bcuc
British Columbia
Utilities Commission

Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3
bcuc.com

P: 604.660.4700
TF: 1.800.663.1385

ORDER NUMBER
G-56-26

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

and

Creative Energy Vancouver Platforms Inc.
2026 to 2027 Rates for Cooling at South Downtown

BEFORE:
E. B. Lockhart, Panel Chair
W. E. Royle, Commissioner

on March 16, 2026

ORDER

WHEREAS:

A. On August 8, 2025, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed an application with the British Columbia Utilities Commission (BCUC), pursuant to sections 58 to 60 and 90 of the *Utilities Commission Act*, seeking, among other things, approval of rates, effective January 1, 2026 through to December 31, 2027, for the provision of cooling service to customers connected to its South Downtown district cooling system (SODO DCS) (Application);

B. By Order G-222-21 dated July 22, 2021, the BCUC approved, among other things, the rates and rate design for Creative Energy's SODO DCS consisting of a levelized capacity charge per kilowatt (kW) per month and a variable charge per megawatt hour (MWh), effective November 23, 2020;

C. Creative Energy requests approval of capacity charges of $12.25 per kW per month, effective January 1, 2026, and $13.89 per kW per month, effective January 1, 2027;

D. Creative Energy requests that a portion of its response to Panel Information Request (IR) 1.4 filed in Exhibit B-9-1 be kept confidential on the basis that it contains sensitive data;

E. By Order G-283-25 dated December 3, 2025, the BCUC approved a capacity charge of $12.25 per kW per month for the SODO DCS, on an interim and refundable/recoverable basis, effective January 1, 2026;

F. By Orders G-212-25, G-246-25, G-264-25 and G-11-26, the BCUC established and amended the regulatory timetable for the review of the Application, which included intervener registration, one round of BCUC and intervener IRs, two rounds of Panel IRs and written arguments; and

G. The BCUC has considered the Application, evidence and arguments filed in this proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 59 to 61 of the *Utilities Commission Act*, and for the reasons outlined in the decision accompanying this order, the BCUC orders as follows:

1. The following capacity charges for the SODO DCS are approved on a permanent basis, adjusted in accordance with the directives and determinations outlined in this order and the accompanying decision: (i) $12.25 per kW per month, effective January 1, 2026; and (ii) $13.89 per kW per month effective January 1, 2027 to December 31, 2027.

2. Creative Energy is directed to re-calculate its capacity charges for the SODO DCS effective January 1, 2026 and January 1, 2027, in accordance with the directives and determinations outlined in the decision accompanying this order, and to file a revised financial model and tariff pages incorporating the results of this re-calculation with the BCUC for endorsement within 30 days of the date of this order.

3. Creative Energy is directed to recover from customers the difference between the interim rates approved by Order G-283-25 and the permanent rates for the SODO DCS, with interest at the average prime rate of Creative Energy's principal bank for the most recent year, in the billing cycle following the BCUC's endorsement of the revised tariff pages.

4. The unredacted version of Creative Energy's response to Panel IR 1.4 will be held confidential unless the BCUC determines otherwise.

5. Creative Energy is directed to comply with all other directives and determinations outlined in the decision accompanying this order.

DATED at the City of Vancouver, in the Province of British Columbia, this 16th day of March 2026.

BY ORDER

Electronically signed by Blair Lockhart

E. B. Lockhart
Commissioner

Table of Contents

Page no.

Executive Summary

On August 8, 2025, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed an application with the British Columbia Utilities Commission seeking, among other things, approval of rates, effective January 1, 2026 to December 31, 2027, for the provision of cooling services for its South Downtown District Cooling System (SODO DCS) (Application).

The SODO DCS provides cooling services to four customer buildings in downtown Vancouver. In 2021, the British Columbia Utilities Commission approved the initial rate design and rates for the SODO DCS consisting of a fixed monthly charge (Capacity Charge) levelized over a 30-year period, expressed in $/kilowatt (kW)/month, and a variable charge expressed in $/megawatt hour. Under the levelized rate structure, the revenue from the Capacity Charge recovers less in the early years than the annual forecast cost of service. This results in an annual shortfall, which is recorded in the Revenue Deficiency Deferral Account. In the later years of the levelization period, however, the utility expects the forecast revenue from the Capacity Charge to exceed the annual cost of service. This results in an annual revenue surplus, which allows the utility to draw the Revenue Deficiency Deferral Account balance down to zero by the end of the levelization period.

Following a public hearing process to review the Application, the Panel approves the following Capacity Charges for the SODO DCS on a permanent basis, adjusted in accordance with the directives and determinations outlined in Order G-56-26 with the accompanying decision: (i) $12.25 per kW per month, effective January 1, 2026; and (ii) $13.89 per kW per month, effective January 1, 2027 to December 31, 2027.

The Panel finds the 2026 and 2027 forecast Capacity Charge revenue requirements, as set out in Table 1 of the decision, reasonable for setting the Capacity Charges for the SODO DCS. While certain operating costs and capital expenditures have increased significantly over the previously approved amounts for the initial years of operation (2020 to 2025), the Panel finds that the forecast costs for the 2026 to 2027 test period are reasonable and necessary for the safe and reliable operation of the SODO DCS.

The Panel reviewed the ongoing suitability of the levelized rate design, as Creative Energy has revised its forecasts upon which the levelized rates are based. Creative Energy now forecasts capital additions in the January 1, 2026 to December 31, 2027 test period to overhaul two chillers for the SODO DCS. It also forecasts rate increases in the latter part of the levelization period. After comparing the levelized rate structure against alternative rate structures, the Panel finds that a five-year gradual transition from a levelized rate structure to a full annual cost of service recovery approach offers the most balanced path forward. Accordingly, the Panel directs Creative Energy to set the Capacity Charges for 2026 and 2027 based on an approach that will fully recover the total forecast annual cost of service by 2030.

The Panel acknowledges that this approach requires rate increases in the near term. We are not persuaded, however, that the benefits of retaining the current rate structure, rate stability and predictability, outweigh the risk that the rate increases in the latter part of the levelization period are even higher than those Creative Energy is already forecasting.

The Panel expresses concern regarding Creative Energy's past inaccurate forecasting for this energy system and expects better forecasting in future revenue requirement applications. The Panel also identifies a deficiency in administrative diligence regarding unbilled water costs from previous years. While the Panel is not directing any changes to the flow-through recovery of water costs, the Panel expects Creative Energy to handle the process of paying for and recovering these costs with the transparency and communication it has committed to and considers that additional reporting is required to ensure ongoing transparency of all flow-through energy costs.

1.0 Introduction

On August 8, 2025, Creative Energy Vancouver Platforms Inc. (Creative Energy) filed an application with the British Columbia Utilities Commission (BCUC) seeking approval of rates, effective January 1, 2026 to December 31, 2027 (Test Period) for the provision of cooling services for its South Downtown District Cooling System (SODO DCS) (Application).[1]

Creative Energy is a public utility in British Columbia that owns and operates several DCSs, including the SODO DCS. The SODO DCS services four customer buildings: two commercial, one mixed use, and one residential. Of the four buildings, three are owned by the buildings' developer, Westbank Projects Corp. (Developer), a party affiliated with Creative Energy. The fourth is a residential building owned by a strata corporation (Strata Corporation).[2]

In 2021, the BCUC approved the initial rate design and rates for the SODO DCS consisting of a fixed monthly charge (Capacity Charge) levelized over a 30-year period, expressed in $/kilowatt (kW)/month for the period from November 23, 2020 to December 31, 2025, and a variable charge expressed in $/megawatt hour (MWh) (Variable Charge), effective November 23, 2020. The levelized Capacity Charge is based on design peak demand as the billing determinant and it recovers the forecast capital and fixed operating costs, while the Variable Charge recovers the actual electricity and water costs on a flow-through basis.[3]

The BCUC reviews applications for changes to rates in accordance with sections 59 to 61 of the *Utilities Commission Act* (UCA). This decision sets out the key issues to be decided in this proceeding, provides an overview of the relevant evidence, considers the positions of the parties, and presents the Panel's determinations on the Application.

1.1 Application and Regulatory Process

Creative Energy seeks approval of the following:[4]

- To increase the levelized Capacity Charge to $12.25/kW/month, effective January 1, 2026, and $13.89/kW/month, effective January 1, 2027.[5]
- To continue charging the Variable Charge on a flow-through basis.
- To continue using the Revenue Deficiency Deferral Account (RDDA).
- To terminate both the Regulatory Cost Variance Deferral Account (RCVDA) and the Generic Cost of Capital (GCOC) Variance Deferral Account by the end of 2025.

[1] Exhibit B-1, Section 1.0, p. 1.
[2] Creative Energy Application for Heating Rates for the Heating Thermal Energy System and Cooling Rates for the District Cooling System at the Vancouver House Development, Decision and Order G-222-21 dated July 22, 2021 (2020–2025 SODO Rates Decision), Section 1.1, p. 1; Section 4.2, pp 70–71.
[3] 2020–2025 SODO Rates Decision, p. ii.
[4] Creative Energy Final Argument, p. 2.
[5] Exhibit B-9, Panel IR 1.9.

- To amend its annual cost of debt from 4.0 percent[6] to 5.2 percent.[7]

On December 3, 2025, the BCUC approved a Capacity Charge of $12.25/kW/month for the SODO DCS effective January 1, 2026, on an interim and refundable/recoverable basis.[8]

The regulatory process for this proceeding included public notice of the Application, intervener registration, Creative Energy filing supplemental information, one round of BCUC and intervener information requests (IRs), Panel IRs, a deadline for letters of comment, and final and reply arguments.

The following three parties registered as interveners in the proceeding:[9]

- BC Old Age Pensioners' Organization, Council of Senior Citizens' Organizations of BC, Active Support Against Poverty, Disability Alliance BC, and Tenants Resource and Advisory Centre (BCOAPO);[10]
- Residential Consumer Intervener Association (RCIA); and
- The Commercial Energy Consumers Association of British Columbia (the CEC).

The Panel required BCOAPO and RCIA to participate as a single intervener group, as both organizations represent the interests of residential ratepayers and were pursuing common issues in this proceeding.[11]

The BCUC did not receive any letters of comment.

1.2 Decision Framework

This decision addresses the approvals that Creative Energy seeks as well as key issues that arose during the proceeding.

Section 2.0 addresses the Capacity Charge revenue requirement and the resulting rates. This includes an evaluation of the proposed chiller overhauls and the levelization period for rates. Section 3.0 addresses the flow-through Variable Charge, including the recovery of historical unbilled water costs, other approvals sought, and additional matters raised during the proceeding.

2.0 Revenue Requirements and Capacity Charge

Creative Energy recovers its forecast capital and fixed operating costs or the "Capacity Charge revenue requirement" through the Capacity Charge, which is calculated on a levelized basis over a 30-year period. Table

[6] Approved by Order G-222-21.
[7] Exhibit B-6, BCUC IR 1.3.
[8] Approved by Order G-283-25.
[9] Exhibit C1-1, C2-1 and C3-1.
[10] On February 8, 2026, the BC Old Age Pensioners' Organization withdrew as an intervener in this proceeding. The remaining organizations (Council of Senior Citizens' Organizations of BC, Active Support Against Poverty, Disability Alliance BC, and Tenants Resource and Advisory Centre), continued as an intervener group under the collective name "COSCO". The Panel acknowledged the change and reminded COSCO that it is required to participate as one intervener group with RCIA. For the purposes of this decision, the Panel refers to the intervener "COSCO" as "BCOAPO" (Exhibit A-12 and Exhibit C4-3).
[11] Exhibit A-4.

1 below sets out the annual Capacity Charge revenue requirement, comparing the BCUC-approved amounts from 2021 to 2025 against the forecast amounts for the Test Period.

Table 1: Total Capacity Charge Revenue Requirements from 2021 to 2027[12]

Year	2021 Approved	2022 Approved	2023 Approved	2024 Approved	2025 Approved	2026 Forecast	2027 Forecast
Capacity Charge Revenue Requirement ($)							
Maintenance	32,780	33,431	34,100	34,782	35,477	73,700	75,540
Operator	20,810	21,220	21,650	22,080	22,520	55,970	57,360
Administration	39,130	39,910	40,710	41,520	42,350	57,910	59,360
Insurance	11,490	11,720	11,960	12,200	12,440	3,370	3,450
Municipal Access Fee	4,740	4,930	5,130	5,340	5,560	5,620	6,250
Lease	33,290	33,960	34,640	35,330	36,040	36,610	37,530
Regulatory	0	0	0	0	0	25,630	4,200
Depreciation	90,050	90,050	90,050	90,050	90,050	102,540	112,320
Cost of Equity	107,260	103,620	99,990	96,350	92,720	128,750	135,990
Cost of Debt	66,800	64,570	62,350	60,120	57,890	67,000	70,770
Income Tax	32,580	31,670	30,320	28,980	27,630	0	1,970
Total Capacity Charge Revenue Requirement	**438,930**	**435,090**	**430,890**	**426,750**	**422,680**	**557,100**	**564,740**

A key feature of the levelized rate structure is that a portion of the annual Capacity Charge revenue requirement is deferred in the RDDA for future recovery from customers.

In the subsections below, the Panel addresses issues that arose with respect to certain cost categories of the Capacity Charge revenue requirement and the levelization period, before making a final determination on the Capacity Charge revenue requirement and rates for the Test Period.

2.1 Maintenance Costs

Creative Energy forecasts maintenance costs of $73,700 for 2026 and $75,540 for 2027,[13] which includes the following activities: materials, tools and supplies, equipment maintenance contracts, water treatment, permits and licences, and safety supplies and training.[14] Table 2 below sets out the maintenance costs, including the Test Period forecast, for 2021 to 2027.

Table 2: Maintenance Costs from 2021 to 2027[15]

Year	2021	2022	2023	2024	2025	2026	2027
Forecast ($)[16]	32,780	33,431	34,410	34,782	35,477	73,700	75,540
Actual ($)[17]	61,947	64,797	134,798	64,160	58,900		
Total Difference ($)	**29,167**	**31,366**	**100,388**	**29,378**	**23,423**		

[12] Exhibit B-9, Panel IR 1.1.
[13] Exhibit B-9, Panel IR 1.1.
[14] Exhibit B-1, Section 5.2.2. p. 9.
[15] Exhibit B-9, Panel IR 1.1.
[16] The forecast amounts shown for 2021 to 2025 were used in the calculation of the Capacity Charge approved by Order G-222-21.
[17] The amount shown for 2025 is the projected actual.

As shown in the table above, from 2021 to 2025, forecast maintenance costs ranged from $32,780 to $35,477 while actual maintenance costs ranged from $58,800 to $134,798. The higher actual maintenance costs of $134,798 in 2023 and $64,160 in 2024 include $66,823[18] of costs related to an overhaul of Chiller 3, which is discussed in Section 2.5.[19]

Creative Energy explains that the increase in the Test Period forecast maintenance costs compared to the historical forecasts is primarily due to a change in its forecasting methodology.[20] Creative Energy forecasts maintenance expenditures for the Test Period using a detailed bottom-up approach, which differs from its previous approach of estimating maintenance costs as one percent of actual construction costs. Based on recent reviews and operational experience, as well as the incorporation of more knowledgeable and experienced personnel, Creative Energy explains that its previous approach understated actual maintenance requirements. Accordingly, Creative Energy considers that its previous approach no longer provides the level of accuracy required for determining revenue requirements in rates applications, whereas its approach for the Test Period improves accuracy and enhances transparency.[21]

Positions of the Parties

The CEC expresses concern with the differences between the historical forecasts, the historical actuals, and the Test Period forecast, and submits that the discrepancy indicates a significant problem with the prior forecasts that turned out to be incorrect and misrepresented.[22] The CEC accepts Creative Energy's shift to a more detailed, bottom-up forecasting approach, and accepts the validity of the historical and expected future maintenance costs.[23] However, the CEC recommends approval of maintenance costs, subject to the BCUC adopting the CEC's submissions regarding the capital plan for the chillers in the cooling plant, as discussed in Section 2.5.[24]

In reply to the CEC, Creative Energy denies that it misrepresented maintenance costs and argues that its use of an indicative estimate of maintenance costs was appropriate in the certificate of public convenience and necessity (CPCN) proceeding for cooling at the Vancouver House Development (CPCN proceeding),[25] as it was based on Creative Energy's prior experience, and disagrees that such concerns warrant making the approval of maintenance subject to the CEC's proposal.[26]

BCOAPO-RCIA are concerned with the rising maintenance forecasts and activities in the Test Period and question Creative Energy's rationale for the increases.[27] Creative Energy did not reply to BCOAPO-RCIA's submissions on maintenance expenses.

[18] These costs are net of insurance proceeds (Exhibit B-3, PDF page 6).
[19] Exhibit B-3, PDF page 6.
[20] Exhibit B-1, Section 5.2, p. 8.
[21] Exhibit B-3, PDF page 8; 2020–2025 SODO Rates Decision, Section 2.2, p. 22.
[22] The CEC Final Argument, pp. 14–15.
[23] The CEC Final Argument, p. 14.
[24] The CEC Final Argument, p. 15.
[25] Creative Energy Application for a CPCN to Acquire and Operate a Thermal Energy System for Cooling at the Vancouver House Development (CPCN proceeding), Decision and Order C-2-20 dated April 1, 2020.
[26] Creative Energy, Reply Argument, Section 2.3.2, p. 11.
[27] BCOAPO-RCIA Final Argument, p. 13.

Panel Determination

The Panel finds the Test Period forecast maintenance costs for the SODO DCS reasonable. The Panel is persuaded that Creative Energy has gained sufficient operating experience with the SODO DCS to move away from estimating maintenance costs as one percent of capital costs and to instead, forecast based on a more detailed, bottom-up methodology using actual contracts and historical data. The Panel is persuaded that forecasts based on the more detailed bottom-up approach will better reflect the costs of the planned activities. Further, we consider that there is no evidence that the planned activities are not necessary to maintain safe and reliable operation.

The Panel has considered the concerns raised by the CEC and BCOAPO-RCIA regarding the increase in forecast maintenance costs. However, we are satisfied with Creative Energy's explanation that the higher forecast reflects improved estimation and operating experience. The Panel also acknowledges the CEC's recommendation regarding Creative Energy's proposed approach to capital additions, which we address in Section 2.5. However, the Panel is not persuaded that approval of the 2026 and 2027 maintenance cost forecast should be linked to the CEC's proposed capital plan.

2.2 Operator Costs

Creative Energy forecasts operator costs of $55,970 for 2026 and $57,360 for 2027 to meet the regulatory and operational requirements of the SODO DCS.[28] It explains that these costs are derived from full-time operators who support Creative Energy's various energy systems and allocate only a portion of their time to the SODO DCS, and from a manager who similarly allocates only a portion of their time to the SODO DCS.[29] These roles are responsible for the day-to-day system operations, routine and corrective maintenance activities, monitoring system performance, and ensuring compliance with applicable safety and regulatory standards.[30] Table 3 below sets out the SODO DCS's operator costs, including the Test Period forecast, for 2021 to 2027.

Table 3: Operator Costs from 2021 to 2027[31]

Year	2021	2022	2023	2024	2025	2026	2027
Forecast ($)[32]	20,810	21,220	21,650	22,080	22,520	55,970	57,360
Actual ($)[33]	63,850	42,990	48,200	52,910	75,400		
Total Difference ($)	**43,040**	**21,770**	**26,550**	**30,080**	**52,880**		

The 2026 forecast includes operator costs of $55,970, which is more than double the 2025 approved cost of $22,520. Creative Energy explains that the increase is driven by three factors: transition to a comprehensive labour cost, new management oversight, and increased time allocation. The previous test period forecast included only the operator base salary, whereas the Test Period forecast reflects the comprehensive labour cost of an operator including costs such as overtime and benefits. In addition, the Test Period forecast includes a portion of a new manager role that was not in place at the time of the last revenue requirements application

[28] Exhibit B-1, Section 5.2.1, p. 8; Exhibit B-9, Panel IR 1.1.
[29] Exhibit B-3, PDF page 2; Exhibit B-6, BCUC IR 4.3.
[30] Exhibit B-6, BCUC IR 4.3.
[31] Exhibit B-9, Panel IR 1.1.
[32] The forecast amounts shown for 2021 to 2025 were used in the calculation of the Capacity Charge approved by Order G-222-21.
[33] The amount shown for 2025 is the projected actual.

(RRA), to oversee certain district energy systems. The total forecast gross operator costs increased to $194,000 annually as compared to the previous RRA forecast of $100,000.[34]

Further, based on actual historical data, Creative Energy increased the operator's time allocated to the SODO DCS from 0.20 full-time equivalents to approximately 0.29 full-time equivalents in the Test Period.[35]

Positions of the Parties

The CEC accepts the forecast operator costs.[36]

BCOAPO-RCIA, on the other hand, object to the amount of the increase and the justification. They note that the increase is largely attributed to the addition of an administrative management role resulting in increased operator costs that do not directly enhance plant operations, maintenance expertise or overall reliability. [37]

Creative Energy states that reducing or eliminating operator resources would inevitably result in higher costs and increased risk to ratepayers due to lack of oversight and reliability. Conversely, maintaining adequate and experienced personnel ensures proactive management, mitigates operational risks, and safeguards service continuity for the ratepayers.[38]

Panel Determination

The Panel finds the Test Period forecast operator costs for the SODO DCS reasonable. The Panel accepts that Creative Energy's previous forecasts understated operator costs because they did not reflect the total cost of employing an operator and were developed at the time of the previous rate application, when limited operational data was available. Therefore, the Panel considers the increase in costs resulting from including the full labour cost, the increase in allocation of full-time equivalents, and adding a new manager role reflect a more accurate understanding of the resources required to operate the SODO DCS.

While the Panel has found the costs associated with the new management oversight and corporate allocations reasonable, it expects Creative Energy, in the next RRA, to provide greater transparency and specify the functions performed under each role and how such roles directly support plant operations, reliability, and cost efficiency.

2.3 Administration Costs

Creative Energy forecasts administration costs of $57,910 for 2026 and $59,360 for 2027, both are increases from the 2025 forecast of $42,350.[39] For comparison, the actual administration costs allocated to the SODO DCS range from $55,820 to $84,500 from 2021 to 2025.[40] Table 4 below sets out the SODO DCS's administration costs, including the Test Period forecast, for 2021 to 2027.

[34] Exhibit B-9, Panel IR 1.4.
[35] Exhibit B-9, Panel IR 1.4; 2020–2025 SODO Rates Decision, Section 2.2, p. 23.
[36] The CEC Final Argument, p. 13.
[37] BCOAPO-RCIA Final Argument, p. 15.
[38] Creative Energy Reply Argument, pp. 10–11.
[39] The results for 2025 are projected actual figures.
[40] Exhibit B-9, Panel IR 1.1.

Table 4: Administration Costs from 2021 to 2027[41]

Year	2021	2022	2023	2024	2025	2026	2027
Forecast ($)[42]	39,130	39,910	40,710	41,520	42,350	57,910	59,360
Actual ($)[43]	55,820	73,070	84,500	80,660	73,360		
Total Difference ($)	**16,690**	**69,160**	**35,260**	**39,140**	**31,010**		

Administration costs primarily consist of corporate overhead costs allocated to the SODO DCS, calculated for 2026 based on the Massachusetts formula approved by the BCUC[44] and then escalated by the forecast consumer price index for 2027.[45]

Creative Energy explains that for the Test Period, the overhead allocated to the SODO DCS is 1.45 percent of total corporate overhead costs, a decrease from 2.7 percent in 2020 due to new projects going into service taking on a share of the allocated overhead. It acknowledges, however, that the total forecast cost pool to be allocated has increased to $3.9 million in 2026 from $1.42 million in 2020.[46] Creative Energy explains that this increase is driven by costs required to support organizational growth, including management wages and benefits, information technology costs and professional fees.[47]

Positions of the Parties

The CEC accepts Creative Energy's allocation of corporate overhead costs, although it is concerned with the increase in the total cost pool. It recommends the BCUC accept the costs for this Application only, due to insufficient information for a full review, and schedule a separate proceeding within the next year to review the total cost pool for all of Creative Energy's thermal energy systems that are subject to the Massachusetts Formula.[48] Creative Energy did not respond to the CEC's comments regarding its corporate overhead costs in its reply argument.

Panel Determination

The Panel finds the Test Period forecast administration costs reasonable for the SODO DCS. The Panel accepts Creative Energy's use of the Massachusetts Formula to allocate corporate overhead to the SODO DCS and notes that the BCUC has accepted this approach for all of Creative Energy's thermal energy systems. The Panel is satisfied that the gross dollar amount of the cost pool has increased due to organizational growth that supports the operations of the SODO DCS. There is no evidence that these costs are not necessary for the safe and reliable operation of the energy system.

The Panel has considered the CEC's concern regarding the increase in the total cost pool and its recommendation for a separate proceeding. However, we consider that this proceeding has appropriately

[41] Exhibit B-9, Panel IR 1.1.
[42] The forecast amounts shown for 2021 to 2025 were used in the calculation of the Capacity Charge approved by Order G-222-21.
[43] The amount shown for 2025 is the projected actual.
[44] BCUC Order G-227-20.
[45] Exhibit B-1, Application, p. 9; Exhibit B-3, PDF page 12.
[46] Exhibit B-3, PDF page 13; Exhibit B-9, Panel IR 1.5.
[47] Exhibit B-6, BCUC IR 1.3; Exhibit B-9, Panel IR 1.1 and 1.5.
[48] The CEC Final Argument, p. 18.

considered these costs and a separate proceeding would be an unnecessary burden on Creative Energy's resources and its ratepayers.

2.4 Cost of Debt

The financing costs included in the revenue requirement for the SODO DCS are based on a forecast cost of debt of 5.20 percent, which is higher than the 4.0 percent cost of debt approved in the 2020–2025 SODO Rates Decision.[49] Creative Energy explains that the 5.20 percent cost of debt is based on its current loan agreements, comprising an Interest Rate Margin of 2.75 percent, plus the Prime rate forecast of 4.45 percent, less a 2 percent difference between the Canadian Overnight Repo Rate Average and Prime rate.[50]

Positions of the Parties

Parties did not comment on this matter.

Panel Determination

The Panel approves a 5.20 percent cost of debt for 2026 and 2027. We are satisfied that Creative Energy has provided reasonable support for its calculation of the cost of debt.

2.5 Capital Additions – Chiller Overhauls

The SODO DCS, which Creative Energy acquired in 2020 from the Developer, consists of three chillers and associated chilled water distribution and auxiliary equipment.[51] Creative Energy is proposing $486,000 of capital additions in the Test Period, a significant portion of which is to overhaul Chillers 1 and 2 at an estimated cost of $234,600 per chiller.[52]

Creative Energy did not include capital expenditures in previous forecasts and states that it is now considering two approaches to capital planning for the remainder of the 30-year levelization period (i.e. through to 2050):[53]

- ***Traditional Capital Plan Approach****:* where equipment gets replaced at the end of its useful lifespan; and
- ***Modified Capital Plan Approach****:* which relies on proactive overhauls of major equipment, rather than replacement, to manage the safe and reliable operation of the SODO DCS through the 30-year term.

Creative Energy proposes to proceed with the Modified Capital Plan Approach and overhaul Chillers 1 and 2 in the Test Period. Creative Energy explains that this is a more prudent approach, as it mitigates the risk of an unexpected asset failure and reduces the total capital costs over the 30-year term by over $1 million (in 2025 $) as compared to the Traditional Capital Plan Approach.[54] Creative Energy notes that overhauling the chillers does not eliminate a scenario where premature failure occurs and additional capital expenditure is required, and

[49] Creative Energy Application for Heating Rates for the Heating Thermal Energy System and Cooling Rates for the District Cooling System at the Vancouver House Development, Decision and Order G-222-21 dated July 22, 2021, Section 2.3, p. 28.
[50] Exhibit B-6, BCUC IR 5.2.
[51] Exhibit B-1, p. 1.
[52] Exhibit B-6, Attachment 1.3, Excel cells N37, O37; Exhibit B-1, p. 7.
[53] Exhibit B-1, p. 6.
[54] Exhibit B-1, p. 7.

states that in such an event it would explore the recovery of these costs through a separate regulatory process such as filing an expenditure schedule or applying for a CPCN.[55]

As mentioned above in Section 2.1, Creative Energy had to overhaul Chiller 3 due to equipment failure, the cost of which it did not anticipate in the previous rates filing. Creative Energy is therefore proposing to overhaul Chillers 1 and 2 in the Test Period to ensure their ongoing reliability. Creative Energy states that Trane, the original equipment manufacturer of the chillers as well as the contractor responsible for their maintenance, recommends the overhaul.[56] Creative Energy states that several chiller manufacturers recommend overhauls every 8 to 17 years (from the manufacture date).[57] However, Creative Energy emphasizes that there are other considerations that impact the maintenance requirements for a chiller, and Trane's recommendation is based on the age of the chillers (which were manufactured in 2017 and commissioned in 2019), as well their run hours and operating environment.[58] Creative Energy notes that Chiller 3 had approximately 15,000 run hours logged at the time of its failure, and Chillers 1 and 2 are currently at approximately 11,500 and 14,500 run hours, respectively.[59]

Creative Energy submits that deferring the overhauls would be contrary to Trane's recommendation and would increase the risk of a chiller failure prior to the work being completed, potentially compromising both the quality and reliability of service provided to SODO DCS customers.[60] Creative Energy evaluated deferring the overhauls to 2030/2031, which would result in a slightly lower net present value cost than overhauling them in 2026/2027, as shown in Table 5 below:[61]

Table 5: Present Value Analysis of Deferring the Chiller Overhauls to 2030/2031

	Proposed Overhaul Schedule	**Deferred Overhaul Schedule**
Present Value	$1,528,267	$1,495,113
Difference	$33,154	

Creative Energy states that although the proposed overhaul schedule is marginally more expensive than the deferred overhaul schedule on a net present value basis, it aligns with the manufacturer's recommended maintenance best practices and results in enhanced safety and reliability of the SODO DCS. Creative Energy refers to the $33,154 difference between the scenarios as a "safety premium".[62]

Creative Energy states that including the capital costs in the rates model is a significant driver of rate increases in the Test Period.[63] Creative Energy acknowledges that it had intended that the annual maintenance budget would provide the funds required to maintain and replace essential equipment. However, it has determined that

[55] Exhibit B-1, p. 7; Reply Argument, p. 13.
[56] Exhibit B-6, BCUC IR 2.4.
[57] Exhibit B-6, BCUC IR 2.1, Attachments 2.1a, 2.1b, 2.1c.
[58] Exhibit B-6, BCUC IR 2.2.1.
[59] Exhibit B-6, BCUC IR 2.2.1.
[60] Exhibit B-6, BCUC IR 2.4.
[61] Exhibit B-6, BCUC IR 2.14.
[62] Exhibit B-6, BCUC IR 2.14.
[63] Exhibit B-1, p. 6.

this budget is insufficient to cover the capital expenditures required to maintain safe and reliable operation of the SODO DCS.[64]

Creative Energy submits that it did not have extensive experience with the operation of chiller plants when it purchased the chillers, and therefore its staff was likely unfamiliar with the maintenance requirements. It has since added personnel with more experience in maintenance and capital planning. Creative Energy states that past practices for determining maintenance requirements were inadequate and the cost to Creative Energy has been significantly higher than what has been borne by customers. As a result, Creative Energy states that it is resetting the maintenance requirements to reflect the actual cost of maintenance and the enhanced reliability of the system, and while it has no intention to recover any of these costs from the previous test period, this work will come at an increased cost to customers.[65]

Positions of the Parties

The CEC is concerned that Creative Energy's proposed Modified Capital Plan could lead to a significant cost increase for customers and submits that the need to rebuild Chiller 3 after only five years is persuasive evidence that the chillers may still require premature replacement under that plan. The CEC recommends that the BCUC set rates based on the recovery of the average of the capital cost forecasts of the Traditional Capital Plan Approach and that of the Modified Capital Plan Approach, with the expectation that Creative Energy will not seek further compensation in the event of a replacement being required within the expected life of the equipment.[66]

In reply, Creative Energy states that while it understands the intent behind the CEC's recommendation, it considers the recommendation to be arbitrary.[67]

BCOAPO-RCIA submit that the cost of chiller overhauls should remain a shareholder risk unless Creative Energy can demonstrate that the need for the overhauls was genuinely unforeseeable at the time of the acquisition, out of its control, and prudently minimized.[68] They dispute Creative Energy's claim that the Modified Capital Plan Approach is the most reasonable because the present value analysis shows a delayed overhaul schedule has lower present value costs.[69] In addition, they submit that Creative Energy should demonstrate, at a minimum, that its plan represents the least cost path to safe and reliable service compared to replacement or alternative options.[70]

BCOAPO-RCIA question Trane's assessment, given its lack of independence as the contracted maintenance provider. They recommend that any approved capital costs be placed in a conditional deferral account and only enter rate base upon the filing of an independent third-party assessment of the chillers (as part of Creative Energy's next rate application), that confirms that the chillers can support service through the 30-year levelization period.[71]

---

[64] Exhibit B-3, PDF page 8.
[65] Exhibit B-6, BCUC IRs 2.8 and 2.8.2.
[66] The CEC Final Argument, pp. 11–12.
[67] Creative Energy Reply Argument, Section 2.5, p. 12.
[68] BCOAPO-RCIA Final Argument, p. 6.
[69] BCOAPO-RCIA Final Argument, p. 9.
[70] BCOAPO-RCIA Final Argument, p. 11.
[71] BCOAPO-RCIA Final Argument, p. 18.

In reply, Creative Energy acknowledges that the delayed overhaul schedule has a lower present value cost but maintains that the estimated $33,154 difference is a reasonable "safety premium", as it provides enhanced safety and reliability and more flexibility for decision making later in the life of the chillers for a relatively small difference in cost.[72]

Creative Energy disagrees with the recommendation that it conduct an independent third-party assessment of the SODO chillers, arguing that such an assessment would be redundant and impose unnecessary costs on ratepayers. It also disagrees with the recommendation to place the overhaul costs in a deferral account, as it would add unnecessary complexity and interest costs to ratepayers, and delay recovery of prudent expenditures that are required to maintain safe and reliable service. Creative Energy submits that its Modified Capital Plan Approach already provides transparency and prudence, and future rate applications will include established review processes.[73]

Creative Energy acknowledges the concerns raised by interveners regarding whether it had sufficient understanding of the scope and timing of the required repairs and overhauls at the time of the acquisition. However, it maintains that its cost forecasting methodology was appropriate for a CPCN proceeding and argues that this approach is standard practice at the CPCN stage, where most operational costs are indicative.[74] Creative Energy acknowledges that it could have done more due diligence when it applied for the CPCN, and agrees with interveners that the chillers require overhaul much earlier than expected. It submits, however, that the work on the chillers is necessary regardless of who owns and operates the system (e.g. Creative Energy or another party, such as the Strata Corporation).[75]

Panel Determination

The Panel finds Creative Energy's proposal to overhaul Chillers 1 and 2 during the Test Period reasonable. Our determination is guided by whether the proposed capital work is reasonable and necessary to ensure the continued provision of safe and reliable service to customers. There are two decision points to determine this. The first is regarding the selection of an overall capital planning approach for the chillers (Modified Capital Plan Approach versus Traditional Plan Approach), and the second is regarding the appropriate timing of the subsequent capital work.

With respect to the competing capital planning approaches, the Panel is satisfied that the Modified Capital Plan Approach represents a reasonable strategy to manage the remaining service life of the SODO DCS assets. The Panel is persuaded by the economic analysis and vendor recommendation provided by Creative Energy which supports that maintaining the chillers via periodic overhauls is preferable to replacing them at their end of life, from both an economic and operational perspective. While the CEC raises valid concerns regarding the possibility of future premature replacement of the chillers, even after they are overhauled, the Panel notes that any future capital expenditure, such as replacement of the chillers, will still require BCUC review. The Panel emphasizes that these findings apply only with respect to the capital expenditures in the Test Period and not with respect to the prudency or recoverability of any future capital expenditure.

[72] Creative Energy Reply Argument, Section 2.2.2, p. 8.
[73] Creative Energy Reply Argument, Section 2.5, p. 13.
[74] Creative Energy Reply Argument, Section 2.2.1, p. 5.
[75] Creative Energy Reply Argument, Section 2.2.1, p. 6.

Regarding the timing of the overhauls, the Panel is satisfied that Creative Energy has demonstrated an operational need to proceed with the overhauls of Chillers 1 and 2 in the Test Period. The evidence shows that Chillers 1 and 2 have accumulated run hours similar to those of Chiller 3 when it failed, and that the recommended overhauls are consistent with Trane's advice. The Panel acknowledges that Trane is both the original equipment manufacturer and maintenance contractor, but the evidence does not suggest that Trane's recommendations are unreasonable or self-serving, or that deferring the work would be prudent. As such, we are not persuaded that establishing a deferral account for the overhaul costs or requiring an independent third-party assessment, as BCOAPO-RCIA recommends, would provide commensurate benefits to ratepayers given the additional cost, complexity, and potential delay to the necessary work.

The Panel has also considered the alternative of deferring the overhauls to 2030/2031, which yields a modestly lower net present value. Again, we are not persuaded that there is sufficient evidence to justify the implementation of a maintenance strategy that is contrary to Trane's recommendation. The Panel agrees with Creative Energy that the $33,000 difference between the scenarios represents a reasonable trade-off in favour of enhanced reliability and reduced risk of in-service failure.

The Panel emphasizes that approval of the proposed overhauls does not diminish the need for Creative Energy to improve its forecasting and lifecycle planning. We acknowledge interveners' concerns regarding the need for, and timing of, the proposed chiller overhauls, particularly since Creative Energy did not previously forecast this capital work. We note that changes in internal personnel or forecasting practices do not absolve a utility of its obligation to exercise reasonable diligence in forecasting. In Section 2.7, the Panel comments on the shortcomings identified in this proceeding, including the late identification of major sustainment capital requirements. However, the Panel is persuaded that the need for work on the chillers would be required even if there were another operator of the SODO DCS. The Panel therefore finds that past forecasting deficiencies do not justify denying recovery of otherwise reasonable and necessary capital expenditures.

2.6 Continuation of Levelized Rate Design

In 2021, the BCUC approved a rate structure for the SODO DCS that includes a 30-year levelization period for the Capacity Charge. This type of rate design facilitates rate smoothing over the levelization period by recovering less than the annual cost of service in the initial years and more in later years. As is typical for levelized rate structures, the BCUC also approved the use of a Revenue Deficiency Deferral Account (RDDA) to record the annual revenue deficiencies or surpluses resulting from the difference between the annual revenue at the approved Capacity Charge and the approved annual forecast cost of service, attracting carrying costs, over the levelization period.[76] The 30-year levelization period was set to align with the terms of the Customer Service Agreements and the expected depreciation period of the assets. The BCUC noted the levelized period could be revisited and modified, either at the time of the next RRA, or earlier if the BCUC so directed.[77]

As explained earlier in this decision, forecast costs, including anticipated capital investments, have increased compared to when the levelized rate design was originally approved. In addition, Creative Energy notes that there are uncertainties in forecasting maintenance, operations, and capital costs beyond the Test Period and

[76] 2020–2025 SODO Rates Decision, Section 3.1.3, p. 50, Section 4.1, p. 56.
[77] 2020–2025 SODO Rates Decision, Section 3.1.3, p. 50.

therefore seeks a relatively short test period to allow it to complete necessary capital work and evaluate ongoing requirements.[78] In light of the increases in forecast costs and future uncertainties, one issue that emerged during the proceeding was whether the levelized rate design should continue or be replaced by a different rate structure.

Creative Energy provides a comparative analysis of five alternatives to the 30-year levelization period for the Capacity Charge (Levelized Scenario). These alternatives vary by the speed at which the SODO DCS transitions to a non-levelized (annual recovery of the total annual cost of service) rate structure and timeline for recovery of the RDDA balance.[79] These alternative scenarios (i.e. S2 to S6) and Creative Energy's proposed scenario (i.e. S1) are described below.

S1 Levelized Scenario

The Capacity Charge is set on a levelized basis over a 30-year term of the assets (through to 2050). In the early years, the charge recovers less than the annual forecast cost of service, with the resulting revenue deficiency and associated carrying costs recorded in the RDDA. These deferred amounts are forecast to be recovered in the later years of the levelization period when the Capacity Charge exceeds the annual cost of service.[80]

S2 Immediate Non-Levelized Scenario

Commencing in 2026, the Capacity Charge is set to recover the full annual cost of service. The RDDA balance is recovered through a rate rider commencing in 2026, amortized over the remaining life of the assets (i.e. through to 2050).[81]

S3 Deferred RDDA Recovery Scenario

Similar to S2 above, commencing in 2026, the Capacity Charge is set to recover the full annual cost of service. However, the recovery of the RDDA balance commences in 2028 (instead of in 2026) and continues through to 2050.[82]

S4 Gradual Transition 20 Percent Scenario

The Capacity Charge increases by 20 percent annually starting in 2026 until it fully recovers the annual forecast cost of service (forecast in 2029) and thereafter, the Capacity Charge is set to continue to recover the full annual cost of service. A rate rider, to recover the RDDA balance, commences in 2029 and continues through to 2050.[83]

[78] Exhibit B-1, Section 1, p. 1.
[79] Exhibit B-10, Attachment "SODO Cooling Rates Model 2026–2027 for BCUC_Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3".
[80] Exhibit B-10, Attachment "SODO Cooling Rates Model 2026–2027 for BCUC_Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3" Excel rows 107 to 121; 2020–2025 SODO Rates Decision, Section 4.1, pp. 56–57.
[81] Exhibit B-9, Panel IR 1.6; Exhibit B-10, Attachment "SODO Cooling Rates Model 2026–2027 for BCUC_Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3", Excel rows 124 to 138.
[82] Exhibit B-9, Panel IR 1.7; Exhibit B-10, Attachment "SODO Cooling Rates Model 2026-2027 for BCUC_Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3" Excel rows 141 to 155.
[83] Exhibit B-10, Panel IRs 2.1 and 2.2; Attachment "SODO Cooling Rates Model 2026–2027 for BCUC_Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3", Excel rows 89 to 103.

S5 Gradual Transition Five Years Scenario

The Capacity Charge increases evenly each year such that the Capacity Charge recovers the annual forecast cost of service by 2030. A rate rider, to recover the RDDA balance, commences in 2030 and continues through to 2050.[84]

S6 Gradual Transition Three Years Scenario

The Capacity Charge increases evenly each year such that the Capacity Charge recovers the annual forecast cost of service by 2028. A rate rider, to recover the RDDA balance, commences in 2028 and continues through to 2050.[85]

The following table summarizes the Capacity Charges, rate riders and effective annual escalator for the current rate structure and for each of the five alternative scenarios between 2025 and 2030. The years presented in the table represent the period over which the transition from levelized to non-levelized (i.e. cost of service) rates occurs for each alternative scenario.

Table 6: Comparative Impact on Annual Capacity Charges and Rate Rider Under Alternative Rate Structures (2025–2030)[86]

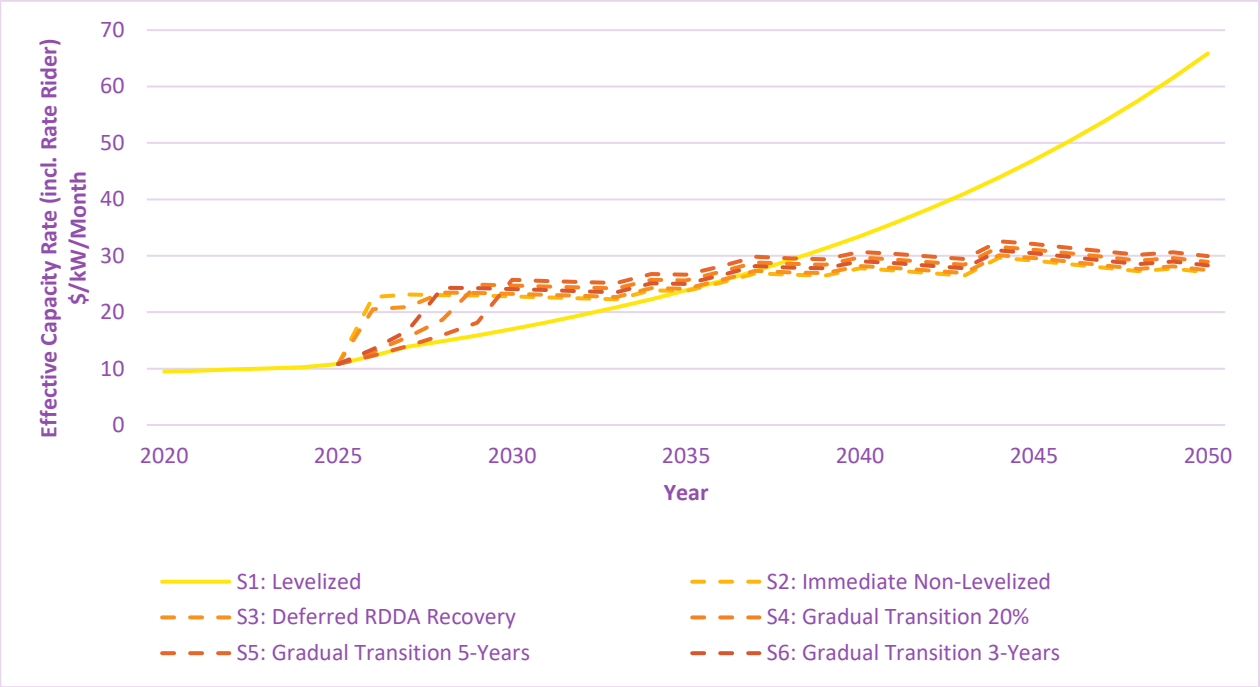
	2025	2026	2027	2028	2029	2030
Levelized (Current Rate Structure) (S1)						
Capacity Charge ($/kW/month)	$10.81	$12.25	$13.89	$14.86	$15.91	$17.02
Rate Rider ($/kW/month)	-	-	-	-	-	-
Total ($/kW/month)	$10.81	$12.25	$13.89	$14.86	$15.91	$17.02
Effective Annual Escalator	-	13.40%	13.40%	7.00%	7.00%	7.00%
Immediate Non-Levelized (S2)						
Capacity Charge ($/kW/month)	$10.81	$20.50	$20.91	$20.83	$20.79	$20.62
Rate Rider ($/kW/month)	-	$2.20	$2.20	$2.20	$2.20	$2.20
Total ($/kW/month)	$10.81	$22.70	$23.11	$23.03	$22.99	$22.81
Effective Annual Escalator	-	110.00%	1.80%	-0.40%	-0.20%	-0.70%
Deferred RDDA Recovery (S3)						
Capacity Charge ($/kW/month)	$10.81	$20.50	$20.91	$20.83	$20.79	$20.62
Rate Rider ($/kW/month)	-	-	-	$2.63	$2.63	$2.63
Total ($/kW/month)	$10.81	$20.50	$20.91	$23.46	$23.42	$23.24
Effective Annual Escalator	-	89.70%	2.00%	12.20%	-0.20%	-0.70%
Gradual Transition 20% (S4)						
Capacity Charge ($/kW/month)	$10.81	$12.97	$15.57	$18.68	$20.79	$20.62
Rate Rider ($/kW/month)	-	-	-	-	$4.11	$4.11
Total ($/kW/month)	$10.81	$12.97	$15.57	$18.68	$24.90	$24.73
Effective Annual Escalator	-	20.00%	20.00%	20.00%	33.30%	-0.70%
Gradual Transition 5 Years (S5)						
Capacity Charge ($/kW/month)	$10.81	$12.30	$14.00	$15.92	$18.12	$20.62
Rate Rider ($/kW/month)	-	-	-	-	-	$5.11

[84] Exhibit B-10, Panel IRs 2.1 and 2.2; Attachment "SODO Cooling Rates Model 2026–2027 for BCUC_Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3", Excel rows 73 to 87.
[85] Exhibit B-10, Panel IRs 2.1 and 2.2; Attachment "SODO Cooling Rates Model 2026–2027 for BCUC_Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3", Excel rows 73 to 87.
[86] BCUC staff prepared this table based on the information presented in Exhibit B-10, Panel IR 2.3.

Total ($/kW/month)	$10.81	$12.30	$14.00	$15.92	$18.12	$25.72
Annual Increase	-	13.80%	13.80%	13.80%	13.80%	42.00%
Gradual Transition 3 Years (S6)						
Capacity Charge ($/kW/month)	$10.81	$13.45	$16.74	$20.83	$20.79	$20.62
Rate Rider ($/kW/month)	-	-	-	$3.48	$3.48	$3.48
Total ($/kW/month)	$10.81	$13.45	$16.74	$24.31	$24.27	$24.09
Effective Annual Escalator	-	24.40%	24.40%	45.20%	-0.20%	-0.70%

While the table above highlights the near-term comparison of the Levelized Scenario against the five alternatives, Figure 1 below illustrates the indicative Capacity Charges over the remaining life of the SODO DCS assets (through to 2050). The Levelized Scenario results in rates in the near term that are lower than the alternative scenarios, but in the latter years are higher than the alternative scenarios. By 2050, the Levelized Scenario is forecast to result in a Capacity Charge of $65.86/kW/month, whereas the alternative scenarios result in a lower total charge (i.e. combined Capacity Charge and RDDA rate rider) ranging from $27.03 to $28.31/kW/month.[87]

Figure 1: Comparative Forecast Capacity Charges (including rate rider, as applicable) (through to 2050)[88]



Another comparison of the alternative scenarios is illustrated in Figure 2 below, which shows the annual percentage change in Capacity Charge including any applicable RDDA rate rider for each scenario. Under the Levelized Scenario, the Capacity Charge is forecast to increase annually by 7.0 percent from 2028 through to

[87] As shown in Exhibit B-10, Attachment "SODO Cooling Rates Model 2026-2027 for BCUC_Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3," Excel cells B160 to AG166. The Levelized Scenario (shown in Excel cells B107 to AD 121) includes the recovery of the accumulated RDDA balance in the Capacity Charge, but the alternative scenarios use a separate rate rider to recover the accumulated RDDA balance following the transition from a levelized rate structure to full annual recovery of the forecast cost of service.

[88] Exhibit B-10, Attachment "SODO Cooling Rates Model 2026-2027 for BCUC_Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3."

2050. In contrast, under the alternative scenarios, the Capacity Charge peaks in the year that it recovers the total annual forecast cost of service and begins recovering the RDDA balance. However, once the Capacity Charge has fully transitioned to recover the total annual forecast cost of service, the alternative scenarios result in annual rate changes ranging from -2.4 percent to 6.6 percent, with the exception of two years.[89]

Figure 2: Comparative Effective Capacity Rate Change Year over Year (through to 2050)[90]

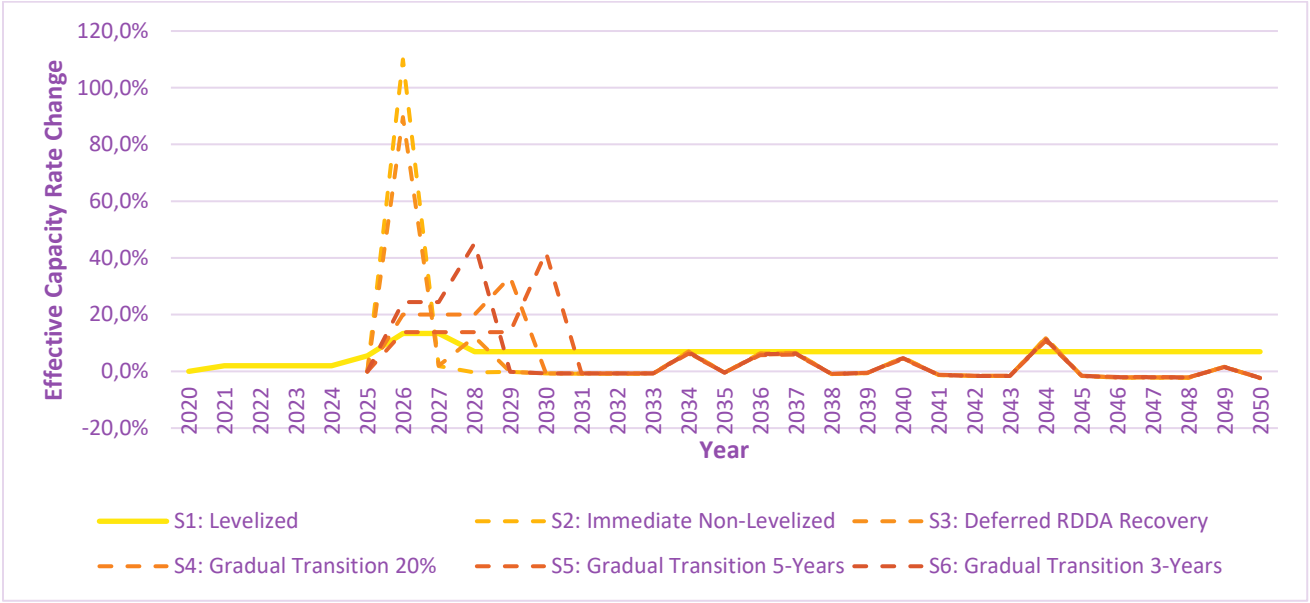


Table 7 below compares the total principal and carrying costs accrued in the RDDA through to 2050 for each scenario. The cumulative RDDA principal and carrying cost balances range from approximately $2.9 million and $4.3 million, respectively, under the Levelized Scenario, to approximately $0.7 million and $0.9 million, respectively, under the Immediate Non-Levelized Scenario.[91]

Table 7: Comparison of RDDA Principal and Carrying Costs from 2025–2050[92]

		Levelized (Existing)	Immediate Non-Levelized	Deferred RDDA Recovery	Gradual Transition 20%	Gradual Transition 5 Years	Gradual Transition 3 Years
Total Repayment	**$'000**	**$7,200**	**$1,641**	**$1,806**	**$2,703**	**$3,204**	**$2,389**
Principal	$'000	$2,864	$716	$716	$1,279	$1,558	$1,099
Carrying Costs	$'000	$4,336	$925	$1,090	$1,424	$1,646	$1,289

Creative Energy acknowledges the non-levelized scenarios result in a lower RDDA balance.[93] However, it maintains that switching to a non-levelized approach midway through a project would be detrimental for customers and would result in the largest rate shock.[94]

[89] The two years are 2034 and 2044 and (Exhibit B-10, Attachment "SODO Cooling Rates Model 2026-2027 for BCUC_Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3," Excel cells B169 to AG175).
[90] Exhibit B-10, Attachment "SODO Cooling Rates Model 2026-2027 for BCUC_Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3".
[91] Exhibit B-10, Panel IR 2.2.
[92] BCUC staff prepared this table based on the information presented in Exhibit B-10, Panel IR 2.2.
[93] Exhibit B-6, BCUC IR 6.1.1.
[94] Exhibit B-9, Panel IR 1.6.

Creative Energy submits the non-levelized approaches create compounding rate shocks and undermine predictability and affordability. It adds that such volatility not only creates communication challenges with customers but may also negatively impact its reputation as a service provider. Creative Energy maintains that its Levelized Scenario spreads lifecycle costs over the long term, ensuring stability and correcting the imbalance created by the initial six years of low rates that have benefited customers.[95]

Creative Energy submits that maintaining the Levelized Scenario remains appropriate given the nature of the SODO DCS and capital additions required because levelized rates provide rate stability and predictability as capital is added to the energy system.[96]

Positions of the Parties

Interveners support maintaining the Levelized Scenario.

The CEC submits that the current rate structure offers the best and most stable option, while the alternative scenarios result in extraordinary rate shock for ratepayers.[97] Specifically, the CEC notes that the 5-year transition, while offering relative stability for the first four years, results in a 42 percent increase in 2030, which it does not consider acceptable.[98]

BCOAPO-RCIA submits that the alternative scenarios result in rate increases significantly greater than proposed by Creative Energy and that such a significant acceleration of cost recovery unreasonably shifts risk almost entirely to current customers while protecting Creative Energy's shareholders and future customers.[99] While acknowledging that deferring costs increases total financing charges, they submit that the reduction in financing costs does not justify near-term bill impacts that are many multiples greater than levels typically viewed as constituting rate shock.[100] BCOAPO-RCIA suggest that a shorter levelization period could be linked to increased demand. For example, accelerated cost recovery could be triggered if more buildings connect to the SODO DCS. The "objective of this approach is not to deny recovery of prudently incurred costs, but to manage the timing, the potential uncertainty of cost recovery, and to appropriately risk share."[101]

In reply, Creative Energy maintains that continuing the levelized rate structure is the best approach and the only one that protects the SODO DCS customers' interests by ensuring stable and predictable rates. In its view, the non-levelized scenarios are not palatable to customers and would result in significant impacts.[102] Creative Energy agrees with interveners that switching to the non-levelized rate structure would be disruptive and the alternative scenarios would result in an unreasonable shift of risk onto current customers.[103]

[95] Exhibit B-9, Panel IR 1.7; Creative Energy Supplemental Final Argument, Section 2.2, p. 3.
[96] Exhibit B-3, PDF pages 9–10.
[97] The CEC Final Argument, pp. 6–7; The CEC Supplemental Final Argument, pp. 1–2.
[98] The CEC Supplemental Final Argument, p. 2.
[99] BCOAPO-RCIA Supplemental Final Argument, p. 3.
[100] BCOAPO-RCIA Supplemental Final Argument, p. 4.
[101] BCOAPO-RCIA Supplemental Final Argument, p. 5.
[102] Creative Energy Supplemental Reply Argument, pp. 1, 2.
[103] Creative Energy Supplemental Reply Argument, p. 2.

Panel Determination

The Panel directs Creative Energy to set the Capacity Charge for 2026 and 2027 based on the Gradual Transition Five Years Scenario outlined above. Creative Energy is directed to file as part of its next RRA a proposal for how to increase rates such that, by 2030, the forecast Capacity Charge fully recovers the total forecast annual cost of service, and a proposal for the recovery of the RDDA balance.

The Panel does not make a direction regarding recovery of the RDDA balance in this Test Period. We consider that further information and evaluation of various amortization options are necessary to determine a recovery schedule that effectively mitigates the potential for significant rate increases when the RDDA recovery commences, such as the 42 percent rate increase in 2030 noted by the CEC.

Having evaluated the levelized structure against the five alternative scenarios, the Panel finds that a five-year transition offers the most balanced path forward. While Creative Energy and interveners expressed concern regarding "rate shock" resulting from a transition from a levelized rate structure, the Panel must weigh near-term Capacity Charge impacts against long-term costs to ratepayers. Notably, in the first year of the transition (2026), the difference between the Capacity Charge increase under this scenario and the increase proposed by Creative Energy under its preferred Levelized Scenario is not materially different. While the 5-year transition requires significant rate increases in the near term, the Panel considers this scenario preferable compared to the risk of having to increase rates in the latter part of the levelization period by even higher than the seven percent annual increases Creative Energy is forecasting under the Levelized Scenario.

While Creative Energy argues that its current approach would result in greater rate stability and predictability, the Panel is not persuaded. We note that the forecast Capacity Charge revenue requirement for the Test Period is higher than the previous test period, in part driven by significant capital investments that Creative Energy did not anticipate when the levelized rate structure was approved. Further, we observe that Creative Energy has noted uncertainties in forecasting beyond this Test Period. The Panel is not confident that the Capacity Charge will be stable and predictable given the forecast increases and uncertainty. The Panel notes that the carrying costs for the larger RDDA balance under the Levelized Scenario indicate that by 2050, customers will be paying Capacity Charges that are more than double those projected under the alternative scenarios. Thus, even if rates were stable and predictable under the Levelized Scenario, the Panel considers that the expected cost to ratepayers is unacceptable.

The Panel disagrees with BCOAPO-RCIA's assertion that moving away from levelized rates shifts an unreasonable amount of risk onto current customers. On the contrary, as explained above, the Panel considers that continuing with levelized rates shifts an unreasonable amount of risk onto customers in the future. Furthermore, the Panel considers BCOAPO-RCIA's suggestion to link levelized rates to "increased demand" or new connections to be impractical. As the SODO DCS is complete with no further build-out planned, there is no reasonable prospect that this "increased demand" will materialize.

After 2030, when the Capacity Charge begins recovering the full annual cost of service, rate increases[104] for the remaining years until 2050 will be less than seven percent, with the exception of two years. The Panel finds that

[104] The rate increases reflect the total Capacity Charge, including the rate rider to recover the RDDA balance, as presented in the Gradual Transition 5-Years Scenario (Exhibit B-10, Attachment "SODO Cooling Rates Model 2026-2027 for BCUC Jan 2026 - 2026-01-27_Panel IR No.2", Tab "Panel IR 2.2 & 2.3", Excel Line 78).

a rate structure that recovers the annual forecast cost of service will result in manageable rate stability over the long term. The Panel acknowledges that the higher increases required during the 5-year transition period are, in part, a correction for the fact that customers have been paying less than the actual cost to serve them since the SODO DCS inception in 2020. As Creative Energy observes, customers have directly benefited from these initial years of lower rates.

2.7 Overall Determination

This section sets out the Panel's overall determination on the Capacity Charge revenue requirements and resulting Capacity Charges for the SODO DCS for the Test Period. During the proceeding, interveners raised concerns regarding cost escalation and the utility's historical forecasting accuracy, as addressed below.

Positions of the Parties

The CEC generally finds Creative Energy's costing in this proceeding to be acceptable but expresses concern regarding the pervasive cost increases across Creative Energy's thermal energy system (TES) projects. The CEC recommends that the BCUC undertake broad-level monitoring of the ongoing cost increases of all of Creative Energy's utilities relative to other utility options and their original cost forecasts.[105] In reply, Creative Energy submits that the CEC's recommendation is unfounded and creates unnecessary administrative burden. It states that the BCUC's mandate, regulating TES utilities through individual rate-setting regulatory proceedings, constitutes the proper approach for protecting customers while enabling utilities to provide fairly costed, safe and reliable service.[106]

BCOAPO-RCIA state that Creative Energy's requested rate increase, driven in part to fund additional experienced personnel, is rooted in its acknowledgement of operational inexperience with chiller plants. They add that this raises concerns regarding Creative Energy's original due diligence, and that ratepayers should not have to fund costs arising from operational gaps that Creative Energy either misrepresented or failed to properly account for when it acquired the SODO DCS. It adds that if Creative Energy lacked the necessary experience, it should have secured the expertise to ensure it could proceed with competence.[107] In reply, Creative Energy disagrees, stating that the assertion that ratepayers should not bear costs incorrectly presumes a misrepresentation of operational gaps. Creative Energy reiterates that it did not design or construct the SODO DCS; the system was developed and commissioned by the Developer, and Creative Energy acquired it upon CPCN approval.[108]

BCOAPO-RCIA further submit that there is an inappropriate balance of risk between ratepayers and shareholders regarding greenfield utilities.[109] They add that forecast errors resulting from life cycle planning (e.g. under-scoped maintenance needs) constitute a core business risk that should be borne by the shareholder, rather than being automatically passed to the ratepayers, unless the need was genuinely unforeseeable.[110] Consequently, BCOAPO-RCIA urge the BCUC to consider what portion of avoidable incremental costs resulting from insufficient life cycle -planning and due diligence the shareholder should absorb. They recommend, as a

[105] The CEC Final Argument, pp. 1 and 8.
[106] Creative Energy Reply Argument, Section 2.2, p. 4.
[107] BCOAPO-RCIA Final Argument, p. 14.
[108] Creative Energy Reply Argument, Section 2.3.1, p. 10.
[109] BCOAPO-RCIA Final Argument, p. 5.
[110] BCOAPO-RCIA Final Argument, pp. 5–6.

starting position, the Panel cap the rate increases at nine percent (or lower) for 2026 and 2027, citing (i) high levels of acknowledged uncertainty and risk; (ii) increases in Operator and Administrative and General expenses that do not improve service; and (iii) unjustified corporate overhead allocations.[111] In reply, Creative Energy submits that BCOAPO-RCIA's proposal is presumptive, arbitrary, and lacks substantiation and that there is no basis for nine percent rate increases for 2026 and 2027.[112]

Panel Determination

The Panel finds the 2026 and 2027 forecast Capacity Charge revenue requirements, as set out in Table 1, reasonable for setting the Capacity Charges for the SODO DCS.

The Panel does not support the CEC's recommendation for broad-level monitoring of cost increases for all Creative Energy's TESs. Throughout this decision, the Panel has reviewed costs for the SODO DCS relative to the specific needs of this system. We consider the regulatory process sufficient and see no clear benefits to a broad-level review of all Creative Energy's TESs. Without clear benefits, the cost of implementing such a monitoring framework, which would ultimately be borne by ratepayers, is not justified.

The Panel is not persuaded by BCOAPO-RCIA's argument that Creative Energy misrepresented costs when it acquired the SODO DCS and therefore should be denied recovery of costs in the Test Period. Although Creative Energy acknowledges it did not staff the previous applications with sufficiently experienced personnel, resulting in some revisions to forecasts reflecting more accurate, and higher, costs in this Test Period, the Panel found no evidence that the past inexperience resulted in forecast costs that could have been avoided. We are satisfied that the forecast costs were not caused by Creative Energy's prior actions or inactions, and denying the recovery of necessary operational costs would jeopardize the utility's ability to appropriately maintain and operate the system. For these reasons, the Panel considers BCOAPO-RCIA's proposal to cap rate increases at nine percent to be unjustified and rejects it.

Accordingly, **the following Capacity Charges for the SODO DCS are approved on a permanent basis, adjusted in accordance with the directives and determinations outlined in this decision and the accompanying order: (i) $12.25 per kW per month, effective January 1, 2026; and (ii) $13.89 per kW per month, effective January 1, 2027 to December 31, 2027. Creative Energy is directed to:**

i. **Re-calculate its Capacity Charges for the SODO DCS effective January 1, 2026 and January 1, 2027, in accordance with the directives and determinations outlined in this decision;**

ii. **File a revised financial model and tariff pages incorporating the results of the re-calculation with the BCUC for endorsement within 30 days of the date of the order accompanying this decision; and**

iii. **Recover from customers the difference between the interim rates approved by Order G-283-25 and the permanent rates for the SODO DCS, with interest at the average prime rate of Creative Energy's principal bank for the most recent year, in the billing cycle following the BCUC's endorsement of the revised tariff pages.**

While the Panel has found the 2026 and 2027 revenue requirements to be reasonable for setting the Capacity Charges for the SODO DCS, we express concern regarding Creative Energy's historical forecasting practices and

[111] BCOAPO-RCIA Final Argument, p. 18; BCOAPO-RCIA Supplementary Final Argument, p. 4.
[112] Creative Energy Reply Argument, Section 2.5, p. 12; Creative Energy Supplementary Reply Argument, p. 2.

expect better forecasting in future RRAs. The large variance between historical forecasts and actuals in the overall revenue requirements reveals that the previous forecasting methodology was not effective. Further, the recent identification of major sustainment capital requirements, specifically the chiller overhauls, suggests that the acquisition and initial planning of this project lacked the necessary depth and analysis to reflect the long-term requirements.

The process of identifying, understanding and deliberating on these historical inaccuracies has consumed considerable time and resources from the BCUC, Creative Energy and interveners in this proceeding. Creative Energy has explained that these differences were largely due to a lack of initial experience with these specific systems and a previous reliance on personnel who were less familiar with long-term maintenance requirements.[113] While the Panel acknowledges this explanation, changes in a utility's internal personnel or a lack of initial experience do not absolve the utility of its obligations to provide reliable forecasts to the regulator.

While the Panel considers that the forecast costs in the Test Period are necessary for the safe and reliable operation of the SODO DCS, this should not be interpreted as validation of Creative Energy's historical planning process. The Panel expects better forecasting and life cycle planning for future RRAs. Considering the operating experience of the SODO DCS to date and changes made in Creative Energy's forecasting approach, the Panel expects Creative Energy to be able to produce forecasts that better match actuals.

3.0 Other Matters

3.1 Variable Charge and Unbilled Water Costs

Creative Energy seeks approval to continue the Variable Charge rate design that the BCUC approved in the 2020–2025 SODO Rates Decision. The Variable Charge[114] recovers the actual electricity and water costs associated with operating the SODO DCS on a flow-through basis.[115]

Creative Energy estimates the following total variable costs for the SODO DCS over the Test Period:

Table 8: Total Variable Cooling Costs (2026–2027)[116]

Component ($)	2026	2027
Electricity Costs (indicative)	77,330	79,270
Water Costs (indicative)[117]	5,970	6,120
Total Variable Costs	83,300	85,390

[113] Exhibit B-6, BCUC IR 2.8 and 2.8.2.
[114] The Variable Charge is expressed in dollars per megawatt hour ($/MWh) and applies to all energy supplied during the month. It is calculated monthly, based on the total electricity and water costs incurred by the SOCO DCS for that month, divided by the total metered energy (in MWh) supplied by the SODO DCS to the customers during the same period (Exhibit B-1, Section 5.4, pp. 10–11).
[115] Exhibit B-1, Section 3.1, p. 3.
[116] Exhibit B-1, Section 5, Table 5, p. 6.
[117] Creative Energy notes that actual water costs have been zero, as Creative Energy has not been billed for any water costs (Exhibit B-9, BCUC IR 1.1).

For electricity costs, Creative Energy determines the Variable Charge using the total BC Hydro invoiced amount and the total metered energy consumption (MWh) for the SODO DCS.[118] Creative Energy bills each building customer monthly based on that building's metered energy cooling use. Creative Energy explains that while electricity costs are calculated monthly, bills from BC Hydro are received less frequently, which creates a mismatch between when electricity costs are incurred and when monthly amounts are later recovered from customers. As a result, fluctuations in the Variable Charge may reflect multiple billing periods but are smoothed over time.[119]

For water costs, Creative Energy states that it has not received any water bills from the Strata Corporation and therefore has not paid or charged customers for water costs.[120] In the 2020–2025 SODO Rates Decision, water bills were estimated at $6,000 per year.[121]

Creative Energy explains the process by which its water costs are calculated. The City of Vancouver invoices water costs every four months to the Strata Corporation.[122] The Strata Corporation then assigns to the SODO DCS, which is sub-metered for water consumption, its share of total water costs. Creative Energy allocates the water cost to each building based on their pro rata share of total cooling energy consumption.[123]

Creative Energy is investigating communications with the Strata Corporation to rectify the issue with its water bills and intends to: (i) verify that the Strata Corporation receives and pays the City of Vancouver water bills that includes costs incurred by the SODO DCS; (ii) pay the Strata Corporation for the portion attributable to the SODO DCS based on metered data; (iii) create a formal process for receiving future sub-metered invoices from the Strata Corporation; (iv) allocate the total costs to customers based on each building's share of total usage for the period; and (v) recover the costs from customers.[124]

Creative Energy submits that regardless of the payee and the amounts payable for the unbilled water costs, the Variable Charge methodology remains unchanged and is consistent with the BCUC's previous approval.[125] Creative Energy adds that it will transparently recover these costs, ensuring the total monthly bill increase is capped at no more than 5 to 10 percent until it recovers the full amount.[126]

Positions of the Parties

The CEC did not raise any concerns with the Variable Charge or the unbilled water costs.[127]

BCOAPO-RCIA do not object to the flow-through design of the Variable Charge but take issue with Creative Energy's lack of effort in discovering the unbilled water costs over the previous five years. BCOAPO-RCIA suggest that Creative Energy should be required to absorb these costs, or at a minimum, ratepayers should not bear the

[118] Exhibit B-1, Section 4.2, p. 5, Section 5.4, p. 10.
[119] Exhibit B-3, PDF page 14.
[120] Exhibit B-3, PDF page 14.
[121] 2020–2025 SODO Rates Decision, Section 3.1.1, Table 8, p. 34.
[122] Exhibit B-1, Section 5, p. 5.
[123] 2020–2025 SODO Rates Decision, Section 3.1.1, p. 34.
[124] Exhibit B-6, BCUC IR 7.1.
[125] Creative Energy Final Argument, p. 9.
[126] Exhibit B-6, BCUC IR 7.3.
[127] The CEC Final Argument, p. 9.

full amount of the water charges. BCOAPO-RCIA recommend Creative Energy confirm that customers have not paid the water charges through other fees set by the Strata Corporation.[128]

In reply, Creative Energy acknowledges the unbilled water costs and accepts its responsibility in this situation. However, Creative Energy considers BCOAPO-RCIA's position to be arbitrary and may establish a precedent for issues related to variable charges that are by design, not in the utility's full control as to magnitude or timing. Creative Energy maintains the water costs are fundamentally flow-through costs and should be paid by ratepayers based on cost causation principles and the BCUC's approval.[129]

Panel Determination

The Panel is satisfied that Creative Energy should continue to recover on a flow-through basis, the actual electricity and water costs associated with operating the SODO DCS. We note that the electricity component of the Variable Charge was not contested by interveners, and the Panel finds the billing and recovery of these costs to be reasonable. However, with respect to the water component, the Panel considers that Creative Energy is responsible for paying for the water used to provide cooling service to customers since the operation of the DCS commenced in November 2020. While we share BCOAPO-RCIA's concern regarding Creative Energy's failure to identify the issue over the past five years, we consider the water costs to be flow-through costs and, based on cost causation principles, should be recoverable from its customers. However, as discussed further below, the Panel remains concerned with the lack of administrative oversight that allowed these costs to remain unaddressed for five years.

The Panel notes that there are two remaining issues regarding the unbilled water costs. First, Creative Energy does not know how much it owes the Strata Corporation for the SODO DCS water consumption, which creates the second issue, namely that Creative Energy has yet to recover this amount from customers. **Accordingly, the Panel directs Creative Energy to update the BCUC on the recovery of the water costs by way of a compliance filing due by June 30, 2026. The compliance filing must indicate: (i) the amount of water costs paid by Creative Energy (in $ and MWh) to date, (ii) the amount of water costs billed and recovered from customers (in $ and MWh) to date, and (iii) any amount of water costs that Creative Energy has paid that remains to be billed and recovered from customers (in $ and MWh), including an explanation of the measures taken to fully recover the amount.**

The Panel considers Creative Energy should have identified and settled water costs much sooner, and that its failure to do so for nearly five years demonstrates a lack of oversight. Further, we consider that this omission, combined with the forecasting concerns addressed in Section 2.7, points to a deficiency in administrative diligence. The Panel expects the recovery process to be handled with the transparency and communication Creative Energy has committed to and considers that additional reporting is required to ensure ongoing transparency on all flow-through energy costs.

The BCUC directed Creative Energy in the 2020–2025 SODO Rates Decision to include the calculation of the Variable Charge on customers' bills and to provide the following information for the SODO DCS in its annual reporting to the BCUC: (i) the Variable Charge ($/MWh) for each of the previous 12 months; and (ii) the actual

[128] BCOAPO-RCIA Final Argument, p. 16.
[129] Creative Energy Reply Argument, Section 2.4, p. 12.

Variable Charges billed to each customer for each of the previous 12 months.[130] In addition to the annual reporting requirements, to enhance transparency on the flow-through energy costs, **the Panel directs Creative Energy to provide in its annual reporting to the BCUC the actual electricity and water costs incurred by Creative Energy for the SODO DCS for each of the previous 12 months.**

3.2 Deferral Account Requests

3.2.1 Termination of the Generic Cost of Capital Variance Deferral Account

The Generic Cost of Capital (GCOC) Variance Deferral Account was established to capture the variances between the revenue collected at the previously approved cost of capital and the new cost of capital approved in the GCOC Stage 2 Decision.[131] Subsequent to the GCOC Stage 2 Decision, the BCUC approved the variance of $12,271 to be recorded in the account and an amortization period of nine months beginning in March 2025. Creative Energy expects the balance in the account to be fully amortized by November 2025 and does not anticipate any further additions to the account.[132] Therefore, Creative Energy seeks approval to terminate the GCOC Variance Deferral Account by the end of 2025.[133]

Positions of the Parties

Parties did not comment on this request.

Panel Discussion/Determination

The Panel approves the termination of the Generic Cost of Capital Variance Deferral Account, effective December 31, 2025. We are satisfied that the entire balance of the deferral account will be fully amortized by the end of 2025 and as such, there is no further need for this account.

3.2.2 Termination of the Regulatory Cost Variance Deferral Account

In the 2020–2025 SODO Rates Decision, the BCUC approved the establishment of the Regulatory Cost Variance Deferral Account to record the allocated variance between the forecast and actual regulatory costs and approved the amortization of the account balance from November 23, 2020 through to December 31, 2025.[134] Creative Energy expects the account to have a zero balance by the end of 2025 and states the account is no longer needed.[135] Therefore, Creative Energy seeks approval to terminate the Regulatory Cost Variance Deferral Account by the end of 2025.[136]

Positions of the Parties

Parties did not comment on this request.

[130] 2020–2025 SODO Rates Decision, Section 3.1, p. 43.
[131] BCUC Generic Cost of Capital (Stage 2), Order G-321-24 with decision dated November 29, 2024, Section 5.1, p. 96.
[132] Order G-68-25; Exhibit B-1, Section 7.3, p. 12.
[133] Exhibit B-1, Section 3.1, p. 3.
[134] 2020–2025 SODO Rates Decision, Section 4,2, p. 60.
[135] Exhibit B-1, Section 7.2, p. 12.
[136] Exhibit B-1, Section 3.1, p. 3.

Panel Discussion/Determination

The Panel approves the termination of the Regulatory Cost Variance Deferral Account, effective December 31, 2025. We are satisfied that the entire balance of the deferral account will be fully amortized by the end of 2025 and as such, there is no further need for this account.

3.3 Future Filings

Creative Energy provides both heating and cooling services to four customer buildings in south downtown Vancouver.[137] The SODO Heating TES also began providing heating service to a fifth building in October 2021.[138] Creative Energy notes that the BCUC recently approved rates for the SODO Heating TES for the 2024 to 2027 period.[139] One of the issues explored in this proceeding is whether Creative Energy should combine its rates applications for SODO Heating TES and SODO DCS.

Creative Energy submits that separate rates proceedings for SODO Heating TES and SODO DCS is the most effective approach. It acknowledges that a combined proceeding for both heating and cooling rates could work from a timing perspective, but it does not find the approach feasible because of the fundamental differences between the two systems, including cost drivers, energy sources, distribution systems, and customer bases.[140]

Positions of the Parties

The CEC supports combining the proceedings as it would enhance regulatory efficiency and the BCUC's and interveners' understanding of issues. The CEC notes key areas of overlap that support a combined review, including similar customer base and rate design, and the same utility management.[141] If combined filings are not directed, the CEC recommends expanding the scope of the proceedings to enable interveners to access the evidence from the parallel system (heating or cooling) during the review.[142]

Creative Energy argues that providing heating and cooling services to the same customers is insufficient justification to have a joint filing. Creative Energy notes that it filed a joint application in 2019[143] to set the initial rates for the heating and cooling systems which resulted in a final BCUC decision 21 months later, suggesting joint reviews are not necessarily more efficient. Creative Energy asserts that although maintaining separate filings adds more to its regulatory workload, it believes that this approach provides more focused, transparent, and effective justifications for rate adjustments for the circumstances of each system.[144]

[137] Creative Energy also provides heating services to a fifth customer building (2020–2025 SODO Rates Decision, Section 1.1, pp. 1–4, Section 6.1, pp. 62–68).
[138] 2020–2025 SODO Rates Decision, Section 6.1, p. 64.; Decision accompanying Order C-1-21, Section 2.1, p. 4.
[139] Order G-198-25.
[140] Exhibit B-6, BCUC IR 1.1.
[141] The CEC Final Argument, p. 4.
[142] The CEC Final Argument, p. 5.
[143] The Creative Energy 2020–2025 SODO Rates proceeding included an application for the SODO Heating TES filed October 2, 2019, and an application for the SODO DCS filed August 11, 2020.
[144] Creative Energy Reply Argument, Section 2.1, pp. 2–3.

Panel Determination

The Panel recognizes that filing a combined RRA for heating and cooling could yield potential efficiencies and cost reductions. However, we also acknowledge the finding in the 2020–2025 SODO Rates Decision, which noted that any efficiencies that might accrue from a combined review process might be dampened because the heating system services an additional building.[145]

The Panel is persuaded that whether Creative Energy should file its future heating and cooling RRA(s) together to reduce its regulatory workload and realize other benefits for its ratepayers is a matter for Creative Energy to evaluate. However, the Panel highlights that the BCUC retains the discretion to determine whether such applications, if filed separately, will be heard together in a single proceeding to ensure regulatory efficiency. The Panel notes that even when Creative Energy filed separate heating and cooling applications in the 2020–2025 SODO Rates proceeding, the BCUC exercised its discretion to review them together within a single proceeding.[146]

Given the Capacity Charge has been approved in this decision until the end of 2027, **the Panel directs Creative Energy to file its next RRA for the SODO DCS by no later than November 15, 2027, for the test period commencing January 1, 2028**. This timeline will allow the BCUC sufficient time to review the filing and consider next steps prior to the beginning of the next test period.

DATED at the City of Vancouver, in the Province of British Columbia, this 16th day of March 2026.

Electronically signed by Blair Lockhart

_____

E. B. Lockhart, Panel Chair
Panel Chair

Electronically signed by Wendy Royle

_____

W. E. Royle
Commissioner

[145] 2020–-2025 SODO Rates Decision, Section 2.4, p. 30.
[146] Order G-233-20.

Creative Energy Vancouver Platforms Inc.
2026 to 2027 Rates for Cooling at South Downtown

LIST OF ACRONYMS AND TERMS

Acronym / Term	Description
2020–2025 SODO Rates Decision	Decision and Order G-222-21 dated July 22, 2021, for the Creative Energy Application for Heating Rates for the Heating Thermal Energy System and Cooling Rates for the District Cooling System at the Vancouver House Development proceeding
Application	Creative Energy's application for 2026 to 2027 rates for the provision of cooling service from its South Downtown district cooling system dated August 8, 2025
BCOAPO	BC Old Age Pensioners' Organization, Council of Senior Citizens' Organizations of BC, Active Support Against Poverty, Disability Alliance BC, and Tenants Resource and Advisory Centre
BCUC	British Columbia Utilities Commission
Capacity Charge	A fixed monthly charge expressed in $/kW/month to recover the forecast capital and fixed operating costs
COSCO	Council of Senior Citizens' Organizations of BC, Active Support Against Poverty, Disability Alliance BC, and Tenants Resource and Advisory Centre)
CPCN	Certificate of public convenience and necessity
CPCN proceeding	Creative Energy Application for a CPCN to Acquire and Operate a Thermal Energy System for Cooling at the Vancouver House Development proceeding
Creative Energy	Creative Energy Vancouver Platforms Inc.
DCS	District cooling system
Developer	Westbank Projects Corp.
GCOC	Generic Cost of Capital
IR	Information Request
IT	Information technology
kW	Kilowatt
Levelized Scenario	30-year levelization period for the Capacity Charge
MWh	Megawatt hour

Acronym / Term	Description
RCIA	Residential Consumer Intervener Association
RCVDA	Regulatory Cost Variance Deferral Account
RDDA	Revenue Deficiency Deferral Account
RRA	Revenue requirements application
SODO DCS	South Downtown District Cooling System
Strata Corporation	The strata corporation that owns the residential building serviced by Creative Energy's SODO DCS
Test Period	January 1, 2026 to December 31, 2027
The CEC	The Commercial Energy Consumers Association of British Columbia
UCA	*Utilities Commission Act*
Variable Charge	A variable charge expressed in $/MWh to recover the actual electricity and water costs on a flow-through basis

Creative Energy Vancouver Platforms Inc.
2026 to 2027 Rates for Cooling at South Downtown

EXHIBIT LIST

Exhibit No.	Description
BCUC DOCUMENTS	
A-1	August 21, 2025 – Panel Appointment
A-2	August 28, 2025 – BCUC Order G-212-25 establishing a regulatory timetable
A-3	September 4, 2025 – BCUC Supplemental Information List to Creative Energy
A-4	October 2, 2025 – Response regarding requests to intervene
A-5	October 9, 2025 – BCUC Information Request No. 1 to Creative Energy
A-6	October 10, 2025 – BCUC Order G-246-25 amending the regulatory timetable
A-7	November 10, 2025 – BCUC Order G-264-25 amending the regulatory timetable
A-8	November 17, 2025 – Panel Information Request No. 1 to Creative Energy
A-9	December 3, 2025 – BCUC Order G-283-25 on interim rates for 2026
A-10	January 21, 2026 – BCUC Order G-11-26 reopening evidentiary record and establishing an amended regulatory timetable
A-11	January 21, 2026 – Panel Information Request No. 2 to Creative Energy
A-12	February 17, 2026 – BCUC letter regarding BCOAPO Name Change
APPLICANT DOCUMENTS	
B-1	August 8, 2025 – **CREATIVE ENERGY VANCOUVER PLATFORMS INC. (CREATIVE ENERGY)** – South Downtown 2026 to 2027 Cooling Rates for District Cooling System Application
B-2	September 3, 2025 – Creative Energy submitting confirmation of public notice in compliance with Order G-212-25
B-3	September 18, 2025 – Creative Energy submitting response to Supplemental Information List

Exhibit No.	Description
B-4	September 29, 2025 – Creative Energy submitting confirmation of social media posts in compliance with Order G-212-25
B-5	October 10, 2025 – Creative Energy submitting response to BCOAPO-RCIA extension request to Information Request No. 1
B-6	October 30, 2025 – Creative Energy submitting response to BCUC Information Request No. 1
B-7	October 30, 2025 – Creative Energy submitting response to BCOAPO-RCIA Information Request No. 1
B-8	October 30, 2025 – Creative Energy submitting response to CEC Information Request No. 1
B-9	**PUBLIC** – November 20, 2025 – Creative Energy submitting response to Panel Information Request No. 1
B-9-1	**CONFIDENTIAL** – November 20, 2025 – Creative Energy submitting response to Panel Information Request No. 1
B-10	January 28, 2026 – Creative Energy submitting response to Panel Information Request No. 2

INTERVENER DOCUMENTS

C1-1	September 23, 2025 – **BC OLD AGE PENSIONERS' ORGANIZATION, COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS OF BC, ACTIVE SUPPORT AGAINST POVERTY, DISABILITY ALLIANCE BC, AND TENANTS RESOURCE AND ADVISORY CENTRE (BCOAPO) –** Request to Intervene by Irina Mis
C2-1	September 24, 2025 **– COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BC (CEC) –** Request to Intervene by David Craig
C2-2	October 20, 2025 – CEC submitting Information Request No. 1 to Creative Energy
C3-1	September 24, 2025 – **RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA) –** Request to Intervene Abdulrahman Abomazid
C4-1	October 9, 2025 – **BC OLD AGE PENSIONERS' ORGANIZATION, COUNCIL OF SENIOR CITIZENS' ORGANIZATIONS OF BC, ACTIVE SUPPORT AGAINST POVERTY, DISABILITY ALLIANCE BC, AND TENANTS RESOURCE AND ADVISORY CENTRE (BCOAPO) AND RESIDENTIAL CONSUMER INTERVENER ASSOCIATION (RCIA) (BCOAPO-RCIA) –** BCOAPO-RCIA submitting Information Request No. 1 to Creative Energy extension request

Exhibit No.	Description
C4-2	October 20, 2025 – BCOAPO-RCIA submitting Information Request No. 1 to Creative Energy
C4-3	February 9, 2026 – BCPIAC submission regarding BCOAPO and change in client organizations