



bcuc
British Columbia
Utilities Commission

Patrick Wruck
Commission Secretary

Commission.Secretary@bcuc.com
bcuc.com

Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3
P: 604.660.4700
TF: 1.800.663.1385
F: 604.660.1102

July 26, 2019

Sent via email/eFile

CORIX DISPOSITION OF ASSETS FROM BMDEU EXHIBIT A-5

Mr. Ian Wigington
Regulatory Advisor
Corix Multi-Utility Services Inc.
Suite 1160 – 1188 West Georgia Street
Vancouver, BC V6E 4A2
Ian.Wigington@corix.com

Re: Corix Multi-Utility Services Inc. – Application for Disposition of Assets from the Burnaby Mountain District Energy Utility – Project No. 1599009 – BCUC IR No. 2

Dear Mr. Wigington:

Further to your April 30, 2019 filing of the above-noted application, enclosed please find British Columbia Utilities Commission Information Request No. 2. Please file your responses by Wednesday, August 14, 2019.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

/jo
Enclosure



Corix Multi-Utility Services Inc.
Application for Disposition of Assets from the Burnaby Mountain District Energy Utility

INFORMATION REQUEST NO. 2 TO CORIX MULTI-UTILITY SERVICES INC.

- 4.0 Reference: PROPOSED ASSET DISPOSITION**
Exhibit B-2, BCUC IR 2.1, 2.5, 2.5.1, 3.9; Corix Revenue Requirements and Rates Application (RRA) for the Dockside Green Energy (DGE) Utility (DGE RRA) proceeding, Exhibit B-4, BCUC IR 2.4
Impact on UniverCity Customers

In response to British Columbia Utilities Commission (BCUC) information request (IR) 2.1, Corix Multi-Utility Services Inc. (Corix) stated the following:

Based on timing for projected buildout of UniverCity and actual observed coincident peak within the UniverCity side of the system Corix has determined that only the two larger 3MWt boilers from TEC2 [Temporary Energy Centre 2] will be required in combination with the biomass plant operation at this time. Corix has incorporated into the natural gas plant design the ability to add a third boiler should the actual observed coincident peak exceed the 6MWt provided by the two existing units from TEC2. In addition to this consideration, Corix has been working with BC Hydro to better understand the new Low Carbon Electrification program as it is Corix's current understanding that BC Hydro could potentially provide capital incentives to institute an electric boiler, which would replace the potential future third gas boiler.

In response to BCUC IR 2.5, Corix stated the following:

At this time there are still 11 buildings remaining to be constructed within the UniverCity community and based on empirical data collected by Corix throughout the last eight years of operations there is a possibility that Corix may need to add a third unit of production to the natural gas plant component of the CEP [Central Energy Plant] in the future. Corix is currently exploring possible alternatives to natural gas, such as electric boilers, that could provide the small incremental capacity (less than 2MWt) that may be needed around 2022 or 2023 under current forecasts.

In response to BCUC IR 3.9, Corix stated: "If the 2015 Market Value of \$325,000 is depreciated based on the estimated remaining service life (15 years) of the TEC1 [Temporary Energy Centre 1] Assets to be transferred to DGE, the estimated 2019 Market Value of the complete TEC1 system is \$238,333."

In response to BCUC IR 2.4 in the DGE RRA proceeding, Corix stated that it estimates a remaining useful life of 15 years for the TEC1 assets.

- 4.1 Please clarify if the estimated remaining service life of the TEC1 assets was 15 years as of 2015 or if the remaining service life is 15 years as of 2019.
- 4.2 Please further elaborate on the likelihood (high, medium or low) that an additional boiler will need to be installed in 2022 or 2023 to provide incremental capacity to UniverCity if the

disposition of the TEC1 assets is approved. Please fully explain all assumptions and provide a rationale for the estimated likelihood.

- 4.3 Please explain if, based on Corix's forecasts, there is a high likelihood that if the disposition of the TEC1 assets is approved, an additional boiler will need to be installed to provide incremental capacity to UniverCity within the timeframe of the remaining useful life of the TEC1 assets. Please fully explain the assumptions and rationale for this assessment.
- 4.4 Please provide a breakdown and description of the forecast capital cost if Corix is required to purchase a third natural gas boiler (and any associated equipment) to serve the UniverCity customers in the future.
- 4.5 Please explain in detail the Low Carbon Electrification program based on Corix's discussions with British Columbia Hydro and Power Authority (BC Hydro) and discuss the feasibility (and likelihood) of Corix participating in this program.
- 4.6 Please provide a breakdown and description of the forecast capital cost to install an electric boiler to serve UniverCity customers, inclusive of incentives from BC Hydro, and including any associated equipment needed to integrate the electric boiler with the Burnaby Mountain District Energy Utility (BMDEU) CEP.

In response to BCUC IR 2.5.1, Corix stated the following:

Corix would also highlight that the boilers used in TEC1 were not necessarily selected at the time they were purchased to be re-purposed into the CEP. While it could be technically possible to use these units in the CEP, the boilers in TEC1 do have working pressure limitations which would result in certain cost considerations around configuring these units into the CEP that may lead to higher costs overall when compared to a new piece of thermal generating equipment designed for this specific type of application.

- 4.7 Please describe the working pressure limitations referenced in the above preamble and how these limitations might potentially impact the TEC1 assets' functionality if integrated into the BMDEU CEP.
- 4.8 Please provide an estimate and description of the additional costs to configure the TEC1 units into the BMDEU CEP.
- 4.9 Please explain if the working pressure limitations described by Corix in response to BCUC IR 2.5.1 will likely result in higher costs to configure the units into the DGE system and/or may result in operational issues for DGE.
 - 4.9.1 As part of the above response, please explain if Corix took the working pressure limitations into consideration when deciding to sell the TEC1 assets to DGE. If yes, please explain how these limitations were taken into consideration and whether the limitations are expected to impact service to DGE.
- 4.10 Under a hypothetical scenario where Corix is required to acquire incremental capacity in 2022 to serve the UniverCity customers, please provide both a net present value comparison and a rate impact comparison for UniverCity ratepayers of the following scenarios (assume for the purposes of this analysis that the BMDEU CEP in-service date is mid-2020). Please provide all calculations and explain all assumptions, and provide the supporting working excel spreadsheets:
 - (i) **Scenario 1** - The existing TEC1 assets are not disposed of and are incorporated into the permanent BMDEU CEP system for the in-service date of mid-2020.

- (ii) **Scenario 2** - The existing TEC1 assets are approved to be disposed of and a new natural gas boiler (and any associated equipment necessary to integrate the boiler with the CEP system) is purchased and installed as part of the BMDEU CEP in 2022 (i.e. when the incremental load capacity is required).
 - (iii) **Scenario 3** - The existing TEC1 assets are approved to be disposed of and an electric boiler (plus any associated equipment necessary to integrate the boiler with the CEP system) is purchased and installed as part of the BMDEU CEP in 2022 (assume that Corix is eligible for the BC Hydro Low Carbon Electrification program).
- 4.11 Please explain in detail, considering both quantitative and qualitative factors, why disposing of the TEC1 assets is more beneficial to UniverCity customers than keeping the TEC1 assets.