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**BRITISH COLUMBIA  
UTILITIES COMMISSION**

**ORDER  
NUMBER G-140-13A**

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

and

FortisBC Alternative Energy Services Inc.  
An Application for Interim Approval on Rates Established in Agreement  
for Thermal Energy Services in Four Specific Projects

**BEFORE:** D. Morton, Commissioner

September 5, 2013

## **O R D E R**

### **WHEREAS:**

- A. On May 24, 2011, the British Columbia Utilities Commission (Commission) initiated an Inquiry into FortisBC Energy Inc.'s (FEI) Offering of Products and Services in Alternative Energy Solutions and Other New Initiatives (AES Inquiry);
- B. In its submission to the AES Inquiry dated January 16, 2012, FEI identified four specific projects (Tsawwassen Springs, Camden Green, Glen Valley, and Gorman School) (Four Projects) which started construction in 2011 and which FEI submitted should not require a Certification of Public Convenience and Necessity (CPCN) approval;
- C. On January 31, 2012, by Order G-9-12, the Commission established a zero dollar CPCN threshold on an interim basis for AES projects and New Initiatives. In its Reasons for Decision, the Commission determined that a CPCN proceeding was not required for the Four Projects;
- D. On December 27, 2013, the Commission issued its Report on the AES Inquiry (AES Report). In this report, the Commission describes that Thermal Energy Systems (TES) includes AES projects but covers a broader range of technologies and activities. The Commission also found that TES are regulated under the *Utilities Commission Act* (UCA) but that the market conditions and monopoly characteristics of some of these systems warrant "light-handed" forms of regulation such as exemptions, regulation by complaint or market-based;

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- E. The AES Report found that TES projects that are not exempt from regulation are most appropriately undertaken through an Affiliated Regulated Business. FEI subsequently assigned the Four Projects to FortisBC Alternative Energy Services Inc. (FAES).
- F. On May 9, 2013, Commission staff issued the proposed Thermal Energy System Utilities Regulatory Framework (TES Framework) which includes a public comment process and collaborative group working sessions. This proposed framework is currently ongoing and will require Commission approval before it is officially established;
- G. On May 29, 2013, FAES applied to the Commission for approval of interim rates for TES projects: Glen Valley, Brant, Camden Green, and Helen Gorman (Projects) with established service agreements (Application);
- H. FAES states that these Projects, with the exception of the Brant project, have received Commission exemption from the filing of a CPCN pursuant to Commission Order G-9-12. FAES states that the Brant project is a sister project to the Glen Valley project and was inadvertently omitted from FAES' list of legacy projects that could have received the same CPCN exemption;
- I. FAES states that the rates to be charged in each of the Projects have been disclosed to the customers. FAES also states that for some of the Projects, a buy-out cost equating to 50 percent of the original capital cost will be required at the end of the 25-year contract term, if customers do not renew their service agreements with FAES.
- J. FAES seeks interim approval on the rates that are established in each of the service agreements with its customers, subject to the outcomes of the TES Framework proceeding;
- K. On August 27, 2013, FAES filed an addendum to the Application (Addendum) which includes a request for approval of permanent rates for these Projects, a request for CPCN exemption for the Brandt project, a Disclosure Statement from the developer on the Brandt project, and proof of assignment from FEI to FAES on three out of these four projects;
- L. The Commission has reviewed the Application and the Addendum and determines that certain approvals should be granted, subject to the conditions set out in the directives below.

**NOW THEREFORE**, the Commission orders as follows:

1. Pursuant to section 45 of the UCA, the Brant project is granted an exemption from a CPCN filing.

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2. Pursuant to section 89 of the UCA, rates as applied for are approved, effective May 29, 2013, on an interim basis for the following four TES Projects: Glen Valley, Brant, Camden Green, and Helen Gorman. The interim rates are to be in accordance with the rates filed in each of the agreements contained in the Application.
3. FAES is directed to prepare a written statement to the customers in each of the three residential Projects. This disclosure statement must be filed to the Commission within 10 days of this Order and must include:
  - a. A table similar to that contained within the Helen Gorman project, detailing the termination payments required at different times throughout the contract term, at the end of the 25-year term (should the contracts not be renewed), and in any subsequent renewal term;
  - b. Whether the payment of the buy-out costs entitles the customers to use the assets in future/following termination of the contract; and,
  - c. In the case of Brant and Glen Valley, acknowledgment of the joint liability being assumed by the Strata Corporation for the collective ownership of the individual loops.
4. FAES is directed to provide a written notification to all customers in each of the three residential Projects (FAES Notification) no later than September 30, 2013. The written notification must include a copy of this Order, the disclosure statement directed in no. 3 above, and any other pertinent information pertaining to this Application.
5. Any customers who wish to comment on this Application or the FAES Notification must do so by writing to the Commission by October 31, 2013.

**DATED** at the City of Vancouver, in the Province of British Columbia, this     13th     day of September, 2013.

BY ORDER

*Original Signed By:*

D. Morton  
Commissioner