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March 31, 2026

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Dear Registrar:

Re: FortisBC Energy Inc. (FEI)

Application for Additional Demand Side Management (DSM) Expenditures for 2026 and 2027 (Application)

Pursuant to section 44.2 of the *Utilities Commission Act*, FEI hereby applies to the British Columbia Utilities Commission for acceptance of the attached additional DSM Expenditures for 2026 and 2027.

If further information is required, please contact Sarah Commander, Manager, Regulatory Affairs at (250) 469-6081.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

Attachments

cc Registered Interveners in the following proceedings:

- FEI 2022 Long Term Gas Resource Plan
- FEI 2024-2027 DSM Expenditures Plan
- FEI 2025-2026 Annual Review of Delivery Rates

FortisBC Energy Inc.

Application for Additional Demand-Side Management Expenditures for 2026 and 2027

March 31, 2026

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1. INTRODUCTION

1.1 *OVERVIEW*

In this Application, FortisBC Energy Inc. (FEI) is seeking acceptance from the British Columbia Utilities Commission (BCUC), pursuant to section 44.2 of the *Utilities Commission Act* (UCA), of a total increase of $86.0 million in demand-side management (DSM) expenditures in 2026 and 2027. The additional DSM expenditures are required due to higher-than-expected customer demand in 2025 and to allow FEI to continue to deliver planned DSM programming to customers in 2026 and 2027.

FEI is also requesting approval, pursuant to sections 59 to 61 of the UCA, to increase the amortization period for its rate base DSM deferral account from 10 years to 20 years to better match the average measure life of its DSM portfolio and to provide immediate delivery rate mitigation benefits for customers.

FEI is in the final two years of its 2024-2027 DSM Plan (2024-27 DSM Plan or Plan), which was accepted by the BCUC on February 2, 2024, by Order G-31-24 (Decision). In 2025, FEI experienced greater than forecast customer demand within the Residential, Commercial, and Low Income Program Areas. The drivers of the increased demand were higher than expected interest in, and customer acceptance of, newer to market technologies and, in the new construction area, the desire to offset rising construction costs to the extent possible by rebates.

In particular, participation in the Dual Fuel Rebate offer was significantly higher than anticipated. While FEI took actions to reduce the high participation, it was challenging due to the rapid growth in market adoption and significant number of customer purchase decisions that were already made. To reduce expenditures resulting from the unexpected uptake, FEI reduced the dual fuel offer rebates. While participation decreased following this change, there was still strong market interest. To meet this demand in 2025 for its DSM programs, and in the best interest of customers, FEI transferred between program areas and carried forward amounts to the 2026 DSM budget as set out in Table 1-1 below.

Table 1-1: 2025 Transfers and Carry Forwards ($000s)

Program Area	2025 Plan (incl. inflation + carryover) (A)	2025 Actuals (B)	2025 Carryover (incl. transfers between Program Areas) (C)	2026 Plan (incl. inflation) (D)	2026 Budget (incl. carryover) (D)+(C)	2027 Plan (incl. inflation) (E)
Residential	41,746	127,029	(75,797)	48,263	(27,535)	56,622
Commercial	13,778	16,951	(3,173)	17,799	14,625	21,151
Industrial	8,052	6,250	1,803	8,963	10,768	9,600
Low Income	9,589	39,648	(21,270)	11,826	(9,444)	14,676
Indigenous	4,718	3,930	0	5,481	5,481	6,453
CEO	16,114	12,212	0	15,433	15,435	15,986
InnoTech	21,123	10,090	5,683	15,239	20,921	18,058
Enabling	13,872	10,432	0	11,486	11,486	11,265
Portfolio	4,731	5,354	(623)	5,507	4,883	5,748
Legacy	20,817	16,021	0	8,401	8,401	5,281
Total	**154,540**	**247,917**	**(93,376)**	**148,398**	**55,022**	**164,840**

Note to Table:

The transfers between program areas included in column (C) are as set out in Table 1-5 of the 2025 DSM Annual Report (Appendix A to the Application). Further, in the absence of approval of additional expenditures, negative budget amounts in 2026 would require reallocation of budget from 2027 to 2026 to manage within the remaining approved budget.

Detailed results of FEI's 2025 DSM expenditures and energy savings, including the transfers between program areas and carry forward amounts from future years to meet greater than expected demand in 2025, are provided in the 2025 DSM Annual Report (included as Appendix A).

As a result of the carry forward of overspend from 2025 to 2026, FEI requires additional DSM expenditure funding to support customer demand for its DSM programs through the remainder of the Plan period. FEI has updated the forecast program participation for 2026 and 2027 and is requesting BCUC acceptance of the revised DSM expenditures for 2026 and 2027, as detailed in Table 1-2 below. FEI's revised DSM expenditures for 2026 and 2027 are cost-effective under the *Demand-Side Measures Regulation* (DSM Regulation) and are consistent with BC's energy objectives and FEI's most recently filed 2026 Long Term Gas Resource Plan (2026 LTGRP).[1] FEI submits that the proposed DSM expenditures are in the interest of customers and should be accepted.

[1] FEI filed the 2026 LTGRP on March 27, 2026. The revised DSM expenditures for 2026 and 2027 also remain consistent with the BCUC-accepted 2022 LTGRP.

Table 1-2: 2026-2027 DSM Plan, Current DSM Budget and Updated Expenditures ($000s)

Program Area	2026				2027			
	2026 Plan (incl. inflation) (A)	2026 Budget (incl. carryover) (B)	2026 Forecast (C)	Variance (C-B) (D)	2027 Plan (incl. inflation) (E)	2027 Forecast (F)	Variance (E-F) (G)	2026-2027 Total Request (D-G)
Residential	48,263	(27,535)	35,526	63,061	56,622	41,182	(15,440)	47,621
Commercial	17,799	14,625	24,602	9,977	21,151	24,093	2,942	12,919
Industrial	8,963	10,768	15,612	4,844	9,600	14,944	5,344	10,188
Low Income	11,826	(9,444)	13,797	23,241	14,676	22,609	7,933	31,174
Indigenous	5,481	5,481	6,733	1,252	6,453	8,649	2,196	3,448
CEO	15,433	15,435	9,600	(5,835)	15,986	9,988	(5,998)	(11,833)
InnoTech	15,239	20,921	15,774	(5,147)	18,058	13,950	(4,108)	(9,255)
Enabling	11,486	11,486	10,887	(599)	11,265	10,637	(628)	(1,227)
Portfolio	5,507	4,883	5,088	205	5,748	4,882	(866)	(662)
Legacy	8,401	8,401	12,653	4,252	5,281	4,671	(610)	3,642
Total	**148,398**	**55,022**	**150,271**	**95,249**	**164,840**	**155,606**	**(9,234)**	**86,015**

1.2 *APPROVALS SOUGHT AND PROPOSED REGULATORY PROCESS*

FEI seeks an order, pursuant to sections 44.2(3) and 59 to 61 of the UCA:

- accepting the revised DSM expenditures schedule for 2026 and 2027 as set out in Table 1-2 of the Application, with total additional DSM expenditures of $86.015 million for 2026 and 2027; and

- changing the amortization period for the rate base DSM deferral account from 10 years to 20 years, effective January 1, 2027.

FEI respectfully requests a decision from the BCUC on this Application before the end of July 2026, so that FEI can continue delivering DSM programs without interruption through 2026 and to reintroduce Residential and Low Income incentives for dual fuel heating and other Low Income prescriptive incentives.

Therefore, and in consideration of the requested decision timeline, FEI proposes the following regulatory timetable which will enable an efficient and appropriate review process in the context of this Application.

Table 1-3: Proposed Regulatory Timetable

ACTION	DATE (2026)
FEI provides notice of application by	Thursday, April 16
FEI confirmation of notice	Tuesday, April 21
Intervener registration deadline	Wednesday, April 22
BCUC IR No. 1 to FEI	Thursday, April 23
Intervener IR No. 1 to FEI	Tuesday, April 28
FEI responses to BCUC and Intervener IR No. 1	Thursday, May 14
FEI Final Argument	Thursday, May 21
Intervener Final Argument and Letters of Comment deadline	Thursday, May 28
FEI Reply Argument	Thursday, June 4

A draft Procedural Order is attached as Appendix C-1.

2. 2025 RESULTS AND 2026/2027 DSM PORTFOLIO UPDATE

The following sections provides a summary of results for 2025 and revised forecast DSM energy savings, expenditures and cost-effectiveness test results at an overall Portfolio and Program Area level for 2026 and 2027. A summary of the overall Portfolio for 2026 and 2027 is provided in Table 2-1, including forecast energy savings of 4,171,570 GJ in 2026 and 2027, and 71,495,959 GJ over the life of the measures. The forecast energy savings are estimated to result in carbon emission reductions of 283,667 tonnes of CO2e in 2026 and 2027 and total reductions of 4,861,725[2] tonnes of CO2e over the life of all measures installed or undertaken in 2026 and 2027.

Table 2-1: Overall DSM Portfolio Level Expenditures and Savings

2026 & 2027 Reforecast	2026	2027	Total
Utility Expenditures, Incentives ($000s)	113,932	117,562	231,494
Utility Expenditures, Non-Incentives ($000s)	36,339	38,044	74,383
Utility Expenditures, Total ($000s)	150,271	155,606	305,877
Yearly Incremental Gas Savings (GJ/yr.)	1,856,265	2,315,305	4,171,570
GHG Emission Reduction (tonnes CO2e/yr)	126,226	157,441	283,667
NPV of Annual Gas Savings (GJ/Yr.)	31,743,710	39,752,249	71,495,959
Measure Lifetime GHG Emission Reductions (tonnes CO2e)	2,158,572	2,703,153	4,861,725
UCT	**6.44**	**7.80**	**7.14**

2.1 *SUMMARY OF 2025 RESULTS*

Table 2-2 below shows FEI's actual 2025 DSM expenditures and variances. FEI described its 2025 Program Area results in its 2025 DSM Annual Report (attached as Appendix A).

[2] Emission reduction value is determined by a combination of the life cycle (well to burner tip) emission factor and AR5 Global Warming Potential (GWP) factor. The emission factor is 0.068 tonnes CO2e/GJ sourced from the Government of Canada (Clean Fuel Regulations). Annual emission reductions are those attributed to the first year following measure implementation. Lifetime reductions are the total reductions that occur over the life of all measures implemented (based on NPV of gas savings).

Table 2-2: 2025 DSM Expenditures Actual Results

Program Area	2025 Plan (incl. inflation + carryover)	2025 Actuals	2025 Plan Variance
Residential	41,746	127,029	(85,284)
Commercial	13,778	16,951	(3,173)
Industrial	8,052	6,250	1,803
Low Income	9,589	39,648	(30,060)
Indigenous	4,718	3,930	788
CEO	16,114	12,212	3,902
InnoTech	21,123	10,090	11,033
Enabling	13,872	10,432	3,440
Portfolio	4,731	5,354	(623)
Legacy	20,817	16,021	4,796
Total	**154,540**	**247,917**	**(93,377)**

As shown in Table 2-2 above, the Residential, Commercial and Low Income program areas saw significantly higher than anticipated participation in 2025. The performance in these program areas is the primary driver of FEI's overspend in 2025 and why additional DSM expenditures are required for 2026 and 2027. FEI provides explanations of the 2025 Plan variances in these three program areas in the following sections.

2.1.1 Residential Program Area

The Residential Program Area achieved 183 percent of Plan energy savings and 306 percent of Plan expenditures for a total investment of $127 million. 98 percent of the total expenditures was incentive spending.

The Residential Program Area consists of two programs: (1) the Home Renovation Program; and (2) the New Home Program. Both of these program areas exceeded both the Plan energy savings and the Plan expenditures for 2025 due to higher-than-anticipated program participation.

2.1.1.1 Home Renovation Program

Within the Home Renovation Program, there was a significant uptake in the Dual Fuel Rebate offer, resulting in the program achieving 331 percent of Plan expenditures ($115.7 million compared to $35 million) and 182 percent of Plan energy savings (322 thousand GJ compared to 177 thousand GJ). The Dual Fuel Rebate offer was a new offer and was first introduced in July 2024.

When developing the 2024-27 DSM Plan forecasts for the Dual Fuel program, FEI anticipated that the offer would follow typical adoption trends for new offers. After the initial launch, new

offers tend to experience modest initial uptake and then year-over-year growth as awareness increases with program marketing and industry support.

FEI derived the initial incentive levels using standard DSM calculation practices based on a percentage of the incremental cost and informed by industry feedback, total installation cost data from the pilot, and consideration of the complexity of the equipment installation. This resulted in the Residential Dual Fuel Rebate offer being initially set based on approximately 65 percent of the incremental cost, which is relatively standard with DSM introductory offers.

However, actual offer uptake of the Dual Fuel Rebate far exceeded expectations, with offer participation starting to show significant adoption between October and November 2024. The level of uptake exceeded even that of the prior, well-established, high-efficiency furnace rebate offer.

FEI took actions to reduce the high participation, but it was challenging given the rapid growth in market adoption and the significant number of customer commitments that were being made. Removing the program from market without notice would have harmed any customers that relied on the incentive when making their decision to install a dual fuel system. Therefore, after providing a notice period, FEI reduced the rebate from $10,000 to $5,000 in May 2025. Despite a decrease in participation resulting from the reduced rebate, there was still strong market interest, and FEI discontinued the rebate in December 2025.

2.1.1.2 New Home Program

The New Home Program aligns with and provides incentives for the tiers of the BC Energy Step Code for Part 9 Buildings, including expenditures required by Section 3(1)(f) of the DSM Regulation.[3]

The New Home Program variance is attributable to increased incentive uptake, as builders advancing projects to BC Energy Step Code Levels 4 and 5 exceeded participation assumptions. The program achieved 214 percent of Plan expenditures ($9.4 million compared to $4.4 million) and 197 percent of Plan energy savings (22 thousand GJ compared to 11 thousand GJ). Participation in the New Home Program continues to grow as it becomes increasingly established in the market, supported by ongoing outreach and engagement efforts across the province. BC Energy Step Code Level 4 remains the dominant source of program results, and builders consistently highlight the importance of FEI's support in achieving higher Step Code levels, particularly given rising construction costs and market uncertainty.

[3] Section 3(1)(f) of the DSM Regulation requires "one or more demand-side measures intended to result in the adoption by local governments and first nations of a step [in the BC Energy Step Code]".

2.1.2 Commercial Program Area

The Commercial Program Area consists of four programs: (1) the Prescriptive Program; (2) the Performance Program – Existing Buildings; (3) the Performance Program – New Buildings; and (4) the Rental Apartment Efficiency Program.

Of the four programs, the Prescriptive Program experienced higher than anticipated demand in 2025 and the primary contributors to this variance are the Dual Fuel Rooftop Unit (RTU) offer and the Gas Absorption Heat Pump (GAHP) offer. Both offers have experienced significantly higher than anticipated uptake due to rapid market interest, accelerated technology adoption, and growing confidence in the technology. The Prescriptive Program achieved 229 percent of planned expenditures ($7.1 million compared to $3.1 million) and 164 percent of planned savings (89 thousand GJ compared to 54 thousand GJ).

2.1.3 Low Income Program Area

The Low Income Program Area consists of four programs: (1) the Self Install Program; (2) the Direct Install Program; (3) the Prescriptive Program; and (4) the Support Program.

Of the four programs, the Prescriptive Program experienced significantly higher than anticipated demand in 2025, achieving 1,442 percent of planned expenditures ($36.6 million compared to $2.5 million) and 524 percent of planned savings (72 thousand GJ compared to 14 thousand GJ).

The Prescriptive Program provides rebates, implementation support and funding for energy studies. Prescriptive rebates are available for residential and commercial (such as community housing apartment buildings) measures such as thermostats, insulation, ventilation, gas absorption heat pumps, and dual fuel systems. The Program saw significant uptake of the Dual Fuel System Rebate, and participation also exceeded targets for insulation, ventilation, windows and doors, water heaters, and thermostats. This was likely attributable to the introduction of rebates that met a unique gap in the market, a legislated increase in the Low Income cut-off thresholds, and the absence of alternative options for customers.

With regard to the Dual Fuel System Rebate, consistent with the Residential Dual Fuel Rebate discussed in Section 2.1.1.1, FEI derived the initial incentive levels using standard DSM calculation practices based on a percentage of the incremental cost and informed by industry feedback, total installation cost data from the pilot, and consideration of the complexity of the equipment installation. This resulted in the Low Income Dual Fuel System Rebate being initially set at $15,000, which was based on 100 percent of the incremental cost.

FEI's expected participation for the Low Income Dual Fuel System Rebate was based on past experience with other Low Income Prescriptive Program rebate offers. Historically, these offers took some time after introduction to gain market adoption momentum. The Dual Fuel System Rebate market uptake was uncharacteristic and far exceeded expectations at a rapid rate. To

manage expenditures in this program, FEI provided a notice period and removed the Low Income Dual Fuel System Rebate from the market in May 2025. Participation for remaining Low Income Prescriptive Program rebates continued above Plan, and FEI removed the remaining gas rebates in December 2025. Low Income customers were still able to participate in the Residential Dual Fuel Rebate until the offer's removal from market in December 2025.

2.2 *2026 AND 2027 FORECAST DSM EXPENDITURES*

FEI is requesting acceptance of updated forecast expenditures by Program Area for 2026 and 2027 as set out Table 2-3 below. The forecasts for each Program Area reflect updated information regarding expected participation for each program.

Table 2-3: Program Area – Updated 2026 and 2027 DSM Expenditures

Program Area	2026 Budget (incl. carryover) (A)	2026 Forecast (B)	2027 Plan (incl. inflation) (C)	2027 Forecast (D)	2026-2027 Plan Variance (B+D-A-C)
Residential	(27,535)	35,526	56,622	41,182	47,621
Commercial	14,625	24,602	21,151	24,093	12,919
Industrial	10,768	15,612	9,600	14,944	10,188
Low Income	(9,444)	13,797	14,676	22,609	31,174
Indigenous	5,481	6,733	6,453	8,649	3,448
CEO	15,435	9,600	15,986	9,988	(11,833)
InnoTech	20,921	15,774	18,058	13,950	(9,255)
Enabling	11,486	10,887	11,265	10,637	(1,227)
Portfolio	4,883	5,088	5,748	4,882	(662)
Legacy	8,401	12,653	5,281	4,671	3,642
Total	**55,022**	**150,271**	**164,840**	**155,606**	**86,015**

The incremental expenditures for 2026 and 2027 will allow FEI to continue delivering cost-effective DSM programming that supports market demand for the duration of the 2024-27 DSM Plan. These expenditures are forecast to result in an incremental 2 million GJ of energy savings[4] over the course of the Plan.

Table 2-4 details the actual and forecast annual energy savings for the entire 2024-27 DSM Plan period, assuming BCUC acceptance of the incremental expenditures for 2026 and 2027.

[4] Sum of column (C) and column (D) in Table 2-4 (i.e., 834,966 + 1,186,781 = 2,021,747 GJ).

Table 2-4: 2024-2027 DSM Plan Actual and Forecast Energy Savings by Program Area

	2024			2025			2026			2027			2024-2027
Program Area	**2024 Plan (Annual GJ savings)**	**2024 Actuals**	**Variance (A)**	**2025 Plan (Annual GJ savings)**	**2025 Actuals**	**Variance (B)**	**2026 Plan (Annual GJ savings)**	**2026 Forecast**	**Variance (C)**	**2027 Plan (Annual GJ savings)**	**2027 Forecast**	**Variance (D)**	**GJ Plan to GJ Forecast Variance (A+B+C+D)**
Residential	166,655	141,067	(25,588)	187,758	344,023	156,265	208,552	163,825	(44,727)	232,596	190,380	(42,216)	43,734
Commercial	93,986	185,118	91,132	138,322	232,939	94,617	185,927	293,216	107,289	222,140	286,028	63,888	356,926
Industrial	365,533	886,594	521,061	394,550	453,713	59,163	473,459	1,124,309	650,850	516,985	1,573,900	1,056,915	2,287,989
Low Income	50,684	56,065	5,381	56,992	86,785	29,793	64,579	56,845	(7,734)	75,588	83,076	7,488	34,928
Indigenous	16,075	1,344	(14,731)	22,237	3,475	(18,762)	27,421	25,068	(2,353)	29,225	28,948	(277)	(36,123)
CEO	20,000	100,358	80,358	30,000	110,127	80,127	30,000	100,000	70,000	30,000	100,000	70,000	300,485
InnoTech			-			-			-			-	-
Enabling		17,160	17,160		56,129	56,129			-			-	73,289
Portfolio			-			-			-			-	-
Legacy	147,185	217,046	69,861	57,878	73,432	15,554	31,361	93,002	61,641	21,340	52,323	30,983	178,039
Total	860,118	1,604,752	**744,634**	887,737	1,360,622	**472,885**	1,021,299	1,856,265	**834,966**	1,127,874	2,314,655	**1,186,781**	**3,239,266**

The proposed expenditures for 2026 and 2027 (as shown in Table 1-2 above) will allow FEI to continue delivering the DSM programming contemplated in the accepted 2024-27 DSM Plan. The changes to the 2026 and 2027 forecast expenditures as compared to the 2026 and 2027 DSM Plan expenditures are shown in Table 2-5.

Table 2-5: 2026 and 2027 DSM Plan Expenditures Compared to 2026 and 2027 Forecast DSM Expenditures

Program Area	2026 Plan (incl. inflation)	2026 Forecast	2027 Plan (incl. inflation)	2027 Forecast
Residential	48,263	35,526	56,622	41,182
Commercial	17,799	24,602	21,151	24,093
Industrial	8,963	15,612	9,600	14,944
Low Income	11,826	13,797	14,676	22,609
Indigenous	5,481	6,733	6,453	8,649
CEO	15,433	9,600	15,986	9,988
InnoTech	15,239	15,774	18,058	13,950
Enabling	11,486	10,887	11,265	10,637
Portfolio	5,507	5,088	5,748	4,882
Legacy	8,401	12,653	5,281	4,671
Total	**148,398**	**150,271**	**164,840**	**155,606**

The differences between the 2026 and 2027 DSM Plan expenditures and the 2026 and 2027 updated forecast are due to three factors:

- Changes to incentive levels and timing for reintroduction for dual fuel in the Residential and Low Income Program Areas;
- Updated market participation forecasts to reflect more current information than was known at the time of 2024-27 DSM Plan development; and
- Changes to certain initiatives in the supporting program areas, as a result of developments in 2025.

The following sections detail the three reasons for the revised 2026 and 2027 DSM forecast expenditures.

2.2.1 Incentive Levels for Dual Fuel Changed to Optimize Participation Levels

The updated forecasts for the Residential and Low Income Program Areas reflect optimized dual fuel offer incentive levels that are expected to still attract strong participation that will exceed original Plan forecasts, but at lower incentive costs.

As explained in Section 2.1, the initial incentive levels were derived using standard DSM calculation practices based on a percentage of the incremental cost and informed by industry feedback, total installation cost data from the pilot, and consideration of the complexity of the equipment installation. This resulted in the Residential and Low Income offers being initially set at $10,000 and $15,000, respectively, based on approximately 65 percent of the Residential offer's incremental cost and 100 percent of the Low Income offer's incremental cost, which is relatively standard with DSM introductory offers. While FEI anticipated that the offers would follow typical adoption trends for new offers, actual offer uptake far exceeded expectations, with participation exceeding even that of the prior, well-established, high-efficiency furnace rebate offer.

The updated 2026 and 2027 forecasts assume the reintroduction of a revised Dual Fuel Rebate for existing homes in September 2026 at $4,000 for Residential and $8,000 for Low Income, which is approximately 60 percent and 80 percent, respectively, of the incremental cost. These incremental cost percentages and incentive levels are not directly comparable from program launch to the present time as dual fuel system installation costs have decreased since the pilot first provided this information. The new Residential incentive level has been informed by offer participation data, average installation costs for dual fuel systems, and program evaluation findings on the maximum out-of-pocket costs customers were willing to pay. The new Low Income incentive level has been informed primarily by past practices where Low Income incentives are generally 1.5 to 2 times higher than the equivalent Residential offer, which takes into account the additional barriers that Low Income customers face when undertaking energy efficiency projects.

2.2.2 Updated Participation Forecasts for Customer Focused Sectors

FEI uses multiple methods to forecast offer participation across its programs depending on customer sector, industry partners involved and means by which customers learn about the measures. Recent actual program participation tends to be the most influential factor that feeds into forecasting, with FEI recalibrating forecasts throughout a DSM plan period as participation evolves. The subsections below provide brief explanations of how current 2026 and 2027 forecasts were reached for each customer sector program area.

2.2.2.1 Residential Program Area

As discussed in Section 2.2.1, the 2026 and 2027 forecasts assume the reintroduction of a revised Dual Fuel Rebate for existing homes in September 2026. Within the Home Renovation Program, and while in market, there was a significant uptake in the Dual Fuel Rebate offer. This appeared to be driven by higher-than-expected interest and customer acceptance in newer to market technologies. FEI's experience with market demand for this offer in 2024 and 2025 at the higher and lower incentive levels have informed these revised forecasts.

For the New Home Program, builders consistently highlight the importance of FEI's support in achieving higher Step Code levels, particularly given rising construction costs and market uncertainty. The updated 2026 and 2027 forecasts assume continued demand for this program.

2.2.2.2 Commercial Program Area

The RTU and GAHP offers are expected to continue to see higher than originally anticipated uptake due to rapid market interest and accelerated technology adoption. This is evidenced by participation trends. Participation in both the RTU and GAHP offers has continued to grow beyond initial launch periods, with no indication of leveling off. Uptake has increased as contractor awareness and customer confidence have grown, resulting in sustained demand above original forecasts. FEI's Energy Solutions area is showing a robust pipeline of upcoming customer projects as evidenced from conversations with customers and with growth in GAHP feasibility studies which translates into higher installation volumes.

2.2.2.3 Industrial Program Area

Stronger market demand and increased engagement from both large and small industrial customers are expanding opportunities for participation in the Industrial Program Area. Industrial customers are moving forward with efficiency projects to address operational challenges, achieve sustainability goals, and enhance their Strategic Energy Management practices. This is resulting in a wider range of capital and operational efficiency projects, which is leading to greater activity and spending throughout the Plan period.

The forecast is also influenced by strong participation in the thermal curtains prescriptive measure. Over the past several years, this measure has continued to attract agricultural participants due to its high energy savings potential.

2.2.2.4 Low Income Program Area

As discussed in Section 2.2.1, the 2026 and 2027 forecasts assume the reintroduction of a revised Dual Fuel System Rebate and other Prescriptive Program rebates for existing homes in September 2026. FEI's experience with market demand for these offers in 2024 and 2025 has informed these revised forecasts. While in market, the Low Income Prescriptive Program saw significant uptake of the Dual Fuel System Rebate, with participation also exceeding initial forecasts for insulation, ventilation, windows and doors, water heaters, and thermostats. This was likely attributable to the introduction of rebates that met a unique gap in the market, a legislated increase in the Low Income cut-off thresholds, and the absence of alternative options for customers. The updated DSM forecast reflects FEI's expectation that this participation trend will continue when these offers are reintroduced for 2026 and 2027, even at the lower proposed incentive level for Dual Fuel System Rebates.

2.2.2.5 Indigenous Program Area

The new Partners in Indigenous Energy Efficiency & Resilience (PIEER) offer that FEI and FBC jointly launched with BC Hydro and the Ministry of Energy and Climate Solutions in mid-2025 addressed many participation barriers for Indigenous communities. This offer has experienced higher than expected participation and there are early indications that this participation level will continue in 2026 and 2027, which is reflected in FEI's updated 2026 and 2027 DSM forecast.

The Indigenous New Home offer has been historically undersubscribed. However, due to more recent government funding committed to building Indigenous homes, residential construction is increasing in Indigenous communities. As energy efficiency is a key element in this new construction, it is anticipated that there will be higher than Plan participation in this program.

2.2.3 Supporting Program Areas Updated to Reflect 2025 Performance

FEI has updated the 2026 and 2027 forecasts within certain supporting program areas to reflect variances due to the following:

- **Conservation Education and Outreach:** FEI is not proceeding with further development of the Customer Engagement Tool due to overlap with an energy rating tool being developed externally for BC residential homeowners (see Section 7.3 of Appendix A).

- **Innovative Technologies:** The reduced forecasts in 2026 and 2027 reflect updated cost expectations, timelines for pilot completion, and adjustments associated with the progression of selected technologies into sector programs.

- **Enabling Activities:** FEI is forecasting expenditures to continue to be lower than initially planned due to delays in training activities for the Trade Ally Network, reduced costs from handling all integrations internally for the Reporting Tool & Customer Application Portal, and lower interest from local governments for the Community Energy Specialist Program (see Section 9 of Appendix A).

- **Portfolio-Level Activities:** 2026 and 2027 forecasts reflect lower evaluation requirements associated with Innovative Technologies activities, partially offset by increased evaluation activity for DSM offerings currently in market.

3. PROPOSED DSM EXPENDITURES ARE IN THE PUBLIC INTEREST

FEI submits that its proposed DSM expenditures are in the public interest and should be accepted.

As discussed above, the need for the additional expenditures is driven by higher-than planned demand from customers for FEI's DSM programs in 2025. FEI has provided a detailed account of its 2025 expenditures in its 2025 Annual DSM Report attached as Appendix A to this Application. FEI's 2025 actual expenditures exceeded Plan in order to meet customer demand for its DSM programming, including for the new offer for dual fuel systems. While being sensitive to customer and contractor commitments based on offers in the market, FEI took actions to limit the overspend by reducing rebates and ultimately withdrew some offers from the market.

FEI was able to manage the resulting overspend within the approved program transfer and carryover rules in 2025; however, FEI now requires additional expenditures for 2026 and 2027 to continue delivering the DSM programs within its accepted 2024-27 DSM Plan. FEI's requested expenditures are based on updated and current forecasts of market demand and the required supporting activities for each Program Area of the Plan.

As set out below, FEI submits that the proposed DSM expenditures for 2026 and 2027 meet the criteria for BCUC acceptance, as set out in section 44.2(5) of the UCA, and the adequacy requirements in the DSM Regulation.

- **Consistency with British Columbia Energy Objectives:** The proposed additional expenditures for 2026 and 2027 continue to support the applicable energy objectives as set out in Table 5-1 of the 2024-27 DSM Plan. The expenditures will enable FEI to continue delivering the DSM programs in the 2024-27 DSM Plan.
- **Consistent with Long Term Gas Resource Plan:** The proposed expenditures for 2026 and 2027 will continue delivering the DSM programs in the 2024-27 DSM Plan that was reviewed and accepted by the BCUC, and therefore remain consistent with FEI's 2022 LTGRP and are consistent with FEI's recently filed 2026 LTGRP.
- **Cost-Effective Pursuant to the DSM Regulation:** As shown in Table 2-1 above, the Plan remains cost-effective.
- **Adequate Pursuant to the DSM Regulation:** The proposed expenditures for 2026 and 2027 will continue delivering the DSM programs in the 2024-27 DSM Plan that was reviewed and accepted by the BCUC, and therefore do not impact the adequacy of the Plan pursuant to section 3 of the DSM Regulation.
- **Interests of Persons who May Receive Service:** The proposed additional expenditures for 2026 and 2027 are required to continue delivering the DSM programs in the accepted 2024-27 DSM Plan. Updates to the 2026 and 2027 forecasts are in the interests of customers and potential customers as they reflect the current opportunities

in the marketplace to encourage energy efficiency and conservation and reduce GHG emissions. If the incremental expenditures for 2026 and 2027 are not accepted, FEI will be unable to support market demand and forego the additional energy efficiency opportunities for 2026 and 2027. As detailed in Section 2.2 above, FEI's proposed 2026 and 2027 DSM expenditures will result in a significant reduction in demand and GHG emissions. EECAG members generally support the proposed expenditures.

4. PROPOSED AMORTIZATION PERIOD IS JUST AND REASONABLE

FEI seeks approval to increase the amortization period for its rate base DSM deferral account from 10 years to 20 years, effective January 1, 2027. FEI evaluated amortization periods ranging from 15 years to 20 years, but ultimately determined that 20 years is the most reasonable as 20 years strikes an appropriate balance between matching cost recovery and benefits, customer affordability, and the additional carrying costs and larger deferral account balance associated with a longer amortization period. FEI discusses each of these considerations below.

4.1 *AN INCREASED AMORTIZATION PERIOD BETTER MATCHES THE AVERAGE MEASURE LIFE*

FEI currently uses a 10-year straight-line amortization method for its DSM expenditures. The purpose of FEI's approach to deferral of DSM expenditures is to match the recovery of DSM costs with the benefits over time so that customers pay for DSM costs at the same time they receive the benefits.

The average weighted measure life of FEI's portfolio of DSM measures has been increasing over time, indicating that a 10-year amortization period no longer matches the recovery of DSM costs with the benefits customers are receiving through DSM savings.

FEI previously provided a calculation of the average weighted measure life of it 2019-2022 DSM Plan, which determined that FEI's customers benefit from FEI's DSM measures for an average time period of 16.2 years.[5] FEI has a performed similar analysis to calculate the average weighted measure life of its current portfolio of DSM measures and has determined that the DSM savings persist on average for 20.1 years when weighted by expenditures. This means that customers benefit from FEI's DSM measures well beyond the currently approved 10-year amortization period.

Table 4-1 below shows the average measure life for each program, sector and at the portfolio level weighted by incentives.

[5] FEI 2019-2022 DSM Expenditures Application, Section 9.3 and Appendix J.

Table 4-1: Average Measure Life Weighted by Incentives

Program Area and Program	Total Cost, 2026-2027 (000s)	Measure Lifetime (yrs) (WAML $)	Weighted Life by Expenditures (yrs)
Residential			
Home Renovation Program	45,634	17.1	
New Home Program	30,964	30.0	
SUB-TOTAL	**76,598**	**N/A**	**22.3**
Commercial			
Commercial Prescriptive	25,724	14.9	
Commercial Performance	21,023	22.6	
Rental Apartment	1,908	9.7	
SUB-TOTAL	**48,655**	**N/A**	**18.0**
Industrial			
Industrial Prescriptive	8,053	12.8	
Industrial Performance	22,482	19.5	
SUB-TOTAL	**30,535**	**N/A**	**17.7**
Low Income			
Direct Install	15,285	25.0	
Self Install (ESK)	1,517	15.0	
Prescriptive	18,712	17.3	
SUB-TOTAL	**35,513**	**N/A**	**20.5**
Indigenous			
Prescriptive	9,663	23.5	
Performance	3,064	25.7	
SUB-TOTAL	**12,727**	**N/A**	**24.1**
Legacy			
Residential	1,500	30.0	
Commercial	15,589	15.0	
Low Income			
Indigenous	235	25.0	
SUB-TOTAL	**17,324**	**N/A**	**16.4**
ALL PROGRAMS WITH DIRECT SAVINGS	**221,352,448**	**N/A**	**20.1**

As shown in Table 4-1 above, the updated total average weighted measure life for all of FEI's programs with direct savings is 20.1 years. Based on these results, FEI determined that an increase to the DSM deferral account's amortization period is appropriate, and as discussed further in Section 4.2 below, FEI considered amortization periods ranging from 15 to 20 years.

4.2 FEI CONSIDERED AMORTIZATION PERIODS RANGING FROM 15 TO 20 YEARS

As demonstrated in Section 4.1, FEI's DSM deferral account's amortization period no longer aligns with the principle of matching costs and benefits. While the updated total average weighted measure life indicates that 20 years would be an appropriate amortization period, FEI also considered overall customer affordability and rate impacts, and the impact of longer amortization periods on FEI's overall revenue requirement on a net present value basis.

Increasing the amortization period will provide immediate delivery rate mitigation benefits for FEI's customers. In Table 4-2 below, FEI summarizes the estimated delivery rate impacts in 2027 and 2028 (when compared to the 2026 approved delivery rates) resulting from increasing the amortization period to 15 years, 18 years and 20 years.[6]

FEI notes that the changes to the amortization period shown in Table 4-2 include the entire balance of the DSM deferral account as of December 31, 2026, not only DSM expenditures going forward. Using the 2020 DSM expenditures as an example and assuming the amortization period is increased to 20 years, the remaining balance of the DSM deferral account as of December 31, 2026 related to the 2020 DSM expenditures will be amortized for 14 more years given that the 2020 DSM expenditures have already been amortized for six years (compared to only four remaining years of amortization under the current 10-year amortization period).

Table 4-2: Estimated Delivery Rate Impacts due to Proposed Amortization Change and Incremental DSM Expenditures

Delivery Rate Impact (Compared to 2026 Approved)	2027	2028	Cumulative
1) 15 years Amortization			
Status Quo (Total Approved 2024-2027 DSM Spending of $626.7 million)	1.27%	-0.48%	0.79%
Amortization Period Change to 15 years	-3.63%	0.23%	-3.39%
Proposed Incremental DSM Expenditures for 2026 and 2027 (Total $86 million)	0.02%	1.01%	1.04%
Total Delivery Rate Impact (Compared to 2026 Approved)	**-2.34%**	**0.77%**	**-1.57%**
2) 18 years Amortization			
Status Quo (Total Approved 2024-2027 DSM Spending of $626.7 million)	1.27%	-0.48%	0.79%
Amortization Period Change to 18 years	-4.53%	0.21%	-4.31%
Proposed Incremental DSM Expenditures for 2026 and 2027 (Total $86 million)	0.02%	1.01%	1.04%
Total Delivery Rate Impact (Compared to 2026 Approved)	**-3.24%**	**0.75%**	**-2.49%**
3) 20 years Amortization			
Status Quo (Total Approved 2024-2027 DSM Spending of $626.7 million)	1.27%	-0.48%	0.79%
Amortization Period Change to 20 years	-4.95%	0.20%	-4.74%
Proposed Incremental DSM Expenditures for 2026 and 2027 (Total $86 million)	0.02%	1.01%	1.04%
Total Delivery Rate Impact (Compared to 2026 Approved)	**-3.66%**	**0.73%**	**-2.92%**

[6] The estimated delivery rate impacts are based on the projected balance of the DSM deferral account on December 31, 2026, plus the accepted DSM expenditures for 2026 and 2027 and the incremental DSM expenditures requested in this Application.

As shown in Table 4-2 above, increasing the DSM deferral account's amortization period will result in an immediate delivery rate reduction in 2027, with the greatest reduction occurring if the amortization period is changed to 20 years:

- Increasing the amortization period to 15 years will result in an immediate delivery rate reduction in 2027 by approximately 3.63 percent when compared to the 2026 approved delivery rates. When combined with the proposed incremental DSM expenditures in 2026 and 2027, the delivery rate impact will be a reduction of 2.34 percent in 2027, followed by a small delivery rate increase of 0.77 percent in 2028, resulting in a cumulative reduction of 1.57 percent in 2027 and 2028[7] when compared to the 2026 approved delivery rates. For an average residential customer with 90 GJ of annual consumption, this is equivalent to a savings of approximately $21.30 in 2027 followed by an increase of $7.00 in 2028, resulting in an overall savings of $14.30 by 2028 when compared to the 2026 approved delivery rates.

- Increasing the amortization period to 18 years will result in an immediate delivery rate reduction in 2027 by approximately 4.53 percent when compared to the 2026 approved delivery rates. When combined with the proposed incremental DSM expenditures in 2026 and 2027, the delivery rate impact will be a reduction of 3.24 percent in 2027, followed by a small delivery rate increase of 0.75 percent in 2028, resulting in a cumulative reduction of 2.49 percent in 2027 and 2028 when compared to the 2026 approved delivery rates. For an average residential customer with 90 GJ of annual consumption, this is equivalent to a savings of approximately $29.50 in 2027 followed by an increase of $6.80 in 2028, resulting in an overall savings of $22.70 by 2028 when compared to the 2026 approved delivery rates.

- Increasing the amortization period to 20 years will result in an immediate delivery rate reduction in 2027 by approximately 4.53 percent when compared to the 2026 approved delivery rates. When combined with the proposed incremental DSM expenditures in 2026 and 2027, the delivery rate impact will be a reduction of 3.66 percent in 2027, followed by a small delivery rate increase of 0.73 percent in 2028, resulting in a cumulative reduction of 2.92 percent in 2027 and 2028 when compared to the 2026 approved delivery rates. For an average residential customer with 90 GJ of annual consumption, this is equivalent to a savings of approximately $33.30 in 2027 followed by an increase of $6.70 in 2028, resulting in an overall savings of $26.60 by 2028 when compared to the 2026 approved delivery rates.

Thus, from a delivery rate reduction perspective, 20 years provides the greatest benefit for customers.

[7] The delivery rate impact due to DSM expenditures is spread over two years, as any spending over the first $60 million being recorded in the non-rate base DSM deferral account will be transferred to the rate base deferral account as an opening balance adjustment in the following year. As such, the DSM expenditures in 2027 will also have an incremental impact on the 2028 delivery rates.

However, FEI also considered the impact of increasing the amortization period on FEI's overall revenue requirement over a 21-year period (i.e., 2027 as Year 1 plus 20 years of amortization). As shown in Table 4-3 below, there is only a small difference between 15-year and 20-year amortization periods in terms of the net present value (NPV) of the revenue requirement over the 21-year analysis period (i.e., from 2027 to 2047) associated with the DSM expenditures (including the proposed incremental expenditures in 2026 and 2027). On an annual levelized basis, a 20-year amortization period for DSM expenditures (starting in 2027) will result in an additional revenue requirement of $0.19 million per year (i.e., $0.42 million less $0.23 million) over the 21-year analysis period, which is equivalent to approximately 0.01 percent when compared to FEI's 2026 Approved delivery margin.

Table 4-3: Net Present Value of Revenue Requirement – Impact of Amortization Period

Amortization Period	Incremental Delivery Rate Impact in 2027 (Compared to 2026 Approved)	NPV of Revenue Requirement over 21 Years ($millions)	Levelized Annual Revenue Requirement over 21 years ($millions)	Difference ($millions)
10 Years (Current Approved)	1.29%	$ 904.37	$ 78.34	$ -
15 Years	-2.34%	$ 907.05	$ 78.58	$ 0.23
18 Years	-3.24%	$ 908.43	$ 78.70	$ 0.35
20 Years	-3.66%	$ 909.27	$ 78.77	$ 0.42

4.3 *SUMMARY OF PROPOSED AMORTIZATION PERIOD*

Based on the above factors, FEI considers that increasing the amortization period from 10 years to 20 years is the most appropriate approach. A 20-year amortization period is more closely aligned with the average weighted measure life of FEI's portfolio of DSM measures and thus better matches the recovery of DSM costs with the benefits customers are receiving through DSM savings. Further, a 20-year amortization period provides the greatest delivery rate mitigation benefits with only a minor impact (increase) in the levelized annual revenue requirement of a 21-year analysis period.

FEI also notes that moving to a 20-year amortization period is in line with BC Hydro's amortization approach for its DSM Regulatory Account. BC Hydro's DSM Regulatory Account was initially established with an amortization period of 10 years;[8] however, as part of its Amended F2012 to F2014 Revenue Requirements Application (RRA), BC Hydro proposed an increase in the amortization period for DSM expenditures from 10 years to 15 years. The proposal was intended to help lower rate increases for the period[9] and to align more closely with the updated persistence of program electricity savings.[10] BC Hydro's request to change its amortization period to 15 years was approved by BCUC Order G-77-12A, in accordance with

[8] Order G-55-95.
[9] BC Hydro Amended Fiscal 2012 to Fiscal 2014 Revenue Requirements Application (F2012-2014 RRA), Section 7.3.1.
[10] BC Hydro Amended F2012-2014 RRA, New Appendix II, Attachment 6, Section 3.7.2.

Direction No. 3 to the BCUC. BC Hydro's 15-year amortization period was reviewed again in its F2020-F2021 RRA, and the amortization period was maintained.

5. ENERGY EFFICIENCY AND CONSERVATION ADVISORY GROUP (EECAG) CONSULTATION

Input from EECAG members was an important consideration for FEI in assessing the appropriateness and viability of the proposed incremental DSM expenditures. To discuss the proposed changes to the 2024-27 DSM Plan set out in this Application, FEI held a virtual EECAG engagement session on March 11, 2026. FEI's backgrounder document, session notes and presentation materials from the March 11th session are included as Appendix B.

Advanced preparation for the session included providing members with the backgrounder document outlining the actual and projected expenditures required to meet customer demand for existing DSM programming with estimated attributable energy savings. This backgrounder document also explained the material variances between the Plan values and the 2025 actuals, as well as revised 2026 to 2027 forecasts for each of the Program Areas.

At the engagement session, FEI presented its proposed increased funding request to meet customer demand.

Several EECAG members expressed strong support for FEI's proposal for incremental expenditures noting strong customer demand, positive market performance of key technologies (e.g., dual fuel systems and gas absorption heat pumps), and the value of advancing cost-effective DSM. Members generally appeared to view the proposed spending increases as aligned with observed market momentum and broader trends toward higher energy efficiency in the building sector. Members appeared to support the strategy of higher incentives for early-stage technologies, followed by rebate adjustments as adoption increases.

Some questions for clarification came forward on the topic of cost effectiveness and whether FEI seeks to capture all cost-effective DSM opportunities. Considerations for rate group equity were also expressed. FEI explained that these proposed incremental expenditures were intended to support DSM programming demand from all customer segments at optimized rebate incentive levels.

Some members sought clarity on how forecasted energy savings translate into verified results, the treatment of free ridership and incorporation of evaluation findings into adjusted savings, and the use of billing analysis, measurement and verification (M&V), and performance metrics (e.g., coefficient of performance) to confirm real-world outcomes. FEI explained how reported actual energy savings figures represent verified values based on completed projects and measured program performance and that for forecasting purposes, savings are calculated using deemed energy savings values per measure and per DSM intervention, then projected across anticipated program participation. FEI also explained that to validate equipment performance, program evaluation and performance analysis is conducted which can include M&V site studies.

Member feedback highlighted strong interest in dual fuel systems, including regional uptake, system configuration, and performance as a primary heating source.

For Indigenous programs, members recognized that a significant portion of activity involves supportive and enabling measures (e.g., ventilation, maintenance, project support), which may limit measurable energy savings but deliver important health, safety, and reliability benefits. Members requested clarity on retrofit versus new-construction participation and eligibility for mixed-use or market-oriented developments on Indigenous lands. FEI shared that in 2025 participation was higher for retrofit projects but, looking ahead to 2026 and 2027, the expectation is that new home construction activity will increase, although it may remain lower than retrofit participation. FEI further explained that some commercial-type rebates are available for Indigenous participants, and that the program team would review the specific project structure and ownership details before determining eligibility.

Members expressed support for performance-based approaches and to continue expanding cost effective DSM opportunities in the Commercial and Industrial sectors. Members asked about Step Code incentives for larger Part 3 buildings, rationale for adjusting feasibility study incentives to better reflect actual costs, how programs can achieve energy savings targets when expenditures lag forecasts, and wanted assurance that installed systems meet required efficiency and performance standards. FEI explained that incentives already exist through the Commercial New Construction Performance Program, that the feasibility study incentives adjustment was based on a review of previous feasibility studies and their average costs, that the forecast assumes that several smaller commercial new construction projects will be completed within the current 2024-27 DSM Plan period, and that that performance expectations and assessments are built into programming to ensure that installed systems meet required efficiency and performance standards.

Members raised questions about who ultimately bears DSM costs and how affordability for non-participants is protected. While supportive of increased expenditures, members emphasized the importance of clearly demonstrating justification for incremental expenditures, verified energy and GHG savings, portfolio-level cost-effectiveness, and ratepayer impacts and equity considerations. FEI has provided this information in the previous sections of the Application.

6. CONCLUSION

FEI's requested incremental expenditures for the final two years of the 2024-27 DSM Plan are required given the performance of its DSM programs in 2025 and to continue meeting demand in 2026 and 2027. In this Application, FEI has demonstrated that the incremental expenditures are in response to market demand and continue to result in a cost-effective DSM Portfolio. FEI has also demonstrated that a 20-year amortization period better matches the average measure life of the DSM portfolio and will increase affordability for all customers, as it will reduce the annual amortization expense and will reduce the overall delivery rate increase in 2027. FEI has discussed these proposed changes with EECAG members, considered their feedback in preparing this Application and believes there is general support from the EECAG.

FEI submits that its proposed DSM expenditure schedule is in the public interest and requested increase to the DSM deferral account amortization period is just and reasonable and should be approved by the BCUC.

Appendix A
FEI 2025 DSM ANNUAL REPORT

Sarah Walsh
Director, Regulatory Affairs

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March 31, 2026

British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC
V6Z 2N3

Dear Registrar:

Re: FortisBC Energy Inc. (FEI)
Natural Gas Demand-Side Management (DSM) – 2025 Annual Report

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Attached please find the Natural Gas DSM Program 2025 Annual Report for FEI.

If further information is required, please contact Sarah Commander, Manager, Regulatory Affairs at (250) 469-6081.

Sincerely,

FORTISBC ENERGY INC.

Original signed:

Sarah Walsh

Attachment

FortisBC Energy Inc.

Natural Gas Demand-Side Management Programs 2025 Annual Report

March 31, 2026

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1. REPORT OVERVIEW

This Demand-Side Management (DSM) Annual Report (Report) provides highlights of FortisBC Energy Inc.'s (FEI or the Company) DSM programs for the year ended December 31, 2025, and provides a summary of results achieved in 2025. The Report reviews the progress of FEI's DSM programs in meeting the accepted 2024-2027 DSM Plan[1] (Plan) by educating and incenting FEI's customers to conserve energy and improve the energy efficiency of their homes, buildings, and businesses.

Section 1.1 contains a statement of financial results (Table 1-1), including the Utility Cost Test (UCT) results by Program Area. Sections 1.1 and 1.2 set out how FEI's DSM programs met the requirements of the British Columbia Demand-Side Measures Regulation (DSM Regulation).[2] Section 1.3 provides an overview of funding transfers and carryover amounts. Section 1.4 provides insight into external collaboration with government and utilities, and Section 1.5 addresses the directives from British Columbia Utilities Commission (BCUC) Decision and Order G-31-24 (Decision) on FEI's 2024-2027 DSM Plan. Sections 2 through 11 of the Report provide an overview of DSM program activities by Program Area, including program-level comparisons of actual energy savings and costs to Plan.

Throughout the Report, any difference in the totals between the DSM Portfolio Overview and Program Area tables are due to rounding. Where "zero" values occur, they may reflect rounding to the nearest $000s expenditure level when expenditures were under $500.

1.1 PORTFOLIO RESULTS

In this section, FEI provides its DSM energy savings, expenditures and cost-effectiveness test results at an overall Portfolio and Program Area level. Tabe 1-1 provides a summary of overall Portfolio results. FEI achieved an overall Portfolio UCT of 1.6 on DSM expenditures of $247.917 million and recorded annual natural gas savings of 1.360 million GJ in 2025. These energy savings resulted in carbon emission reductions of 92,522 tonnes of CO2e in 2025 and total reductions of 814,802[3] tonnes of CO2e over the life of all measures installed or undertaken in 2025.

[1] The FEI 2024-2027 DSM Plan expenditures were accepted by the BCUC pursuant to Decision and Order G-31-24.
[2] *Demand-Side Measures Regulation (BC Reg. 326/2008) Section 5(2)(b),* amended June 30, 2023.
[3] Emission reduction value is determined by a combination of the life cycle (well to burner tip) emission factor and AR5 Global Warming Potential (GWP) factor. The emission factor is 0.068 tonnes CO2e/GJ sourced from the Government of Canada (Clean Fuel Regulations). Annual emission reductions are those attributed to the first year following measure implementation. Lifetime reductions are the total reductions that occur over the life of all measures implemented (based on NPV of gas savings).

Table 1-1: Overall DSM Portfolio Results for 2025

Indicator - 2025 Results		Total
Utility Expenditures, Incentives ($000s)		213,604
Utility Expenditures, Non-Incentives ($000s)		34,313
Utility Expenditures, Total ($000s)		247,917
Net Incremental Annual Gas Savings (GJ/yr.)		1,360,623
Annual GHG Emission Reductions (tonnes CO2e/yr)		92,522
NPV of Annual Gas Savings (GJ/yr.)		11,982,388
Measure Lifetime GHG Emission Reductions (tonnes CO2e)		814,802
	UCT	**1.6**

Tables 1-2 and 1-3 below provide the expenditures and cost-effectiveness test results by Program Area for the overall DSM Portfolio.

Table 1-2: Overall DSM Portfolio Level Results by Program Area 2025 – Expenditures

Program Area	Utility Expenditures ($000s)					
	Incentives		Non-Incentives (including carryover)		Total Expenditures (including carryover)	
	2025 Plan	2025 Actual	2025 Plan	2025 Actual	2025 Plan	2025 Actual
Residential	37,868	124,930	3,878	2,100	41,746	127,029
Commercial	9,798	13,849	3,980	3,102	13,778	16,951
Industrial	6,929	5,593	1,124	657	8,052	6,250
Low Income	7,394	38,301	2,194	1,348	9,589	39,648
Indigenous	4,136	2,578	582	1,352	4,718	3,930
Conservation Education and Outreach	-	-	16,115	12,212	16,115	12,212
Innovative Technologies	16,662	7,291	4,461	2,799	21,123	10,090
Enabling Activities	5,525	5,218	8,347	5,214	13,872	10,432
Portfolio Level Activities	-	-	4,731	5,354	4,731	5,354
Legacy Expenditures	19,639	15,844	1,178	177	20,817	16,021
ALL PROGRAMS	**107,950**	**213,604**	**46,591**	**34,313**	**154,541**	**247,917**

Table 1-3: Overall DSM Portfolio Level Results by Program Area 2025 – Savings

Program Area	Incremental Annual Gas Savings, Net (GJ)		Benefit/Cost Ratios	
	2025 Plan	2025 Actual	UCT	TRC
Residential	187,758	344,023	1.4	-
Commercial	138,322	232,939	4.8	-
Industrial	394,550	453,713	7.9	-
Low Income	56,992	86,785	1.0	-
Indigenous	22,237	3,475	0.5	-
Conservation Education and Outreach	30,000	110,127	0.3	-
Innovative Technologies	Savings not estimated		Savings not estimated	
Enabling Activities	-	56,129	Savings not estimated	
Portfolio Level Activities	Savings not estimated		Savings not estimated	
Legacy Expenditures	57,878	73,432	2.7	1.1
ALL PROGRAMS	**887,737**	**1,360,623**	**1.6**	**-**

The majority of the Plan is subject to the UCT to determine cost-effectiveness; however, Legacy Expenditures are subject to the Total Resource Cost Test (TRC) as outlined in Section 5 of the DSM Regulation. Both the UCT and TRC results are above 1, indicating a cost-effective portfolio.

FEI's actual 2025 DSM expenditures were 160 percent of Plan and energy savings were 153 percent of Plan. Actual savings exceeded Plan in all Program Areas except for the Indigenous Program Area.

Throughout the Report, the following general notes apply to all Program Areas:

- A "Non-Program Specific Expenses" line item has been included for each Program Area in Sections 3 through 9. These expenditures support multiple programs within that Program Area and are therefore not specific to only one program. Generally, these expenditures represent items such as training, travel, marketing collateral, and consulting services that support the overall Program Area.
- The expenditures, energy savings and cost-effectiveness results presented in the Report are exclusive of third-party funding such as CleanBC funding from the British Columbia Ministry of Energy and Climate Solutions (MECS). For measures that also receive third-party incentive funding, attribution of energy savings among the parties has been accounted for in both the FEI claimed savings and cost test results.

1.2 MEETING ADEQUACY REQUIREMENTS OF THE DSM REGULATION

Table 1-4 below shows how the FEI DSM Portfolio meets the adequacy requirements of Section 3 of the DSM Regulation.

Table 1-4: Meeting Adequacy Requirements of the DSM Regulation

DSM Regulation	Compliance Summary
(1) A public utility's plan portfolio is adequate for the purposes of section 44.1(8)(c) of the UCA only if the plan portfolio includes all the following:	
a) a demand-side measure intended specifically i) to assist residents of low-income households to reduce their energy consumption, or ii) to reduce energy consumption in housing owned or operated by A. a housing provider that is a local government, a society as defined in section 1 of the Societies Act, other than a member funded society as defined in section 190 of that Act, or an association as defined in section 1(1) of the Cooperative Association Act, B. Repealed C. the low-income households occupying the housing, D. a housing provider referred to in clause (A), E. Repealed	The Low Income Program Area, as described in Section 5, outlines FEI's plans to continue to offer programs that help low-income households and housing providers save energy.
b) if the plan portfolio is submitted on or after June 1, 2009, a demand-side measure intended specifically to improve the energy efficiency of rental accommodations;	FEI continues to offer the Rental Apartment Efficiency Program (RAP). As referenced in the Section 3, the RAP targets improving the energy efficiency of rental accommodations.
c) an education program for students enrolled in schools in the public utility's service area. d) if the plan portfolio is submitted on or after June 1, 2009, an education program for students enrolled in post secondary institutions in the public utility's service area;	Conservation Education and Outreach, as described in Section 7, includes the continuation of the School Education Program which includes programming for grade schools and post-secondary institutions in FEI's service area.
e) one or more demand-side measures to provide resources as set out in paragraph (g) of the definition of "class A demand-side measure", representing no less than i) an average of 1% of the public utility's plan portfolio's expenditures per year over the portfolio's period of expenditures, or ii) an average of $2 million per year over the portfolio's period of expenditures;	FEI's DSM activities related to the codes and standards specified demand-side measure are considered enabling activities by FEI and are discussed in Section 9.
f) one or more demand-side measures intended to result in the adoption by local governments and first nations of a step.	Measures to support the BC Energy Step Code are included within the following programs as discussed in Sections 2, 3 and 9: • Residential New Home Program; • Commercial Performance Program – New Buildings; • Enabling Activities – Codes & Standards; and

DSM Regulation	Compliance Summary
	• Enabling Activities – Community Energy Specialist Program
g) a demand-side measure intended specifically to reduce energy consumption in any of the following: i) housing owner or operated by an Indigenous governing body or located on reserve land; ii) a public building owned or operated by an Indigenous governing body.	Section 6 describes the Indigenous Program Area, a separate program area that incorporates programming supporting Indigenous customers, including buildings owned by Indigenous governing bodies.

1.3 FUNDING TRANSFERS AND CARRYOVER

The Decision approved the continuance of FEI's funding transfer and variance rules, where:

- FEI does not require approval to transfer funds into an approved program area;
- FEI requires approval to transfer funds greater than 25 percent out of a program area;
- There are no limits on how much one program area can gain;
- FEI is required to report on any transfers into and out of program areas in its DSM annual report to the BCUC; and
- The Innovative Technologies program area is included in the funding transfer rules for FEI.

The Decision also approved FEI's request to carryover unspent and overspent expenditures in a Program Area to the same Program Area in the following year.

Table 1-5 below shows the 2025 DSM Plan Expenditures including carryover (as reported in FEI's 2024 DSM Annual Report), the 2025 transfers between Program Areas, and the final unspent and overspent amounts from 2025 to be transferred to 2026. Detailed explanations of the actual expenditures for each of the Program Areas are provided in Sections 2 through 11 of the Report.

Table 1-5: Funding Transfers for 2025

Program Area	2025 Plan Expenditures ($000) (including carryover)	2025 Actual Expenditures ($000)	2025 Actual less Plan Expenditures ($000) (including carryover)	2025 Funding Transfer Amount In (Out) ($000)	Final Carryover	Transfer as a percent of Approved (%)
Residential	41,746	127,029	(85,284)	9,487	(75,797)	23%
Commercial	13,778	16,951	(3,173)	0	(3,173)	0%
Industrial	8,052	6,250	1,803	0	1,803	0%
Low Income	9,589	39,648	(30,060)	8,790	(21,270)	92%
Indigenous	4,718	3,930	788	(788)	0	-17%
Conservation Education and Outreach	16,115	12,212	3,903	(3,903)	0	-24%
Innovative Technologies	21,123	10,090	11,033	(5,350)	5,683	-25%
Enabling Activities	13,872	10,432	3,440	(3,440)	0	-25%
Portfolio Level Activities	4,731	5,354	(623)	0	(623)	0%
Legacy Expenditures	20,817	16,021	4,796	(4,796)	0	-23%
ALL PROGRAMS	**154,541**	**247,917**	**(93,376)**	**0**	**(93,376)**	

Table 1-6 provides the new 2026 Budget including final carryover amounts from Table 1-5. As shown in the table below, the actual expenditures in 2025 and resulting carryover have resulted in negative budgets for the Residential and Low Income Program Areas for 2026. As allowed for under the carryover rules, FEI can incur expenditures above this amount in 2026 and carry over those overspent expenditures to 2027. However, FEI is filing concurrently with this Report a request for incremental DSM expenditures for the remainder of the Plan period as a result of higher than expected demand for its DSM programming in 2025.

Table 1-6: 2026 DSM Budget Including Carryover Amounts ($000s)

Program Area	2026 Plan (includes inflation)	2025 Carryover	2026 Budget (including carryover)
Residential	48,262	(75,797)	(27,535)
Commercial	17,798	(3,173)	14,625
Industrial	8,965	1,803	10,768
Low Income	11,826	(21,270)	(9,444)
Indigenous	5,481	0	5,481
Conservation Education and Outreach	15,435	0	15,435
Innovative Technologies	15,238	5,683	20,921
Enabling Activities	11,486	0	11,486
Portfolio Level Activities	5,506	(623)	4,883
Legacy Expenditures	8,401	0	8,401
ALL PROGRAMS	**148,398**	**(93,376)**	**55,022**

1.4 COLLABORATION & INTEGRATION

FEI continues to work alongside BC's major energy utilities and other entities, including governments and industry associations, to integrate and improve DSM programming. The Company understands that such collaboration maximizes program efficiency and effectiveness.

In 2025, FEI, FortisBC Inc. (FBC), and British Columbia Hydro and Power Authority (BC Hydro) (collectively, the BC Utilities) continued to collaborate on various programs and projects to enhance utility integration, supporting government legislation, policies, and directives. This collaboration resulted in cost efficiencies, including streamlined application processes for customers, extended program reach, and consistent, unified messaging aimed at improving energy literacy.

Additionally, FEI worked with MECS on CleanBC initiatives, which included administering incentives and facilitating applications for CleanBC rebates through FEI's processes, ensuring a seamless customer experience, and collaborating to support quality assurance and industry capacity training for the Home Performance Stakeholder Council (HPSC). While details of collaborative activities are included in the Program Area sections, the tables throughout the Report reflect expenditure and savings information for FEI's expenditure portfolio only.

1.5 ADDRESSING BCUC DIRECTIVES FROM ORDER G-31-24

In its Decision and Order G-31-24 on the 2024-2027 DSM Plan, the Panel directed FEI to include specific information in FEI's DSM annual reports regarding the Innovative Technology Program Area. FEI provides the directives below, and where the information can be found within the Report.

Table 1-7: Order G-31-24 Directives

Directive	Compliance
The Panel directs FEI to include in the Annual DSM Report the expenditures associated with each pilot and deep retrofit project listed within the Innovation Technologies program area.	Refer to Tables 8-3 and 8-4 in Section 8 of the Report.
For new measures that FEI transitions from the Innovative Technologies program area into main programs, the new measures' forecast of cost-effectiveness, energy savings, GHG emission reduction and participation.	Refer to Section 8.5 of the Report.
For actual and forecast results on expenditures, energy savings, GHG emissions, participation and cost-effectiveness, a breakdown of results for those measures transitioned from the Innovative Technologies program into main program areas.	Refer to Section 8.5 of the Report.

1.6 PORTFOLIO SUMMARY

FEI's DSM Portfolio met the goal of cost-effectiveness with a Portfolio UCT value of 1.6 in 2025. FEI believes that the energy savings reflected in the Portfolio and the resulting UCT are conservative and thus likely understated. In addition to the direct energy benefits accounted for in the UCT, benefits from additional activities, such as Conservation Education and Outreach (CEO) and Enabling Activities play an important role in supporting the development and delivery of programs, while helping facilitate market transformation in British Columbia. FEI continues to develop and maintain strong, collaborative relationships with other BC utilities, government partners, and key market stakeholders to provide its portfolio of DSM programs.

2. RESIDENTIAL PROGRAM AREA

2.1 OVERVIEW

The Residential Program Area consists of two programs:

- Home Renovation Program; and
- New Home Program.

Tables 2-1 and 2-2 summarize the planned and actual expenditures and savings for the Residential Program Area.

Table 2-1: 2025 Residential Program Area Results Summary – Expenditures

Program	Utility Expenditures ($000s)					
	Incentives		Non-Incentives		Total Expenditures (including carryover)	
	2025 Plan	2025 Actual	2025 Plan	2025 Actual	2025 Plan	2025 Actual
Home Renovation Program	34,165	115,518	795	216	34,961	115,734
New Home Program	3,702	9,412	696	11	4,398	9,422
Labour	-	-	2,322	1,868	2,322	1,868
Non-Program Specific Expenses	-	-	64	5	64	5
ALL PROGRAMS	**37,868**	**124,930**	**3,878**	**2,100**	**41,746**	**127,029**

Table 2-2: 2025 Residential Program Area Results Summary – Savings

Program	Incremental Annual Gas Savings, Net (GJ)		Benefit/Cost Ratios
	2025 Plan	2025 Actual	UCT
Home Renovation Program	176,678	322,239	1.4
New Home Program	11,080	21,784	1.7
Labour	Savings not estimated		Savings not estimated
Non-Program Specific Expenses	Savings not estimated		Savings not estimated
ALL PROGRAMS	**187,758**	**344,023**	**1.4**

2.2 HOME RENOVATION PROGRAM

The Home Renovation Program (HRR) encourages customers to take a whole home approach to their energy efficiency upgrades by consolidating rebates for space heating, water heating, and building envelope measures into one overarching program. This Program is a collaboration between the BC Utilities.

Retail offers directed towards the home renovation segment are included in this Program. FEI collaborates with FBC, BC Hydro, retailers, and distributors to offer point-of-sale incentives on several low-cost and easy to install measures such as draft proofing, water savers and connected thermostats.

The following are key updates for the Program in 2025:

- The Program achieved 331 percent of Plan expenditures and 182 percent of Plan energy savings. Expenditures and energy savings did not increase proportionally, as achievements beyond Plan were driven by dual fuel hybrid system participation which had a higher rebate value than other high participation measures such as point-of-sale retail incentives including draft proofing and water savers, appliance maintenance, and windows. Participation for dual fuel systems was higher than anticipated, and while actions were taken to limit the overspend, it was challenging to implement changes quickly enough to address the rapid growth in market adoption and significant number of customer commitments that were being made. The rebate was reduced from $10,000 to $5,000 in May 2025, and while participation decreased there was still strong market interest in the rebate and it was discontinued in December 2025 due to oversubscription.
- 2025 retail results remained consistent with the prior year, with connected thermostats accounting for most of the energy savings. FEI also continued to co-deliver and co-fund water saving retail instant rebates with BC Hydro, providing more than 9,500 incentives.

2.3 NEW HOME PROGRAM

The New Home Program aligns with and provides incentives for the tiers of the BC Energy Step Code for Part 9 Buildings, as per Section 3 of the DSM Regulation.[4] FEI provides incentives for builders who adopt and comply with the Energy Step Code in municipalities across BC. FEI, in partnership with FBC, supports local governments in their adoption of the Step Code as part of an ongoing initiative for market transformation to high performance homes.

The following are key updates for the Program in 2025:

- The Program achieved 214 percent of Plan expenditures and 197 percent of Plan energy savings. Participation in the New Home Program continues to grow as it becomes increasingly established in the market, supported by ongoing outreach and engagement efforts across the province.
- Energy Step 4 remains the dominant source of Program results, and builders consistently highlight the importance of FEI's support in achieving higher Step Code levels, particularly given rising construction costs and market uncertainty. FEI managed higher than anticipated participation through budget transfers and carryovers given the Program's importance to stakeholders.
- To further strengthen Program visibility and industry readiness, FEI continues to collaborate with key stakeholders, including Regional Home Builder's Associations, home builders, the HVAC community, and the Canadian Association of Consulting Energy

[4] Includes expenditures as per *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 3(1)(f), amended June 30, 2023.*

Advisors to promote the Program and deliver education to builders and energy advisors in support of high-performance home construction across BC.

2.4 SUMMARY

Overall, the Residential Program Area achieved 183 percent of Plan energy savings and 306 percent of Plan expenditures for a total investment of $127 million. 98 percent of total expenditures was incentive spending. The variance between achieved and planned savings reflects higher than anticipated participation in both the Home Renovation Program and the relaunched New Home Program, driven by strong market uptake of dual fuel hybrid systems and increased engagement from builders. Overall, participation in residential programs resulted in over 344 thousand GJ/year of natural gas savings.

3. COMMERCIAL PROGRAM AREA

3.1 OVERVIEW

The Commercial Program Area consists of four programs:

- Prescriptive Program;
- Performance Program – Existing Buildings;
- Performance Program – New Buildings; and
- Rental Apartment Efficiency Program.

Tables 3-1 and 3-2 summarize the planned and actual expenditures and savings for the Commercial Program Area.

Table 3-1: 2025 Commercial Program Area Results Summary – Expenditures

Program	Utility Expenditures ($000s)					
	Incentives		Non-Incentives		Total Expenditures (including carryover)	
	2025 Plan	2025 Actual	2025 Plan	2025 Actual	2025 Plan	2025 Actual
Prescriptive Program	2,521	6,612	564	438	3,085	7,051
Performance - Existing Buildings	6,885	6,491	111	78	6,996	6,569
Performance - New Buildings	-	-	166	132	166	132
Rental Apartment Efficiency Program	392	746	442	51	835	797
Labour	-	-	1,879	2,360	1,879	2,360
Non-Program Specific Expenses	-	-	819	43	819	43
ALL PROGRAMS	**9,798**	**13,849**	**3,980**	**3,102**	**13,778**	**16,951**

Table 3-2: 2025 Commercial Program Area Results Summary – Savings

Program	Incremental Annual Gas Savings, Net (GJ)		Benefit/Cost Ratios
	2025 Plan	2025 Actual	UCT
Prescriptive Program	54,351	89,261	4.5
Performance - Existing Buildings	69,564	129,331	5.7
Performance - New Buildings	Savings not estimated		Savings not estimated
Rental Apartment Efficiency Program	14,407	14,347	3.6
Labour	Savings not estimated		Savings not estimated
Non-Program Specific Expenses	Savings not estimated		Savings not estimated
ALL PROGRAMS	**138,322**	**232,939**	**4.8**

3.2 PRESCRIPTIVE PROGRAM

The Prescriptive Program offers rebates for the purchase and installation of specific qualifying measures. All such rebates conform to a simple archetype: market participants are informed of

the fixed rebate amounts, qualifying measures are installed at a customer's location, and the rebates are provided to reduce the capital cost of the higher efficiency measures. Some rebates may be delivered directly to the end user, whereas other rebates are provided through a point-of-sale partner, such as a product supplier.

The following are key updates for the Program in 2025:

- The Program achieved 229 percent of planned expenditures and 164 percent of planned savings.
- Expenditures and savings were driven by the dual fuel rooftop unit (RTU) offer. This higher than anticipated uptake was driven by rapid market interest and accelerated technology adoption.
- The gas absorption heat pump offer had higher than anticipated participation due to growing confidence in the technology.
- Expenditures and savings were also increased by the launch of a new midstream offer for foodservice equipment in May 2025, and a new HVAC and building controls offer in November 2025.

3.3 PERFORMANCE PROGRAM – EXISTING BUILDINGS

The Performance Program – Existing Buildings provides incentives to encourage commercial customers to identify, assess, and implement custom building energy-efficiency projects for existing buildings.

The commercial retrofit offer in the Performance Program provides incentives for customers to engage a qualified energy consultant to study potential building-scale natural gas energy efficiency opportunities. Incentives are also available to encourage the implementation of cost effective measures. The Continuous Optimization offer is administered jointly with FBC and BC Hydro to provide a one-stop program for customers to evaluate no cost, low cost, and recommissioning opportunities. FEI staff also provide technical and engineering support, customer outreach and engagement for the Performance Program – Existing Buildings. Under the Program, smaller commercial customers are also provided with energy assessments and customers with a portfolio of buildings can take advantage of portfolio-wide energy studies.

The following are key updates for the Program in 2025:

- Program expenditures achieved 94 percent of Plan and savings achieved 186 percent of Plan.
- Customers continue to be interested in energy efficiency projects which is contributing to strong participation and energy savings. High consultant engagement and increased outreach to large customers in recent years also contributed to strong performance in 2025.

- The Commercial Energy Assessment and Continuous Optimization offers continue to see strong participation and savings due to increased interest in building optimization, offer updates and energy efficiency opportunities.

3.4 PERFORMANCE PROGRAM – NEW BUILDINGS

The Performance Program – New Buildings encourages the design of high-performance commercial buildings. Capital incentives are available for customers that design new buildings that exceed the BC Building Code. This Program includes support for large commercial new construction, which is centred on encouraging the integration of the BC Energy Step Code objectives into the design of high-performance commercial buildings, while also allowing for a more prescriptive pathway.

The following are key updates for the Program in 2025:

- Due to the significant upfront planning required in the construction process of new, high-performance commercial buildings, participation and incentives for new construction were committed incentives from prior years. These participants and incentives are captured in Section 11, Legacy Expenditures.
- An updated Performance Program – New Buildings launched in August 2025 in response to the 2023 BC Building Code update, which raised the required energy performance level of most Part 3 buildings to Step 2 of the BC Energy Step Code, and front-runner municipalities that are adopting even higher minimum standards in their communities. To address these higher standards, the updated Performance Program – New Buildings provides incentives for eligible Part 3 buildings that achieve the highest step available for each major occupancy classification within the building. Onboarding of eligible participants commenced in the fourth quarter of 2025.

3.5 RENTAL APARTMENT EFFICIENCY PROGRAM (RAP)

The Rental Apartment Efficiency Program (RAP), in collaboration with FBC, provides energy assessments and the direct installation of in-suite measures, such as low-flow showerheads and faucet aerators in purpose-built rental buildings, hotels and motels, and private retirement and care homes.

The following are key updates for the Program in 2025:

- The Program expenditures achieved 95 percent of Plan, and savings achieved 100 percent of Plan.
- Program activity remained steady due to strong customer engagement and the introduction of two new direct install measures – pipe insulation and Domestic Hot Water (DHW) recirculation controls.

- Lower than planned non-incentive costs were the result of lower-than-expected costs to manage and operate the Program.

3.6 SUMMARY

Overall, the Commercial Program Area achieved 123 percent of total planned expenditures for a total expenditure of $16.951 million and realized 168 percent of Plan savings. 82 percent of the total expenditures was incentive spending. The difference between achieved and planned savings can be attributed to increased participation in the Performance Program – Existing Buildings and the prescriptive dual fuel RTU offer. Overall, the participation in commercial programs resulted in over 232 thousand GJ/year of natural gas savings.

4. INDUSTRIAL PROGRAM AREA

4.1 OVERVIEW

The Industrial Program Area consists of two programs:

- Prescriptive Program; and
- Performance Program.

Tables 4-1 and 4-2 summarize the planned and actual expenditures and savings for the Industrial Program Area.

Table 4-1: 2025 Industrial Program Area Results Summary – Expenditures

Program	Utility Expenditures ($000s)					
	Incentives		Non-Incentives		Total Expenditures (including carryover)	
	2025 Plan	2025 Actual	2025 Plan	2025 Actual	2025 Plan	2025 Actual
Prescriptive Program	1,614	2,547	340	42	1,954	2,589
Performance Program	5,315	3,046	83	21	5,398	3,067
Labour	-	-	491	594	491	594
Non-Program Specific Expenses	-	-	210	-	210	-
ALL PROGRAMS	**6,929**	**5,593**	**1,124**	**657**	**8,052**	**6,250**

Table 4-2: 2025 Industrial Program Area Results Summary – Savings

Program	Incremental Annual Gas Savings, Net (GJ)		Benefit/Cost Ratios
	2025 Plan	2025 Actual	UCT
Prescriptive Program	104,990	89,588	11.1
Performance Program	289,560	364,125	5.4
Labour	Savings not estimated		Savings not estimated
Non-Program Specific Expenses	Savings not estimated		Savings not estimated
ALL PROGRAMS	**394,550**	**453,713**	**7.9**

4.2 PRESCRIPTIVE PROGRAM

The Prescriptive Program includes fixed incentives for the purchase and installation of specific qualifying industrial measures where the savings are well understood, and their installation is not typically part of a larger, more complex upgrade. Examples of such measures include air curtains, steam traps, and pipe insulation. Program delivery is adapted to the specific nature of both the measures and the target markets. For example, some rebates may be delivered directly to the end user, whereas other rebates may be delivered to the end user through midstream market actors, such as a product supplier. Communication materials and channels are adapted to suit the different target markets.

The following are key updates for the Program in 2025:

- The Program achieved 132 percent of Plan expenditures and 85 percent of Plan savings.
- Savings and expenditures were driven by continued strong adoption in thermal curtains and infrared heaters.
- Overall savings were lower than expected due to high participation in the infrared heaters offer, which has relatively lower savings.

4.3 PERFORMANCE PROGRAM

The Performance Program provides incentives to encourage customers to identify, assess and implement measures that use energy for process-related activities. It provides customers with a one-stop program in the FBC/FEI shared service territory and FEI-only service areas to evaluate and implement industrial energy efficiency projects. FEI staff and external consultants provide customer outreach and engagement for the Performance Program. It offers funding for plant-wide audits, feasibility studies, implementation, and Strategic Energy Management (SEM) incentives.

The following are key updates for the Program in 2025:

- The Program achieved 57 percent of Plan expenditures and 126 percent of Plan savings.
- Several industrial capital projects experienced delays due to extended material lead times, elevated project costs, and broader geopolitical factors affecting supply-chain reliability. These external conditions contributed to fewer project completions in 2025.
- The SEM program experienced strong customer participation. The active involvement of SEM consultants facilitated the completion of several significant projects at participating sites, resulting in combined energy savings that contributed significantly to the 2025 results.

4.4 SUMMARY

Overall, the Industrial Program Area achieved 78 percent of planned expenditures for total expenditures of $6.250 million and achieved 115 percent of planned savings. Incentive spending comprised 89 percent of the total expenditures. Better than planned savings and expenditures are attributed to strong performance in the SEM program and high participation in Prescriptive Programs. The participation in industrial programs resulted in over 453 thousand GJ/year of natural gas savings.

5. LOW INCOME PROGRAM AREA

5.1 OVERVIEW

This program area focuses on creating energy saving opportunities for low income customers by offering programs they can apply to directly, as well as programs that support charities and non-profit housing providers, including co-ops. The program area is subject to cost-effectiveness requirements in Section 4 of the DSM Regulation as a class A measure.[5]

The Low Income Program Area consists of four programs:

- Self Install Program;
- Direct Install Program;
- Prescriptive Program; and
- Support Program.

Tables 5-1 and 5-2 summarize the planned and actual expenditures and savings for the Low Income Program Area.

Table 5-1: 2025 Low Income Program Area Results Summary – Expenditures

Program	Utility Expenditures ($000s)					
	Incentives		Non-Incentives		Total Expenditures (including carryover)	
	2025 Plan	2025 Actual	2025 Plan	2025 Actual	2025 Plan	2025 Actual
Self Install Program	595	216	146	29	741	245
Direct Install Program	4,365	1,511	849	326	5,215	1,837
Prescriptive Program	2,434	36,575	103	22	2,537	36,596
Support Program	-	-	199	29	199	29
Labour	-	-	843	896	843	896
Non-Program Specific Expenses	-	-	54	45	54	45
ALL PROGRAMS	**7,394**	**38,301**	**2,194**	**1,348**	**9,589**	**39,648**

[5] As per *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 4(4), amended June 30, 2023.*

Table 5-2: 2025 Low Income Program Area Results Summary – Savings

Program	Incremental Annual Gas Savings, Net (GJ)	
	2025 Plan	2025 Actual
Self Install Program	27,768	10,284
Direct Install Program	15,577	4,925
Prescriptive Program	13,647	71,577
Support Program	Savings not estimated	
Labour	Savings not estimated	
Non-Program Specific Expenses	Savings not estimated	
ALL PROGRAMS	**56,992**	**86,785**

5.2 SELF INSTALL PROGRAM

The Self Install Program provides participants with an Energy Savings Kit (ESK) that includes energy saving measures along with an installation instruction booklet and directions to access online "how to" videos. All measures are easy to install and participants install them themselves. The Self Install Program is a partnership program with FBC and BC Hydro.

The following are key updates for the Program in 2025:

- The Program achieved 33 percent of Plan expenditures and 37 percent of GJ savings.
- The Program was impacted by the uncertainty leading up to the postal strike during the heating season which is generally a time when participation increases as energy efficiency is top of mind.
- FEI invested in marketing and communications initiatives to support Program participation, including a joint campaign that launched in November; however, the effectiveness of the initiatives was impacted by the overlapping timing with the postal strike. FEI continued to leverage partnerships with local food banks and senior's centres to distribute kits directly to customers in communities throughout the province.

5.3 DIRECT INSTALL PROGRAM

The Direct Install Program provides an in-home visit from a Program contractor to assess a participant's home energy efficiency, install basic measures (e.g., LED lighting, low-flow showerheads, etc.) and provide customized energy efficiency coaching. Additionally, some participants qualify to receive more robust measures based on the home's specific eligibility and may include draft-proofing, ventilation, and insulation. Partners in the Direct Install Program include FBC and BC Hydro.

The following are key updates for the Program in 2025:

- The Program achieved 35 percent of planned expenditures and 32 percent of planned energy savings.
- In 2025, the Program advanced several initiatives, including two joint Request for Proposals (RFP) to select program delivery vendors and an outreach and community engagement vendor.
- The Program focused efforts on implementing several changes including shifting eligibility solely to individual low income customers, refining the Program to prioritize higher energy savings measures, and introducing dual fuel systems to support its future integration as a standard offering. These changes were designed to enable deeper energy savings for participants.
- The introduction of dual fuel systems did not advance at the rate anticipated and did not offset the gap left by the removal of the furnace offering. This contributed to the Program performing below Plan.

5.4 PRESCRIPTIVE PROGRAM

The Prescriptive Program provides rebates, implementation support and funding for energy studies. Prescriptive rebates are available for residential and commercial (such as community housing apartment buildings) measures such as thermostats, insulation, ventilation, gas absorption heat pumps, and dual fuel systems.

The following are key updates for the Program in 2025:

- The Program achieved 1,442 percent of planned expenditures and 524 percent of planned savings. The Prescriptive Program experienced significantly higher than expected demand for low income residential rebates and participation in 2025 was reflective of the demand. In addition to the significant uptake of the dual fuel system rebate, participation also exceeded targets for insulation, ventilation, windows and doors, water heaters, and thermostats.
- While both expenditures and savings targets were exceeded, total energy savings did not rise proportionally because savings were predominantly driven by residential rebate participation while commercial rebate participation was less than anticipated. Residential measures generally yield lower energy savings than commercial measures per dollar invested, leading to higher overall expenditures per GJ saved.
- The dual fuel rebate for residential low income customers was discontinued in May 2025, and remaining rebates including insulation, ventilation, windows, doors, water heaters, and thermostats were discontinued in December 2025 due to oversubscription.

5.5 SUPPORT PROGRAM

The Support Program provides funding for training and educational opportunities to enhance energy efficiency retrofit skills for people who experience barriers to employment.

The following are key updates for the Program in 2025:

- FEI did not deploy the Residential Energy Efficiency Works (REnEW) outside of the one session completed with an Indigenous Community, and that investment is represented under the Indigenous Program Area.

- The Low Income Support Program investment was focused on enhancing the educational content and exploring future delivery enhancements to ensure the offer remains impactful for participants and host communities. Program changes, including supporting longer-term education with a post-secondary institution and facilitating part-time participation, will be implemented in 2026.

5.6 SUMMARY

Overall, the Low Income Program Area achieved 413 percent of planned expenditures for a total expenditure of $39.648 million. Greater than expected demand for the dual fuel system and other residential rebates for low income customers were the main driver. Overall, participation in Low Income Programs resulted in achieving 152 percent of planned energy savings for a total of over 86 thousand GJ/year of natural gas savings.

6. INDIGENOUS PROGRAM AREA

6.1 OVERVIEW

Collaborating with Indigenous communities, FEI supports improvements for existing buildings and new construction. Program design and eligible measures are based upon non-Indigenous retrofit and new construction program eligibility criteria with enhanced rebates and modified application processes and marketing approaches. FEI also supports community outreach and education, and capacity building and training for energy efficiency construction and building maintenance within communities.

The Indigenous Program Area consists of five programs:

- Direct Install Program;
- Prescriptive Program;
- Performance Program;
- Conservation Education and Outreach Program; and
- Community Energy Specialist.

Tables 6-1 and 6-2 summarize the planned and actual expenditures and savings for the Indigenous Program Area.

Table 6-1: 2025 Indigenous Program Area Results Summary – Expenditures

Program	Utility Expenditures ($000s)					
	Incentives		Non-Incentives		Total Expenditures (including carryover)	
	2025 Plan	2025 Actual	2025 Plan	2025 Actual	2025 Plan	2025 Actual
Direct Install	80	3	6	-	86	3
Prescriptive	2,299	2,074	59	284	2,358	2,358
Performance	1,146	187	59	5	1,205	192
Conservation Education and Outreach	-	-	23	336	23	336
Community Energy Specialist	611	314	14	1	625	315
Labour	-	-	408	712	408	712
Non-Program Specific Expenditures	-	-	12	15	12	15
ALL PROGRAMS	**4,136**	**2,578**	**582**	**1,352**	**4,718**	**3,930**

Table 6-2: 2025 Indigenous Program Area Results Summary – Savings

Program	Incremental Annual Gas Savings, Net (GJ)	
	2025 Plan	2025 Actual
Direct Install	202	84
Prescriptive	10,892	3,076
Performance	11,143	315
Conservation Education and Outreach	Savings not estimated	
Community Energy Specialist	Savings not estimated	
Labour	Savings not estimated	
Non-Program Specific Expenditures	Savings not estimated	
ALL PROGRAMS	**22,237**	**3,475**

6.2 DIRECT INSTALL PROGRAM

The Indigenous Direct Install Program is modelled after the Low Income Direct Install Program. It is delivered in partnership with BC Hydro and FBC.

The following are key updates for the Program in 2025:

- The Program achieved less than 4 percent of planned participation. This is due to the growing preference for self-directed programs that allow communities to decide when to perform the work, what work is completed, and who will perform the installations. The achieved energy savings were 42 percent of planned savings. Although below Plan, the savings are markedly higher than Program participation levels. This is due to the installation of very cost-effective measures, including showerheads and faucet aerators.

6.3 PRESCRIPTIVE PROGRAM

The Prescriptive Program has enhanced value rebates to support building envelope, space, and water heating improvements. This includes ventilation and health and safety rebates to encourage a house-as-a-system approach and to facilitate energy efficiency upgrades. The Program supports community housing departments in residential and commercial applications.

The following are key updates for the Program in 2025:

- The Program achieved 100 percent of planned expenditures and 28 percent of planned energy savings. The lower than Plan savings are at least partially due to the uptake of health and safety measures that are important for a house-as-a-system approach but do not result in energy savings.

- Participation and incentive expenditures were driven by the appliance maintenance, dual fuel heating system and condensing gas water heater measures. Comprehensive measures such as insulation and other building envelope measures had less than planned participation.
- A key focus in 2025 was the continued investment of time and resources working collaboratively with MECS and BC Hydro to consolidate and launch the Indigenous residential Prescriptive Program. The restructured program offers one collaborative program which reduces market complexity, better meets customer needs, streamlines the application process and encourages increased participation. Since the Program's launch in mid-2025, it has experienced significant interest and participation.

6.4 PERFORMANCE PROGRAM

The Performance Program serves both new and existing buildings in residential and commercial sectors. For existing buildings, FEI provides support to identify, assess, and implement building energy efficiency projects. For new buildings, the offer is designed to encourage integration of the BC Energy Step Code (Steps 3, 4 and 5) objectives and includes the Integrated Design Process, enhanced rebates, and energy advisor support.

The following are key updates for the Program in 2025:

- Participation in 2025 was driven primarily by Step 3 homes and reflects the importance of allowing Step 3 to be offered to Indigenous communities to become familiar with the BC Energy Step Code and encourage higher efficiency building practices than are required by the Federal Building Code, which is the construction baseline for on-reserve homes.
- The Program achieved 16 percent of planned expenditures. The lower than planned expenditures reflect a lack of Energy Step Code awareness.

6.5 CONSERVATION EDUCATION AND OUTREACH PROGRAM

The Conservation Education and Outreach Program provides funding support for community energy planning, community engagement and outreach, and educational support for energy efficiency construction training. The Program provides important peripheral support to Indigenous community and education programs that help reduce or remove barriers faced by Indigenous communities when trying to participate in energy efficiency programs.

The following are key updates for the Program in 2025:

- The expenditure in 2025 was higher than expected as some activities, which were initially planned under the portfolio Conservation Education and Outreach Initiatives Program Area, were reported here to better reflect the customers served by the activities. These

expenditures are being recorded in the Indigenous Program Area for better alignment and reporting clarity.

6.6 COMMUNITY ENERGY SPECIALIST PROGRAM

The Community Energy Specialist Program provides funding support for a dedicated employee and/or other resources and capacity support to help communities facilitate efficiency improvements in buildings, policy development, and ultimately to reduce emissions.

The following are key updates for the Program in 2025:

- The Indigenous Community Energy Specialist Program achieved 50 percent of Plan expenditures. This investment supported seven Indigenous Governing Bodies and supporting organizations in improving or implementing energy efficiency, emissions reductions and policy development within Indigenous communities. Across those organizations, the Program funded a total of eight positions. The Plan had anticipated a higher number of positions; however, Indigenous Governing Bodies have found it difficult to find appropriate personnel and retain them.

6.7 SUMMARY

The Indigenous Program Area achieved 83 percent of total planned expenditures. The Indigenous Program Area is a complex area to administer and requires extensive focus on building trusting relationships in communities and longer-term capacity building. While participation in some Program Areas was lower than planned in 2025, a great deal of effort was put into supporting enabling activities through the Community Energy Specialist Program and the Conservation Education and Outreach Program. These areas help to enable future work within Indigenous communities by reducing barriers to participation (e.g., increasing energy efficiency knowledge, supporting roles within communities to focus on energy efficiency, etc.). This investment, alongside the collaborative program development efforts between FEI, BC Hydro and MECS, is anticipated to encourage participation by making it easier to navigate funding opportunities and eliminate past barriers such as program confusion and misalignment.

7. CONSERVATION EDUCATION AND OUTREACH

7.1 OVERVIEW

The Conservation Education and Outreach (CEO) Program Area provides education about energy conservation and efficiency, as well as non-program specific outreach communications and engagement. This Program Area fosters a culture of conservation within the province by providing education to a broad range of customers and stakeholders, including hard-to-reach residential and commercial customers, and students. The goal of these programs is to inform customers on how to conserve energy (behaviour change) and to educate about energy conservation, efficiency and incentive programs. The CEO includes the following programs:

- Residential Education Program;
- Customer Engagement Tool;
- Commercial Education Program; and
- School Education Program.

Tables 7-1 and 7-2 summarize the planned and actual expenditures and savings for the CEO initiatives.

Table 7-1: 2025 CEO Program Area Results Summary – Expenditures

Program	Utility Expenditures ($000s)			
	Non-Incentives		Total Expenditures (including carryover)	
	2025 Plan	2025 Actual	2025 Plan	2025 Actual
Residential Education Program	4,054	4,698	4,054	4,698
Customer Engagement Tool	5,424	2,922	5,424	2,922
Commercial Education Program	1,841	1,141	1,841	1,141
School Education Program	1,266	1,047	1,266	1,047
Labour	3,474	2,404	3,474	2,404
Non-Program Specific Expenses	57	-	57	-
ALL PROGRAMS	**16,115**	**12,212**	**16,115**	**12,212**

Table 7-2: 2025 CEO Program Area Results Summary – Savings

Program	Incremental Annual Gas Savings, Net (GJ)	
	2025 Plan	2025 Actual
Residential Education Program	Savings not estimated	
Customer Engagement Tool	30,000	110,127
Commercial Education Program	Savings not estimated	
School Education Program	Savings not estimated	
Labour	Savings not estimated	
Non-Program Specific Expenses	Savings not estimated	
ALL PROGRAMS	**30,000**	**110,127**

7.2 RESIDENTIAL EDUCATION PROGRAM

The Residential Education Program provides residential customers and the broader public with information on gas conservation and energy literacy through a combination of direct engagement, online tools, and general public marketing and advertising campaigns. Outreach activities – including face-to-face interactions, digital engagement, educational seminars, and participation in home shows and community events – are designed to reach a wide range of audiences, including low-income and multilingual customers. Ongoing partnerships with regional districts, municipalities, social service organizations, and local sports organizations further expand opportunities to connect with residential customers across the province.

Promotional efforts include multimedia rebate awareness and education campaigns, as well as targeted engagement initiatives aimed at increasing conservation awareness and program participation. The Program also covers the development and production of educational and marketing materials, along with audience-engagement incentives such as draft-proofing kits used at events that interact directly with residential customers.

The following are key updates for the Program in 2025:

- Higher than anticipated expenditures are attributed to an increase in paid media for 2025 to ensure a sustained presence in market.
- FEI continued to partner with Empower Me, focusing on income-qualified non-English speaking customers, driving participation in the Company's income qualified programs. Participants also learned about their utility bills, safety, and behaviour change initiatives to help them save energy and money.
- FEI continued with the "We've got Rebates" general awareness campaign, driving participation in its rebate programs.

- FEI and FBC maintained their commitment to direct customer engagement by participating in over 160 events across the province. During these events, more than 21 thousand meaningful conversations were conducted, focusing on energy literacy, conservation, efficiency, affordability and rebate programs.

7.3 CUSTOMER ENGAGEMENT TOOL PROGRAM

The Customer Engagement Tool home energy reports help customers understand their energy use in comparison to energy used by similar homes and encourages customers to reduce their energy through actionable advice. The online portal "My Energy Use" offers a home assessment survey that helps customers understand their energy consumption better. By completing the home assessment survey, users receive a customized action plan tailored to their specific needs, which can guide them in reducing their energy use more effectively.

The following are key updates for the Program in 2025:

- Lower than planned expenditures are due to not proceeding with further development of the tool due to a Program overlap with an energy rating tool being developed externally for BC residential homeowners, reducing the need for FEI to continue investing in similar functionality. In addition, FEI chose not to pursue the proposed Virtual Energy Audit offer after additional customer research indicated it would not deliver the expected value.
- FEI sent five home energy reports to approximately 120 thousand customers throughout the year.

7.4 COMMERCIAL EDUCATION PROGRAM

The Commercial Education Program provides ongoing communication and education about energy efficiency and conservation measures, as well as behavioural change educational programming, to help commercial customers reduce their organization's energy consumption.

Commercial Education includes small to large businesses in a variety of sub sectors such as retail, offices, multi-family residences, schools, hospitals, hospitality services and municipal institutions. Promotional activities include face-to-face engagement, print and online marketing, and participation in industry association meetings and tradeshows. FEI and FBC also deliver the Efficiency in Action Awards, which recognizes commercial customers and community organizations for their innovation and leadership in energy efficiency and the gas savings achieved. Additionally, FEI and FBC provide support for behavioral and technical education campaigns delivered by energy specialists in their respective organization such as the Energy Wise Network which is offered in partnership with BC Hydro. These initiatives also guide and support energy specialists, thermal energy managers or energy/facilities managers in their respective organizations or communities.

The following are key updates for the Program in 2025:

- FEI's partnership with BC Hydro continued in 2025. This collaboration included the Energy Wise Network Program for commercial customers, which resulted in 39 behavior change projects being submitted in 2025 (with a completion date of March 31, 2026).
- Lower than planned expenditures were due to the Commercial program area requiring less communication support to sufficiently promote Commercial programs and education messaging.

7.5 SCHOOL EDUCATION PROGRAM

The School Education Program includes the Live It Earth series, a Kindergarten to Grade 8 curriculum connected resource, and the assembly style presentation, Energy Champions, which is currently delivered in collaboration with the BC Lions. A program for Grades 9 to 12, introduced in partnership with Live It Earth, offered students practical experience in storytelling through film and opportunities to engage with professionals from the energy efficiency sector. FEI and FBC enjoy ongoing partnerships with post-secondary institutions and support additional energy efficiency training for academic and trades training initiatives. This includes in-class programs, on-campus education campaigns, instructional tool development, and education campaigns delivered by energy specialists, thermal energy managers or energy/facilities managers.

The following are key updates for the Program in 2025:

- FEI and FBC sponsored curriculum-connected programs for grades Kindergarten to 9 that focus on energy literacy, conservation, and efficiency. The Live It Earth series delivered energy efficiency and conservation education to students in grades Kindergarten to 7 through an interactive online learning platform. Additionally, FEI partnered with Relay Education to deliver interactive energy conservation-focused workshops for more than 2,000 students in grades 8 to 11, and to host "World of Energy" festivals that provided programming on energy efficiency, conservation and sustainable energy sources for over 800 elementary school students.
- FEI and FBC supported the Climate Action Ripple Effect (CARE) initiative in Vernon and the Central Okanagan school district. CARE engages teachers, students, and community climate experts in creating student projects that align with UN Sustainable Development Goals, including energy efficiency and conservation. In 2025, the initiative involved over 690 students, 34 teachers, and 155 community members and mentors, resulting in 33 projects focused on energy efficiency.
- FEI and FBC supported Geering Up Okanagan in delivering Science, Technology, Engineering, and Math (STEM) programming with an emphasis on energy efficiency and conservation for youth in grades 8 to 12 within several communities in BC's Southern Interior. The initiative developed and delivered a range of activities, including workshops, school events, camps, and professional development sessions for teachers. In total, Geering Up programs reached 421 students and 20 educators.

- For students enrolled in post-secondary academic institutions, FEI, in collaboration with FBC, delivered virtual presentations on DSM policies and programs in BC, as well as employment opportunities within the energy management sector. Additionally, FEI and FBC provided funding support to the British Columbia Institute of Technology (BCIT), Okanagan College, and Selkirk College for hands-on training on high-performance buildings and heating systems using a science based, envelope-first approach.
- Lower than planned expenditures resulted from a reduced scope for several of the planned initiatives.

7.6 SUMMARY

The CEO Program Area continues to support the DSM Portfolio goals of energy conservation in various ways. Several initiatives and campaigns were undertaken in 2025, positively influencing customer attitudes about efficiency. Educating all types of customers and students remains a priority. FEI is committed to ensuring that the information provided is relevant and timely.

FEI continued its collaboration with FBC in 2025 to maximize efficiencies across both utilities. Costs continue to be shared on school, residential, and commercial outreach as applicable. FEI remains focused on behavioral change opportunities and partnering with post-secondary institutions to foster a culture of conservation in BC while driving program awareness and participation.

8. INNOVATIVE TECHNOLOGIES PROGRAM AREA

8.1 OVERVIEW

The Innovative Technologies Program Area evaluates both pre-commercial and commercially available technologies and conducts pilot studies to validate manufacturers' claims related to equipment and system performance. The program area also assesses actual savings and customer acceptance of these newer technologies or systems of technologies. Technologies that successfully emerge from the Innovative Technologies Program Area are considered for inclusion within the applicable program areas within the larger C&EM portfolio. The Innovative Technologies Program is broken out into three core activities including:

- Technology Screening;
- Pilot Projects; and
- Deep Energy Retrofits (Deep Retrofits).

In 2025, expenditures were 48 percent of Plan. The expenditure variances are due to installation and construction delays for multiple pilot projects, supply chain delays due to tariff uncertainties, and the multi-year nature of several gas heat pump and Deep Retrofit initiatives.

Table 8-1 summarizes the planned and actual expenditures for the Innovative Technologies Program Area.

Table 8-1: 2025 Innovative Technologies Program Area Results Summary – Expenditures

Program	Utility Expenditures ($000s)					
	Incentives		Non-Incentives		Total Expenditures (including carryover)	
	2025 Plan	2025 Actual	2025 Plan	2025 Actual	2025 Plan	2025 Actual
Deep Energy Retrofits	10,317	4,387	1,041	488	11,357	4,875
Pilots	6,040	2,721	290	516	6,331	3,237
Technology Screening Studies	305	183	526	142	831	325
Labour	-	-	2,035	1,170	2,035	1,170
Non-Program Specific Expenses	-	-	569	483	569	483
ALL PROGRAMS	**16,662**	**7,291**	**4,461**	**2,799**	**21,123**	**10,090**

8.2 TECHNOLOGY SCREENING STUDIES

Technology Screening assesses new energy efficient technologies. Activities include conducting prefeasibility studies, small demonstrations, or lab tests to understand the availability of the technology and the applicable codes and testing standards; estimate the current adoption rate; evaluate any technical barriers; gather measure assumption data; determine the target customers; and assess the market opportunity. The data is used to determine whether the technology meets the requirements of a technology innovation program

as defined in Section 1 of the DSM Regulation.[6] Candidate technologies that do not pass the DSM screen are rejected; those that pass are considered further through the development of a pilot project if information gaps exist and can be incorporated into a sector program if the information gaps are filled.

The Technology Screening activity also incorporates the administration of the Gas Technology Demonstration Program. This program is offered to those participating in FEI's Commercial and Community Energy Specialist Programs to conduct technology studies, demonstrations, and evaluation activities with funding support. Results of these activities are used to inform future DSM programs. Lastly, Technology Screening explores external research activities in collaboration with industry to support market transformation of energy efficient technologies across North America.

Table 8-2 outlines the specific Technology Screening Activities undertaken in 2025. Expenditure variances are attributable to cost efficiencies of existing studies and were reallocated to support increasing expenditures for pilot projects.

Table 8-2: 2025 Technology Screening Activities

TechnologyScreening Activity	Activity Description
Industrial Gas Absorption Heat Pump	The objective of this prefeasibility study was to identify the energy savings and non-energy benefits of high temperature gas absorption heat pumps for commercial and industrial settings. This study focuses on factors such as installation costs, operational efficiencies, maintenance requirements, and the overall return on investment. By assessing these aspects, the study provided a comprehensive overview of the potential benefits and challenges associated with high temperature gas absorption heat pumps, facilitating informed decision-making for future energy-saving initiatives. Study results were presented to the program teams in October 2025.
Prefabricated Panelized and Modular Building Envelope	The objective of this prefeasibility study was to identify the energy savings and non-energy benefits of Prefabricated Panelized and Modular Building Envelope for residential and commercial settings. This study focuses on factors such as installation costs, operational efficiencies, maintenance requirements, and the overall return on investment. By assessing these aspects, the study provided a comprehensive overview of the potential benefits and challenges associated with Prefabricated Panelized and Modular Building Envelope, facilitating informed decision-making for future energy-saving initiatives. Study results were presented to the program teams in December 2025 with a presentation being completed in early 2026.
Gas Heat Pump Lab Testing: Residential Gas Absorption Heat Pump	FEI provided funding for a residential gas heat pump manufacturer in partnership with the Gas Technology Institute to conduct efficiency and performance lab testing for a residential gas heat pump to support evaluation of the manufacturer's new production model. Preliminary results were provided to the program areas in late 2024, with additional test results received in December 2025.

[6] As per *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 1 "technology innovation program",* as amended June 30, 2023.

TechnologyScreening Activity	Activity Description
North American Gas Heat Pump Collaborative	FEI is a founding member of the North American Gas Heat Pump Collaborative. In 2025, FEI provided funding to support manufacturer engagement opportunities to advance gas heat pumps in the residential and commercial sector. Funding activities span across 2025 and are used to inform strategic communication and education strategies for contractors and customers to support the adoption of gas heat pump technologies.
Gas Technology Demonstration Pilot ("GTD")	The Gas Technology Demonstration (GTD) pilot provides funding to those participating in FEI's Commercial and Community Energy Specialist Programs to explore innovative technologies through three main offerings: (1) Technology Feasibility Study; (2) Technology Demonstration; and (3) Technology Measurement and Verification. In 2025, GTD provided incentives for a variety of innovative technologies including HRV, Quonset insulation, gas heat pumps, HVAC optimization tool, thermal energy audits and steam trap monitoring. GTD approved funding for three new applications in 2025, of which two are expected to be completed in 2026.
	2025 Participants Total: 9 Expenditure: $182,777

8.3 PILOT PROJECT EXPENDITURES

Pilot Projects gather actual field performance data of a technology in a customer's home or business to verify customer acceptance, installation challenges, costs, and energy savings. This activity is supported by third-party measurement and verification following International Performance Measurement and Verification Protocols. The development and implementation of a typical pilot project for technologies that pass the Technology Screening generally takes one to three years, depending on the complexities of the pilot design, program controls and participation requirements. Results from pilot projects help support developing future DSM programs.

In 2025, FEI experienced strong participation in the gas heat pump pilots, notable engagement in the high speed door pilot, and continued measurement and verification activities for the pilots initiated in 2024. These pilots continued to generate performance data to inform future program considerations. Table 8-3 summarizes 2025 pilot activities, including participation and expenditures.

Table 8-3: 2025 Pilot Activities[7]

Pilot Activity	Pilot Description
Gas Demand Response Pilot	FEI extended the Peak Plan Pilot Program, a residential natural gas demand response pilot, for another winter season in 2025/2026 as the 2024/2025 winter season was too mild to yield sufficient results. The pilot aims to investigate whether gas demand response can reduce system capacity restraints, as well as reduce energy consumption and related GHG emissions during peak times. Results are expected in 2026.
	2025 Participants: 174 Expenditures: $113,175
Commercial Gas Engine-driven Heat Pump Pilot	FEI is evaluating the energy savings, installation, and customer acceptance of a gas engine-driven heat pump for commercial customers which provides high-efficient space heating, cooling, ventilation, and domestic hot water. In 2023, FEI provided incentives to install these gas engine-driven heat pumps at four different sites within the Lower Mainland and Vancouver Island. Two additional sites in the Okanagan were added in 2024, increasing the total to six. The measurement and verification (M&V) period concluded in March 2025 for the first four sites and in September 2025 for the two additional sites. A final report was provided in November 2025 and is currently undergoing review.
	2025 Participants: 0 Expenditures: $189,455
Gas Engine Heat Pump with Variable Refrigerant Flow	FEI is evaluating the energy savings, installation, and customer acceptance of a Gas Engine Heat Pump with variable refrigerant flow. This unit can provide simultaneous space heating and cooling. The objective of this pilot is to evaluate the system performance, energy consumption, GHG emissions reduction and customer acceptance of this technology. Four participants were recruited in 2024 with the commissioning of all the equipment finishing summer 2025. M&V will be ongoing until April 2026 and the final report is expected in May 2026.
	2025 Participants: 4 Expenditures: $1,531,378
Residential Gas Absorption Heat Pump Pilot	FEI is evaluating the energy savings, installation, and customer acceptance of a production model of a gas absorption heat pump unit for residential space and water heating applications. M&V is ongoing with pilot results expected in 2026.
	2025 Participants: 0 Expenditures: $159,930

[7] Participant count values are populated based on the actual incentives released for the 2025 calendar year. The expenditures listed in each pilot do not include evaluation expenditures. The cost for evaluation in each pilot can be found in Appendix A-1.

Pilot Activity	Pilot Description
Residential Dual Fuel Hybrid Heating Early Adopter Offer - Phase 2	FEI is evaluating the energy savings, installation, and customer acceptance of dual fuel hybrid heating systems for residential customers which is a combination of an air source heat pump with a natural gas furnace with integrated controls. In this pilot, FEI provided incentives to participants throughout the province to install new dual fuel hybrid heating systems in their homes. The objective of the pilot is to evaluate the seasonal system coefficient of performance (SCOP), energy consumption, GHG emissions reduction and customer acceptance of this technology. The M&V period was extended until April 2026.
	2025 Participants: 0 Expenditures: $97,539
Dual Fuel Combination System	FEI is evaluating the energy savings, installation, and customer acceptance of a dual fuel combi system. This unit can provide space heating, cooling and domestic hot water services to residential customers and can use both electricity and gas simultaneously. The objective of this pilot is to evaluate the system performance, energy consumption, GHG emissions reduction and customer acceptance of this technology. M&V is ongoing through the 2026 heating season. 2025 Participants: 0 Expenditures: $328,738
Gas Absorption Heat Pump for Large Homes	FEI is evaluating the energy savings, installation, and customer acceptance of a gas absorption heat pump technology for single-family homes that have a floor area of more than 3,500 square feet. The objective of this pilot is to evaluate the system performance, energy consumption, GHG emissions reduction and customer acceptance of this technology. M&V is ongoing through the 2026 heating season.
	2025 Participants: 0 Expenditures: $334,494
GAHP Plus Pilot	FEI is evaluating the energy savings, installation and customer acceptance of new gas absorption heat pump models by Robur in MURBs. The objective of the pilot is to evaluate the efficiency of the units when used for space heating and domestic hot water alongside a natural gas condensing boiler. The objective of the pilot is to evaluate the seasonal SCOP, energy consumption, GHG emissions reduction and customer acceptance of this technology. Construction began in late 2025 and M&V will be ongoing until June 2027.
	2025 Participants: 2 Expenditures: $110,728
Pool Water Heating Pilot	FEI is evaluating the energy savings, installation and customer acceptance of using the new Robur Gas Absorption Heat Pump Plus units for pool hot water heating. This pilot will recruit three recreation centers in BC to participate in the pilot. Installations will be complete in Q2 2026, and the M&V period will last for 6 months, with a final report provided in November 2026.
	2025 Participants: 1 Expenditures: $114,982

Pilot Activity	Pilot Description
Commercial Dual Fuel Heating Systems Pilot	FEI is evaluating the energy savings, installation and customer acceptance of dual fuel heating systems in MURBs. The system will be comprised of air to water electric heat pumps with a natural gas condensing boiler used for space heating. The objective of the pilot is to evaluate the seasonal SCOP, energy consumption, GHG emissions reduction and customer acceptance of this technology. The pilot aims to recruit 3 sites in the Lower Mainland and 2 more in the Okanagan region. Recruitment began in November 2025, and installation will occur in the summer of 2026. M&V will be conducted from 2026-2027.
	2025 Participants: 0 Expenditures: $33,336
High Speed Door Pilot	FEI is evaluating the energy savings, installation and customer acceptance of replacing standard overhead doors with high-speed doors. The objective of this pilot is to demonstrate that by installing a high-speed door, the building will reduce the amount of heat-loss associated with a slow open and close cycle. An interim report for this pilot will be provided in April 2026 and a final report in November 2026.
	2025 Participants: 3 Expenditures: $228,909

8.4 DEEP ENERGY RETROFITS

Deep Retrofit activities aim to both assess and evaluate energy efficiency technologies, a system of technologies, and/or building designs that can reduce natural gas use and resulting GHG emissions by 50 percent or greater in both residential and commercial buildings. Activities include conducting house-as-a-system technology research to focus on understanding barriers and identifying innovative solutions to support industry and market transformation, executing small and large demonstrations, and partnering with industry stakeholders to educate the market. Results of these activities will be used to inform energy savings and costing numbers, identify customer adoption barriers, and establish recommendations to support future DSM program offerings.

In 2025, Deep Retrofit activities achieved 43 percent of Plan. All four Part 3 commercial buildings have reached substantial completion of construction activities. Part 9 residential homes completed construction in 2024. Both Part 3 and Part 9 buildings are in the measurement and verification (M&V) phase.

Expenditure variances were due to contingency reserves for construction and rebate processing timing. Additionally, some new activities were deferred to gather further information on the feasibility of deep energy retrofits, based on the pilot results, before proceeding with net new activities. Table 8-4 summarizes the Deep Retrofit pilot activities.

Table 8-4: 2025 Deep Retrofit Activities[8]

Pilot Activity	Pilot Description
Deep Energy Retrofit Pilot - Part 3 Commercial Buildings	FEI is assessing the potential energy savings, GHG emission reductions, customer and industry acceptance, and implementation challenges associated with deep energy retrofits for FEI's commercial natural gas customers. At the outset of this Part 3 MURBs pilot, FEI selected four participating buildings, and these same four participants continue throughout all phases of the multi-year pilot. No new or additional participants have been added. All four participating buildings are located within Climate Zones 4 and 5.
	2025 Participants: 4 Expenditures: $4,874,574

8.5 TRANSITIONED MEASURES

In 2025, FEI did not transition any new measures from the Innovative Technologies Program Area into permanent DSM programs. While several pilot projects and studies progressed during the year, additional performance data and analysis are required before determining whether these technologies are suitable for transition into permanent program offerings.

FEI continued M&V activities for several pilots initiated in prior years to strengthen the evidence base for potential future transitions. These activities are intended to improve confidence in technology performance, energy savings, customer acceptance, and implementation considerations under BC operating conditions.

In addition to pilot activities, technology screening and prefeasibility studies completed in 2025 were used to further assess candidate technologies. These results helped identify key information gaps and inform potential future pilots and program planning, where appropriate.

During 2025, FEI completed the evaluation of the Commercial Gas Engine-Driven Heat Pump pilot. Although the pilot was successfully concluded, this technology was not transitioned into a permanent measure. The manufacturer discontinued the product because of changes to US refrigerant regulations, limiting its future market availability. As a forward-looking alternative, FEI is assessing a gas engine driven heat pump with variable refrigerant flow system with a hydrobox configuration, which may offer similar end-use applications. This configuration is currently being evaluated under a separate pilot to inform its suitability for potential future program consideration.

FEI will continue to assess pilot results as additional M&V data becomes available and will consider transitioning technologies into main programs where performance, market readiness, and long-term availability support cost-effective program delivery.

[8] The expenditures listed in each pilot do not include evaluation expenditures. The cost for evaluation in each pilot can be found in Appendix A-1.

8.6 SUMMARY

The Innovative Technologies Program Area represents a key component of FEI's overall commitment to DSM activities by identifying and evaluating technologies and projects with the potential to inform future program development within the broader DSM portfolio.

Overall, the Innovative Technologies Program Area achieved 48 percent of planned expenditures in 2025. The difference between achieved and planned expenditures is attributed to the installation and construction delays for select pilot projects, supply chain delays due to tariff related uncertainties, and the multi-year nature of several gas heat pump and Deep Retrofit initiatives.

Ongoing and new pilot projects in 2025 supported the collection of performance, operational, and market data through continued M&V activities. These efforts are intended to strengthen the evidence base used to assess technology performance, customer acceptance, and implementation considerations under BC operating conditions.

Together with completed technology screening and prefeasibility studies, these activities will continue to inform internal assessment and future program planning, where appropriate, as additional data becomes available.

9. ENABLING ACTIVITIES

9.1 OVERVIEW

Enabling Activities are initiatives that support and supplement FEI's C&EM program development and delivery. These programs, activities and projects provide resources common to the support and delivery of all Program Area activities.

Enabling Activities include the following:

- Trade Ally Network;
- Codes and Standards;
- Reporting Tool and Customer Application Portal;
- Conservation Potential Review;
- Customer Research;
- Commercial Energy Specialist Program; and
- Community Energy Specialist Program.

Tables 9-1 and 9-2 summarize the planned and actual expenditures and savings for the Enabling Program Area.

Table 9-1: 2025 Enabling Program Area Results – Expenditures

Program	Utility Expenditures ($000s)					
	Incentives		Non-Incentives		Total Expenditures (including carryover)	
	2025 Plan	2025 Actual	2025 Plan	2025 Actual	2025 Plan	2025 Actual
Trade Ally Network	-	-	1,993	1,579	1,993	1,579
Codes and Standards	1,514	2,332	1,326	966	2,840	3,299
Reporting Tool & Customer Application Portal	-	-	1,382	1,124	1,382	1,124
Conservation Potential Review	-	-	320	78	320	78
Customer Research	-	-	130	-	130	-
Commercial Energy Specialist Program	2,897	2,548	311	115	3,208	2,663
Community Energy Specialist Program	1,114	337	52	7	1,166	345
Labour	-	-	2,833	1,345	2,833	1,345
ALL PROGRAMS	**5,525**	**5,218**	**8,347**	**5,214**	**13,872**	**10,432**

Table 9-2: 2025 Enabling Program Area Results – Savings

Program	Incremental Annual Gas Savings, Net (GJ)	
	2025 Plan	2025 Actual
Trade Ally Network	Savings not estimated	
Codes and Standards	Savings not estimated	
Reporting Tool & Customer Application Portal	Savings not estimated	
Conservation Potential Review	Savings not estimated	
Customer Research	Savings not estimated	
Commercial Energy Specialist Program	-	56,129
Community Energy Specialist Program	Savings not estimated	
ALL PROGRAMS	**-**	**56,129**

9.2 TRADE ALLY NETWORK

The Trade Ally Network (TAN) includes expenditures related to FEI's work with industry. FEI relies on trade allies, such as contractors, manufacturers, distributors, and Point of Sale Partners, that provide the qualifying products and quality installations of energy efficiency measures. FEI recognizes that other industry representatives, such as Energy Advisors, general contractors and renovators will play a key role in advancing whole home performance retrofits and influencing energy efficient upgrades in residential homes. The TAN also supports funding energy efficiency training, a specified demand-side measure outlined in Section 1 of the DSM Regulation.[9]

The following are key updates in 2025:

- The TAN achieved 79 percent of Plan. Results were lower than Plan due to delays with certain training activities. Completed initiatives included additional training on new DSM measures for key industry stakeholders, as well as Integrated Design Process (IDP) and building science training. Industry training analysis was completed to assess industry readiness for adopting deep energy retrofits and to help build contractor capacity.
- In 2025, FEI hosted and sponsored several in-person training sessions for trade allies that focused on advanced DSM measures. The sessions were designed to equip TAN contractors, consulting engineers, energy advisors and builders with the knowledge and tools to implement new DSM measures and continue guiding residential and commercial customers toward their energy efficiency goals.
- In addition, the TAN collaborated with several major trade associations, such as TECA (Thermal Environmental Comfort Association), BCCPA (BC Care Providers

[9] As per *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 1 "class A measure" (c), as amended June 30, 2023.*

Association), BCHA (BC Hotel Association) and others, to advance energy efficiency messaging among trade allies and key decision-makers, driving market awareness and uptake of DSM measures. Collaborating with organizations like TECA also enhances the quality of HVAC installations by supporting contractor training and best practices.

- In collaboration with program partners and the Home Performance Stakeholder Council (HPSC), FEI also supported the development of the Home Performance Industry through trades outreach, training, and ongoing development of the Home Performance Contractor Network (HPCN) – a database of retrofit contractors in BC that meet specific trade designation and training qualifications.

9.3 CODES AND STANDARDS

The Codes and Standards budget finances FEI's support for codes and standards policy development and research, through in-kind and financial co-funding arrangements. In the residential sector, FEI provides support for energy compliance and testing of new homes through the provision of incentives for energy advisor services in support of the BC Energy Step Code. Incentives encourage builders to work with an energy advisor to validate the energy performance of their home through energy modelling, on-site airtightness testing, and completion of the Step Code compliance reports. Additional support is provided to encourage early design activities such as mechanical design, building envelope design and an integrated design process. These activities support builders achieving advanced BC Energy Step Code levels.

The Codes and Standards area "supports the development of or compliance with specified standard or a measure respecting energy conservation or the efficient use of energy", as referred to in the definition of "class A demand-side measures" in Section 1 of the DSM Regulation, and supports implementation and adoption of such measures and aims to educate and provide training to the industry.[10]

The following are key updates in 2025:

- Codes and Standards expenditures were 116 percent of Plan. Builder and Energy Advisor incentives continued to experience strong participation, supporting uptake of Step Code-related incentives. Mid-construction blower door testing and design-focused offerings continued to experience gradual market adoption. Conversely, expenditures in the non-incentive category were lower primarily due to project development delays and less uptake in building portfolio energy plan funding.
- FEI participated in the development of Energy Efficiency and GHG compliance performance pathways of the National Building Code of Canada and National Energy Code of Canada for Buildings. This creates a GHG compliance path which includes

[10] As per *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 1 "class A measure" (g)(i), as amended June 30, 2023.*

other energy sources with GHG emissions factors of <25 g/kWh (such as qualifying Renewable Natural Gas (biomethane), biomass (i.e., wood), renewables (i.e., on-site PV or wind), and hydrogen). The publication date was the end of 2025 with revisions potentially in 2030. The BC building code is expected to harmonize with these national codes within 18 months of the federal publication.

9.4 REPORTING TOOL & CUSTOMER APPLICATION PORTAL

The Reporting Tool & Customer Application Portal includes expenditures related to the Demand-Side Management Tracking System. This system manages DSM rebates from the application stage through to payment, including application review, approval, payment file exports, reporting, and customer communications. Expenditures include licensing and hosting fees, and the labour required to operate and maintain the system and related customer portal.

As of 2025, dependency on third parties was eliminated by handling all integrations internally, continuing to reduce costs.

9.5 CONSERVATION POTENTIAL REVIEW

The Conservation Potential Review (CPR) is an important tool for use in developing, supporting, and assessing current and future C&EM expenditure applications, as well as for directional input into program development. The purpose of a CPR study is to examine available technologies and determine their conservation potential, which includes the amount of energy savings that can be explored through conservation and energy management programs over the study period. The CPR does this by comparing the economic and market potential of viable measures to a base case scenario.

Work on the newest Conservation Potential Review began in 2024, with the analysis completed in 2025. The report will be completed in early 2026.

9.6 CUSTOMER RESEARCH

Customer Research expenditures fund forward-looking initiatives such as customer segmentation that inform marketing and communications strategies.

No new research activities were required in 2025 because findings from the 2024 research cycle continue to effectively support marketing and communications planning.

9.7 COMMERCIAL ENERGY SPECIALIST PROGRAM

The Commercial Energy Specialist Program provides funding for Energy Specialist, Energy Analyst and Thermal Energy Manager positions in large commercial organizations. Funding ranges from $50 thousand to $90 thousand per year, per position. A funded position's key

priority is to identify and implement opportunities for their organization to participate in FEI's C&EM programs, while also identifying and implementing non-program specific opportunities to use gas more efficiently. This program is funded as an enabling activity but claims gas savings for those projects completed by a funded position that are not claimed by another FEI DSM program. FEI considers this to be an energy management program[11] and subject to Section 4.[12]

The following are key updates in 2025:

- There were 44 contracted positions within the Commercial Energy Specialist Program.
- Expenditures were lower than Plan as a result of the transition of all Commercial Energy Specialist workshops and sector-specific meetings from in-person formats to virtual formats. Additionally, the recruitment cycle for filling vacant Commercial Energy Specialist positions at participating sites was longer than expected.
- Total 2025 verified (non-C&EM program) annual savings were 56,129 GJ.

9.8 COMMUNITY ENERGY SPECIALIST PROGRAM

The Community Energy Specialist Program provides funding for Senior Energy Specialist positions in municipalities, regional districts and organizations of up to $100 thousand per year. In the FEI service territory, FEI's C&EM budget contributes up to 60 percent of this funding amount, with the remaining portion coming from FEI's External Relations department. Senior Energy Specialists lead policy development and implementation as communities develop or refresh their sustainability and energy plans, including BC Energy Step Code support where applicable and raise awareness of and participate in FEI's C&EM programs. FEI considers this to be an energy management program[13] and subject to Section 4 of the DSM Regulation.[14]

The following are key updates in 2025:

- The Community Energy Specialist Program experienced a slight increase in participation compared to 2024 but was significantly lower than planned as interest from other potential local governments was lower than anticipated. This was primarily due to local government's internal capacity constraints and challenges in finding suitable candidates.
- There were 11 contracted positions within the Community Energy Specialist Program that focused on both FEI and FBC related projects within their organizations.

[11] As per *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 1 "class A measure" (e), as amended June 30, 2023.*
[12] As per *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 4(4), as amended June 30, 2023.*
[13] As per *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 1 "class A measure" (e), as amended June 30, 2023.*
[14] As per *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 4 (4), as amended June 30, 2023.*

9.9 SUMMARY

Overall, the Enabling Program Area achieved 75 percent of total planned expenditures. The difference between achieved and planned expenditures is due to delays with certain trade ally training activities and lower than expected participation in the Community Energy Specialist Program.

10. PORTFOLIO-LEVEL ACTIVITIES

10.1 OVERVIEW

Portfolio activities are required to properly plan, implement, and evaluate the proposed DSM programs and support efforts to meet the energy savings targets.

This area includes:

- Evaluation; and
- Portfolio Level Activities.

Evaluation studies are conducted to determine if FEI's DSM program objectives are being met and savings are being realized. Evaluation of energy efficiency programs provides internal and external accountability by reducing uncertainty in the estimates of energy and demand savings. Evaluation activities and studies are often done in collaboration with various stakeholders, including FBC and other utilities.

Portfolio-Level Activities are comprised largely of planning as well as staffing costs and consultant fees for the numerous studies. Portfolio Level Activities are those activities for which the costs cannot be assigned to individual DSM programs. These distinct Portfolio-Level Activities include expenditures such as DSM support and portfolio level staff labour, staff training and conferences, facilities and equipment, industry association memberships, regulatory work, and EECAG[15] activities.

Expenditures in 2025 for Evaluation and Portfolio-Level Activities exceeded budget, largely reflecting stronger participation in Monitoring & Verification Innovation Technology pilots.

Table 10-1 includes the planned and actual expenditures.

Table 10-1: 2025 Portfolio Activities Results – Expenditures

Program	Utility Expenditures ($000s)					
	Incentives		Non-Incentives		Total Expenditures (including carryover)	
	2025 Plan	2025 Actual	2025 Plan	2025 Actual	2025 Plan	2025 Actual
Evaluation	-	-	2,629	3,008	2,629	3,008
Portfolio-Level Activities	-	-	2,102	2,346	2,102	2,346
ALL PROGRAMS	**-**	**-**	**4,731**	**5,354**	**4,731**	**5,354**

Additional details on Program Evaluation Activities are provided in Appendix A-1.

[15] The Energy Efficiency and Conservation Advisory Group (EECAG) provides insight and feedback on FBC's and FEI's portfolio of DSM activities and related issues. In 2025, EECAG sessions were not held.

11. LEGACY EXPENDITURES

11.1 OVERVIEW

This section includes legacy expenditures[16] enabled under Section 5 of the DSM Regulation, in particular gas space and water heating measures that operate at lower than 100 percent efficiency (i.e., conventional high-efficiency gas equipment).

Expenditures for conventional high-efficiency gas equipment which were formerly under the respective program areas in the 2023 DSM Plan are included within the Legacy Expenditures section. These incentives are a continuation of committed incentives under the previous DSM Plan period which are expected to be completed or paid within the 2024-2027 DSM Plan period. This Legacy Expenditures section is subject to the prior cost-effectiveness guidelines of the DSM Regulation[17] which used the blended Total Resource Cost (TRC) test and modified TRC as the primary cost test. Actual expenditures, estimated savings, and results are listed below.

The legacy incentives from the Residential Program Area include conventional high efficiency furnaces, boilers, EnerChoice fireplaces, condensing tankless and storage tank water heaters, combination systems and BC Energy Step Code measures from the Home Renovation and New Home programs.

The legacy incentives from the Commercial Program Area include condensing volume boilers, condensing tankless water heaters, furnaces, condensing unit heaters, condensing make up air units, capital upgrades, and whole building Step Code and non-Step Code measures from the Prescriptive, Performance (Existing Buildings) and Performance (New Construction) Programs.

The legacy incentives from the Low Income Program Area include conventional high efficiency furnaces and boilers, condensing volume boilers, condensing tankless water heaters, and other measures from the Prescriptive Program and the Direct Install Program.

The legacy incentives from the Indigenous Program Area include conventional high efficiency furnaces, boilers, EnerChoice fireplaces, Step Code measures, condensing storage tank water heaters, condensing tankless water heaters and other measures from the Prescriptive Program.

Legacy program expenditures were below Plan in 2025. This is primarily related to delays in project completion for New Construction Performance Program participants. These delays were driven by uncertain market conditions, constrained skilled labour availability, and procurement challenges faced by participating customers.

[16] As per *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 5,* as amended June 30, 2023.

[17] This is determined from committed legacy expenditures as per *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 5(2)*, *as amended June 30, 2023*, resulting in cost-effectiveness as defined under the *BC Utilities Commission Act, Demand-Side Measures Regulation (BC Reg. 326/2008) Section 3*, as amended March 24, 2017.

Tables 11-1 and 11-2 summarize the planned and actual expenditures and savings for the Legacy Program Area.

Table 11-1: 2025 Legacy Program Area Results Summary – Expenditures

Program	Utility Expenditures ($000s)					
	Incentives		Non-Incentives		Total Expenditures (including carryover)	
	2025 Plan	2025 Actual	2025 Plan	2025 Actual	2025 Plan	2025 Actual
Legacy expenditures	19,639	15,844	-	-	19,639	15,844
Labour	-	-	1,178	177	1,178	177
ALL PROGRAMS	**19,639**	**15,844**	**1,178**	**177**	**20,817**	**16,021**

Table 11-2: 2025 Legacy Program Area Results Summary – Savings

Program	Incremental Annual Gas Savings, Net (GJ)		Benefit/Cost Ratios	
	2025 Plan	2025 Actual	TRC	MTRC
Legacy expenditures	57,878	73,432	2.7	1.1
Labour	Savings not estimated		Savings not estimated	
ALL PROGRAMS	**57,878**	**73,432**	**2.7**	**1.1**

11.2 SUMMARY

Overall, the Legacy Expenditures Program Area achieved 77 percent of the total planned expenditure for 2025. The participation in Legacy Expenditures programs resulted in over 73 thousand GJ/year of natural gas savings.

12. CONCLUSION

In 2025, FEI achieved 160 percent of its total approved DSM expenditures and realized 153 percent of annual energy savings for the year, as compared to Plan. Annual energy savings were approximately 1.36 million GJ. Incentive expenditures at year-end were more than six times that of non-incentive expenditures, making up 86 percent of the overall portfolio expenditures. The resulting total lifetime energy savings for 2025 DSM activity is estimated at 12 million GJ, with corresponding lifetime GHG emissions reductions of 814,802 tonnes CO2e. The Report details how FEI cost-effectively delivered these programs in 2025.

Appendix A-1

INVENTORY OF DSM PROGRAM EVALUATION AND RESEARCH ACTIVITIES

Table 1: Inventory of DSM Program Evaluation and Evaluation Research Activities Conducted in 2025[1]

Evaluation Name	Program Area	Type of Evaluation	Evaluation Partners	Evaluation Status
Home Renovation Program - Dual Fuel Rebate Evaluation	Residential	Process & Impact	FortisBC Energy Inc. (FEI) & FortisBC Inc. (FBC) (together, FortisBC)	The evaluation was aimed at understanding the impact of the dual fuel system rebate under the Home Renovation (HRR) program. It examined participant and contractor experiences and satisfaction with the program, sought to understand market engagement toward dual fuel systems and the impact on dual fuel system adoption, and assessed its overall energy impacts. **Completed in 2025.**
Retail and Appliance Evaluation	Residential	Process	FortisBC	Objectives include assessing net-to-gross ratios (free ridership and spillover), exploring demand response potential of rebated appliances, benchmarking other utility practices, recommending alternatives to ENERGY STAR® criteria, and identifying new retail/appliance measures for inclusion. **To be completed in 2026.**
Commercial New Construction - Third Party Energy Model Reviews	Commercial & Industrial	Measurement & Verification	None	Ongoing BC Energy Step Code and Non-BC Energy Step Code energy model validations conducted by a third-party consultant as part of the program administration and evaluation.
Custom Efficiency Program – Third Party Energy Study Reviews	Commercial & Industrial	Measurement & Verification	None	Ongoing reviews conducted by third-party consultants to review and verify the savings identified in project energy study reports for commercial and industrial projects. Reviews may include engineering calculations for specific energy conservation measures, plant-wide audits, document reviews, and feasibility study reviews.
M&V Project Management and Review	Commercial & Industrial	Measurement & Verification	None	Ongoing management and review of commercial and industrial projects including review and verification of project savings, development of M&V Plans, and completion of a Year 1 and/ or Year 2 M&V Reports. M&V activities align with the International Performance Measurement and Verification Protocol (IPMVP).

[1] Measurement & Verification (M&V) studies require time to conduct activities which include, but are not limited to, project commissioning, installing and removal of monitoring equipment, data collection, and data analysis and reporting. M&V activities align with the International Performance Measurement and Verification Protocol (IPMVP) Concepts and Options for Determining Energy and Water Savings. Prepared by the Efficiency Valuation Organization: IPMVP - Efficiency Valuation Organization (EVO).

Evaluation Name	Program Area	Type of Evaluation	Evaluation Partners	Evaluation Status
Rental Apartment Efficiency Program - Participant and Building Owner Surveys	Commercial & Industrial	Process	FortisBC	Ongoing surveys conducted with building owners and tenants to assess customer satisfaction, program awareness, and gather feedback for future program design.
Direct Install Quality Assurance	Low Income	Evaluation Study	FortisBC & BC Hydro	The direct install program uses an external vendor to conduct quality assurance checks by reviewing case files and verifying that all energy saving measures and retrofits are installed according to program specifications and documented according to program guidelines.
Energy Conservation Assistance Program - Customer Feedback Surveys	Low Income	Process	FortisBC & BC Hydro	Feedback surveys based on the former ECAP model were conducted only for the first half of the year in anticipation of the redesigned program that was launched in July 2025. This resulted in two quarterly surveys. Customer feedback surveys on the new ECAP model will begin in 2026. **Completed in 2025.**
Income Qualified Rebate Evaluation	Low Income	Process & Impact	FortisBC	The evaluation was aimed at understanding the profiles of the participants benefiting from the rebates, the impact of the rebates on decisions to install the upgrades, and overall participant experience with the rebates offer. **Completed in 2025.**
Customer Engagement Tool Evaluation 2025	Conservation Education & Outreach	Process & Impact	FortisBC	Evaluation of the overall program, including a jurisdictional scan to better understand motivations for energy savings, validation of the treatment and control group selection of a new self-compare cohort, and calculation of net savings attributed to the distribution of the Home Energy Reports. **Completed in 2025.**
Energy Audit 2024	Enabling Activities	Impact	FortisBC	The study is an update to an energy savings audit to verify energy savings from projects completed in 2024. **Completed in 2025.**
Energy Audit 2025	Enabling Activities	Impact	FortisBC	The study is an update to an energy savings audit to verify energy savings from projects completed in 2025. Preliminary results reported in the 2025 Annual Report. **To be completed in 2026.**

Evaluation Name	Program Area	Type of Evaluation	Evaluation Partners	Evaluation Status
Customer Research	Enabling Activities	Communications	None	FortisBC Communication Tracking: Energy Efficiency Conservation: Ongoing tracking of customer engagement and awareness of C&EM activities and provides recommendations for the media mix. MyVoice Panel Software (Customer Voice Panel): Ongoing annual market assessment to ensure effectiveness of approach. This includes testing ad concepts, comparing product offerings, testing rebate steps information to ensure clarity, and assessing preferences for various webpage design. Customer Satisfaction Index: The study identified aspects of the customer experience that were driving customer satisfaction of energy efficiency programs, and how FEI can target actions to improve. **Completed in 2025.** Corporate Brand Evaluation: Ongoing annual study intended to understand customer's knowledge and perceptions of FEI, including rebates.
Program Compliance & Quality Assurance Site Visits	Enabling Activities	Evaluation Study	None	The insulation and program compliance site visits are conducted in homes that receive rebates for insulation and draft proofing measures, while the furnace quality assurance program conducts site visits of homes with furnace or boiler upgrades which has now evolved to dual fuel upgrades. Both are ongoing site visits focused on quality assurance and program compliance.
Gas Absorption Heat Pump for Large Homes	Innovative Technologies	Measurement & Verification	None	Measurement of energy savings, installation, and customer acceptance of the Robur gas-fired absorption heat pump technology for space heating applications in large residential homes. **Pilot is ongoing.**
Dual Fuel Combination Pilot	Innovative Technologies	Measurement & Verification	None	Measurement of energy savings, installation, and customer acceptance of the Napoleon Dual Fuel Combi system for residential space heating, cooling, and domestic hot water applications. **Pilot is ongoing.**
GHP VRF Pilot	Innovative Technologies	Measurement & Verification	None	Measurement of energy savings, installation, and customer acceptance of the gas engine heat pump with variable refrigerant flow for commercial buildings for space heating and supplemental cooling. **Pilot is ongoing.**

Evaluation Name	Program Area	Type of Evaluation	Evaluation Partners	Evaluation Status
Gas Engine Driven Heat Pump Pilot	Innovative Technologies	Measurement & Verification	None	Measurement of energy savings, installation, and customer acceptance of the gas engine heat pump with variable refrigerant flow for commercial buildings for space heating and supplemental cooling. **Pilot has ended.**
Residential Gas Absorption Heat Pump Pilot	Innovative Technologies	Measurement & Verification	None	Measurement of energy savings, installation, and customer acceptance of the gas-fired absorption heat pump technology for residential space and water heating applications. **Pilot is ongoing.**
Deep Energy Retrofit Pilot	Innovative Technologies	Measurement & Verification	None	Measurement of energy savings, installation and customer acceptance of building envelope and energy system upgrades for residential and commercial buildings. **Pilot is ongoing.**
Carbon Capture Pilot	Innovative Technologies	Measurement & Verification	None	Measurement of energy savings, installation feasibility, and customer acceptance of CarbinX-enabled energy system optimization for buildings. **Pilot has ended.**
Hybrid Heating Early Adopter	Innovative Technologies	Measurement & Verification	None	Measurement of SCOP, energy savings, impact of switch over temperature, preferred control system and customer acceptance of the dual fuel heating system in residential settings. **Pilot is ongoing.**
Measure Library Review	Portfolio	Process	FortisBC	This is a comprehensive review and integration of the Measure Library in the Demand-Side Management Tracking System. **Completed in 2025.**

Table 2: Summary of Key Findings and Methodology for 2025 Completed DSM Program Evaluation Studies and Pilot Program Reports

Evaluation Name	Program Area	Type of Evaluation	Methodology	Key Findings
Home Renovation Program - Dual Fuel Rebate Evaluation	Residential	Process & Impact	A process and impact evaluation were conducted to better understand the impact of the Dual Fuel Rebate on customers. It included a survey that generated responses from program participants, interviews with contractors and distributors, and two sets of billing analyses covering (i) early adopter offer participants and (ii) regular program participants.	Key findings from the process evaluation showed that (i) the FEI rebate was highly influential in driving sales and installations of dual fuel systems in BC; (ii) participants were mostly satisfied with their system and the FEI HRR program; and (iii) an opportunity to improve communication with participants and contractors. The impact evaluation based on the regular program participants showed an average natural gas savings of 20.5 GJ per participant. Outcome: Results and recommendations were reviewed and taken into consideration for future program design.
Rental Apartment Efficiency Program - Participant and Building Owner Surveys	Commercial & Industrial	Process	This is an annual feedback survey to gauge participant experience and assess various aspects of the program to inform future program planning. Survey participants are owners/ managers/contacts of rental apartments, accommodations, strata buildings and student residences whose RAP projects had reached or passed the installation phase.	Majority of the participants continue to view the program positively and remain pleased with the program overall. The application process, accessibility of information, and the likelihood of recommending the program to others were highly rated. While still generally positive, some metrics on satisfaction with the quality and installation of measures have dropped compared to previous year. Outcome: Continue conducting tenant and building owner surveys to provide feedback on program design.

Evaluation Name	Program Area	Type of Evaluation	Methodology	Key Findings
Energy Conservation Assistance Program (ECAP) - Ongoing Customer Feedback Surveys	Low Income	Process	Two Advanced ECAP quarterly surveys were conducted in 2025 in anticipation of the new ECAP that was launched in July. Advanced ECAP provides in-home visits to determine potential energy upgrades for the home which can include draft-proofing, refrigerator, attic/crawlspace/wall insulation, bathroom fans, and programmable thermostats. The surveys assessed customer satisfaction with the program application process, the measures installed, and the experience with the installation contractors.	The survey showed overall satisfaction from the program has increased to 72%, and more customers mentioned that the installations were very thorough and the service provided by the staff was good. Satisfaction with the evaluation visit also strengthened, particularly when it comes to wait time to schedule the installations. Notably, 72% of participants strongly agreed that the products/measures have increased the comfort of their home. The most installed product in Q2 was insulation followed by draft-proofing. Outcome: Continue to conduct the participant surveys to assess the program's development and contractor experience.
Income Qualified Rebate Evaluation	Low Income	Process	The study was aimed at understanding the effectiveness of the income-qualified rebates in reaching households that need them to implement energy efficiency home upgrades. It included (i) a survey of participants who benefited from FEI rebates for the installation of smart thermostats, insulation, windows, doors, hot water heaters, and dual fuel systems; and (ii) an analysis of the participant database.	The survey findings indicate that the income-qualified rebates reached mostly retired seniors living in relatively large single-family detached homes, in urban areas, and with a relatively high level of education. The rebate was found to be the primary incentive to make an upgrade. Any reduction will result in significant drops in dual fuel installation, i.e., 30% reduction in incentive would cut participation by half, and 50% reduction in incentive would cut participation by 85%. Participants were mostly satisfied with their upgrades and the FEI rebates offer in general. Outcome: Results and recommendations were reviewed and taken into consideration for future program design.

Evaluation Name	Program Area	Type of Evaluation	Methodology	Key Findings
Customer Engagement Tool Evaluation 2025	Conservation Education and Outreach	Impact	The study focused on estimating the gas energy savings from the program for the period December 2024 to November 2025 based on two customer cohorts: the normative cohort receives Home Energy Reports that compare their consumption against a similar household, and a self-compare cohort receives Home Energy Reports that show their current consumption compared with the previous period. Savings are calculated using the monthly and cumulative savings from the natural gas billing data.	In 2025, the natural gas savings under the normative cohort continued to generate savings at 1.85 GJ/yr per participant, which represents approximately 2.44% reduction in annual gas consumption. The self-compare cohort has generated fewer savings than the normative cohort but still resulted in natural gas savings of 0.55 GJ/yr per participant. Outcome: Results and recommendations were reviewed and taken into consideration for future program design.
Customer Research - Corporate Brand Evaluation	Enabling Activities	Communications	The Energy Branding Benchmarking Index (EBBI) consists of questions regarding relevant elements that influence consumer purchase decisions within the energy space. Those elements originate from four factors, including: • Differentiation • Perception and image • Segmentation • Social responsibility and sustainability	The EBBI establishes FEI's index and compares it to other energy brands across the world. Our score is 61, placing the company as "average." FEI falls several points below the North American average, and one point ahead of the global benchmark. Image and perception are seen as its strengths, while differentiation is seen as its weakest point, followed by segmentation, social responsibility and sustainability. Outcome: Results were taken into consideration for future program design.
Customer Research - MyVoice Panel Software (Customer Voice Panel)	Enabling Activities	Communications	MyVoice is an online customer insights community supported via a cloud-based research platform. The community includes approx. 2,900 members, which FEI regularly contacts to complete short research studies.	Insights were generated from several activities such as the Membership Survey, Share of Wallet, and Energy Management Program Evaluation to inform future programming and design. Outcome: Results were taken into consideration for future program design.

Evaluation Name	Program Area	Type of Evaluation	Methodology	Key Findings
Hybrid Heating Early Adopter Report	Innovative Technologies	Measurement & Verification	This study provides performance data on the dual fuel heating system for residential customers. The interim report provided data collected from January 1, 2024, to March 31, 2025. The M&V study followed IPMVP protocol Option A.	The average SCOP for participants in climate zone 4 was measured as 1.8 with a switchover temperature of 5C, and 1.6 in climate zone 5 with a switchover temperature of 2C. The SCOP was primarily driven by the proportion of usage between the systems. The report also noted that control settings such as the switch-over temperature are a key factor in the system's performance. The M&V will continue over the 2025-26 heating season to measure the SCOP in climate zones 4 & 5, the net energy savings, and GHG emissions reduction. Outcome: Results and recommendations were reviewed and taken into consideration for future program design.
Gas Engine Driven Heat Pump Pilot	Innovative Technologies	Measurement & Verification	This study provides performance data on the gas engine driven heat pump systems installed in commercial buildings. The M&V study followed IPMVP protocol Option A. The methodology relied on site-specific system information, equipment specifications, and monitored operating data to assess system performance and energy impacts. The evaluation focused on measuring system efficiency, operational characteristics, and overall performance under real-world operating conditions.	The Gas Engine Driven Heat Pump (GEHP) pilot demonstrated that GEHP air-to-water systems can achieve meaningful natural gas savings while providing space heating, supplementary cooling, and domestic hot water through heat recovery. The average heating coefficients of performance (COP) ranged from approximately 1.1 to 1.5, with average monthly natural gas savings generally within the targeted range of 15–25% depending on site conditions. Performance varied by system configuration, with higher efficiencies observed at sites with low-temperature hydronic distribution systems and consistent heating or domestic hot water loads. Higher supply water temperatures and sub-optimal system sequencing were found to reduce overall system efficiency. Results and lessons learned from the pilot were reviewed and taken into consideration to inform future pilot design, system integration requirements, and potential program

Evaluation Name	Program Area	Type of Evaluation	Methodology	Key Findings
				development for gas engine driven heat pump technologies. Outcome: Results and recommendations were reviewed and taken into consideration for future program design.
Carbon Capture Pilot	Innovative Technologies	Measurement & Verification	IPMVP protocol Option C. The evaluation applied a whole-facility analysis using utility billing data and monitored operating information to quantify energy impacts. Site-specific system characteristics and equipment specifications were used to support baseline development and performance assessment. The analysis focused on changes in overall facility energy consumption and system performance under normal operating conditions.	While the pilot provided valuable information, the results did not demonstrate a sufficiently strong case for program-level implementation at this time. In particular, the pilot highlighted limitations related to measurable energy savings at scale, practical challenges associated with installation and integration, and mixed customer uptake and acceptance under real-world operating conditions. Outcome: Based on the outcomes of the pilot, the initiative was not transitioned into a full program.

Appendix B

FEI – EECAG CONSULTATION SUPPLEMENTAL MATERIALS

March 1, 2026

Energy Efficiency & Conservation Advisory Group

FortisBC Gas DSM Incremental Expenditures Application
Pre-Read Document

FortisBC is proposing to file an application to the BC Utilities Commission for approximately $86 million in incremental expenditures to the FEI (Gas) 2024-2027 DSM Plan as outlined in Table 1 below to meet current and projected customer demand for existing demand side management (DSM) programming. The estimated additional energy savings of the new amended DSM Plan is approximately 2.5 million annual gigajoules (GJs) as outlined in Table 2 below.

Table 1: FEI DSM Expenditures - 2025 Actuals & 2026-2027 Forecast*

Program Area	2025 Plan (inclu. Inflation + carryover)	2025 Actuals	2026 Plan (inclu. inflation)	2026 Forecast	2027 Plan (inclu. inflation)	2027 Forecast	2025-2027 FEI DSM Forecast to Plan Variance
Residential	$41,745,582	$127,029,441	$48,263,000	$35,525,974	$56,622,000	$41,182,205	$57,107,038
Commercial	$13,778,355	$16,951,224	$17,799,000	$24,601,934	$21,151,000	$24,093,332	$12,918,135
Industrial	$8,052,360	$6,249,703	$8,963,000	$15,611,511	$9,600,000	$14,943,803	$10,189,657
Low Income	$9,588,525	$39,648,498	$11,826,000	$13,796,556	$14,676,000	$22,608,974	$39,963,503
Indigenous	$4,718,000	$3,929,722	$5,481,000	$6,733,320	$6,453,000	$8,649,452	$2,660,494
CEO	$16,114,000	$12,211,659	$15,433,000	$9,600,000	$15,986,000	$9,988,000	($15,733,341)
InnoTech	$21,122,919	$10,090,239	$15,239,000	$15,773,723	$18,058,000	$13,950,431	($14,605,526)
Enabling	$13,872,004	$10,431,813	$11,486,000	$10,887,212	$11,265,000	$10,637,272	($4,666,707)
Portfolio	$4,731,042	$5,353,891	$5,507,000	$5,087,891	$5,748,000	$4,881,700	($662,560)
Legacy	$20,817,251	$16,021,166	$8,401,000	$12,653,006	$5,281,000	$4,670,773	($1,154,306)
Total	**$154,540,038**	**$247,917,356**	**$148,398,000**	**$150,271,127**	**$164,840,000**	**$155,605,942**	**$86,016,387**

Table 2: FEI DSM Energy Savings - 2025 Actuals & 2026-2027 Forecast*

Program Area	2025 Plan (annual GJ savings)	2025 Actuals	2026 Plan (annual GJ savings)	2026 Forecast	2027 Plan (annual GJ savings)	2027 Forecast	2025-2027 FEI DSM GJ Forecast to GJ Plan Variance
Residential	187,758	344,023	208,552	163,825	232,596	190,380	69,322
Commercial	138,322	232,939	185,927	293,216	222,140	286,028	265,794
Industrial	394,550	453,713	473,459	1,124,309	516,985	1,573,900	1,766,928
Low Income	56,992	86,785	64,579	56,845	75,588	83,076	29,547
Indigenous	22,237	3,475	27,421	25,068	29,225	28,948	(21,392)
CEO	30,000	110,127	30,000	100,000	30,000	100,000	220,127
InnoTech	-	-	-	-	-	-	-
Enabling	-	56,129	-	-	-	-	56,129
Portfolio	-	-	-	-	-	-	-
Legacy	57,878	73,432	31,361	93,002	21,340	52,323	108,178
Total	**887,737**	**1,360,622**	**1,021,299**	**1,856,265**	**1,127,874**	**2,314,655**	**2,494,632**

** Forecast assumes meeting all projected customer program participation demand and reintroducing Residential and Low Income dual fuel offers in September 2026.*

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Program Area Explanation of Variances to DSM Plan

The following explains the material variances between the initial Plan values in the FEI 2024-2027 DSM Plan and the 2025 actuals, as well as revised 2026 to 2027 forecasts for each of the Program Areas. For detailed program information within each Program Area, please refer to Appendix A of the FEI 2024-27 DSM Expenditures Plan Application[1].

Residential

The Residential Program Area is forecasting an overall variance of $57.1 million above plan for 2025-2027. This variance is primarily driven by higher-than-anticipated program participation in 2025 across both existing and new home offerings.

For existing homes, there was significant uptake of the Dual Fuel rebate offer. This rebate offer was lowered in May 2025 and then removed from the market in December 2025 due to oversubscription.

The New Home Program variance is attributable to increased incentive uptake, as builders advancing projects to BC Energy Step Code Levels 4 and 5 exceeded participation assumptions. This is anticipated to continue in 2026 and 2027.

The 2026 and 2027 forecasts assume reintroducing a revised Dual Fuel rebate for existing homes in Septebmer 2026. The program will be revised to moderate participation while continuing to meet market demand. These changes are forecast to result in approximately 70% of planned expenditures in both 2026 and 2027.

Commercial

The Commercial Program Area is forecasting an overall variance of $12.9 million above plan for 2025-2027. The Commercial incentive expenditures for 2025, along with the current forecasts for 2026 and 2027, are above Plan. The primary contributors to this variance are the Dual Fuel Rooftop Unit (RTU) offer and the Gas Absorption Heat Pump (GAHP) offer. Both offers have experienced significantly higher than anticipated uptake due to rapid market interest and accelerated technology adoption.

The Dual Fuel RTU offer, which launched in mid-2024, saw strong traction in the market. As trade allies became more familiar with the offering, participation increased. By 2025, both customer adoption and contractor readiness had developed at a pace far exceeding initial DSM Plan assumptions. Many commercial customers, motivated by interest in reliable and energy efficient technology, opted to move forward earlier than expected, resulting in demand that outpaced DSM Plan levels.

Similarly, the GAHP rebate offer experienced stronger uptake than expected. Expanding market confidence in the technology and the increasing focus on efficient heating solutions helped amplify demand. As a result, participation exceeded forecast volumes, leading to elevated incentive spending.

Collectively, both programs demonstrated faster than planned market transformation, which resulted in expenditure levels above planned budgets.

[1] FEI's 2024-2027 DSM Expenditures Plan was filed with the BC Utilities Commission on July 12, 2023.

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Industrial

The Industrial Program Area is forecasting an overall variance of $10.2 million above plan for 2025-2027. Industrial DSM expenditures are forecasting above plan in 2026 and 2027 as more industrial customers advance efficiency projects to manage operational pressures, meet sustainability and regulatory expectations, and deepen their Strategic Energy Management practices. Stronger market demand and increased engagement across both large and smaller industrial customers are expanding the overall pipeline of opportunities. As a result, a broader mix of capital and operational efficiency projects are moving forward, driving higher participation and expenditures across the DSM Plan period. At the same time, some key projects were postponed, resulting in lower spending in 2025 and increasing forecasts for 2026 and 2027.

The forecast is also influenced by strong participation in the thermal curtains prescriptive measure. Over the past several years, this measure has continued to attract agricultural participants due to its high energy savings potential.

Low Income

The Low Income Program Area is forecasting an overall variance of $40 million above plan for 2025-2027. The Low Income Program Area experienced significantly higher than expected demand for low income residential rebates, resulting in higher-than-anticipated program participation in 2025. In addition to the significant uptake of the dual fuel system rebate, participation has also exceeded targets for insulation, ventilation, windows and doors, water heaters, and thermostats.

The dual fuel system rebate was removed from the market in May 2025 with remaining gas rebates removed in December 2025 because of participation significantly exceeding plan. This reflects more low income customers actively seeking support to pursue energy efficiency upgrades. Results can likely be partly attributed to the introduction of rebates that met a unique gap in the market, legislated increase in the low income cut-off thresholds, and the absence of alternative options for customers. The 2026 and 2027 forecasts assume the reintroduction of low income residential rebates with program changes intended to moderate participation while continuing to meet market demand.

Indigenous

The Indigenous Program Area is forecasting an overall variance of $2.7 million above plan for 2025-2027. The new Partners in Indigenous Energy Efficiency & Resilience (PIEER) offer that FEI and FBC jointly launched with BC Hydro and the Ministry of Energy and Climate Solutions in mid-2025 addressed many participation barriers for Indigenous communities. This offer has experienced higher than expected participation. There are early indications that 2026 and 2027 will exceed DSM Plan participation levels.

The Indigenous New Home offer has been historically undersubscribed. However, due to more recent government funding committed to building Indigenous homes, there is residential construction happening in many regions of the province. As energy efficiency is a key element in this new construction, it is anticipated that there will be higher than plan participation in this program.

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Conservation Education & Outreach (CEO)

The Conservation Education & Outreach Program Area is forecasting an overall variance of $15.7 million below plan for 2025-2027. Actual 2025 expenditures and the 2026-2027 forecasts for the Conservation Education & Outreach portfolio are lower than the approved 2024-27 DSM Plan. The primary driver of the lower than planned expenditures is the Customer Engagement Tool.

These lower expenditures are due to not proceeding with further development of the Customer Engagement Tool. This was because of an unexpected overlap with an energy rating tool being developed externally for BC residential homeowners, reducing the need for FEI to continue investing in similar functionality. In addition, FEI chose not to pursue the proposed Virtual Energy Audit offer after additional customer research indicated it would not deliver the expected value.

Energy savings, however, have exceeded initial Plan forecasts causing FEI to recast forecasted energy savings to higher than plan levels for 2026 and 2027.

Innovative Technologies

The Innovative Technologies area is forecasting an overall variance of $14.6 million below plan for 2025-2027. The Innovative Technologies 2025 actual expenditures and 2026-2027 forecast are lower than the 2024-27 DSM Plan. The variance in 2025 was attributed to installation and construction delays for multiple pilot projects, supply chain delay due to tariff uncertainties and the multi-year nature of several gas heat pump and Deep Energy Retrofit initiatives. The reduced forecast in 2026 and 2027 reflects updated cost expectations, timelines for pilot completion, and adjustments associated with the progression of selected technologies into sector programs.

Enabling Activities

The Enabling Activities area is forecasting an overall variance of $4.7 million below plan for 2025-2027. Enabling Activities are initiatives that support and supplement FEI's C&EM program development and delivery. These programs, activities and projects provide resources common to the support and delivery of all Program Area activities.

Expenditures have been, and are forecast to continue to be, less than Plan. This is driven by lower than planned expenditures for the Trade Ally Network, Reporting Tool & Customer Application Portal, and the Community Energy Specialist Program.

Delays with some offer launches in other Program Areas have caused delays in training investment out of the Trade Ally Network. In addition, an online portal for trade allies had been envisioned in the Plan but has been delayed in its development. Dependency on third parties for the Reporting Tool and Customer Application Portal was eliminated by bringing IT integration work in-house, further reducing costs in this area. Community Energy Specialist Program actual and forecast expenditures are lower than planned as interest in the program from potential local government participants has been lower than anticipated. This was primarily due to some local governments' internal capacity constraints and challenges in finding suitable candidates.

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Portfolio Activities

The Portfolio Activities area is forecasting an overall variance of about $660,000 below plan for 2025-2027. Portfolio Activities, which includes evaluation, measurement and verification, portfolio level planning, and portfolio level support activities, were higher than plan in 2025 but are forecasted to be below plan in 2026 and 2027, resulting in an overall lower than planned expenditure by the end of 2027. Evaluation expenditures are expected to be below plan overall, reflecting lower evaluation requirements associated with Innovative Technologies activities. This is partially offset by increased evaluation activity for DSM offerings currently in market. These evaluation activities provide accountability for achieved energy savings and inform future DSM program design to ensure continued alignment with best practices.

Legacy Expenditures

The Legacy Expenditures area is forecasting an overall variance of $1.15 million below plan for 2025-2027. Legacy program expenditures were below plan in 2025. This resulted primarily from delays in project completion for New Construction Performance Program participants. These delays were driven by uncertain market conditions, constrained skilled labour availability, and procurement challenges faced by participating customers. Consequently, some expenditures originally planned for 2025 have shifted to 2026. Expenditures are forecast to realign with DSM Plan values in 2027 as delayed projects advance toward completion.

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FortisBC 2026 Conservation & Energy Management

Energy Efficiency & Conservation Advisory Group

Group Meeting March 11, 2026, via Microsoft Teams

This document contains confidential information intended exclusively for members of the Energy Efficiency & Conservation Advisory group (EECAG) for the FEI (Gas) 2024-2027 DSM Incremental Expenditure Application. EECAG members must keep this information confidential in accordance with the Terms of Reference and not share, distribute, or disclose it to any other party without FortisBC's prior written consent.

Meeting Summary Notes

Agenda – Please refer to Appendix 1

EECAG Meeting Objectives

- Share what incremental expenditures are required to respond to customer demand
- Share reasons why the incremental expenditures are being sought
- Provide the opportunity for your perspectives to be heard

Meeting Attendees:

FortisBC Representatives

- **Danielle Wensink,** Director, Conservation & Energy Management
- **Colin Norman,** Senior Manager, Planning & Portfolio Strategy
- **Sarah Herb,** Program Manager, Residential
- **John Tideman,** Program Manager, Residential
- **Ned Georgy,** Senior Manager, Conservation & Energy Management
- **Anda Telman,** Program Manager, Conservation Assistance
- **Arlene Fernandez,** Program Manager, Conservation Assistance
- **Shane Sondermann,** Program Manager, Commercial & Industrial
- **Olivia Sieniewicz,** Program Manager, Commercial & Industrial
- **BJ Mayer,** Program Manager, Business Performance
- **Mila Barbour,** Policy Advisor, Government Relations & Public Policy
- **Jim Kobialko,** Manager, Technology and Market Development
- **Alicia Hearn,** Program Manager, Conservation Awareness & Marketing Strategy
- **Melissa Manley,** Senior Manager, Portfolio Performance
- **Juan Rincon,** Program Manager, Community Engagement
- **Guneet Vats,** Project Specialist, Planning & Portfolio Strategy

EECAG Members

- **Tom Hackney**, Policy Advisor, BC Sustainable Energy Association
- **David Hutniak**, CEO, LandlordBC
- **Jeff Fisher**, Vice President & Senior Policy Advisor, Urban Development Institute
- **Malcolm Bradbury**, Regional Sales Consultant, Allan Forrest Sales
- **Phil Stallard**, Manager, Capital and Planning, BC Utilities Commission
- **Daniel Broid**, Senior Policy Advisor, Ministry of Energy & Climate Solutions, Province of BC
- **Montek Gharial,** Community Energy Specialist, Musqueam Nation
- **Janet Rhodes,** Consultant, Commercial Energy Consumers Association of BC
- **Pauline Rupp**, Director, Technical & Building Innovation, Canadian Home Builders' Association BC
- **Norman Grusnick,** American Society of Heating, Refrigerating and Air-Conditioning Engineers
- **Paul Binotto**, Modular BC
- **Tanya Ratzlaff,** Executive Director, Home Performance Stakeholder Council
- **Todd Backus,** Chief Operating Officer, Thermal Environmental Comfort Association
- **Danika Doucette,** Canfor
- **Shahed Shafazand**, Aboriginal Housing Management Association
- **Kevin Lockhart,** Director, Buildings, Pembina Institute
- **Ashley Lubyk,** Chair & Professor, Sustainable Building Technology
- **Karen Gorecki,** Director, Utility Demand-Side Policy, Efficiency Canada
- **Zach Segal**, Director, Building Owners and Managers Association
- **David Craig,** Executive Director**,** Commercial Energy Consumers Association of BC

Facilitation

- **Bob Purdy,** Independent Facilitator, Bob Purdy Consultations

Welcome, Introductions & Opening Remarks

Presenters: Bob Purdy, Colin Norman, Danielle Wensink
Please refer to:

- Presentation Deck: Slide 1-11

- Facilitator opened the session and introduced all advisory panel participants.
- Provided an overview of the Advisory Engagement Approach.
- Introduced the FortisBC presenters.
- Senior Leader delivered opening remarks and noted that FortisBC looks forward to future in-person engagements.

Overall Incremental Expenditure Overview

Presenter: Colin Norman
Please refer to:

- Presentation Deck: Slide 12-17

EECAG Member Discussion

EECAG Members: Whether the current program portfolio is more cost-effective than the previous DSM plan, and how far the organization has pushed cost-effectiveness in designing the proposed portfolio.

FortisBC: Explained that the team conducted a high-level assessment of cost-effectiveness and confirmed that the portfolio passes the required cost-effectiveness test by a comfortable margin. However, a more detailed cost effectiveness analysis of forecasted expenditures has not been completed at this stage but will be for the proposed application.

EECAG Member: Whether the organization's approach is to capture all cost-effective demand-side management (DSM) measures, or whether there is another planning limit or cap that determines program scale.

FortisBC: Explained that the current proposal focuses on expanding the portfolio to meet customer demand for programs. The approach is to respond to market demand and opportunities where participation is strong, rather than imposing a strict upper limit on program growth.

Further FortisBC added that it is essential for the portfolio to remain cost-effective under regulatory requirements. The proposed increases in spending are a response to strong market demand, and the team's analysis indicates that the portfolio will continue to meet cost-effective criteria. More detailed cost-effectiveness information will be provided in the formal regulatory application.

EECAG Member follow up comment: Member noted that their organization is highly interested in the level of cost-effectiveness achieved within the plan.

EECAG Member: Whether cost-effectiveness is being evaluated at the overall portfolio level or at individual program levels, and how the organization balances DSM investments across different customer rate groups.

FortisBC: It was confirmed that cost-effectiveness is assessed at the portfolio level.

EECAG Member follow up question: Whether maximizing DSM investment could increase costs for certain rate groups while benefiting others, raising the question of how such trade-offs are balanced.

FortisBC: Responded that the current strategy focuses on meeting customer demand and capturing available market opportunities. The proposed investment levels reflect where the team sees the strongest opportunity for program participation expansion and impact.

EECAG Member: Whether the reported energy savings figures are estimates or actual measured results.

FortisBC: Explained that in annual reporting, energy savings figures represent verified values based on completed projects and measured program performance. For forecasting purposes, savings are calculated using deemed energy savings values per measure and per DSM intervention, then projected across anticipated program participation. The calculation methodology is verified, but the forecasted results will only be confirmed once the programs are implemented and measured over time

Residential, Low-Income & Indigenous

Presenters: Sarah Herb, John Tideman, Anda Telman, Ned Georgy
Please refer to:

- Presentation Deck: Slide 19-29, Slide 31-38, Slide 40-45

EECAG Member Discussion

EECAG Member: Whether the program has uptake data across different regions and if such information could be shared.

FortisBC: Confirmed that regional participation data is available. In general, FortisBC believes that the distribution of participants aligns with the population size of each region. The team can share available regional data with the EECAG if desired.

[Listed below is the follow up information that was requested in terms of percentage of all dual fuel offer participants.]

Residential Dual Fuel Systems Installed:

Region	Proportion of Dual Fuel Installations
Lower Mainland	67%
Vancouver Island	6%
Southern Interior	25%
Northern Interior	2%

Low Income Dual Fuel Systems Installed:

Region	Proportion of Dual Fuel Installations
Lower Mainland	70%
Vancouver Island	4%
Southern Interior	25%
Northern Interior	1%

EECAG Member: Whether dual fuel systems in retrofit programs fully replace existing natural gas furnaces, or if they are primarily replacing alongside electric heating systems.

FortisBC: Explained that under the rebate program rules, the existing heating system must be a natural gas furnace in order to qualify. The new dual fuel system is comprised of a central ducted electric heat pump paired with an upgraded high efficiency natural gas furnace.

EECAG Member: Whether new construction programs are also dominated by dual fuel systems, or whether they are primarily focused on achieving higher levels of the BC Energy Step Code through measures such as improved insulation and air tightness.

FortisBC: Explained that for higher levels of the Energy Step Code, air barrier performance is a key factor. Improvements in building envelope performance - particularly air sealing and insulation - play a major role in achieving higher efficiency standards.

EECAG Member: Member noted that the residential pre-read materials showed a significant increase in spending and savings in 2025, while the approach for 2026–2027 is described as "moderate," despite spending appearing lower. Member asked why spending would not continue to increase.

FortisBC: Explained that when new program offers enter the market, they are often introduced with initial rebate levels designed to increase adoption. Over time, the team identifies opportunities to optimize rebate levels, considering factors such as free ridership. The objective is to find a "sweet spot" incentive level that encourages participation without overspending. Lower forecasted expenditures in 2026 and 2027 in comparison to 2025 for the Residential Program, are driven primarily by having a higher rebate level for the dual fuel offer in 2025 and then removing that offer from market at the end of 2025. The forecasted expenditures in 2026 and 2027 assume reintroducing the dual fuel offer in September 2026 at a lower incentive level.

EECAG Member: Whether the oversubscription in the Low Income Program Area reflects the same phenomenon described (rebate optimization and program timing), or whether the program could be expanded further.

FortisBC: Confirmed that the same factors apply, including rebate design and market participation dynamics.

EECAG Member: Whether there is follow-up monitoring with residential rebate participants to measure:

- **Actual equipment performance**
- **Home comfort**
- **Energy savings**

EECAG Member follow up question: Is there a follow up sampling with residential rebate users to measure actual equipment performance, home comfort and savings?

FortisBC: Explained that the team is conducting evaluation work with early program participants. Since the offer was relatively new, the billing data available post-upgrade is limited. The evaluation includes:

- Reviewing customer feedback on equipment performance and comfort;
- understanding customer behaviour and awareness of system operation; and
- billing data analysis.

FortisBC: Explained that applications are reviewed to ensure program requirements are met to maintain proper system use, including switchover set-point requirements. In addition, FortisBC works with industry partners to support quality installations. There is also an opportunity to expand customer education and conduct further program evaluation.

EECAG Member: Whether the program measures free ridership and how the organization confirms that reported energy and GHG savings are actually being achieved.

FortisBC: Explained that free ridership is assessed during formal program evaluations, and the findings are incorporated into adjusted program savings calculations. Early results indicate relatively low levels of free ridership, suggesting that incentives are largely driving new energy efficiency actions.

EECAG Member: Noted that the program uptake numbers appear very strong and asked whether follow-up surveys help identify what factors are driving participation.

FortisBC: The team acknowledged that customer feedback and evaluation work are helping identify drivers of participation, including value of incentives and market confidence in new technologies.

EECAG Member: Whether there are differences between the New Construction Incentives offered by FortisBC and those offered by BC Hydro, and if so, why?

FortisBC: Explained that incentive structures have evolved over time, with programs adjusting based on market needs and technology adoption. The focus for FortisBC is to design incentives that encourage energy efficiency improvements within gas DSM programs, rather than competing directly with BC Hydro. FortisBC also noted that it often collaborates with BC Hydro on programs where there are similar offers in order to reduce market confusion, such as with the Home Renovation program.

Further it is added that FortisBC cannot comment on behalf of BC Hydro and that any questions specific to BC Hydro programming should be directed to BC Hydro.

EECAG Member: Whether in dual fuel systems the heat pump becomes the primary heating source while using the same ductwork originally installed for the furnace.

FortisBC: Confirmed that central ducting is required for the program. The heat pump must be sized to meet the primary heating needs of the home, with maximum switchover temperature requirements that vary by region to ensure the heat pump provides primary space heating.

EECAG Member: Whether there has been consideration for placing greater focus on multi-family or multiplex housing within new construction programs.

FortisBC: Explained that the current Residential program design focuses on higher levels of the Energy Step Code (Steps 4 and 5). However, the Commercial New Construction program offers access to incentive funding for multi-family buildings.

EECAG Member: Whether the organization has considered reintroducing incentives for home energy assessments such as the EnerGuide Rating System.

FortisBC: Confirmed that there is already an offer within the Home Renovation Program that requires EnerGuide assessments.

EECAG Member*:* Whether there were potential impacts from the Canada Greener Homes Affordability Program (CGHAP) on the Indigenous Program Area.

FortisBC: Explained that the CGHAP is a federal grant specifically targeted toward low income households, and therefore it would not directly impact the Indigenous Program Area.

EECAG Member: Member wanted clarification on the breakdown between retrofits and new construction in the Indigenous Program Area, and which energy efficiency measures are most commonly requested or most attractive to participants.

FortisBC: Explained that the new construction component is largely modeled after the Residential New Construction Program, with the key difference being that Step 3 of the BC Energy Step Code is permitted for projects in this program area because the baseline code for on-reserve housing is different than the general market portfolio.

Regarding popular measures, a significant portion of program activity focuses on supportive or enabling measures rather than those that directly generate measurable energy savings. These include:

- project management support;
- ventilation improvements for health and safety;
- appliance maintenance programs; and
  furnace filter replacements.

While these measures are important for health, safety, and operational reliability, they do not typically generate quantifiable energy savings, which partially explains why reported savings are lower than anticipated in the original program plan.

EECAG Member follow up question: Whether the Indigenous Program Area is primarily focused on existing buildings?

FortisBC: Confirmed that the program includes both retrofits and new construction. However, in 2025 participation was higher for retrofit projects. Looking ahead to 2026 and 2027, the expectation is that new home construction activity will increase, although it may still remain lower than retrofit participation.

EECAG Member: Whether projects developed on Indigenous land but intended for occupancy by non-Indigenous residents would still qualify for program participation. Member referenced developments led by Indigenous groups that may be sold or rented to a broader population.

FortisBC: Explained that eligibility would likely need to be assessed on a case-by-case basis. Some commercial-type rebates are available for Indigenous participants, and the program team would need to review the specific project structure and ownership details before determining eligibility.

Commercial & Industrial

Presenters: Olivia Sieniewicz, Shane Sondermann, B.J. Mayer
Please refer to:

- Presentation Deck: Slide 48-64

EECAG Member Discussion

EECAG Member: Whether incentives tied to the BC Energy Step Code had been considered for Part 3 (larger commercial/institutional) buildings, noting that other portfolios include such incentives and wondering if this could be considered in the future.

FortisBC: Explained that incentives already exist through the updated Commercial New Construction Performance Program. The program provides incentives for buildings that achieve higher levels of the Energy Step Code, depending on the building's major occupancy classification(s):

- multi-unit residential/hotels/motels: incentives for achieving Step Code 4;
- retail and office buildings: incentives for achieving Step Code 3; and
- mixed-use buildings: incentives based on meeting blended step-code requirements.

Additionally, for projects that do not follow the Step Code pathway (e.g., hospitals), there is an alternative pathway where incentives are provided if the building demonstrates at least 30 per cent energy savings over BCBC, using a NECB reference building. Overall, the program already supports higher-efficiency new construction through performance-based incentives.

EECAG Member: How the team decided to reduce (dial back) the rebates for gas absorption heat pump feasibility studies and what rationale was used to determine the revised rebate levels.

FortisBC: The feasibility study rebate for gas absorption heat pumps (GAHP) was reduced from 100% coverage up to $20,000 to 75% coverage up to $10,000. The adjustment was based on a review of previous feasibility studies and their average costs, which provided a realistic benchmark for typical study expenses. The revised structure was intended to:

- align incentives more closely with actual study costs;
- ensure cost efficiency in program spending; and
- focus support on strong projects likely to proceed to implementation.

The team believes the new level represents a more balanced incentive structure.

EECAG Member follow up question: Referencing a slide where program spending was lower than forecast, yet the program still achieved 100% of its projected energy savings, requesting clarification on how this occurred.

FortisBC: Explained that participants in the Commercial New Construction Performance Program have up to five years from signing their estimated incentive agreement to complete projects. Commercial projects vary significantly in complexity:

- large or complex projects may take the full five-year period; and
- smaller projects, such as multi-unit residential buildings, may be completed in a shorter period of time and within the current DSM planning cycle.

The forecast assumes that several smaller commercial new-construction projects will be completed within the current DSM plan period, allowing their associated energy savings to be claimed and supporting achievement of the DSM Plan's targets.

EECAG Member: Where are the two prescriptive measures discussed in the presentation most commonly applied, including the types of buildings and whether they are primarily used in retrofits or new construction?

FortisBC: Explained that these measures have been implemented across a wide variety of building types, including:

- schools;
- multi-unit residential buildings; and
- healthcare facilities.

Installations vary depending on building size. Some buildings may install a single unit, while larger buildings may install multiple systems (sometimes up to 30 units).

In terms of application, measures are primarily used in retrofit projects. However, they are also available for new construction projects.

EECAG Member: How the program ensures that the systems achieve the required efficiency performance levels, particularly regarding the Coefficient of Performance (COP) requirement.

FortisBC: Explained that performance expectations are built into the system switchover temperature requirements, which depend on the climate zone where the system is installed. Customers must agree to these requirements, ensuring that systems meet the minimum 1.5 COP performance level. To validate performance, the program also conducts:

- measurement and verification (M&V) site studies; and
- program evaluation and performance analysis.

These efforts help confirm that systems operate at the expected efficiency levels and provide further insights into real-world system performance.

Summary & Closing Roundtable

Presenter: Colin Norman

Please refer to:

- Presentation Deck: Slide 66-72

EECAG Member Feedback/Discussion

Question: What are your thoughts on the rationale for increased expenditures in these program areas?

EECAG Member Feedback: Expressed support for the proposal, noting that certain technologies such as dual fuel systems and gas absorption heat pumps are performing strongly in the market. He suggested that directing more funding toward areas where energy savings potential is highest is a sound strategy.

EECAG Member Feedback: Commented on the program strategy and asked whether the approach of supporting early-stage technologies and adjusting incentives as adoption increases is part of the broader program philosophy. Further indicated support for the approach, recognizing that early technology adoption is increasing and that adjusting incentive levels as technologies gain traction reflects effective program management. Acknowledged the team's efforts in aligning incentives with market uptake.

EECAG Member Feedback: Commented on the broader trends in the building sector and asked whether the observed demand may indicate a larger cultural shift toward energy efficiency in buildings. Expressed strong encouragement regarding the results, noting increased interest among customers and building providers in energy efficiency improvements. Emphasized the importance of supporting all cost-effective DSM initiatives and highlighted the broader societal benefit of maintaining an increasingly efficient building stock. Also expressed support for future applications to the British Columbia Utilities Commission (BCUC) for additional funding.

EECAG Member Feedback: Commented on industry partnerships and collaboration with the utility, particularly within the purpose-built rental housing sector. Member noted that their organization has partnered with FortisBC for several years to reduce energy consumption and explore energy efficiency solutions in rental housing. Highlighted the early-stage pilot project focused on dual fuel systems, which shows promising potential for the sector. Emphasized that incentive opportunities remain highly valuable for property owners and that continued collaboration is welcomed.

EECAG Member Feedback: Commented that the low-income program area appears to have a relatively large allocation of resources compared with some other program areas. Asked how many customers are actually impacted in the low-income segment compared to other customer groups, noting that this information would be useful to review during the regulatory application process.

FortisBC: Acknowledged the comment and noted that the specific numbers of customers served within the low-income segment could be examined further in the formal application.

EECAG Member Feedback: Provided feedback on the overall rationale for increasing program expenditures and asked how the organization plans to demonstrate the effectiveness of these investments in the regulatory application.

Further indicated that the justification for increased expenditures had been clearly articulated, particularly given the strong demand for energy efficiency solutions and the public value associated with these initiatives. Also, it is suggested that the upcoming application should clearly demonstrate:

- How program expenditures are justified
- How energy savings are measured and verified
- How performance metrics such as system COP are validated
- How cost-effectiveness is evaluated across the portfolio

In addition, encouraged further expansion of opportunities in commercial and industrial sectors, including technologies such as dual fuel heat pumps, to ensure the organization continues pushing the boundaries of cost-effective energy efficiency improvements.

EECAG Member: Who ultimately pays for the increased DSM expenditures and whether the costs are passed on to ratepayers, raising concerns about affordability?

FortisBC: Explained that DSM program costs are incorporated into the utility's rate base, similar to other operational expenditures. While the team remains mindful of ratepayer impacts, the proposed spending increases are not expected to cause significant percentage increases in customer bills.

Further added that the organization carefully balances several factors when optimizing the program portfolio, including:

- ensuring equitable service across customer segments;
- setting appropriate rebate levels to encourage efficiency investments without overpaying; and
- managing overall affordability for all customers, including those who may not directly participate in the programs.

Rate impact analysis will be included in the regulatory application submitted to the British Columbia Utilities Commission.

Wrap-up and next steps

Thank you for your participation in the session. We will incorporate your feedback as we refine our incremental expenditure application.

- We are committed to strengthening our engagement approach and welcome any thoughts on meeting's format, as well as suggestions for future topics you would like us to explore. Please feel free to share additional questions or comments related to the material presented, and we will address them as thoroughly as possible.
- We will circulate the meeting summary and presentation materials shortly, and we appreciate any feedback you may have by March 20, 2026.
- If you have further questions, please reach out at **guneet.vats@fortisbc.com**.

Thank you for your continued involvement, valuable expertise, and contributions to FortisBC's EEC Advisory Group.

The session concluded.

Appendix 1: Executed Agenda

Time	Agenda Item	Presenter
9:05 AM ***20 mins***	**Welcome, Introductions, and Opening Remarks** • Land Acknowledgement • Housekeeping Tips • Meeting Purpose • Agenda Review • EECAG Member Introductions • FortisBC Presenters • Open Remarks	**Bob Purdy** **Danielle Wensink**
9:25 AM ***15 mins***	**Overall Incremental Expenditure Overview**	**Colin Norman**
9:40 AM ***60 mins***	**Residential & Low Income**	**Sarah Herb** **John Tideman** **Anda Telman** **Arlene Fernandez**
10:40 AM ***10 mins***	**Break**	
10:50 AM ***10 mins***	**Indigenous**	**Ned Georgy**
11:00 AM ***30 mins***	**Commercial & Industrial**	**Olivia Sieniewicz** **B.J. Mayer** **Shane Sondermann**
11:30 AM ***15 mins***	**Summary & Closing Roundtable**	**Bob Purdy**
11:45 AM ***15 mins***	**Wrap up & Next Steps**	**Colin Norman**
12:00 PM	**Adjourn**	

Proposed FEI (Gas) Incremental Expenditures Application

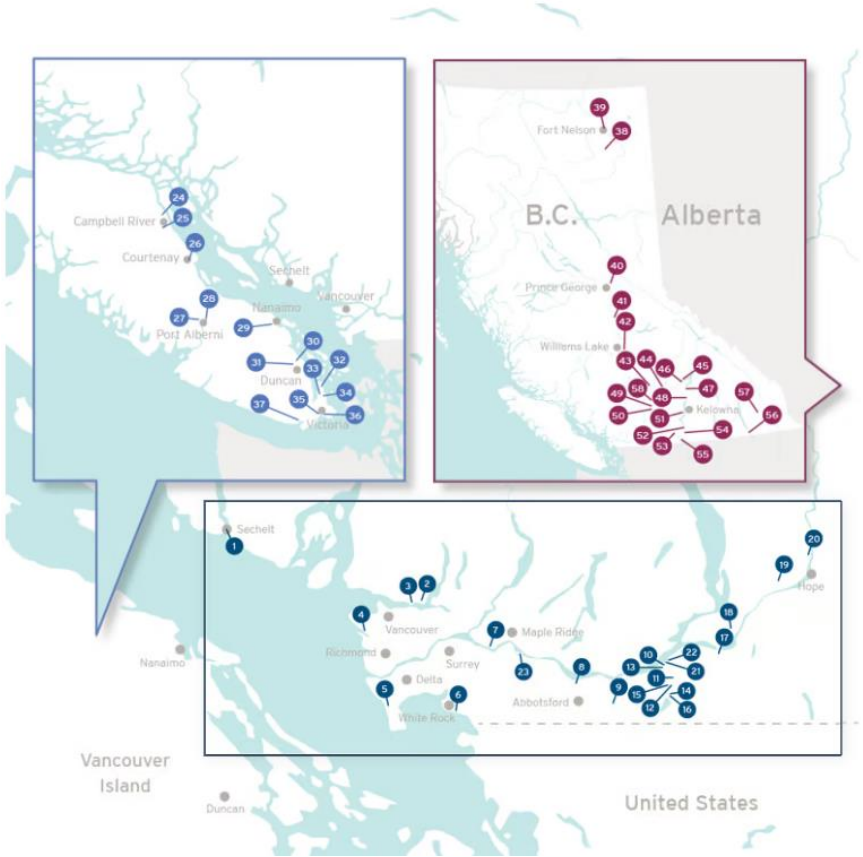
EECAG Engagement

FortisBC Conservation & Energy Management

March 11, 2026

Territorial Acknowledgement

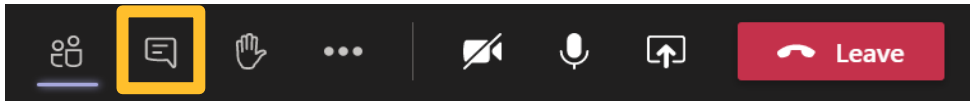
We respect Indigenous Peoples on whose Traditional Territories we live and work. We gratefully acknowledge the wisdom shared with us by Indigenous Peoples, including community members, employees, economic partners, corporate trainers and Elders. It is through our relationships that we have learned and continue to learn how to be a good energy partner to Indigenous Peoples. We extend our appreciation for the opportunity to live and learn on these Territories.



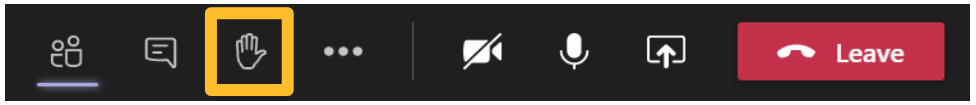
Housekeeping Tips for using MS Teams

- When not speaking, please **mute** yourself to reduce background noise.

- Use the **chat** feature for questions and comments pertinent to the discussion topics.



- We will have scheduled time for **questions and discussion**.
- We encourage you to use the **"raise hand"** feature to indicate you'd like to speak.



- Turn **on your video** to create a more engaging and personal meeting experience.

- The session audio/video **will not be recorded.** However, the chat history will be saved for note-taking purposes.

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Ways to engage today

- As a Member during the Q&A please “raise your hand” or use the chat box
- If more than one organization representative, please designate one representative to speak
- If you are joining as an Observer, feedback is only expected if you are called upon

➢ Note: Updated Terms of Reference clarify roles and responsibilities, expenses, and contact information

Meeting Purpose & Objectives

Meeting purpose: Provide EECAG members with an opportunity to provide insights and advice on FortisBC's proposal to increase expenditures for the FEI (Gas) 2024-2027 DSM Plan.

Meeting objectives:

- Share **what** incremental expenditures are required to meet customer demand
- Share reasons **why** the incremental expenditures are being sought
- Provide the opportunity for **your perspectives to be heard**.

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Agenda

1.	**Welcome, Introductions, and Opening Remarks**	*20 mins*
2.	**Overall Incremental Expenditures Overview**	*15 mins*
3.	**Residential, Low Income & Indigenous**	*45 mins*
	Break	*15 mins*
4.	**Commercial & Industrial**	*30 mins*
5.	**Summary & Closing Roundtable**	*30 mins*
6.	**Wrap Up & Next Steps**	*15 mins*

Welcome!

Briefly share:

- Your name, affiliation and role
- What is the most important outcome are you hoping for through your participation today?

Advisory Engagement Approach

Any type of interaction

Genuine effort

Listen and consider

Sufficient information

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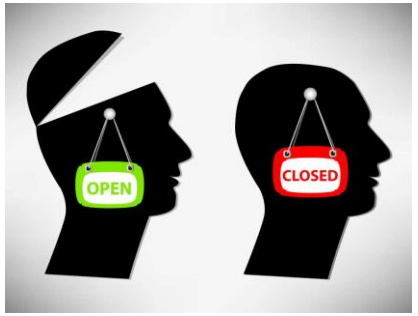
Advisory Engagement Approach

Not a negotiation



Dialogue

Open minded

Opportunities for feedback

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FortisBC Presenters

Danielle Wensink
Director,
Conservation &
Energy Management

Colin Norman
Senior Manager,
Portfolio & Marketing
Strategies

Sarah Herb
Program Manager,
Residential

John Tideman,
Program Manager,
Residential

Ned Georgy,
Senior Manager,
Indigenous

Anda Telman
Program Manager,
Conservation
Assistance

Arlene Fernandez
Program Manager,
Conservation
Assistance

Shane Sondermann
Program Manager,
Commercial/Industrial

B.J. Mayer
Program Manager,
Business Performance

Olivia Sieniewicz
Program Manager,
Commercial/Industrial

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Opening Remarks

Danielle Wensink, Director

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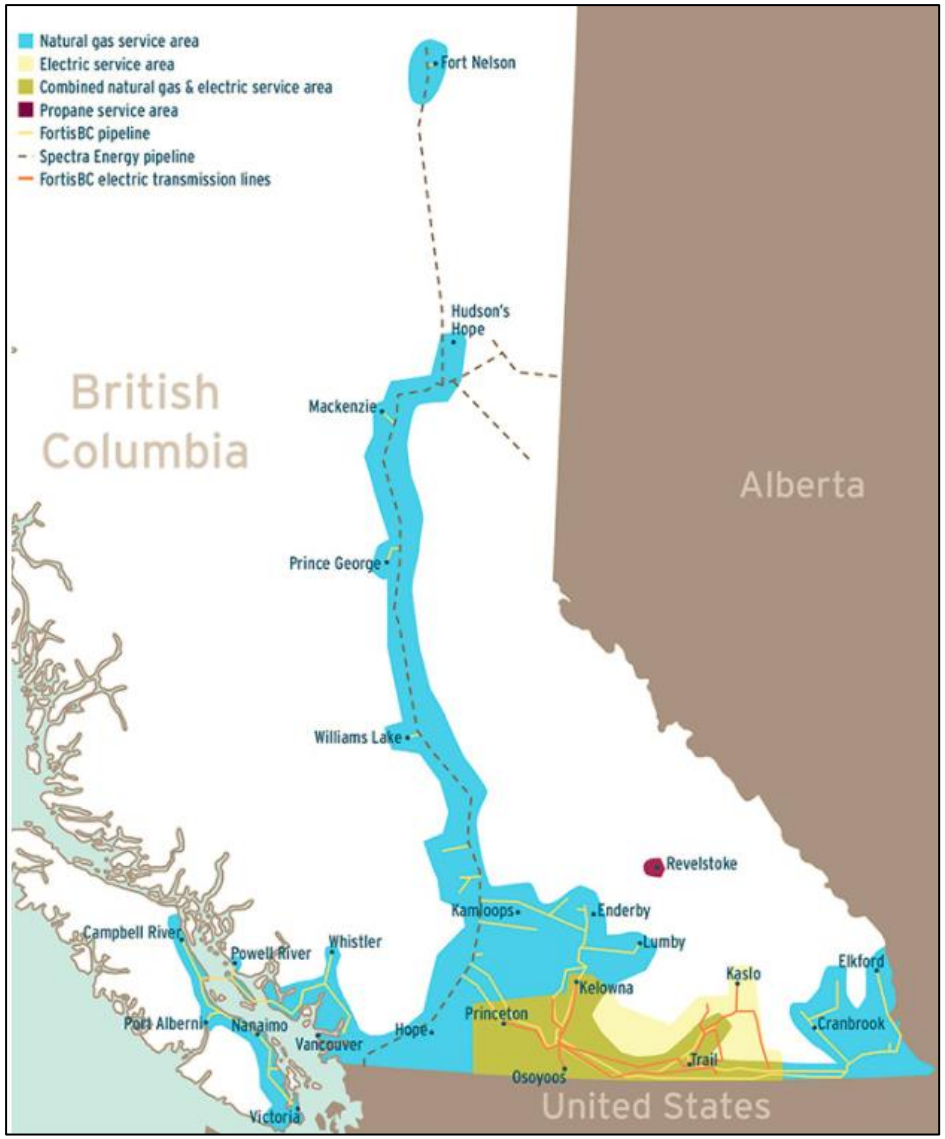
Proposed FortisBC Gas DSM Incremental Expenditures

Colin Norman, Senior Manager

FortisBC Service Areas



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Proposed Revised Expenditures

Program Area	2025 Plan (inclu. Inflation + carryover)	2025 Actuals	2026 Plan (inclu. inflation)	2026 Forecast	2027 Plan (inclu. inflation)	2027 Forecast	2025-2027 FEI DSM Forecast to Plan Variance
Residential	$41,745,582	$127,029,441	$48,263,000	$35,525,974	$56,622,000	$41,182,205	$57,107,038
Commercial	$13,778,355	$16,951,224	$17,799,000	$24,601,934	$21,151,000	$24,093,332	$12,918,135
Industrial	$8,052,360	$6,249,703	$8,963,000	$15,611,511	$9,600,000	$14,943,803	$10,189,657
Low Income	$9,588,525	$39,648,498	$11,826,000	$13,796,556	$14,676,000	$22,608,974	$39,963,503
Indigenous	$4,718,000	$3,929,722	$5,481,000	$6,733,320	$6,453,000	$8,649,452	$2,660,494
Conservation Education & Outreach	$16,114,000	$12,211,659	$15,433,000	$9,600,000	$15,986,000	$9,988,000	($15,733,341)
Innovative Technologies	$21,122,919	$10,090,239	$15,239,000	$15,773,723	$18,058,000	$13,950,431	($14,605,526)
Enabling Activities	$13,872,004	$10,431,813	$11,486,000	$10,887,212	$11,265,000	$10,637,272	($4,666,707)
Portfolio Activities	$4,731,042	$5,353,891	$5,507,000	$5,087,891	$5,748,000	$4,881,700	($662,560)
Legacy Expenditures	$20,817,251	$16,021,166	$8,401,000	$12,653,006	$5,281,000	$4,670,773	($1,154,306)
Total	**$154,540,038**	**$247,917,356**	**$148,398,000**	**$150,271,127**	**$164,840,000**	**$155,605,942**	**$86,016,387**

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Proposed Expenditure Variance

Program Area	2025-2027 FEI DSM Forecast to Plan Variance ($)	2025-2027 FEI DSM Forecast to Plan % of Plan
Residential	$57,107,038	139%
Commercial	$12,918,135	124%
Industrial	$10,189,657	138%
Low Income	$39,963,503	211%
Indigenous	$2,660,494	116%
Conservation Education & Outreach	($15,733,341)	67%
Innovative Technologies	($14,605,526)	73%
Enabling Activities	($4,666,707)	87%
Portfolio Activities	($662,560)	96%
Legacy Expenditures	($1,154,306)	97%
Total	**$86,016,387**	**118%**

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Proposed Revised Energy Savings

Program Area	2025 Plan (annual GJ savings)	2025 Actuals	2026 Plan (annual GJ savings)	2026 Forecast	2027 Plan (annual GJ savings)	2027 Forecast	2025-2027 FEI DSM GJ Forecast to GJ Plan Variance
Residential	187,758	344,023	208,552	163,825	232,596	190,380	69,322
Commercial	138,322	232,939	185,927	293,216	222,140	286,028	265,794
Industrial	394,550	453,713	473,459	1,124,309	516,985	1,573,900	1,766,928
Low Income	56,992	86,785	64,579	56,845	75,588	83,076	29,547
Indigenous	22,237	3,475	27,421	25,068	29,225	28,948	(21,392)
Conservation Education & Outreach	30,000	110,127	30,000	100,000	30,000	100,000	220,127
Innovative Technologies	-	-	-	-	-	-	-
Enabling Activities	-	56,129	-	-	-	-	56,129
Portfolio Activities	-	-	-	-	-	-	-
Legacy Expenditures	57,878	73,432	31,361	93,002	21,340	52,323	108,178
Total	**887,737**	**1,360,622**	**1,021,299**	**1,856,265**	**1,127,874**	**2,314,655**	**2,494,632**

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Proposed Energy & Emission Savings Variance

Program Area	2025-2027 FEI DSM GJ Forecast to GJ Plan Variance (GJs)	2025-2027 FEI DSM Forecast to Plan Variance (tonnes CO2e/yr avoided)*	2025-2027 FEI DSM GJ Forecast to GJ Plan % of Plan
Residential	69,322	4,714	111%
Commercial	265,794	18,074	149%
Industrial	1,766,928	120,151	228%
Low Income	29,547	2,009	115%
Indigenous	(21,392)	(1,455)	73%
Conservation Education & Outreach	220,127	14,969	345%
Innovative Technologies	-		-
Enabling Activities	56,129	3,817	-
Portfolio Activities	-		-
Legacy Expenditures	108,178	7,356	198%
Total	**2,494,632**	**169,635**	**182%**

* Emission reduction value is determined by a combination of the life cycle (well to burner tip) emission factor and AR5 Global Warming Potential (GWP) factor. The emission factor is 0.068 tonnes CO2e/GJ sourced from the Government of Canada (Clean Fuel Regulations). Annual emission reductions are those attributed to the first year following measure implementation.

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Clarification Questions?

Proposed Incremental Expenditures

Residential, Low Income, and Indigenous Program Areas

Sarah Herb, Program Manager
John Tideman, Program Manager
Anda Telman, Program Manager
Arlene Fernandez, Program Manager
Ned Georgy, Senior Manager

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Residential Program Area

Sarah Herb, Program Manager, Residential

John Tideman, Program Manager, Residential

Residential Program Area

An Overview

Program	Description
Home Renovation Rebate	• Partnership with FortisBC Inc., BC Hydro, municipal, provincial and federal governments. • Promotes a whole home approach with incentives for insulation, windows, space and water heating equipment, capacity building for trades, high quality installations and home labeling (EnerGuide)
New Home Construction	• Supports construction of higher-performance new homes. • Focuses on market transformation and supporting builder to adopt advanced Step 4 and Step 5 levels.

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Residential Program Area Actuals

Expenditures by Program

Residential Programs	2025 Plan	2025 Actuals	Actuals to Plan %
Home Renovation	$34,961,000	$115,734,000	331%
New Home	$4,398,000	$9,422,000	214%
Non-Program Specific Expenditures	$2,386,000	$1,873,000	78%
Total	**$41,745,000**	**$127,029,000**	**304%**

Note that Non-Program Specific Expenditures includes labour.

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Residential Program Area Forecasts*

Expenditures by Program

Residential Programs	2025-2027 Plan (incl. Inflation)	2025 Actuals + 2026/2027 Forecast	Forecast to Plan %
Home Renovation	$125,274,843	$161,367,905	129%
New Home	$18,688,674	$40,386,274	216%
Non-Program Specific Expenditures	$2,665,830	$1,983,000	74%
Total	**$146,629,347**	**$203,737,179**	**139%**

* Home Renovation forecasts assume returning the dual fuel rebate to market in September 2026 with a rebate of $4,000.

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Residential Program Area Energy Savings (annual GJs)

Energy Savings by Program

Residential Programs	2025-2027 Plan (GJs)	2025-2027 Actuals & Forecast (GJs)	2025-2027 Actuals & Forecast to Plan %
Home Renovation	585,507	627,802	107%
New Home	43,399	70,426	162%
Non-Program Specific Expenditures	-	-	-
Total	**628,906**	**698,228**	**111%**

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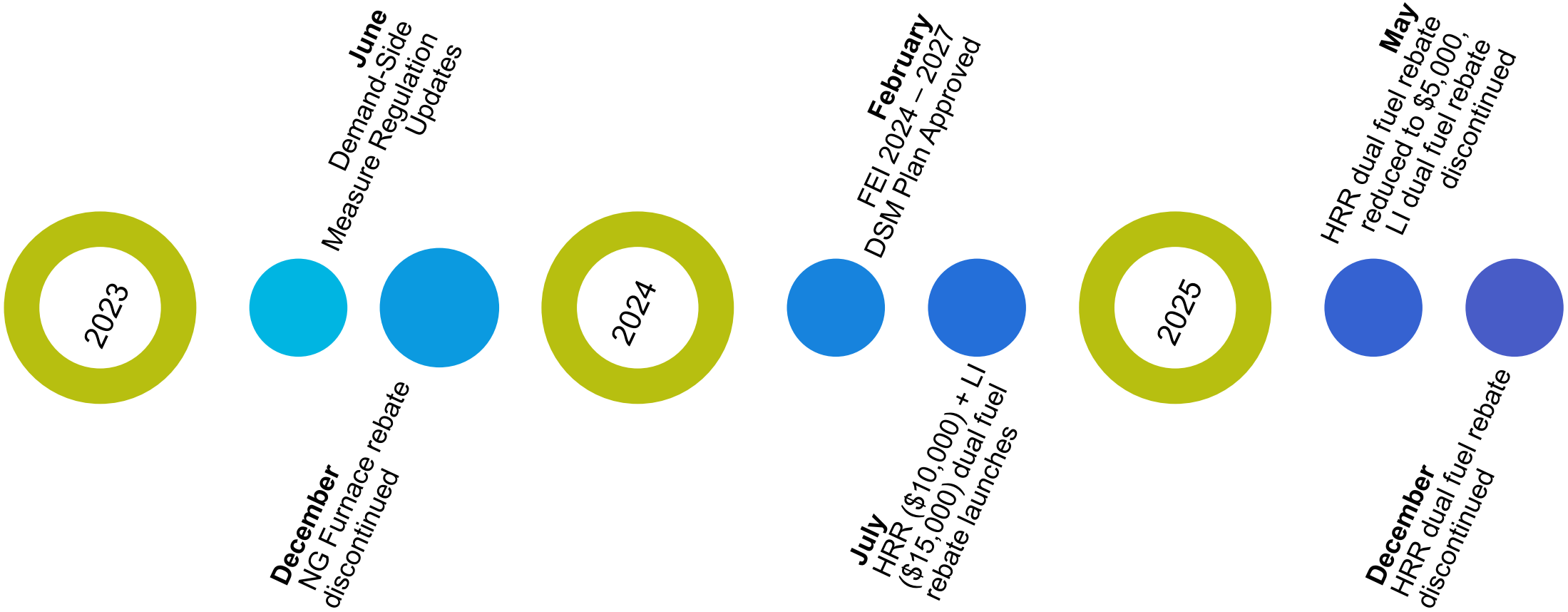
Home Renovation: Dual Fuel Journey



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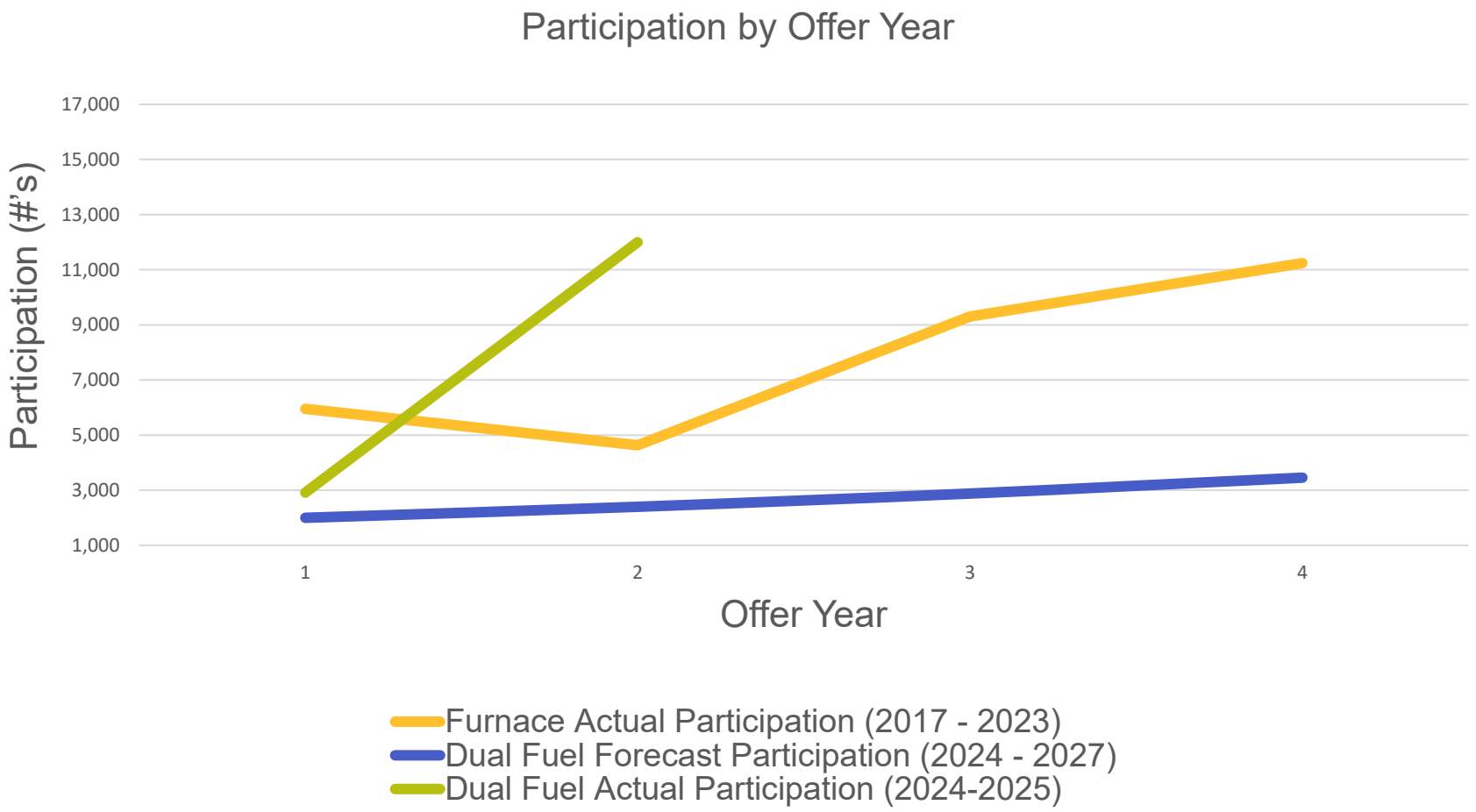
Dual Fuel Forecasts & Market Behavior

- 2024 – 2027 DSM Plan forecasts considered historical furnace offer participation
- Anticipated that barriers to adoption for Dual Fuel would result in slower participation growth in the initial program years than the Furnace offer
- Actual market response was strong from customers and industry. Participation growth was rapid



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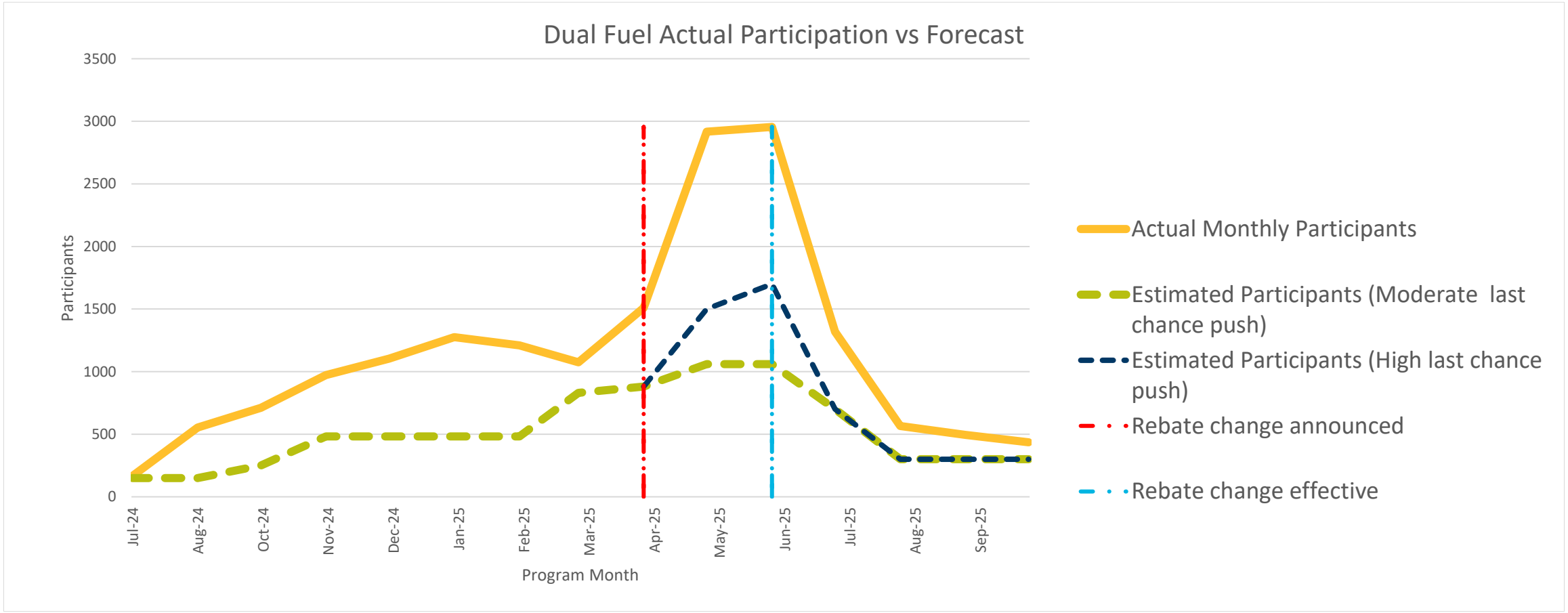
Dual Fuel: July 2024 – December 2025



Note: LI rebate discontinued from market May 2025

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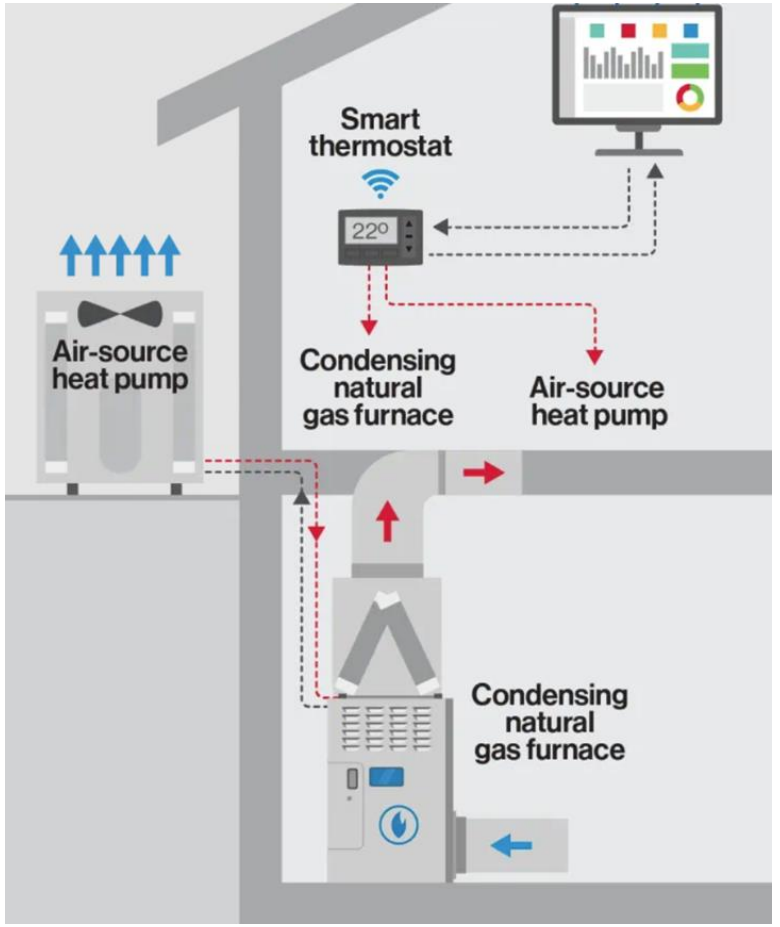
Home Renovation Program 2026/2027

- There is market demand for Dual Fuel
- Proposed revised expenditures enable the reintroduction of Dual Fuel offer
- Reintroduction assumes a rebate value of $4,000



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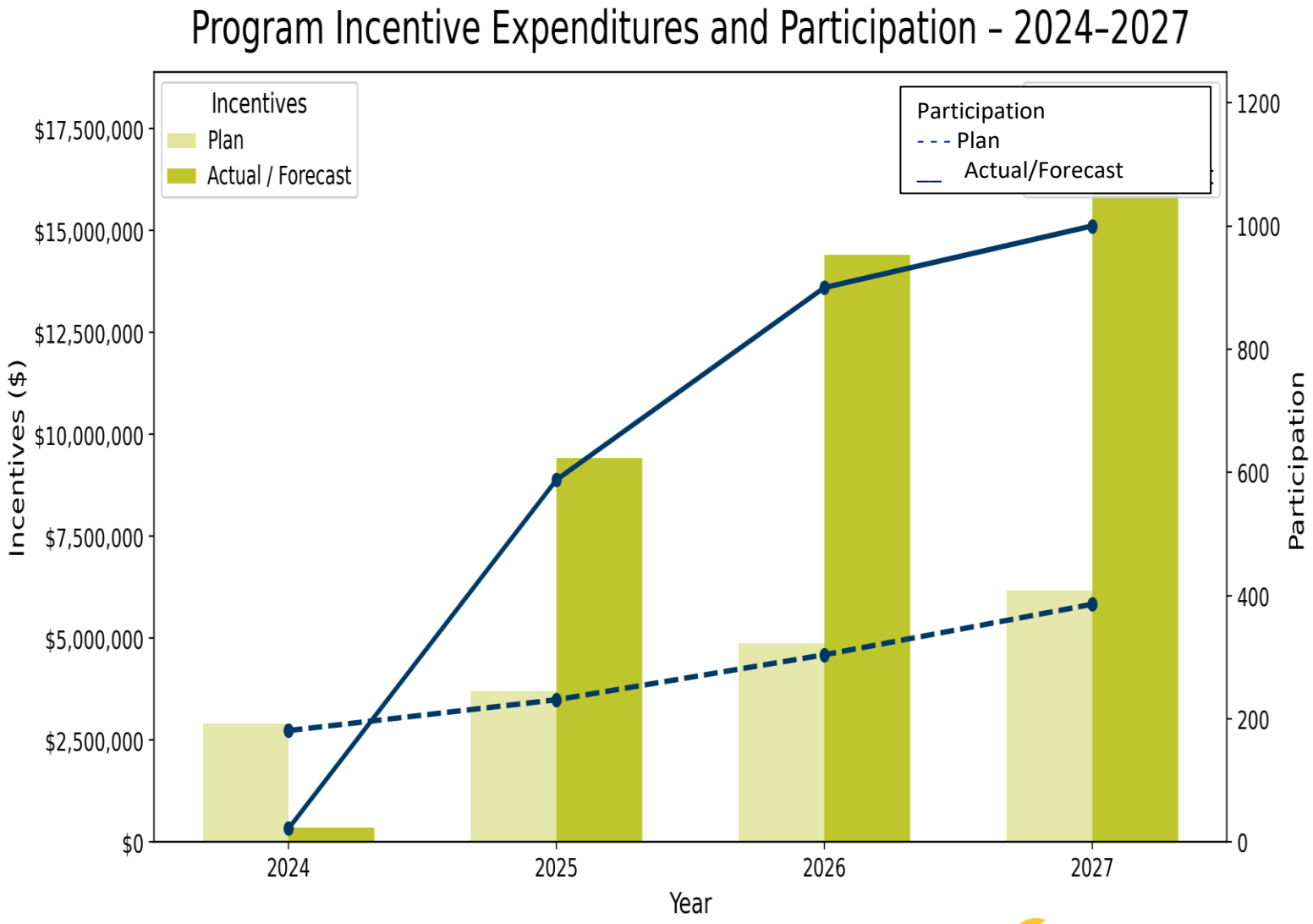
New Home Program

- Program launched late 2024; align with changes to BC Step Code and DSM Regulation; offers Step 4 & Step 5 incentives. ($15,000 & $20,000)
- Program starting to show stronger participation, driven by outreach efforts and program becoming more established.
  - ➢ Builders highlight that Step Code incentives play *critical role* in supporting their transition to higher performance levels.
- Participant data demonstrates continued participation above planned levels across the 2026–2027 period.



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Clarification Questions/Comments?

Low Income Program Area

Anda Telman, Program Manager, Conservation Assistance

Arlene Fernandez, Program Manager, Conservation Assistance

Low Income Program Area Overview

Program	Description
Self Install*	Participants can receive a kit with free, easy to install energy saving measures such as faucet aerators, LED bulbs and weather stripping.
Direct Install*	Participants can access free energy-saving advice, a home energy assessment, energy efficient products, and installation of upgrades such as draft-proofing, insulation, ventilation, and dual fuel systems.
Prescriptive	Participants can utilize rebates, funding for energy studies, and implementation support. Rebates are available for residential and commercial measures including thermostats, insulation, ventilation, gas heat pumps, hybrid systems, and water heaters.
Support	Provides funding for training and educational opportunities to enhance energy efficiency retrofit skills for people who experience barriers to employment.

** Partnership program with FortisBC electric and BC Hydro.*

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Low Income Program Area Actuals

Expenditures by Program

Low Income Programs	2025 Plan	2025 Actuals	Actuals to Plan %
Self Install	$741,481	$244,909	33%
Direct Install	$5,214,602	$1,837,021	35%
Prescriptive	$2,537,228	$36,596,360	1442%
Support	$198,594	$28,651	14%
Non-Program Specific Expenditures	$896,620	$941,558	105%
Total	**$9,588,525**	**$39,648,498**	**413%**

Note that Non-Program Specific Expenditures includes labour

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Low Income Program Area Forecasts*

Expenditures by Program

Low Income Programs	2026-2027 Plan (incl. Inflation)	2026-2027 Forecast	Forecast to Plan %
Self Install	$1,945,428	$1,516,750	78%
Direct Install	$14,391,604	$15,285,000	106%
Prescriptive	$8,983,351	$18,711,904	208%
Support	$570,992	$363,531	64%
Non-Program Specific Expenditures	$610,985	$528,969	87%
Total	**$26,502,360**	**$36,406,154**	**137%**

Note that Prescriptive Program forecast assumes all residential low income rebates return to market in September 2026

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Low Income Program Area Energy Savings (annual GJs)

Energy Savings by Program

Low Income Programs	2025-2027 Plan (GJs)	2025-2027 Actuals & Forecast (GJs)	2025-2027 Actuals & Forecast to Plan %
Self Install	85,248	82,884	97%
Direct Install	56,835	15,615	27%
Prescriptive	55,076	128,208	233%
Support	-	-	-
Non-Program Specific Expenditures	-	-	-
Total	**197,159**	**226,706**	**115%**

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Low Income Prescriptive Program Variance

Measure	Launched	Discontinued	2025 Plan Participation	2025 Actual Participation
Dual Fuel System	Jul 2024	May 2025	25	2,067
Insulation	Nov 2024	Dec 2025	135	243
Ventilation	Nov 2024	Dec 2025	30	196
Windows & Doors	Nov 2024	Dec 2025	50	159
Water heater	Feb 2019	Dec 2025	115	907
Thermostat	Nov 2024	Dec 2025	100	1,765
Furnace	Feb 2019	Dec 2023	-	-
Boiler	Feb 2019	Dec 2023	-	-

- Conservative participation forecast, especially for new offers
- Significant uptake of residential low-income rebates in 2025
- Unpredictability of market conditions, with historic participation trends not aligning with actual results
- Factors include expanded income thresholds by over 20%

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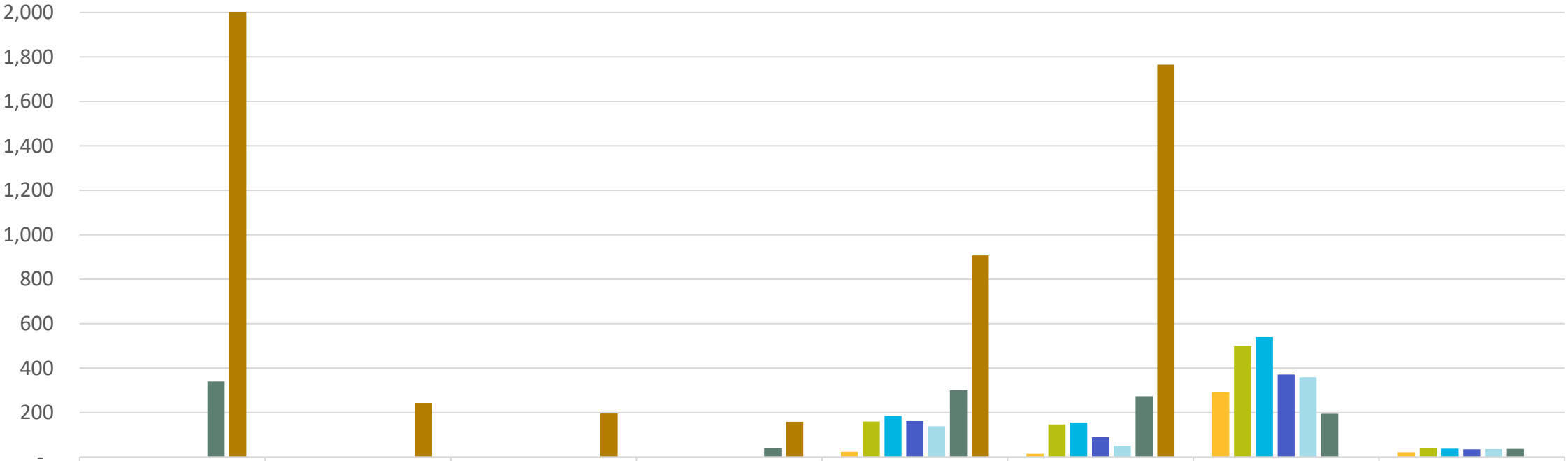
Low Income Prescriptive Program Variance



	Dual Fuel System	Insulation	Ventilation	Windows & Doors	Water Heater	Thermostat	Furnace	Boiler
2019	-	-	-	-	24	15	293	22
2020	-	-	-	-	160	147	500	42
2021	-	-	-	-	185	156	539	38
2022	-	-	-	-	162	89	371	35
2023	-	-	-	-	138	51	359	36
2024	340	-	-	40	301	273	195	37
2025	2,067	243	196	159	907	1,765	-	-

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Low Income Prescriptive Program 2026/2027

- Reintroduction of low income residential rebates with program changes intended to moderate participation while continuing to meet market demand
  - Dual fuel system rebate from $15,000 to $8,000
  - Eligibility criteria refinement
- Continued support for charities and non-profit housing providers through stand-alone rebates and bundled support offers

Clarification Questions/Comments?

Indigenous Program Area

Ned Georgy, Senior Manager

Indigenous Program Area

An overview

Program	Description
Direct Install Program	Modelled after the Low-Income Direct Install Program with – free energy saving advice, energy assessment, installation of measures.
Prescriptive Program	Residential and commercial enhanced value rebates to support building envelope, space, and water heating retrofits.
Performance Program	Serves both new and existing buildings in residential and commercial sectors. For existing buildings, supports are provided to assess and implement building energy efficiency projects. For new buildings, supports are provided to help encourage adoption of Steps 3, 4, and 5 of the BC Energy Step Code.
Conservation Education and Outreach Program	Provides support for community energy planning, community engagement and outreach, and educational support for energy efficiency construction training.
Community Energy Specialist	Provides support for capacity building and/or a dedicated employee to help communities facilitate efficiency improvements in buildings, policy development and ultimately reduce emissions.

Indigenous Program Area Actuals

Expenditures by Program

Indigenous Programs	2025 Plan	2025 Actuals	Actuals to Plan %
Direct Install	$86,095	$2,765	3%
Prescriptive	$2,357,778	$2,358,116	100%
Performance	$1,204,773	$191,981	16%
Conservation Education & Outreach	$23,329	$335,741	1439%
Community Energy Specialist	$625,438	$314,787	50%
Non-Program Specific Expenditures	$420,587	$726,332	173%
Total	**$4,718,000**	**$3,929,722**	**83%**

Note that Non-Program Specific Expenditures includes labour.

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Looking Forward

Two driving forces leading to an expenditure forecast above the original DSM Plan

1. Government funding for new construction in Indigenous Communities, especially funding announcements from 2024, are now showing up in community planning and projects are emerging in many communities.

2. The restructured Prescriptive Program, marketed as PIEER by the three program partners, has been well received and participation is ramping up. Additionally supports have been added such as project management funding.

Adam's Lake Indian Band new homes

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Indigenous Program Area Forecasts

Expenditures by Program

Indigenous Programs	2026-2027 Plan (incl. Inflation)	2026-2027 Forecast	Forecast to Plan %
Direct Install	$229,957	$0	0%
Prescriptive	$6,826,918	$9,662,536	142%
Performance	$3,173,418	$3,064,000	97%
Conservation Education & Outreach	$149,671	$658,694	440%
Community Energy Specialist	$1,404,269	$1,839,110	131%
Non-Program Specific Expenditures	$149,594	$158,432	106%
Total	**$11,933,826**	**$15,382,772**	**129%**

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Indigenous Program Area Energy Savings (annual GJs)

Energy Savings by Program

Indigenous Programs	2025-2027 Plan (GJs)	2025-2027 Actuals & Forecast (GJs)	2025-2027 Actuals & Forecast to Plan %
Direct Install	732	84	11%
Prescriptive	43,300	35,485	82%
Performance	34,851	21,922	63%
Conservation Education & Outreach	-	-	-
Community Energy Specialist	-	-	-
Non-Program Specific Expenditures	-	-	-
Total	**78,883**	**57,491**	**73%**

Clarification Questions/Comments?

BREAK

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Proposed Incremental Expenditures

Commercial and Industrial Program Areas

Olivia Sieniewicz, Program Manager
B.J. Mayer, Program Manager
Shane Sondermann, Program Manager

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Commercial Program Area

Olivia Sieniewicz, Program Manager

B.J. Mayer, Program Manager

Shane Sondermann, Program Manager

Commercial Program Area

Program	Offers
Prescriptive	Rebates for specific qualifying measures.
Performance – Existing Buildings	**Custom Efficiency Program** – Incentives for energy studies and capital upgrades. **Continuous Optimization Program** - Recommissioning and operational optimization. **Commercial Energy Assessment Program** – Free energy assessments and implementation supports.
Performance - New Buildings	Incentives for modeling, high performance equipment to meet enhanced energy performance standard.
Rental Apartment Efficiency	Building energy assessment and in suite water and energy saving upgrades.

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Commercial Program Area Actuals

Expenditures by Program

Commercial Programs	2025 Plan	2025 Actuals	Actuals to Plan %
Prescriptive	$3,084,649	$7,050,600	229%
Performance Retrofit	$6,995,508	$6,568,657	94%
Performance New Construction	$165,876	$132,179	80%
Rental Apartment Efficiency Program	$834,697	$796,780	95%
Non-Program Specific Expenditures	$2,697,615	$2,403,010	89%
Total	**$13,778,345**	**$16,951,224**	**123%**

Note that Non-Program Specific Expenditures includes labour.

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Commercial Program Area Forecasts

Expenditures by Program

Commercial Programs	2026-2027 Plan	2026-2027 Forecast	Forecast to Plan %
Prescriptive	$7,955,267	$25,724,000	323%
Performance Retrofit	$21,546,556	$19,444,659	90%
Performance New Construction	$3,317,415	$1,578,357	48%
Rental Apartment Efficiency Program	$1,492,103	$1,908,250	128%
Non-Program Specific Expenditures	$1,465,852	$40,000	3%
Total	**$35,777,193**	**$48,695,266**	**136%**

Commercial Program Area Energy Savings (annual GJs)

Energy Savings by Program

Commercial Programs	2025-2027 Plan (GJs)	2025-2027 Actuals & Forecast (GJs)	2025-2027 Actuals & Forecast to Plan %
Prescriptive	175,325	397,849	227%
Performance Retrofit	323,548	343,131	106%
Performance New Construction	6,682	6,692	100%
Rental Apartment Efficiency Program	40,833	64,511	158%
Non-Program Specific Expenditures	-	-	-
Total	**546,388**	**812,183**	**149%**

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Commercial Program

Primary Variance Drivers

Dual Fuel Rooftop Units (RTUs)	Rebate Offer
Standard Efficiency	30% of project cost up to $150,000 per premise
Condensing Efficiency	30% of project cost up to $225,000 per premise

Gas Absorption Heat Pumps (GAHPs)	Rebate Offer
Feasibility Study	75% of study costs up to $10,000
Gas Absorption Heat Pump	75% of project costs up to $200,000

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Commercial Program

Dual Fuel RTU Variance

	2024 (Jun – Dec)	2025	2026	2027
Actual RTU Incentives	$1,016,531	$4,198,406	$580,616 (Jan only)	-
Forecasted Amount	n/a	n/a	$5,341,500	$5,875,650
Participants Actual	20	93	11 (Jan only)	-

Rapid market interest

High contractor awareness

Market readiness - reliable and energy efficient technology

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Commercial Program

Gas Absorption Heat Pump Variance

Gas Absorption Heat Pump	2024	2025	2026	2027
Actual Amount	$639,006	$1,086,314	-	-
New Forecasted Amount	n/a	n/a	$2,700,000	$ 3,000,000
Feasibility Study Participants	8	30	7 (Jan/Feb only)	-
GAHP Implementation Participants	3	7	1 (Jan/Feb only)	-

Growing confidence in technology

Rapid market interest

Increasing focus on efficient heating solutions

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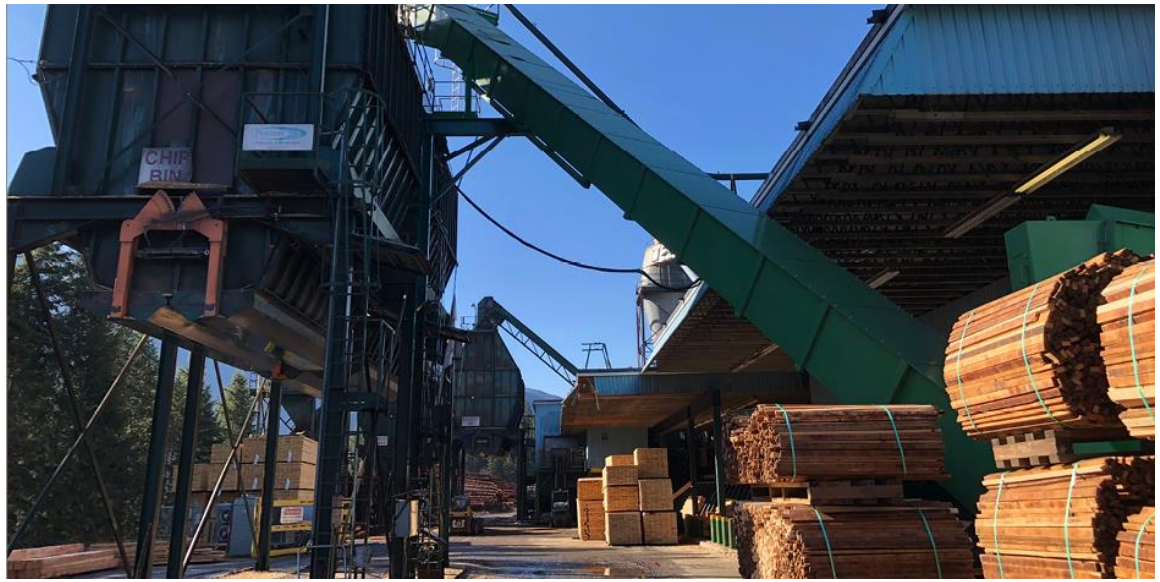
Clarification Questions/Comments?

Industrial Program Area

Olivia Sieniewicz, B.J. Mayer, Shane Sondermann



Industrial Program Area

Industrial Program Area	Offers
Prescriptive	**Product Rebate Program -** Rebates for specific qualifying measures.
Performance	**Custom Efficiency Program -** Incentives for energy studies and capital upgrades. **Plant Wide Audit –** Incentives for high level energy assessments **Strategic Energy Management –** Energy Management support

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Industrial Program Area Actuals

Expenditures by Program

Industrial Programs	2025 Plan	2025 Actuals	Actuals to Plan %
Prescriptive	$1,954,000	$2,589,000	132%
Performance	$5,398,000	$3,067,000	57%
Non-Program Specific Expenditures	$701,000	$594,000	85%
Total	**$8,053,000**	**$6,250,000**	**78%**

Note that Non-Program Specific Expenditures includes labour.

Industrial Program Area Forecasts

Expenditures by Program

Industrial Programs	2026-2027 Plan	2026-2027 Forecast	Forecast to Plan %
Prescriptive	$6,180,763	$8,053,000	130%
Performance	$13,713,137	$22,482,314	164%
Non-Program Specific Expenditures	$471,402	$20,000	4%
Total	**$20,365,302**	**$30,555,314**	**150%**

Industrial Program Area Energy Savings (annual GJs)

Energy Savings by Program

Industrial Programs	2025-2027 Plan (GJs)	2025-2027 Actuals & Forecast (GJs)	2025-2027 Actuals & Forecast to Plan %
Prescriptive	420,314	430,388	102%
Performance	964,680	2,721,534	282%
Non-Program Specific Expenditures	-	-	-
Total	**1,384,994**	**3,151,922**	**228%**

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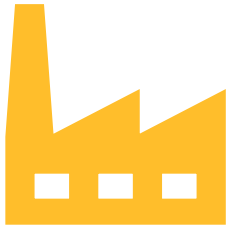
Industrial Prescriptive

Incentives increased in 2023 to recognize energy savings potential and address low participation

Rising operational pressures are driving increased demand for energy efficiency



Higher participation from small and medium industrial customers

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Industrial Performance

Incentives increased in 2023 to recognize energy savings potential and address low participation

Schedule delays moved project and incentive delivery into 2026

Increased engagement from large customers, driven by OBPS (Output-Based Pricing System)

Strategic energy management improving understanding of energy efficiency opportunities

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Clarification Questions/Comments?

Summary & Closing Roundtable

Proposed Expenditure Variances

Program Area	2025-2027 FEI DSM Forecast to Plan Variance ($)	2025-2027 FEI DSM Forecast to Plan % of Plan
Residential	$57,107,038	139%
Commercial	$12,918,135	124%
Industrial	$10,189,657	138%
Low Income	$39,963,503	211%
Indigenous	$2,660,494	116%
CEO	($15,733,341)	67%
InnoTech	($14,605,526)	73%
Enabling	($4,666,707)	87%
Portfolio	($662,560)	96%
Legacy	($1,154,306)	97%
Total	**$86,016,387**	**118%**

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Discussion

- Any clarification questions?
- What are your thoughts on the rationale for increased expenditures in these program areas?

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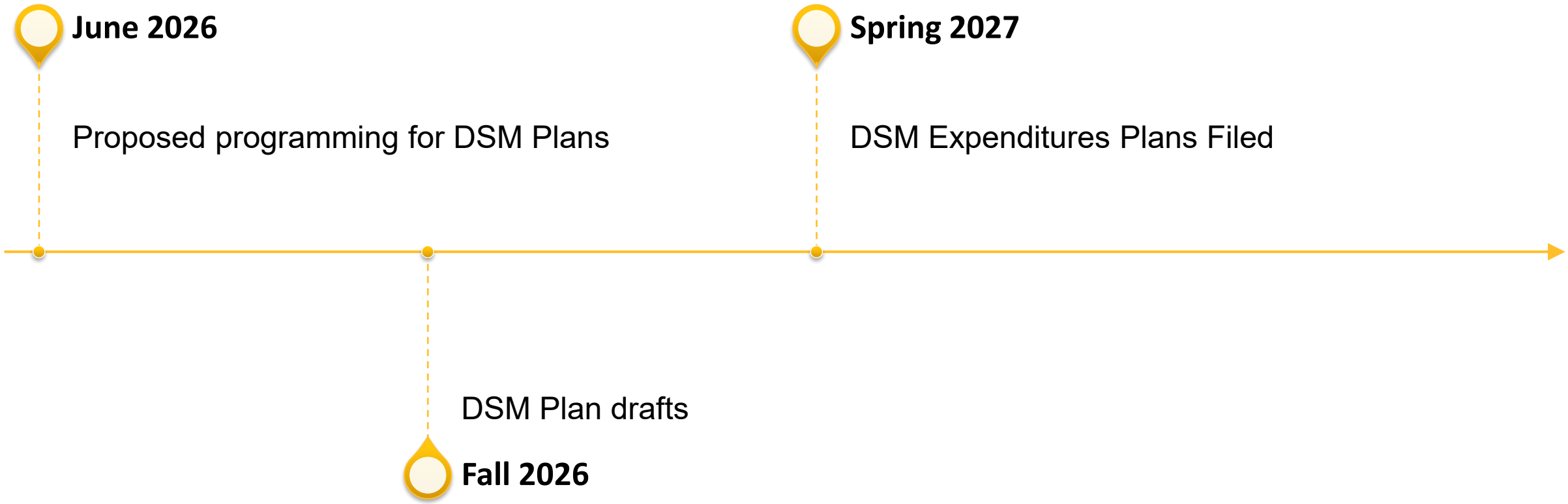
Wrap Up & Next Steps

What's Next?

- Meeting slides and notes to be shared within the next few days

- Additional questions/perspectives requested by no later than **March 20th**
  - Send to Guneet Vats at guneet.vats@fortisbc.com
  - Or, set up a call (through Guneet)

2028+ DSM Plan



Thank you

For further information, please contact:

Guneet Vats
Project Specialist, Planning & Portfolio Strategy
Conservation & Energy Management
Email: guneet.vats@fortisbc.com
Phone: 604-219-5493

Find FortisBC at:
fortisbc.com
talkingenergy.ca
604-576-7000

Follow us **@fortisbc**

FORTIS BC™

Appendix C
DRAFT ORDERS

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British Columbia
Utilities Commission

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TF: 1.800.663.1385

ORDER NUMBER
G-xx-xx

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Additional Demand Side Management Expenditures for 2026 and 2027

BEFORE:
[Panel Chair]
Commissioner
Commissioner

on Date

ORDER

WHEREAS:

A. By Order G-31-24 dated February 2, 2024, the British Columbia Utilities Commission (BCUC) issued its decision in the FortisBC Energy Inc. (FEI) Application for Acceptance of 2024-2027 Demand Side Management (DSM) Expenditures Plan proceeding, approving, among other things, DSM expenditures of $626.7 million for the period covering 2024 to 2027;

B. On March 31, 2026, FEI filed an application pursuant to sections 44.2 and 59 to 61 of the *Utilities Commission Act* (UCA), seeking acceptance of incremental DSM expenditures for 2026 and 2027 of $86.015 million and approval to increase the amortization period for its rate base DSM deferral account from 10 years to 20 years, effective January 1, 2027 (Application);

C. In the Application, FEI states that the additional DSM expenditures are required due to higher-than-expected customer demand in 2025 and to allow FEI to continue to deliver planned DSM programming to customers in 2026 and 2027; and

D. The BCUC determines that the establishment of a public hearing process and a regulatory timetable for the review of the Application is warranted.

NOW THEREFORE the BCUC orders as follows:

1. A public hearing is established for the review of the Application, as set out in the regulatory timetable attached as Appendix A to this order.

2. FEI is directed, as soon as practicable, but not later than [Date], to provide a copy of the Application and this order, electronically where possible, to the following:

a. registered interveners in FEI's 2022 Long Term Gas Resource Plan, FEI's 2024-2027 DSM Expenditures Plan, and FEI's 2025-2026 Annual Review of Delivery Rates proceedings; and

b. members of the Energy Efficiency and Conservation Advisory Group.

3. FEI is directed, as soon as practicable, but not later than [Date], to make the Application and this order available on its website at www.fortisbc.com;

4. FEI is directed, as soon as practicable, but not later than [Date], to publish notice of the Application and this order on its relevant and existing social media platforms. Weekly reminder posts must be posted on each platform until the conclusion of the intervener registration period on [Date].

5. FEI is directed to provide to the BCUC by [DATE], written confirmation of compliance with Directives 2, 3 and 4 of this order, including a list of social media platforms on which notice was posted, as well as a list of all parties notified in accordance with Directive 2.

6. In accordance with the BCUC's Rules of Practice and Procedure, parties who wish to actively participate in this proceeding must register with the BCUC by submitting a Request to Intervene Form, available on the BCUC's website at https://www.bcuc.com/GetInvolved/GetInvolvedProceeding, by [Date]. Parties may also submit a Letters of Comment by completing a Letter of Comment Form available on the BCUC's website at https://www.bcuc.com/Forms/LetterOfComment by the deadline established in the regulatory timetable.

DATED at the City of Vancouver, in the Province of British Columbia, this (XX) day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner

Attachment

FortisBC Energy Inc.
Additional Demand Side Management Expenditures for 2026 and 2027

REGULATORY TIMETABLE

Action	Date (2026)
FEI to publish notice of the Application	Thursday, April 16
FEI to provide written confirmation of compliance with Directives 2, 3 and 4 of this order	Tuesday, April 21
Intervener registration deadline	Wednesday, April 22
BCUC Information Request (IR) No. 1 to FEI	Thursday, April 23
Intervener IR No. 1 to FEI	Tuesday, April 28
FEI responses to BCUC and Intervener IR No. 1	Thursday, May 14
FEI final argument	Thursday, May 21
Intervener final argument and letters of comment deadline	Thursday, May 28
FEI reply argument	Thursday, June 4

bcuc
British Columbia Utilities Commission

We want to hear from you

FortisBC Energy Inc. Application for Additional Demand Side Management Expenditures for 2026 and 2027

On March 31, 2026, FortisBC Energy Inc. (FEI) filed an application with the BCUC for approval of additional Demand Side Management (DSM) expenditures for the final two years of the FEI 2024 to 2027 DSM Expenditures Plan, and for approval to increase the amortization period for its rate base DSM deferral account from 10 years to 20 years.

To participate in the proceeding, please see the options below or visit **www.bcuc.com/get-involved** for more information.

GET INVOLVED

- **Request intervener status**
- **Submit a letter of comment**
- **Subscribe to the proceeding**
  to receive email notifications when public documents are posted to the proceeding page

IMPORTANT DATES

1. **[Day/DATE]**
   Deadline to request intervener status
2. **[Day/DATE]**
   Deadline to submit a letter of comment

Please visit the **proceeding page** on bcuc.com under "Our Work" to learn more.

CONTACT INFORMATION

FortisBC Energy Inc. Regulatory Affairs

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ORDER NUMBER
G-xx-xx

IN THE MATTER OF
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.
Additional Demand Side Management Expenditures for 2026 and 2027

BEFORE:
[X. X. Last Name, Panel Chair]
[X. X. Last Name, Commissioner]
[X. X. Last Name, Commissioner]

on [Month Day, Year]

ORDER

WHEREAS:

A. By Order G-31-24 dated February 2, 2024, the British Columbia Utilities Commission (BCUC) issued its decision in the FortisBC Energy Inc. (FEI) Application for Acceptance of 2024-2027 Demand Side Management (DSM) Expenditures Plan proceeding, approving, among other things, DSM expenditures of $626.7 million for the period covering 2024 to 2027;

B. On March 31, 2026, FEI filed an application pursuant to sections 44.2 and 59 to 61 of the *Utilities Commission Act* (UCA), seeking acceptance of incremental DSM expenditures for 2026 and 2027 of $86.015 million and approval to increase the amortization period for its rate base DSM deferral account from 10 years to 20 years, effective January 1, 2027 (Application);

C. In the Application, FEI states that the additional DSM expenditures are required due to higher-than-expected customer demand in 2025 and to allow FEI to continue to deliver planned DSM programming to customers in 2026 and 2027;

D. By Order G-xx-26, dated [Date], the BCUC established a regulatory timetable for the proceeding, which included public notice, intervener registration, one round of information requests (IRs), letters of comment and final and reply arguments; and

E. The BCUC has reviewed the evidence filed in the proceeding and makes the following determinations.

NOW THEREFORE pursuant to sections 44.2 and 59 to 61 of the UCA and for the reasons attached as Appendix A to this order the BCUC orders as follows:

1. FEI's revised DSM expenditure budgets for 2026 and 2027, which result in an overall portfolio incremental funding increase of $86.015 million, are accepted.

2. FEI's request to increase the amortization period of the rate base DSM deferral account from 10 to 20 years, effective January 1, 2027, is approved.

DATED at the City of Vancouver, in the Province of British Columbia, this [XXth] day of (Month Year).

BY ORDER

(X. X. last name)
Commissioner