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September 29, 2014

**Via Email**  
**Original via Mail**

British Columbia Utilities Commission  
Sixth Floor  
900 Howe Street  
Vancouver, B.C.  
V6Z 2N3

Attention: Ms. Erica M. Hamilton, Commission Secretary

Dear Ms. Hamilton:

**Re: FortisBC Inc. (FBC)**

**Application for Approval of Demand Side Management (DSM) Expenditures for  
2015 and 2016**

**FBC Final Submission**

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On August 11, 2014, FBC filed the Application as referenced above. In accordance with Commission Order G-144-14 setting out the Amended Regulatory Timetable for the review of the Application, attached is the Final Submission of FBC.

If further information is required, please contact the undersigned.

Sincerely,

**FORTISBC INC.**

***Original signed:***

Dennis Swanson

Attachment

cc (e-mail only): Registered Parties

**BRITISH COLUMBIA UTILITIES COMMISSION**

**IN THE MATTER OF the *Utilities Commission Act*,  
R.S.B.C. 1996, Chapter 473 (the *Act*)**

**and**

**An Application by FortisBC Inc.**

**For Approval of Demand Side Management (DSM) Expenditures for 2015 and 2016**

**FINAL SUBMISSIONS OF**

**FORTISBC INC.**

**September 29, 2014**

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## **A. INTRODUCTION**

1. On August 11, 2014, FortisBC Inc. (**FBC** or the **Company**) filed an application with the British Columbia Utilities Commission (**BCUC** or the **Commission**) for acceptance of Demand Side Management (**DSM**) expenditures for 2015 and 2016 (the **Application**).
2. FBC seeks acceptance of the detailed DSM expenditure schedules contained in Appendix A of the Application (Exhibit B-1). Specifically, FBC is requesting acceptance in respect of its Application as follows:
  - a. DSM expenditures of up to \$7.3 million for 2015; and
  - b. DSM expenditures of up to \$7.5 million for 2016.
3. FBC is also requesting a decision from the Commission by November 14, 2014.

## **B. AMENDMENT TO THE DEMAND-SIDE MEASURES REGULATION**

4. On July 10, 2014, the Provincial Government deposited BC Reg 141/2014 (the **Amendment**) which modified the prior Demand-Side Measures Regulation (together, the **DSM Regulation**).
5. The changes to the DSM Regulation as a result of the Amendment are as follows:
  - a. The low income program eligibility threshold has been raised, a deemed list of eligible low income customers has been included, and the benefit calculation in the Total Resource Cost (**TRC**) cost-effectiveness test for low income programs has been increased. The impact of the low income program changes is addressed in Section D of these submissions; and
  - b. The definition of the Long Run Marginal Cost (**LRMC**) to be used in the calculation of the economic benefits of DSM expenditures has been changed to the cost of new resources that meet the definition of "BC Clean" resources.<sup>1</sup> The impact of the new LRMC definition is addressed in Section C of these submissions.

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<sup>1</sup> Exhibit B-1 – s. 1, p. 1

6. On July 16, 2014, FBC filed a letter in its Application for Approval of a Multi-Year Performance Based Ratemaking Plan for the Years 2014 through 2018 (2014-18 PBR Plan) withdrawing its request for approval of the DSM expenditures for the years 2015 through 2018. FBC advised that an updated DSM expenditures request application for 2015, and possibly future years, would be filed with the Commission incorporating the Amendment.<sup>2</sup>

7. The Company's July 16, 2014 letter withdrew only the request for acceptance of DSM expenditures for the years 2015 through 2018 and left intact all other requests in the 2014-18 PBR Plan respecting DSM.<sup>3</sup> Those requests that were left intact (and the Company is not seeking approval as part of this Application) are:

- a. acceptance of the proposed DSM expenditure level for 2014;
- b. approval to change the amortization period of existing and future DSM expenditures from 10 years to 15 years, effective January 1, 2014;
- c. approval to discontinue semi-annual reporting on its DSM Program and to submit annual reports as of December 31 in each year, effective January 1, 2014;
- d. approval of the following funding transfer rules:
  - i. funding transfers under 25 percent between approved areas be permitted without prior approval of the Commission;
  - ii. funding transfers of more than 25 percent into or out of approved areas would require prior approval of the Commission; and
  - iii. funding transfers from an existing program to a new program would be permitted, provided the new program meets the DSM Regulation and the benefit/cost test requirements and has not previously been rejected by the Commission.<sup>4</sup>

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<sup>2</sup> Exhibit B-1 – s. 1, p. 1

<sup>3</sup> Exhibit B-7 – FBC Responses to BCSEA IRs 1.1.1 through 1.1.1.3.3

<sup>4</sup> Exhibit B-5 – FBC Response to BCUC IR 1.1

8. The Commission has since ruled on those DSM requests left intact in the 2014-18 PBR Plan in Decision and Order G-139-14.<sup>5</sup>

### C. LONG RUN MARGINAL COST OF BC CLEAN RESOURCES

9. The Amendment changes the definition of the LRMC to be used in the calculation of the economic benefit to the cost of new resources that meet the definition of “BC Clean” resources.

10. The Company’s 2012 Long Term Resource Plan (**2012 LTRP**), filed as part of the 2012-2013 Revenue Requirements and Review of the 2012 Integrated System Plan Application (**2012-13 RRA**), indicated an LRMC for BC Clean new resources of \$111.96 per MWh.<sup>6</sup>

11. For the purposes of calculating the cost effectiveness of DSM measures in the Application, a LRMC of BC New Clean resources of \$112 per MWh has been used.<sup>7</sup> The LRMC of BC New Clean resources is a nominal dollar levelized price.<sup>8</sup> FBC believes the LRMC level of \$112 per MWh is representative of the long-run marginal cost of new BC clean resources, as is required by the DSM Regulation.<sup>9</sup>

12. The 2012 LTRP was found by the Commission to meet the requirements of the *Utilities Commission Act*, R.S.B.C. 1996, c. 473 (**UCA** or the **Act**).<sup>10</sup> FBC believes that the use of the LRMC of \$112 per MWh in this Application, which was developed and accepted as part of the 2012 LTRP, is reasonable and appropriate.<sup>11</sup>

13. The LRMC value of \$112 per MWh captures 91 to 94 percent of the achievable potential set out in the most recent Conservation Potential Review (**CPR**).<sup>12</sup> No additional measures or programs become cost-effective at higher LRMC values.<sup>13</sup> The same is true when considering lower LRMC values. Even using the lower end of the BC Hydro LRMC range of \$85 to \$100 per MWh, all measures included in

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<sup>5</sup> Exhibit B-5 – FBC Response to BCUC IR 1.1

<sup>6</sup> FBC Application for Approval of 2012 – 2013 Revenue Requirements and Review of the 2012 Integrated System Plan, Exhibit B-4, FBC Response to BCUC IR 1.242.1

<sup>7</sup> Exhibit B-1 – s. 1, p. 1

<sup>8</sup> Exhibit B-5 – FBC Response to BCUC IR 1.3.1

<sup>9</sup> Exhibit B-8, FBC Response to CEC IR 1.6.3

<sup>10</sup> FBC Application for Approval of 2012 – 2013 Revenue Requirements and Review of the 2012 Integrated System Plan, Order G-110-12, p. 149

<sup>11</sup> Exhibit B-5, FBC Response to BCUC IR 1.3.2

<sup>12</sup> Exhibit B-5, FBC Response to BCUC IR 1.7.9

<sup>13</sup> Exhibit B-1, Table 5-1, page 13 (lines 1-2) and Exhibit B-6, FBC Response to BCOAPO IR 1.1.1.

FBC's Application remain cost-effective, with the exception of ductless heat pumps, which the Company would propose to include regardless. Ductless heat pumps are an energy-efficient solution to those FBC customers that use electric baseboard heating.<sup>14</sup>

14. The expenditure schedules proposed in the Application will span the period until the 2016 LTRP is filed, which will include a new long term DSM Plan based on a multi-utility, dual-fuel BC Conservation Potential Review (**CPR**) report to be undertaken in 2015.<sup>15</sup> The 2016 LTRP will provide an update to the Company's LRMC for BC New Clean resources.<sup>16</sup>

#### **D. EXPANDED LOW INCOME ELIGIBILITY THRESHOLD**

15. The Amendment, as it is applied to DSM for low income customers, includes raising the Low Income Cut-Off (**LICO**) (as provided by Statistics Canada) eligibility threshold to 130 percent of the nominal values, provides a list of pre-qualified recipients of various government income and housing assistance programs and increases the value of the benefit calculation in the TRC cost-effectiveness test for low income programs from 130 percent to 140 percent.<sup>17</sup>

16. FBC anticipates greater uptake of its low income programs due to the expanded eligibility criteria in the Amendment.<sup>18</sup> The number of eligible customers increases to approximately 17 percent of FBC's residential customer base from 9.1 percent prior to the Amendment.<sup>19</sup> In response, FBC has proposed to double its low income program from 2013 actual.<sup>20</sup> In addition, in collaboration with BC Hydro and the FortisBC Energy Utilities (**FEU**), FBC will be introducing the Energy Conservation Assistance Program (**ECAP**) for customer-owned single-family dwellings.<sup>21</sup>

17. The Low Income measures proposed in the 2015-16 DSM Plan include:

- a. Expanded eligibility requirements and budget for Energy Savings Kits (**ESK**);

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<sup>14</sup> Exhibit B-1, s. 5.1.3, p. 12-13

<sup>15</sup> Exhibit B-1, s. 1, p. 1

<sup>16</sup> Exhibit B-8, FBC Response to CEC IR 1.3.1

<sup>17</sup> Exhibit B-1, s. 2.4.1, p. 5, lines 17-21

<sup>18</sup> Exhibit B-8, FBC Response to CEC IR 1.9.1

<sup>19</sup> Exhibit B-8, FBC Response to CEC IR 1.7.2

<sup>20</sup> Exhibit B-5, FBC Response to BCUC IR 1.8.1.1

<sup>21</sup> Exhibit B-1, s. 2.4.1, p. 5, lines 25-26

- b. Direct Install for Low-Income Multi-Unit Residential Buildings (**MURB**), Direct Install for Rental MURBs; and
- c. Increased low-income budget for implementation of the ECAP.<sup>22</sup>

## **E. PRESCRIBED ADEQUACY CONSIDERATIONS**

18. Under section 3 of the DSM Regulation, a public utility's plan portfolio is adequate for the purposes of section 44.1(8)(c) of the UCA only if:

- a. the plan portfolio includes a demand-side measure intended specifically to assist residents of low-income households to reduce their energy consumption.

FBC includes such measures in its 2015-16 DSM Plan. FBC's low income measures are detailed in section D above;

- b. the plan portfolio contains a demand-side measure intended specifically to improve the energy efficiency of rental accommodations.

FBC includes such measures in its 2015-16 DSM Plan. A direct-install program of ESK-type measures was piloted in over 1,300 suites of 40 rental MURBs in its service territory. The 2015-16 DSM Plan includes the expansion of this program to additional rental MURBs in FBC's service territory;<sup>23</sup> and

- c. the plan portfolio includes an education program for students enrolled in schools and post-secondary institutions in the public utility's service area.

FBC includes such measures in its 2015-16 DSM Plan. In collaboration with the FEU, FBC funds and delivers a variety of education programs for K-12 students through Conservation Education and Outreach (**CEO**) initiatives. A number of education initiatives will be continued in the 2015-2016 period.<sup>24</sup>

19. The following section addresses the 2015 and 2016 DSM expenditures in detail, including changes as a result of the Amendment.

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<sup>22</sup> Exhibit B-5, FBC Responses to BCUC IR 1.8.3 and 1.8.3.1

<sup>23</sup> Exhibit B-1, s. 2.4.2, p. 5

<sup>24</sup> Exhibit B-1, s. 2.4.3, p. 6

## F. ASSESSMENT OF 2015 AND 2016 DSM PROGRAM

### I. 2015 AND 2016 EXPENDITURES

20. The Company is requesting approval for its 2015 and 2016 DSM expenditures, pursuant to section 44.2 of the UCA. Under section 44.2(1), a public utility may file with the Commission an expenditure schedule containing a statement of the expenditures on demand-side measures the public utility has made or anticipates making during the period addressed by the schedule.

21. The DSM measures requested for 2015 and 2016, with expenditures of \$7.3 million and \$7.5 million, respectively, support the applicable British Columbia energy objectives as defined in section 2 of the *Clean Energy Act* (the **CEA**) and serve the interests of persons in British Columbia who receive or may receive service from FBC. The DSM measures are cost-effective, as required by the Amendment and DSM Regulation enacted under the UCA.<sup>25</sup>

22. The 2015-16 DSM Plan addresses most major end-uses in principal customer sectors and rate classes, with cost-effective measures and programs that acquire over time the achievable conservation potential identified in the 2013 CPR Update.<sup>26</sup> The 2015-16 DSM Plan also addresses many of the concerns expressed by interveners with respect to the DSM expenditure schedules proposed by the Application for the 2014-18 PBR Plan. Specifically, those concerns were addressed by the use of the LRMC representing BC Clean new resources and a proposed 2015-16 DSM expenditure level that reflects a return to pre-2014 expenditure levels.<sup>27</sup>

23. FBC's approach is a continuation of its 2012-2013 DSM Plan, which was accepted by the Commission in Order G-110-12, dated August 15, 2012, as part of the 2012-13 RRA.<sup>28</sup> The Commission's Decision provided, at page 136:

The Commission Panel accepts the cost effectiveness calculations put forward by FortisBC and thus finds FortisBC's 2012-2013 DSM Expenditure Schedule to be cost effective in accordance with the Demand Side Measures Regulation (Ministerial Order No. 271) and the Amendments to the Demand-Side Measures Regulation (Ministerial Order No. 335).

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<sup>25</sup> Exhibit B-1, s.1, p. 2

<sup>26</sup> Exhibit B-5, FBC Response to BCUC IR 1.1.2

<sup>27</sup> Exhibit B-8, FBC Response to CEC IR 1.2.6

<sup>28</sup> Exhibit B-1, s. 4, p. 8 and Exhibit B-5, FBC Response to BCUC IR 1.7.1.

24. While the 2012-13 RRA Decision addressed an earlier version of the DSM Regulation, FBC's approach is also cost-effective as measured by the new version of the DSM Regulation.<sup>29</sup>

25. Many of the programs and measures in the 2015-16 DSM Plan are continuations and/or augmentations of previously accepted programs that FBC is currently running. FBC has reported on these programs in its prior DSM reports to the Commission.<sup>30</sup> The continuation of past programs ensures that key customer end-uses continue to be targeted, while still allowing FBC to incent customers to invest in the current technology for that end-use.<sup>31</sup>

26. FBC actively seeks opportunities for DSM activities that increase public awareness, such as through the Community Energy Diets, to help increase program participation and energy savings.<sup>32</sup>

27. FBC manages its DSM programs prudently. 94 percent of plan savings were achieved in 2013 with an expenditure of 87 percent of plan.<sup>33</sup> The 2015 and 2016 planned expenditures incorporate savings and spending targets that are adjusted for 2013 actuals.<sup>34</sup>

28. As demonstrated in FBC's 2013 year end Semi-Annual DSM Report to the Commission, FBC is capable of delivering a cost-effective DSM portfolio of similar complexity and expenditure level to that proposed for 2015 and 2016.<sup>35</sup>

29. However, FBC's ability to meet the 2015 and 2016 spending and savings levels will be partly dependent on a timely decision on its Application. A timely decision will provide FBC with lead time to ramp up its DSM activities for the coming year.<sup>36</sup>

#### **(a) Residential Sector Budget and Savings**

30. The 2013 Residential sector actual expenditure was 80 percent of plan and achieved 95 percent of plan savings. The underspend in the Residential sector in 2013 was primarily due to the cessation of provincial LiveSmart incentives, reducing customer participation in the Home Improvement program.<sup>37</sup>

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<sup>29</sup> Exhibit B-1, s. 4, p. 8

<sup>30</sup> Exhibit B-1, s. 4, p. 8

<sup>31</sup> Exhibit B-5, FBC Response to BCUC IR 1.7.5

<sup>32</sup> Exhibit B-8, FBC Response to CEC IR 1.2.1

<sup>33</sup> Exhibit B-6, FBC Response to BCOAPO IR 1.4.1

<sup>34</sup> Exhibit B-6, FBC Response to BCOAPO IR 1.4.2

<sup>35</sup> Exhibit B-8, FBC Response to CEC IR 1.2.7

<sup>36</sup> Exhibit B-6, FBC Response to BCOAPO IR 1.4.2

31. The Residential sector budget for 2015-16 has not materially changed from 2013.<sup>38</sup> The Residential sector plan savings target has decreased from 2013 as a result of provincial and/or federal Energy Efficiency (EE) regulations phasing out incandescent light bulbs, mandating ENERGY STAR® performance levels for major household appliances and electronics, and raising the prescriptive requirements for new home construction.<sup>39</sup>

32. The Residential programs FBC is proposing to offer in 2015 are continuations of programs offered in 2013, with the exception of the rental accommodation program which was piloted in 2013 and will be continued in the 2015-16 DSM Plan.<sup>40</sup>

33. FBC intends to continue Energy Diet initiatives with a focus on smaller communities within its service area. The Energy Diet is a community-level, high impact energy efficiency marketing campaign which helps to increase participation in existing PowerSense programs by removing barriers, such as lack of awareness and financial resources, to encourage residential customers to make energy efficiency improvements. The Energy Diet will promote the existing ECAP and MURB upgrades.<sup>41</sup>

#### **(b) Commercial Sector Budget and Savings**

34. The 2013 Commercial sector actual expenditure was 92 percent of plan and achieved 91 percent of plan savings. Commercial sector underspend in 2013 was primarily due to low uptake in the Irrigation program.<sup>42</sup>

35. The Commercial sector budget for 2015 is \$0.6 million higher than 2013 actual. This is partly in order to accommodate a surge of new commercial space planned to be built in the near future.<sup>43</sup> The Commercial programs include all identified DSM measures that were found to be economic in the 2013 CPR Update.<sup>44</sup>

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<sup>37</sup> Exhibit B-6, FBC Response to BCOAPO IR 1.4.1

<sup>38</sup> Exhibit B-5, FBC Response to BCUC IR 1.7.2.

<sup>39</sup> Exhibit B-1, s. 4.1, p. 9

<sup>40</sup> Exhibit B-1, s. 2.4.2, p. 5

<sup>41</sup> Exhibit B-5, FBC Response to BCUC IR 1.8.2 and Ex. B-7, FBC Response to BCSEA IR 1.16.1

<sup>42</sup> Exhibit B-6, FBC Response to BCOAPO IR 1.4.1

<sup>43</sup> Exhibit B-5, FBC Response to BCUC IR 1.7.2.

<sup>44</sup> Exhibit B-8, FBC Response to CEC IR 1.12.9

36. FBC is not proposing any new Commercial programs beyond those that were offered in 2013, but instead is enhancing several program elements.<sup>45</sup> Enhancements include adding a number of new prescriptive measures in its Building and Process Improvement program, improving processes for customers to access rebates, increasing the level of financial support for energy modelling studies and a re-launch of the FLIP Direct Install Lighting program.<sup>46</sup>

**(c) Industrial Sector Budget and Savings**

37. The Industrial sector budget for 2015 is \$0.1 million lower than 2013 actual and 2015 plan savings are lower than 2013 actual due to an extraordinary project that occurred in 2013.<sup>47</sup> The programs and incentives under the Industrial sector budget are addressed in further detail in section G.

***II. TOTAL RESOURCE COST TEST***

38. As required by the DSM Regulation, the Company has assessed its DSM programs on a TRC basis. The TRC test is used as the primary determinant of measure, program, sector and portfolio cost-effectiveness.<sup>48</sup>

39. In its Decision on FBC's 2012-13 RRA, the Commission approved the assessment of cost-effectiveness on an overall portfolio basis, provided the DSM portfolio meets a combined TRC/modified TRC (**mTRC**) of unity (1.0) or greater.<sup>49</sup>

40. The 2015-16 DSM Plan includes all measures with a TRC ratio greater than one, with the exception of consumer electronics. Consumer electronics has been excluded from the DSM portfolio as the efficiency level of such products is better addressed by regulation by the provincial and/or federal governments.<sup>50</sup>

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<sup>45</sup> Exhibit B-8, FBC Response to CEC IR 1.21.1

<sup>46</sup> Exhibit B-8, FBC Response to CEC IR 1.26.1

<sup>47</sup> Exhibit B-5, FBC Response to BCUC IR 1.7.2.

<sup>48</sup> Exhibit B-5, FBC Responses to BCUC IR 1.2.1 and 1.2.2.

<sup>49</sup> Order G-110-12, p. 129

<sup>50</sup> Exhibit B-6, FBC Response to BCOAPO IR 1.10.2

41. Although FBC has assessed the DSM Plan at the portfolio level, at the sector level TRC Benefit/Cost ratios are above unity in all sectors. The TRC Benefit/Cost ratios are 2.0 for the residential sector in 2015, 2.5 for the commercial sector in 2015, and 3.4 for the industrial sector in 2015.<sup>51</sup>

42. Further, planned DSM programs for 2015 achieve a program TRC benefit/cost ratio of 2.2. Including planned expenditures on Supporting Initiatives and Planning & Evaluation, the overall DSM portfolio achieves a TRC Benefit/Cost ratio of 2.0: well above unity.<sup>52</sup>

### **III. MONITORING AND EVALUATION**

43. To help prudently manage and deliver the DSM programming, FBC DSM staff conduct DSM best practices literature reviews and research best practices developed by other utilities as well as energy efficiency and conservation consortiums and associations.<sup>53</sup>

44. FBC has proposed a one-year extension to the 2013 - 2015 Monitoring and Evaluation plan that was accepted as part of the Commission's Decision and Order G-139-14 on FBC's 2014-18 PBR Plan Application, to ensure an adequate Monitoring and Evaluation plan remains in place for the duration of the 2015-16 period.<sup>54</sup>

45. During the 2015-2016 period, FBC will evaluate the Home Improvement, New Home, Heat pump, Low Income direct install, Building Improvement (including Industrial and Municipal), and Commercial Lighting programs.<sup>55</sup>

### **G. INDUSTRIAL DSM PROGRAMS**

46. FBC's industrial sector budget for 2015 is \$0.2 million and sector planned savings is 1,540 MWh, an approximate decrease of \$0.124 million and 1,000 MWh, respectively, from 2013 actual results.<sup>56</sup> One extraordinary project in 2013 was responsible for higher 2013 results. 2015 plan levels reflect a 20-

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<sup>51</sup> Exhibit B-5, FBC Response to BCUC IR 1.6.1.2

<sup>52</sup> Exhibit B-1, Table 4-1, p. 9

<sup>53</sup> Exhibit B-6, FBC Response to BCOAPO IR 1.5.1

<sup>54</sup> Exhibit B-1, s 6.1, p. 15

<sup>55</sup> Exhibit B-1, Appendix A, Table A5-2

<sup>56</sup> Exhibit B-1, Table 4-1, p. 9

year take-up of economic potential and are approximately double the levels and spending in the industrial sector prior to 2013.<sup>57</sup>

47. The industrial sector program offers industrial customers customized assistance and financial incentives. FBC provides rebates towards incremental cost of efficiency measures, where the rebate amount is based on estimate annual kWh savings and the maximum rebate is calculated to achieve a two-year payback.<sup>58</sup> Industrial rebates are generally based on 10 cents per annual kWh saved, subject to the two-year payback limitation and this level of incentive will be maintained for the 2015-16 DSM Plan.<sup>59</sup> FBC DSM incentive levels are partially informed by the Participant Cost Test (**PCT**). PCT benefit-cost ratios are highest in the Industrial sector, indicating stronger project economics for industrial energy efficiency projects than for other customer classes. Current industrial incentive levels contribute to strong economic signals for industrial customers to invest in energy efficiency.<sup>60</sup>

48. In order to achieve industrial savings targets, FBC assigns technical representatives to key accounts to work closely with those customers to promote energy efficiency and/or provide assistance for accessing funds for energy efficiency assessments or modeling studies, rebates for capital and/or process efficiency improvements and, where appropriate, energy management information software (**EMIS**).<sup>61</sup> The current custom program design of Industrial sector programs is flexible with respect to the type of measures that can be supported for industrial customers.<sup>62</sup>

49. An important criteria of Industrial customer projects is that they must reduce the customer's base load (kWh and associated kW) taken from FBC. Project savings are subject to measurement & verification (**M&V**) protocol to ensure that the incented savings materialize.<sup>63</sup>

50. Zellstoff Celgar Limited Partnership (**Celgar**) is a FBC industrial customer with self-generation. Electricity service to Celgar is provided on a net-of-load basis; Celgar's self-generation output must first be used to serve its own load before excess self-generation can be used for other purposes, such as export. As a result, Celgar is generally not a load on the FBC system, unless Celgar's generation is down

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<sup>57</sup> Exhibit B-5, FBC Response to BCUC IR 1.8.1.1

<sup>58</sup> Exhibit B-1, Appendix A, s. A3.1, p. A8

<sup>59</sup> Exhibit B-5, FBC Response to BCUC IR 1.7.7.1 and Ex. B-10, FBC Response to ICG IR 1.4.20

<sup>60</sup> Exhibit B-5, FBC Response to BCUC IR 1.9.4 and Ex. B-10, FBC Response to ICG IR 1.7.2

<sup>61</sup> Exhibit B-5, FBC Response to BCUC IR 1.7.7

<sup>62</sup> Exhibit B-10, FBC Response to ICG IR 1.4.3

<sup>63</sup> Exhibit B-5, FBC Response to BCUC IR 1.7.7.1

or producing below the requirements of the mill. Energy efficiency projects undertaken by Celgar may therefore not result in any corresponding reduction in load on FBC's system.<sup>64</sup>

51. Where an industrial customer undertakes measures to reduce the electrical consumption of its operations, but those measures do not result in a corresponding reduction in load required from FBC, it is inappropriate for FBC to pay the industrial customer incentives. In this case, no DSM has really taken place, and the incentives would be paid by other customers with the benefits accruing only to the customer that undertook the measure.<sup>65</sup>

52. While Celgar, as an industrial customer, is eligible for DSM incentives, only projects that reduce electrical consumption within the plant and also reduce the load required to be served by FBC will be eligible for DSM incentives.<sup>66</sup>

#### **H. COLLABORATION WITH OTHER UTILITIES**

53. The 2015-16 DSM Plan continues and builds on the integration and collaboration efforts of FBC with other BC utilities with respect to DSM programs. During 2015 and 2016, FBC will initiate or continue collaborative programs which directly support Policy Action 2 of the BC Energy Plan, namely to "Ensure a coordinated approach to conservation and efficiency is actively pursued in British Columbia", in the following ways:

- a. The Low Income program is offered in collaboration with the FEU and BC Hydro whenever appropriate. This ensures consistency of program measures and the delivery of best practices;<sup>67</sup>
- b. A variety of education programs are offered in collaboration with the FEU through the CEO initiatives to K-12 and post-secondary students;<sup>68</sup>
- c. The Residential Lighting and Appliance programs are offered in collaboration with BC Hydro and retailers to provide "instant rebates" at the point of purchase for qualified

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<sup>64</sup> Exhibit B-5, FBC Response to BCUC IR 1.7.7.2

<sup>65</sup> Exhibit B-5, FBC Response to BCUC IR 1.7.7.2

<sup>66</sup> Exhibit B-5, FBC Response to BCUC IR 1.7.7.2

<sup>67</sup> Exhibit B-1, s. 2.4.1, p. 5

<sup>68</sup> Exhibit B-1, s. 2.4.3, p. 6

ENERGY STAR® rated CFLs, LED lamps, hard-wired luminaires, and seasonal rebate offers will be provided for top tier ENERGY STAR® clothes washers and dryers;<sup>69</sup>

- d. The Rental Accommodation programs provides MURBs with walk-through audits and third party energy assessments, in collaboration with the FEU, to identify cost-effective measures, such as insulation, heating equipment and energy efficient lighting that can be undertaken. Incentives for undertaking identified measures will also be provided;<sup>70</sup> and
  - e. The Home Improvement Program (**HIP**) program delivery will primarily be through the Home Energy Retrofit Offer (**HERO**) partnership with the FEU, and BC Hydro. The HERO program encourages customer to focus on the appropriate measure sequence up to obtaining a whole house EnerGuide rating.<sup>71</sup> The HERO program was launched in mid-July 2014. Feedback and participation levels from the initial launch are being evaluated in order to enhance or adjust the program for 2015. FBC, the FEU and BC Hydro are also working closely with several energy efficiency building professional organizations to promote the program and provide greater coordination within the industry.<sup>72</sup>
54. FBC has taken the lead on supporting a number of new technologies and marketing or program design approaches, and has consistently looked for opportunities to partner with other utilities and/or organizations to promote energy efficiency. FBC will continue to do so during the 2015-2016 DSM Plan period.<sup>73</sup>

## **I. CONCLUSION**

55. In light of the evidentiary record and the submissions made above, FBC repeats its request for the acceptances as outlined in paragraph 2, namely:
- a. Acceptance of the detailed DSM expenditure schedules contained in Appendix A of the Application (Exhibit B-1). Specifically, FBC is requesting acceptance in respect of its Application as follows:

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<sup>69</sup> Exhibit B-1, Appendix A, s. A1.3 and s. A1.6, p. A4

<sup>70</sup> Exhibit B-1, Appendix A, s. A1.8, p. A5

<sup>71</sup> Exhibit B-1, Appendix A, s. A1.1, p. A3

<sup>72</sup> Exhibit B-7, FBC Response to BCSEA IR 1.9.1

<sup>73</sup> Exhibit B-8, FBC Response to CEC IR 1.5.1

- i. DSM expenditures of up to \$7.3 million for 2015; and
- ii. DSM expenditures of up to \$7.5 million for 2016.

56. ALL OF WHICH IS RESPECTFULLY SUBMITTED.

Dated: September 29, 2014

*[original signed]*

**Dennis Swanson**