

Yukon Utilities Board

IN THE MATTER OF the *Public Utilities Act*

and

Yukon Energy Corporation Application for an Energy Project Certificate and Energy Operation Certificate Regarding the Proposed Battery Energy Storage System Project

BEFORE: R. Buchan, Chair) February 18, 2021
B. King, Vice-Chair)
A. Fortin)
M. Johnson)
A. Middler)

BOARD ORDER 2021-03

WHEREAS:

- A. On February 2, 2021, the Minister of Justice and Attorney General (the Minister) issued a letter to the Yukon Utilities Board (Board) referring the Battery Energy Storage System (BESS) Project of Yukon Energy Corporation (YEC) for review under Part 3 of the *Public Utilities Act* (the Act) as a regulated project designated by OIC 2020/180. The Minister attached terms of reference to review the project and report back to the Minister by no later than May 17, 2021. Section 50 of the Act requires written ministerial approval in advance of any inquiry or public meeting under the Act and the Minister authorized the Board to conduct any public hearings it considers necessary for its review and approved any necessary expenditure for the Board's review and reporting. The Minister added that under section 56 of the Act the Board can make any order for the recovery of costs of the proceeding that it considers appropriate.
- B. The Minister's terms of reference state that the YEC 2016 Resource Plan identified a grid-scale BESS as a medium-term solution to partially address a dependable capacity shortfall for the Yukon Integrated System under its single contingency (N-1) capacity reliability criterion that at the time approximated 6 MW in 2017, increasing to about 13 MW by 2020 and 23-24 MW by 2021.

C. The Minister added the following:

In 2019, Yukon Energy in collaboration with Yukon Development Corporation (YDC) and the Department of Community Services submitted a BESS Project funding application to the Government of Canada's Investing in Canada Infrastructure Program (ICIP). On September 3, 2019, the Government of Canada committed \$16.5 million towards development of the BESS Project by Yukon Energy in the Whitehorse area on the overlapping Traditional Territory of Ta'an Kwach'an Council (TKC) and Kwanlin Dun First Nation (KDFN).

Yukon Energy has completed a feasibility study for the BESS Project, including engagement with TKC and KDFN and the public on three site options owned by either TKC or KDFN in the Whitehorse area, and has also concluded a Term Sheet with TKC and KDFN for their support for and benefits from the BESS Project that includes a debenture investment opportunity for both TKC and KDFN.

In November 2020, following completion of the feasibility study and Term Sheet, Yukon Energy decided to proceed with final plans and approvals for the BESS Project to be fully commissioned by fall 2022 on the selected KDFN site, subject to Yukon Energy being able to start construction and procurement in July 2021.

A proposal for the BESS Project will be submitted in March 2021 to the Yukon Environmental and Socio-economic Assessment Board (YESAB) under the *Yukon Environmental and Socio-economic Assessment Act* (Canada). This process will lead to a recommendation by the Designated Office, and a response by the Yukon Government, KDFN and other decision bodies in the form of a "decision document". Any government authorizations issued in support of the Project, including any Energy Project Certificate or Energy Operation Certificate under Part 3 of the *Public Utilities Act*, will have to conform to the decision document.

The BESS Project has been designated, in OIC 2020/180, as a Regulated Project under Part 3 of the *Public Utilities Act* pursuant to section 36 of that Act.

On January 21, 2021 YEC applied under Part 3 of the *Public Utilities Act* for an energy project certificate and an energy operation certificate regarding the BESS Project.

- D. The Board is to provide a report and recommendations on the potential benefits, costs, risks and customer impacts that influence whether the BESS Project should proceed as proposed by YEC, and any terms and conditions that the Board considers should apply. Specifically, the Board shall report on and make recommendations about the necessity for the BESS Project and its timing and design with particular regard to:
- a. The public need for the BESS Project under various reasonable electric load forecasts, including near term requirements related to industrial and nonindustrial loads, and the effect of the Project on the rates of customers and the reliability of electricity service provided to customers.
 - b. The capability of existing and currently committed and expected generation and transmission facilities including thermal generation facilities to provide reliable electric power generation to meet the forecast load requirements and YEC's capacity planning criteria, and the effect of the BESS Project on this capability.
 - c. The risks for the BESS Project and their potential impacts on rates for customers and on the reliability of electricity service provided to customers.
 - d. What, if any, reasonable alternatives exist to the BESS Project, or alternative ways of undertaking the BESS Project with its selected technology might be advisable given reasonable load assumptions and risk assessments.
 - e. Impacts on YEC and ratepayers of the debenture investment opportunity that YEC is providing to TKC and KDFN in recognition of the BESS Project's location on the overlapping Traditional Territory of TKC and KDFN and the benefits of TKC and KDFN support for this Project's development at this time.
 - f. Whether it is prudent to build the BESS Project as proposed at this time.

NOW THEREFORE, the Board orders that:

1. Persons intending to participate in the proceeding must register in writing with the Board's Executive Secretary by no later than Monday, March 1, 2021, indicating the nature of their interest and the issues that they will address or that are of interest to them in relation to the Application. They should also indicate their preference for a written, oral, or virtual oral process.

2. The following process schedule will be established:

Action	Date
Notice of proceeding published	February 24, 2021
Register with the Board	March 1, 2021
Information Requests (IRs) to YEC	March 19, 2021
IR Responses from YEC	April 1, 2021
Intervener evidence	April 9, 2021

3. A further process schedule, including details on the public hearing and written argument, will be determined after April 9, 2021.
4. YEC will arrange for publication in display-ad format of a Notice of Application and Hearing illustrating the dates noted above by no later than February 24, 2021, in such appropriate local news publications in the service area of YEC so as to provide adequate notice to the public.
5. The Application and supporting material are to be made available on YEC's website: www.yukonenergy.ca. A hard copy may be obtained upon request to YEC.
6. The Application and supporting documents will also be available on the Board's website at: www.yukonutilitiesboard.yk.ca.

DATED at the City of Whitehorse, Yukon, this 18th day of February 2021.

BY ORDER



Richard Buchan
Chair