

SIXTH FLOOR, 900 HOWE STREET, BOX 250
VANCOUVER, BC V6Z 2N3 CANADA
web site: <http://www.bcuc.com>



**BRITISH COLUMBIA
UTILITIES COMMISSION**

**ORDER
NUMBER** G-141-11

TELEPHONE: (604) 660-4700
BC TOLL FREE: 1-800-663-1385
FACSIMILE: (604) 660-1102

IN THE MATTER OF
the Utilities Commission Act, R.S.B.C. 1996, Chapter 473

and

An Application by River District Energy Limited Partnership
for a Certificate of Public Convenience and Necessity
to Construct and Operate a District Energy System for the
River District Development located along the Fraser River in Southeast Vancouver
and
Rates for the First Five Years of Operation

BEFORE: L.F. Kelsey, Commissioner
N.E. MacMurchy, Commissioner August 4, 2011
D. Morton, Commissioner

ORDER

WHEREAS:

- A. On July 27, 2011, River District Energy Limited Partnership (RDE) submitted an Application for a Certificate of Public Convenience and Necessity (CPCN) to the British Columbia Utilities Commission (Commission) under sections 45 and 46 of the *Utilities Commission Act* (Act) for the construction and operation of a district energy utility (DEU) for the River District development located along the Fraser River in Southeast Vancouver, BC, and for approval under sections 59, 60 and 61 of the Act for the proposed revenue requirement, rate design, levelized rates and accounting treatment including a rate stabilization account (the Application);
- B. The River District development is a Vancouver City council approved Official Development Plan that is being developed by the Park Lane Group through its wholly owned affiliates including RDE with a specific design objective to incorporate sustainable building design and energy systems to provide heat and domestic hot water to many of the community's eventual 15,000 residents;
- C. RDE will function as a stand-alone DEU to service economically connected loads within the River District and several city-owned properties to the west and will ultimately consist of an Energy Centre (EC) equipped with gas-fired boilers, a Renewable Energy Transfer Station (R-ETS), Distribution Piping System (DPS) and Energy Transfer Stations (ETS) at each connected building;
- D. In the Application, RDE is seeking approval for the first five years of operation which includes construction of the DPS, ETS and both temporary and permanent EC using natural gas boilers and rates for the five year period;
- E. A Renewable ETS (R-ETS) is proposed to be constructed at a future date once sufficient energy load has been connected to the system and is economically feasible;

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- F. Both Parklane and Metro Vancouver Solid Waste Department have conducted technical and economic feasibility analyses to assess quantity of heat required and available from the Metro Waste to Energy Facility in Burnaby for the R-ETS including cost estimates and projected business cases and while positive negotiations are ongoing between the parties in support of this element of the project, the Application does not seek approval of these future costs;
- G. RDE is proposing a 20-year levelized rate mechanism in order to provide affordable, competitive customer rates in the early years of the project, while recording the initial under-recovery of its cost of service in a rate stabilization account with the expectation of full recovery of revenue requirements over the 20-year levelizing period based on a reference case including the R-ETS cost estimates;
- H. RDE proposes to review its rates within five years and future rates will depend in part on actual under-recoveries in the first five years as well as the final selection and costs of the alternative energy source;
- I. RDE estimate the annual operating and maintenance cost of this project to be \$108,000 for the years 2012 and 2013 based on the temporary EC and \$316,000 for the years 2014 to 2016 with the permanent natural gas boiler EC with escalations beyond 2016 depending on the case scenario and timing of the R-ETS;
- J. The Commission has determined that a written public hearing process is necessary to review the Application and requires that public notice be given to potentially affected persons to allow them to participate in the regulatory review.

NOW THEREFORE the Commission orders as follows:

- 1. The establishment of a Written Hearing Process for the review of the Application according to the Regulatory Timetable that is attached as Appendix A to this Order.
- 2. RDE shall publish a notice of the Application and Written Public Hearing Process, attached as Appendix B to this Order, in the Vancouver Sun and such local and community newspapers that will provide reasonable notice to people in the proposed general service area and surrounding communities and shall make available this Order at the developer's Sales Centre and will provide copies to all individuals who have purchased or express an interest in purchasing units at the River District.
- 3. Persons wishing to participate as Interveners or as Interested Parties, as described in Appendix B, should register with the Commission by Thursday, September 8, 2011.

DATED at the City of Vancouver, in the Province of British Columbia, this 5th day of August 2011.

BY ORDER

Original signed by:

D. Morton
Commissioner

Attachments

RIVER DISTRICT ENERGY LIMITED PARTNERSHIP

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REGULATORY TIMETABLE

ACTION	DATE (2011)
Commission Information Request No. 1	Thursday, September 8
Intervener/Interested Party Registrations Participant Assistance Budget Submissions	Thursday, September 8
Intervener Information Request No.1	Thursday, September 15
Response to Commission and Intervener Information Request No. 1	Wednesday, September 28
Commission and Intervener Information Requests No. 2	Thursday, October 13
Response to Commission and Intervener Information Requests No. 2	Monday, October 24
RDE Final Submission	Thursday, November 3
Intervener Final Submission	Tuesday, November 15
RDE Reply Submission	Tuesday, November 22



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NOTICE OF WRITTEN PUBLIC HEARING PROCESS

THE APPLICATION

On July 27, 2011, River District Energy (RDE) applied to the British Columbia Utilities Commission (Commission) for a Certificate of Public Convenience and Necessity to construct and operate a district energy utility (DEU) to provide energy service to The River District located on former industrial lands along the Fraser River in southeast Vancouver, BC, and for approval of the proposed revenue requirement, rate design and rates for the first five years of operation, as well as rate stabilization deferral account to levelize rates over a 20-year period (the Application).

The DEU at The River District comprises initially a temporary energy center, then a permanent energy center both using natural gas boilers with a distribution piping system and energy transfer stations to deliver thermal energy and domestic hot water to customers at individual buildings. The long-term development plan includes build out of the DEU infrastructure and River District over 23 years to include a renewable energy transfer station and connection to Metro Vancouver's waste to energy facility in Burnaby.

RDE is proposing a 20-year levelized rate mechanism in order to provide reasonable and competitive rates to customers in the early years of the project. The proposed rate would initially be \$86.65 per MW.h and escalate at 8 percent per year through 2016 established to be competitive with forecast BC Hydro rates. The rate would then increase at a more modest level of approximately 3 percent with an overall levelized rate over 20 years of \$150 per MW.h forecast for the planned development.

THE REGULATORY PROCESS

Commission Order G-141-11 establishes a Regulatory Timetable for the review of the Application by way of a Written Public Hearing.

The detailed Regulatory Timetable can be reviewed on the Commission's website: <http://www.bcuc.com> >Proceedings & Agendas>Current Applications.

REGISTERING TO PARTICIPATE

Persons who wish to actively participate in this proceeding should register as Interveners with the Commission in writing by Thursday, September 8, 2011. Interveners will receive a copy of the Application as well as all correspondence and filed documents. An e-mail address should be provided if available.

Persons not expecting to actively participate, but who have an interest in the proceeding, should register as Interested Parties with the Commission in writing, by Thursday, September 8, 2011 identifying their interest in the Application. Interested Parties will receive an Executive Summary of the Application and a copy of the Commission's Decision when issued.

PUBLIC INSPECTION OF DOCUMENTS

This Application and supporting material will be made available for inspection at the following locations:

The Parklane Group Office
Suite 2000 - 1055 Dunsmuir Street
Vancouver, BC V7X 1L5

British Columbia Utilities Commission
Sixth Floor, 900 Howe Street
Vancouver, BC V6Z 2N3
<http://www.bcuc.com>

All submissions and/or correspondence received from active participants or the general public relating to the Application will be placed on the public record and posted to the Commission's website.

FURTHER INFORMATION

For further information, please contact the Acting Commission Secretary, Ms. Alanna Gillis as follows:

Telephone: (604) 660-4700
Facsimile: (604) 660-1102

Email: Commission.Secretary@bcuc.com
BC Toll Free: 1-800-663-1385