



**ORDER NUMBER
G-76-22**

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

and

Creative Energy Mount Pleasant Limited Partnership
Application for Rates for the Mount Pleasant District Cooling System

BEFORE:

A. K. Fung, QC, Panel Chair
E. B. Lockhart, Commissioner
T. A. Loski, Commissioner

on March 14, 2022

ORDER

WHEREAS:

- A. On February 1, 2021, Creative Energy Mount Pleasant Limited Partnership (CEMP) filed an application with the British Columbia Utilities Commission (BCUC) pursuant to sections 58 to 60 and 90 of the *Utilities Commission Act* (UCA) for approval of rates for its provision of cooling service to the Main Alley Development (Mount Pleasant District Cooling System [DCS]) (Application). As part of the Application, CEMP seeks approval of, among other things, rates on an interim and refundable basis effective February 1, 2021 to December 31, 2023 (Current Rate Setting Period);
- B. By Order C-5-20 dated December 3, 2020, the BCUC granted a Certificate of Public Convenience and Necessity (CPCN) to CEMP authorizing it to acquire and operate the existing Mount Pleasant DCS, including specific extensions, renovations, expansions and upgrades that will be completed in phases;
- C. CEMP states in the Application that:
 - The Current Rate Setting Period includes the forecast completion of phase one (Phase 1) of the four phased build-out for the Mount Pleasant DCS, which is expected to occur by the third quarter of 2021. Phase two of the build-out (Phase 2) is expected to go into service at the start of 2024;
 - It will file an evidentiary update and a request for approval of permanent rates in September 2021, upon the completion of Phase 1 and once the actual capital costs for Phase 1 are known and the assets are placed into service (Evidentiary Update);
- D. By Order G-46-21 dated February 18, 2021, the BCUC approved, among other things, a levelized capacity charge and variable charge on an interim and refundable/recoverable basis, effective February 1, 2021, and directed CEMP to file a status update with the BCUC on the expected filing date for the actual capital costs for Phase 1 (Evidentiary Update) no later than August 31, 2021;

- E. By letter dated October 14, 2021, CEMP advised the BCUC that completion of Phase 1 has been delayed due to supply chain issues and it expects to have the work completed by April 2022, following which it could file an Evidentiary Update;
- F. By Order G-352-21 dated December 2, 2021, the BCUC established a regulatory timetable and ordered the following, among other things:
 - 1. The review of the Application would proceed in stages, with the scope of the review of the first stage, including BCUC and Intervener Information Request (IR) No. 1, to include all components of the Application except the actual capital costs for Phase 1; and
 - 2. CEMP to file a status update (Status Update) with the BCUC on the expected filing date for the Evidentiary Update by March 1, 2022;
- G. On March 1, 2022, CEMP filed its Status Update and proposes to adjust the timing of Phase 1 delivery to complete the upgrades together with the scheduled completion of Phase 2, which is planned to go into service at the start of 2024. CEMP also outlines its revised approvals sought and recommended regulatory process;
- H. The BCUC has reviewed CEMP's responses to IR No. 1 and the Status Update and determines that the establishment of a further regulatory timetable is warranted.

NOW THEREFORE pursuant to sections 58 to 61 of the UCA and for the reasons set out in Appendix B to this order, the BCUC orders as follows:

- 1. A regulatory timetable is established, as set out in Appendix A to this order, for the review of the Application.
- 2. The scope of the review of the Application will consist of all components of the Application, including the actual and forecast capital costs.
- 3. CEMP is directed to file by Monday, March 21, 2022, an updated Rates Model to reflect the change in expected timing of completion of Phase 1 of the Mount Pleasant DCS, including the impact, if any, this has on the proposed rates.

DATED at the City of Vancouver, in the Province of British Columbia, this 14th day of March 2022.

BY ORDER

Original signed by:

A. K. Fung, QC
Commissioner

Attachments

Creative Energy Mount Pleasant Limited Partnership
Application for Rates for the Mount Pleasant District Cooling System

REGULATORY TIMETABLE

Action	Date (2022)
CEMP to File Updated Rates Model	Monday, March 21
BCUC and Intervener IR No. 2 to CEMP	Friday, April 1
CEMP Responses to BCUC and Intervener IR No. 2	Monday, May 2
CEMP Written Final Argument	Monday, May 16
Intervener Written Final Argument	Tuesday, May 31
CEMP Written Reply Argument	Tuesday, June 7

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REASONS FOR DECISION

1.0 INTRODUCTION AND BACKGROUND

On February 1, 2021, Creative Energy Mount Pleasant Limited Partnership (CEMP) filed with the British Columbia Utilities Commission (BCUC) its application for rates for the provision of cooling service to the Main Alley Development (Mount Pleasant District Cooling System [DCS]) (Application). In the Application, CEMP sought approval of, among other things, rates on an interim and refundable basis effective February 1, 2021 to December 31, 2023 (Current Rate Setting Period).

The BCUC had earlier granted a Certificate of Public Convenience and Necessity (CPCN) to CEMP authorizing it to acquire and operate the existing Mount Pleasant DCS, including specific extensions, renovations, expansions, and upgrades that will be completed in phases.¹ The Current Rate Setting Period includes the forecast completion of phase one of the build-out for the Mount Pleasant DCS (Phase 1). In the Application, CEMP states it would file an evidentiary update and a request for approval of permanent rates in September 2021, once the actual capital costs for Phase 1 are known and the assets are placed into service (Evidentiary Update).² By letter dated October 14, 2021, CEMP advised the BCUC that completion of Phase 1 was delayed due to supply chain issues and it expected to have the work completed by April 2022, following which it could file an Evidentiary Update.³

The Panel established a regulatory timetable for the review of the Application, including BCUC and Intervener Information Request (IR) No. 1 to CEMP with further process to be determined, and directed CEMP to file a status update (Status Update) with the BCUC on the expected filing date for the Evidentiary Update by March 1, 2022.⁴ The Panel also stated:

The review of the Application will proceed in stages, with the scope of the review of the first stage, including BCUC and IR No. 1 as set out in the regulatory timetable, to include all components of the Application except the actual capital costs for Phase 1. Further process to review the actual capital costs for Phase 1 will be determined at a later date, with consideration of the filing date for the Evidentiary Update.

2.0 DELAY IN PHASE 1 DELIVERY

CEMP filed its Status Update and proposes to adjust the timing of Phase 1 delivery to occur together with the scheduled completion of phase 2 of the build-out (Phase 2), which is planned to go into service at the start of 2024 to support the occupancy of Building M4 in 2024. CEMP notes that the adjusted timing provides a cost

¹ Order C-5-20 and accompanying Decision dated December 3, 2020, CEMP application for a Certificate of Public Convenience and Necessity Application to Acquire, Operate and Expand a Thermal Energy System for Cooling in the Main Alley Development.

² Exhibit B-1, Section 1, p. 1.

³ Exhibit B-2, pp. 1–2.

⁴ Exhibit A-4, Order G-352-21 dated December 2, 2021.

effective solution that integrates the work to complete Phase 1 and Phase 2 and does not impact service delivery to Buildings M1, M2 or M3, which are currently being served by the Mount Pleasant DCS.⁵

In response to BCUC and Intervener IR No. 1, CEMP provided its preferred and two alternative approaches for the BCUC to consider for ultimately determining and setting permanent rates for the Current Rate Setting Period.⁶ Specifically, CEMP's preferred approach is to keep the levelized capacity charge in place on an interim basis for the Current Rate Setting Period and adjourn the proceeding until the actual Phase 1 capital costs are known and final determinations are made by the BCUC in a future phase of these proceedings. CEMP also requests that in the interest of regulatory efficiency, the Panel now make the following final determinations on the proposed rate design without further process or arguments:⁷

- Permanent approval of the rate structure for the proposed levelized capacity charge and variable charge;
- Permanent approval of the proposed variable charge; and
- Permanent approval of the proposed Regulatory Cost Variance Deferral Account.

Panel Determination

The Panel recognizes CEMP's proposal to adjust the timing of Phase 1 delivery to occur together with the scheduled completion of Phase 2, which is planned to complete by the end of 2023. The Panel also acknowledges CEMP's revised approvals sought and preferred regulatory process, including the request for permanent approval on the proposed rate design and to adjourn the proceeding without further process until the final capital costs of Phase 1 are known and filed as part of a future phase of these proceedings.

The Panel finds that prior to making any final determinations on the Application, further process is warranted to examine the rate design and revenue requirements, including the additional evidence provided in the Status Update. **Accordingly, the Panel denies CEMP's request to permanently approve the proposed rate design for the Mount Pleasant DCS without further process and adjourn the proceeding. A regulatory timetable is established, as set out in Appendix A to this order, to allow for a second round of IRs, along with final and reply arguments. The Panel also directs the following:**

- **An updated Rates Model be filed by CEMP by March 21, 2022, to reflect the change in expected timing of completion of Phase 1 of the Mount Pleasant DCS, including the impact, if any, this has on the proposed rates; and**
- **The scope of the review of the Application be expanded to consist of all components of the Application, including the actual and forecast capital costs.**

⁵ Exhibit B-9, p. 2.

⁶ Exhibit B-7, BCUC IR 4.2.

⁷ Exhibit B-9, pp. 2–3.