

On October 20, 2022, Creative Energy Seňákw Limited Partnership (CESLP) filed an application (Application) with the British Columbia Utilities Commission (BCUC) for a Certificate of Public Convenience and Necessity (CPCN) to construct, own and operate a thermal energy system to provide heating and cooling to the Seňákw development (Seňákw DES or the Project). The Seňákw DES will provide cooling with electric chillers and heating from captured waste heat from the cooling equipment and reclaimed heat from a Metro Vancouver main sewer line using high-temperature heat pumps. Electric boilers, thermal storage and natural gas boilers will be in place to provide peaking and backup to the heat recovery processes.¹

The original estimate of the Project was \$30,026,176 as set out by Table 6 of the Application (Original Estimate). In Table 6, CESLP breaks down the original estimate by 17 cost line items (Original Template).²

On October 26, 2023, the BCUC issued CESLP a CPCN for the Project.³ Directive 2 of Order C-5-23 directed CESLP to file certain Project reports as outlined in Appendix A of the Decision. These reports include:⁴

1. Semi-annual progress reports, each of which is required, among other things, to detail actual and forecast costs of the Project compared to the Project capital cost estimate provided in Table 6 of the Application, highlighting variances and with an explanation of the significant variances;
2. A final report, which is to be submitted within three months of commissioning of the Seňákw DES energy centre and is to include:
 - The final cost of the Project, including a breakdown of the final costs and a comparison of these costs to the estimates provided in Table 6 of the Application; and
 - An explanation of all material cost variances for any of the cost items provided in Table 6 of the Application that exceed 30 percent of the estimates.
3. Material change reports, which are to be filed in the event of a material change, which the decision attached to Order C-5-23 defines as a change in CESLP's plan for the Project that would reasonably be expected to have a significant impact on the schedule, cost or scope, such that:
 - There is a schedule delay of greater than six months compared to the schedule provided in Table 4 of the Application;
 - The total Project cost exceeds 30 percent of the estimated Project cost provided in Table 6 of the Application; or
 - There is a change to the Project scope detailed in Chapter 5 of the Application.

¹ Decision and Order C-5-23, dated October 26, 2023, p. 1.

² Ibid, p. 27.

³ Order C-5-23, dated October 26, 2023, p. 2.

⁴ Decision and Order C-5-23, dated October 26, 2023, Appendix A.

On October 29, 2024, CESLP filed a material change report (Material Change Report No. 1), reporting that the Project estimate had increased from \$30,026,176 to \$47,433,613 (Revised Estimate), an increase of approximately 58 percent above the Original Estimate. In Material Change Report No. 1, CESLP used the Original Template to report the material change in the Project cost, identifying cost increases for 14 out of 17 cost line items.⁵ CESLP stated increases in equipment, material, and labour costs are the key drivers for the increased capital cost estimate.⁶

2.0 Variance Request

In addition to the Revised Estimate for the Project, CESLP also submitted a new template (New Template)⁷ for cost reporting in Material Change Report No. 1. In Semi-Annual Progress Report No. 2, filed January 21, 2025, CESLP used the New Template to compare actual and forecast costs of the Project against the Revised Estimate.⁸

On February 6, 2025 and April 9, 2025, the BCUC issued Staff Questions No. 1 and No. 2 to CESLP. In response to BCUC Staff Questions No. 2, filed April 14, 2025, CESLP confirmed that it is requesting BCUC approval to vary Directive 2 of BCUC Order C-5-23 to allow CESLP to use the New Template, instead of the Original Template, to report actual and forecasts costs of the Project for all future reporting.⁹ The New Template, as set out by Table 3 of Material Change Report No. 1, breaks down the Project cost by eight cost line items.¹⁰

According to CESLP, the New Template provides more accurate and efficient Project cost reporting compared to the Original Template because the new categories align closely with the vendor invoicing for the Project.¹¹ CESLP highlights that the key driver for this change is associated with how the Project is invoiced. CESLP states that the cost line items of the Original Template do not align with how the costs are invoiced for the Project as vendor invoices that CESLP receives are not associated with those specific cost line items.¹²

CESLP provided a spreadsheet to translate the 17 cost line items under the Original Template to the eight cost line items under the New Template.¹³ The spreadsheet shows that the “Construction” line item (\$38,183,990) under the New Template consolidates costs from eight separate cost line items under the Original Template. CESLP explains that it is not efficient to use the Original Template to continue reporting construction costs because a detailed calculation will be needed to calculate those costs from separate invoices and separate vendors. According to CESLP, it would take an excessive amount of time and resources to perform those calculations for every progress report.¹⁴

⁵ Material Change Report No. 1, pp. 4–9, Table 2.

⁶ Ibid, p. 1.

⁷ Ibid, p. 9, Table 3.

⁸ Semi-Annual Progress Report No. 2, p. 2, Table 1.

⁹ BCUC Staff Questions No. 2, IR 11.2.

¹⁰ Material Change Report No. 1, p. 9, Table 3.

¹¹ BCUC Staff Questions No. 2, IR 11.1.

¹² Ibid, IR 11.1.1.

¹³ Microsoft Excel Spreadsheet “Updated Table 3 (using CPCN Table 6 Template)” filed on April 2, 2025.

¹⁴ BCUC Staff Questions No. 2, IR 11.3.

3.0 Panel Determination

CESLP's request to vary Directive 2 of Order C-5-23 is denied.

The Panel is not persuaded that CESLP's New Template for cost reporting will provide sufficient detail to allow the BCUC to adequately review the Project's capital spending. We note that CESLP submitted the Original Estimate using the format of the Original Template, in the CPCN Application, for review by the BCUC. The Original Template breaks down the Project cost by 17 cost line items, resulting in a greater level of cost detail and granularity than the New Template, which breaks down the Project cost by only eight cost line items. Of note, the 'Construction' line item in the New Template comprises 80 percent¹⁵ of the total Project cost estimate in a single line item and is a consolidation of eight separate line items in the Original Template. The Panel does not consider this to be a sufficient level of detail to be kept informed of the costs of the Project, especially in light of the material cost increases reported by CESLP.

Costs reported using the New Template would be challenging to compare to the Original Estimate, and we note that the New Template appears to propose that actual and forecast costs moving forward would only be compared to the Revised Estimate. As noted previously, the Original Estimate was reviewed and considered by the BCUC in issuing a CPCN for the Project and as such, the Panel considers that the Original Estimate continues to be the most appropriate baseline to compare actual and forecast costs.

For these reasons, the Panel considers it appropriate for CESLP to continue to report its costs for the Project in accordance with the Original Template. Therefore, CESLP is required to continue to file its Project reports in accordance with Appendix A of Order C-5-23.

DATED at the City of Vancouver, in the Province of British Columbia, this 17th day of June 2025.

Electronically signed by Bernard Magnan

B. A. Magnan
Commissioner

Electronically signed by Blair Lockhart

E. B. Lockhart
Commissioner

Electronically signed by Wendy Royle

W. E. Royle
Commissioner

¹⁵ Based on BCUC calculation from the evidence presented in Table 3 of Material Change Report No.1: (Forecast Cost of "Construction" line item (\$)/Total Forecast Cost of Project (\$)) x 100 = \$38,183,990/\$47,433,613 x 100 = 80 percent.