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August 23, 2022

Residential Consumer Intervener Association
c/o Midgard Consulting Inc.
Suite 828 – 1130 W Pender Street
Vancouver, B.C.
V6E 4A4

Attention: Mr. Peter Helland, Director

Dear Mr. Helland:

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 Residential Consumer Intervener Association (RCIA)
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 RCIA 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 **Table 1: Comparison of 2023-2027 DSM Plan and LT DSM Plan TRC Ratios**

Program Area	LT DSM Plan	2023-2027 DSM Plan
Residential	1.8	1.4
Commercial	2.6	1.4
Industrial	3.3	2.1
Other Program Areas	-	-
TOTAL	2.0	1.3

2 Please note that in the LT DSM Plan, the Residential program area also includes the Low
 3 Income program area. Expenditure values have also been inflated to 2023 dollars. Other
 4 Program Areas contains all program areas without energy savings (Conservation, Education
 5 and Outreach, Enabling Activities, Innovative Technologies, Demand Response, Portfolio).
 6 These program areas are not broken out or specified in the LT DSM Plan.

7 Please also refer to the response to BCUC IR1 3.1 for an explanation of differences between
 8 the LT DSM Plan and 2023-2027 DSM Plan.

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10

11
12 At page 20 of the Application, FBC states:

13 *“FBC’s proposed DSM portfolio for 2023-2027 is cost-effective, with a TRC of*
 14 *1.3, based on the methodology set out in section 4 of the DSM Regulation.”*

15 1.2 Please calculate the TRC of the LT DSM Plan spending.

16

17 **Response:**

18 As noted in Section 1.1 of the LT DSM Plan, the portfolio TRC test is 2.0. Please refer to the
 19 response to BCOAPO IR1 4.1 for further discussion regarding the cost effectiveness of the LT
 20 DSM Plan.

21
22

23
24 1.3 Please calculate the TRC of the \$19.3 M of incremental spending (when
 25 comparing the 2023-2027 DSM Plan to the LT DSM Plan).

26

27 **Response:**

28 Please refer to the response to RCIA IR1 1.1.



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1 **4. Reference: Exhibit B-1, Application, Appendix A, pg. 37**

2 **Rental Apartment Efficiency Program**

3 At the above-noted location, Posterity Group provides Exhibit 20:

Exhibit 20 – Benefit-Cost Ratios and Levelized Cost of Electricity by Portfolio, Program, and Program Area						
	TRC	mTRC	UCT	PCT	RIM	LCOE \$/kWh
OVERALL PORTFOLIO	1.3	1.4	1.8	3.2	0.5	\$0.06
Residential						
Home Renovation	1.6	1.8	2.5	4.1	0.5	\$0.05
New Home	1.0	1.1	1.6	2.9	0.5	\$0.08
Residential Program Area	1.4	1.6	2.3	3.9	0.5	\$0.06
Commercial						
Prescriptive	1.7	2.0	4.0	2.8	0.8	\$0.03
Performance	1.1	1.3	2.9	2.7	0.6	\$0.04
Rental Apartment	0.4	0.4	0.3		0.2	\$0.34
Commercial Program Area	1.4	1.6	3.3	2.8	0.7	\$0.03
Industrial						
Prescriptive	2.6	3.0	5.8	3.0	1.1	\$0.02
Performance	1.5	1.7	1.6	3.2	0.6	\$0.06
Strategic Energy Management	1.0	1.2	1.5	2.1	0.5	\$0.07
Industrial Program Area	2.1	2.4	3.4	3.0	0.8	\$0.03
Low Income						
Self Install	3.2	3.6	2.3	7.7	0.6	\$0.04
Direct Install	0.7	0.9	0.5	2.5	0.3	\$0.19
Prescriptive	1.3	1.4	1.0	2.7	0.4	\$0.11
Performance	1.6	1.9	0.9	5.2	0.3	\$0.13
Low Income Program Area	1.2	1.3	0.9	3.0	0.4	\$0.13

4

5 RCIA notes that the TRC value for the Rental Apartment program is given as 0.4, the

6 lowest TRC value for any of the programs listed in Exhibit 20.

7 4.1 Please discuss the low TRC value for the Rental Apartment program. Can FBC

8 explain the apparent poor performance of the program as indicated by the TRC

9 value?

10

11 **Response:**

12 The RAP's TRC value in the 2023-2027 FBC DSM Plan is lower compared to the one in the

13 2019-2022 FBC DSM Plan due to:



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- 1 • Increased non-incentive costs, primarily due to increasing administration costs for
2 planned program development activities for RAP, anticipation of a higher number of
3 energy assessments that do not convert to measure implementation, and anticipation of
4 higher costs for the direct install component of RAP, which is labour-intensive;
- 5 • Conservative estimates for achievable electricity savings due to diminishing returns for
6 opportunities associated with lighting upgrades; and
- 7 • Limited capacity to increase participation in FBC's RAP program between 2023-2027,
8 since there are fewer market rental apartment buildings left in the region that have not
9 already utilized the program.

10
11

12

13 4.2 Did FBC calculate the TRC value for the Rental Apartment program when it was
14 previously organized under the "Residential" category? If yes, please provide
15 and compare to the current value.

16

17 **Response:**

18 Yes, FBC calculated the TRC when it was organized under the Residential Program Area.
19 Please refer to the response to BCUC IR1 4.8 for a comparison of past years' TRC values
20 against forecast 2023-2027 DSM Plan TRC values.

21



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1 **Response:**

2 The air sealing measure added under the Home Renovation Rebate Program is for FBC
3 customers in electrically heated homes to complete draft proofing upgrades to improve the
4 building envelope.

5 For details on measure assumptions please refer to the response to BCUC IR1 12.1.

6
7

8

9 5.4 Please provide additional detail on the “Connected home bundle” measure.

10

11 **Response:**

12 Please refer to the responses to BCUC IR1 12.1 and CEC IR1 13.1.

13
14

15

16 5.5 Please summarize the key changes that will be noticeable to residential
17 consumers using the New Home program that will result from eliminating Step 2
18 and Step 3 measures and shifting focus to Step 4 and Step 5 measures.

19

20 **Response:**

21 Full program details will be evaluated and finalized when the Provincial building code updates
22 are confirmed.

23 Forthcoming building code changes aim to make Step 3 the new energy baseline for residential
24 construction¹. As a result, eligibility for incentives will rise to follow the new baseline, mirroring
25 the current structure of the New Home program.

26 Customers are expected to experience increasing benefits at the higher tiers of the Step Code
27 including further reductions in energy costs, increased comfort, reduced sound transmission,
28 and improved indoor air quality.

29 Builders are the group likely to notice the biggest impact when moving to Step 4 and Step 5. To
30 meet the higher steps, changes will be required to building envelope, airtightness and
31 mechanical design. Additionally, intentional collaboration between the builder and the entire
32 trade team through an integrated design process will benefit each project. Integrated design is
33 a net new process for the residential construction industry.

¹ Energy Step Code May 2022 Stakeholder Update, <https://mailchi.mp/energystepcode/may2022>.

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1 **6. Reference: Exhibit B-1, Application, Appendix B, pg. 2**
2 **2021 DSM Program Performance**

3 At the above-noted location, FBC states:

4 *“FBC’s actual 2021 DSM expenditures were 103 percent of 2021 Plan including*
5 *carryover and the DSM energy savings were 91 percent of Plan.”*

6 6.1 Please comment on the reasons for 2021 energy savings under-performing the
7 planned amount by 9%, despite DSM expenditures exceeding the planned
8 amount by 3%.

9
10 **Response:**

11 The reasons for the 2021 energy savings under-performing the planned amount by 9 percent,
12 despite DSM expenditures exceeding the planned amount by 3 percent are detailed in each
13 program area section of the 2021 FBC Annual Report included in Appendix B. Major drivers are
14 summarized here:

15 ***Residential***

- 16 • The Home Renovation Rebate Program saw higher than Plan incentive expenditures,
17 but lower savings due to the Double Rebates offer which launched in fall of 2020 and
18 finished on June 30, 2021, temporarily increasing customer incentives.

19 ***Low Income***

- 20 • The Social Housing Support Program saw lower than Plan energy savings while having
21 higher than forecast expenditures due to the nature of projects going through the
22 program in 2021.
- 23 • The Self Install program saw a decline in participation that may be attributed to shifting
24 customer priorities as a result of the ongoing COVID-19 pandemic, extreme weather
25 events, or competing offers in market.

26 ***Commercial***

- 27 • The higher than anticipated expenditures in the both the Prescriptive and Custom
28 programs are primarily due to the limited time COVID-19 recovery offers with higher
29 incentives.
- 30 • The actual Prescriptive and Custom program energy savings were slightly below plan
31 due to the projects going through the programs in 2021.



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1 **Industrial**

- 2 • The higher than anticipated expenditures in the both the Prescriptive and Custom
3 programs are primarily due to the limited time COVID-19 recovery offers with higher
4 incentives.
- 5 • The actual Custom program energy savings were slightly below plan due to the projects
6 going through the program in 2021.

7
8

9

10 6.2 Has FBC adjusted or modified its energy savings forecasting as a result of the
11 9% under-performance of energy savings noted in 2021? Please discuss why or
12 why not.

13

14 **Response:**

15 Yes, FBC's program expenditures and energy savings forecasts in the 2023-2027 DSM Plan
16 reflect recent expenditure and energy savings trends observed in each active program.
17 However, FBC notes that the COVID recovery incentives provided during 2020 and 2021 were
18 temporary and therefore not reflected in FBC's program forecasts going forward.

19



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1 **8. Reference: Exhibit A-3, BCUC IR1, IR 1.3**
2 **DSM Expenditure Rate Impacts**

3 At the above-noted location, the BCUC asked:

4 *“Please provide, in percentage and dollar values, annual rate and revenue*
5 *impacts for each year of the 2023–2027 DSM Plan duration, compared to*
6 *proposed 2023.”*

7 8.1 If not already done in response to the noted BCUC IR, please provide the
8 requested rate and revenue impacts (in percentage and dollar values) broken
9 down by rate class (e.g. residential, commercial, industrial, etc.).

10
11 **Response:**

12 Please refer to the response to BCOAPO IR1 6.1.

13