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February 7, 2020

British Columbia Utilities Commission  
Suite 410, 900 Howe Street, Box 250  
Vancouver, British Columbia V6Z 2N3

Attention: Patrick Wruck, Commission Secretary

Dear Mr. Wruck:

**Re: British Columbia Utilities Commission Review of Thermal Energy Systems Regulatory Framework Guidelines**

On December 20, 2019 the British Columbia Utilities Commission (“**BCUC**”) issued Order G-341-19, establishing a written public hearing to review the Thermal Energy Systems Regulatory Framework Guidelines (“**TES Guidelines Review**”). Corix Multi-Utility Services Inc. (“**Corix**”) writes in response to Order G-341-19 which requested that registered interveners provide written submissions on the draft Terms of Reference included as Appendix B to Order G-341-19.

### **About Corix**

Corix is a wholly owned subsidiary of Corix Utilities Inc. (“**CUI**”), which itself is a wholly owned subsidiary of Corix Infrastructure Inc. (“**CII**”). CII is a fully integrated provider of utility infrastructure solutions throughout North America that include energy, water, and wastewater projects. CII has a 100-year history of developing, designing, constructing, financing, operating, and maintaining a range of utility infrastructure for its customers pursuant to a variety of delivery and governance models. This includes the operation and maintenance of over 25 in-service energy systems, ranging in size, scope and technology from large-scale combined heat and power and chilled water plants to low temperature geo-exchange based systems.

The scope of the TES Guidelines Review is limited to thermal energy systems and therefore Corix’s comments in this document focus on thermal energy systems, which includes district energy utilities. Within British Columbia, Corix owns and operates several district energy utilities that are regulated by the BCUC. These are:

- i. Dockside Green Energy Utility (“**DGEU**”) in Victoria;
- ii. Burnaby Mountain District Energy Utility (“**BMDEU**”) in Burnaby;
- iii. Neighbourhood District Energy System (“**NDES**”) at the University of British Columbia (“**UBC**”) in Vancouver; and,
- iv. Talasa Village District Energy Utility (“**TVDEU**”), which is comprised of the Belmonte and Talasa thermal energy systems in the Sun Rivers community in Kamloops.

Under the existing BCUC Thermal Energy Systems Regulatory Framework Guidelines<sup>1</sup> (“**TES Guidelines**”), the BCUC regulates DGEU, BMDEU, and the UBC NDES as Stream B utilities and regulates the TVDEU systems as Stream A utilities.

In addition to the district energy utilities owned by Corix, CUI operates district energy utilities for the Lulu Island Energy Company (“**LIEC**”), which is a wholly owned municipal corporation that manages district energy utilities for and on behalf of the City of Richmond. CUI does not have any form of ownership interest and does not set customer rates in any of LIEC’s utilities.

<sup>1</sup> Appendix A to BCUC Order G-27-15, dated March 2, 2015.

Corix's expertise and experience in the development, design, construction, financing, operation and maintenance of district energy utilities within British Columbia enables Corix to provide the BCUC with valuable information during the TES Guidelines Review.

### **Comments on the draft Terms of Reference**

The draft Terms of Reference provided in Appendix B to Order G-341-19 cover a wide range of topics in the TES Guidelines. Corix submits that all the topics identified in the draft Terms of Reference should remain in scope with only a few additions as identified below. The topics in the draft Terms of Reference are all necessary to ensure the efficient and effective regulation of thermal energy systems.

At this time, Corix considers the topics identified as the "Scaled Framework" and the "Exemption Thresholds" as two key topics that should be thoroughly reviewed. The Scaled Framework and Exemption Thresholds effectively determine the level of regulation for each Thermal Energy System based on the primary considerations of ownership, capital cost and location. Changes to the characteristics of the Scaled Framework or the Exemption Thresholds may necessitate changes to business models for companies owning or operating thermal energy systems in BC.

Corix submits that the following topics should be added to the draft Terms of Reference.

#### **Item 3 - Complaints**

The draft Terms of Reference seeks to address whether the current complaint process is adequate for each class of TES. However, it is not clear if this includes a review of the BCUC's scope of review regarding a customer complaint, particularly for a Stream A TES.

The scope of topics that the BCUC will review for a customer complaint regarding a Stream A TES is identified in section 2.3.3 of the TES Guidelines.<sup>2</sup> The BCUC will receive complaints concerning specific rates or services issues related to Stream A TES. Section 2.3.3 of the TES Guidelines states: "With regard to complaints concerning rates, the Commission will not consider the propriety of rates that the TES Provider is charging as long as the rate is in accordance with a long-term contract."<sup>3</sup> Corix submits that in order to have a thorough TES Guidelines Review, the Terms of Reference should also consider the scope of the BCUC's review upon receipt of a complaint related to a Stream A TES.

The BCUC's role, defined in section 1.4 of the TES Guidelines, is to "...ensure that public utility customers receive safe, reliable, non-discriminatory energy services at just and fair rates to ensure that the utility's shareholders have a reasonable opportunity to earn a fair return on their investment."<sup>4</sup> Given the BCUC's role and the potential size of a Stream A TES (for example, a \$14.5 million TES serving a few buildings on a single site), Corix proposes that the following question be added to item 3 in the draft Terms of Reference.

- (i) Does the current scope of review for Stream A TES customer complaints allow the BCUC to fulfill its role as defined in section 1.4 in the TES Guidelines?**

#### **Item 4 - Registration**

Section 2.3.4 of the BCUC's TES Guidelines outlines registration requirements for Stream A TES. It states that "...all Stream A TES with an in-service date after August 28, 2014 must file the Registration Form found in Appendix A."<sup>5</sup> In a similar manner, the TES Guidelines state that if a Micro TES undergoes capital additions that "...result in a TES that has, in aggregate, a capital cost of over \$500,000, registration under Stream A or Stream B, as applicable, will be required, unless the system meets the conditions of the Strata exemption described below."<sup>6</sup>

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<sup>2</sup> BCUC TES Guidelines, Appendix A to Order G-27-15, pp. 14-15.

<sup>3</sup> BCUC TES Guidelines, Appendix A to Order G-27-15, p. 15.

<sup>4</sup> BCUC TES Guidelines, Appendix A to Order G-27-15, p. 5.

<sup>5</sup> BCUC TES Guidelines, Appendix A to Order G-27-15, p. 15.

<sup>6</sup> BCUC TES Guidelines, Appendix A to Order G-27-15, p. 11.

The TES Guidelines do not address how the BCUC will ensure that all the applicable thermal energy systems within the province are registered according to the classifications in the TES Guidelines. Corix proposes that the following questions be added to item 4 in the draft Terms of Reference:

- (i) **How could the BCUC ensure that thermal energy systems are registered with the BCUC where applicable?**
- (ii) **Should the TES Guidelines discuss the implications of a thermal energy system operating without registration if it would have been classified by the BCUC as a Stream A or B TES?**

Item 9 – Stream B

Section 2.4.4 of the TES Guidelines outlines information that must be included in Stream B TES Rate Applications.<sup>7</sup> Item 9 of the draft Terms of Reference raises the Stream B TES Certificate of Public Convenience and Necessity (“CPCN”) filing and information requirements. In a similar manner, this TES Guidelines Review should provide an opportunity to review filing and information requirements for a Stream B TES Revenue Requirement and Rates Application. Corix proposes that the following question be added to item 9 in the draft Terms of Reference:

- (i) **Are there any issues with or recommendations for the filing requirements for a Stream B TES Revenue Requirement and Rate Application?**

Additional Item: Stream B Annual Report

Item 10 in the draft Terms of Reference includes a question regarding improvements to the Stream A TES Annual Report. Corix submits that the Stream B TES Annual Report should also be included in the Terms of Reference. According to the TES Guidelines, the BCUC’s annual reporting requirements are set out in Commission Letters L-36-94 and L-14-95.<sup>8</sup> These annual reporting requirements were developed in 1994 and 1995 and the energy utility market within BC has changed significantly since then, particularly with regards to district energy utilities. This review of the TES Guidelines provides an opportunity for the collaborative development of a Stream B TES annual report template that accounts for the greenfield nature of many of the thermal energy systems in BC. Corix proposes that the following question be added to the draft Terms of Reference:

- 11. **Are the current annual reporting requirements, established in L-36-94 and L-14-95, appropriate for Stream B TES, given the evolution of the energy utility market since the mid 1990s and the prevalence of greenfield Stream B thermal energy systems in today’s TES market?**

In summary, Corix considers all the topics identified in the draft Terms of Reference to be pertinent and relevant and submits that there be additional questions included in the Terms of Reference as proposed above.

All of which is respectfully submitted,

**Corix Multi-Utility Services Inc.**

Per:



Errol South  
Senior Regulatory and Financial Analyst

<sup>7</sup> BCUC TES Guidelines, Appendix A to Order G-27-15, pp. 22-23.

<sup>8</sup> BCUC TES Guidelines, Appendix A to Order G-27-15, p. 24.