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July 18, 2019

British Columbia Utilities Commission  
Suite 410, 900 Howe Street  
Vancouver, B.C.  
V6Z 2N3

Attention: Mr. Patrick Wruck, Commission Secretary and Manager, Regulatory Support

Dear Mr. Wruck:

**Re: FortisBC Inc. (FBC)**  
**Electricity Demand-Side Management (DSM) – 2018 Annual Report (the Report)**  
**Response to the British Columbia Utilities Commission (BCUC) Staff**  
**Information Request (IR) No. 1**

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On March 29, 2019, FBC filed the Report referenced above. On June 27, 2019, BCUC staff responded by Email with BCUC Staff IR No. 1.

FBC respectfully submits the attached response to BCUC Staff IR No. 1.

If further information is required, please contact Sarah Wagner, Senior Regulatory Analyst, at (250) 469-6081.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Doug Slater

Attachments



FortisBC Inc. (FBC or the Company) Electricity Demand-Side Management (DSM) 2018 Annual Report (the Application)	Submission Date: July 18, 2019
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1   **1.0   Reference:   RENTAL APARTMENT PROGRAM**

2                           **FBC 2018 Annual DSM Report, p. 5**

3                           **FBC 2019-2022 DSM Expenditures Proceeding, Exhibit B-1,**  
4                           **Appendix A, p. 3**

5                   In Table 2-1 of the FBC 2018 Annual DSM Report (Annual Report), for the Rental  
6                   Apartment Program, FBC indicates that it achieved 87 MWh savings in 2018 (compared  
7                   to 306 MWh in the 2018 Approved Plan) and spent \$19,000 (compared to \$53,000 in the  
8                   2018 Approved Plan).

9                   In the FBC 2019-2022 DSM Expenditures proceeding, as outlined in Table 2-1 in  
10                  Appendix A of the Application, FBC anticipates annual expenditures of \$54,000 for the  
11                  years 2019 through 2022.

12                1.1    Please explain the reasons why FBC believes that the Rental Apartment  
13                Program under-delivered compared to the savings and expenditures  
14                contemplated in the 2018 Approved Plan.

15  
16    **Response:**

17    The 2018 results for this program were lower than plan due to fewer participants. FBC believes  
18    a more targeted outreach effort would have achieved higher participation. While the 2018  
19    expenditures and savings results were lower than plan, FBC believes that the 2019-2022 Plan is  
20    achievable by incorporating lessons learned, such as having a more targeted campaign  
21    focusing on local governments rather than general outreach. FBC plans to collaborate with  
22    local governments to send out direct mail outs endorsing the program as well as following up  
23    with past participants to help them adopt capital upgrade energy efficiency measures.

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27                1.2    Please explain whether FBC considers that the planned expenditures and  
28                savings in the 2019-2022 Plan are achievable, considering the results in 2018.

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30    **Response:**

31    Please refer to the response to BCUC IR 1.1.1.

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35                1.2.1   Please discuss what actions FBC is planning to increase uptake in the  
36                Rental Apartment Program for the 2019 to 2022 period.



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2 **Response:**

3 Please refer to the response to BCUC IR 1.1.1.

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1   **2.0   Reference:   CODES AND STANDARDS**  
2                           **FBC 2018 Annual DSM Report, p. 19**  
3                           **Demand-Side Measures Regulation, B.C. Reg. 117/2017**

4           On page 19 of the Annual Report, FBC states:

5                   In past years FBC has supported relevant codes and standards work, e.g. Heat  
6                   Pump efficiency testing, and installation standards. Despite discussions with the  
7                   Canadian Standards Association (CSA), no such funding arrangements were  
8                   completed in 2018 and no expenditures were made.

9                   A supporting field study conducted in 2018, of Heat Pump installations (see  
10                   s.2.2.2), that the Company led and co-funded, is however, expected to provide  
11                   valuable inputs to the next edition of the CSA Heat Pump installation standard.

12                   FBC intends to meet the 2019 planned expenditures for codes and standards by  
13                   supporting education and awareness of the BC Energy Step Code, participating  
14                   in CSA projects, and providing funding to Provincial codes and standards  
15                   initiatives.

16           Section 3(1)(e) of the DSM Regulation states:

17                   A public utility's plan portfolio is adequate for the purposes of section 44.1 (8) (c)  
18                   of the Act only if the plan portfolio includes all of the following:

19                   ...

20                   (e) one or more demand-side measures to provide resources as set out in  
21                   paragraph (e) of the definition of "specified demand-side measure", representing  
22                   no less than

23                           (i) an average of 1% of the public utility's plan portfolio's expenditures per  
24                           year over the portfolio's period of expenditures, or

25                           (ii) an average of \$2 million per year over the portfolio's period of  
26                           expenditures;

27           Paragraph (e) of the definition of "specified demand-side measure" states

28                   (e) financial or other resources provided

29                           (i) to a standards-making body to support the development of standards  
30                           respecting energy conservation or the efficient use of energy, or

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1 (ii) to a government or regulatory body to support the development of or  
2 compliance with a specified standard or a measure respecting energy  
3 conservation or the efficient use of energy in the Province;

4 2.1 Please explain FBC's position on its responsibility or obligation to fulfil the  
5 adequacy requirements set out in Section 3 of the DSM Regulation through its  
6 DSM activities.

7  
8 **Response:**

9 The adequacy requirements in section 3 of the *DSM Regulation* are specifically applicable to a  
10 utility's "plan portfolio", meaning a long-term resource plan. The BCUC reviews these  
11 requirements for the purposes of its consideration whether a long-term resource plan shows that  
12 the utility "intends to pursue" adequate DSM measures. In the case of FBC, in Decision and  
13 Order G-117-18, the BCUC determined that FBC's 2016 Long Term DSM Plan (LT DSM Plan)  
14 included programs that meet the requirements set out in section 3 of the *DSM Regulation* and  
15 the Panel was satisfied that FBC intended to pursue adequate, cost-effective DSM over the  
16 course of the LT DSM Plan.

17 FBC recognizes that, in practice, its intention to pursue adequate DSM measures is carried into  
18 effect by the inclusion of measures and programs in annual DSM plans and associated  
19 expenditure schedule filings that meet the requirements of section 3 of the *DSM Regulation*.  
20 FBC considers that, in doing so, it fulfils its obligation with respect to the adequacy  
21 requirements. Once such measures or programs are included and budgeted for in an approved  
22 annual DSM plan and expenditure schedule, FBC considers that its responsibility for the  
23 execution of those specific measures is the same as for any other approved DSM activities.  
24 FBC makes reasonable efforts to carry out DSM activities consistent with BCUC approved  
25 plans. However, the actual results will, in general, vary to a greater or lesser extent from the  
26 targeted spending and savings, as applicable, in its DSM plans. Variance between planned and  
27 actual results can be the result of a variety of circumstances and factors, such as changes in  
28 market conditions and customer uptake or developments with program partners.

29 The same is the case specifically in respect of DSM measures under s. 3(1)(e) of the *DSM*  
30 *Regulation*. While there is an express expenditure threshold for this category of DSM measure,  
31 the requirement remains a planning obligation. FBC fulfils this obligation by including the  
32 necessary amount of budgeted spending in respect of such measures in its annual DSM  
33 expenditure schedule filings. The actual amount of spending on such measures can reasonably  
34 be expected to vary from plan as with any other DSM measures.

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38 2.1.1 Please discuss whether FBC considers that it should seek opportunities  
39 to increase its expenditures on codes and standards in future years to  
40 offset the zero expenditure in 2018.

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1

2 **Response:**

3 FBC does not believe it should increase future codes and standards expenditures to offset  
4 underspending in 2018. FBC explains in its response to BCUC IR 1.2.4, that it did provide  
5 resources and undertake a number of activities that support the BC Energy Step Code and will  
6 support codes and standards initiatives going forward, although these expenditures did not  
7 strictly meet the criteria for codes and standards and the costs were therefore reported under  
8 Supporting Initiatives.

9 Seeking to increase expenditures in future years would require an application to, and approval  
10 of, the BCUC. In its Decision and Order G-47-19, regarding FBC's 2019-2022 DSM  
11 Expenditures Application, the BCUC approved a roll-over mechanism for FBC to make inter-  
12 year transfers of unspent accepted DSM expenditures in a program area to the same program  
13 area in the following year of the 2019-2022 DSM Plan. The Panel also approved transfers of  
14 accepted DSM expenditures in the 2019-2022 DSM Plan of up to 25 percent from one existing  
15 program area to another existing program area without prior approval. However, in doing so the  
16 Panel determined that in the absence of explicit approval from the BCUC in the decision, other  
17 inter-year or inter-program transfers were not accepted for the purposes of recovery of FBC's  
18 DSM expenditures in rates.

19 Further, increasing DSM expenditures in a future year to offset the zero expenditure in 2018  
20 would require consideration of the impact of this increased spending on FBC's approved 2019-  
21 2022 DSM Plan. As the BCUC discussed in Decision and Order G-47-19, those expenditure  
22 schedules were approved as a result of the Panel's consideration of a number of criteria based  
23 on the detailed breakdowns by year and program provided in FBC's application and IR  
24 responses in that proceeding and a deviation from those breakdowns, by in this case increasing  
25 spending on codes and standards, would not necessarily result in the same Panel assessment.

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29 2.2 Please outline the expenditures made on the Heat Pump installations field study  
30 in 2018.

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32 **Response:**

33 FBC contributed \$11,800 to the Heat Pump installations field study in 2018.

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37 2.3 Please discuss if there are bodies besides the CSA that may be responsible for  
38 standards making respecting energy conservation or the efficient use of energy.

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1 **Response:**

2 Early in 2019, FBC and FEI jointly undertook an exercise to identify relevant standards-making  
3 bodies. FBC and FEI determined that the following organizations are responsible for standards  
4 making respecting energy conservation or the efficient use of energy:

- 5 • Canadian Standards Association (CSA)
- 6 • Air-Conditioning, Heating & Refrigeration Institute
- 7 • Underwriters' Laboratories Inc.
- 8 • ULC Standards
- 9 • NSF International
- 10 • International Association of Plumbing and Mechanical Officials (IAPMO)
- 11 • ASTM International
- 12 • Bureau de normalisation du Québec
- 13 • Canadian General Standards Board (CGSB)
- 14 • Health Standards Organization

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18 2.3.1 If confirmed, please explain why FBC did not seek to provide financial  
19 or other resources to such bodies.

20

21 **Response:**

22 FBC pursued the available opportunities with CSA only in 2018, since CSA has a leading role in  
23 establishing energy efficiency standards in Canada through the CSA Steering Committee on  
24 Performance, Energy Efficiency and Renewables (SCOPEER).

25 As stated in response to BCUC IR 1.2.3, the list of additional potential standards making bodies  
26 was developed in 2019, and thus will be referenced for codes and standards expenditures in the  
27 current 2019-2022 DSM Plan period.

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31 2.4 Please explain why in 2018, FBC did not provide any financial or other resources  
32 to support education and awareness of the BC Energy Step Code or provide  
33 funding to Provincial codes and standards initiative.

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35 **Response:**

36 FBC did provide resources to support education and awareness of the BC Energy Step Code  
37 through Energy Specialist funding and BC Step Code training.

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1 In 2018, FBC collaborated with FEI to provide resources to local governments by co-funding  
2 Community Energy Specialists (CES) in the Regional District of Central Kootenay and City of  
3 Kelowna. The CES positions provide local governments with capacity to implement energy  
4 efficiency and conservation policies, including a focus on implementation of the BC Energy Step  
5 Code. However, the CES positions were vacant for part of the calendar year. As FEI had  
6 funded the first portion of costs (prior to the vacancies), no CES costs were attributed to FBC in  
7 2018.

8 Additionally, FBC in collaboration with various partners (FEI, BC Hydro, BC Housing and the  
9 Ministry of Energy, Mines and Petroleum Resources), undertook a number of activities to  
10 support the BC Energy Step Code, including:

- 11 • BC Airtightness training
- 12 • Wall assembly workshop
- 13 • BC Energy Step Code workshops, in locales not served by BC Housing
  - 14 ○ Castlegar, Nelson, West Kootenays
- 15 • Energy advisor and service organization training

16  
17 These Energy Step Code activities were delivered by entities such as the Community Energy  
18 Association, who, although knowledgeable content providers, do not meet the strict definition –  
19 under the codes and standards adequacy requirement – of qualified recipients of such funding.  
20 FBC reported these costs under other Supporting Initiatives in section 6 of the 2018 DSM  
21 Annual Report.

22