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February 28, 2018

B.C. Sustainable Energy Association
c/o William J. Andrews, Barrister & Solicitor
1958 Parkside Lane
North Vancouver, B.C.
V7G 1X5

Attention: Mr. William J. Andrews

Dear Mr. Andrews:

Re: FortisBC Inc. (FBC)

Project No. 1598934

**Application for Approval of 2018 Demand-Side Management (DSM)
Expenditures (the Application)**

**Response to the B.C. Sustainable Energy Association and Sierra Club of British
Columbia (BCSEA) Information Request (IR) No. 1**

On November 15, 2017, FBC filed the Application referenced above. In accordance with British Columbia Utilities Commission Order G-21-18 setting out the Regulatory Timetable for the review of the Application, FBC respectfully submits the attached response to BCSEA IR No. 2.

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

Sincerely,

FORTISBC INC.

Original signed:

Diane Roy

Attachment

cc (email only): Commission Secretary
Registered Parties



FortisBC Inc. (FBC or the Company) Application for Acceptance of 2018 Demand-Side Management (DSM) Expenditures (the Application)	Submission Date: February 28, 2018
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1 **1.0 Topic: Heat Pumps**

2 **Reference: Exhibit B-2, response to BCUC IR 1, Appendix A, 2018 Demand-Side**
3 **Management (DSM) Plan, Section A2.2 Heat Pumps (p. A6; .pdf p. 34)**

4 FBC states:

5 With its temperate winters and hot summers, the FBC service area is an ideal
6 climate for air source heat pumps (ASHP). Further, the 2012 Residential End
7 Use Survey (REUS) data shows that 38 percent of FBC customers have electric
8 heat, indicating a large potential market for the program. The program will
9 continue with incentives for owners to upgrade electric heating systems to either
10 central split (forced-air) or ductless mini-split (for customers with electric
11 baseboard heating) air source heat pumps.

12 The incentive value for a forced air central ASHP was doubled in the 2017 DSM
13 Plan (and continues in 2018) and both central and ductless ASHP configurations
14 are eligible for the HRR bonus offer to attract more comprehensive retrofits. In
15 spite of FBC's increased rebate values, participation numbers continued to
16 decline throughout 2017. An insight report was conducted in summer 2017 that
17 identified customers' knowledge (or lack thereof) and interest in heat pump
18 technology. It also uncovered barriers for adoption, such as the preference to
19 switch to a lower cost fuel i.e. natural gas and customer aversion to Tier 2 of the
20 Residential Conservation Rate.

21 In response to declining participation, the 2018 budget was reduced to ensure
22 participation numbers could be met in the interim while tools to increase the
23 number of customers participating in the program are developed. In 2018, a
24 communications campaign targeting customers with electricity as their primary
25 heating source will leverage perceived strengths of heat pump technology. This
26 is intended to set the stage for increased participation in subsequent years. [p.
27 A6]

28 1.1 FBC reduced the 2018 budget "to ensure participation numbers could be met."
29 FBC refers to a communications campaign in 2018 to set the stage for increased
30 participation in the ASHP in subsequent years. Has FBC identified additional
31 steps it could take in 2018 to increase participation, based on the information it
32 uncovered in the summer 2017 insight report?

33
34 **Response:**

35 Primary findings in the insight report determined that pro-active education is required to grow
36 awareness and familiarity with heat pump technology, overcome skepticism that heat pumps will



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1 result in savings on energy bills, and provide assurance that heat pumps are easy to install,
2 operate and maintain. Awareness is the first step for a successful rebate campaign and FBC
3 intends to focus on this area for 2018.

4 Additional findings in the report indicated that current incentives are not boosting overall
5 interest. Customers indicated that a higher rebate would be required to convince them to
6 consider adopting the technology. Rebate levels will be considered in parallel with the
7 development of the communications campaign.

8
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11 1.2 Does FBC expect the 2018 communications campaign and any other steps to
12 increase participation in 2018, or only in “subsequent years”? If the latter, would it
13 be possible to accelerate the deployment of these steps to increase participation
14 in 2018?

15

16 **Response:**

17 FBC will focus on program redesign and development of a communications campaign in 2018.
18 The time and planning required for these campaigns does not make accelerated deployment of
19 the program redesign and communications campaign possible. While there may be an uptick in
20 participation towards the end of the year, the largest increase is anticipated to follow in
21 subsequent years.

22

23

24

25 1.3 What level of increased participation does FBC anticipate in “subsequent years”?
26 Please provide projections for participation by year for 2019-2023.

27

28 **Response:**

29 FBC did not prepare forecasts for participation in 2019-2023 as part of the 2018 DSM Plan.
30 Those forecasts will be included in FBC’s Multi-Year DSM Expenditure Schedule, which is
31 planned to be filed in 2018.

32

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1 **2.0 Topic: Income Qualified Program**

2 **Reference: Exhibit B-2, response to BCUC IR 1, Appendix A, 2018 Demand-Side**
3 **Management (DSM) Plan, Section A2.7 Income Qualified Program (p. A8; .pdf p.**
4 **36)**

5 FBC states:

6 When first launched, the ECAP initially had strong participation from
7 some early adopters. Now that the program has matured, FBC is finding
8 that more outreach is required in order to engage customers that can
9 benefit from this program. While outreach has been and will continue to
10 be strengthened throughout FBC’s service region, the budget allocated to
11 ECAP in 2018 is reflective of the lower participation rates seen in 2017.
12 However, FBC’s intention is to service every eligible participant that is
13 engaged in the program, thus the decrease in budget should not be
14 viewed as a scaling back of program resourcing in any way. [p. A8]

15 2.1 Please explain why the proposed budget reduction for this program “should not
16 be viewed as a scaling back of program resourcing”?

17
18 **Response:**

19 The proposed budget reduction should not be viewed as a scaling back of program resourcing
20 because FBC’s proposed budget for 2018 is reflective of what FBC believes to be sufficient to
21 service all eligible participants engaged in the program, and assumes more participants in 2018
22 than 2017.

23
24

25
26 2.2 What steps does FBC intend to take in 2018 to maximize participation in this
27 program?

28
29 **Response:**

30 The steps FBC intends to take in 2018 to maximize participation in ECAP include:

- 31 • Seasonal bill inserts;
- 32 • Direct promotion via community social service organizations such as food banks,
33 Salvation Armies, Community Resource Centres, etc.);
- 34 • Promotion through MLA and MP offices and support for any governmental initiatives;



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- 1 • Information sessions;
- 2 • Provision of Energy Specialist roles via organizational partners (e.g., BC Housing and
- 3 BC Non-Profit Housing Association);
- 4 • Targeted social media campaigns;
- 5 • Improving collateral and marketing to better meet target audiences' needs (e.g., video,
- 6 First Nations specific collateral);
- 7 • Dedicated outreach to social housing providers and First Nations communities; and
- 8 • Promotion and participation at social housing events such as Housing Central.

9
10 If additional opportunities to promote participation are identified during the year, FBC will evaluate
11 expanding the efforts listed above.

12
13 2.3 If outreach is successful and causes participation to exceed projections, how will
14 FBC provide sufficient budgetary resources to meet the need?

15
16 **Response:**

17 If the outreach and program enhancements cause participation to exceed projections, FBC will
18 determine whether funds can be reallocated from other program areas within the Conservation
19 and Energy Management portfolio.

20
21

22
23 2.4 What percentage of the total eligible customer pool will be served by the
24 proposed 2018 budget?

25
26 **Response:**

27 The total customer pool that is estimated to fall within the income eligibility criteria of 30 percent
28 above Statistics Canada Low Income Cut-Off (LICO) (as per the definition of "low-income
29 household" at s. 1 of the DSM Regulation) is 27 thousand households. With approximately 900
30 households participating in the ECAP and 1 thousand participating in the Energy Savings Kits
31 program annually, and with an expectation of similar participation in 2018, approximately 7
32 percent of the eligible customer pool will be served with the 2018 budget.

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2.5 To what extent has FBC explored alternative program designs to meet the needs of the income eligible sector?

Response:

Through E Source (an international utility-focused research organization that provides DSM analysis, tools, and advisory services) and personal queries, FBC has reviewed a number of utilities' low income program offers from across North America. The program review included program design and implementation practices, as well as marketing strategies and tactics. FBC also participates in conference calls with utilities across Canada to stay informed on what other programs are being offered. By comparison, FBC's ECAP is a robust program offer. ECAP, together with the ESK program, provides a good combination of energy conservation programs to suit the diverse needs of the income eligible sector.

Some of the programs that were included in FBC's review can be accessed through the following links:

<https://www.encyvermont.com/services/income-based-assistance/energy-bill-reduction>

http://www.knoxville.gov/government/city_departments_offices/sustainability/keem/

<http://annualmeeting.naseo.org/Data/Sites/1/events/Annual-Meeting/2017/presentations/Cripps-TVA-Low-Income-Program-Highlights.pdf>

<https://www.nyserda.ny.gov/All-Programs/Programs/Home-Energy-Efficiency-Upgrades>

2.6 Please provide any available information about alternative programs designs that FBC has explored.

Response:

Please refer to the response to BCSEA IR 1.2.5.



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1 2.7 What level of increased participation does FBC anticipate in “subsequent years”?
2 Please provide projections for participation by year for 2019-2023.

3
4 **Response:**

5 This level of detail has not been determined as FBC’s next Multi-Year DSM Expenditure
6 Schedule is currently in development and subject to the 2016 LTERP decision.

7

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1 **3.0 Topic: Customer Engagement Tools**

2 **Reference: Exhibit B-2, response to BCUC IR 1, Appendix A, 2018 Demand-Side**
3 **Management (DSM) Plan, Section A2.9 Customer Engagement Tools (p. A9; .pdf p.**
4 **37); and Table A2-1: Residential Program Expenditures & Savings (p. A5; .pdf p.**
5 **33)**

6 FBC states:

7 FBC's messaging to residential customers encourages the adoption of
8 energy-efficient behaviours (for example, the use of clotheslines) and will
9 continue using a variety of communication channels, both on-line and
10 print (e.g. bill inserts). Activities may include the distribution of product
11 samples at community events.

12 In addition to providing customers with access to the Customer
13 Information Portal (CIP) to view near real-time energy usage of their
14 residential and small commercial (single phase) AMI meters, FBC will
15 explore and promote mobile/web apps to enable customers to better
16 manage their energy usage.

17 In collaboration with FEI, FBC plans to select a service provider to
18 implement a residential customer engagement tool (CET) in 2018. The
19 funding envelope will include a digital platform that will engage customers
20 by providing basic energy literacy information, behaviour change tools,
21 access to rebates, conservation tips and offers, home energy reports, an
22 online calculator, community challenges and other tools currently under
23 consideration. [p. A9]

24 Table A2-1: Residential Program Expenditures & Savings shows 2017 MWh savings of
25 3,097 for Customer Engagement and 2018 MWh savings of 240 for Customer
26 Engagement. The table also shows expected costs of \$200,000 for 2017 and \$165,000
27 for 2018.

28 3.1 Why are the proposed 2018 savings dramatically less than the 2017 savings?

29
30 **Response:**

31 Please refer to the response to BCUC IR 2.8.3.1.

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1 3.2 Why are the 2018 costs only modestly less than the 2017 costs, rather than
2 reduced in proportion to the savings?
3

4 **Response:**

5 As explained in the response to BCUC IR 2.8.3, the delay in the customer engagement portal
6 resulted in some expenditures in 2018, while all associated savings will be realized in 2019.

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1 **4.0 Topic: Funding Request**

2 **Reference: Exhibit B-2, 3. SUMMARY OF DSM PLAN AND FUNDING REQUEST,**
3 **(p.10, pdf p.16)**

4 FBC states:

5 The proposed 2018 DSM Plan is a modest increase of the level of
6 expenditures and cost-effective programs comparable to the previously
7 accepted 2017 DSM Plan by Order G-9-17. The funding level for the 2018
8 DSM Plan is also consistent with the level of expenditures contemplated
9 in FBC's LT DSM Plan. A further ramp up in DSM spending and savings
10 is planned to start in 2021. The programs in the 2018 DSM Plan are
11 continuations and/or augmentations where appropriate, of programs that
12 FBC is currently implementing, and has reported on in its prior DSM
13 Annual Reports.

14 4.1 Does FBC remain committed to a planned further ramp up in DSM spending and
15 savings to start in 2021?

16
17 **Response:**

18 FBC anticipates the planned further ramp up in DSM will occur as previously indicated, subject
19 to Commission acceptance of the next Multi-Year DSM Expenditure Schedule, which is
20 currently in development and itself subject to the 2016 LTERP decision.