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British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC, V6Z 2N3
Attn: Patrick Wruck, Commission Secretary
By Web Posting

Dear Sir:

Re: FortisBC Energy Inc. 2017 Long Term Gas Resource Plan ~ Project No.1598946
B.C. Sustainable Energy Association and Sierra Club B.C. Submissions regarding
Intervener Evidence

This is BCSEA-SCBC's response to the Commission's June 6, 2018 letter¹ requesting BCSEA-SCBC's submissions regarding the expert evidence BCSEA-SCBC intends to file.

By letter of May 30, 2018, BCSEA-SCBC provided notice of their intention to file expert evidence addressing FEI's Long Term Demand-Side Management Plan.² The letter ought to have provided detail. I apologize for the oversight.

The Panel's June 6, 2018 request for input

The Panel seeks input as follows:

“The Panel seeks input from BCSEA, FEI and other interveners regarding the nature and scope of the evidence to be filed as well as further regulatory process. Specifically, the Panel requests that BCSEA provide a written submission that includes the information listed below, by **Thursday, June 28, 2018**:

- i. A prioritized list containing a brief description of each topic BCSEA intends to pursue through its expert evidence. The descriptions should link each of the topics to the relevant legislative requirements for the review of the LTGRP.
- ii. A description of the nature of BCSEA's evidence (for example, whether it is an independent study/academic article/industry research/other material).
- iii. A discussion of how the evidence could provide information to the Panel in a way that could not be done through information requests or final arguments.
- iv. A discussion on further process for the review of FEI's 2017 LTGRP, including an estimate of the amount of time to: (a) prepare the expert evidence; and (b) respond to information requests on the expert evidence.”

¹ Exhibit A-5.

² Exhibit C2-4.

BCSEA-SCBC's submissions are provided in the order listed in the Commission's June 6, 2018 letter.

i. BCSEA-SCBC Evidence Topics

BCSEA-SCBC's evidence will be provided by Mr. Jim Grevatt, a Managing Consultant with Energy Futures Group (EFG).

Evidence Topics

The EFG evidence will address two points:

1. the potential for using DSM for capacity savings to defer infrastructure investments, and
2. the estimation of long term DSM energy savings.

1. Regarding DSM capacity savings, EFG will say that FEI's long term plan is insufficient in having no timeline for determining the potential for using DSM for capacity savings to defer load growth-related investments. EFG will provide analysis with examples from other jurisdictions of evidence and regulatory directives regarding evaluation of DSM as a more cost-effective alternative to capacity-driven natural gas transmission and distribution (T&D) approvals. EFG's evidence will show that regulators in several jurisdictions have required that analysis of DSM alternatives accompany any request for infrastructure approvals. The evidence will also show that at least one regulator has required the utility to provide capacity-focused DSM analysis to the regulator sufficiently in advance of the forecast date of the capacity gap to allow the potential deployment of capacity-focused DSM resources to meet the gap (rather than leaving the regulator 'forced' to approve supply-side investments because demand-side resources could not be deployed in time to meet the gap.)

2. Regarding the estimation of long term DSM savings, EFG will say that FEI's approach to developing its "Reference Case" DSM savings trajectory is inadequate. FEI relies on the Conservation Potential Review by Navigant Consulting Ltd.,³ which rejects "Maximum Achievable Savings" and instead provides estimates of what it calls "Market Potential" and "Program Potential." EFG will say that this leaves an information gap that causes the DSM savings projection in the "Reference Case" to be overly conservative (low) because the full scale of available savings is not considered.

In addition, EFG will identify errors in FEI's comparison of its projected reference case savings to those of non-Energy Efficiency Resource Standards (non-EERS) jurisdictions.⁴ EFG will estimate the scale of energy savings that FEI should be considering in the 2017 LTGRP, based on leading jurisdictions and modifications to the overly conservative assumptions in the CPR.

These two points of evidence are described in numerical order. However, BCSEA-SCBC hesitate to characterize one topic as higher or lower priority than the other.

Link to Statutory Review Requirements

The two topics to be addressed by BCSEA-SCBC's evidence relate to the long term DSM plan component of the 2017 LTGRP.

³ "BC Conservation Potential Review Report for FEI," Exhibit B-1, Appendix C-1, pdf p.348.

⁴ Exhibit B-6, FEI Response to BCSEA 2.53.1, pdf p. 35.

FEI filed the 2017 LTGRP as required by section 44.1 of the *Utilities Commission Act*. Section 44.1(2)(b) of the UCA requires that a long term resource plan, such as the LTGRP, include a plan of how the public utility intends to reduce estimated energy demand by taking cost-effective demand-side measures. Section 44.1(2)(f) requires that the LTGRP include an explanation of why the demand for energy to be served by any proposed facilities and purchases are not planned to be replaced by demand-side measures.

Section 44.1(8) lists factors the Commission must consider in determining whether to accept a long term resource plan. Paragraphs (a), (c), and (d) are relevant to the Commission's review of the FEI 2017 LTGRP. Section 44.1(8) states:

“44.1 (8) In determining under subsection (6) whether to accept a long-term resource plan, the commission must consider

- (a) the applicability of British Columbia's energy objectives,
- (b) the extent to which the plan is consistent with the applicable requirements under sections 6 and 19 of the *Clean Energy Act* [not relevant in the current proceeding],
- (c) whether the plan shows that the public utility intends to pursue adequate, cost-effective demand-side measures, and
- (d) the interests of persons in British Columbia who receive or may receive service from the public utility.”

In Table 1-2, FEI lists UCA requirements and corresponding sections of the 2017 LTGRP.⁵ In Table 1-3, FEI lists applicable B.C. energy objectives and identifies where it says these are addressed in the LTGRP.⁶ FEI says the 2017 LTGRP meets the requirements of sections 44.1(2)(b) and (f) by addressing, among other things, how FEI plans to use DSM activities to reduce energy consumption and defer new infrastructure projects.⁷

In contrast, BCSEA-SCBC will argue, among other things, that in determining whether to accept or reject the 2017 LTGRP, in whole or in part, the Commission should take into consideration that the long term DSM component of the plan is deficient regarding the potential for using DSM for capacity savings to defer infrastructure investments and the estimation of long term DSM energy savings. These arguments will be supported by the expert evidence that BCSEA-SCBC propose to provide.

BCSEA-SCBC respectfully submit that the framework for the Commission's consideration of acceptance or rejection, in whole or in part, of a regulated public utility's long term resource plan under section 44.1 of the UCA requires consideration of the substantive contents of the plan. To respond anticipatorily to a potential argument that BCSEA-SCBC do not know whether FEI will make, it is submitted that the section 44.1 framework does not contemplate the Commission limiting its consideration of a long term resource plan to determining if, in effect, the plan's table of contents includes the requisite topics. Accordingly, it is submitted that the expert evidence

⁵ Exhibit B-1, pdf p.31.

⁶ Exhibit B-1, pdf pp.32-33.

⁷ Exhibit B-1, pdf p.152.

BCSEA-SCBC propose to file is relevant and material to the Commission's review of the 2017 LTGRP within the statutory framework.

ii. BCSEA-SCBC's Expert Evidence

BCSEA-SCBC's evidence will be in the form of a report by an expert witness. Mr. Grevatt and Energy Futures Group are described as follows:

"EFG is a clean energy consulting firm based in Hinesburg, Vermont with offices in Boston and New York. EFG specializes in the design, implementation and evaluation of programs and policies to promote investments in efficiency, renewable energy, other distributed resources and strategic electrification. Recent work includes supporting the development of and/or critically reviewing efficiency program portfolios and policies in 12 of the 15 highest ranking states in ACEEE's 2017 State Energy Efficiency Scorecard, as well as in Ontario and British Columbia.

Mr. Grevatt provided testimony on behalf of Natural Resources Defense Council and Sierra Club that was integral to the Colorado Public Utilities Commission's decision to increase the regulated utility's annual energy savings requirement by 20%. With over 25 years' experience in clean energy, Mr. Grevatt has provided testimony in the past year in proceedings in Kentucky, Maryland, North Carolina, Colorado, and British Columbia, and is currently engaged to provide testimony in additional cases in Colorado, Nevada and Iowa."

iii. BCSEA-SCBC Evidence Not Replaceable by IR Responses and Final Argument

FEI's IR responses are on the evidentiary record, independent of whether the Panel allows BCSEA-SCBC to provide their proposed evidence. Therefore, the question becomes whether the Commission Panel could obtain equivalent information if BCSEA-SCBC (and other interveners) addressed the two points (the potential for using DSM for capacity savings to defer infrastructure investments and the estimation of long term DSM energy savings) regarding FEI's long term DSM plan in their final argument without having Mr. Grevatt's evidence on the record.

In the absence of Mr. Grevatt's evidence, BCSEA-SCBC would have to do their best to make their final arguments as persuasively as possible. However, argument itself is not a substitute for expert evidence. The Commission has frequently noted the distinction between argument and evidence.

iv. Regulatory Timetable

BCSEA-SCBC request three weeks to file the proposed expert evidence from the date of the Commission's revision of the regulatory timetable, and two weeks to file responses to information requests following the deadline for IRs. They would suggest that information requests be due two weeks after the deadline for filing the evidence. It is noted that typically the Commission would also provide a deadline for the utility to provide rebuttal evidence if it chooses to do so.

The following are potential dates assuming a procedural decision by July 6, 2018:

- procedural decision anticipated by July 6, 2018,

- BCSEA-SCBC evidence due July 27, 2018,
- Information requests on BCSEA-SCBC evidence due August 10, 2018,
- BCSEA-SCBC responses to information requests due August 24, 2018,
- FEI rebuttal evidence, if any, by September 14, 2018.

Conclusion

BCSEA-SCBC's proposed expert evidence goes directly to whether the long term DSM component of the LTGRP is deficient regarding the potential for using DSM for capacity savings to defer infrastructure investments and the estimation of long term DSM energy savings. These are relevant and material points within the statutory framework of the Commission's consideration of the 2017 LTGRP. Amending the regulatory timetable to provide for receipt and testing of the evidence would not cause an unreasonable delay. It is respectfully submitted that the Commission should exercise its discretion to receive the proposed evidence.

Yours truly,

William J. Andrews



Barrister & Solicitor