

November 4, 2010

Via Email
Original via mail

Ms. Erica M. Hamilton
Commission Secretary
BC Utilities Commission
Sixth Floor, 900 Howe Street, Box 250
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

Re: *FortisBC Semi-Annual Demand Side Management Report for the Six Months Ended June 30, 2010*

FortisBC provides the following errata to its Semi-Annual Demand Side Management Report for the Six Months Ended June 30, 2010. Replacement pages are attached.

- 1 DSM Semi-Annual Report to June 30, 2010, page 4, Table “Summary Costs by Sector”**
“222” should be “1,854”
“11%” should be “94%”
- 2 DSM Semi-Annual Report to June 30, 2010, page 5, Table “Industrial”**
“1” should be “51%”
“0” should be “23%”
- 3 DSM Semi-Annual Report to June 30, 2010, pages 9-10, Appendix A and B**
The date in the header should read “November 1, 2010”

Sincerely,



Dennis Swanson
Director, Regulatory Affairs

Program Costs

The table below presents the year end actual costs incurred compared to Plan.

Summary of Costs by Sector

	YTD Plan	Actual	% of Plan
Sector/Component:	\$000s		
Residential	758	1,071	141%
General service	690	475	69%
Industrial	195	86	44%
Conservation Culture	74	70	95%
Monitoring & Evaluation	104	60	58%
Planning & O/H	156	92	59%
	1,976	1,854	94%

Costs amounted to \$1,884,000 or 94 per cent of the approved Plan to June 30, 2010, a positive variance of \$121,700 for the year to date. A more detailed breakdown of utility program costs per sector follows, and other costs are found in Appendix A.

Costs per Sector

Residential	YTD Plan	Actual	% of Plan
	\$000s		
Home Improvement Program	197	358	182%
New Home Program	127	72	57%
Heat Pumps (Air & Ground)	312	459	147%
Residential Lighting	122	180	149%
	758	1,071	141%

The utility cost of Residential programs was \$1,071,000 or 141 per cent of Plan, commensurate with GW.h savings. The largest cost component of Residential programs was the Heat Pumps Program followed by the Home Improvement Program, both of which include incentives paid through the LiveSmart BC collaboration. Incentives paid to Residential participants amounted to \$689,500 to June 30, compared to \$487,700 Plan, a variance of \$201,800.

General Service	YTD Plan	Actual	% of Plan
	\$000s		
Lighting	361	215	60%
Building and Process Improvement	329	260	79%
	690	475	69%

General Service (including Irrigation) program costs, to June 30, 2010 amounted to \$475,100 or 69 per cent of Plan. Incentives paid up to June 30 amounted to \$182,100 and were \$235,000 under Plan, due partially to reduced activity in BIP.

Industrial	YTD Plan	Actual	% of Plan
	\$000s		
Industrial Efficiencies	151	77	51%
Compressed Air	44	10	23%
	195	86	44%

Industrial sector costs were \$86,000 for the period, or 44 per cent of Plan. Incentives paid during the period amounted to \$17,500 a fraction of the \$137,200 YTD Plan due to low activity. Industrial DSM projects tend to be large in savings, but small in number, and no large scale projects materialized in the first half of the year.

	YTD Plan	Actual	% of Plan
	\$000s		
<u>Components</u>			
Conservation Culture	74	70	95%
Monitoring & Evaluation	104	60	58%
Planning & Overhead	156	92	59%
	334	222	66%

The Conservation Culture budget was under budget at \$70,200 or 95 per cent of Plan.

The Planning and Evaluation budget is now split into “Monitoring and Evaluation” and “Planning and Overhead”. Both were just under 60 per cent of YTD Plan, due to resourcing issues that will be addressed by year end.

Appendix A DSM Summary Report in BCUC Format

FortisBC
Demand-Side Management Summary Report
Six Months Ended June 30, 2010

Sector/Program	Utility Program Costs			Planning and Evaluation		Total Utility Costs	Customer Incurred Cost	Total Resource Cost	Benefit/Cost Ratios		
	Direct Incentives	Direct Information	Program Labour	Planning & Overhead	Monitoring & Evaluation				Total Resource Cost	Rate Impact	Levelised Cost
\$000s											
<u>RESIDENTIAL:</u>											
Heat Pumps	256.1	70.2	133.2	13.9	9.2	482.6	174.1	656.7	1.7	0.5	3.4
New Home Program	39.8	12.2	20.4	1.9	1.3	75.6	1.8	77.4	2.7	0.5	2.4
Residential Lighting	99.7	36.8	44.0	11.5	7.7	199.7	-13.5	186.2	2.5	0.5	2.8
Home Improvements Program	<u>294.1</u>	<u>50.9</u>	<u>13.3</u>	<u>21.3</u>	<u>14.2</u>	<u>393.7</u>	<u>89.7</u>	<u>483.4</u>	<u>2.1</u>	<u>0.4</u>	<u>1.6</u>
Residential sub-total:	<u>689.7</u>	<u>170.1</u>	<u>210.8</u>	<u>48.5</u>	<u>32.4</u>	<u>1,151.6</u>	<u>252.2</u>	<u>1,403.7</u>	<u>2.0</u>	<u>0.5</u>	<u>2.3</u>
<u>GENERAL SERVICE</u>											
Lighting	66.5	95.6	53.1	17.8	11.9	244.8	34.5	279.3	3.4	0.5	1.4
Building and Process Improvements	<u>115.6</u>	<u>85.0</u>	<u>59.4</u>	<u>20.2</u>	<u>13.4</u>	<u>293.6</u>	<u>504.3</u>	<u>797.9</u>	<u>1.6</u>	<u>0.5</u>	<u>2.7</u>
General Service sub-total:	<u>182.1</u>	<u>180.6</u>	<u>112.5</u>	<u>38.0</u>	<u>25.3</u>	<u>538.4</u>	<u>538.8</u>	<u>1,077.2</u>	<u>2.1</u>	<u>0.5</u>	<u>2.2</u>
<u>INDUSTRIAL:</u>											
Industrial Efficiencies	17.5	16.6	42.3	4.4	3.0	83.9	31.8	115.7	2.1	0.6	1.5
Compressors	<u>0.0</u>	<u>0.0</u>	<u>9.9</u>	<u>0.0</u>	<u>0.0</u>	<u>9.9</u>	<u>0.0</u>	<u>9.9</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
Industrial sub-total:	<u>17.5</u>	<u>16.6</u>	<u>52.2</u>	<u>4.4</u>	<u>3.0</u>	<u>93.7</u>	<u>31.8</u>	<u>125.6</u>	<u>1.9</u>	<u>0.7</u>	<u>1.9</u>
Conservation Culture:	70.2	-1.0	1.0	-	-	70.2	-	70.2	-	-	-
<u>TOTAL:</u>	<u>959</u>	<u>366.3</u>	<u>376.6</u>	<u>91.0</u>	<u>60.6</u>	<u>1,854</u>	<u>823</u>	<u>2,677</u>	<u>2.0</u>	<u>0.6</u>	<u>2.3</u>

Levelised Energy Unit Cost - Cents per kWh

2.3

Energy Savings

13,419,828 kWh

Levelised Capacity Unit Cost - Dollars per kW

169.2

Capacity Savings

2,042 kW

Appendix B DSM Incentive Calculation

Total resource cost (TRC) Net Benefits are the gross benefits of lifecycle energy and capacity savings less the total resource cost (FortisBC program costs plus customer-incurred costs) for the energy savings measures installed.

The **Base TRC Net Benefits (Base)** are based on a yearly average of actual costs, savings and benefits for the immediately preceding three year period. The costs are escalated to the incentive year dollars and the benefits are priced at the incentive year BC Hydro Rate Schedule 3808.

The **DSM incentive mechanism** measures the variance between the actual TRC Net Benefits (Actual) and the Base TRC Net Benefits (Base) set for each sector for the year. There are different incentive or penalty levels based on the size of the variance for each of the three sectors. Incentives for the sectors are calculated for performances of 100 per cent to 150 per cent of Base. There is no calculation for performance between 90 per cent and 100 per cent of Base for all sectors. Calculations for performance of less than 90 per cent of Base produce negative results. Maximum penalty is applied to performances of less than 50 per cent of Base.

If the sum of the sector incentives or penalties is greater than zero, then that sum is the DSM incentive for FortisBC for the year. If the sum is less than zero, then there is no DSM incentive for FortisBC for the year and no penalty is charged.

The sector incentive rates are determined using the following table:

<u>Incentive Performance Level</u>						
<50%	<70%	<90%	90-100%	>100%	>110%	>120%
<u>DSM Sector Incentive Rates</u>						
-6.0%	-4.5%	-3.0%	0.0%	3.0%	4.5%	6.0%
-4.0%	-3.0%	-2.0%	0.0%	2.0%	3.0%	4.0%
-3.0%	-2.0%	-1.0%	0.0%	1.0%	2.0%	3.0%