

March 26, 2017

Via Email

Original via Mail

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, BC  
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear: Mr. Wruck

**Re: CE Application – 2018-2022 IBR Mechanism**

In the above noted proceeding, Creative Energy has received over 250 information requests. That number of information requests far exceeds the number of information requests that our small staff can respond to within the three weeks established in the regulatory timetable. Moreover, the type of information requests far exceeds the scope of information requests that could reasonably have been anticipated by Creative Energy or that are appropriate for this Application.

Perhaps the number and type of information requests can be attributed to a misunderstanding of the fundamental elements of the Application. That is, CEC submits that it has not been established by the Applicant that the utility should be treated as a Stream B utility under TES Guidelines and further that it is not established that the utility be regulated other than Cost of Service regulation.<sup>1</sup> Creative Energy stated in its application that:

The Application is a response to market circumstances and follows the principles established for Stream B utilities in the TES Guidelines.<sup>2</sup>

Creative Energy believes that it does not need to establish that it is a Stream B utility. In the 2016-2017 RRA Decision, the Commission has already concluded:

Under the TES Guidelines, Creative Energy's Steam Service and NEFC Service are considered as a Stream B TES.<sup>3</sup>

**The TES Guidelines**

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<sup>1</sup> Exhibit C4-2, second para.

<sup>2</sup> Exhibit B-1, p. 1

<sup>3</sup> 2016-2017 RRA Decision and Order G-167-16, p. 4

The TES Guidelines should provide a valuable lens for viewing the nature of regulatory oversight appropriate for Creative Energy. In the TES Guidelines, the Commission states that for Stream B TES rates:

Applicants are also required to consider the Commission's rate setting principles, outlined below.

1. provide an equitable balance of risk and cost (such as forecast load and cost risk) between the utility and the ratepayer or generation of ratepayers;
2. use the least deferral mechanisms possible;
3. restrict the ability of the utility to pass controllable costs onto ratepayers;
4. 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
5. avoid rate shock (>10 percent change in rates per annum is generally considered "Rate Shock").

The Application follows these principles. However, the information requests go far beyond the "least amount of regulatory oversight" to protect the ratepayer, all of whom have alternatives in a competitive market. Then the Commission stated:

If the rate proposed is based on a regulated Cost of Service rate-setting mechanism, this will be considered as a method of last resort

Creative Energy submits that the appropriate regulatory oversight of this Application does not include information that would be appropriate if the rates proposed were based on a "regulated Cost of Service rate-setting mechanism". Not only should such a mechanism be considered as a matter of last resort, but information related to a cost of service rate-setting mechanism should not be considered within the scope of this Application. If the Commission concludes that as a "method of last resort", a cost of service rate-setting mechanism is appropriate then and only then should Creative Energy be required to incur the cost of filing evidence relevant to a cost of service rate-setting mechanism.

Creative Energy requests a scope decision from the Commission that excludes consideration of information relevant to a cost of service rate-setting mechanism in the review of this Application. In particular, Creative Energy requests that it not be required to answer the following information requests as being beyond the scope of this proceeding or not being the "least amount of regulatory oversight" necessary for this Stream B TES Rates Application:

1. Exhibit CEC -3.1,4.7, 4.8, 5.2, 5.4, 5.6, 6.1, 6.2, 6.3, 7.1, 7.2, 9.3, 10.3, 12.1, 12.2, 12.3, 12.4, 12.5, 12.6, 14.2, 23.3, 26.1, 31.4, 31.5 37.5, 39.1, and 41.2.
2. BCOAPO -11
3. FEI -2.1.3, 2.1.3.1

# CREATIVEENERGY

If you require further information or have any questions regarding this submission, please contact the undersigned.

Regards,

Kelsey Devine

(original signed)

Manager, Customer Development

