VIA EMAIL

May 11, 2011

electricity.regulatory.affairs@foritsbc.com

Mr. Dennis Swanson
Director, Regulatory Affairs
Regulatory Affairs Department
FortisBC Inc.
Suite 100, 1975 Springfield Road
Kelowna, BC  V17 7V7

Dear Mr. Swanson:

Re: FortisBC Inc.
Project No. 3698628/Order G-68-11
Residential Inclining Block Rate Application

Commission staff submits the following document for the record in this proceeding:

Regulation of the Minister of Ministry of Energy, Mines and Petroleum Resources – Ministerial Order No. M 271 dated November 6, 2008 – Demand-Side Measures

Yours truly,

Alanna Gillis

cc: Registered Interveners
(FortisBC_RIB-RI)
Ministerial Order No.

I, Richard Neufeld, Minister of Energy, Mines and Petroleum Resources, order that the attached regulation is made.

Authority under which Order is made:

Act and section:- Utilities Commission Act, R.S.B.C. 1996, c. 473, s. 125.1 (4) (e)

November 3, 2008

R/1175/2008/27
DEMAND-SIDE MEASURES REGULATION

Definitions

1 In this regulation:

"Act" means the Utilities Commission Act;

"bulk electricity purchaser" means a public utility that purchases electricity from the authority for resale to the public utility's customers;

"community engagement program" means a program delivered by
   (a) a public utility to a public entity either
       (i) to increase the public entity's awareness about ways to increase energy conservation and energy efficiency or to encourage the public entity to conserve energy or use energy efficiently, or
       (ii) to assist the public entity to increase the public's awareness about ways to increase energy conservation and energy efficiency or to encourage the public to conserve energy or use energy efficiently, or
   (b) a public utility in cooperation with a public entity to increase the public's awareness about ways to increase energy conservation and energy efficiency or to encourage the public to conserve energy or use energy efficiently;

"education program" means an education program about energy conservation and efficiency, and includes the funding of the development of such a program;

"energy device" has the same meaning as in the Energy Efficiency Act;

"energy efficiency training" means training for persons who
   (a) manufacture, sell or install energy-efficient products,
   (b) design, construct or act as a real estate broker with respect to energy-efficient buildings,
   (c) manage energy systems in buildings, or
   (d) conduct energy efficiency audits;

"energy-using product" has the same meaning as in the Energy Efficiency Act (Canada);

"expenditure portfolio" means the class of demand-side measures that is composed of all of the demand-side measures proposed by a public utility in an expenditure schedule submitted under section 44.2 of the Act;

"low-income household" means a household whose residents receive service from the public utility and who have, in a taxation year, a before-tax annual household income equal to or less than the low-income cut off established by Statistics Canada for that year for households of that type;

"plan portfolio" means the class of demand-side measures that is composed of all of the demand-side measures proposed by a public utility in a plan submitted under section 44.1 of the Act;

"public awareness program" means a program delivered by a public utility
(a) to increase the awareness of the public, including the public utility’s customers, about ways to increase energy conservation and energy efficiency or to encourage the public, including the public utility’s customers, to conserve energy or use energy efficiently, or

(b) to increase participation by the public utility’s customers in other demand-side measures proposed by the public utility in an expenditure portfolio or a plan portfolio but does not include a program to increase the amount of energy sold or delivered by the public utility;

“public entity” means a local government, first nation, non-profit society incorporated under the Society Act or trade union;

“regulated item” means

(a) an energy device,

(b) an energy-using product,

(c) a building design, or

(d) thermal insulation;

“school” means a school regulated under the School Act or the Independent School Act;

“specified demand-side measure” means

(a) a demand-side measure referred to in section 3 (c) or (d),

(b) the funding of energy efficiency training,

(c) a community engagement program, or

(d) a technology innovation program;

“specified standard” means a standard in any of the following:

(a) the Energy Efficiency Standards Regulation, B.C. Reg. 389/93;

(b) the Energy Efficiency Regulations S.O.R./94-651;

(c) the British Columbia Building Code, if the standard promotes energy conservation or the efficient use of energy;

“technology innovation program” means a program

(a) to develop a technology, a system of technologies, a building design or an industrial facility design that is

(i) not commonly used in British Columbia, and

(ii) the use of which could directly or indirectly result in significant reductions of energy use or significantly more efficient use of energy,

(b) to do what is described in paragraph (a) and to give demonstrations to the public of any results of doing what is described in paragraph (a), or

(c) to gather information about a technology, a system of technologies, a building design or an industrial design referred to in paragraph (a).

Application

2 (1) This regulation applies only with respect to demand-side measures proposed by the authority.
Effective June 1, 2009,
(a) subsection (1) is repealed, and
(b) section 3 does not apply to a public utility that is owned or operated by a local government or has fewer than 10,000 customers.

Adequacy
3 A public utility’s plan portfolio is adequate for the purposes of section 44.1 (8) (c) of the Act only if the plan portfolio includes all of the following:
(a) a demand-side measure intended specifically to assist residents of low-income households to reduce their energy consumption;
(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;
(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.

Cost effectiveness
4 (1) Subject to subsections (4) and (5), the commission, in determining for the purposes of section 44.1 (8) (c) or 44.2 (5) (d) of the Act the cost-effectiveness of a demand-side measure proposed in an expenditure portfolio or a plan portfolio, may compare the costs and benefits of
(a) the demand-side measure individually,
(b) the demand-side measure and other demand-side measures in the portfolio, or
(c) the portfolio as a whole.
(2) In determining whether a demand-side measure referred to in section 3 (a) is cost effective, the commission must,
(a) in addition to conducting any other analysis the commission considers appropriate, use the total resource cost test, and
(b) in using the total resource cost test, consider the benefit of the demand-side measure to be 130% of its value when determined without reference to this subsection.
(3) In determining whether a demand-side measure of a bulk electricity purchaser is cost-effective, the commission must consider the benefit of the avoided supply cost to be the authority’s long-term marginal cost of acquiring new electricity to replace the electricity sold to the bulk electricity purchaser and not the bulk electricity purchaser’s cost of purchasing electricity from the authority.
(4) The commission must determine the cost-effectiveness of a specified demand-side measure proposed in a plan portfolio or an expenditure portfolio by determining whether the portfolio is cost effective as a whole.
(5) If the commission is satisfied that a public awareness program proposed in a plan portfolio or an expenditure portfolio is likely to accomplish the goals set out in paragraph (a) or (b) of the definition of "public awareness program", the commission must determine the cost-effectiveness of the program by determining whether the portfolio is cost-effective as a whole.

(6) The commission may not determine that a proposed demand-side measure is not cost effective on the basis of the result obtained by using a ratepayer impact measure test to assess the demand-side measure.

(7) In considering the benefit of a demand-side measure that, in the commission's opinion, will increase the market share of a regulated item with respect to which there is a specified standard that has not yet commenced, the commission may include in the benefit a proportion of the benefit that, in the commission's opinion, will result from the commencement and application of the specified standard with respect to the regulated item.