



January 15, 2020

Sent via email/eFile

BCUC REVIEW OF TES REGULATORY FRAMEWORK GUIDELINES EXHIBIT A-3

Re: British Columbia Utilities Commission – Review of Thermal Energy Systems Regulatory Framework Guidelines – Project No. 1599043 – TES Guidelines Review Information

I am writing to inform you of the British Columbia Utilities Commission (BCUC) Review of the Thermal Energy Systems Guidelines (TES Guidelines). More information about this review is outlined below, we would welcome your participation in this process.

Thermal Energy Systems (TES) in British Columbia are regulated by the BCUC. The BCUC has a scaled framework for these systems, which is outlined in the TES Guidelines. The TES Guidelines describe the regulatory framework for TES and are intended to inform persons who own or operate a thermal energy system of the regulatory requirements to construct and operate TES.

The TES regulatory framework also provides some TES with exemptions from the *Utilities Commission Act*, depending on the capital cost and other criteria.

What are Thermal Energy Systems (TES)?

TES consist of equipment or facilities for the production, generation, storage, transmission, sale, delivery or provision of heat, hot water and/or cooling from one or more thermal energy sources and through a distribution system. Thermal energy sources may include waste heat, renewable (solar, ground/water source or air source heat pumps, geothermal, biomass etc.) or non-renewable energy sources. A thermal energy system can serve one building or it can serve multiple buildings as part of a district energy system.

Review of the Thermal Energy Systems (TES) Guidelines

The Review of the TES Guidelines (Review) will provide an opportunity to assess any changes in the thermal energy market, lessons learnt, housekeeping amendments and any other matters relevant to the BCUC's regulation of TES. The scope of the Review will be limited to TES.

The TES Guidelines cover:

- Definition of TES and TES providers
- Role of the BCUC
- Categories of TES
- Description of TES regulation and exemptions

The current TES Guidelines were approved and issued by the BCUC on August 28, 2014, with further amendments made on March 2, 2015. The BCUC is reviewing the TES Guidelines as five years have passed since they were first issued. The TES Guidelines are available on the BCUC's website at <https://www.bcuc.com/resources/guidelines.html>

How to Get Involved

- **Request Intervener Status**

The BCUC encourages industry stakeholders to participate as interveners to provide valuable insight and perspective. Intervenors can file evidence, ask questions and make submissions on the process. To request intervener status, visit <https://www.bcuc.com/forms/request-to-intervene.aspx> before the deadline of January 31, 2020.

- **Register as an Interested Party**

Sign up as an Interested Party to register your name on the public evidentiary record and receive email notification of all evidence presented.

- **Submit a Letter of Comment**

Letters of Comment are intended for any member of the public to contribute their views and opinions about an application or issue under consideration by the BCUC.

About the BCUC

The BCUC is an independent regulatory agency of the Government of British Columbia that is responsible for regulating BC's energy utilities, the Insurance Corporation of BC's compulsory automobile insurance rates, intraprovincial pipelines and the reliability of the electrical transmission grid. We work hard to ensure British Columbians get value from their utilities with safe, reliable energy services and fair energy and basic auto insurance rates, while ensuring the entities we regulate have the opportunity to earn a fair return on their capital investments.

Find Out More

Learn more about getting involved in the Review by visiting www.bcuc.com/get-involved or the [Review webpage](#) or contacting the Commission Secretary at commission.secretary@bcuc.com.

Sincerely,

Original signed by:

Patrick Wruck
Commission Secretary

LJ/jo



What are Thermal Energy Systems (TES)?

A TES consists of equipment or facilities for the production, generation, storage, transmission or distribution of heat, hot water and/or cooling from one or more thermal energy sources.

Energy sources may include waste heat, renewable (solar, geothermal, biomass etc.) as well as non-renewable energy sources.

The BCUC has approved a **scaled framework to the regulation of TES**, in which oversight increases with the size and scope of the TES:

Exempt TES

- Has a capital cost ≤ \$500,000; or
- Is owned and operated by a Strata Corporation that supplies the Strata Corporation's owners

Exempt from active regulation by the BCUC.

Stream A TES

- On-site TES with initial capital cost above \$500,000 but less than \$15,000,000; and
- Includes a number of other specific characteristics outlined in the TES Guidelines

Exempt from capital planning and rate regulation by the BCUC.

Stream B TES

- A TES that does not meet the requirements of Exempt or Stream A TES

No exemptions, actively regulated by BCUC as a public utility.

Under the *Utilities Commission Act (UCA)*, a person who owns and/or operates a TES for compensation (TES provider) is considered a public utility.

The UCA excludes a municipality or regional district providing services within its own boundaries from the definition of public utility and, therefore, from regulation by the BCUC.

What are the TES guidelines?

The *TES Guidelines* provide an outline for how TES providers are regulated in British Columbia. The guidelines cover:

- Definition of a TES and providers
- Role of the BCUC
- Categories of TES
- TES regulation and exemptions

The *TES Guidelines* are available on the BCUC's website at bcuc.com/resources/guidelines.

Registration requirements

There are no registration requirements for persons owning or operating an exempt TES.

All other TES providers must file a registration form (Stream A) or a Certificate of Public Convenience and Necessity (CPCN) application (Stream B) with the BCUC. BCUC approval is required prior to the construction, purchase or operation of the TES.

Stream A registration forms are available on the BCUC's website at bcuc.com/resources/forms. Any questions regarding registration or application can be sent to the BCUC.

Email: TES@bcuc.com

Phone: 604.660.4700



BCUC Review of Thermal Energy Systems Regulatory Framework Guidelines

About the Review

The British Columbia Utilities Commission (BCUC) is conducting a review of the Thermal Energy Systems (TES) Regulatory Framework Guidelines (TES Guidelines) (the Review). The current TES Guidelines were approved and issued by the BCUC on August 28, 2014, with further amendments made on March 2, 2015.

The BCUC is reviewing the TES Guidelines as five years have passed since they were first issued. The scope of the Review is limited to the TES Guidelines and thermal energy systems, as defined in section 1.2 of the TES Guidelines. It will provide an opportunity to assess any changes in the thermal energy market, lessons learnt, housekeeping amendments and any other matters relevant to the BCUC's regulation of thermal energy systems.

Background

A TES consists of equipment or facilities for the production, generation, storage, transmission or distribution of heat, hot water and/or cooling from one or more thermal energy sources. Thermal energy sources may include waste heat, renewable (solar, geothermal, biomass etc.) as well as non-renewable energy sources. A TES can serve one building or it can serve multiple buildings as part of a district energy system.

Under the *Utilities Commission Act* (UCA), a person who owns and/or operates a TES to provide heating or cooling to the public or a corporation for compensation (TES provider), is considered a public utility. The UCA sets out the BCUC's duties and authority for the regulation and general supervision of public utilities in British Columbia.

The UCA excludes a municipality or regional district providing services within its own boundaries from the definition of public utility and therefore, from regulation by the BCUC.

The TES Guidelines govern how TES providers are regulated in British Columbia. The guidelines cover:

- Definition of a TES and providers
- Role of the BCUC
- Categories of TES
- TES regulation and exemptions

The TES Guidelines are available on the BCUC's website at bcuc.com/resources/guidelines.html

The BCUC will host a workshop on the following date:

Wednesday April 1, 2020 | 9 a.m.

Allwest Reporting – BCUC Hearing Room
12th Floor, 1125 Howe Street in Vancouver, BC

This workshop will be continued, if required, on:

Thursday, April 2, 2020 | 9 a.m.

Allwest Reporting – BCUC Hearing Room
12th Floor, 1125 Howe Street in Vancouver, BC

Review Process

The BCUC is seeking written submissions from participants on the draft terms of reference, which are available on the Review's proceeding page, by **Friday, February 14, 2020**. In preparation for the workshop, the final terms of reference for the Review will be issued on **Wednesday, March 11, 2020**.

The workshop is an opportunity for participants to provide input for the Panel's consideration on the matters within the terms of reference of the Review. The workshop will be led by BCUC Staff and the Panel will be in attendance. If desired, participants will be able to provide written submissions at any time up to one week after the workshop. The workshop will be transcribed.

Get Involved



Request to Intervene

Interveners are able to file evidence, ask questions and make submissions on process. A **Request to Intervene** can be submitted on the BCUC website. The deadline to request intervener status is **Friday, January 31, 2020**.



Submit a Letter of Comment

Stakeholders who do not wish to intervene may participate by submitting a **Letter of Comment** on the BCUC Website. Letters of Comment will be posted on the Review's proceeding webpage.



Register as an Interested Party

Interested parties may register with the BCUC to receive automated email notifications of all documents posted by the BCUC to the Review's webpage.

Timeline



December 20, 2019
TES Review Process Initiated



January 31, 2020
Intervener Registration Deadline



February 14, 2020
Participant Comments on Draft Terms of Reference



March 11, 2020
Final Terms of Reference Issued



April 1, 2020
Workshop
April 2, 2020
Workshop (if required)



April 9, 2020
Intervener written submissions on items within the scope of the Terms of Reference



April 23, 2020
Intervener submissions on further process and notification of intent to file intervener evidence



TBD
Further Process

About the BCUC

The BCUC is an independent regulatory agency of the Government of British Columbia that is responsible for regulating BC's energy utilities, the Insurance Corporation of BC's compulsory automobile insurance rates, intra-provincial pipelines and the reliability of the electrical transmission grid. We work hard to ensure British Columbians get value from their utilities with safe, reliable energy services and fair energy and basic auto insurance rates, while ensuring the entities we regulate have the opportunity to earn a fair return on their capital investments.

British Columbia Utilities Commission

Suite 410, 900 Howe Street
Vancouver, BC Canada V6Z 2N3

Phone: 604.660.4700

BC Toll-free: 1.800.663.1385

Fax: 604.660.1102

Email: commission.secretary@bcuc.com