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December 19, 2016

VIA ELECTRONIC MAIL

British Columbia Utilities Commission
6th Floor, 900 Howe Street
Vancouver, B.C.
V6Z 2N3

**Attention: Ms. Laurel Ross,
Acting Commission Secretary and Director**

Dear Sirs/Mesdames:

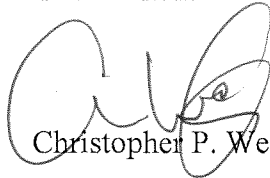
**Re: Creative Energy Vancouver Platforms Inc. ("Creative Energy") Application for
Approval of Northeast False Creek ("NEFC") Connection Agreement (Terms and
Conditions) ~ Project No. 3698881**

We are counsel to the Commercial Energy Consumers Association of British Columbia (the "CEC"). Enclosed please find the CEC's first set of Information Requests with respect to the above-noted matter.

Should you have any questions with regard to the above, please do not hesitate to contact the undersigned.

Yours truly,

OWEN BIRD LAW CORPORATION



Christopher P. Weafer

CPW/jlb
cc: CEC
cc: Creative Energy
cc: Registered Interveners

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COMMERCIAL ENERGY CONSUMERS ASSOCIATION OF BRITISH COLUMBIA
INFORMATION REQUEST #1

**Creative Energy Vancouver Platforms Inc. Application for Approval of Northeast False
Creek Connection Agreement (Terms and Conditions) ~ Project No. 3698881**

1. Reference: Exhibit B-1-1, Cover Letter

With this letter, Creative Energy is seeking to update Exhibit B-1, submitted on July 8, 2016 and is seeking interim and final approval pursuant to section 59-61 of the *Utilities Commission Act (UCA)* of the Connection Agreement. On July 11, 2016 the Commission issued Order G-109-16, adjourning Creative Energy's application for approval of the Connection Agreement including Customer Service Agreement and Schedules, until a decision was made on the Reconsideration Application. On September 26, 2016, the Commission issued Order G-151-16, denying Creative Energy's Reconsideration Application. Following the decision, Creative Energy has updated the Northeast False Creek Connection Agreement (Formerly Northeast and Chinatown Connection Agreement) to reflect the decision, attached as Appendix 1A. The Connection Agreement includes the following Schedules:

Customer Service Agreement
Statutory Right of Way

Creative Energy is also filing a blacklined copy of the Connection Agreement as compared to the Connection Agreement filed in Exhibit B-1, Appendix 1B. The attached Appendices are intended to replace the respective appendices in Exhibit B-1 filed on July 8, 2016.

Creative Energy has made changes to the Connection Agreement following the September 26 decision, to remove all references to Chinatown, the Franchise Agreement and Bylaw.

Since the last submission, Creative Energy has also made other changes to the Connection Agreement and Schedules after further review and discussion with potential NEFC customers.

- 1.1. Is it Creative Energy's determination that the removal of the references to Chinatown, the Franchise Agreement and the Bylaw were the only changes required to the Connection Agreement to meet the spirit and intent of the Commission Decision G-151-16? Please explain.
- 1.2. Please identify the potential NEFC customers with whom Creative Energy consults and discuss the issues that were raised by the potential customers. Please identify the specific changes and what concerns were being addressed by those changes.
- 1.3. Is it Creative Energy's view that the revised Connection Agreement filed in this proceeding responds to all the issues raised by the Commission and interveners in the original Creative Energy application?

- 1.4. Please identify all of the above issues raised and whether or not Creative Energy has made a change to the Connection Agreement to respond to the concern.

2. Reference: Exhibit B-1, Appendix 1A, Page 2

- (e) "Building System" means the complete heating and ventilating (which may include air conditioning) system and domestic hot water system and storage equipment to be installed and used for distributing and storing Thermal Energy in a Building, connected to but downstream of and excluding the Energy Transfer Stations for that Building;

- 2.1. Please identify which of the sub-systems listed in the definition are not directly connected to the Energy Transfer Station for that building.

3. Reference: Exhibit B-1-1, Appendix 1A, Page 2

- (f) "Building System Application" means an application in the form attached hereto as Schedule C, setting out:

- (i) the specifications for each Building System, including all design and engineering components and the Owner's proposed energy loads, temperatures and any connection requirements; and
- (ii) details of any proposed subdivision of the Lands in conjunction with the development of the Project, including any air space parcel subdivisions and subdivisions by way of strata plan.

and attaching copies of:

- (iii) specifications, drawings and other information relating to the design and location of the Building Systems; and
- (iv) such other information as Creative Energy may reasonably require: (1) related to any proposed subdivision of the Lands; or (2) to confirm that the Building Systems conform to the Design Guide and are compatible with the NES;

- 3.1. Please explain why Creative Energy requires details of any proposed subdivisions including any air space parcel subdivisions.
- 3.2. Please give examples of the types of impact that Creative Energy could impose on a developer's anticipated subdivisions of Lands and Airspace parcel subdivisions.
- 3.3. What components of the NES require compatibility with components of the Building System, and in what way? Please provide the detailed criteria upon which compatibility will be tested.

4. Reference: Exhibit B-1-1, Appendix 1A, Page 4

- (r) “Design Guide” means the Design Guidelines for NES, as issued and administered by Creative Energy, and as amended from time to time in accordance with the provisions hereof, a current version of which is attached hereto as Schedule B;

- 4.1. Please confirm that Schedule B, referenced under Design Guide is a blank page, and that the Connection Agreement references the term ‘Design Guide’ 34 times.
- 4.2. Please confirm that the Design Guide is a critical element of the Connection Agreement. If not confirmed, please explain why not.
- 4.3. Does Creative Energy agree that the application for approval of its Connection Agreement is deficient without Schedule B? Please explain.
- 4.4. When does Creative Energy expect to have the Design Guide for Schedule B available for review by the Commission and interveners such that they may make information requests in regard to its details?

5. Reference: Exhibit B-1-1, Appendix 1A, Page 4

- (w) “Energy Transfer Station” means, collectively, the system of one or more heat exchangers for heating and domestic hot water (excluding domestic hot water storage tanks), energy meter equipment (including temperature sensors and flow meter), control panel and all pipes, fittings and ancillary equipment and facilities necessary to measure and control the transfer of Thermal Energy from the Distribution System to a Building System:

- 5.1. Please confirm that the only sub-components of the Building System directly connected to the Energy Transfer Station are the heat exchangers for heating and domestic hot water excluding domestic hot water storage tanks.
 - 5.1.1. If not confirmed, please identify any other sub-components that are directly connected to the Energy Transfer Station.

6. Reference: Exhibit B-1-1, Appendix 1A, Page 5

- (vv) “Thermal Energy” means all thermal energy for heating purposes, and includes domestic hot water; and

- 6.1. Please confirm that the use of the term ‘Thermal Energy’ is intended to refer to only the thermal energy Creative Energy is to supply under the Connection Agreement and does not apply to thermal energy not supplied by Creative Energy.

7. Reference: Exhibit B-1-1, Appendix 1A, Page 8

- 2.3 No Alternate System or Service Provider. The powers and rights granted to Creative Energy under this Agreement are exclusive to Creative Energy and, except as expressly provided hereunder or in the Design Guide or as otherwise agreed in writing by the Parties, the Owner will not itself perform, provide or install, nor allow any other Person to perform, provide, install or realize any other system to provide primary domestic hot water or space heating to any Building, nor use or allow or consent to any other Person supplying or distributing Thermal Energy to the Lands.
- 7.1. Does Section 2.3 confer a de facto mandatory obligation to connect for developers? Please explain why or why not.
- 7.2. What options do developers have in terms of proceeding with construction if they do not sign the NEFC Agreement? Please explain.

8. Reference: Exhibit B-1-1, Appendix 1A, Pages 9 and 10

- 3.3 Construction and Installation of the Building Systems.
- (a) The Owner will construct and install each Building System in accordance with the Final Building System Application. The Owner will keep Creative Energy reasonably informed regarding the progress of construction and installation of each Building System and promptly provide to Creative Energy such information and documentation as it requests, acting reasonably, in connection with the construction and installation of any Building System. The Owner currently anticipates that by the Target Date (a) the Owner will have completed the construction and installation of each Building System in accordance with this Section 3.3; (b) the Owner will have each Building System ready for connection to the Energy Transfer Station in accordance with Section 3.4; and (c) each Building will be ready to receive Energy Services from Creative Energy.
- 8.1. Why would Creative Energy require information with regard to the Building System as opposed to just the components connected to the Energy Transfer Station? Please explain.
- 8.2. Under clause (c) should the word Building be Building System?

9. Reference: Exhibit B-1-1, Appendix 1A, Page 10

3.4 Connection to Energy Transfer Station and Commissioning.

- (a) As soon as is reasonably practicable following the completion of construction and installation of each Building System, the Owner will provide to Creative Energy, for its approval:
 - (i) a certificate from the Owner's Engineer certifying that the Building System has been constructed in accordance with the Final Building System Application, as amended in accordance with Section 3.2(f), if applicable;
 - (ii) a certificate of flushing certifying that the Building System has been flushed in accordance with the relevant provisions in the Design Guide; and
 - (iii) such further documentation as is requested by Creative Energy, acting reasonably, to verify that the Building System has been designed, constructed and installed in full compliance with the Final Building System Application, has been flushed and cleaned and is capable of performing the function for which it was designed.

- 9.1. Please confirm, otherwise explain, that not all components of the Building System are capable of being 'flushed'.
- 9.2. Please confirm, otherwise explain, that the Commissioning requirement is for the Building System components that are directly connected to the Energy Transfer Station heat exchangers.

10. Reference: Exhibit B-1-1, Appendix 1A, Pages 10 and 11

- (c) As soon as is reasonably practicable following the approval by Creative Energy of the Building Systems in accordance with Section 3.4(a), the Owner will connect each Building System to the applicable Energy Transfer Station as designated by Creative Energy and in the presence of a Creative Energy representative.
- (d) Upon connection of each Building System to the Energy Transfer Station pursuant to Section 3.4, the Owner will perform Building System Commissioning and will provide to Creative Energy a certificate of the Owner's Engineer certifying that the

Building System Commissioning has completed and the Building System is Functional forthwith upon the issuance thereof.

- 10.1. Please confirm, otherwise explain, that there are components of the Building System which the owner cannot connect directly to the Energy Transfer Station.

11. Reference: Exhibit B-1-1, Appendix 1A, Pages 12 and 13

4.4 Contributions by the Owner. The Owner shall pay to Creative Energy such contributions in aid of the capital costs relating to the construction of the Project Infrastructure as:

- (a) may be mutually agreed upon by the Parties; or
- (b) set out in the Tariff (as defined in the Customer Service Agreement attached as Schedule A).

11.1. Please confirm or otherwise explain that if a Tariff is applicable Creative Energy could be at risk of discriminatory service if it makes private agreements with a particular Party.

12. Reference: Exhibit B-1-1, Appendix 1A, Page 13

4.6 Removal or Relocation. Subject to Section 4.2, Creative Energy may from time to time, in its sole discretion and at its sole cost and expense, remove or relocate all or part of the Project Infrastructure, provided that Creative Energy continues to provide the Energy Services in accordance with the provisions of the Customer Service Agreements.

12.1. Please confirm otherwise explain that continuity of energy services by definition means the provision of thermal energy but does not specifically require continuity of the quantity of thermal energy required by and relied upon by the Owner.

13. Reference: Exhibit B-1-1, Appendix 1A, Page 14

6.1 Provision of Energy Services. Creative Energy will provide Energy Services to a Building, subject to and provided that the following conditions have been satisfied:

- (a) that the Building System for such Building has been connected to the NES in accordance with Section 3;
- (b) that the relevant Customer Service Agreements have been completed, executed and delivered in accordance with Section 6.2; and
- (c) that the Owner is not in material default in respect of its obligations under this Agreement, provided that a failure by the Owner to make any payment to Creative Energy when due pursuant to the terms hereof shall be a material default.

Such conditions are for the sole benefit of Creative Energy and any one or all of them may be waived by Creative Energy. The date and time when Thermal Energy is first transferred between the NES and the Building System will be the "Energy Services Commencement".

- 13.1. Please confirm otherwise explain that the Owner would want the 'Energy Services Commencement' to be at a date and time when the Thermal Energy transfer is fully functional, operational, and capable of providing the full service required by the Owner.

14. Reference: Exhibit B-1-1, Appendix 1A, Page 17

9. ENVIRONMENTAL MATTERS

- 14.1. Please explain why Creative Energy would need to govern environmental laws when the Owner would be subject to such laws in any case.

15. Reference: Exhibit B-1-1, Appendix 1A, Page 20

11. INSURANCE

- 15.1. Please discuss whether or not Insurance Provisions in this section would need to survive termination of the agreement.

16. Reference: Exhibit B-1-1, Appendix 1A, Page 22

13. TERMINATION

- 13.1 Subject to the provisions of Section 14.1, this Agreement and the obligations of the Parties will terminate on the occurrence of the last of the following:
- (a) the Project, including the installation of all Building Systems has been completed in accordance with this Agreement;
 - (b) each Building System has been connected to the NES in accordance with Section 3.4;
 - (c) all required Customer Service Agreements have been executed and delivered by the appropriate parties for each Building in the Project in accordance with Section 6.2; and
 - (d) the Parties have otherwise carried out their respective obligations under Sections 3, 4 and 6 of this Agreement, except to the extent such obligations are expressly stated to survive termination of this Agreement.

- 16.1. The clause except to the extent such obligations are expressly stated to survive termination of the Agreement appears to qualify only Sections 3, 4 and 6 of the Agreement. Are there other obligations in the Agreement which should survive the termination of the Agreement? If so, please identify.

17. Reference: Exhibit B-1-1, Appendix A1, Page 9

3.2 Review and Approval of Specifications. To achieve compatibility between each Building System and the NES the Owner will:

- (a) review the Design Guide attached hereto at Schedule B;
- (b) submit to Creative Energy for approval a duly completed Building System Application a minimum of 90 days prior to applying for any Building Permit;
- (c) allow Creative Energy a minimum of 30 days to review the Building System Application and comment on the specifications and designs set out therein;
- (d) promptly make such changes to the specifications and design of the Building Systems as set out in the Building System Application as are required by Creative Energy, acting reasonably in accordance with the Design Guide and prevailing industry standards, to ensure the Building Systems are compatible with the NES, and submit a revised Building System Application to Creative Energy incorporating such changes;
- (e) not commence the installation of any Building System until such time as the Building System Application has been certified by the Owner's Engineer and approved by Creative Energy, acting reasonably in accordance with the Design Guide and prevailing industry standards, which approval shall be evidenced by the execution of the Building System Application by a duly authorized representative of Creative Energy; and
- (f) not amend the Building System Application approved pursuant to Section 3.2(e) above without the prior written consent of Creative Energy, not to be unreasonably withheld, and pay or reimburse (as applicable) Creative Energy for any additional costs reasonably incurred by Creative Energy in connection with any such approved amendments within 30 days of Creative Energy delivering an invoice therefor to the Owner.

- 17.1. With respect to subparagraph (b), why does Creative Energy require a completed Building Systems Application a minimum of 90 days prior to applying for any Building Permit?
- 17.2. With respect to subparagraph (c), what recourse do developers have if Creative Energy fails to meet its 30 day review period?
- 17.3. With respect to subparagraph (d), why are developers required to 'promptly make such changes to the specifications and design...'??
- 17.4. With respect to subparagraph (f), what types of costs could Creative Energy incur if the Building System application is amended?

18. Reference: Exhibit B-1-1, Appendix A1, Page 9

3.3 Construction and Installation of the Building Systems.

- (a) The Owner will construct and install each Building System in accordance with the Final Building System Application. The Owner will keep Creative Energy reasonably informed regarding the progress of construction and installation of each Building System and promptly provide to Creative Energy such information and documentation as it requests, acting reasonably, in connection with the construction and installation of any Building System. The Owner currently anticipates that by

the Target Date (a) the Owner will have completed the construction and installation of each Building System in accordance with this Section 3.3; (b) the Owner will have each Building System ready for connection to the Energy Transfer Station in accordance with Section 3.4; and (c) each Building will be ready to receive Energy Services from Creative Energy.

- 18.1. What types of information and documentation would Creative Energy likely require? Please explain.

19. Reference: Exhibit B-1-1, Appendix 1B (Blackline)

- 19.1. With regard to each of the wording changes blacklined in the amended Connection Agreement, please identify:
- (a) the intent of the amendment, and
 - (b) whether or not they changed to comply with the Commission determination; changed to respond to customer requirements, or changed to address Creative's own purposes.

20. Reference: Central Heat Letter of May 29, 2013



CENTRAL HEAT DISTRIBUTION LIMITED

VANCOUVER DISTRICT ENERGY UTILITY

Suite 1, 720 Beatty Street, Vancouver, BC V6B 2M1

Tel 604-686-9584 Fax 604-688-2213 E-mail: chd@telus.net

May 29, 2013

BC Utilities Commission,
P.O. Box 250, Sixth Floor, 900 Howe Street,
VANCOUVER, B.C.
V6Z 2N3

Attention: Ms. Erica M. Hamilton,
Commission Secretary

Dear Ms. Hamilton:

Re: BCUC Thermal Energy System Utilities DRAFT Regulatory Framework - Request for Comments

Central Heat Distribution Limited submits the following preliminary comments in response to the Commission's May 9, 2013 request for feedback.

The Commission's effort to develop policy framework for Thermal Energy Systems (TES) is appreciated.

Background

Central Heat's district energy utility began providing energy service to buildings in downtown Vancouver in 1968 as a means to reduce pollution in the region, increase the efficient use of energy and allow for the potential use of alternative forms of energy when they allow the utility to be as competitive as other customer options. The utility has been regulated by the Commission since inception and has increased the number of customer buildings served each year for over 40 consecutive years. It now serves over 200 buildings in downtown Vancouver. The utility has met the needs of customers and the Commission by consistently offering safe reliable service of over 99.9% for four decades at a competitive market price.

Customers are not obligated to connect to the district energy system, and so we have a significant market incentive to ensure we meet our customers' expectation. We serve commercial buildings primarily and residential buildings increasingly, but to a smaller extent. Part of the reason we have been successful is the regulatory oversight and efficiency by which the Commission regulates Central Heat as a smaller utility.

Throughout Central Heat's history, the Commission has fairly and judiciously exercised its regulatory authority while the utility has grown to be the second largest district energy company in Canada. Overall the utility and its customers have benefited from Commission guidance and oversight. We do have some suggestions for the Commission's consideration which we will bring forward as part of this process.

In recent years, the market place in BC has evolved to include:

- Municipalities now in the business of district energy with customer connections made mandatory.
- Property developers implementing small scale district energy into their plans and leveraging off that initiative.
- Larger utilities have district energy interests.
- Single site hybrid energy generation.



BCUC Thermal Energy System Utilities
May 29, 2013

As a result of these changes and others, it is timely the Commission examines the regulatory framework of Thermal Energy Systems going forward.

Commission Request for Feedback Stream A TES Utilities

Central Heat is by definition a Stream B utility. Decisions concerning Stream A Thermal Energy Systems are however also important to Central Heat because the reputation of them in the market can positively or negatively affect all district energy systems including Central Heat.

The Commission has asked for comments on every aspect of the proposed streamlined regulatory approach and specific comments on three aspects. They are:

1. Capital Reserve Fund

The Commission's proposal to require a Capital Reserve Fund for Stream A utilities is prudent to mitigate risk to customers of smaller thermal entities which may be reliant on a sole source provider of alternative energy and/or the financial solvency of a particular customer.

A. Capital Reserve Cost Could include

- A Capital Reserve Fund should be sufficient to provide for the capital cost of a backup or other primary energy source.
- Alternatively, a standby demand charge for a backup alternative energy service provided by others could be paid on a monthly basis in lieu of a Capital Reserve Fund.

B. Third Party Verification of Capital Reserve Fund

If a Capital Reserve Fund is necessary versus another backup alternative, the onsite energy provider could prepare an updated capital cost estimate for major equipment replacement verified by qualified mechanical engineers every three years to allow for changes in cost. Assuming an engineering firm provides the estimate and allows a further contingency of 20%, it should adequately cover price escalation during the interim years between estimates.

C. Strata Corporation Reserve Fund as a Model

This may not provide for the potential near-term interruption or loss of service from onsite thermal energy but is one way to accumulate a reserve fund with modest collections from all owners or tenants over a long period. The reserve fund is also a means to allow for the potential replacement of an onsite thermal energy system at the end of its life cycle or if costs, reliability and environmental performance do not meet expectations and are not competitive in the market place.

2. Long-term Contract/Tariff Provisions

In conjunction with any long-term contracts consumers should be fully aware of what their cost of energy is prior to purchasing or leasing. A specific disclosure letter should be provided to potential customers. This letter should clearly spell out what the purchaser or lessee can reasonably expect to pay per month over several years if fixed-priced contracts or levelized rates are in place.



BCUC Thermal Energy System Utilities
May 29, 2013

Purchasers and lessees should be made aware of the balances in deferral accounts and their respective portion of balances initially and in each successive year that deferral accounts are in use. An audit confirmation letter could be prepared to inform affected consumers and be part of an annual summary of finances for the property owners or tenants.

Consideration should be given to cap deferral accounts and limit their use to minimize inequity between owners, possible intergenerational debt costs and the potential rate shock from unchecked ballooning deferral account balances.

Customers should be made aware of key risks which may be outside the control of the utility, e.g., slower than expected development risk and energy technology risk that may not operate as anticipated.

3. Commission Recovery Costs

Thermal energy units can be converted back into equivalent GJ's and charged equitably on the basis of other utilities, however a flat fee is likely more efficient and easier to accurately budget unless circumstances require out of the ordinary time and resources from the Commission in which case Commission cost recovery is necessary. The Commission is best able to assess its time and resources cost for Stream A Thermal Energy Systems, however \$1,500/year seems reasonable initially and until actual costs can be more accurately determined.

Please also accept this letter as a request to register for June Working Sessions. If the Commission staff would like to discuss these comments or other aspects of proposed regulatory framework, I'd be happy to do so.

Yours truly,

CENTRAL HEAT DISTRIBUTION LIMITED

John S. Barnes,
President and General Manager

JSB/ye



- 20.1. Please confirm that the above letter is Central Heat's response to the BC Utilities Commission request for Comments regarding Thermal Energy Systems regulatory framework.