



BRITISH COLUMBIA  
UTILITIES COMMISSION

ORDER  
NUMBER G-132-13

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

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

A Proposed Regulatory Framework including an Exemption  
for certain Thermal Energy Service Utilities

**BEFORE:** D.M. Morton, Commissioner  
L.A. O'Hara, Commissioner  
R.D. Revel, Commissioner

August 28, 2013

### ORDER

#### WHEREAS:

- A. On December 27, 2012, the British Columbia Utilities Commission (Commission) issued its Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives (AES Report). The AES Report tasked Commission staff with conducting consultations on a regulatory framework for Thermal Energy Service (TES) Utilities with input from stakeholders to establish the form of regulation required, in accordance with the Principles and Guidelines set out in Section 2 of the AES Report;
- B. On May 9, 2013, the Commission issued a letter and posted a notice in the Vancouver Sun initiating a public comment process on a draft proposal created by Commission staff for a streamlined regulatory framework for TES Utilities in British Columbia. The Public comment process included two rounds of stakeholder comments and two working sessions to review the draft proposal and proposed staff revisions;
- C. On August 27, 2013, Commission staff, using input from the consultation process, provided a final draft of the proposed TES Regulatory Framework. The proposal contemplates three categories or "streams" for scaled regulatory treatment as follows:
  - a. **Exempt TES Utilities:** Subject to Lieutenant Governor in Council approval, TES Utilities in this stream will continue to be public utilities under the UCA but will be exempt from regulation by the BC Utilities Commission, other than sections 42 and 43 of the Utilities Commission Act.
  - b. **Stream A TES Utilities:** TES Utilities in this stream will be under "light-handed" complaint-based regulation.
  - c. **Stream B TES Utilities:** TES Utilities in this stream are regulated similar to other public utilities, though through a streamlined Certificate of Public Convenience and Necessity (CPCN)<sup>1</sup> and Rate Application process.
- D. The Commission has determined that a written public hearing process is necessary to review the proposed Regulatory Framework including an exemption for certain TES Utilities.

<sup>1</sup> Sections 45 and 46 of the UCA address CPCNs.

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**NOW THEREFORE** pursuant to section(s) of the *Utilities Commission Act*, the Commission orders as follows:

1. A written public hearing is established for the review of the Regulatory Framework including an Exemption for certain Thermal Energy Service Utilities, attached as Appendix A to this order. The written hearing will proceed in accordance with the following Regulatory Timetable:

<b>ACTION</b>	<b>DATE (2013)</b>
Intervener/Interested Party Registration	Friday, September 6
Intervener Submissions on Commission Review Process	Friday, September 6
Intervener Submissions on the Regulatory Framework	Wednesday, September 25 (placeholder)
Further Process to be determined	To be determined

2. A notice of the Regulatory Framework and written public hearing process, attached as Appendix B to this Order, will be published in at least one of the major BC newspapers and on the Commission website at [www.bcuc.com](http://www.bcuc.com) and electronic notice will be provided to previous participants and interested parties in the development of the TES Regulatory Framework.
3. Persons wishing to participate as Interveners or as Interested Parties must register with the Commission by Friday, September 6, 2013. Parties not wishing to actively participate can file comments on the Regulatory Framework with the Commission by email, mail or facsimile by September 25, 2013.
4. By September 6, 2013, Interveners are to provide comments on the following two suggested review process options:
  - a. Split the review process into two parts; one part dealing with the section 88(3) exemption from regulation order(s) for certain Thermal Energy Service Utilities and a second part dealing with the Stream A and Stream B portions of the Framework, with two rounds of Intervener submissions on each; or
  - b. Proceed with a single review process of the complete TES Regulatory Framework with two rounds of Intervener submissions.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 28th day of August 2013.

BY ORDER

*Original Signed By*

D.M. Morton  
Commissioner

Attachments

Orders/G-132-13\_BCUC TES Utility Service-WrtnHrg Notice-Timetable



*British Columbia Utilities Commission*  
**DRAFT**  
*Thermal Energy Service Utility*  
*Scaled Regulatory Framework and Guide*

**August 27, 2013**

**For further information, contact:**

British Columbia Utilities Commission Attention: Todd Smith, Manager Thermal Energy Sixth Floor, 900 Howe Street Vancouver, BC V6Z 2N3	Telephone: (604) 660-4700 Toll Free: 1-800-663-1385 Facsimile: (604) 660-1102 <a href="mailto:Commission.Secretary@bcuc.com">Commission.Secretary@bcuc.com</a> web site: <a href="http://www.bcuc.com">www.bcuc.com</a>
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**GLOSSARY**

Applicant	A provider, developer or utility that is or intends to become a TES Utility, applying to the Commission for approval to be either an exempt, Stream A or Stream B TES Utility.
Commission	British Columbia Utilities Commission.
Commissioner	A member of the Commission with decision-making powers under the <i>Utilities Commission Act</i> ; appointed by the Lieutenant Governor in Council or the Chair of the Commission.
Commission staff	Staff members of the Commission; analyze issues before the Commission but do not have decision making powers.
CPCN	Certificate of Public Convenience and Necessity
Customer	A legal person (which may include a company or strata corporation) whom has entered a service agreement or legal contract with the TES Utility for provision of thermal energy services and from whom the TES Utility will receive payment for thermal energy services.
Existing TES Utility	A TES Utility that was operational before [the date of the TES Utility Regulatory Guide] and does not already have a CPCN from the Commission.
LGIC	Lieutenant Governor In Council
Light Handed Regulation	See <i>Scaled Regulation</i>
On-Site TES	A system where thermal energy generation and distribution equipment and fixtures are physically located on the same site as the thermal load. An On-site TES is designed to meet the specific thermal load for the site and shares common elements with multiple customers and/or buildings on the site.
Other Ratepayer	Person taking service from a TES Utility and paying a TES Utility directly <sup>1</sup> , who is not a Unit Owner. Examples include persons leasing or renting units and paying the Utility directly for the utility service. This does not include tenants who are paying a landlord for utility service.
Ratepayer	General term used widely by utilities to denote persons paying rates to a utility.
Regulated Cost of Service Rate-Setting Mechanism	A model that determines prices based on the costs of serving different customers and generally includes a regulated rate of return, which is deemed to be the fair return on investment.

<sup>1</sup> The *Utilities Commission Act* excludes “a person not otherwise a public utility who provides the service or commodity only to the person or the person's employees or tenants, if the service or commodity is not resold to or used by others” [emphasis added] from the definition of public utility.

Scaled Regulation	Regulation that considers factors such as rate-payer and utility risk and the degree to which regulation should apply balanced against regulatory efficiency and cost. Examples might include regulation by complaint, exemptions, market pricing, etc.
Service Agreement	Contract executed between two or more persons for the provision of a service.
Site	Legal property or parcel with defined boundaries for which a municipal development or building permit is issued or pending approval. A site is usually contained within the boundaries of a city block and is not a large multi-phase master development parcel which may be part of municipal re-zoning applications.
Strata Corporation	As defined by the Strata Property Act [SBC 1998]
Strata Unit Owner	See <i>Unit Owner</i> , but only applicable to an owner of a unit that is part of a Strata Corporation.
Stream A TES Utility	A TES Utility determined by the Commission to be a Stream A TES Utility that became operational after [the date of the TES Utility Regulatory Guide].
Tariff	Commission approved rate schedule, schedule of fees, terms and conditions and definitions for the charging of rates.
Thermal Energy Services (TES)	Thermal energy service includes the use and accommodation provided, a product or commodity provided and the thermal energy system (plant, property, facilities) employed for the use and accommodation of the public. (refer to the definition of “service” in the UCA)
Thermal Energy System	An energy system for the provision of thermal energy from a variety of energy sources and through a variety of distribution systems. A thermal energy system may include plant, equipment, distribution piping, apparatus, property and facilities employed by or in connection with the provision of thermal energy.
TES Provider	Owner or operator providing Thermal Energy Services.
TES Utility	A TES Provider meeting the definition of public utility in the <i>Utilities Commission Act</i> .
UCA	<i>Utilities Commission Act</i>
Unit Owner	A person owning a unit (in a Strata Corporation or otherwise) who pays for Thermal Energy Services.



## 1 INTRODUCTION

The *Clean Energy Act*<sup>2</sup> sets out British Columbia's energy objectives, which are, among other things:

- To use and foster development in British Columbia of innovative technologies that support energy conservation and efficiency and the use of clean or renewable resources;
- To meet set targets for reducing British Columbia greenhouse gas emissions;
- To encourage switching from one kind of energy source or use to another that decreases greenhouse gas emissions in British Columbia;
- To encourage communities to reduce greenhouse gas emission and use energy efficiently;
- To reduce waste by encouraging the use of waste heat, biogas and biomass.

A Thermal Energy System provides thermal energy (heat, hot water or cooling) from one or more thermal energy sources. Energy sources include waste heat, renewable (solar, ground/water source, geothermal, biomass etc) as well as non-renewable energy sources. Thermal Energy Systems also have the potential to be converted to different energy sources in the future. Depending on the energy source(s) Thermal Energy Systems have the potential to produce reductions in greenhouse gas (GHG) emissions compared to other alternatives and are therefore well aligned with British Columbia's energy objectives. In response many municipalities and communities are adopting initiatives that encourage or require Thermal Energy Systems such as district energy and/or renewable and low GHG emitting energy sources to be considered in community planning and development permitting. As a result it is expected that there will be a growth in the number of Thermal Energy Systems throughout British Columbia with many being operated as public utilities under the *Utilities Commission Act* (UCA).

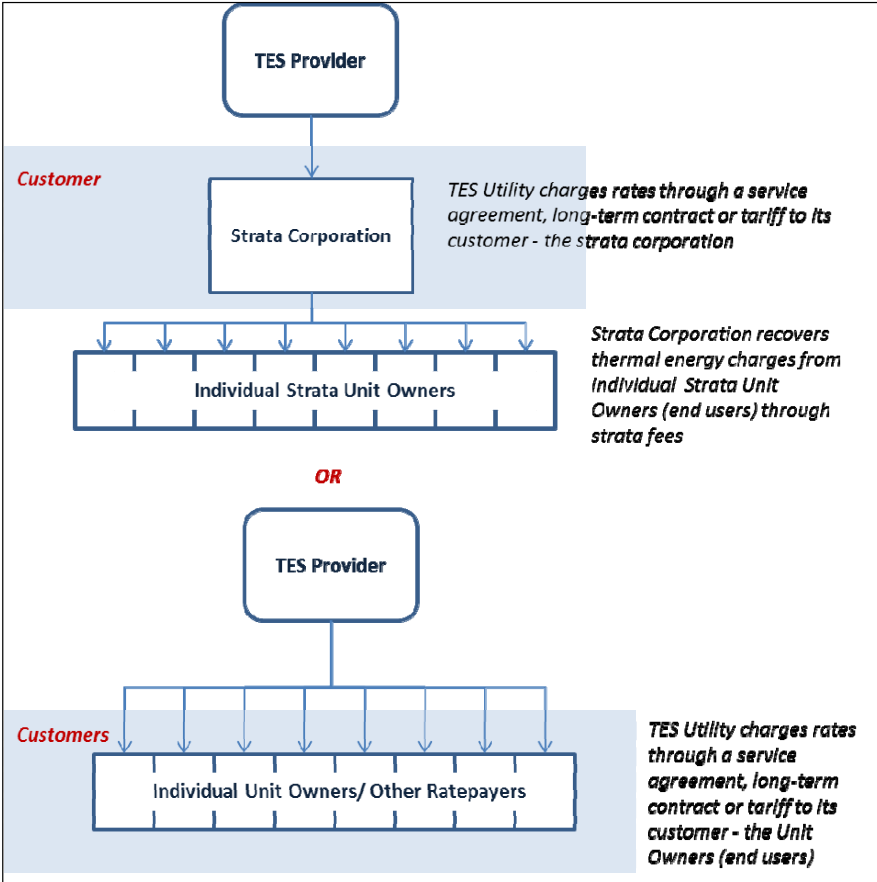
The UCA sets out the British Columbia Utilities Commission's (Commission) duties including regulatory oversight of public utilities. The UCA defines public utility as a person owning or operating equipment or facilities in British Columbia for the provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power to or for the public or a corporation for compensation. Although the UCA provides certain exclusions from the definition of public utility, a Thermal Energy System for the provision of Thermal Energy Services (TES) that meets the definition of a public utility in the UCA falls under the regulatory authority of the Commission and for the purposes of this Guide is referred to as a TES Utility.

A TES Utility Customer may include a person, Strata Corporation or individual strata unit owners or other ratepayers as depicted in the figure below.

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<sup>2</sup> 2010: Clean Energy Act

Figure 1: TES Customers



On December 27, 2013, the Commission issued its Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives (AES Report). The AES Report tasked Commission staff with conducting consultation on a scaled regulatory framework with input from stakeholders to establish the form or regulation required for TES's.<sup>3</sup> The scaled regulatory framework was to be developed in accordance with the Principles and Guidelines set out in Section 2 of the AES Report, including that the least amount of regulation to protect the ratepayer should be used, and that TES Utilities be encouraged to pursue market-based pricing mechanisms to increase efficiency, reduce costs and enhance performance as contemplated by section 60(1)(b) of the UCA.

On May 9, 2013, the Commission Secretary issued a letter initiating a public comment process on a Commission staff draft proposal for a streamlined regulatory approach for Thermal Energy System Utilities in British Columbia which included two rounds of stakeholder comments and two working sessions to review the draft proposal and proposed revisions. This TES Utility Regulatory Guide is the result of that process and is subject to Commission approval.

<sup>3</sup> FEI – AES Inquiry Report, Order G-201-12, p. 77-78

## 1.1 Purpose of this Regulatory Guide

In British Columbia (BC), any provider of Thermal Energy Services (TES) who meets the definition of “public utility” in the *Utilities Commission Act* is a regulated entity. The purpose of this Guide is twofold:

1. To assist TES Providers in understanding if they are a public utility as defined by the UCA; and
2. Instruct those TES Utilities who meet the definition of a public utility on how to prepare the information required to receive approval from the British Columbia Utilities Commission (Commission) to operate as a public utility in BC and the scaled regulatory approval process involved.

This Guide is intended to provide regulatory certainty to Customers and TES providers in this growing competitive market. However, this Guide may be revised or updated from time to time in order to incorporate lessons learnt and adjust to evolving market circumstances.

### 1.1.1 Who does this Regulatory Guide Apply to?

Sections 2 and 2.1 of this Guide introduce the UCA and the definition of a public utility therein. These sections are applicable to all TES Providers, and assist them in determining if they are public utilities. All subsequent sections of this Guide are only applicable to “TES Utilities” - those TES Providers that meet the definition of a public utility under the UCA.

## 2 THE UTILITIES COMMISSION ACT AND PUBLIC UTILITIES

The *Utilities Commission Act* (UCA) is the legislation which sets out the Commission's duties and authorities including regulation and general supervision of public utilities in BC. A TES Provider meeting the definition of public utility under the UCA therefore falls under the regulatory authority of the Commission.

### 2.1 Public Utility" under the *Utilities Commission Act*

Many TES Providers in BC are public utilities under the UCA because the UCA's definition of public utility includes the following:

"A person...who owns or operates in British Columbia, equipment or facilities for...the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power to or for the public or a corporation for compensation..."

If a TES Provider produces light, heat, cold or power for sale to or for the public, regardless of the type of fuel source (geo-exchange, waste heat, biomass, etc.) or technology they use for the production, it is a public utility under the UCA and subject to regulation by the Commission unless excluded under the UCA.

#### 2.2.1 Exclusions from public utility regulation under the UCA

The UCA specifically excludes the following from the definition of public utility and therefore from regulation by the Commission<sup>4</sup>:

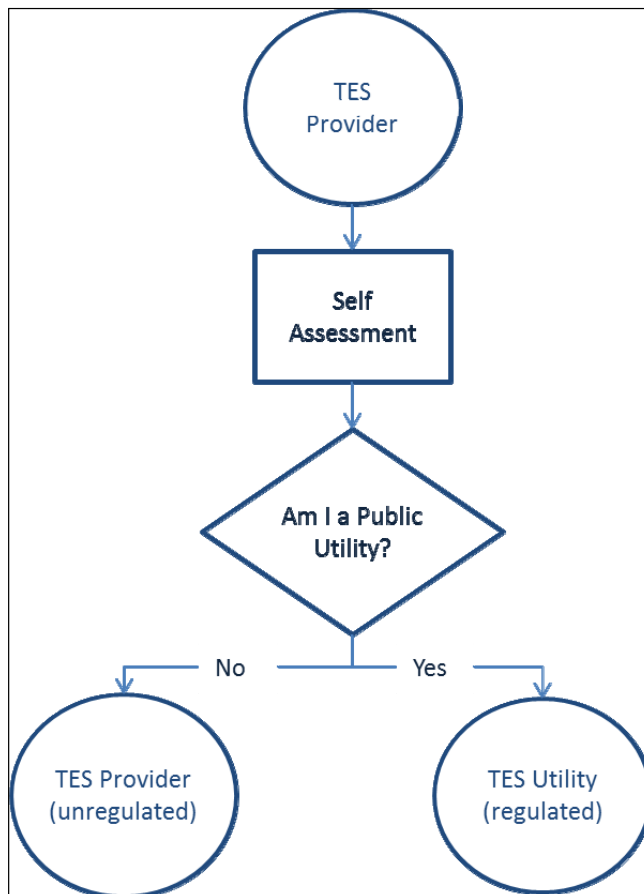
- a municipality or regional district providing services within its own boundaries;
- a person not otherwise a public utility who provides the service or commodity only to employees or tenants, if the service or commodity is not resold to or used by others; and
- a person not otherwise a public utility who is engaged in the production of a geothermal resource, as defined in the *Geothermal Resources Act*.

If a TES Provider falls under an excluded category above it is not subject to regulation by the Commission and does not have to take further action with the Commission. Most TES Providers utilizing ground source heat are not considered to be engaged in the production of a geothermal resource as defined in the *Geothermal Resources Act*.

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<sup>4</sup> Please refer to the UCA for the exact wording with respect to those energy providers which are excluded from the definition of public utility to determine if a specific TES is subject to public utility regulation. . If a TES proponent is unsure if it is excluded from the definition of a public utility it should contact the Commission Secretary (information on inside cover page of this Guide) and/or seek legal advice.

**Figure 2: Is the TES Provider a TES Utility**



The remaining sections of this Guide are only applicable to TES Providers who meet the definition of public utility under the UCA hereafter, referred to as a “TES Utility”.

## **2.2 Role of the British Columbia Utilities Commission**

Pursuant to the UCA, the Commission is responsible for general supervision of public utilities in British Columbia. The Commission’s role is to ensure that public utility customers receive reasonable, safe, adequate and fair service without undue discrimination or inconvenience at just and reasonable rates and that the utility’s shareholders have a reasonable opportunity to earn a “fair” return on their investment – all in accordance with the public interest. This concept is the regulatory value proposition.

The Commission grants approval for public utilities to be constructed, to operate, to make expenditures and to charge rates to customers. The Commission also has the authority to impose administrative penalties upon utilities if they do not comply with the requirements of the UCA or with Commission Orders. For more information on the Commission please visit [www.bcuc.com](http://www.bcuc.com).

### 2.3 Responsibilities and Restraints upon Public Utilities

Part 3 of the UCA lists the duties, responsibilities and restraints imposed upon a public utility, including TES Utilities, and the Commission. Applicants should take note of these requirements. Some of these include, but are not limited to, the summarized requirements below. The Commission will use its discretion to determine other sections of the UCA that will be applied.

A copy of the UCA can be found at: [www.bclaws.ca/EPLibraries/bclaws\\_new/document/ID/freeside/00\\_96473\\_01](http://www.bclaws.ca/EPLibraries/bclaws_new/document/ID/freeside/00_96473_01).

Section of the UCA	Content	Comment
45-46	No person shall begin the construction or operation of any utility plant or equipment without first obtaining a Certificate of Public Convenience and Necessity.	Covered by this Guide
49	The Commission may order a public utility to provide a detailed report of finances and operations. (i.e. an Annual Report)	
59-60	A public utility must not charge rates that are unjust, unreasonable, unduly discriminatory or unduly preferential.	
61	The only rates that can be charged by a utility are those filed with the Commission.	
24	The Commission must make examinations and conduct inquiries necessary to keep itself informed about the conduct of public utility business, compliance of public utilities with the UCA, regulations or any other law, and other matters in the Commission's jurisdiction.	Ongoing responsibilities of the TES Utility and the Commission  May be examined /requested upon Commission's receipt of a complaint
25	The Commission may order a utility to improve service after a hearing that finds the service of the public utility unreasonable, unsafe, inadequate or unreasonably discriminatory.	
31	The Commission may make rules governing conditions to be contained in agreements entered into by public utility for their regulated services or for a class of regulated service.	
38	A public utility shall furnish a service that is adequate, efficient, safe, just and reasonable.	
41	No public utility shall cease operation without permission.	
42	A public utility shall obey the orders of the Commission.	
43	A public utility shall provide information and complete and return forms required by the Commission.	
44	A public utility shall have an office in British Columbia in which all its accounts and records shall be kept.	
49	The Commission may order a public utility to keep records and accounts, and provide a detailed report of finances, operations, and accidents, in the form the Commission specifies.	
50	A public utility shall not borrow, unless payable within one year, or guarantee payment of a loan, without first obtaining approval from the Commission.	
52	A public utility shall not dispose of its property without first obtaining the approval of the Commission.	
53-54	A public utility shall not consolidate, amalgamate or merge with another person (or corporation), or permit the transfer of its shares to another person without first obtaining approval.	
57	The Commission may require a public utility to create and maintain a reserve fund.	

### 3 TES UTILITY STREAMS- SCALED REGULATION

As indicated in Section 2.2, TES Providers who meet the definition of a public utility are termed a TES Utility. The Commission is of the view that scaled regulation is appropriate for a TES Utility because a competitive market exists, at least at some stage of development in the TES marketplace. This is in contrast to traditional natural monopoly distribution utilities for which no or very little competition exists or is efficient. The competitive market offers consumers protection for which regulation is meant to be a proxy. When competition exists scaled regulation, as set out in this Guide, is appropriate.<sup>5</sup> In addition, scaled regulation enables efficient regulation and approvals in support of the BC Energy Objectives discussed in the Introduction.

Upon receiving the required approvals and issue of this Regulatory Guide, TES Utilities will be regulated under a scaled regulatory framework according to three categories, as follows:

- i. **Exempt TES Utilities:** Subject to LGIC approval, TES Utilities in this stream will continue to be public utilities under the UCA but will be exempt from regulation by the Commission other than section 42 and 43 of the UCA.
- ii. **Stream A TES Utilities:** TES Utilities in this stream will be under “light-handed” regulation in which regulation is by complaint.
- iii. **Stream B TES Utilities:** TES Utilities in this stream are regulated similar to other public utilities, though through a streamlined Certificate of Public Convenience and Necessity (CPCN)<sup>6</sup> and Rate Application process.

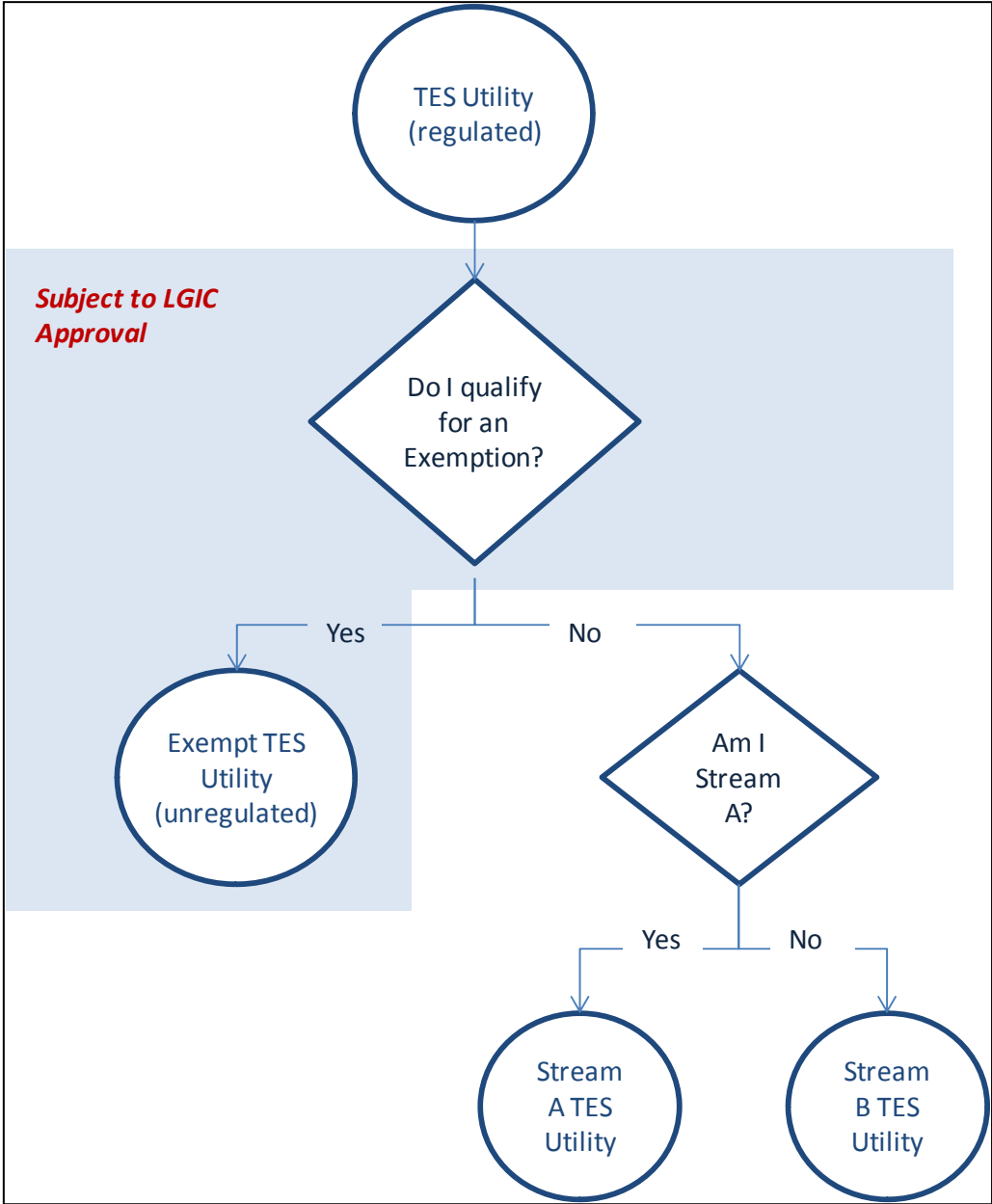
These three streams are further defined in the following sections. The TES Utility is responsible for self-assessing which stream it falls within and making applications accordingly. The Commission ultimately decides the stream applicable to the TES Utility and regulates accordingly. The following diagram illustrates this process and provides appropriate section references to assist a TES Providers in determining which Stream it should apply to the Commission as.

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<sup>5</sup> For more information on TES, regulation and the competitive market, please refer to the Commission’s Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives.  
[Hwww.bcuc.com/Documents/Decisions/2012/DOC\\_33023\\_G-201-12\\_FEI-AES-Inquiry-Report\\_WEB.pdf](http://www.bcuc.com/Documents/Decisions/2012/DOC_33023_G-201-12_FEI-AES-Inquiry-Report_WEB.pdf)

<sup>6</sup> Sections 45 and 46 of the UCA address CPCNs.

Figure 3: TES Utility Self-Assessment of Regulatory Stream

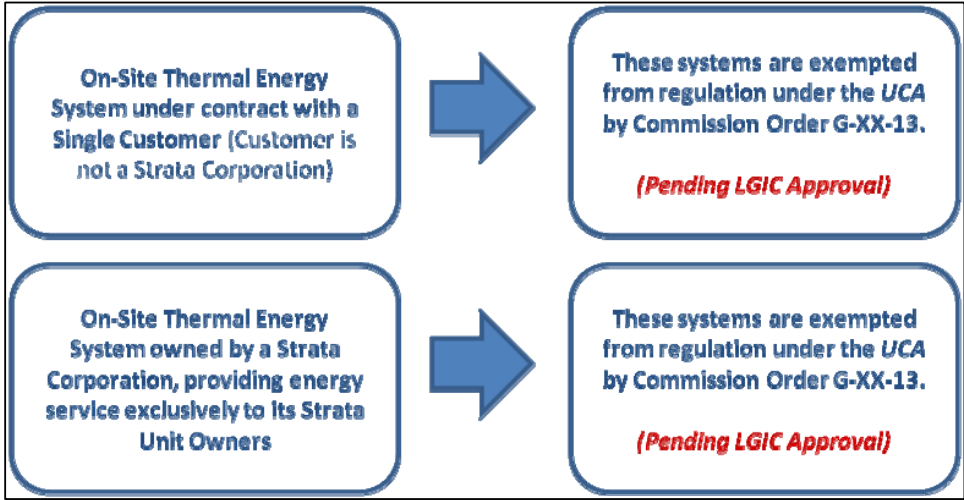


**3.1 Proposed exemptions from regulation by Commission Order**

Pending approval from Lieutenant Governor in Council (LGIC)<sup>7</sup>, the Commission will exempt TES Utilities with either of the following two types of TESs:

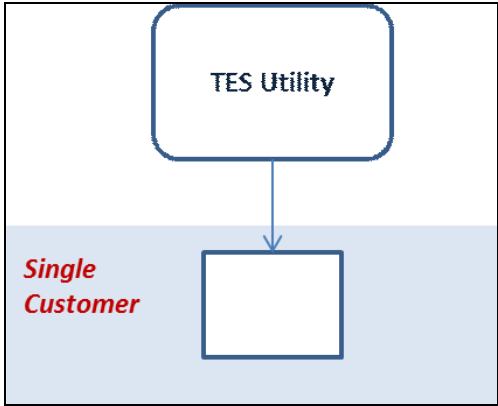
<sup>7</sup> Pursuant to section 88(3) of the UCA, the commission may, on conditions it considers advisable, with the advanced approval of the Lieutenant Governor in Council, exempt a person, equipment or facilities from the application of all or any of the provisions of the UCA or may limit or vary the application of the UCA.



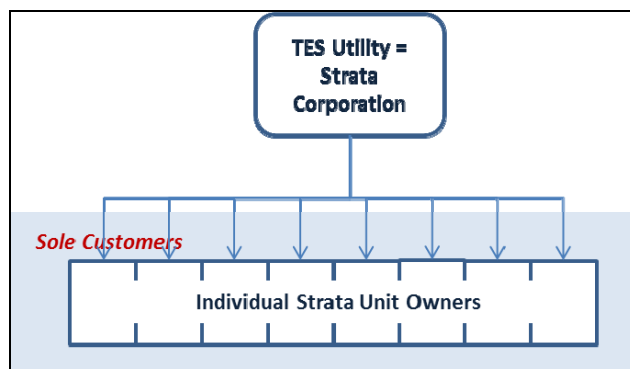


Please refer to the Orders referenced above to determine if a specific TES meets the definitions of these Orders.

The Commission proposes that in the event the TES Utility has a contract with a single customer that is not a Strata Corporation, the TES Utility does not warrant regulation. This is because this is a two-party transaction. In the Commission’s view, in this situation, no public interest oversight is needed and just like contracting for any competitive service, the parties should carefully review the terms of the contract before entering into a contractual relationship.



Further, the Commission proposes that a TES Utility that is owned by the Strata Corporation and exclusively serves the Strata owners, does not warrant regulation. A Strata Corporation that owns the TES Utility and provides energy exclusively to its Strata Unit Owners is subject to the *Strata Property Act* which offers some recourse and consumer protection to Strata Unit Owners who are dissatisfied with the manner in which the Strata Corporation operates. Thus, to prevent legislative overlap, it is proposed that Customers should find recourse under the *Strata Property Act*, and not through the Commission under the UCA.



Therefore, the Commission will seek approval from the LGIC to exempt these two types of TES Utilities from regulation. Once approved by LGIC, exempted TES Utilities will not be required to take any further action before the BC Utilities Commission. However, Sections 42 and 43 of the UCA, which deal with the public utility's duty to obey orders and provide information that the Commission requests, will continue to apply to these exempted TES Utilities.

Customers (and end-users associated with the Customer) of these systems do not have recourse to the Commission if they are unsatisfied with the service provided by the exempt TES Utility.

All TES Utilities that are not exempted will be determined to be either Stream A or Stream B TES Utilities, as characterized in the next two sections. Further, Stream A or Stream B will apply to all TES Utilities until such time as an exemption is approved.

### 3.2 Stream A TES Utilities

The following types of TES Utilities are determined by the Commission to be a Stream A TES Utility:

- On-Site TES Utility with certain characteristics; and
- Existing TES Utility (TES that were operational without a CPCN or CPCN exemption prior to [the date of this Guide]).

Stream A is intended to cover On-Site TES Utilities, including those with more than one customer and those selling to a Strata Corporation.

A Stream A TES Utility will be considered for specific CPCN, rate-setting and long-term resource planning exemptions, explained in Section 4.2.

#### 3.2.1 On-site TES with Certain Characteristics

There are certain characteristics of an On-Site TES Utility that enable more light-handed regulation. A TES Utility which meets the description of On-Site TES and satisfies the criteria of need and scale in the table below is a Stream A TES Utility. The Commission further determines that a Stream A TES Utility can appropriately be regulated by complaint as an efficient form of rate-payer protection.

TES meets the description of an On-site system:

the thermal generation and distribution facilities are located on the same Site as the thermal load;

- designed to meet the energy demands of a specific Site (one or more customers or buildings).
- shares common thermal generation or distribution facilities with one or more customers or buildings on a single Site but there are no shared or common thermal generation or distribution facilities beyond the boundaries of a single Site.
- there are no or very limited use of public rights of way or public streets.

On-Site  
Description

AND

The TES provides thermal energy to an existing building(s) or to a new building(s) planned as part of a single municipal building permit process or a single development process.

Measure of *need*

AND

The TES Utility has an AACE Class 3 capital cost estimate of \$15 million or less.<sup>8</sup>

Measure of *scale*

### 3.2.2 Existing TES Utilities – TES Utility Operating prior to Issue of this Guide

An Existing TES Utility that has been operating without a CPCN (or CPCN exemption) prior to [the date of issue of this Guide] is considered a Stream A TES Utility and must file a Stream A registration with the Commission.

Any TES Utility that has been granted a CPCN will continue to operate under that CPCN.

### **3.3 Stream B TES Utilities**

A TES Utility that does not meet the Stream A characteristics described in section 3.2.1 is a Stream B TES Utility and must follow the regulatory requirements for Stream B TES Utilities set out in Section 4.3 below.

The Stream B TES Utility category is intended to include larger district energy type TES Utility not otherwise excluded from the definition of public utility (i.e. a system designed for intended future expansion to connect to future unknown customers and sites where the demand is uncertain and/or are larger than \$15 million in cost to construct).

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<sup>8</sup> To prevent low cost estimates, TES proponents should be aware that, if the Commission approves a project for Stream A based on an original capital cost estimate of \$15 million or less, and the utility actual capital cost is above \$15 million, and the utility tries to recover this overrun from customers and customers complain, the Commission may not allow the TES Utility to charge this cost to customers.

## **4 REGULATORY REQUIREMENTS FOR STREAM A AND STREAM B TES UTILITY APPLICANTS**

This Guide sets out the regulatory filing requirements for Streams A and Stream B TES Utilities. However, TES Utilities are still subject to all sections of the UCA unless specifically excluded. As discussed in Section 2.3 of this Guide, Part 3 of the UCA deals with the Commission's regulation of public utilities and sets out the obligations of the TES Utility and the Commission.

Applicants must take note of the requirements of the UCA sections referenced in Section 2.3 of this Guide and:

- a. ensure daily operations and record keeping of the TES Utility comply with the UCA;
- b. be aware that the Commission will use its discretion to determine what other sections of the UCA will be applied; and
- c. be aware that the Commission may administer penalties for failure to comply with the UCA.

### **4.1 Filing Documents with the Commission**

Stream A Registrations and Stream B Applications for a Thermal Energy System will be made to the Commission Secretary. All documents are to be filed in accordance with the Commission's document filing protocols available on the Commission's website [www.bcuc.com].

Documents are made public, except where special circumstances require confidentiality. If an Applicant wishes to keep an application or certain sections of an application confidential it must apply to do so and provide adequate justification to the Commission. Please refer to the Confidential Filings Practice Directive, available on the Commission's website at [www.bcuc.com].

#### 4.1.1 Documents Not Filed

Applicants must retain registration and application supporting documentation especially where that documentation is not required to be submitted to the Commission.

### **4.2 Stream A Regulatory Process and Requirements**

As shown in the process diagrams below, all Stream A TES Utility Applicants (either New or Existing TES Utilities) must file the Registration Form found at APPENDIX A. The Commission will confirm by Order whether the TES Utility is a Stream A TES Utility. If, upon review of the Application, the Commission finds that the Applicant is a Stream B TES Utility, it will notify the Applicant to reapply as a Stream B Utility, as per Section 4.3. .

#### 4.2.1 "New" Stream A TES Applicant Requirements

New Stream A TES Applicants, (those not operating prior to the issue of this Guide), must:

1. File a completed Registration Form (Appendix A) with the Commission for confirmation as a Stream A TES Utility;
2. Hold a Capital Reserve Fund or demonstrate financial assurance that meets specific requirements to assure reliability of energy services and mitigate potential future rate shock and intergenerational equity issues related to capital replacements (Appendix D);

3. Provide information as outlined on the Registration Form to the owner/developer for inclusion in a pre-purchase disclosure statement or to the Unit Owners/Other Ratepayers directly as a measure of disclosure and customer acceptance;
4. Ensure cost reasonableness in construction and operation by:
  - a. following a competitive bid process for the utility service and/or for the design and construction of the TES as a measure of cost reasonableness; and/or
  - b. providing any other satisfactory evidence to demonstrate cost reasonableness;
5. Follow the TES Rate Setting Guide (Appendix B) when setting rates to ensure reduced regulatory effort; and
6. Ensure the long-term contract for service or service agreement with its customers/Other Ratepayers includes certain provisions as a measure of consumer protection (Appendix C).
7. Ensure the rate schedules are available for public inspection on its company website or location of business. Stream A rate schedules do not need to be filed with the Commission.

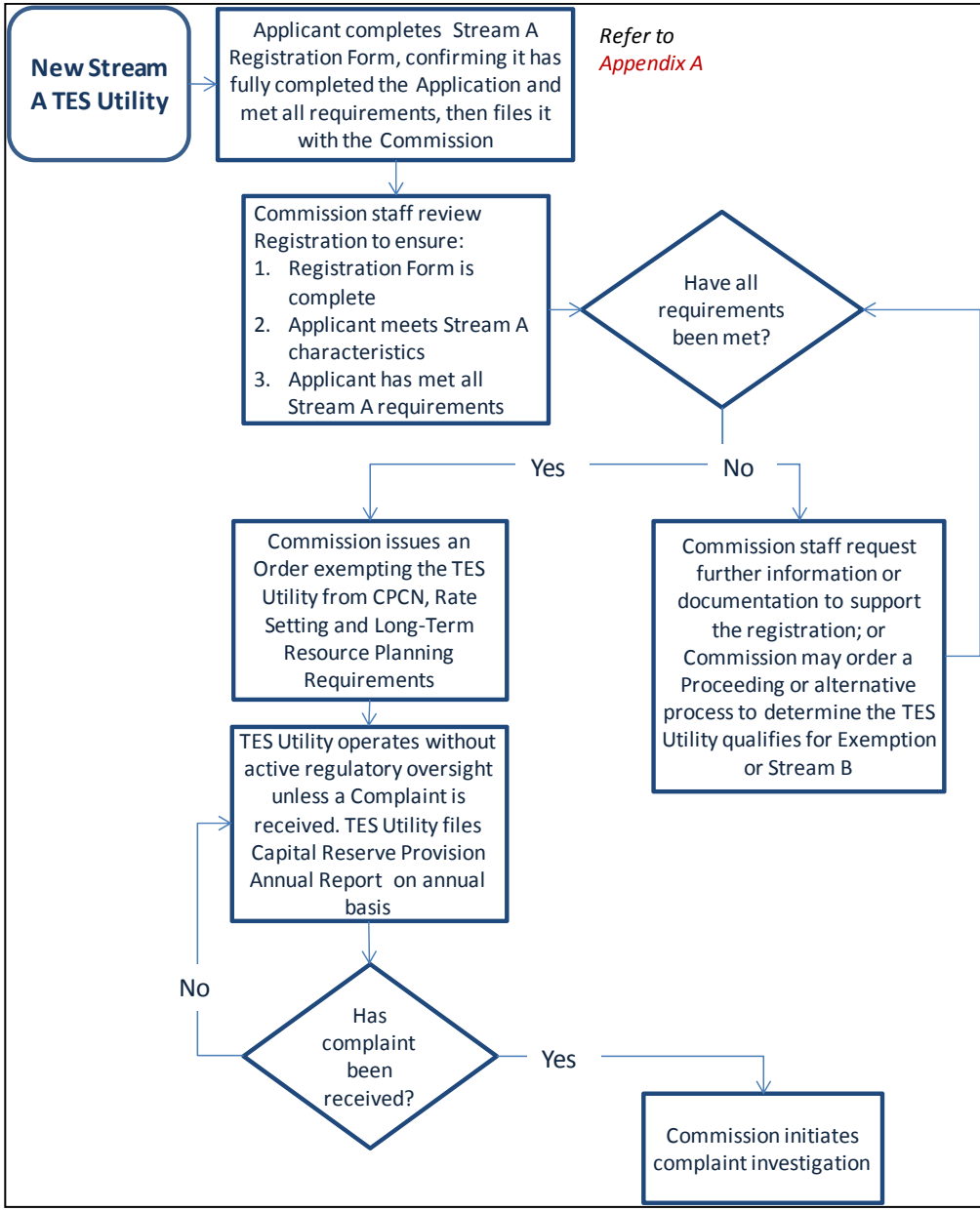
The Stream A TES Utility must ensure and attest that the requirements are met and will continue to be met. Annual report filing requirements are limited to ensuring the Capital Reserve Provision is being met (Appendix D). Other documentation discussed above is not required to be filed along with the Registration Form unless indicated in the Registration Form. However, if a complaint triggers a detailed regulatory review the Commission will review these items. Therefore a Stream A TES Utility must retain documentation in the event that a complaint process is initiated (described further in Section 4.2.3.).

#### 4.2.1.1 Commission Regulatory Review Process

When the Commission receives a Stream A Registration Form, Commission staff will review the information provided on the Registration Form to confirm if it is complete. Incomplete Registration Forms will be returned with a notice indicating where more information is required. It is important for the Applicants to ensure the information is clear, accurate and complete in the Form for the most efficient processing and confirmation of the Applicant as a Stream A TES Utility. Once a TES Utility is confirmed by the Commission to be a Stream A TES Utility, the Commission will issue an Order which will include exemption from a CPCN, Rate Setting and Long-term Resource Planning be applied.

It is the Applicant's sole responsibility to provide accurate information as the Commission may later confirm or test the information provided in the Registration Form if a complaint is received. At the time of Registration, the Commission will gather only the information needed to determine whether the applicant is a Stream A TES Utility or a Stream B TES Utility. The Stream A Regulatory process is shown below:

**Figure 4: Stream A Regulatory Process - New TES Utility**



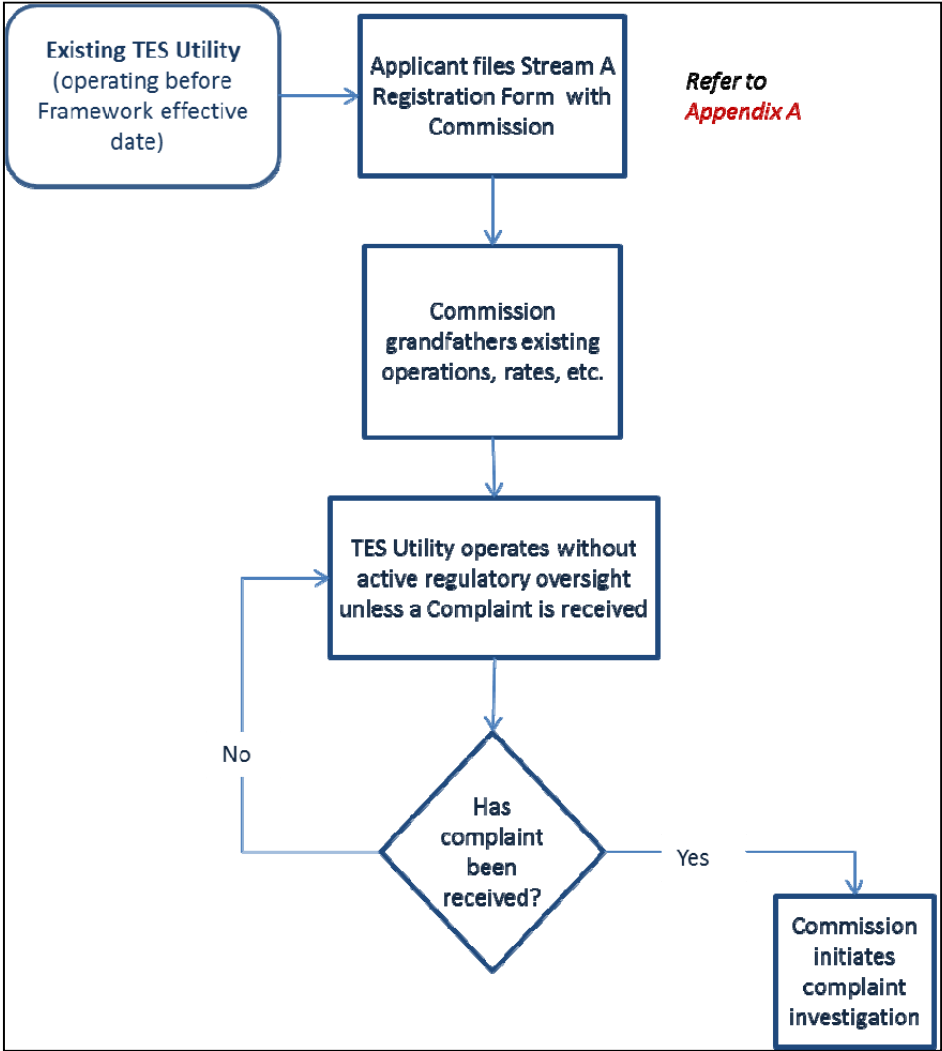
4.2.2 Existing TES Utility Applicant Requirements

As described in Section 3.2.2, an Existing TES Utility is a TES Utility that is in operation (in service date) prior to the release date of this TES Regulatory Guide.

An Existing TES Utility without a CPCN or where no previous CPCN exemption was granted must file a Stream A registration form with the Commission. The Commission will then determine the TES Utility to be in Stream A; however, the Commission will grand-parent the TES Utility to continue to operate as it was prior to release of this Guide. Therefore, with the exception of filing the Stream A registration form with the Commission, an Existing TES Utility does not have to implement the regulatory requirements set out for “new” Stream A TES

Utilities in the previous Section. However, Existing Stream A TES Utilities are encouraged to implement these features as prudent measures and will be subject to complaint based regulation.

**Figure 5: Stream A Regulatory Process - Existing TES Utility**



4.2.3 Commission Complaint Process

The Commission may review the rates or service of a Stream A TES Utility if a complaint is received or on the Commission’s own initiative. Complaints can be brought forward by any Customer of the TES Utility. Where the Customer is a Strata Corporation, the Strata Corporation may bring forward a complaint on behalf of the strata members (the Strata Unit Owners). Individual Strata Unit Owners who bring forward a complaint to the Commission will be directed to raise the issue with their Strata Corporation Council.

The Commission’s complaint process encourages the Customer and the TES Utility to try to resolve any differences amongst themselves first. A complaint to the Commission will only be considered if other forms of resolution are unsuccessful.

Upon receiving an unresolved complaint about a TES Utility's rates, service, etc., the Commission will conduct an initial review to evaluate the complaint. If warranted by the materiality of the complaint, the Commission will initiate a more robust regulatory review. This review may result in the Commission exercising its authority under the UCA, including, but not limited to, lifting the exemptions provided at registration, setting rates or ordering improvement of service for the Stream A TES Utility.

The onus is on the Stream A TES Utility to ensure it complies with the Stream A TES Utility requirements. A Stream A TES Utility must retain documentation or evidence that it has complied with these requirements in the case of a regulatory review initiated by complaint or by the Commission.

### **4.3 Stream B Regulatory Process and Requirements**

#### **4.3.1 Stream B Regulatory Requirements – Details**

As shown in the diagram below, all Stream B TES Utility Applicants must file a CPCN and Rates Application with the Commission. Specific Stream B TES Utility CPCN and Rates Application Guidelines are found at Appendix F. A TES CPCN and Rates Application may be filed at the same time or a TES Rates Application may be filed after a CPCN is approved by the Commission.

Upon receiving a CPCN Application, the Commission will first assess if the required information is provided and complete. If not, the Application will be returned with a notice of incomplete information indicating where more complete information is required. Upon initial review of the Application, the Commission may determine the Applicant TES Utility to be exempt or a Stream A TES Utility. If the TES Utility is determined by the Commission to be an exempt or Stream A TES Utility the Applicant will be directed to confirm it meets the applicable requirements. If the Applicant has questions on whether it is an exempt, Stream A or Stream B TES Utility before submitting a registration or application it should contact the Commission Secretary.

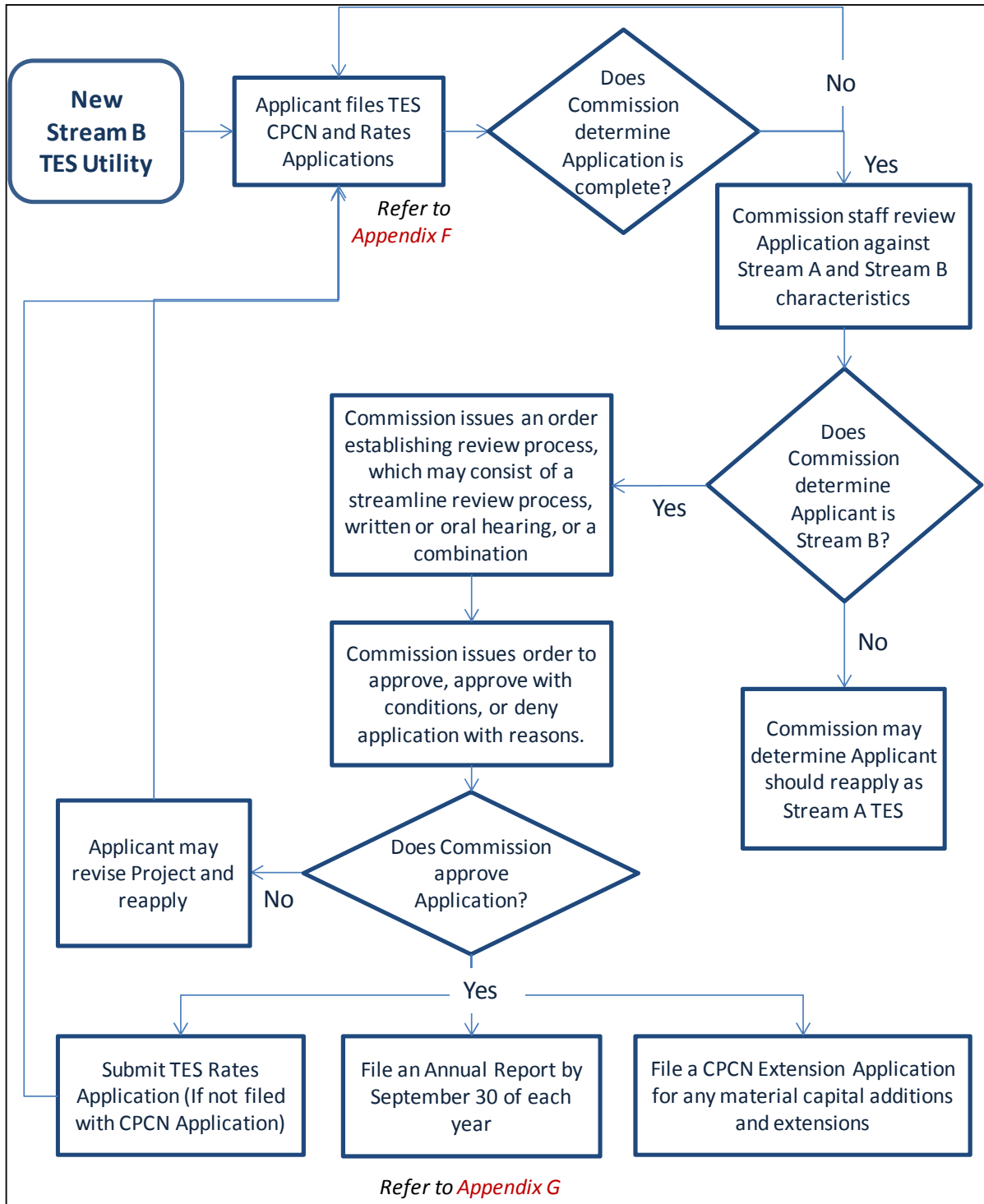
Applicants should allow one to three months for full review of a CPCN application. A Rates application review could take between two and four months for most Stream B TES Utility applications, depending on complexity and type of public review process determined by the Commission. If the Applicant requires an expedited review process to meet construction schedules, the Applicant may file and seek approval of a CPCN application first in order to get approval for construction of the TES Utility.

#### **4.3.2 Commission Regulatory Review Process**

The following figure describes the Regulatory Review Process for Stream B TES Utilities:



Figure 6: Stream B Regulatory Process



Construction of the TES cannot be commenced until a CPCN is obtained. The Commission aims for regulatory efficiency in all instances; that is the Commission will endeavour to set out the most efficient process appropriate for the Application.

Upon determining that the Applicant is as a Stream B TES Utility Application, the Commission will determine the process by which the Application will be reviewed. The review process may include “Interveners” registering, and Commission staff and Interveners asking “Information Requests” of the Applicant.<sup>9</sup>

After receiving approval for a CPCN authorizing the Applicant to construct and/or operate a Stream B TES Utility, the Stream B TES Utility must:

1. File a TES Rates Application if it has not done so. Stream B Applicants are encouraged to follow the Rate Setting Guide (Appendix B). This application will undergo a review by the Commission to set the rates the TES Utility can charge its customers. The Rates Application must include a Tariff (Appendix E).
2. Submit an Annual Report by September 30 of each year according to the guidelines set out in Appendix G.
3. File a CPCN Application for extensions of a material dollar amount the Stream B TES Utility wishes to construct (Extension Applications should follow the TES CPCN Application Guidelines at Appendix F).
4. File a TES Rates amendment Application as needed (APPENDIX F).

#### 4.3.3 Extensions to a Utility

Once a CPCN is granted for a Stream B TES Utility, a new CPCN Application or extension test will have to be filed if the TES Utility plans to install an extension to the TES. A CPCN for an extension or approval of an extension test must be granted prior to construction or operation of the extension. An extension is typically defined as a capital addition to the system of a material dollar amount. Please contact the Commission Secretary for further information if an extension is considered.

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<sup>9</sup> For more information on the Commission’s processes, please review the New User’s Guide available at: [www.bcuc.com/Documents/MiscDocs/NewUsersGuide.pdf](http://www.bcuc.com/Documents/MiscDocs/NewUsersGuide.pdf)

## 5 TES UTILITY REGULATION FEES AND COMMISSION COST RECOVERY

### 5.1 Stream A Registration Fee

The registration fee for Stream A Utilities is a one-time fee that considers the scale of the project and level of review for the Commission to confirm Stream A registration. Fees are to be submitted with the registration form. Fees reflect the Commissions costs of carrying out its responsibilities under the UCA and are scaled based on the capital cost of the proposed TES Utility as follows:

TES Utility Scale (System Capital Cost)	Stream A Registration Fee
Existing TES Utility (operating as of September 15, 2013)	\$500 (0\$ if received before December 31, 2013)
Small TES Utility (< \$150,000)	\$300.00
Med TES Utility (<\$500,000)	\$500.00
Larger TES Utility (>\$500,000)	0.1% of the Utility Capital Cost (per Registration Form)

### 5.2 Stream B Regulatory Cost Recovery

Stream B TES Utilities will be subject to the same fees and cost recovery as existing utilities in BC. An annual fee will be levied based on annually reported thermal energy sold. This BCUC levy is calculated annually to recover the ongoing costs of regulation. For reference, the 2013/14 BCUC levy has been set at approximately \$0.012586 per giga-Joule of energy sold. In addition, should the Commission determine that a Proceeding is required, direct proceeding costs will also be recovered from the TES Utility, charged separately from the levy, as the costs are incurred.

### 5.3 TES Utility Customer Complaint – Cost Recovery

The Commission’s complaint process encourages the customer and the TES utility to resolve any differences first. A complaint to the Commission will only be considered if other forms of resolution are unsuccessful. The costs of resolving a complaint through the Commission is a consideration in assessing the materiality of the unresolved complaint. Upon receiving an unresolved complaint about rates or service the Commission will conduct an initial review. There will be no charge to either the complainant or utility at this stage. If the complaint is qualified for further investigation by the Commission, the TES Utility will be notified and the Commission costs of the investigation will be recovered from the TES Utility.

### 5.4 Hearing costs (if applicable)

The TES Utility will be charged hearing costs should a complaint lead to a public review.



**APPENDIX A**  
to TES Utility Regulatory Guide  
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SIXTH FLOOR, 900 HOWE STREET, BOX 250  
VANCOUVER, B.C. V6Z 2N3 CANADA  
web site: <http://www.bcuc.com>

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

**APPENDIX A STREAM A REGISTRATION FORM**

By filing this Registration Form with the Commission, the Applicant attests that all information provided is true accurate and complete.

Stream A TES Utilities must retain documentation or evidence in support of the information provided in the Registration Form that may be required for future potential reviews initiated by complaint or by the Commission.

<b>Stream A TES Utility - Registration Form</b>			
<b>Applicant Information</b>			
Name of Applicant:		Company Name:	
BC Business Registration No.:		Year Registered:	
Full Address:			
Phone:		Email Contact:	
Publicly or Privately held Business:			
Owner/CEO (name and address):			
Board Chair (name and address):			
Name of Parent Company if applicable and address:			
<b>Project Information</b>			
Project Location (address)			
Is this an existing/operating or proposed TES Utility facility?		Planned or Actual in-service date? (YY/MM/DD)	
Description of the Project, including any TES utility facility phasing for build-out			
Service provided: space heating, cooling and/or domestic hot water			
Primary thermal energy sources	Heating:		
	Cooling (if applicable):		
Energy conversion technology used			
Back-up thermal energy sources	Heating:		
	Cooling:		
Buildings served: single or multiple. If multiple,			

how many?	
Total square meters served	
Municipal Development / Building Permit Number	
Is this New construction or retrofit?	
Location of TES Utility facilities. Include a map or schematic diagram if possible.	
Description of Energy Centre (drawing, diagram or description of equipment, connections etc.)	
Description of thermal energy distribution system	
Description of the use of municipal or public rights of ways	
Description of whether the system is sized for a single site and known energy demand or whether it is designed to be scalable and <u>intended</u> to connect to other systems, buildings or locations.	
Construction build-out period (years) for the site	
Any other information on service/energy provided and the scope of services and facilities.	
What back-up or alternate energy services will be available?	
Who will provide these back-up or alternate energy services? (i.e. the TES Utility or another Utility)	
How was the customer involved in the selection of the energy system? Name the customer(s) involved in the selection or signing of contracts / service agreements	
Number of customers / end-users: <ul style="list-style-type: none"> <li>• Initially;</li> <li>• In 5 years</li> </ul>	
Type of customers: (e.g.) <ul style="list-style-type: none"> <li>• residential/commercial/office;</li> <li>• individual tenants/strata corporation</li> </ul>	
Is (are) the Customer(s) obligated or restricted to taking service from the Utility? If so, how and why.	
What percent of the estimated TES facility cost was/will be competitively tendered? How else is cost reasonableness for construction of the facility assured?	
<b>Load Forecast and Analysis</b>	
Please provide the following information on the load analysis and energy demand forecast for the TES Utility Project, at full build-out:	

Has a load analysis and energy demand forecast been completed by a qualified person? (provide company name and individuals qualifications)			
Information on peak loads (MW) and annual loads (MWh) by thermal energy end-use in table format.			Total
	Peak Load (MW)	Heating	
		Cooling	
	Annual Loads (MWh)	Heating	
Cooling			
What is the method used to forecast the peak and annual loads? What are the key assumptions and design references used?			
What is the peak design output (MW) of the TES Utility facility (not including peaking/backup systems)?			
What is the peak design output (MW) of the peaking/backup system?			
Has the TES Utility been designed to meet the full peak load for the site? If not, please explain other sources of peaking energy available to customers.			
<b>Cost Estimate</b>			
Estimated Capital Cost (AACE Class 3 minimum)  (suggested cost line items, applicant may add additional line items as appropriate)	Category	\$, 000s	
	Equipment		
	Materials		
	Engineering / Design		
	Construction		
	Financing		
	Fees / Overhead		
	Other 'soft' costs		
Describe methodology for estimating Overhead and Other 'soft' costs			

Estimated Annual Operating Costs	Category	\$, 000s		
	Labour			
	Consumables			
	Sustainment Capital			
	Admin/Taxes / Overhead			
	Insurance			
	Other (specify)			
		Total		
Describe methodology for estimating sustainment capital and operating Admin / Overhead.				
<b>Requirements for <u>New</u> Stream A TES Utility Applicants</b>				
<b>Eligibility for Stream A TES Utility:</b> Confirm that the TES meets the description of On-site TES Utility of the TES Utility Regulatory Guide		<input type="checkbox"/> Description: Meets description of On-site TES Utility <input type="checkbox"/> Need: TES Utility associated with approved single development / building permit <input type="checkbox"/> Scale: TES Utility (system) capital cost of \$15 million or less		
<b>Disclosure:</b> Attach a copy of the long-term contract/service agreement that all customers have signed or will sign, prior to purchasing or initiating service that includes the required elements listed.  A “plain-language” explanation of the required elements it to be included with the contract / service agreement. (This should inform the thermal portion of any Disclosure Statement provided by the Developer, which individual strata owners have signed or will sign, prior to purchasing or initiating service that includes the required elements listed.  The TES should be able to confirm that they provided the Developer with the correct information, in the event of a dispute.)		<input type="checkbox"/> Contract / Service Agreement attachment included <input type="checkbox"/> “Plain-language” explanation attachment included <b>Required Elements:</b> <ol style="list-style-type: none"> <li>i. all Minimum Long-term Contract/Service Agreement Provisions listed in Appendix C;</li> <li>ii. all other payments the customer is or could be responsible for during or at the close or renewal of the contract;</li> <li>iii. rate calculation showing all components of the rate and escalators over the term;</li> <li>iv. sample energy bills at different consumption levels (typical for the type of construction and unit sizes); and</li> <li>v. a list of the energy services covered by the TES Utility and additional services that may be required (i.e. electricity).</li> </ol>		
Applicant attests to complying with other Stream A requirements (currently and ongoing):		<input type="checkbox"/> Holds a Capital Reserve Fund complying with Appendix D. (Attach calculation / engineers analysis showing Capital Reserve Requirement, Provision and Annual Contribution to Capital Reserve Fund as required) <input type="checkbox"/> Has ensured cost reasonableness in the design, construction and operation of the TES. <input type="checkbox"/> Follows the Rate Setting Guide (Appendix B) when setting rates.		

## **APPENDIX B TES UTILITY RATE SETTING GUIDE**

### **General Principles for TES Rate Setting**

In general, the Commission would like to see rates that:

adopt the competitive environment for the market (i.e. a competitive bidding process to ensure capital and operating cost effectiveness);

provide an equitable balance of risk and cost (such as forecast load and cost risk) between the utility and the ratepayer;

use the least deferral mechanisms possible;

restrict the ability of the utility to pass excess controllable costs onto ratepayers;

use the least amount of regulatory oversight to protect the ratepayer (minimize the regulatory burden and costs on the utility, ratepayers and the Commission); and

avoid Rate Shock (>10% change in rates per annum is generally considered "Rate Shock").

As well, according to the *Utilities Commission Act*, the Commission must approve rates that:

are just, reasonable and not unduly discriminatory or unduly preferential; and

encourage public utilities to increase efficiency, reduce costs and enhance performance.

In the AES Inquiry Report, Commission Order G-201-12 the Panel stated that, "Regulated TES utilities are encouraged to pursue market-based pricing mechanisms to 'increase efficiency, reduce costs and enhance performance' as contemplated by section 60(1)(b) of the UCA." The AES Panel also stated that "In keeping with the Principles and Guidelines set out in Section 2.2 [of the AES Report], the least amount of regulation to protect the ratepayer should be used."<sup>10</sup>

### **Specific TES Rate Setting Principles for Streams A and B**

As discussed in the TES Guide, Stream A TES Utilities must follow this Rate Setting Guide. This requirement is intended to provide Stream A TES Utilities with rate setting models that support the objectives of the Commission described above.

Stream B TES Utilities are also encouraged to follow the Rate Setting Mechanisms included in this Rate Setting Guide in their TES Rates Applications in order to best achieve the objectives above including the least amount of regulatory oversight to protect the ratepayer and ensure ongoing just and reasonable rates. As set out in those Guidelines, should a Stream B TES Utility propose a regulated Cost of Service rate-setting mechanism it must provide justification in their TES Rates Application as to why other Rate Setting Mechanisms are not feasible or desirable and how the selected rate-setting mechanism is better for achieving the Commission's objectives described above.

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<sup>10</sup> FEI – AES Inquiry Report, G-201-12, p. 77



**TES Utilities should be aware that the Rate Setting Mechanisms discussed in this Guide are not mutually exclusive nor are they limited to the mechanisms discussed in this Appendix alone. The Commission is open to other Rate Setting Mechanisms that the TES Utility employs or proposes, as long as it meets the general principles above.**

### **The Regulated Cost of Service Rate Setting Mechanism**

For clarity, a brief explanation of a regulated cost of service rate is provided for those unfamiliar to utility regulation:

In Cost of Service regulation, the regulator determines the Revenue Requirement—i.e., the “cost of service”—that reflects the total amount that must be collected in rates for the utility to recover its costs and earn a reasonable return.

It consists of a specific method or mechanism for setting rates. The basic ratemaking formula can be explained as follows:

Rate Base  
x Allowed Rate of Return  
= Required Return  
+ Operating Expenses  
= Revenue Requirement

The *Body of Knowledge on Infrastructure Regulation* provides the following definitions:

“Cost of service regulation: A form of regulation that determines prices based on the costs of serving different customers and producing different services. The procedure is sometimes criticized for not providing strong incentives for cost containment. See rate of return regulation.”

“Rate of Return regulation: A regulatory method that provides the utility with the opportunity to recover prudently incurred costs, including a fair return on investment. Revenue requirements equal Operating Costs plus the allowed rate of return times the rate base. This mechanism limits the profit (and loss) a company can earn on its investment. Regulatory lag and special incentive plans are often used to offset the disincentive to minimize costs under this mechanism. See cost of service regulation.”  
<http://regulationbodyofknowledge.org/glossary/>

### **Examples of Other Rate Setting Mechanisms**

Rate Setting Mechanisms can generally be considered to have two main components: 1) mechanisms for setting the initial rate; and 2) mechanisms for future rate adjustments.

#### 1) Possible Mechanisms for Setting the Initial Rate:

Examples of mechanisms for setting an initial rate or components of an initial rate are:

- i. set on a cost recovery basis;
- ii. leveled to address customer-base growth issues;

- iii. based on the avoided cost or business-as-usual competitive rate for the potential customer (business-as-usual must be based on a feasible energy alternative);
- iv. include a fixed component (i.e. capital cost or based on square footage) and a flow-through component (i.e. commodity or fuel cost);
- v. include a profit margin calculated as a percentage of operating margin or a percentage “management fee”; and
- vi. include a minimum volume (“take or pay”) clause.

2) Possible Mechanisms for Future Rate Adjustments:

Examples of mechanisms for adjusting an initial rate are:

- i. Indexed
  - Annual rate increases may be escalated by indexing to:
    - a Consumer Price Index or another publicly available index;
    - competitive fuels such as electricity, natural gas, fuel oils or other relevant commodities; or
    - market pricing if known or reasonably estimated.
- ii. Formula-based Mechanism
  - Annual rate increases are calculated through the use of a formula with an acceptable level or range of performance metrics.
    - These metrics may include customer service measures, performance, reliability, safety, etc.
  - The utility is then allowed to retain a portion of the cost savings for performing above that level and return a portion of the savings to the customers. On the other hand, it must bear a portion or all of the additional costs for performing at less than the set level.
- iii. Negotiated Rate Adjustments
  - Through negotiations between the utility and the Unit Owner(s)/Other Ratepayers (or the utility and developer *if* the future Unit Owner or Other Ratepayer “accepts” the rate through disclosure before purchase or initiating service from the utility), the parties sign a long-term agreement for service and rates which sets the rate escalator at an agreed rate.

There are also other components of rates, including:

- Performance Guarantees
  - A rate may be adjusted based on a utility meeting or failing to meet specified performance guarantees.
  - Failing to meet specified performance guarantees may also result in cost penalties to the utility which are cost savings to the Unit Owners/Other Ratepayers.
- “Rate re-openers”
  - Conditions under which the initial rate or escalator is reviewed and possibly revised, such as if the rate is below or above certain thresholds.

## APPENDIX C STREAM A MINIMUM LONG-TERM CONTRACT/SERVICE AGREEMENT PROVISIONS

Stream A Thermal Energy System (TES) Utilities may have a long-term contract or a service agreement setting out the utility's rates and terms of service.

The following are the minimum provisions that must be included in a long-term contract or service agreement for Stream A TES Utilities. Stream B TES Utilities are also encouraged to include these provisions, as applicable, in their general terms and conditions of service:

1. Rate(s) for service. The rate(s) must be set following the TES Rate Setting Guide (Appendix B). Include the first year rate and any rate escalator if appropriate.
2. Schedule of all fees to which TES Utility customers may be subject.
3. Minimum or maximum contract amounts and/or volumes, if any.
4. Clear identification in dollar terms of any front-end or back-end costs for which the Customer(s)/Other Ratepayers may be liable, in dollar terms.
5. Clearly defined penalties for early termination of contract. Where payment is required at termination of contract or service, contract or service agreement clauses must clearly state what is to be paid at different stages of the contract life including any contract expiry/non-renewal fees or charges. Penalties / fees are subject to the same tests of just, reasonable and not unduly discriminatory and must consider inter-generational equity issues.
6. Provision for the right to purchase and use assets, particularly in the event of TES Utility bankruptcy or other agreed grounds for termination.
7. Recourse to the Commission in the event of disputes and/or concerns with rates and services.
8. Telephone number or other means by which customers will be able to contact the utility, particularly regarding an emergency.
9. Description of facilities and trained personnel that will provide emergency response.

A Stream B TES Utility may use service agreements or a tariff to set out the terms and conditions of service and rate schedules. All utilities' tariffs are available for inspection at the Commission. . A sample tariff is included as Appendix E to this Guide. Applicants may refer to this sample tariff for guidance on layout, formatting and provisions of a service agreement or tariff.

## APPENDIX D STREAM A CAPITAL RESERVE PROVISION CRITERIA

### Purpose:

The purpose of the Capital Reserve Provision is to ensure TES Utilities which might typically be smaller in size are able to replace equipment essential to maintaining safe and reliable thermal energy service in situations where equipment either fails to operate prior to its end of life or comes to the end of its planned useful life and needs to be replaced.

There are two primary considerations related to equipment failure:

- 1) Service interruption backup and,
- 2) Replacement capital needs.

The first item, service interruption mitigation in the event of equipment failure, should be a full consideration in the design and set-up of the TES Utility. Back-up energy service, redundancy, rapid deployment of backup energy service through insurance etc. are some of the options that the TES Utility must have considered and have available. Back-up energy sources, interruption insurance or operating budget allowances are methods to prevent or recover from an interruption in service until equipment replacement can occur.

The second item, timely replacement of assets for both planned and unplanned replacement is the primary function of the Capital Reserve Provision. The TES Utility must assure its customer(s) and the Commission through an annual assessment and report that the TES Utility has adequate resources at its disposal to replace equipment on an ongoing basis. Where other methods of assurance do not fulfill the Capital Reserve Requirement, a Capital Reserve Fund shall be opened by the TES Utility. The TES Utility may use a portfolio approach in applying the Capital Reserve Provisions where a single utility manages multiple TES Utility projects.

### Annual Reporting

An annual report filed on September 30 of each year shall provide the calculation of the Capital Reserve Requirement and Capital Reserve Provisions including any Capital Reserve Fund for both categories of assets below:

- 1) Assets with a very low probability of failure but a high cost to replace or high impact on service (e.g. Ground loop)
- 2) Assets / Equipment that are expected to fail or to be replaced during the term of the TES.

For both categories, the TES Utility must provide its calculation for the Capital Reserve Requirement. It must also provide a balance sheet showing how the Capital Reserve Requirement for both categories is met by the specific Capital Reserve Provisions. Capital Reserve Provisions that would count toward the Capital Reserve Requirement could include, specific warranties, insurance policies (general or specific, i.e., earthquake), cash balance, line of credit, Parental guarantee / letter of credit and sustainment capital balance collected in revenues or other financial assurance as provided by the TES Utility that is acceptable to the Commission. The TES Utility must ensure that the Capital Reserve Provisions equal or exceed the amounts calculated as the Capital Reserve Requirement for both categories in each year. If a short-fall exists the TES Utility must open a Capital Reserve Fund (CRF) on behalf of its customer(s) to manage the difference should one exist in any year. The annual report should be prepared by and include the signature(s) of a qualified professional with expertise in the establishment and maintenance of a Capital Reserve Fund (CRF).

### Management of CRF

1. The TES Utility must account for money in the CRF separately from other money in the corporation.
2. The CRF shall be held in trust for the customer(s) of the TES Utility and remains with the utility assets in the event of a change in ownership.
3. The TES Utility must invest all of the money in the CRF in an insured account with a savings institution in British Columbia.
4. Any interest or income earned on the money in the CRF becomes part of the fund.
5. The TES Utility must provide a summary of account for the CRF from the savings institution each year to its customer(s) including an account of any funds withdrawn to replace equipment. This should be included in the Annual Report to its customer(s) and the Commission.
6. The TES Utility must not spend money from the CRF unless the expenditure is consistent with the purpose of the fund as set out above.

### How will a CRF be built up?

The TES Utility is responsible for contributing to the fund from revenues collected for the specific Thermal Energy Service. The TES Utility must use a separate charge (line item) on the customer(s) bill and apportion the amount to each customer in a just, reasonable and non-discriminatory way considering the principle of cost causation. Once the Capital Reserve Requirement is met, the charge should be stopped unless an expenditure causes the fund to be depleted at which time the charge is resumed until the Capital Reserve Requirement is reached again.

### What if the TES Utility builds sustainment capital into its O&M budgets?

Operating and Maintenance budgets are important aspects of maintaining a safe and reliable energy service / facilities. Sustainment "capital" as well as any other expenses in an O&M budget should be for expenses that are planned to occur in each year. Such expenses might include consumables, inspections, calibrations, re-fills, adjustments or repairs of the existing equipment. There should be no duplication in these O&M expenses which are normal determinants in an energy service price. Capital Replacement costs should not be included in O&M expenses but may be a separate Sustainment Capital item build into rates that builds as a balance for this purpose and may be a component of the Capital Reserve Provisions the TES Utility would use to assure it can meet the Capital Reserve Requirement. This is separate and distinct from a CRF.

### What is the maximum amount of the CRF?

The CRF should not exceed the Capital Reserve Requirement calculated by the approved method.

For Category 2 assets the Capital Reserve Requirement (CRR) is calculated by the following formula:  
CRR = replacement cost of the most expensive capital asset of the primary thermal energy system (not the back-up system).

For Category 1 assets that have a high cost or impact on service will require a risk assessment considering both probability of failure and impact to determine an appropriate CRR amount and provisions / risk mitigation options to cover this potential requirement. The risk assessments and provisions provided must be verified by a qualified engineer working for an independent third party and updated annually to ensure the provisions continue to meet or exceed the CRR.

The probability of failure must be determined using either referenced and published reliability data for the specific equipment / assets or by a qualified engineer.

What happens to the CRF at the end of the service contract?

For the purposes of regulated energy, including TES services, the presumption is that the service will be ongoing and the need may exist well beyond the term of any particular service contract or agreement. Should all service of the TES Utility at the site cease, the TES Utility must apply for dispersement of the CRF with the Commission.

In the event that any particular customer contract terminates or is not renewed, the CRF remains with the utility assets to the benefit of the remaining and future customers for the ongoing safe and reliable TES operation.

**APPENDIX E SAMPLE THERMAL UTILITY TARIFF**

This sample tariff is adapted from a non-thermal utility tariff so some sections may not be applicable to TES Utilities. Certain sections are greyed out to indicate they may not be applicable as written to TES Utilities.

ABCD UTILITY SERVICES LTD.

Sample Thermal Tariff Schedules

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Commission Secretary

Sample Thermal Tariff  
BCUC No. 1  
Original of Frontispiece

ABCD UTILITY SERVICES LTD.

**TARIFF**

STATING TERMS, CONDITIONS AND RATES  
FOR THERMAL SERVICE IN THE  
[LOCATION]

**ABCD SERVICE AREA:**

[Legal Service Area]

**EXPLANATION OF SYMBOLS ON TARIFF SHEETS**

A - SIGNIFIES INCREASE

C - SIGNIFIES CHANGE

D - SIGNIFIES DECREASE

N - SIGNIFIES NEW

O - SIGNIFIES OMISSION

**This Tariff is available for inspection at the Head Office of the Company, [Address]**

The offices of the British Columbia Utilities Commission, #600- 900 Howe Street. Box 250, Vancouver,  
British Columbia V6Z 2N3

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TERMS AND CONDITIONS

1. APPLICATION FOR SERVICE

Application for service for Thermal Energy shall be on a form provided by the Company (See Appendix 'A'). The application will become a contract upon commencement of service, and the provisions of the tariff will be a part of said contract.

2. CONNECTION CHARGE

A connection charge for thermal service of \$x will be made hereafter to all Customers within the boundaries of [ABCD Service Area].

3. SECURITY DEPOSIT

When Application for Service had been approved, the rules governing the amount of security deposit and the refund, if any, of the same are as follows:

- a) A domestic Customer being serviced under "GENERAL SERVICE RATE" shall be required to pay a deposit of \$x to the Company
- b) All Commercial/Industrial Customers taking thermal energy service under the "GENERAL SERVICE RATE" shall be required to pay a deposit equal to three months of the Customer's estimated gross revenue to the Company.
- c) All security deposits shall be refunded upon discontinuance of service or shall be applied against any unpaid balance of the account at that time.

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- d) The Company will pay on cash security deposits simple interest calculated at the average annual savings account rate of the bank with which it deals from the date of receipt of such deposit. Such payment shall be made in the form of a credit to the Customer's account, on the bill for the period ending May 31st of each year.

4. BILLING AND PAYMENT OF ACCOUNT

Bills are issued monthly and are due and payable when rendered to the Customer. Accounts remaining unpaid on the last day of the month in which they are rendered, are delinquent. Interest will be charged on delinquent accounts at the rate of x% calculated monthly (x%/annum).

5. ACCESS TO PREMISES

Employees of the Company shall have the right of access to the Customer's premises at all reasonable times for the purpose of making connections, disconnections, reading meters and checking Company's property.

6. CUSTOMER LOAD INCREASE

The Customer shall not substantially increase his connected load above that originally applied for, without first notifying the Company and obtaining its consent. In the event of damage to the Company's property as a result of a substantial increase in the Customer's connected load without the consent of the Company, the Customer will be held responsible for all such damages.

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7. DISCONTINUANCE OF SERVICE FOR NON-PAYMENT

The Company reserves the right to discontinue the Customer's thermal service if account arrears remain unpaid ten days after mailing of an arrears notice.

8. CUSTOMER'S INSTALLATION

The Customer is responsible for installation of the service entrance and meterbox with the duct system up to the property line, which shall be located at a point satisfactory to the Company. Work shall be done to [current standards], and ready for inspection by the Provincial Inspection Authority.

9. FRAUD OR OTHER VIOLATIONS

The Company reserves the right to discontinue service at any time, without notice, whenever the Customer has violated any agreement with the Company by fraud or other motives.

10. RESTRICTED CUSTOMER CONSUMPTION

The Customer shall not use the thermal energy supplied for any other purpose than that applied for, or sell or supply such thermal energy to other parties without the written consent of the Company.

11. TAMPERING WITH COMPANY'S EQUIPMENT

No persons shall make changes to Company's property without written consent of the Company. Any persons so doing, will be charged by the Company for the necessary corrective work and damages.

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12. POWER FACTOR

This Company will refuse service to installation or connections of any thermal energy apparatus, unless such installations are so designed and installed as to insure a power factor of eighty-five percent (85%) or better.

13. CHANGE OF METER LOCATION

A charge of \$x.00 will be made for changing the meter of point-of-service locations if so requested by the Customer for purposes other than the testing of the meter where such Customers are situated within the boundaries of [ABCD SERVICE AREA].

14. RE-CONNECTION

A charge of \$x will be made for the re-connection of each meter or service for Customers situated within the boundaries of [ABCD SERVICE AREA].

15. METER CHECKING

The meter shall remain the property of the Company and is subject to testing at regular intervals by [x]. That Department is responsible for the affixing of seal on the meter and the seal shall not be broken without the specific assent of the Department. If a Customer doubts the accuracy of the meter serving his premises, he may request in writing that it be tested. Such request must be accompanied by a payment of the following charges:

- |     |   |        |
|-----|---|--------|
| (a) | Meter removal charge  | \$x.00 |
| (b) | Meter inspection and testing fee<br>by independent testing laboratory,<br>at cost plus shipping cost. |        |

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16. TEMPORARY SERVICE

A Customer who is taking a temporary service shall pay to the Company in advance of construction, the cost which the Company estimates it will incur in installing and removing the facilities necessary to supply thermal energy. Such facilities shall include the extension, underground service and service hook-up. Such cost shall include charges for labour, administration and depreciation on materials as determined by the Company from time to time.

17. EXTENSION OF DISTRIBUTION LINES

A Customer requiring the extension of the main distribution lines, shall pay the cost of the extension either in cash before the commencement of construction or if the Company so agrees in writing, may be paid wholly or partially in kind.

If a subsequent Customer is connected to an extension described above, such Customer shall be required to pay the original half of the cost of the extension less 1/60 of such amount for each month which has elapsed, since the date the extension was first energized.

Each subsequent Customer connected, shall re-pay to each contributing Customer an amount according to the following formula.

Re-payment to each previous connected Customer	=	$\frac{A}{C! \times 60} (60 - n_1 - n_2 \dots n_{(x-1)})$
where A	=	cost of extension
$n_1, n_2, \text{ etc.}$	=	number of months that previous connected Customers are connected onto the extension
C!	=	the factorial of the final number of Customers on that extension

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18. EXTENSIONS OVER/THROUGH PRIVATE PROPERTY

Extensions of overhead and/or underground distribution lines over/through private property to serve Customer's premises, shall be built, owned, operated and maintained by the Company and shall be governed by the following rules:

- a) The Customer shall provide at the nominal cost of \$1.00 to the Company a clear right-of-way and easement acceptable to the Company, tree trimming and tree removal rights and right of access to the Company's equipment for furnishing, maintaining and terminating services.
- b) For premises containing multiple dwelling units, the Owner or Operator must provide service entrance Customer installations as under Section 8, for each unit and a separate metering for areas and uses, used in common.

The duct system and metering centre for such service extension shall be as stipulated under Section 8.

- c) For premises containing a commercial operation, the Owner or Operator must provide service entrance Customer installation for each operation and a separate metering for areas and uses, used in common. The duct system and metering centre for such service shall be the responsibility of the Owner or Operator. The extension of the distribution system to service the commercial operation shall be as stipulated under Section 17.

19. LIABILITY OF THE COMPANY RE SERVICE

The Company shall exercise reasonable diligence and care to furnish and deliver to the Customer thermal energy, in accordance with the several parts of the tariff heretofore mentioned in the [ABCD SERVICE AREA], but nevertheless shall not be liable for any loss or damage which may be occasioned to the Customer by any failure on the part of the Company to deliver such thermal energy, if such failure, interruption, loss or damage shall be caused by inevitable accident, Act of God, fire, strikes, riots, lock-outs, war or any other act beyond the control of the Company.

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20. ESTIMATION OF READINGS

The Company may estimate energy consumption and maximum power demand from the best evidence available where a meter has not been installed, or is not registering, or where the meter reader is unable to read the meter on his regular meter reading trip.

21. TERM OF SERVICE

Unless otherwise specifically provided for in these terms and conditions, the term of service, wherein applicable: (1) shall commence on the day that the Company's service is connected to the Customer's installation for the purpose of supplying thermal energy; (2) shall be for one year where the connection does not require more than a drop service, unless a shorter period is agreed to by the Company; (3) shall be for four years where additional facilities to those involved in an ordinary drop service are required, unless a shorter period is agreed to by the Company; and (4) shall continue thereafter until cancelled by written notice by either party.

22. POINT OF DELIVERY, METERING AND RE-SALE

For overhead service the point of delivery shall be where the Customer's circuit joins the Company's overhead system. For underground service the point of delivery shall be where the underground circuit enters the land owned or occupied by the Customer, unless otherwise stated in the service application or agreement.

Where separate points of delivery exist for supply of thermal energy to a single Customer or where more than one meter is required for any reason to measure the supply to the Customer under the same rate, the readings shall not be combined in the determination of the Customer's billings unless specifically authorized by the Company.

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23. TERMINATION OF SERVICE

The Customer must give the Company at least 24 hours notice, before vacating the premises after termination of the agreement covering the services. In the absence of such notice, the Customer will be held responsible for all thermal energy used on the premises and damage to all apparatus which are/or have become the property of the Company. The Company reserves the right to suspend or terminate service at any time to prevent fraudulent use of thermal energy, to protect its property or to protect its services to other Customers.

24. SALES TAX AND ASSESSMENTS

In addition to payments for thermal energy, the Customer shall pay to the Company the amount of any sales tax, consumption tax, or any other tax or assessment levied by any competent taxing authority on any thermal energy delivered to the Customer.

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APPENDIX A

New Customer Information Sheet

Name: \_\_\_\_\_

Address: \_\_\_\_\_

City: \_\_\_\_\_ Postal Code: \_\_\_\_\_

Phone: \_\_\_\_\_ e-mail: \_\_\_\_\_

Address:

---

Business Owner / HST # (if applicable) \_\_\_\_\_

Building Permit# \_\_\_\_\_

Estimated date for Hook ups \_\_\_\_\_

Date Hook ups Paid: \_\_\_\_\_

Method of Payment: \_\_\_\_\_

Meter # : \_\_\_\_\_

Security Tag #: \_\_\_\_\_

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APPENDIX B  
BACK-BILLING

DEFINITION

- 1 Back-billing means the rebilling by the Company for services rendered to a customer because the original billings are discovered to be either too high (over-billed) or too low (under-billed). The discovery may be made by either the Customer or the Company and may result from the conduct of an inspection under the provisions of the federal statute, the Electricity and Gas Inspection Act ("EGI Act"). The cause of the billing error may include any of the following non-exhaustive reasons or combination thereof
  - a) Stopped Meter
  - b) Metering equipment failure
  - c) Missing meter now found
  - d) Switched meters
  - e) Double metering
  - f) Incorrect meter connections
  - g) Incorrect use of any prescribed apparatus respecting the registration of a meter
  - h) Incorrect meter multiplier
  - i) The application of an incorrect rate
  - j) Incorrect reading of meters or data processing
  - k) Tampering fraud, theft or any other criminal act
  
- 2 Whenever the dispute procedure of the EGI Act is invoked, the provisions of that Act apply, except those which purport to determine the nature and extent of legal liability flowing from metering or billing errors

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available, reasonable and fair estimates may be made by the Company. Such estimates will be on a consistent basis within each customer class or according to a contract with the Customer, if applicable

- 4 If there are reasonable grounds to believe that the customer has tampered with or otherwise used the Company's service in an unauthorized way, or evidence of fraud theft or other criminal act exists, then the extent of back-billing will be for the duration of the unauthorized use, subject to the applicable limitation period provided by law, and the provisions of items 7, 8, 9 and 10 below do not apply

In addition, the Customer is liable for the direct (unburdened) administrative costs incurred by the Company in the investigation of any incident of tampering, including the direct costs of repaid, or replacement of equipment

Under-billing resulting from circumstances described above will bear interest at the rate normally charged by the Company on unpaid accounts from the date of the original under-billed invoice until the amount under-billed is paid in full.

- 5 In every case of under-billing or over-billing the cause of the error will be remedied without delay, and the Customer will be promptly notified by the error and of the effect upon the Customer's ongoing bill.
- 6 In every case of over-billing, the Company will refund to the Customer all money incorrectly collected for the duration of the error, subject to the applicable limitation period provided by law. Simple interest, computed at the short-term bank loan rate applicable to the Company on a monthly basis, will be paid to the Customer
- 7 Subject to item 4 above, in every case of under-billing, the Company will back-bill the Customer for the shorter of:

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- a) the duration of the error; or
  - b) six months for residential or small general service (commercial); and
  - c) one year for all other customers or as set out in a special or individually negotiated contract with the Company.
- 8 Subject to item 4 above, in all cases of under-billing, the Company will offer the Customer reasonable terms of repayment. If requested by the Customer, the repayment term will be equivalent in length to the back-billing period. The repayment will be interest free and in equal installments corresponding to the normal billing cycle. However, delinquency in payment of such installments will be subject to the usual late payment charges.
- 9 Subject to item 4 above, if a Customer disputed a portion of a back-billing due to under-billing based upon either consumption, demand or duration of the error, the Company will not threaten or cause the discontinuance of service for the Customer's failure to pay that portion of the back-billing, unless there are no reasonable grounds for the Customer to dispute that portion of the back-billing. The undisputed portion of the bill shall be paid by the Customer and the Company may threaten or cause the discontinuance of service if such undisputed portion of the bill is not paid.
- 10 Subject to item 4 above, back-billing in all instances where changes of occupancy have occurred, the Company will make a reasonable attempt to locate the former Customer. If, after a period of one year, such Customer cannot be located, the over or under billing applicable to them will be cancelled.

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GENERAL SERVICE RATE

<u>AVAILABILITY</u>	For all purposes including residential, commercial, industrial and street lighting
<u>APPLICABLE</u>	In the [ABCD SERVICE AREA]
<u>RATE</u>	Energy charge at x cents per GJ
<u>MINIMUM CHARGE</u>	\$x user charge per month for each residential dwelling, commercial and industrial contact
<u>SPECIAL CONDITIONS</u>	

1. Service to commercial/industrial Customers is provided only by special contract and such contract shall set out the payment required for the increased line capacity and any refund provisions.

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## APPENDIX F STREAM B TES CPCN AND RATES APPLICATIONS GUIDELINES

### Table of Contents

<b>1.0</b>	<b>Purpose of Guidelines</b>
<b>2.0</b>	<b>Filing Requirements</b>
<b>3.0</b>	<b>Stream B TES CPCN Application Review Criteria</b>
<b>4.0</b>	<b>Stream B TES Rate Application Review Criteria</b>
<b>5.0</b>	<b>TES CPCN Application Guidelines</b>
<b>6.0</b>	<b>TES Rate Application Guidelines</b>

### 1.0 Purpose of Guidelines

The purpose of the Stream B Thermal Energy System (TES) Certificate of Public Convenience and Necessity (CPCN) and Rates Application Guidelines (Guidelines) is to assist Stream B TES Utility Applicants in preparing the documentation required to support application(s) for approval of a CPCN to construct and operate a TES Utility, and rates to charge ratepayers. The Commission expects CPCN and Rate Applications will be prepared in accordance with these Guidelines so the review of these applications by the Commission can proceed as efficiently as possible.

These Guidelines set out the information required for approval under sections 45-46 and 59-61 of the *Utilities Commission Act (UCA)*.

### 2.0 Filing Requirements

A Stream B TES Utility Applicant may first file for a CPCN application followed by a Rates application or may apply for both a CPCN and Rates application for approval at the same time. If the Applicant requires an expedited review process to meet construction schedules, the Applicant should file and seek approval of a CPCN application first in order to obtain approval for construction of the TES Utility. Applicants should allow one to three months for review of a CPCN application. Upon receiving a CPCN application, the Commission will first assess if the required information is sufficient. If not, the application will be returned with a notice of insufficient information indicating where more complete information is required. A Rates application review could take between two and four months for most Stream B TES Utility applications, depending on complexity and type of public review process determined by the Commission.

TES CPCN and Rates Applications are to be made to the Commission Secretary. Applications must be filed according to the Commission's document filing protocols [refer to BCUC website, [www.bcuc.com](http://www.bcuc.com)]. A text recognizable and bookmarked electronic copy with working spreadsheets and five hard copies of the completed and signed TES CPCN and Rates Applications should be submitted. Applications are typically made public, except where special circumstances require confidentiality.

In the Application Form, the Applicant should provide the information requested in the CPCN and Rates Application Guidelines and any other information necessary to fulfill the regulatory requirements under the UCA.

An Applicant is expected to apply these Guidelines in a flexible and reasonable manner. These Guidelines are intended to provide general guidance regarding the Commission's expectations of the information that should be provided to the Commission while allowing the flexibility for an application to reflect the specific

circumstances of the Applicant, the size and nature of the project, and the issues that it raises. The Commission may revise these Guidelines from time to time and may require Applicants to provide further information to supplement material in filed applications (Information Requests) or may return an application where required information is missing or detail is found to be significantly lacking.

Applicants are encouraged to contact the Commission Secretary with any questions or concerns related to preparing their application. The Commission's website contains current and past proceeding documents which may serve as useful examples of the type of information the Commission typically requires.

### **3.0 Stream B TES CPCN Application Review Criteria**

Approval of a TES CPCN is governed by sections 45-46 of the UCA. The Stream B TES CPCN application will be reviewed to determine whether:

- i. the project scope and description is defined;
- ii. the project is in the public interest;
- iii. there is a need for the project;
- iv. the TES will provide safe, reliable and operationally sustainable service;
- v. the technical components of the project are designed by qualified persons;
- vi. peak design day and back-up energy/systems are provided for;
- vii. British Columbia's energy objectives are considered in the chosen system;
- viii. the risk of stranded assets is low or reasonably mitigated;
- ix. capital and operating costs are appropriately estimated and reasonable;
- x. project risks are identified, described and mitigated to a reasonable extent; and
- xi. the Applicant has the financial and project execution capacity for the ongoing project

A CPCN is granted by Order when the Commission is satisfied that the above requirements have been met. Approval of the CPCN authorizes the utility to proceed with construction and operation of the utility.

### **4.0 Stream B TES Rates Application Review Criteria**

Approval of TES Rates is governed by sections 59-61 of the UCA. A TES Rates application will be reviewed to determine whether:

- i. rates and tariff/contract terms are just, reasonable, not unduly discriminatory or preferential;
- ii. the rates encourage public utilities to increase efficiency, reduce costs and enhance performance; and
- iii. ratepayers are informed through appropriate disclosure of the energy service and rates.

The Commission will also consider:

- i. whether the TES Rate Setting Guide was followed and if not, if there is adequate justification; Bonbright's general rate-setting principles; and



- ii. whether any financial inter-generational equity issues arise.

Rates are approved when the Commission is satisfied that preceding requirements have been met. Approval of rates and the related tariff authorizes the utility to charge its customers for the service. Pursuant to section 62 of the UCA, public utilities must file with the Commission schedules showing all rates charged or collected and make these schedules available for public inspection.

## 5.0 TES CPCN Application Guidelines

**Applicants who are determined by the Commission to fall under Stream B are required to file the following information in support of a request for Commission approval of a CPCN.**

### 1. Applicant

- i. Name and address of the Applicant.
- ii. Description of the nature of the Applicant's business.
- iii. Utility ownership structure identifying all parties with a financial interest in the project, including name and address of all other parties having a direct interest in project ownership or management.
- iv. Evidence of the financial and technical capacity of the Applicant and other persons involved, if any, to undertake and operate the project.
- v. Name, title and address of the person with whom communication should be made respecting the application.
- vi. Name and address of legal counsel for the Applicant, if any.
- vii. Organizational chart of the project team, including the names of the Project Manager and Executive Sponsor for the project.

### 2. Technical Information

- i. Description of the project, including all ancillary or related facilities that are proposed to be constructed, owned or operated by the Applicant.
- ii. Information on the Project's:
  - a. location;
  - b. purpose;
  - c. size (square metres served);
  - d. scope;
  - e. facilities location options and preference;
  - f. safety and reliability considerations; and
  - g. auxiliary and/or backup energy sources.

- iii. Information confirming the technical feasibility of the Project, identifying assumptions and sources of data.
- iv. Evidence that the design energy capacity of the system has been appropriately determined and verified by a qualified person.
- v. Anticipated construction and operation schedule.
- vi. Load Analysis and Energy Demand Forecast for the Project:
  - a. description of methodology used to forecast peak load and energy demand including key inputs and assumptions;
  - b. forecast of floor area by building archetype (e.g., high rise, mid rise, row house, retail, etc.) including data sources and assumptions;
  - c. map of the TES Utility service territory with identification of buildings connected;
  - d. thermal energy end uses (e.g., space heat, domestic hot water, space cooling);
  - e. energy use intensities (EUIs) by thermal energy end use for peak load ( $W/m^2$ ) and energy demand ( $kWh/m^2$ ) including data sources and assumptions;
  - f. summary table of development schedule by year and building archetype or building including total sales (MWh) and peak (MW) for each year of the development schedule; and
  - g. future expansion of the project that is contemplated. Specify the size and location of the potential expansion.

### **3. Project Need, Alternatives and Justification**

- i. Provide reasons for the “need” for the Project:
- ii. Provide information on the feasible alternatives to the Project, including relative costs, benefits and associated risks of the feasible alternatives.
- iii. Describe and where possible provide evidence of any competitive bidding process used or that will be used for the Project.
- iv. Provide any information on municipal, provincial or other regulations that impact the need for this Project.

### **4. Financial Information**

- i. A capital cost estimate, stated in nominal as well as real dollars, identify an expected accuracy range and have, at a minimum, a Class 3 degree of accuracy as defined in AACE International Recommended Practice No. 10S-90, Cost Engineering Terminology (May 20, 2009);
- ii. Capital cost budget (including contingency) with supporting documentation showing:
  - a. any funds spent in prior years attributable to the project;
  - b. a list of all direct and indirect project costs using a work breakdown structure by year until completion;
  - c. escalation (including inflation) amounts;

- d. contingency amount;
  - e. interest during construction or allowance for funds used during construction and corporate overhead;
  - f. identification and explanation of any management or other reserves; and
  - g. any legal, regulatory and other non-project costs, including costs associated with public consultation.
- iii. The amounts and sources of any contributions (developer), grants and other funding.
  - iv. Forecast and treatment of Capital Reserve Fund balances and impacts.
  - v. Annual operating budget specifying major cost components.
  - vi. A description of emergency repair fund sourcing, size rational and access protocol.
  - vii. A description of sustaining/replacement capital fund sourcing, size rational and access protocol.
  - viii. Any additional fees or liabilities of any kind.
  - ix. Financial projections for various build-out scenarios to assess risk and required level of revenue requirements.
  - x. A schedule calculating the net present values of the incremental cost and benefit cash flows of the project and feasible alternatives, and justification of the length of the term and discount rate used for the calculation.
  - xi. Financial capability of the Applicant, including evidence of debt and equity financing for the project, company's accessibility to financing, company risk profile (credit worthiness, credit rating, access to parent company financing).
  - xii. Details on capital structure, cost of debt and equity regulated Cost of Service rate-setting mechanism is proposed.

## 5. Risk Assessment

- i. Identify and evaluate risk factors, explain who bears the risk, and what actions are available to mitigate these risks. Some examples of risk factors are:
  - a. technology risk;
  - b. fuel cost and availability;
  - c. customer base;
  - d. property development risk;
  - e. developer/customer connection risk;
  - f. load forecast uncertainty; and
  - g. financial risk.

Stream B TES utilities proposing a regulated Cost of Service rate-setting mechanism, should submit the risk matrix or an appropriate modification included as Appendix E of the Reasons for Decision attached to Order G-75-13 (BC Utilities Commission Generic Cost of Capital Proceeding Stage 1) to justify their case for the appropriate capital structure and risk premium over and above the benchmark ROE set by Order G-75-13.

## **6. Consultation with Stakeholders**

- i. Overview of the community, social and environmental setting in which the project will be constructed and operated;
- ii. Description of the information provided to and consultation efforts with the public, including the organizations, agencies, First Nations and individuals consulted;
- iii. Description of the issues and concerns raised during consultations, the measures taken or planned to address them, or an explanation of why no further action is required to address an issue or concern.

## **7. Information on Rates**

If a TES Rates Application is filed concurrently with the CPCN Application, please file the information requested in Section 7.0 TES Rates Application Guidelines. If a CPCN Application is filed alone, please provide an estimate of the energy rates in \$/MW the Utility would charge if a CPCN is granted by the Commission.

### **6.0 TES Rates Application Guidelines**

**Applicants who are determined by the Commission to fall under Stream B are required to file the following information in support of a request for Commission approval of Rates.**

#### **1. Applicant**

If the Applicant files a CPCN and Rates Application concurrently, no information is needed for this Section 1.

- i. Name and address of Applicant.
- ii. Name and address of Project.
- iii. Commission Order granting a CPCN for the Project.

#### **2. Rate(s) Application**

- i. Description and details of the proposed rates for the initial 5 years for all rate classes. Include information on:
  - a. the rate design (i.e. fixed /variable component, single/multiple rate classes, etc.);
  - b. how rate increases will be determined; and
  - c. why the rate design is fair and reasonable.
- ii. Options and terms for customers who enter into long-term contracts to opt out/cancelling the energy supply services.

- iii. Information confirming the proposed rates will be competitive with other service options that are available to customers in the new service area (if appropriate).
- iv. If the rate proposed is based on a regulated Cost of Service rate-setting mechanism provide the following:
  - a. analysis of alternative rate setting mechanisms for the Project;
  - b. justification as to why these alternatives are not preferable, making reference to:
    - 1. the natural monopoly characteristics of the system;
    - 2. the competitive market potential for the project;
    - 3. the utility's obligation to serve new customers; and
    - 4. rate setting mechanisms that encourage public utilities to increase efficiency, reduce costs and enhance performance.

### **3. Tariff**

File a proposed tariff. A sample tariff is provided as Appendix E to the TES Regulatory Guide for reference and tariffs for all utilities are available for viewing at the Commission's office.

Include 2 copies of the tariff as the Commission must approve and endorse one copy of the tariff for the Applicant before it is deemed effective.

## **APPENDIX G    STREAM B ANNUAL REPORT GUIDELINES**

Stream B Thermal Energy System (TES) Utilities must file an Annual Report<sup>11</sup> with the British Columbia Utilities Commission (Commission) by **September 30 of each year or within 6 months of the utility fiscal year end.**

As of the date of this Guide, these requirements are set out in Commission Letters L-36-94 and L-14-95. However, the Commission requirements for Annual Reports may change and Stream B TES Utilities should file an Annual Report by September 30 of every year that meets the most current requirements.

### **Annual Report Requirements from Letters L-36-94 and L-14-95:**

1. A capital budget statement that contains details on forecasted Certificate of Public Convenience and Necessity (CPCN) projects and other material capital projects and a summary report for all other capital projects;
2. Copies of income tax assessment and reassessment notices pertaining to utility business;
3. A list of topics covered in the management letters (the Commission may request copies of any management letters, or portions thereof, that have been prepared by the utility's external auditor in the course of the yearly audit of the utility's financial statements which address topics of concern to the Commission. The onus is on the utility to report any management letter issues to the Commission that would have a major impact on the utility);
4. A list of topics covered in the internal audit reports together with a brief description of each topic (the Commission may request copies of the internal audit reports or executive summaries of the internal audit reports);
5. A reconciliation, prepared by the utility and attested to by a Company officer, of the utility's year-end financial statements to the shareholders compared to the Annual Report to the Commission;
6. A report, prepared by the internal auditor or equivalent and attested to by a Company officer, which examines the utility's classification of certain expenditures, as specified by the Commission, according to the Uniform System of Accounts (the Commission may request a subsequent review by the utility's external auditor);
7. A report, prepared by the internal auditor or equivalent and attested to by a Company officer, which confirms the utility's compliance with the Commission's financial directions contained in Decisions and Orders; and
8. The filing of executive compensation information.

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<sup>11</sup> Under the *Utilities Commission Act*:

- A public utility must file with the commission at least once each year a statement in a form prescribed by the commission of the extensions to its facilities that it plans to construct. (s. 45(6));
- The commission may, by order, require every public utility to... provide, at the times and in the form and manner the commission specifies, a detailed report of finances and operations, verified as specified. (s. 49)



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

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

**APPENDIX H ORDER G-XX-13 – SINGLE CUSTOMER EXEMPTION**

**Exempting On-site Energy Systems with a Single Customer where that Customer is not a Strata Corporation**

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

and

An Application by the British Columbia Utilities Commission  
on behalf of On-site Thermal Energy Systems with a Single Customer  
where that Customer is not a Strata Corporation  
for an Exemption from Regulation as a Public Utility

**BEFORE:**        **xxxxxxx**, Commissioner

Date, 2013

**D R A F T O R D E R**

**WHEREAS:**

- A. On December 27, 2012, the British Columbia Utilities Commission (Commission) issued its Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives (AES Report). In the AES Report, the Commission states:

“In the case of [On-site Thermal] Energy Systems with a single customer, the Commission Panel finds that the [*Utilities Commission Act*] UCA requires regulation of these Systems...The Panel recommends that until such time as the UCA is amended, an exemption from regulation pursuant to subsection 88(3) of the UCA be considered for [On-site Thermal] Energy Systems with no natural monopoly characteristics or need for consumer protection.”
- B. The *Utilities Commission Act* (UCA) defines a “public utility”, in part, as “a person, or the person's lessee, trustee, receiver or liquidator, who owns or operates in British Columbia, equipment or facilities for... the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power to or for the public or a corporation for compensation...”
- C. Subsection 82(1)(a) of UCA allows the Commission, on its own motion, to inquire into, hear and determine a matter that under the UCA it may inquire into, hear or determine on application or complaint;
- D. Subsection 88(1) of the UCA allows the Commission to make an order, rule or regulation applying to all cases, or to a particular case or class of cases, or to a particular person;

- E. Subsection 88(3) of the UCA provides that the Commission may, with the advance approval of the Lieutenant Governor in Council (LGIC) and on conditions it considers advisable, exempt a person, equipment or facilities from the application of all or any of the provisions of the UCA, or may limit or vary the application of the UCA;
- F. On May 9, 2013, Commission staff proposed the exemption to the Thermal Energy System Utility Regulatory Framework stakeholders for comment and held two working sessions;
- G. On [date] 2013, the Commission approved and presented this proposal and stakeholders' comments to the LGIC for advance approval;
- H. In Order in Council No. [to be added], dated [date], 2013, attached as Appendix 1 to this Order, the LGIC grants advance approval to the Commission to exempt, from the UCA, the class of cases where a person, or the person's lessee, trustee, receiver or liquidator, other than a Strata Corporation, who owns or operates in British Columbia, equipment or facilities for the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power to or for one single customer, where that customer is not a Strata Corporation, for compensation.
- I. The Commission has considered the Application and has determined that this exemption from the UCA is in the public interest.

**NOW THEREFORE** pursuant to subsections 88(1) and 88(3) of the *Utilities Commission Act*, the Commission orders as follows:

- 1. Subject to Directive 2 of this Order, a person, or the person's lessee, trustee, receiver or liquidator, other than a Strata Corporation, who owns or operates in British Columbia, equipment or facilities for the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power to or for one single customer, where that customer is not a Strata Corporation, for compensation, is exempt from Part 3, except for section 42 and 43 of the *Utilities Commission Act*.
- 2. The exemption of a person referred to in Directive 1 of this Order only applies to that person if:
  - i. the person, or the person's lessee, trustee, receiver or liquidator is not a Strata Corporation;
  - ii. the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power is to or for not greater than one customer;
  - iii. that one customer is not a Strata Corporation; and
  - iv. the person files:
    - a. information that allows the Commission to determine that this Order applies to the person, and
    - b. The Commission determines that this Order applies to the person.

**DATED** at the City of Vancouver, in the Province of British Columbia, this                      day of [date] 20xx.

BY ORDER

Commissioner





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

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

**APPENDIX I ORDER G-XX-13 – STRATA EXEMPTION**

**Exempting Energy Systems owned by a Strata, providing service exclusively to Strata owners.**

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

and

An Application by the British Columbia Utilities Commission  
on behalf of On-site Thermal Energy Systems, owned by a Strata Corporation  
and Providing Service Exclusively to the Strata Corporation Owners  
for an Exemption from Regulation as a Public Utility

**BEFORE:** \_\_\_\_\_, Commissioner Date, 2013

**D R A F T O R D E R**

**WHEREAS:**

A. On December 27, 2012, the British Columbia Utilities Commission (Commission) issued its Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives (AES Report).

In the AES Report, the Commission states:

- the [Commission] recommends the use of exemptions, which are contemplated under the [Utilities Commission Act], where the Commission finds regulation is not warranted;
- B. The UCA defines a “public utility”, in part, as “a person, or the person's lessee, trustee, receiver or liquidator, who owns or operates in British Columbia, equipment or facilities for... the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power to or for the public or a corporation for compensation...”
- C. The *Strata Property Act*, Part 10 outlines recourse measures Strata owners may take against Strata corporations and arbitration processes to resolve disputes;
- D. Subsection 82(1)(a) of UCA allows the Commission, on its own motion, to inquire into, hear and determine a matter that under the UCA it may inquire into, hear or determine on application or complaint;
- E. Subsection 88(1) of the UCA allows the Commission to make an order, rule or regulation applying to all cases, or to a particular case or class of cases, or to a particular person;

- F. Subsection 88(3) of the UCA provides that the Commission may, with the advance approval of the Lieutenant Governor in Council (LGIC) and on conditions it considers advisable, exempt a person, equipment or facilities from the application of all or any of the provisions of the UCA, or may limit or vary the application of the UCA;
- G. On May 9, 2013, Commission staff proposed the exemption to the Thermal Energy System Utility Regulatory Framework stakeholders for comment and held two working sessions;
- H. On [date] 2013, the Commission approved and presented this proposal and stakeholders' comments to the LGIC for advance approval;
- I. In Order in Council No. [to be added], dated [date], 2013, attached as Appendix 1 to this Order, the LGIC grants advance approval to the Commission to exempt, from the UCA, the class of cases where a person, or the person's lessee, trustee, receiver or liquidator is a Strata Corporation, who owns in British Columbia, equipment or facilities for the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power exclusively to or for its Strata owners, for compensation.
- J. The Commission has considered the Application and has determined that this exemption from the UCA is in the public interest.

**NOW THEREFORE** pursuant to subsections 88(1) and 88(3) of the *Utilities Commission Act*, the Commission orders as follows:

- 1. Subject to Directive 2 of this Order, a person, or the person's lessee, trustee, receiver or liquidator, who is a Strata Corporation, who owns in British Columbia, equipment or facilities for the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power exclusively to or for its Strata owners, for compensation, is exempt from Part 3, except for section 42 and 43 of the *Utilities Commission Act*.
- 2. The exemption of a person referred to in Directive 1 of this Order only applies to that person if:
  - i. the person, or the person's lessee, trustee, receiver or liquidator is a Strata Corporation;
  - ii. the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power, for compensation, is exclusively to or for its Strata owners; and
  - iii. the person files:
    - a. information that allows the Commission to determine that this Order applies to the person, and
    - b. The Commission determines that this Order applies to the person.

**DATED** at the City of Vancouver, in the Province of British Columbia, this                      day of [date] 20xx.

BY ORDER

Commissioner



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

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

**APPENDIX J ORDER G-XX-13 – EXEMPTING STREAM A FROM S. 44(1) AND SS. 59-60 OF UCA**

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

and

An Application by the British Columbia Utilities Commission  
on behalf of Certain Thermal Energy Systems  
for an Exemption from s. 44(1) and ss. 59-60 of the *Utilities Commission Act*

**BEFORE:** \_\_\_\_\_, Commissioner

\_\_\_\_\_ Date, 2013

**D R A F T O R D E R**

**WHEREAS:**

- A. On December 27, 2012, the British Columbia Utilities Commission (Commission) issued its Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives (AES Report). In that Report the Commission set principles and guidelines on appropriate forms of regulation. These principles and guidelines are:
  - i. Where regulation is required use the least amount of regulation needed to protect the ratepayer.
  - ii. The benefits of regulation should outweigh the costs.
  - iii. The form of regulation should:
    - a. provide adequate customer protection in a cost effective manner;
    - b. consider administrative efficiency;
    - c. consider the level of expenditure, the number of customers, the sophistication of the parties involved and the track record of the utility in undertaking similar projects; and
    - d. require the provision of sufficient information to allow the Commission to assess the new business activity, and any rates to be set, against BC's Energy Objectives and the requirements of the *Utilities Commission Act* and the *Clean Energy Act*;
- B. The Thermal Energy System Utility Regulatory Guide proposes certain characteristics of public utilities that classify them to be a "Stream A Thermal Energy System Utility";
- C. Subsection 82(1)(a) of UCA allows the Commission, on its own motion, to inquire into, hear and determine a matter that under the UCA it may inquire into, hear or determine on application or complaint;
- D. Subsection 88(1) of the UCA allows the Commission to make an order, rule or regulation applying to all cases, or to a particular case or class of cases, or to a particular person;

- E. Subsection 88(3) of the UCA provides that the Commission may, with the advance approval of the Lieutenant Governor in Council (LGIC) and on conditions it considers advisable, exempt a person, equipment or facilities from the application of all or any of the provisions of the UCA, or may limit or vary the application of the UCA;
- F. On May 9, 2013, Commission staff proposed the exemption to the Thermal Energy System Utility Regulatory Framework stakeholders for comment and held two working sessions;
- G. On [date] 2013 the Commission approved and presented this proposal and stakeholders' comments to the LGIC for advance approval;
- H. In Order in Council No. [to be added], dated [date], 2013, attached as Appendix 1 to this Order, the LGIC grants advance approval to the Commission to exempt, from sections 44(1) and 59-60 of the UCA, the class of cases where a public utility that is determined to be a "Stream A Thermal Energy System Utility" by the Commission; and
- I. The Commission has considered the Application and has determined that this exemption from the UCA is in the public interest.

**NOW THEREFORE** pursuant to subsections 88(1) and 88(3) of the *Utilities Commission Act*, the Commission orders as follows:

- 1. Subject to Directives 2 and 3 of this Order, a person, or the person's lessee, trustee, receiver or liquidator, who owns or operates in British Columbia, equipment or facilities for the production, generation, storage, transmission, sale, delivery or provision of electricity, natural gas, steam or any other agent for the production of light, heat, cold or power for compensation, that is determined by the British Columbia Utilities Commission (Commission) to be a Stream A Thermal Energy System Utility, is exempt from sections 44(1) and 59-60 of the *Utilities Commission Act*.
- 2. The exemption of a person referred to in Directive 1 of this Order remains in effect for that person until the Commission, after a hearing on its own motion or after a hearing on a complaint by an interested person for which sufficient notice has been given to the persons the Commission believes may be affected, orders that the exemption no longer applies to the person referred to in Directive 1 of this Order.
- 3. The exemption of a person referred to in Directive 1 of this Order only applies to that person if:
  - i. The person files information that allows the Commission to determine that this Order applies to the person (Stream A Registration Form of the Thermal Energy System Utility Regulatory Guide); and
  - ii. The Commission determines that this Order applies to the person.

**DATED** at the City of Vancouver, in the Province of British Columbia, this                      day of [date] 2013.

BY ORDER

Commissioner

**APPENDIX K LEGISLATIVE REQUIREMENTS OF THE UTILITIES COMMISSION ACT**

Section of UCA	Staff Description	Wording (emphasis added)	Corresponding Section in the TES Utility Regulatory Guide	
			Stream A	Stream B
43(1)	DSM Report	A public utility <u>must</u> , for the purposes of this Act... (b) provide to the commission... (ii) a report, submitted annually and <u>in the manner the commission requires</u> , regarding the demand-side measures taken by the public utility during the period addressed by the report, and the effectiveness of those measures.	No requirement for Thermal Energy System Utilities at this time (the commission requires no manner of report at this time)	
44(1)	Long-term Resource Plan	(2) Subject to subsection (4), a public utility <u>must</u> file with the commission, <u>in the form and at the times the commission requires</u> , a long-term resource plan including all of the following: (a) an estimate of the demand for energy the public utility would expect to serve if the public utility does not take new demand-side measures during the period addressed by the plan; (b) a plan of how the public utility intends to reduce the demand referred to in paragraph (a) by taking cost-effective demand-side measures; (c) an estimate of the demand for energy that the public utility expects to serve after it has taken cost-effective demand-side measures; (d) a description of the facilities that the public utility intends to construct or extend in order to serve the estimated demand referred to in paragraph (c); (e) information regarding the energy purchases from other persons that the public utility intends to make in order to serve the estimated demand referred to in paragraph (c); (f) an explanation of why the demand for energy to be served by the facilities referred to in paragraph (d) and the purchases referred to in paragraph (e) are not planned to be replaced by demand-side measures; (g) any other information required by the commission.	Exempted by Order G-xx-13.  Regulatory review initiated by complaint	No requirement at this time.
44(2)	Expenditure Schedule	A public utility <u>may</u> file with the commission an expenditure schedule containing one or more of the following: (a) a statement of the expenditures on demand-side measures the public utility has made or anticipates making during the period addressed by the schedule;	No requirement	As needed

		(b) a statement of capital expenditures the public utility has made or anticipates making during the period addressed by the schedule; (c) a statement of expenditures the public utility has made or anticipates making during the period addressed by the schedule to acquire energy from other persons.		
45(1)	CPCN	Except as otherwise provided, after September 11, 1980, a person <u>must</u> not begin the construction or operation of a public utility plant or system, or an extension of either, without first obtaining from the commission a certificate that public convenience and necessity require or will require the construction or operation.	Apply s. 45(4) CPCN Exemption  Regulatory review initiated by complaint	TES CPCN and Rates Applications Guidelines
45(4)	CPCN Exemption	(4) The commission may, by regulation, exclude utility plant or categories of utility plant from the operation of subsection (1).	See above	Not applicable
45(6)	Capital Project Plan	(6) A public utility <u>must</u> file with the commission at least once each year a statement <u>in a form prescribed by the commission</u> of the extensions to its facilities that it plans to construct.	No requirement at this time	Annual Report Guidelines
49(b)	Annual Report	The commission <u>may</u> , by order, require every public utility to do one or more of the following... (b) provide, at the times and in the form and manner the commission specifies, a detailed report of finances and operations, verified as specified;	Capital Reserve Provision annual filing	Annual Report Guidelines
59-60	Rates	60 (1) In setting a rate under this Act (a) the commission must...	Exempted by Order G-xx-13  Regulatory review initiated by complaint	TES CPCN and Rates Applications Guidelines
61	Rates	61 (1) A public utility must file with the commission, under rules the commission specifies and within the time and in the form required by the commission, schedules showing all rates established by it and collected, charged or enforced or to be collected or enforced.	Regulatory review initiated by complaint	TES CPCN and Rates Applications Guidelines

While the above table sets out the specific reporting and application requirements for each type of TES Utility, all sections of Part 3 of the UCA apply to TES Utilities.

# PUBLIC NOTICE

BRITISH COLUMBIA UTILITIES COMMISSION

AUGUST 28, 2013



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## A Proposed Regulatory Framework including an Exemption for certain Thermal Energy Service Utilities

Thermal energy systems provide heat, hot water and/or cooling through a thermal distribution grid to the public. These systems may be owned and/or operated by a person or corporation that receives compensation from the thermal energy service customer. Many of these thermal energy service providers meet the definition of public utility under the *Utilities Commission Act* (UCA) and are therefore under the regulatory oversight of the British Columbia Utilities Commission (Commission or BCUC).

As a result of its Report on the Inquiry into the Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives issued on December 27, 2012, the Commission initiated a consultation process to develop a scaled regulatory framework for thermal energy service utilities. Commission staff provided a final draft of its proposed Thermal Energy Service Utility Scaled Regulatory Guide as a result of that consultation process for Commission approval.

### HOW TO GET INVOLVED

The Commission is initiating a review of the proposed Regulatory Framework. To view the timetable for this written hearing and the Application go to [www.bcuc.com](http://www.bcuc.com) select "Current Applications" under "Quick Links" and scroll to "BCUC Proposed Regulatory Framework for Thermal Energy Utilities."

If you wish to participate actively in the review process, you must apply to be registered as an Intervener or an Interested Party in writing by Friday, September 6, 2013, with the Commission Secretary using the contact information at the end of this notice. Interveners will receive a copy of the Application as well as all hearing documents. You may also apply to become an Interested Party. As an Interested Party you will receive an executive summary of the Application and a copy of the Commission's decision when it is issued.

All submissions and/or correspondence received from Interveners, and letters of comment from the public relating to the Application will be placed on the public record and posted to the BCUC website.

For more information on ways to get involved in the review, please visit [www.bcuc.com](http://www.bcuc.com) and click "How to Get Involved" under "Quick Links" on the home page.

### VIEW THE APPLICATION

The Application and all supporting documentation are available on the Commission's website on the "Current Applications" page. If you would like to review the material in hard copy, it is available to be viewed at the location below:

**British Columbia Utilities Commission**  
Sixth Floor, 900 Howe Street  
Vancouver, BC V6Z 2N3  
[Commission.Secretary@bcuc.com](mailto:Commission.Secretary@bcuc.com)  
Phone: 604-660-4700

Toll Free: 1-800-663-1385

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For more information or to register please contact Erica Hamilton, Commission Secretary using the Commission contact information above.