

## TERMS OF REFERENCE

### IN THE MATTER OF the *Public Utilities Act* and

### IN THE MATTER OF an Application by Yukon Energy Corporation for an Energy Project Certificate and an Energy Operation Certificate regarding the Proposed Whitehorse Diesel – Natural Gas Conversion Project

#### Background

A. On April 27, 2012 Yukon Energy Corporation (YEC) filed with the Yukon Utilities Board (YUB) an update to its 20-year Resource Plan: 2006-2025 as an Interrogatory Response (IR) to questions posed by interveners during the review of its 2012-2013 General Rate Application. In this document it outlined the option of thermal generation using Liquefied Natural Gas (LNG) for near-term development (i.e. up to 2015).

B. YEC wishes to begin construction on the project during the 2014 season.

C. The Whitehorse Diesel - Natural Gas Conversion Project is a project to modernize the existing Yukon Energy Corporation Whitehorse Thermal Generating Station to meet growing requirements for reliable and flexible thermal generation on the Yukon grid including the replacement of two diesel generating units (9.1 MW total capacity) scheduled for retirement by 2015 with up to three new modular natural gas-fired generating units (13.1 MW total capacity) supplied by liquefied natural gas (LNG), and the installation of LNG truck offloading, storage, vapourization, and related infrastructure.

D. A proposal for the Whitehorse Diesel-Natural Gas Conversion Project was submitted in November 2013 to the Yukon Environmental and Socio-economic Assessment Board (YESAB) under the *Yukon Environmental and Socio-economic Assessment Act* (Canada), and is subject to a screening by the Executive Committee of YESAB. This process will lead to a recommendation by the Executive Committee, and a response by the Yukon government and other decision bodies in the form of a “decision document”. Any government authorizations issued in support of the Whitehorse Diesel-Natural Gas Conversion 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 of the Yukon government.

E. The Whitehorse Diesel-Natural Gas Conversion Project has been designated, in OIC 2013/200 as a Regulated Project under Part 3 of the *Public Utilities Act* pursuant to section 36 of that Act.

F. On December 9, 2013 YEC applied under Part 3 of the *Public Utilities Act* for an energy project certificate and an energy operation certificate regarding the Whitehorse Diesel-Natural Gas Conversion Project.

**THEREFORE**, as required by Part 3 of the *Public Utilities Act*, the YEC application for an Energy Project Certificate and an Energy Operation Certificate is hereby referred to the YUB for a review and hearing as follows:

**General purpose of review and hearing**

1. The general purpose of the review and hearing is to obtain the YUB's report and recommendations on the potential benefits, costs, risks and customer impacts that influence whether the Whitehorse Diesel-Natural Gas Conversion Project should proceed as proposed by YEC, and any terms and conditions which the YUB considers should apply.

**Public hearing**

2. The YUB shall hold a public hearing, as required, in a format to be determined by the YUB and it shall receive submissions from any person or groups or classes of persons who, in the opinion of the YUB, have an interest in the matter.

**Specific aspects of the project to be reviewed**

3. The YUB shall report on and make recommendations about the necessity for the Whitehorse Diesel-Natural Gas Conversion Project and its timing and design, with particular regard to:
  - a. The public need for the Whitehorse Diesel-Natural Gas Conversion Project under various reasonable electric load forecasts, including near term requirements related to industrial and non-industrial loads, and the effect of the project on the rates of customers;
  - b. The capability of existing and currently committed 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 Whitehorse Diesel-Natural Gas Conversion Project on this capability.
  - c. The risks facing the Whitehorse Diesel-Natural Gas Conversion Project and their potential impacts on rates for customers

- d. What, if any, alternatives to the Whitehorse Diesel-Natural Gas Conversion Project might be advisable given reasonable load assumptions and risk assessments.
- e. Whether it is prudent to build the Whitehorse Diesel-Natural Gas Conversion Project at this time.

**Timing of report and recommendations**

- 4. The YUB shall submit its report and recommendations to the Minister of Justice no later than April 15, 2014.

**Recommendation respecting certificates**

- 5. The YUB shall provide a recommendation on whether YEC should be granted an energy project certificate and an energy operation certificate for the Whitehorse Diesel-Natural Gas Conversion Project and any applicable terms and conditions.

**Other Recommendations**

- 6. The YUB may make any other recommendations or provide any other information that it considers advisable in the circumstances.

Issued by Honourable Mike Nixon  
Minister of Justice  
Attorney General

December 18, 2013