

# William J. Andrews

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March 27, 2017

British Columbia Utilities Commission  
Sixth Floor, 900 Howe Street, Box 250  
Vancouver, BC, V6Z 2N3  
Attn: Erica Hamilton, Commission Secretary  
By Web Posting

Dear Madam:

Re: BC Hydro F2017-F2019 Revenue Requirements Application,  
BCUC Project No. 3698869  
BC Sustainable Energy Association and Sierra Club BC responses to Information  
Requests

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Pursuant to the amended regulatory timetable approved by Order -20-17 [Exhibit A-22] and BCUC Rule 14, attached please find the responses of the interveners BC Sustainable Energy Association and Sierra Club BC to information requests regarding BCSEA-SCBC's evidence filed in this proceeding [Exhibit C1-8]. The following files are attached:

- 2017-03-27 BCSEA-SCBC response to BCUC A-25 re BCH RRA.pdf
- 2017-03-27 BCSEA-SCBC response to CEABC C4-7 re BCH RRA.pdf
- **2017-03-27 BCSEA-SCBC response to CEC C10-9 re BCH RRA.pdf**
- 2017-03-27 BCSEA-SCBC response to NIARG C11-9 re BCH RRA.pdf

Please contact the undersigned regarding any questions about these responses to information requests.

Yours truly,

William J. Andrews



Barrister & Solicitor  
Encl.

BRITISH COLUMBIA UTILITIES COMMISSION

BCUC Project No. 3698869  
British Columbia Hydro and Power Authority  
F2017 to F2019 Revenue Requirements Application

**British Columbia Sustainable Energy Association and Sierra Club British Columbia  
Response to Commercial Energy Consumers  
Information Request No. 1 on Intervener Evidence  
March 27, 2017**

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1.0 **Reference: Exhibit C1-8, pages 3 and 5 to 6**

1. **BC Hydro can and should pursue greater levels of cost-effective energy savings from DSM programs than will be achieved in the DSM Plan. Specifically, BC Hydro should pursue program savings at the level of the DSM plan in the approved 2013 Integrated Resource Plan (2013 IRP<sup>1</sup>).**

At its simplest, an investment is cost-effective if it returns greater benefits than it costs. A primary goal of an energy efficiency portfolio is to maximize the benefits that it delivers to ratepayers. Artificially limiting investments based on maximizing the benefit-cost ratio reduces the net benefits that ratepayers receive. In the DSM Plan BC Hydro proposes to reduce cost-effective energy efficiency investments from the level described in the approved 2013 IRP. Maximizing the benefits, or more specifically the net benefits after accounting for costs, is achieved by pursuing all energy efficiency that is cost-effective.

- 1.1. Would there be advantages to pursuing DSM in excess of the levels proposed in the 2013 Integrated Resource Plan? Please explain why or why not.
  - 1.1.1. If yes, please discuss the advantages that could accrue from pursuing more DSM than is proposed in the 2013 IRP.
  - 1.1.2. If yes, please provide Mr. Grevatt's views as to the maximum level of DSM that could be cost-effectively pursued by BC Hydro.

**Response:**

**In principle, if the cost-benefit analysis used by a jurisdiction appropriately captures the economic values, both in terms of costs and benefits, then it makes sense to pursue all cost-effective DSM. Pursuing all cost-effective DSM, which would be more than what is proposed in the 2013 IRP, provides advantages such as:**

1. **Reducing the need to purchase energy and capacity;**

2. Reducing the need for new generation, transmission, and distribution investments;
3. Reducing any negative environmental impacts associated with generation, transmission, and distribution;
4. Lowering energy bills for participants;
5. Improving the services (e.g., lighting quality, comfort, etc.) provided by energy;
6. Etc.

The cost-effectiveness analysis used by BC Hydro incorporates some of the less easily monetized benefits that DSM provides, but may not fully value, for example, the value of “freeing up” capacity for low-carbon electrification in support of the Climate Leadership Plan. If market forces and/or policy support for low carbon electrification were to result in load growth that exceeds BC Hydro’s available resources it could require investments in generation, transmission, and distribution to meet—or it could slow low-carbon electrification down, deferring accomplishment of Provincial goals.

Assessing the maximum level of DSM that could be cost-effectively pursued is beyond Mr. Grevatt’s remit—that is the work of the CPR. However, as a starting point, Mr. Grevatt notes that BC Hydro calculated the LRMC UCT for the 2013 IRP to have a BC of 2.9, and the MTRC to have a BC of 2.4. A BC greater than 1.0 is cost-effective, so these results suggest that there is a great deal of room to increase the amount of cost-effective DSM that BC Hydro pursues.

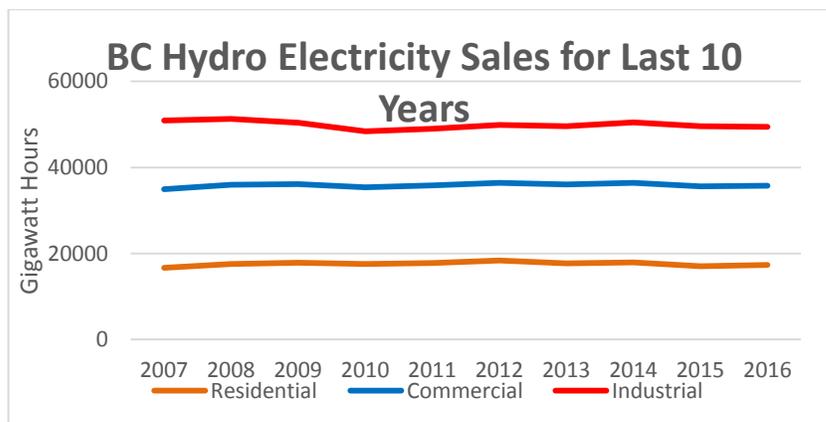
In assessing the maximum level of DSM that could be cost-effectively pursued by BC Hydro it may also be worth considering the findings of *The Next Quantum Leap in Efficiency: 30 Percent Electric Savings in Ten Years*, referenced in response to 2.2 below. This report discusses some of the policy and program issues that could be addressed generally in pursuit of greater savings in North American utility and third-party administered DSM programs.

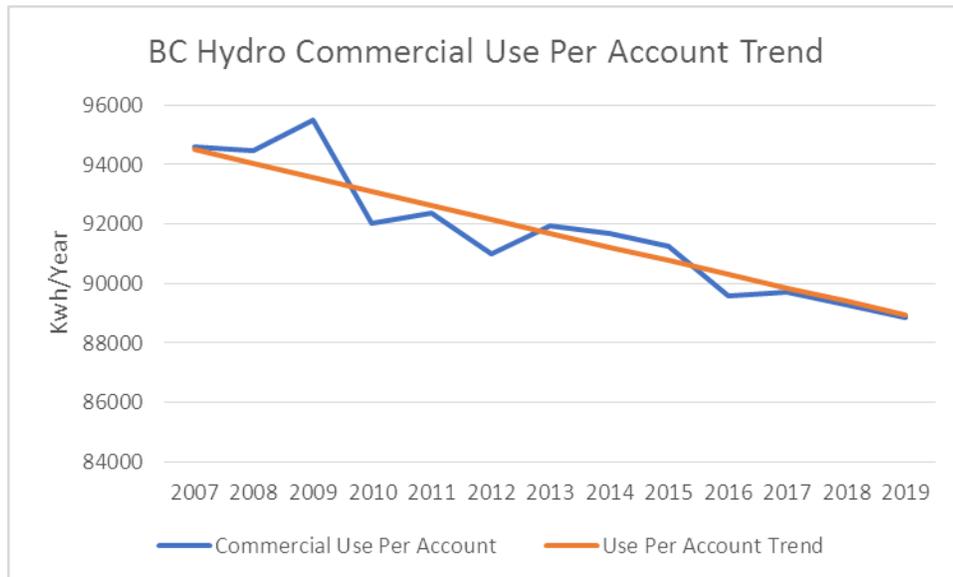
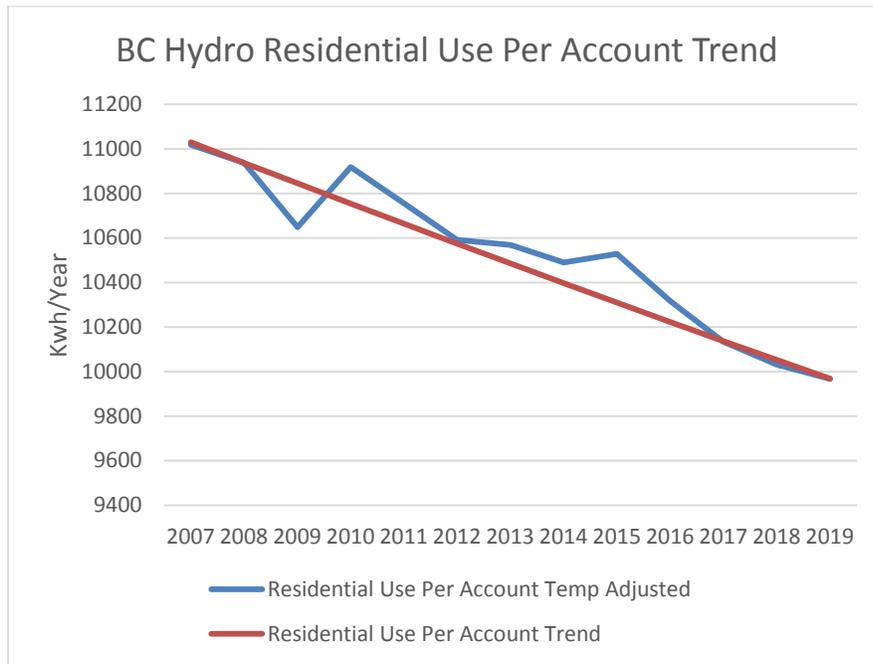
- 2.0 Reference: Exhibit C1-8, page 8 and page 16 and Graph derived from Exhibit B-15, CEC 2.133.6.1, and BC Hydro Annual Service Plans at [https://www.bchydro.com/about/acountability\\_reports/financial\\_reports/service\\_plan.html?WT.mc\\_id=rd\\_serviceplan](https://www.bchydro.com/about/acountability_reports/financial_reports/service_plan.html?WT.mc_id=rd_serviceplan) and Exhibit B-9, BCUC 1.4.4

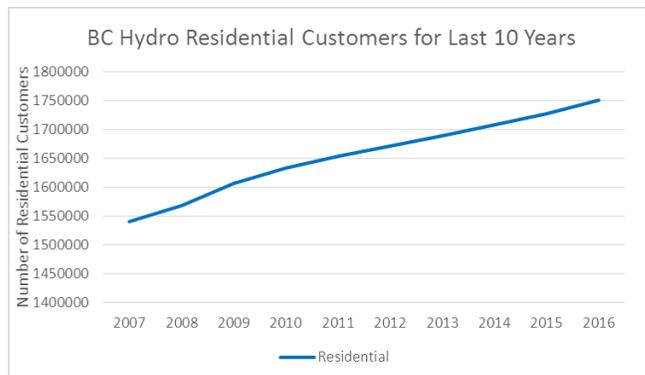
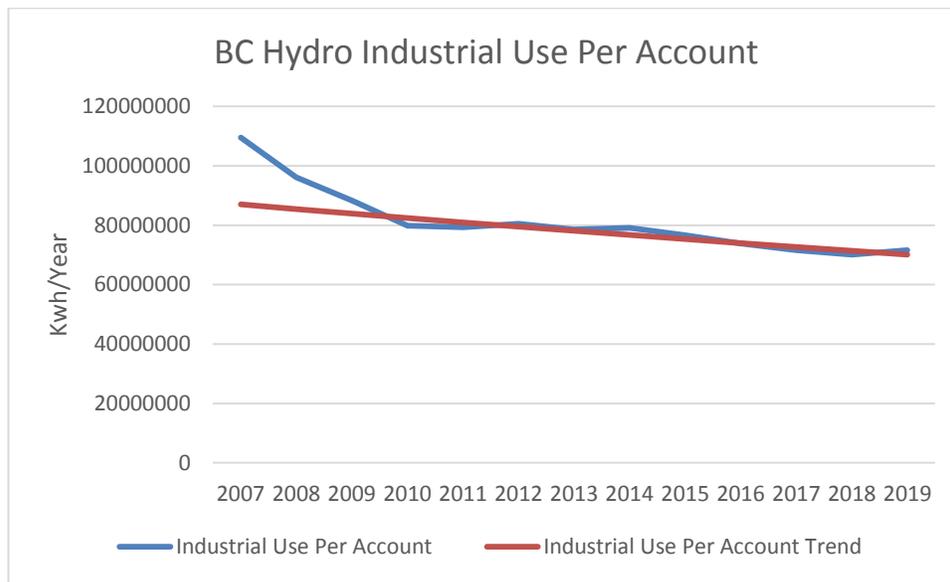
Further, basing a goal on a percentage of load growth presents some practical challenges. In particular, the uneven nature of load growth can lead to rising and falling energy efficiency and conservation investments as growth fluctuates due to external forces. This leads to instability in DSM program funding, which does not send strong positive signals to give the energy efficiency markets confidence in a predictable future. If a step-goal on the path to all cost-effective savings is needed, it might be more effective to base the goal on saving an annual percentage of sales, as do a number of other jurisdictions with energy efficiency resource standards, rather than load growth.

There is a wide understanding among energy efficiency implementers that achieving savings in certain types of programs requires a specialized contractor base—a pool of contractors who have the specific technical skills, sufficient staff capacity, and the willingness to invest in complying with program reporting requirements. Nascent programs frequently invest considerable efforts in recruiting and training contractors so

The CEC has developed the following graphs from CEC 2.133.6.1, BC Hydro Annual Reports and Exhibit B-9, BCUC 1.4.4.







2.1 Would Mr. Grevatt agree that the conservation and efficiency industry in North America and BC along with rates and codes and standards and DSM programming have likely been instrumental in reducing customer demand over the last 10 years? Please discuss and provide any additional evidence Mr. Grevatt may have to support his position.

**Response:**

**Yes, Mr. Grevatt agrees that it is likely that the conservation and efficiency industry in North America and BC along with rates and codes and standards and DSM programming have likely been instrumental in reducing customer demand over the last 10 years, however there are many forces at play, including local and global economic conditions and weather. One study to consider, prepared by ACEEE, is *Why Is Electricity Use No Longer Growing?*<sup>1</sup> In the Abstract, the authors state that they "... hypothesize that electricity savings from energy efficiency programs and from other**

<sup>1</sup> <http://aceee.org/sites/default/files/pdf/white-paper/low-electricity-use.pdf>

**efficiency efforts such as appliance standards and building codes are having a broad national impact on electricity consumption in the United States, possibly contributing significantly to the recent decline in electricity consumption.”<sup>2</sup>**

- 2.2 Please provide Mr. Grevatt’s views on the ability of the energy efficiency industry to continue to create significant load savings in the future given the appropriate opportunities and funding.

**Response:**

**Mr. Grevatt believes that the energy efficiency industry can indeed continue to create significant load savings in the future given the appropriate opportunities and funding. To the extent that the energy efficiency industry has been successful in generating energy savings in the past, it has done so by making it easier for potential participants overcome the barriers that prevent them from adopting energy efficiency without program interventions. There is every reason to believe that similar interventions will continue to be relevant as new technologies are developed that can provide additional energy savings going forward. Too, there are significant energy savings opportunities in North America generally that have not been fully exploited for their savings potential. This is due to several factors, including technical, financial, and regulatory barriers. One source for perspectives on future opportunities for energy efficiency programs are described in *Big Savers: Experiences and Recent History of Program Administrators Achieving High Levels of Electric Savings*, published by ACEEE in 2016.<sup>3</sup> Mr. Grevatt also co-authored a report with Chris Neme for the Regulatory Assistance Project (RAP) titled *The Next Quantum Leap in Efficiency: 30 Percent Electric Savings in Ten Years*<sup>4</sup> which broadly identifies a path to not only maintaining, but increasing savings from energy efficiency programs in the next decade.**

**Also, please see BCSEA-SCBC’s response to Clean Energy Association of British Columbia IR 1.3, 1.4 and 1.5.**

- 2.3 Please identify the jurisdictions that base their goals on saving an annual percentage of sales and provide the most recent goals that are established by each, if available.

**Response:**

**Please see BCSEA’s response to Commission Information Request 1.2.1.**

- 2.4 Please provide Mr. Grevatt’s views as to what an appropriate percentage of annual sales could be established for DSM savings.

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<sup>2</sup> Id. P. iii.

<sup>3</sup> <http://aceee.org/research-report/u1601>

<sup>4</sup> <http://www.raponline.org/knowledge-center/the-next-quantum-leap-in-efficiency-30-percent-electric-savings-in-ten-years/>

**Response:**

Establishing an appropriate percentage of annual sales savings target for BC Hydro would, in Mr. Grevatt’s view, reflect the pursuit of all cost-effective DSM savings over a time period that policy-makers deemed to be reasonable, based on maximizing value to ratepayers. In its response to BCUC IR 1.176.2, BC Hydro provides a table showing that it achieved (or expects to achieve) portfolio total savings equal to 1.6% of sales, and programs only savings equal to 0.7% of sales for Fiscal 2014-2016, and slightly less for Fiscal 2017-2019. This compares with Rhode Island, that in 2015 achieved 2.91% savings, Massachusetts that achieved 2.74% savings, and Vermont that achieved 2.01% savings. While more analysis would be needed to determine what an appropriate savings target might be for BC Hydro, it seems clear that there is considerable room to increase cost-effective savings beyond current levels.

	F2012	F2013	F2014	F2015	F2016	5 year Total
Approved <sup>1</sup>	\$189.5m	\$202.8m	\$154.5m	\$150.7m	\$150.6m	\$848.1m
Spent	\$175.3m	\$150.1m	\$120.3m	\$124.8m	\$145.2m	\$715.7m
Spent as a % of Approved	93%	74%	78%	83%	96%	84%
Actual Energy Savings	1,123GWh	931GWh	686GWh	444GWh	872GWh	4,056GWh
Forecast Energy Savings (	988GWh	1,129GWh	778GWh	578GWh	993GWh	4,466GWh
Actual as a % of Forecast	114%	82%	88%	77%	88%	91%
	Net Levelized Cost (\$/MWh)					
TRC/mTRC	-\$6/na	\$12/-\$12	\$6/-\$15	\$18/-\$5	\$12/-\$8	
UCT	\$4	\$1	-\$2	\$5	-\$1	
Ratepayer Impact Measure (RIM) <sup>2</sup>	\$100	\$89	\$92	\$90	\$84	

Note 1: Approved value is based on the DSM Plan presented in BC Hydro’s Fiscal 2015 to Fiscal 2016 Revenue Requirements Rate Application.

Note 2: Subsection 4(6) of the Demand-Side Measures Regulation indicates that the British Columbia Utilities Commission cannot determine that a demand-side measure is not cost-effective on the basis of the results of a Ratepayer Impact Measure Test. BC Hydro does not rely on the ratepayer impact measure test to assess the cost-effectiveness of its demand-side management.

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2.5 Does Mr. Grevatt expect that DSM savings acquired at these costs could be sold in the electricity markets for a profit, and thereby benefit all BC Hydro customers? Please explain.

**Response:**

Conceptually, if there are potential purchasers who would be willing to pay more for the energy and/or capacity than it costs BC Hydro in DSM expenditures to produce, and if the transmission capacity exists and if the costs of moving the energy/capacity to the point of purchase does not make the total cost too high then yes, it could be possible to sell energy and capacity acquired through DSM savings for a profit, to the benefit of BC Hydro ratepayers. BC Hydro provides a value for its estimated border sell price in its evidence, but Mr. Grevatt has not assessed the reasonableness of BC Hydro’s

<sup>5</sup> Exhibit B-9, BCUC 1.174.1

**estimated value, transmission costs, etc.**

2.6 Does Mr. Grevatt support maximizing the opportunity for providing the benefits of conservation and efficiency to all customers? Please elaborate.

**Response:**

In general terms, Mr. Grevatt supports maximizing the opportunity for providing the benefits of conservation and efficiency to all customers so long as the portfolio of programs is cost-effective using the Societal Test. Mr. Grevatt supports testing at the portfolio level rather than at the program level because achieving other policy objectives, such as customer equity (or “broad access” to programs) may require that some programs in a portfolio are implemented even if they do not in and of themselves meet cost-effectiveness criteria. Further, in Mr. Grevatt’s view, the Societal Test should reflect costs and benefits that are consistent with achieving the long-term policy goals of a jurisdiction. For example, the value provided by DSM programs in helping to meet the Climate Leadership Plan’s goal of zero-emission energy must be reflected in determining the monetary benefits provided by DSM programs.

3.0 Reference: Exhibit C1-8 page 9

It is also true that the DSM Plan portfolio produces less capacity savings than does the 2013 IRP portfolio. The cumulative portfolio-related capacity savings are 223 MW less by F2024. For F2019, representing the cumulative result at the end of the test period, the MW savings are 103 MW less than in the 2013 IRP. This is shown in Figure 6 below:

Cumulative CAPACITY Savings at Customer Meter (MW)									
	Actual / Forecast F2016	Forecast F2017	Forecast F2018	Forecast F2019	Forecast F2020	Forecast F2021	Forecast F2022	Forecast F2023	Forecast F2024
		Test Period							
DSM Plan Total Portfolio	130	276	373	473	556	680	797	869	932
2013 IRP Total Portfolio	217	379	486	576	715	858	972	1,068	1,155
Reduction in Capacity Savings from Programs: 2013 IRP to DSM Plan	-87	-103	-113	-103	-159	-178	-175	-199	-223
		Cumulative -103							

3.1 Please provide Mr. Grevatt’s expectations as to the total costs that will be passed on to ratepayers as a result of BC Hydro’s planned reduction in DSM capacity savings vis a vis the 2013 IRP. Please provide any calculations that Mr. Grevatt uses in his response.

**Response:**

Mr. Grevatt has not prepared an estimate of the total costs that will be passed on to ratepayers as a result of the planned reduction in DSM capacity savings. Mr. Grevatt refers to the reduction in his testimony because it will potentially have a negative

**impact on the Province's pursuit of the CLP. Low-carbon electrification will only be possible if sufficient capacity is available. Mr. Grevatt suggests that the negative impact of reducing cost-effective DSM investments on the Province's ability to aggressively pursue climate goals should be considered in determining the optimum level of DSM investment for BC Hydro to make.**

**Multiplying the capacity savings by the avoided capacity costs used in the cost-effectiveness analysis provides one indication of the costs to customers. For example, in 2017, using the avoided costs in BC Hydro's evidence<sup>6</sup> suggests that the one-year value of the 103 MW reduction in capacity savings would be:**

$$103 \text{ MW} \times [(\$37 \text{ per kW-year} + \$0 + \$11) \times 1000] = \$4.944 \text{ million}$$

**Lost savings for just the Test Period would be more or less three times this amount, and they would be considerably greater over the duration of the programs. This is only a simplistic illustration, and it should be noted that it uses the avoided costs as provided by BC Hydro that are not corrected to the current year (Fiscal 2016 \$ for avoided generation and Fiscal 2011 \$ for avoided regional transmission and substation capacity). It should also be noted that ratepayers face the loss of additional monetary savings that they would have received from DSM energy savings—the savings in the illustrative calculation above are only for capacity.**

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<sup>6</sup> Appendix X, Table X-1, Portfolio-Wide Assumptions.

4.0 **Reference: Exhibit C1-8, page 10 and 11**

2. **BC Hydro refers to “changing customer needs” as one rationale for modifying the program offerings in the proposed plan, but provides no evidence that customers do not continue to also want and need opportunities to participate in “traditional” programs. Participation levels in the DSM Plan represent only a fraction of the likely number of eligible customers.**

In its response to BCSEA-SCBC IR 1.3.6.1, BC Hydro provides several studies that informed its understanding of changing customer expectations and explains that its DSM portfolio has been modified accordingly. EFG agrees that the studies “provide support...for broadening the energy management focus within BC Hydro’s proposed Demand-Side Management Plan, investigating new and emerging technologies and moving to engage BC Hydro’s customers digitally.”<sup>17</sup> While it is appropriate for BC Hydro to explore and address these innovative opportunities, EFG does not believe that the studies suggest that an “either/or” decision is appropriate. Rather, EFG suggests that it would be more appropriate to describe customer expectations for efficiency and conservation opportunities as “growing” rather than “changing.” This would be consistent with BC Hydro’s acknowledgment that the studies “...do not comment on

EFG finds two important points here. First, BC Hydro has not provided an estimate of the number of customers who may have cost-effective efficiency opportunities of which they are unaware because BC Hydro in the DSM Plan has reduced customer outreach in order to reduce the DSM budget.

Second, by implying that program participation needs to be time-limited to keep within budgets BC Hydro implicitly acknowledges that there will be unmet customer demand for programs and that additional participation would occur should program budgets be larger than those in the DSM Plan. These conclusions are supported by looking at historic participation levels compared with the eligible population.

- 4.1 Please provide further details and provide evidence for Mr. Grevatt’s views that customer expectations for efficiency and conservation opportunities are ‘growing’.

**Response:**

**See response to 4.2.**

- 4.2 Please provide any explanations that Mr. Grevatt may be able to offer for the increasing customer expectations, such as attitudinal changes or younger generation outlooks etc.

**Response:**

**To be precise, Mr. Grevatt did not say in his testimony that it is his view that customer expectations are growing. Rather, he suggested that it would be a more appropriate position for BC Hydro to take based on the evidence it had gathered. The reason for this is simple common sense: in the absence of evidence that customers no longer care about traditional DSM programs, it is very risky to act as if that is a supportable conclusion because it may undermine the continued success of the programs in achieving energy savings. Assuming that customers' previous expectations are null because the studies suggest that there are new expectations is speculative without basis in evidence. Suggesting significant directional changes for programs on what amounts to assumptions that have not been tested puts savings at risk. If BC Hydro thinks that reducing its emphasis on traditional DSM programs is warranted then it should vet that hypothesis with its customers—and it has not done so.**

**Mr. Grevatt is not a social scientist and would not presume to speculate on attitudinal changes or younger generation outlooks. In its response to BCSEA IR 1.3.6.1, BC Hydro provided reports that it referenced in its analysis of customer attitudes and expectations, and Mr. Grevatt does not suggest that these studies are incorrect in identifying that new customer expectations are following from technological developments and societal changes. However, Mr. Grevatt is skeptical regarding BC Hydro's apparent conclusion that previously identified customer expectations for services provided by the utility are no longer relevant because new expectations have been identified.**

- 4.3 Would Mr. Grevatt agree that a long-term history of DSM programming and increasing familiarity with conservation issues is likely to become embedded in customer expectations for the future? Please explain why or why not.

**Response:**

**Yes, Mr. Grevatt agrees that the availability of DSM programming is likely to become an embedded customer expectation. Many utilities in North America, no doubt BC Hydro among them, have actually viewed DSM programs not only as a means of complying with regulatory obligations, but also a powerful and effective tool for changing customers' view of the utility from a rules-driven monopoly energy provider to a multi-faceted, customer-focused energy services provider. BC Hydro states that "Our vision is to be the most trusted, innovative utility company in North America by being smart about power in all we do," and also that "Our social bottom line includes how we ensure the safety and well-being of people – our employees, customers and the general public – and the health of the communities in which we live and work."<sup>7</sup> Implementing effective DSM programs can be used to earn the trust of customers and demonstrate that the organization does in fact, care about ensuring the well-being of people— but taking**

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<sup>7</sup>[https://www.bchydro.com/about/who\\_we\\_are/strategy\\_plans.html](https://www.bchydro.com/about/who_we_are/strategy_plans.html)

**advantage of programs' inherent ability to do this would logically have the effect of embedding expectations for these services with customers.**

**5.0 Reference: Exhibit C1-8, page 13**

For example, BC Hydro estimates that scaling back the Leaders in Energy Management-Commercial program will reduce participation by 2,356 projects<sup>27</sup>— projects that would occur if budgets remained at the 2013 IRP level. It is difficult to reconcile such a reduction in participation with the concept of broad access. Rather, the DSM Plan might be better described as providing targeted opportunities to all customer classes, which is not the same in EFG's view as broad access, and which EFG views as insufficient.

5.1 Please provide Mr. Grevatt's views as to the parameters that would enable a program to be considered as having 'broad access'.

**Response:**

**First, it is Mr. Grevatt's view that "broad access" should be considered at the portfolio, rather than at the program level. It is not necessary for all programs in a portfolio to provide broad access, so long as broad access is sufficiently provided by the portfolio as a whole. For example, a small business customer may not need to have access to a strategic energy management program aimed at industrial customers having process loads if that customer has access to, for example, a direct install program that is more closely suited to the likely needs of small businesses. The concept of broad access needs to hold true for a sufficient variety of programs to allow customers across the full range of sectors and classes to participate in at least one, or potentially more programs.**

**Some criteria that can be used to establish broad access might include:**

- 1. There is sufficient awareness of the programs such that eligible customers could reasonably be expected to know that programs are available;**
- 2. The program support offered to customers (incentives, technical assistance, etc.) of whatever kind is sufficient to reasonably overcome customer barriers, thereby making it possible for customers to participate;**
- 3. The budgets made available for the program are sufficient to accommodate anticipated participation without having to suppress or suspend enrollments for fear of over-committing the budget. Note that it may be acceptable to offer some "limited-time" programs to targeted customer groups as long as those are not the only programs available.**

**6.0 Reference: Exhibit C1-8, page 18**

Capacity-focused DSM can provide both a cost-effective system-wide resource and also valuable relief in constrained service delivery areas, especially when used in conjunction with other geographically-targeted demand-side resources. Capacity-focused DSM is a resource that can compare favourably to supply-side capacity resources in terms of carbon emissions, capital cost and lead time.

Industry leading conservation and efficiency administrators consider energy efficiency, distributed energy resources, and demand-response to all be valuable tools in managing supply and demand. For example, Con Edison is currently implementing a massive project in New York City known as the Brooklyn Queens Demand Management

(BQDM) program to address a rapidly expanding load in a section of its service territory:

“The BQDM Program was approved by the New York Public Service Commission on December 12, 2014, when it issued its Order Establishing Brooklyn/Queens Demand Management Program. Under the BQDM program, Con Edison intends to procure 52 MW of non-traditional resources by summer of 2018, with 41 MW of the total 52 MW expected to be provided by customer-side solutions such as DR, energy efficiency, storage, fuel cells and CHP. These resources will enable the deferral of a major new substation build by over 5 years while resulting in benefits to customers.”<sup>41</sup>

Other leading examples of using geographically targeted energy efficiency as a resource to defer capacity-related construction projects can be found in *Energy Efficiency as a T&D Resource: Lessons from Recent U.S. Efforts to Use Geographically Targeted Efficiency Programs to Defer T&D Investments*.<sup>42</sup>

Deploying a combination of cost-effective solutions to defer construction of utility infrastructure makes sense. EFG suggests that the Province could benefit from having BC Hydro explore and learn about such approaches, including targeted energy efficiency, as means for addressing any future system constraints that could arise.

6.1 Please confirm that capacity-focused DSM would need to be considered reliable in order to defer capacity-related construction projects.

**Response:**

**It is confirmed that capacity-focused DSM would need to be considered reliable. However, how reliability is defined for capacity-focused DSM is worth careful thought, and will vary depending on the program design in question. For example, a demand-response program might offer customers who had enrolled in the program an option of deciding not to participate for some number of events of their choice. If the utility needs 1000 customers to participate in order to provide the reduced load that it needs, it may be necessary to enroll 1200, or 1400, or 2000 customers in the program to make sure that the number of customers who opt-out of a given event is not more than would assure that at least 1000 participate when needed. In other words, to be reliable it may not be required that 100% of customers participate in a given event, but it is required that the company is able to be confident that the number of customers that it needs to participate, will participate. If that was the case, then the savings would be considered reliable.**

**In contrast, a program design that provided the utility with direct load control—the ability to curtail energy service to participating customers regardless of how they are feeling about it on a particular day—would have different criteria for determining the reliability of the savings.**

6.1.1 If not confirmed, please explain why not.

**Response:**

**Confirmed.**

6.2 How can BC Hydro best determine the reliability of its capacity focused DSM programs? Please explain.

**Response:**

**BCSEA suggests that BC Hydro can best determine the reliability of its programs through a combination of research into capacity-DSM programs implemented in other jurisdictions and pilot-testing its own programs to gauge results. There are a wide variety of capacity DSM or demand response programs that are currently being offered or tested, and BC Hydro should be cautious about assuming that results for its programs will be similar to those of other programs unless the program designs are similar.**