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August 23, 2022

British Columbia Public Interest Advocacy Centre  
Suite 803 - 470 Granville Street  
Vancouver, B.C.  
V6C 1V5

Attention: Ms. Leigha Worth, Executive Director

Dear Ms. Worth:

**Re: FortisBC Inc. (FBC)**

**Application for Acceptance of Demand-Side Management (DSM) Expenditures Plan for the period covering from 2023 to 2027 (Application)**

**Response to the BC Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, and Tenant Resource and Advisory Centre (collectively "BCOAPO" or "BCOAPO et al.) Information Request (IR) No. 1**

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On June 6, 2022, FBC filed the Application referenced above. In accordance with regulatory timetable established in British Columbia Utilities Commission Order G-182-22 for the review of the Application, FBC respectfully submits the attached response to BCOAPO IR No. 1.

For convenience and efficiency, FBC has occasionally provided an internet address for referenced reports instead of attaching lengthy documents to its IR responses. FBC intends for the referenced documents to form part of its IR responses and the evidentiary record in this proceeding.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Diane Roy

Attachments

cc (email only): Commission Secretary  
Registered Parties



FortisBC Inc. (FBC) Application for Acceptance of Demand-Side Management (DSM) Expenditures Plan for the period covering from 2023 to 2027 (Application)	Submission Date: August 23, 2022
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1 **A. INTRODUCTION AND PROGRAM CHANGES**

2 **1.0 Reference: FBC 2023-2027 DSM Application**

3 **Application, Introduction, page 1, lines 26-28**

4 **Application, Section 4, page 11, line 4**

5 **Topic: DSM Program Changes**

6 Preamble: In the Application FBC states:

7 "FBC's proposed DSM expenditure schedule is also  
8 supported by FBC's 2021 Annual DSM Report included as  
9 Appendix B. The 2021 Annual DSM Report describes the  
10 results of FBC's 2021 programs, most of which FBC is  
11 proposing to continue." **Application, page 1**

12 "The DSM Plan continues many of the cost-effective  
13 programs previously accepted in the 2019-2022 DSM Plan,  
14 with some additions and modifications to simplify offers for  
15 customers, align programs with provincial partners, and  
16 comply with changes to applicable legislation."  
17 **Application, page 11**

18 1.1 Please identify all DSM programs FBC is proposing to discontinue as well as the  
19 full rationale(s) supporting the Utility's decision to do so.

20  
21 **Response:**

22 FBC is not proposing to discontinue any programs.

23 The residential lighting program is being consolidated under the Home Renovation program with  
24 changes to some measures as LED bulbs have reached market maturity.

25 Provincial Energy Efficiency Standards Regulations (BC Reg 14/2015 Part 7) increased the  
26 efficiency requirements for directional and general service lamps (GSL) and made high-efficiency  
27 bulbs the baseline. As a result, LED bulbs have now reached market maturity and incentives will  
28 no longer be offered for residential customers. FBC will continue to focus on market  
29 transformation for LED fixtures and controls under the Home Renovation program.

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1            1.2    Of the programs that FBC is proposing to discontinue, please identify those  
2                            programs that are “cost-effective” and then specifically address FBC’s rationale for  
3                            their discontinuance.

4  
5    **Response:**

6    FBC is not proposing to discontinue any programs. Please also refer to the response to BCOAPO  
7    IR1 1.1.

8



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1 **B. CONSISTENCY WITH LONG TERM RESOURCE PLAN**

2 **2.0 Reference: FBC 2023-2027 DSM Application**

3 **Application, Section 3, page 4, lines 12-18**

4 **Application, Section 3.2, page 5, lines 15-18**

5 **Topic: Consistency with LTERP**

6 Preamble: In the Application, FBC states:

7 "In considering whether an expenditure schedule put forward by a public  
8 utility, other than the British Columbia Hydro and Power Authority (BC  
9 Hydro), is in the public interest, the Commission must consider the  
10 following criteria according to section 44.2(5):

- 11 • the most recent long-term resource plan filed by the public utility  
12 under section 44.1 of the UCA, if any..." **Application, page 4**

13 "The LT DSM Plan was premised on a ramp up in DSM spending and  
14 savings, beginning in 2021, that would offset an average of 32 percent of  
15 FBC's forecast load growth annually over the LTERP's planning horizon."  
16 **Application, page 5**

17 Table 3.2 provides a high-level comparison of the expenditures and energy  
18 savings for the 2023-2027 DSM Plan compared with the LT DSM Plan.  
19 Table 3.2 indicates that the expenditures are increasing approximately  
20 \$19.3 million from \$63.3 million to \$82.6 million and the energy savings are  
21 increasing from 139.8 GWh to 143.4 GWh, an increase of approximately 3.6  
22 GWh.

23 2.1 Please provide how much (percentage) of FBC's forecast load growth is offset over  
24 LTERP planning horizon for the 2023-2027 DSM Plan.

25 **Response:**

27 FBC's gross load growth over the planning horizon (2021-2040) increases by 1,266 GWh from  
28 3,717 GWh in 2021 to 4,983 GWh in 2040. During the 2023-2027 DSM Plan, FBC's gross load  
29 increases by 167 GWh from 3,787 GWh to 3,957 GWh.

30 The DSM Plan forecasts energy savings of 143.4 GWh over 2023-2027, which is 11 percent of  
31 the forecast load growth over the entire LTERP planning horizon and 84 percent over 2023-2027.  
32 This is congruent with the Base DSM Scenario savings in the LT DSM Plan.

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34



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1  
2           2.2     Does this percentage of offset forecast load growth track with FBC's planning as  
3                   presented in its LTERP?  
4

5     **Response:**

6     The difference between the offset forecast load growth in the LTERP and 2023-2027 DSM Plan  
7     is minimal at less than 3 percent. The target energy savings in the LTERP between the years  
8     2023-2027 is forecast to be 139.8 GWh. The cumulative annual electricity savings forecast in the  
9     2023-2027 DSM Plan is 143.4 GWh.

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12  
13           2.3     Please confirm that the 2023-2027 DSM Plan reflects an increase in spending of  
14                   \$19.3 million which equates to a 30.5% increase compared to the LT DSM Plan.

15  
16     **Response:**

17     Confirmed.

18  
19

20  
21           2.4     Please confirm that the 2023-2027 DSM plan energy savings is forecast to  
22                   increase by 3.6 GWh which equates to an increase of 2.6% compared to the  
23                   LTERP.

24  
25     **Response:**

26     Confirmed.

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30           2.5     Please explain the basis of FBC's conclusion that the 2023-2027 DSM Plan is  
31                   consistent with its LTERP plan considering the proposed increase in spending of  
32                   \$19.3 million or 30.5% which is only generating a 2.6% increase in energy savings.

33  
34     **Response:**

35     The proforma DSM expenditures and savings in the LTERP and LT DSM Plan are for planning  
36     purposes only and do not reflect actual program design and stakeholder feedback. However, the  
37     planned savings forecast in both the LTERP and DSM Plan between 2023-2027 are similar. As



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1 the planned savings in the DSM Plan are similar to the LTERP and the proposed portfolio is cost-  
2 effective, the 2023-2037 DSM Plan is consistent with the LTERP planning objectives.

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6 2.6 Please confirm that spending in the first four years of the 2023-2027 DSM Plan  
7 increases by a cumulative \$14.6 million.

8

9 **Response:**

10 Confirmed.

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14 2.7 Please confirm that there is a cumulative energy savings of 0.1 GWh in the first  
15 four years 2023-2026.

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17 **Response:**

18 The difference in the cumulative energy savings between the first four years of the proposed DSM  
19 plan and the LT DSM Plan (2023-2026) is 0.1 GWh.

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23 2.8 Please explain why there is a decrease in the cumulative energy savings in the  
24 first four years of the DSM Plan.

25

26 **Response:**

27 The LT DSM Plan is for planning purposes only and does not reflect program design or  
28 stakeholder consultation on DSM program offerings. While the savings in the first four years of  
29 the DSM Plan are slightly less than forecast in the LT DSM Plan, they continue to be very similar  
30 to the LT DSM Plan (within less than 1 percent of forecast savings). FBC does not view this as a  
31 significant variance.

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35 2.9 Please explain why all the incremental 3.6 GWh energy savings are forecast to  
36 occur in the last year of the 2023-2027 DSM Plan.



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**Response:**

The LT DSM Plan is for planning purposes only and does not reflect detailed program design or stakeholder consultation. While the savings in the last year of the DSM Plan are higher than forecast in the LT DSM Plan, they continue to be very similar to the LT DSM Plan (within 12 percent of forecast savings). The primary driver of the increase in savings in the last year of the DSM Plan is a ramp up of low-income, residential and commercial program participation.

Please refer to the response to BCUC IR1 3.1 for a more detailed explanation of the differences between the LTERP/LT DSM Plan and the 2023-2027 DSM Plan.

2.10 Is FBC concerned that all the savings in the forecast are to be obtained in the last year of the 2023-2027 DSM Plan?

**Response:**

The savings from the 2023-2027 DSM Plan are distributed throughout each year of plan although there is an increase in the last year when compared to the LT DSM Plan as discussed in the response to BCOAPO IR1 2.9. Please refer to Table 3-2 of the 2023-2027 DSM Plan (pg. 6) which presents the FBC forecast incremental annual energy savings for each year of the plan.

2.11 Further to BCUC IRs 3.1 and 3.1.1, please provide a table reflecting the amount of incremental energy savings associated with each of the four main drivers of deviations in the 2023-2027 DSM plan compared to the LT DSM Plan.

**Response:**

Please refer to the response to BCUC IR1 3.1.

2.12 FBC states:  
“The DSM Plan achieves a TRC Benefit/Cost ratio of 1.2 on a portfolio basis using the above LRMC and DCE factor.” **Application, page 7**



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1 Please provide the TRC benefit/cost ratio for the LT DSM Plan as included in the  
2 2021 LTERP and provide a discussion of any material variances.

3  
4 **Response:**

5 The TRC test for the Base Scenario in the LT DSM Plan covering 2023-2027 is estimated at 2.0.  
6 Reasons for the variance between the TRC result of the LT DSM plan and the proposed 2023-  
7 2027 DSM plan are discussed in the response to BCUC IR1 3.1.

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1 **C. CONSULTATION**

2 **3.0 Reference: FBC DSM Application**

3 **Section 4.2 Consultation, pages 13-14, lines 25-27, lines 31-33**

4 **Topic: Consultation**

5 Preamble: In its Application, FBC States:

6 "FBC engaged in and documented over 40 interactions and consultations  
7 related to the DSM Plan. The range of entities consulted with included:  
8 communities, customers, contractors, manufacturers, government, First  
9 Nations, vendors, interest groups, and EECAG." **Application, page 13**

10 "Most of the key learning from these consultations was market data  
11 refinement, which was then considered and assessed within program plans  
12 and profiles within the DSM Plan. The feedback also included ideas for  
13 program design and how to expand programs and program reach."  
14 **Application, page 13**

15 FortisBC also received directional feedback from the consultations. This  
16 feedback included the following:

- 17 • Increase in expenditures in the Low-Income Program Area to  
18 support additional energy conservation projects in Indigenous  
19 communities;
- 20 • Support for Demand Response transition from pilot to program and  
21 incentives for demand response measures such as residential air  
22 conditioning units;
- 23 • Within the Innovative Technologies Program Areas strong feedback  
24 was received to support a residential deep energy retrofit pilot in  
25 electrically heated homes in Indigenous communities;
- 26 • Continue support and higher tier adoption of the BC Energy Step  
27 Code for new construction;
- 28 • Support deeper retrofits and building envelope support;
- 29 • Consider upstream incentives;
- 30 • Support pre-commercial technologies;
- 31 • Expand energy efficiency opportunities for existing and emerging  
32 industries (ex. cannabis production) in the Industrial program area;
- 33 • Pursue attribution for Codes and Standards; and



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1 • Support Energy Advisors. The aforementioned feedback was taken  
2 into account in the development of the DSM Plan.” **Application,**  
3 **page 14**

4 3.1 Without disclosing party names, please describe the composition of the DSM  
5 stakeholder group (EECAG).  
6

7 **Response:**

8 The Energy Efficiency Conservation Advisory Group includes the following types of members:

- 9 • non-profit and Indigenous housing societies
- 10 • social advocacy groups
- 11 • environmental non-governmental organizations
- 12 • customer and industry stakeholders
- 13 • trade associations
- 14 • research groups
- 15 • government entities
- 16 • other utilities

17  
18  
19  
20 3.2 Please define specifically what FBC meant by “market data refinement” as used  
21 on page 13 of the Application.  
22

23 **Response:**

24 Market data refinement is the process of reviewing and adjusting the data included in program  
25 plans based on stakeholder feedback.

26  
27  
28  
29 3.3 Please provide examples of the “market data refinement” flowing from the  
30 consultations.  
31

32 **Response:**

33 Examples of market data refinement as a result of consultation with advisory and community  
34 groups, and industry stakeholders within the FBC service area include:



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- 1 • The addition of the residential and commercial air conditioning replacement offer;
- 2 • The addition of the Deep Energy Retrofit offer in the Innovative Technologies Program
- 3 Area;
- 4 • The increase in incentives in the Low Income Program Area;
- 5 • The evolution of the industrial SEM pilot into a permanent program; and
- 6 • An increase in incentives for Indigenous communities through the Low Income Program
- 7 Area and the Community Energy Specialist program.

8  
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10

11 3.4 For each of the 10 areas of directional feedback received from the consultations,  
12 please provide the forecasted incremental DSM funding and related energy  
13 savings that flow from each area of the feedback.

14

15 **Response:**

16 Please refer to the response to BCUC IR1 3.1, which lists the 10 areas which had contributed to  
17 an incremental increase in expenditures and energy savings.

18 The following feedback points did not result in incremental expenditures and energy savings:

- 19 • Continue support and higher tier adoption of the BC Energy Step Code for new
- 20 construction;
- 21 • Building envelope support;
- 22 • Consider upstream incentives;
- 23 • Support pre-commercial technologies;
- 24 • Expand energy efficiency opportunities for existing and emerging industries (e.g. cannabis
- 25 production) in the Industrial program area;
- 26 • Pursue attribution for Codes and Standards; and
- 27 • Support Energy Advisors.

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31 3.4.1 Please confirm that no explicit or incremental DSM funding in the 2023-  
32 2027 DSM plan is a result of consultation feedback.

33



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1 **Response:**

2 FBC can confirm that as a result of consultation feedback, FBC increased DSM funding in the  
3 2023-2027 DSM plan, most discernably in the Low Income Program Area and Innovative  
4 Technologies Deep Energy Retrofit Offer with a combined incremental expenditure of \$4.7 million.

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8 3.4.2 To the extent that no explicit or incremental DSM funding has been  
9 reflected in the 2023-2027 DSM Plan as a result of consultation feedback,  
10 please discuss how the directional feedback has been reflected in FBC  
11 DSM plan or will be reflected in future plans.

12

13 **Response:**

14 Directional feedback provided thus far has been taken into account and incremental funding has  
15 been included as described in the response to BCOAPO IR1 3.4.1. Should further feedback be  
16 provided it will be considered for future program development as part of a future DSM  
17 expenditures plan.

18



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1 **D. DSM EXPENDITURE FORECAST BY PROGRAM AREA**

2 **4.0 Reference: FBC 2023-2027 DSM Application**

3 **Section 4.3, pages 14-15, Table 4-2**

4 **Exhibit B-1-1, FBC Application Errata, Table 4-2**

5 **Topic: Program Expenditures**

6 Preamble:

7 Table 4-2 (page 15) in the Errata provides a breakdown of the 2023-2027  
 8 DSM Plan Proposed Expenditures, as well as energy savings and the TRC  
 9 ratio by program area/sector. Table 4-2 provides such information only for  
 10 the LT DSM in total (and not broken down by program area/sector).

**Table 4-2: 2023-2027 DSM Plan Proposed Expenditures (inflation adjusted)**

Program Area (Sector)	2019-22 Plan	Expenditures (\$000's)						Energy Savings (GWh)					TRC	
	Approved 2022	2023	2024	2025	2026	2027	Total	2023	2024	2025	2026	2027	Total	Ratio
Residential	\$2,795	\$2,946	\$3,258	\$3,566	\$4,015	\$4,548	\$18,334	5.7	6.2	6.9	7.6	8.6	35.0	1.4
Commercial	\$3,047	\$3,129	\$3,415	\$3,643	\$3,850	\$4,012	\$18,050	10.8	11.1	11.5	11.8	12.2	57.4	1.4
Industrial	\$1,815	\$2,119	\$2,130	\$2,187	\$2,196	\$2,206	\$10,837	8.4	8.4	8.6	8.6	8.6	42.5	2.1
Low Income	\$930	\$1,743	\$1,730	\$1,790	\$1,844	\$1,934	\$9,043	1.6	1.6	1.7	1.8	1.9	8.5	1.1
<b>Program sub-total</b>	<b>\$8,587</b>	<b>\$9,938</b>	<b>\$10,543</b>	<b>\$11,186</b>	<b>\$11,905</b>	<b>\$12,700</b>	<b>\$56,264</b>	<b>26.5</b>	<b>27.3</b>	<b>28.7</b>	<b>29.8</b>	<b>31.3</b>	<b>143.4</b>	<b>1.5</b>
Conservation Education and Outreach	\$656	\$697	\$678	\$1,002	\$1,028	\$1,163	\$5,067							
Enabling Activities*	\$1,544	\$1,550	\$1,500	\$1,990	\$1,846	\$2,046	\$9,001							
Innovative Technologies*		\$485	\$685	\$255	\$318	\$276	\$2,019							
Demand Response	\$133	\$773	\$803	\$1,316	\$1,443	\$1,526	\$5,962							1.0
Portfolio	\$956	\$813	\$836	\$853	\$872	\$896	\$4,270							
<b>Total</b>	<b>\$11,400</b>	<b>\$14,455</b>	<b>\$15,436</b>	<b>\$16,572</b>	<b>\$17,412</b>	<b>\$18,707</b>	<b>\$82,583</b>	<b>27.4</b>	<b>27.4</b>	<b>28.6</b>	<b>29.7</b>	<b>31.3</b>	<b>143.4</b>	<b>1.3</b>
<b>LT DSM Plan</b>	<b>\$10,600</b>	<b>\$11,249</b>	<b>\$11,907</b>	<b>\$13,139</b>	<b>\$12,951</b>	<b>\$14,014</b>	<b>\$63,259</b>	<b>27</b>	<b>27.3</b>	<b>29.3</b>	<b>28.6</b>	<b>27.6</b>	<b>139.8</b>	

\* Innovative Technologies 2022 budget was included within the Supporting Initiatives Program Area of the approved 2019-22 DSM Plan. Supporting Initiatives is now named to Enabling Activities, to align with FID

11  
 12 4.1 Please provide an expanded Table 4-2 to include a breakdown of the LT DSM  
 13 plan by program area/sector for each year 2023, 2024, 2025, 2026 and 2027  
 14 including expenditures, energy savings and TRC ratios.

15 **Response:**

16 An expanded version of Table 4-2, showing a similar breakdown of the LT DSM plan program  
 17 areas, is shown below.

Program Area (Sector)	Expenditures (\$000s)						Energy Savings (GWh)					TRC 2023-	
	2023	2024	2025	2026	2027	Total	2023	2024	2025	2026	2027	Total	2027
Residential	\$3,468	\$3,452	\$3,470	\$3,223	\$3,903	\$17,515	7.0	6.0	5.5	5.6	5.5	29.6	1.8
Commercial	\$3,868	\$4,712	\$5,498	\$5,292	\$5,243	\$24,613	15.0	16.8	18.7	18.1	17.0	85.6	2.6
Industrial	\$809	\$870	\$1,043	\$1,048	\$1,099	\$4,869	4.9	4.5	5.1	5.0	5.1	24.5	3.3
Other Program Areas	\$3,104	\$2,873	\$3,128	\$3,388	\$3,770	\$16,263							
<b>Total</b>	<b>\$11,249</b>	<b>\$11,907</b>	<b>\$13,139</b>	<b>\$12,951</b>	<b>\$14,014</b>	<b>\$63,259</b>	<b>27.0</b>	<b>27.3</b>	<b>29.3</b>	<b>28.6</b>	<b>27.6</b>	<b>139.8</b>	<b>2.0</b>

19  
 20 Please note that in the LT DSM plan, the Residential program area also includes the Low Income  
 21 program area. Expenditures values have been inflated to 2023 dollars. The *Other Program Areas*



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1 sector contains all program areas without energy savings (i.e., Conservation, Education and  
2 Outreach, Enabling Activities, Innovative Technologies, Demand Response, and Portfolio). These  
3 program areas are not forecast in the LT DSM plan and are modeled as a component of non-  
4 incentive expenditures.

5  
6

7

8 4.2 Please confirm or otherwise clarify that the program subtotal spending for the  
9 2023-2027 DSM Plan of \$56.3 million represents approximately 68% of the total  
10 DSM Plan spending of \$82.6 million, and 32% of the DSM Plan costs or \$26.3  
11 million relate to non-program spending.

12

13 **Response:**

14 FBC does not distinguish between program and non-program spending. While the Conservation,  
15 Education and Outreach, Enabling, Innovative Technologies and Demand Response program  
16 areas (noted in the 32 percent estimate) do not generally report energy savings, they do include  
17 programs to encourage customer adoption of energy efficiency behaviours and support capacity  
18 building in supporting organizations.

19

20

21

22 4.3 Does FBC have targets or guidelines in terms of the split between program and  
23 non-program spending? If no targets have been established, please explain why  
24 not and explain how FBC assesses the reasonability of the relative proportion of  
25 program vs. non-program spending.

26

27 **Response:**

28 FBC does not distinguish between program and non-program spending. FBC's DSM Guiding  
29 Principle No. 2 provides guidance on how FBC targets the share of incentive and non-incentive  
30 expenditures.<sup>1</sup> The 2023-2027 DSM Plan is in line with that principle.

31

32

33

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<sup>1</sup> DSM Guiding Principle No. 2 states: C&EM expenditures will have a goal of incentive costs exceeding 50 percent of the expenditures in a given year. Application Section 4.1, page 12.



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1           4.4     Please provide the results of any benchmarking FBC has undertaken to assess  
2                     the reasonability of its non-programing spending compared to program spending.  
3                     If no such benchmarking has been undertaken, please explain why not.  
4

5     **Response:**

6     FBC clarifies that it has historically included a program area sub-total based on its customer  
7     sectors as shown in the line item *program sub-total* in Table 4-2. FBC notes the line item should  
8     actually state program *area* sub-total.

9     FBC understands the question to be asking about incentive and non-incentive expenditures. FBC  
10    does leverage industry benchmarking on incentives and non-incentives. A recent study was  
11    conducted by the consulting company E Source looking into expenditure metrics of a variety of  
12    North American DSM programs. The study found that the average split of incentive and non-  
13    incentive expenditures for those utilities surveyed were 60 and 40 percent respectively.<sup>2</sup> FBC's  
14    proposed incentive and non-incentive ratio of 61 and 39 percent, respectively, in the 2023-2027  
15    DSM Plan is in line with these findings.

16    Please refer to the response to BCSEA IR1 1.1 for further details on non-incentive expenditures.

17  
18

19

20           4.5     Please confirm the program area spending of \$52.3 million for the 2023-2027 DSM  
21                     Plan breaks down as follows: Residential \$18.3 million (22%), Commercial \$18.1  
22                     million (22%), Industrial \$10.8 million (13%) and Low Income \$9.0 million (11%).  
23                     Please explain how FBC ensured that the relative spending by customer sector is  
24                     reasonable for the 2023-2027 DSM plan.  
25

26     **Response:**

27     Confirmed.

28     FBC proposes programs to target the market achievable potential of cost-effective measures in  
29     each customer sector as guided by its DSM Guiding Principle No. 1,<sup>3</sup> while meeting the  
30     requirements of the DSM Regulation. The approach for setting expenditures is a "ground up"  
31     exercise, developed program-by-program and sector-by-sector, reflecting stakeholder  
32     engagement and program design rather than allocating a fixed percentage of expenditure to each  
33     customer sector.

---

<sup>2</sup> E Source, 2020, "DSM Budget Trends Through 2020", Figure 2, <https://www.esource.com/429191abpd/dsm-budget-trends-through-2020>.

<sup>3</sup> DSM Guiding Principle No. 1 states: Programs will have a goal of being universal, offering access to energy efficiency and conservation for all residential, commercial and industrial customers, including low-income customers. (Application, Section 4.1, page 12)



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4.5.1 Please compare the relative proportions of the 2023-2027 DSM plan (% spending by customer sector) with the LT DSM Plan and the 2019-2022 DSM Plan and provide an explanation of variances.

**Response:**

The table below shows the relative proportions of the 2023-2027 DSM Plan with the LT DSM Plan and the 2019-2022 DSM Plan. Please refer to the response to BCUC IR1 3.1 for the discussion of variances between the 2023-2027 DSM Plan and the LT DSM Plan.

	2019-2022 DSM Plan	2023-2027 DSM Plan	LT DSM Plan (2023-2027)
Residential	22%	22%	28%
Low Income	8%	11%	
Commercial	28%	22%	39%
Industrial	16%	13%	8%
Other Program Areas	28%	32%	25%

12  
13



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1   **5.0   Reference:   FBC 2023-2027 DSM Application**

2                           **Section 4.4, page 15, line 27, page 16, lines 1-4**

3                           **Section 4.4.1, page 16, lines 13-14**

4                           **Topic: DSM Preferred Scenario**

5                           Preamble: FBC states:

6                           “FBC evaluated five different market potential DSM Scenarios (Low, Base,  
7                           Medium, High, Maximum) based on varying the amount of incentive  
8                           provided (i.e. the Low DSM Scenario had the lowest incentives, which the  
9                           Maximum DSM Scenario had the highest incentives). FBC selected the  
10                           Base DSM as its preferred scenario, with the rationale detailed in Section  
11                           3 of the 2021 LT DSM Plan.” **Application, pages 15-16**

12                           “The forecasted savings from the proposed DSM Plan exceed the Market  
13                           Potential outlined in the Base DSM Scenario of the Conservation Potential  
14                           Review. “ **Application, page 16**

15                   5.1    Further to BCUC IR 9.2, please explain the rationale for the DSM scenario used to  
16                   develop the 2023-2027 DSM Plan. Then, please compare and contrast that  
17                   rationale with the rationale for selecting the base DSM as the preferred scenario  
18                   in the 2021 LT DSM Plan.

19  
20    **Response:**

21    The 2023-2027 DSM Plan was developed from the Base DSM scenario (62 percent of incremental  
22    measure cost) in the LTERP/LT DSM Plan as it was the preferred scenario from the LT DSM  
23    Plan.

24    FBC selected the Base scenario as its preferred scenario in the LT DSM plan for the following  
25    reasons:

- 26           •   The Med, High and Max DSM scenarios present higher risk of insufficient customer  
27           participation than the Base scenario. The 2023-2027 DSM plan took historic program  
28           participation into consideration, and the resulting energy savings estimates were very  
29           close to the energy savings in the Base scenario, further limiting the risk of insufficient  
30           customer participation.
- 31           •   The Base scenario maintains consistency with the previous DSM plan which had support  
32           from customers and stakeholders. This is also a reason why FBC selected the Base  
33           scenario to develop the 2023-2027 DSM Plan.
- 34           •   Transitioning to the Low scenario may require FBC to remove existing program offerings  
35           or reduce program incentives, limiting the ability to scale up programs in the future if new



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1 cost-effective measures are identified. This is also a reason why FBC selected the Base  
2 scenario to develop the 2023-2027 DSM Plan.

- 3 • The Base scenario includes additional budget to further investigate demand response  
4 programs that have the potential to cost-effectively deliver capacity costs. This is also a  
5 reason why FBC selected the Base scenario to develop the 2023-2027 DSM Plan.
- 6 • The Base scenario is more cost effective than other resource options, in the Med, High  
7 and Max DSM scenarios in the LT DSM plan. Though the 2023-2027 DSM plan has  
8 greater expenditures than the Base scenario, it is still cost effective.

9  
10  
11  
12 5.2 Please elaborate on the implications of the forecast energy savings from the  
13 proposed 2023-2027 DSM Plan exceeding the market potential in the base DSM  
14 scenario. For example, please explain how FBC intends to achieve the higher  
15 level of DSM energy savings.

16  
17 **Response:**

18 Please note that while the level of incentive included in the determination of the Market Potential  
19 from the 2021 FBC Conservation Potential Review is represented by the LT DSM Plan Base DSM  
20 scenario, the two scenarios are not identical. The Market Potential and the Base DSM scenario  
21 are two different scenarios with different energy savings. The proposed 2023-2027 DSM Plan  
22 exceeds the energy savings in the Base DSM scenario but does not exceed the energy savings  
23 in the Market Potential. Additional information on the differences between the Market Potential  
24 and the Base DSM Scenario is included in the response to BCOAPO IR1 39.4 in the 2021 LTERP  
25 and LT DSM Plan Application.

26 FBC considers that the overall savings between the Base DSM scenario and 2023-2027 DSM  
27 Plan are very similar (less than a 3 percent deviation). While there are differences in savings in  
28 program areas between the program planning of the 2023-2027 DSM Plan and modeled savings  
29 of the LT DSM Plan, the main deviation between the Base DSM scenario and the 2023-2027 DSM  
30 Plan savings are the additional activities proposed in the Low Income program area, as described  
31 in Appendix A, Section 6.1 (pg. 21).

32



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1 **6.0 Reference: FBC 2023-2027 DSM Application**

2 **Section 5.2, Table 5-1, page 22**

3 **Topic: Customer Bill Impacts**

4 Preamble:

5 In Table 5-1, FBC provides a RIM of 0.5, the results of the portfolio level  
6 cost effectiveness.

7 6.1 Further to BCUC IR 1.3, please provide, in percentage and dollar values, annual  
8 rate and revenue impacts by customer class for each year of the 2023-2027 DSM  
9 Plan compared to the proposed 2023.

10

11 **Response:**

12 For the annual rate and revenue requirement impacts in percentage terms for each year of the  
13 2023-2027 DSM Plan compared to proposed 2023, which would be the same for all customer  
14 classes, please refer to the response to BCUC IR1 1.3.

15 For the annual rate and revenue requirement impact in dollar values by customer class for each  
16 year of the 2023-2027 DSM Plan compared to the proposed 2023 rates and revenue requirement  
17 please refer to Table 1 and Table 2 below, respectively. FBC notes the annual rate impact in  
18 dollar value is expressed in \$ per kWh.

19 **Table 1: Annual Rate Impact by Customer Classes due to FBC 2023-2027 DSM Plan (\$/kWh)**

\$/kWh	2023	2024	2025	2026	2027
Residential	\$ 0.0002	\$ 0.0010	\$ 0.0019	\$ 0.0028	\$ 0.0037
Commercial	\$ 0.0001	\$ 0.0007	\$ 0.0013	\$ 0.0020	\$ 0.0026
Wholesale	\$ 0.0001	\$ 0.0006	\$ 0.0011	\$ 0.0016	\$ 0.0022
Industrial	\$ 0.0001	\$ 0.0005	\$ 0.0010	\$ 0.0015	\$ 0.0020
Lighting	\$ 0.0002	\$ 0.0016	\$ 0.0030	\$ 0.0044	\$ 0.0059
Irrigation	\$ 0.0001	\$ 0.0006	\$ 0.0011	\$ 0.0017	\$ 0.0022

20

21 **Table 2: Annual Revenue Requirement Impact by Customer Classes due to FBC 2023-2027 DSM**  
22 **Plan (\$000s)**

	2023	2024	2025	2026	2027
Residential	\$ 200	\$ 1,292	\$ 2,419	\$ 3,585	\$ 4,773
Commercial	\$ 107	\$ 693	\$ 1,298	\$ 1,924	\$ 2,561
Wholesale	\$ 53	\$ 340	\$ 636	\$ 942	\$ 1,254
Industrial	\$ 48	\$ 312	\$ 585	\$ 867	\$ 1,154
Lighting	\$ 2	\$ 14	\$ 27	\$ 40	\$ 53
Irrigation	\$ 4	\$ 23	\$ 43	\$ 64	\$ 86
<b>Total</b>	<b>\$ 414</b>	<b>\$ 2,675</b>	<b>\$ 5,009</b>	<b>\$ 7,421</b>	<b>\$ 9,881</b>

23



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6.2 Please provide the RIM associated with the 2021 LT DSM plan and explain any material variance (s) from the 2023-2027 DSM Plan.

**Response:**

The portfolio level RIM of the 2021 LT DSM Plan and 2023-2027 DSM Plan is forecast at 0.7 and 0.5, respectively. The difference is primarily due to increased expenditures in the 2023-2027 DSM Plan compared to the 2021 LT DSM plan. Please refer to the response to BCUC IR1 3.1 for further discussion regarding the differences in expenditures associated with the 2021 LT DSM plan and the 2023-2027 DSM Plan.



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1    **7.0    Reference:    FBC 2023-2027 DSM Application**

2                            **Section 7.1.1, page 26, Section 7.1.2, page 27**

3                            **Topic: Funding Transfers**

4                            Preamble: FBC states:

5                            “In cases where a proposed transfer out of an approved program area is  
6                            greater than twenty five percent of that program area’s accepted  
7                            expenditures for the year in question, BCUC acceptance is required.”

8                            **Application, page 26**

9                            “FBC is permitted to carryover unspent and overspent expenditures in a  
10                            Program Area to the same Program Area in the following year.”

11                            **Application, page 27**

12                            “FBC is permitted to exceed total approved DSM Portfolio expenditures  
13                            before any carryover amounts in the final year of the DSM Plan by no more  
14                            than five percent without prior approval from the BCUC.” **Application,**  
15                            **page 27**

16                            7.1    Please explain FBC’s rationale for removing the requirement of BCUC pre-  
17                            approval of funding transfers.

18  
19    **Response:**

20    FBC is requesting to remove the requirement for BCUC pre-approval of a funding transfer into a  
21    program area for the following reasons:

- 22                            • The need for a funding transfer in excess of 25 percent can materialize quickly, particularly  
23                            in cases where market uptake of a program is higher than anticipated.
- 24                            • FBC does an ongoing review of actual expenditures each month and reforecasts  
25                            expenditures to the end of the year. While FBC may anticipate in advance through its  
26                            reforecasting process that a program area could exceed its budget, it can never be certain  
27                            if it will exceed it or by how much until it has actually occurred. This presents some  
28                            challenges for filing an application requesting BCUC approval before the 25 percent  
29                            threshold is exceeded.
  - 30                                    ○ If FBC files too early, it is possible that the overspend does not occur at all, and  
31                                    then the application and review was ultimately not required.
  - 32                                    ○ If FBC files before it has greater certainty of the overspend amount, the application  
33                                    might request an amount of overspend that is then exceeded again if FBC’s  
34                                    forecast was too low. FBC would then need to file again to request approval of this  
35                                    new amount (and may also not have approval prior to the overspend in any event).



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1                    These timing challenges mean that by the time an application is submitted, the  
2                    overspend is about to occur or has already occurred.

3  
4  
5  
6                    7.2        Did FBC consider lowering the 25% threshold for a transfer of funds to compensate  
7                    for its proposal to remove the pre-approval requirement. In responding, please  
8                    also provide FBC's views of the pros and cons of such a trade-off.

9  
10                  **Response:**

11                  No, FBC did not consider lowering the 25 percent threshold for the transfer of funds to  
12                  compensate for the removal of the pre-approval requirement. As explained in response to  
13                  BCOAPO IR1 7.1, the removal of the pre-approval requirement addresses a practical challenge  
14                  of filing an application and gaining approval before the required transfer needs to occur. It is not  
15                  related to the 25 percent threshold, but a separate aspect of the existing transfer rules. In addition,  
16                  FBC agrees with the BCUC in its Decision and Order G-110-12<sup>4</sup> when putting the existing transfer  
17                  rules in place for FBC where it noted that, "a threshold of 25 percent is most appropriate".

18  
19  
20  
21                  7.3        Please explain whether FBC considered shortening the DSM Plan timeframe to  
22                  something shorter than five years. Please provide FBC's rationale for rejecting  
23                  this option. If not, please explain why not.

24  
25                  **Response:**

26                  FBC considers that four to five years for the DSM plan timeframe strikes the best balance between  
27                  having a long enough time to get programs into market and develop them, while still ensuring that  
28                  DSM programs are responsive to market and technology changes. FBC adopted the five year  
29                  time frame for the 2023-2027 DSM Plan as various other planning cycles coincide, including, but  
30                  not limited to, FBC's long-term resource planning, Conservation Potential Review, and End Use  
31                  Surveying.

32  
33  
34  
35                  7.4        Please explain FBC's current process and timing with respect to DSM reporting of  
36                  actual results.

<sup>4</sup> FBC 2012-2013 Revenue Requirements Application, Order G-110-12, page 140.



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1

2 **Response:**

3 FBC files DSM reports with the BCUC annually at March month end for the preceding year.

4

5

6

7 7.5 Did FBC consider increasing the frequency of reporting to the BCUC as part of its  
8 proposal for increased flexibility?

9

10 **Response:**

11 No, FBC did not consider increasing the frequency of reporting to the BCUC, as FBC does not  
12 believe that increased reporting would add value.

13 FBC previously filed semi-annual DSM reports with the BCUC (the first in October showing results  
14 to the end of June and the final report in March showing actual results to year end). The BCUC  
15 ordered FBC (at the time West Kootenay Power Ltd. (WKP)) to begin semi-annual reporting in its  
16 Decision and Order G-109-90 on the Company's general rate application filed on November 30,  
17 1989 and amended on September 7, 1990. This was due to the recent introduction of WKP's DSM  
18 activities and a number of challenges the BCUC identified for WKP to address.

19 FBC requested to remove the mid-year reporting requirement as part of FBC's 2014-2019  
20 Performance Based Ratemaking Plan Application as semi-annual reporting is administratively  
21 burdensome without providing additional value to the BCUC.<sup>5</sup> The BCUC approved FBC's  
22 request to submit annual rather than semi-annual DSM Reports agreeing that the request was  
23 reasonable.

24 FBC's track record as reported in its annual reporting shows that FBC has been meeting its  
25 forecast DSM budgets with minimal variance, and thus FBC does not believe there would be value  
26 in a return to semi-annual reporting.

27

28

29

30 7.6 Please explain, or otherwise clarify, FBC's justification for requesting a 5%  
31 variance allowance for year 5 of the DSM plan rather than some other percentage.

32

33 **Response:**

34 Please refer to the response to BCUC IR1 16.1.

<sup>5</sup> Decision and Order G-139-14, page 244.



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7.7 FBC states:

“FBC is also seeking approval within this Application of a rate base deferral account to capture the regulatory costs associated with the review of this Application and proposes to amortize the costs over five years starting in 2023 to match the time period that the DSM Plan will be in place.” Application, page 27

Please explain and provide the rationale for how regulatory costs associated with the review of FBC’s DSM Plan are currently treated.

**Response:**

The regulatory costs associated with the reviews of FBC’s previous DSM expenditure plan applications were recorded in deferral accounts. The most recent example is the FBC 2019-2022 Multi-Year DSM Expenditure Schedule Application deferral account, which was approved by Order G-38-18. Please also refer to the responses to the BCUC IR1 17 series.

7.8 Please explain if FBC’s proposal is consistent with the practice of other BCUC-regulated utilities such as FEI (gas). If not, please provide FBC’s rationale to depart from this norm in its proposed treatment.

**Response:**

FBC’s proposal is consistent with both past and current requests by FEI. Please also refer to the response to the BCUC IR1 17 series.



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1    **8.0    Reference:    FBC 2023-2027 DSM Application, Appendix A, Section 6**

2                            **Topic: Low Income Program Area**

3                            Preamble: FBC states:

4    "In this DSM plan, the Low Income Program Area consists of four  
5    programs:

- 6    • Self Install Program
- 7    • Direct Install Program
- 8    • Prescriptive Program
- 9    • Performance Program

10                            The **Self Install Program** is a program whereby low income participants receive an  
11                            Energy Savings Kit (ESK) which includes energy saving measures along with an  
12                            instruction booklet and directions to access online "how to" videos. All measures are easy  
13                            to install which participants install themselves. The Self Install program is a partnership  
14                            program with FEI.

15                            **The Direct Install Program** is a program whereby low-income participants receive an in-  
16                            home visit from a program contractor to assess their home's energy efficiency, install basic  
17                            measures (e.g., LED lighting, high efficiency showerheads, etc.) and provide customized  
18                            energy efficiency coaching. Additionally, some participants qualify to receive more robust  
19                            measures such as fridges and insulation. Partners in the Direct Install Program include  
20                            FEI and BC Hydro.

21                            The **Prescriptive Rebate Program** provides rebates, implementation support, funding for  
22                            energy studies, and training for housing providers. It also includes rebates for individual  
23                            low-income customers and Indigenous communities' residential buildings. Prescriptive  
24                            rebates provide a straightforward path for participants in energy efficiency programs.  
25                            Prescriptive rebates are available for measures such as commercial lighting and kitchen  
26                            equipment, and heat pump heating systems; and for Indigenous communities, additional  
27                            measures for health and safety (e.g., mould or asbestos removal), ventilation, air sealing,  
28                            insulation and appliance maintenance are included.

29                            The **Performance Program** provides incentives to support charities, non-profit housing  
30                            providers, co-ops, and Indigenous communities to construct high-performance homes and  
31                            commercial buildings. For example, participants access incentives by meeting the BC  
32                            Energy Step Code standards for Part 3 and Part 9 buildings. The program is administered  
33                            jointly with FEI. These activities were formerly allocated to the Support Program area."

34                            **Appendix A, Section 6, pages 21-22**

35                            8.1    Provide estimated number of FBC's residential customers who are eligible for the  
36                            Low Income Program.

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1  
2 **Response:**

3 FBC currently serves approximately 144 thousand direct customers plus approximately 38  
4 thousand indirect wholesale customers in the communities of Summerland, Penticton, Grand  
5 Forks and Nelson.<sup>6</sup> According to Statistics Canada, the prevalence of low income in all age groups  
6 in British Columbia is approximately 14 percent, based on low-income cut-offs (LICO), before tax.<sup>7</sup>  
7 FBC Low Income Programs utilize income thresholds based on LICO before tax multiplied by a  
8 factor of 1.3. If assuming 14 percent of the population is low income, approximately 25 thousand  
9 direct and wholesale customers would be eligible to participate in FBC's Low Income Programs.

10  
11  
12  
13 8.2 Provide a table showing participation in each of four programs over the past three  
14 years 2019 – 2022, when applicable, and the forecast participation in these  
15 programs in each of 2023 – 2027.

16  
17 **Response:**

18 Actual participation is reported at building or home level, as opposed to measure level. As an  
19 example, a single participant in the Direct Install Program may receive multiple energy saving  
20 measures. Please refer to the table below for actual and forecast participation in each of the four  
21 programs from 2019-2022 and planned participation from 2023-2027.

22 **Table 1: Low Income Program Area Actual and Planned Participation**

Program Name	Participation Actual					Participation Planned					
	2019	2020	2021	2022*	Total	2023	2024	2025	2026	2027	Total
Self Install	1,704	942	303	783	3,732	1,200	1,200	1,400	1,400	1,600	6,800
Direct Install	963	343	316	280	1,902	500	500	500	500	500	2,500
Prescriptive	37	76	114	78	305	143	155	168	177	197	840
Performance	-	-	8	7	15	11	11	11	11	11	55
<b>Total</b>	<b>2,704</b>	<b>1,361</b>	<b>741</b>	<b>1,148</b>	<b>5,954</b>	<b>1,854</b>	<b>1,866</b>	<b>2,079</b>	<b>2,088</b>	<b>2,308</b>	<b>10,195</b>

23 *\*Participation is forecast to end of 2022 based on actuals as of June 2022.*

24  
25  
26

<sup>6</sup> Customer counts as of end of December 2020.  
<sup>7</sup> [Low-income Indicators \(4\), Individual Low-income Status \(6\), Age \(8\) and Sex \(3\) for the Population in Private Households of Canada, Provinces and Territories, Census Divisions and Census Subdivisions, 2016 Census - 100% Data \(statcan.gc.ca\)](https://www150.statcan.gc.ca/n1/pub/92-627-x/2016001/article/00001-eng.htm)





FortisBC Inc. (FBC) Application for Acceptance of Demand-Side Management (DSM) Expenditures Plan for the period covering from 2023 to 2027 (Application)	Submission Date: August 23, 2022
Response to the BC Old Age Pensioners' Organization, Active Support Against Poverty, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, and Tenant Resource and Advisory Centre (collectively "BCOAPO") Information Request (IR) No. 1	Page 27

1 In 2022, FBC started re-engaging past Self Install Program participants and offering  
2 supplementary draft proofing kits including window film, patio door film and caulking free of  
3 charge. While these participants would have received window film when they received an ESK,  
4 the other measures are new measures.

5  
6

7

8 8.4 List energy saving measures included in the Direct Install Program. Will any  
9 measures be added to or removed from this Program in 2023 – 2027 as compared  
10 to the previous DSM Plan?

11

12 **Response:**

13 The Direct Install Program encompasses the following energy saving measures:

- 14 • air sealing,
- 15 • attic insulation,
- 16 • bathroom fans,
- 17 • clotheslines,
- 18 • crawlspace insulation,
- 19 • door draft proofing,
- 20 • drying racks,
- 21 • duct sealing (manufactured homes),
- 22 • faucet aerators,
- 23 • LED lightbulbs,
- 24 • outlet gaskets,
- 25 • programmable thermostats,
- 26 • refrigerators, showerheads,
- 27 • underbelly insulation (manufactured homes),
- 28 • wall insulation,
- 29 • water heater pipe wrap, and
- 30 • window film.



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1 During the 2023-2027 DSM Plan period, FBC will assess the lighting measures offered and work  
2 with program partners to determine if removal is appropriate given the market status of LED  
3 residential lightbulbs. Additional measures that meet program criteria may be considered, such  
4 as air source heat pumps and energy efficient appliances.

5  
6

7

8 8.4.1 What are the specific qualifications participants need in order to receive  
9 more robust measures such as fridges and insulation?

10

11 **Response:**

12 Participant qualifications in the Direct Install Program are guided by program terms and conditions  
13 to ensure that energy savings are realized while staying within the financial scope of the program  
14 and maintaining the health and safety of occupants and contractors.

15 As an example, in addition to the participant income requirements, to proceed with attic insulation,  
16 the existing R-value of the current insulation must fall below R-25 and the home must not have a  
17 significant health or safety issue such as moisture, mould, asbestos, vermiculite, or structural  
18 issues.

19  
20

21

22 8.5 Please provide the current average bill savings and energy savings attributed to  
23 ESK per participant per year.

24

25 **Response:**

26 FBC estimates approximately \$39.27 in yearly bill savings from a Self Install participant. This is  
27 based on 280.5 kWh saved billed at a rate of \$0.14 per kWh. The energy savings and  
28 corresponding bill savings assumed for the 2023-2027 DSM Plan period are consistent with what  
29 the program currently assumes.

30  
31

32

33 8.5.1 Please confirm that the planned bill savings and energy savings  
34 attributed to ESK per participant per year in 2023 – 2027 is the same as  
35 the bill and energy savings attributed to ESK per participant per year at  
36 present. If not so confirmed, please quantify and explain all differences.

37



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1 **Response:**

2 Please refer to the response to BCOAPO IR1 8.5.

3  
4

5

6 8.6 Please provide the current average bill savings and energy savings attributed to  
7 Direct Install Program per participant per year.

8 8.6.1 Please confirm the planned bill savings and energy savings attributed to  
9 the Direct Install Program per participant per year in 2023 – 2027 is the  
10 same as the bill and energy savings attributed to the Direct Install  
11 Program per participant per year at present. If not so confirmed, please  
12 quantify and explain all differences.

13

14 **Response:**

15 FBC estimates approximately \$109.20 in yearly bill savings from a Direct Install participant. This  
16 is based on 780 kWh saved billed at a rate of \$0.14 per kWh. The energy savings, and  
17 corresponding bill savings, assumed for the 2023-2027 DSM Plan period are consistent with what  
18 the program currently assumes.

19