

CITYBUILDERS

ENERGYINNOVATORS

CREATIVETHINKERS

RESPONSE TO THE BRITISH COLUMBIA UTILITIES COMMISSION

INFORMATION REQUEST No. 1

FOR

**Creative Energy Vancouver Platforms Inc. Applications for Approval
of Northeast False Creek Connection Agreement (Terms and
Conditions)**

Jan 4, 2017

CREATIVEENERGY

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A. CUSTOMER SERVICE AGREEMENT

- 1.0 Reference: Customer Service Agreement
Exhibit B-1-1, Schedule A, Section B.3, p. 36
Assignment**

Section 3.1 of the Customer Service Agreement states:

A Customer may not assign a Customer Service Agreement or any of its rights or obligations thereunder without the prior written consent of the Utility, such consent not to be unreasonably withheld. The Utility may, subject to BCUC approval, assign a Customer Service Agreement or any of its rights or obligations thereunder (including, without limitation, by way of the sale of the majority of its shares or business or its material assets or by way of an amalgamation, merger or other corporate reorganization) to any of its Affiliates or to any other Person without the consent of the Customer, provided such Affiliate or Person is duly qualified to carry out the Customer Service Agreement and enters into a written agreement with the Customer to be bound by the provisions of this Agreement in all respects and to the same extent as the Utility is bound.

- 1.1 Please confirm that if Creative Energy were to undergo a corporate level reorganization, section 3.1 of the Connection Agreement would require the sign off of all Customers via the “written agreement” with the Customer.

Response: The intention under this section is that the “Affiliate or Person” would enter into an agreement under which it would agree to assume all of Creative Energy’s obligations under the Customer Service Agreement, but the assumption agreement would not be approved or executed by every customer. Nevertheless, Creative Energy will revise the Customer Service Agreement before final approval by deleting section 3.1.

- 1.1.1 If confirmed, would customers bear the expense of obtaining customer sign off for a corporate level reorganization?

Response: N/A

- 1.1.2 What would be the implication of this clause if written agreement with the Customer is not received?

Response: N/A

- 1.1.3 If not confirmed please explain the nature of and approvals required for the “written agreement.”

Response: See response 1.1.

- 2.0 Reference: Customer Service Agreement**

Exhibit B-1-1, Schedule A, Section B.10, p. 38
Energy Services Reconnections

Section 10.1 of the Customer Service Agreement states:

If:

- (a) Energy Services are discontinued to a Customer for any of the reasons specified in Section 15 or any other provision of this Customer Service Agreement.
- (b) a Building System is disconnected from the Neighbourhood Energy System or Energy Services are discontinued to a Customer:
 - (i) at the request of the Customer with the approval of the Utility;
or
 - (ii) to permit a test of a Meter at the request of the Customer, which Meter is subsequently determined to be accurate;

and such Customer or the employee, agent or other representative of such Customer reapplies for Energy Services for the same Building within 12 months of such discontinuance or disconnection (as applicable), then if the Building's Building System is reconnected to the Neighbourhood Energy System or if Energy Services are restored to such Customer, such Customer will pay, as part of fees owing for the first month of Energy Services, a reconnection charge equal to the sum of:

- (c) the costs that the Utility estimates it will incur in reconnecting the Building's Building System to the Neighbourhood Energy System or restoring Energy Services to such Customer; and
- (d) the Basic Charge (as set out in the Tariff) that such Customer would have paid had Energy Services continued during the period between the date of discontinuance or disconnection (as applicable) and the date of such re- application.

2.1 What factors is Creative Energy considering when estimating the cost it will incur in reconnecting/restoring energy service to the customer?

Response: Costs for reconnecting could include re-installation of equipment/piping, access to equipment, re-insulation, condition of existing piping, equipment, instruments, devices and elements.

2.2 Why does Creative Energy refer to "estimated cost" rather than "actual cost"?

Response: Creative Energy will change this to actual cost.

Please provide a list of the categories and corresponding charges Creative Energy expects to incur under Section B.10.

Response:

- Material: at cost
- Mechanical work: ~ \$110/hr
- Insulation work: ~ \$110/hr
- Electrical work: ~\$110/hr
- Controls work: ~\$110/hr
- Creative Energy Operations Crew: ~\$110/hr

2.3 Please explain the rationale for the reconnection charge being equal to the sum of the cost of the Utility to reconnect **and** the basic charge for Energy during the disconnected period, rather than charging the greater of the two only.

Response: Within the service agreement the customer agrees to enter into a contract for a set period of time during which they are to pay the basic charge, whether or not they are taking service. The reconnection fee is an additional fee necessary to reconnect service.

2.3.1 Provide the calculation method of estimating total "costs" to determine approximately how much a customer will be charged.

Response: Total incurred costs to reconnect + (basic monthly charge * # of months)

3.0 **Reference:** **Customer Service Agreement**
Exhibit B-1-1, Schedule A, Section B.12.2, p. 40
Back-billing

Section 12 of the Customer Service Agreement states:

- 12.6 In every case of over-billing, the Utility will refund to the Customer money incorrectly collected, without any interest thereon, for the shorter of:
- (a) the duration of the error; or
 - (b) six months prior to the discovery of the error.
- 12.7 Subject to paragraph 12.11 below, in every case of under-billing, the Utility will back-bill the Customer for the shorter of:
- (a) the duration of the error; or
 - (b) six months prior to the discovery of the error.

Please explain why Creative Energy chose to implement a six-month limitation on correcting billing errors rather than a more standardized limitation period of 2 years.

Response: The Connection Agreement uses what was in place for the steam tariff.

- (e) 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 of the error and of the effect upon the Customer's ongoing bill.
- (f) In every case of over-billing, the Utility 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 Utility on a monthly basis, will be paid to the Customer.
- (g) Subject to Item (d) above, in every case of under-billing, the Utility will back-bill the Customer for the shorter of:
 - (i) the duration of the error, or
 - (ii) six months for residential, small general service (commercial) or irrigation; and
 - (iii) one year for all other Customers or as set out in a special or individually negotiated contract with the Utility

3.1 Section 12.6 indicates "the Utility will refund to the Customer money incorrectly collected, without any interest thereon." It appears that other Utilities, in the case of over billing, provide a refund with interest, computed at the short term bank loan rate applicable to the Utility on a monthly basis. Does Creative Energy Agree that in the case of overbilling a customer, refunded money should also include the interest that money accrued?

Response: Agreed. the Utility will refund to the Customer money incorrectly collected, with interest, computed at the short term bank loan rate applicable to the Utility on a monthly basis.

3.1.1 If not, please explain and provide an example of another Utility using the method proposed in 12.6.

Response: N/A.

4.0 **Reference:** **Customer Service Agreement**
Exhibit B-1-1, Schedule A, Section B.15.1, 15.2, p. 42 and 43
Refusal to Provide Energy Services and Discontinuance of Energy Services

Section 15.1 of the Customer Service Agreement states:

The Utility may, after having given 48 hours prior written notice, discontinue providing Energy Services to any Customer, who:

- (a) fails to fully pay for any Energy Services provided to any Building(s) on or before the due date for such payment; or

(b) Fails to provide or pay by the applicable date required any security deposit, equivalent form of security or guarantee or any requisite increase thereof.

4.1 Please confirm, or explain otherwise, that this term and condition of services can be interpreted as a customer can be disconnected from a service within 48 hours of the billing due date if given notice.

Response: This section can be interpreted as allowing for a customer to be disconnected at any time after 48 hours has passed following the delivery of written notice from Creative Energy, which notice can only be delivered after the customer has failed to make a payment when due. This would apply to large customers with high amounts of unpaid costs.

4.2 Would Creative Energy consider a 10-day period to be a more reasonable term and condition, amending this section to say: "... if the account in arrears remains unpaid for 10 days after providing written notice"?

Response: Customers are given 30 days upon arrival of their bills to complete payment. Creative Energy sees no need to extend the period to 10 days beyond this.

4.2.1 If not, please explain.

Response: See response 4.2.

Section 15.2 states:

The Utility may, without having to give any notice, discontinue providing Energy Services to any Customer, who:

(c) has defective pipes, appliances, or Thermal Energy fittings in any part or parts of Building(s) which may adversely impact the provision of the Energy Services by the Utility;

...

(i) stops consuming Thermal Energy in any of the Buildings.

4.3 Please confirm that by "defective pipes, appliances, or Thermal Energy fittings in any part or parts of Building(s)" you mean the areas that are owned by the Building Owner and are not part of the Neighbourhood Energy System owned by the Utility.

Response: Confirmed.

4.3.1 If not confirmed please explain the rationale in 15.2(c), if the Utility owns all of the Neighbourhood Energy System inside or outside of the building

Response: N/A

4.4 In accordance with 15.2(i), please explain the duration of time a consumer would have to had stop consuming thermal energy, for Creative Energy to refuse/discontinue service?

Response: Creative Energy will delete 15.2(i) and insert 15.3 to read “The Utility may, without having to give any notice, discontinue providing Energy Services to any Customer, who stops consuming Thermal Energy in any of the Buildings, for a time period determined by Creative Energy, acting reasonably, and no sooner than 6 months unless agreed to by the Customer.”

4.4.1 Would Creative Energy consider amending the Terms and Conditions to state the duration of time?

Response: See response 4.4.

5.0 **Reference:** **Customer Service Agreement**
Exhibit B-1-1, Schedule A, Section B.18, p. 43
Term of Customer Service Agreement

Section 18 of the Customer Agreement states:

The initial term of a Customer Service Agreement will be 30 years from the commencement of the Energy Services and will thereafter automatically be renewed from year to year unless the Customer Service Agreement is terminated pursuant to Section 19 below.

5.1 Please explain the rational for the 30-year term.

Response: A 30-year term was chosen because the NEA was for a term of 30 years.

6.0 **Reference:** **Customer Service Agreement**
Exhibit B-1-1, Schedule A, Section B.20.2, p. 44
Effect of Termination

Section 20.22 states:

If this Customer Service Agreement is not renewed or is terminated for any reason other than termination for default of the Utility, in addition to any other amounts due and owing by the Customer to the Utility and despite any other remedies available at law or in equity, the Customer shall pay to the Utility, within 60 days of invoicing, such amount as the Utility determines is necessary to ensure other Customers are not adversely impacted by such termination.

6.1 Please explain what factors Creative Energy is considering when determining this amount.

Response: In order to determine whether Customers are adversely impacted by such

termination, Creative Energy will consider factors that include Customer circumstances at the time of termination, capacity of the DPS and the Plant, and length left in the contract.

6.1.1 Please show how this amount would be calculated providing a rationale for the factors and amounts included. Could this be a prepared schedule of cost (in the agreement) for early termination or non-renewal?

Response: Creative Energy believes that in most cases the early termination will impact other Customers. However, Creative Energy does not believe that the impact can be determined by a prepared schedule as suggested by the IR. Therefore, Creative Energy proposes to calculate such impacts on a case by case basis. Such calculation can be reviewed by the Commission in accordance with the complaint process established by the Commission from time to time.

6.2 Please describe all the ways that other Customers could be negatively impacted for which a non-renewing or terminating Customer could be charged pursuant to section 20.2.

Response: For a contract that was terminated early, and the net book value of the connection was not paid out, other customers would see an increase in their rates.

6.3 Please explain why it is fair and reasonable that Creative Energy should be able to charge a Customer who is not renewing after the full term of the agreement.

Response: Creative Energy agrees this is not reasonable and will amend this clause to state "If this Customer Service Agreement is terminated for any reason other than termination for default of the Utility, in addition to any other amounts due and owing by the Customer to the Utility and despite any other remedies available at law or in equity, the Customer shall pay to the Utility, within 60 days of invoicing, such amount as the Utility determines is necessary to ensure other Customers are not adversely impacted by such termination."

7.0 **Reference:** **Customer Service Agreement
Exhibit B-1-1, Schedule A, Section B.23.3, p. 46
Curtailed of Energy Services**

Section 23 states:

If in the opinion of the Utility any Customer has failed to comply with any requirement of the Utility communicated in accordance with this Section, the Utility will be at liberty, after notice to the Customer is communicated in accordance with this Section, to discontinue Energy Service to such Customer.

7.1 Are there any financial penalties/fees applied to a customer who has failed to comply with any requirements in section 23?

Response: No there are no financial penalties or fees applied.

7.1.1 If yes, please explain.

Response: N/A.