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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

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.

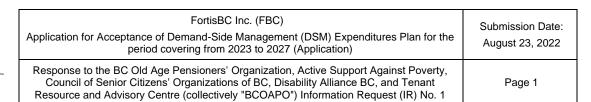
Original signed:

Diane Roy

Attachments

cc (email only): Commission Secretary

Registered Parties





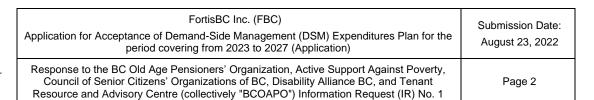
# 1 A. INTRODUCTION AND PROGRAM CHANGES

1	A.	INTRO	DUCTIC	ON AND PRO	GRAM CHANGES
2	1.0	Refere	nce:	FBC 2023-20	27 DSM Application
3				Application,	Introduction, page 1, lines 26-28
4				Application,	Section 4, page 11, line 4
5			,	Topic: DSM I	Program Changes
6				Preamble:	In the Application FBC states:
7 8 9 10 11					"FBC's proposed DSM expenditure schedule is also supported by FBC's 2021 Annual DSM Report included as Appendix B. The 2021 Annual DSM Report describes the results of FBC's 2021 programs, most of which FBC is proposing to continue." <b>Application, page 1</b>
12 13 14 15 16 17					"The DSM Plan continues many of the cost-effective programs previously accepted in the 2019-2022 DSM Plan, with some additions and modifications to simplify offers for customers, align programs with provincial partners, and comply with changes to applicable legislation." Application, page 11
18 19 20 21	Posno				SM programs FBC is proposing to discontinue as well as the orting the Utility's decision to do so.
	Respo		. ,	r e	
22	FBC is	not prop	posing t	o discontinue	any programs.
23 24				. •	eing consolidated under the Home Renovation program with bulbs have reached market maturity.
25 26 27 28	efficier bulbs t	ncy requi the base	irement line. As	s for direction a result, LED	ards Regulations (BC Reg 14/2015 Part 7) increased the all and general service lamps (GSL) and made high-efficiency bulbs have now reached market maturity and incentives will natial customers. FBC will continue to focus on market

transformation for LED fixtures and controls under the Home Renovation program.

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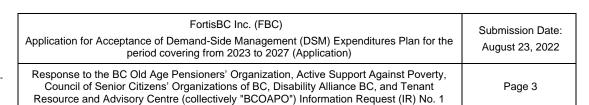




1.2 Of the programs that FBC is proposing to discontinue, please identify those programs that are "cost-effective" and then specifically address FBC's rationale for their discontinuance.

# Response:

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

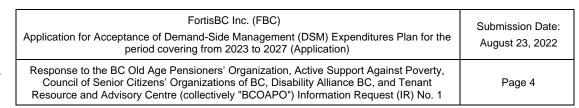




#### **CONSISTENCY WITH LONG TERM RESOURCE PLAN** В.

I	Б.	CONSISTEN	CI 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 8 9 10			"In considering whether an expenditure schedule put forward by a public utility, other than the British Columbia Hydro and Power Authority (BC Hydro), is in the public interest, the Commission must consider the following criteria according to section 44.2(5):
11 12			<ul> <li>the most recent long-term resource plan filed by the public utility under section 44.1 of the UCA, if any" Application, page 4</li> </ul>
13 14 15 16			"The LT DSM Plan was premised on a ramp up in DSM spending and savings, beginning in 2021, that would offset an average of 32 percent of FBC's forecast load growth annually over the LTERP's planning horizon."  Application, page 5
17 18 19 20 21 22			Table 3.2 provides a high-level comparison of the expenditures and energy savings for the 2023-2027 DSM Plan compared with the LT DSM Plan. Table 3.2 indicates that the expenditures are increasing approximately \$19.3 million from \$63.3 million to \$82.6 million and the energy savings are increasing from 139.8 GWh to 143.4 GWh, an increase of approximately 3.6 GWh.
23 24 25 26	Respo	LTER	e provide how much (percentage) of FBC's forecast load growth is offset over P planning horizon for the 2023-2027 DSM Plan.
27 28 29	FBC's 3,717	gross load gro GWh in 2021 t	owth over the planning horizon (2021-2040) increases by 1,266 GWh from to 4,983 GWh in 2040. During the 2023-2027 DSM Plan, FBC's gross load //h from 3,787 GWh to 3,957 GWh.
30			asts 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.
- This is congruent with the Base DSM Scenario savings in the LT DSM Plan. 32





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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 2023-2027 is forecast to be 139.8 GWh. The cumulative annual electricity savings forecast in the 8 9 2023-2027 DSM Plan is 143.4 GWh. 10 11 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. 27 28 29 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:

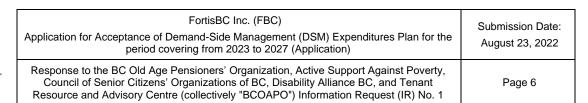
The proforma DSM expenditures and savings in the LTERP and LT DSM Plan are for planning purposes only and do not reflect actual program design and stakeholder feedback. However, the planned savings forecast in both the LTERP and DSM Plan between 2023-2027 are similar. As



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	<u>L</u>	
1 2	•	avings in the DSM Plan are similar to the LTERP and the proposed portfolio is cost- 2023-2037 DSM Plan is consistent with the LTERP planning objectives.
3 4		
5 6 7 8	2.6	Please confirm that spending in the first four years of the 2023-2027 DSM Plan increases by a cumulative \$14.6 million.
9	Response:	
10	Confirmed.	
11 12		
13 14 15 16	2.7	Please confirm that there is a cumulative energy savings of 0.1 GWh in the first four years 2023-2026.
17	Response:	
18 19		e in the cumulative energy savings between the first four years of the proposed DSM _T DSM Plan (2023-2026) is 0.1 GWh.
20 21		
22 23 24 25 26	2.8  Response:	Please explain why there is a decrease in the cumulative energy savings in the first four years of the DSM Plan.
27 28 29 30 31	stakeholder c the DSM Plan	1 Plan is for planning purposes only and does not reflect program design or onsultation on DSM program offerings. While the savings in the first four years of a are slightly less than forecast in the LT DSM Plan, they continue to be very similar // Plan (within less than 1 percent of forecast savings). FBC does not view this as a riance.
32 33		
34 35	2.9	Please explain why all the incremental 3.6 GWh energy savings are forecast to

occur in the last year of the 2023-2027 DSM Plan.





1	_	
2	Response:	
3 4 5 6 7	stakeholder of forecast in the percent of for	Plan is for planning purposes only and does not reflect detailed program design or consultation. While the savings in the last year of the DSM Plan are higher than the LT DSM Plan, they continue to be very similar to the LT DSM Plan (within 12 ecast savings). The primary driver of the increase in savings in the last year of the a ramp up of low-income, residential and commercial program participation.
8 9		to the response to BCUC IR1 3.1 for a more detailed explanation of the differences LTERP/LT DSM Plan and the 2023-2027 DSM Plan.
10 11		
12 13 14 15	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?
16	Response:	
17 18 19 20	there is an in response to I	rom the 2023-2027 DSM Plan are distributed throughout each year of plan although acrease in the last year when compared to the LT DSM Plan as discussed in the BCOAPO IR1 2.9. Please refer to Table 3-2 of the 2023-2027 DSM Plan (pg. 6) ts the FBC forecast incremental annual energy savings for each year of the plan.
21 22		
23 24 25 26 27	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.
28	Response:	
29	Please refer t	to the response to BCUC IR1 3.1.
30 31		
32 33	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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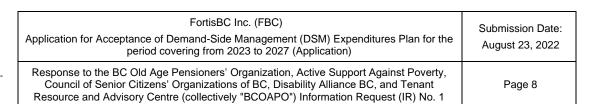
Please provide the TRC benefit/cost ratio for the LT DSM Plan as included in the 2021 LTERP and provide a discussion of any material variances.

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# 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.





# 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 7 8 9			"FBC engaged in and documented over 40 interactions and consultations related to the DSM Plan. The range of entities consulted with included: communities, customers, contractors, manufacturers, government, First Nations, vendors, interest groups, and EECAG." <b>Application, page 13</b>
10 11 12 13 14			"Most of the key learning from these consultations was market data refinement, which was then considered and assessed within program plans and profiles within the DSM Plan. The feedback also included ideas for program design and how to expand programs and program reach." <b>Application, page 13</b>
15 16			FortisBC also received directional feedback from the consultations. This feedback included the following:
17 18 19			<ul> <li>Increase in expenditures in the Low-Income Program Area to support additional energy conservation projects in Indigenous communities;</li> </ul>
20 21 22			<ul> <li>Support for Demand Response transition from pilot to program and incentives for demand response measures such as residential air conditioning units;</li> </ul>
23 24 25			<ul> <li>Within the Innovative Technologies Program Areas strong feedback was received to support a residential deep energy retrofit pilot in electrically heated homes in Indigenous communities;</li> </ul>
26 27			<ul> <li>Continue support and higher tier adoption of the BC Energy Step Code for new construction;</li> </ul>
28			<ul> <li>Support deeper retrofits and building envelope support;</li> </ul>
29			<ul> <li>Consider upstream incentives;</li> </ul>
30			<ul> <li>Support pre-commercial technologies;</li> </ul>
31 32			<ul> <li>Expand energy efficiency opportunities for existing and emerging industries (ex. cannabis production) in the Industrial program area;</li> </ul>
33			<ul> <li>Pursue attribution for Codes and Standards; and</li> </ul>



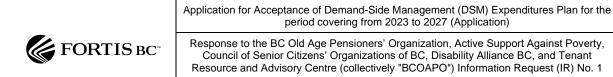
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1 2 3	<ul> <li>Support Energy Advisors. The aforementioned feedback was taken into account in the development of the DSM Plan." Application, page 14</li> </ul>
4 5 6	3.1 Without disclosing party names, please describe the composition of the DSM stakeholder group (EECAG).
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 17 18	• other utilities
19 20 21 22 23	3.2 Please define specifically what FBC meant by "market data refinement" as used on page 13 of the Application.  Response:
24 25	Market data refinement is the process of reviewing and adjusting the data included in program plans based on stakeholder feedback.
26 27	
28 29 30 31	3.3 Please provide examples of the "market data refinement" flowing from the consultations.

Response:

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



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Page 10

- The addition of the residential and commercial air conditioning replacement offer;
- The addition of the Deep Energy Retrofit offer in the Innovative Technologies Program
   Area;

FortisBC Inc. (FBC)

- The increase in incentives in the Low Income Program Area;
  - The evolution of the industrial SEM pilot into a permanent program; and
  - An increase in incentives for Indigenous communities through the Low Income Program Area and the Community Energy Specialist program.

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

15 Response:

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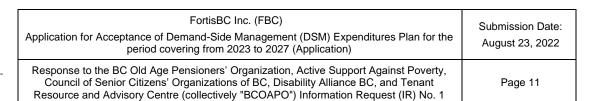
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- Please refer to the response to BCUC IR1 3.1, which lists the 10 areas which had contributed to an incremental increase in expenditures and energy savings.
- 18 The following feedback points did not result in incremental expenditures and energy savings:
- Continue support and higher tier adoption of the BC Energy Step Code for new construction:
- Building envelope support;
  - Consider upstream incentives;
  - Support pre-commercial technologies;
- Expand energy efficiency opportunities for existing and emerging industries (e.g. cannabis production) in the Industrial program area;
  - Pursue attribution for Codes and Standards; and
- Support Energy Advisors.

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31 3.4.1 Please confirm that no explicit or incremental DSM funding in the 202332 2027 DSM plan is a result of consultation feedback.



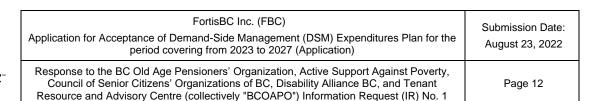
# FORTIS BC

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

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

### Response:

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





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#### D. DSM EXPENDITURE FORECAST BY PROGRAM AREA

2 4.0 Reference: FBC 2023-2027 DSM Application

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

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

**Topic: Program Expenditures** 

Preamble:

Table 4-2 (page 15) in the Errata provides a breakdown of the 2023-2027 DSM Plan Proposed Expenditures, as well as energy savings and the TRC ratio by program area/sector. Table 4-2 provides such information only for 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)						
	Approved 2022	2023	2024	2025	2926	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	\$3,416	\$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	8.5	0.5	8.6	42.5	2.1	
Law 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	
Program auti-total	\$8,587	59,938	\$10,543	\$11,186	\$11,900	\$12,700	\$56,264	26.5	27.3	287	29.8	313	1434	1.5	
Conservation Education and Outreach	\$666	\$897	\$978	\$1,002	\$1,028	\$1,163	\$5,067	1							
Enabling Activities*	\$1,044	\$1,550	\$1,600	\$1,960	\$1,846	\$2,046	\$9.001								
innovative Technologies*		\$485	\$685	\$255	\$318	\$276	\$2,019								
Demand Response	\$133	\$773	\$803	\$1,316	51,443	\$1,626	\$5,962							1.0	
Portfolio	\$956	\$813	1836	\$853	\$872	\$896	\$4,270							1000	
Total	\$11,400	\$14,455	\$15,436	\$16,572	\$17,412	\$18,707	\$82,583	27.4	27.A	28.6	29.7	31,3	143.4	1.3	
LT DSM Plan	\$10,600	\$11,249	\$11,907	\$13,139	\$12,951	\$14,014	\$63,259	27	27.3	29.3	28.6	27.6	139.8		

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

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# Response:

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

		E	xpenditu			TRC 2023-							
Program Area (Sector)	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							
Total	\$11,249	\$11,907	\$13,139	\$12,951	\$14,014	\$63,259	27.0	27.3	29.3	28.6	27.6	139.8	2.0

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



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

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

# Response:

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

Response:

4.3

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

program vs. non-program spending.

Does FBC have targets or guidelines in terms of the split between program and

non-program spending? If no targets have been established, please explain why

not and explain how FBC assesses the reasonability of the relative proportion of

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

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# Response:

- FBC clarifies that it has historically included a program area sub-total based on its customer sectors as shown in the line item *program sub-total* in Table 4-2. FBC notes the line item should actually state program *area* sub-total.
- 9 FBC understands the question to be asking about incentive and non-incentive expenditures. FBC does leverage industry benchmarking on incentives and non-incentives. A recent study was conducted by the consulting company E Source looking into expenditure metrics of a variety of North American DSM programs. The study found that the average split of incentive and non-incentive expenditures for those utilities surveyed were 60 and 40 percent respectively. FBC's proposed incentive and non-incentive ratio of 61 and 39 percent, respectively, in the 2023-2027 DSM Plan is in line with these findings.
- Please refer to the response to BCSEA IR1 1.1 for further details on non-incentive expenditures.

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

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# Response:

27 Confirmed.

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

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

<sup>&</sup>lt;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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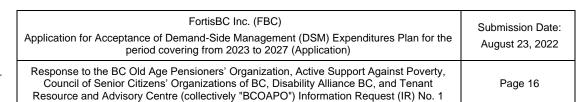
FORTIS BC

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%	20%
Commercial	28%	22%	39%
Industrial	16%	13%	8%
Other Program Areas	28%	32%	25%





1	5.0	Referen	ice: 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 F	Further to BCUC IR 9.2, please explain the rationale for the DSM scenario used to
16		C	develop the 2023-2027 DSM Plan. Then, please compare and contrast that
17		r	ationale with the rationale for selecting the base DSM as the preferred scenario
18		i	n the 2021 LT DSM Plan.
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# 20 Response:

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- The 2023-2027 DSM Plan was developed from the Base DSM scenario (62 percent of incremental measure cost) in the LTERP/LT DSM Plan as it was the preferred scenario from the LT DSM Plan.
- FBC selected the Base scenario as its preferred scenario in the LT DSM plan for the following reasons:
  - The Med, High and Max DSM scenarios present higher risk of insufficient customer participation than the Base scenario. The 2023-2027 DSM plan took historic program participation into consideration, and the resulting energy savings estimates were very close to the energy savings in the Base scenario, further limiting the risk of insufficient customer participation.
  - The Base scenario maintains consistency with the previous DSM plan which had support from customers and stakeholders. This is also a reason why FBC selected the Base scenario to develop the 2023-2027 DSM Plan.
  - Transitioning to the Low scenario may require FBC to remove existing program offerings 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 scenario to develop the 2023-2027 DSM Plan.

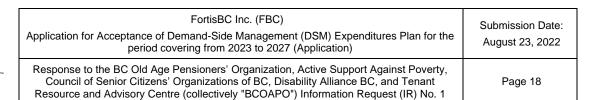
- The Base scenario includes additional budget to further investigate demand response programs that have the potential to cost-effectively deliver capacity costs. This is also a reason why FBC selected the Base scenario to develop the 2023-2027 DSM Plan.
- The Base scenario is more cost effective than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

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

# Response:

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

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





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 6			In Table 5-1, FBC provides a RIM of 0.5, the results of the portfolio level cost effectiveness.
7 8 9 10		rate a	er to BCUC IR 1.3, please provide, in percentage and dollar values, annual and revenue impacts by customer class for each year of the 2023-2027 DSM compared to the proposed 2023.

### Response:

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

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

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

Table 2: Annual Revenue Requirement Impact by Customer Classes due to FBC 2023-2027 DSM 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
Total	\$ 414	\$ 2,675	\$ 5,009	\$ 7,421	\$ 9,881





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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7.0	Reference:	FBC 2023-2027 DSM Application
		Section 7.1.1, page 26, Section 7.1.2, page 27
		Topic: Funding Transfers
		Preamble: FBC states:
		"In cases where a proposed transfer out of an approved program area is greater than twenty five percent of that program area's accepted expenditures for the year in question, BCUC acceptance is required." <b>Application, page 26</b>
		"FBC is permitted to carryover unspent and overspent expenditures in a
		Program Area to the same Program Area in the following year." Application, page 27
		"FBC is permitted to exceed total approved DSM Portfolio expenditures
		before any carryover amounts in the final year of the DSM Plan by no more
		than five percent without prior approval from the BCUC." Application,
		page 27
	7.0	7.0 Reference:

7.1 Please explain FBC's rationale for removing the requirement of BCUC preapproval of funding transfers.

#### Response:

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

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



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

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

# Response:

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

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

#### Response:

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

7.4 Please explain FBC's current process and timing with respect to DSM reporting of actual results.

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



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Did FBC consider increasing the frequency of reporting to the BCUC as part of its

2 Response:

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

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# 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
- ordered FBC (at the time West Kootenay Power Ltd. (WKP)) to begin semi-annual reporting in its
- 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
- activities and a number of challenges the BCUC identified for WKP to address.

proposal for increased flexibility?

- 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
- in a return to semi-annual reporting.

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

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# Response:

34 Please refer to the response to BCUC IR1 16.1.

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

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2 3 4 7.7 FBC states: 5 6 "FBC is also seeking approval within this Application of a rate base deferral 7 account to capture the regulatory costs associated with the review of this 8 Application and proposes to amortize the costs over five years starting in 2023 9 to match the time period that the DSM Plan will be in place." Application, page 10 27 11 Please explain and provide the rationale for how regulatory costs associated with 12 the review of FBC's DSM Plan are currently treated. 13 14

# 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.

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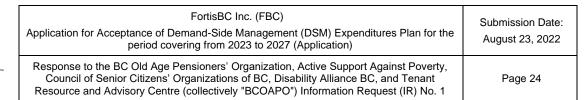
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7.8 Please explain if FBC's proposal is consistent with the practice of other BCUCregulated utilities such as FEI (gas). If not, please provide FBC's rationale to depart from this norm in its proposed treatment.

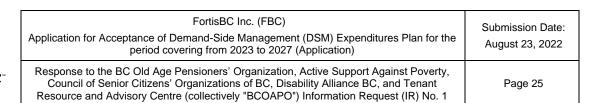
26 Response:

> 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.





1	8.0	Reference: FBC 2023-2027 DSM Application, Appendix A, Section 6
2		Topic: Low Income Program Area
3		Preamble: FBC states:
4 5		"In this DSM plan, the Low Income Program Area consists of four programs:
6		Self Install Program
7		Direct Install Program
8		Prescriptive Program
9		Performance Program
10 11 12 13		The <b>Self Install Program</b> is a program whereby low income participants receive an Energy Savings Kit (ESK) which includes energy saving measures along with an instruction booklet and directions to access online "how to" videos. All measures are easy to install which participants install themselves. The Self Install program is a partnership program with FEI.
15 16 17 18 19 20		<b>The Direct Install</b> Program is a program whereby low-income participants receive an inhome visit from a program contractor to assess their home's energy efficiency, install basic measures (e.g., LED lighting, high efficiency showerheads, etc.) and provide customized energy efficiency coaching. Additionally, some participants qualify to receive more robust measures such as fridges and insulation. Partners in the Direct Install Program include FEI and BC Hydro.
21 22 23 24 25 26 27 28		The <b>Prescriptive Rebate Program</b> provides rebates, implementation support, funding for energy studies, and training for housing providers. It also includes rebates for individual low-income customers and Indigenous communities' residential buildings. Prescriptive rebates provide a straightforward path for participants in energy efficiency programs. Prescriptive rebates are available for measures such as commercial lighting and kitchen equipment, and heat pump heating systems; and for Indigenous communities, additional measures for health and safety (e.g., mould or asbestos removal), ventilation, air sealing, insulation and appliance maintenance are included.
29 30 31 32 33 34		The <b>Performance Program</b> provides incentives to support charities, non-profit housing providers, co-ops, and Indigenous communities to construct high-performance homes and commercial buildings. For example, participants access incentives by meeting the BC Energy Step Code standards for Part 3 and Part 9 buildings. The program is administered jointly with FEI. These activities were formerly allocated to the Support Program area." <b>Appendix A, Section 6, pages 21-22</b>
35 36		8.1 Provide estimated number of FBC's residential customers who are eligible for the Low Income Program.



Provide a table showing participation in each of four programs over the past three

years 2019 - 2022, when applicable, and the forecast participation in these



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Response:

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

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Response:

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

Table 1: Low Income Program Area Actual and Planned Participation

Program	Participation Actual				Participation Planned						
Name	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
Total	2,704	1,361	741	1,148	5,954	1,854	1,866	2,079	2,088	2,308	10,195

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

programs in each of 2023 - 2027.

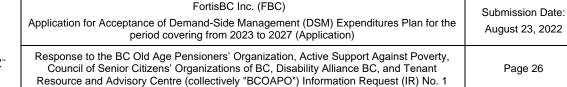
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Customer counts as of end of December 2020.

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)





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8.3 Please provide a specific list of all energy saving measures/equipment included in ESK and their individual associated energy savings as well as the basis upon which those energy savings are estimated.

Page 26

4 5 Response:

6 Please refer to the table below for an overview of the measures included in an ESK.

# **Self Install Program Energy Savings Measures**

	Energy Savings				
Measure Description	Annual Savings Gross (kWh/y)	Demand Savings Gross (kW)			
Caulking	15	0.004			
Draftproofing Materials	35	0.010			
Faucet Aerators	164	0.031			
LED Lamps	32	0.023			
LED Nightlight	21	0.005			
Outlet Gasket Pack	20	0.006			
Patio Door Film	36	0.011			
Refrigerator/Freezer Thermometer	60	-			
Showerhead	266	0.051			
Window Film Pack	90	0.026			

\*An ESK may include multiple quantities of the measures listed.

Energy saving estimates are informed by evaluations from third-party consultants and equipment assumptions such as nameplate efficiency, intensity of use and rate of installation.

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8.3.1 Will any items be added to or removed from ESK in 2023 - 2027 as compared what was in the ESK kits distributed during the previous DSM Plan?

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#### Response:

To date, no measures have been added to or removed from the ESK. During the 2023-2027 Plan period, FBC will assess the lighting measures offered and work with program partners to determine if removal is appropriate given the market status of LED residential lightbulbs. Additional measures that meet program criteria, such as potential for energy savings as well as relative ease of installation, will be considered for enhancing the kits.



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In 2022, FBC started re-engaging past Self Install Program participants and offering supplementary draft proofing kits including window film, patio door film and caulking free of

charge. While these participants would have received window film when they received an ESK,

4 the other measures are new measures.

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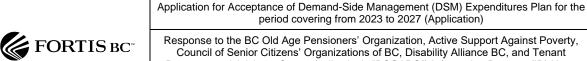
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8.4 List energy saving measures included in the Direct Install Program. Will any measures be added to or removed from this Program in 2023 – 2027 as compared to the previous DSM Plan?

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# Response:

- 13 The Direct Install Program encompasses the following energy saving measures:
- 14 air sealing,
- attic insulation,
- bathroom fans,
- clotheslines,
- crawlspace insulation,
- door draft proofing,
- drying racks,
- duct sealing (manufactured homes),
- faucet aerators,
- LED lightbulbs,
- outlet gaskets,
- programmable thermostats,
- refrigerators, showerheads,
- underbelly insulation (manufactured homes),
- wall insulation,
- water heater pipe wrap, and
- window film.



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

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

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

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

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#### Response:

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

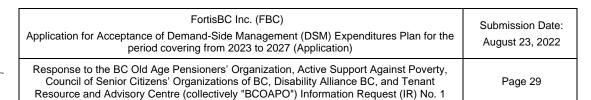
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8.5.1 Please confirm that the planned bill savings and energy savings attributed to ESK per participant per year in 2023 - 2027 is the same as the bill and energy savings attributed to ESK per participant per year at present. If not so confirmed, please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





# Response:

2 Please refer to the response to BCOAPO IR1 8.5.

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

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

Response:

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