

Industrial Customers Group (ICGö)
Information Request No. 1

FortisBC Inc. (“FBC”)
Application for Acceptance of Demand Side Management Expenditures Plan for the Period Covering 2019 to 2022

1.0 Reference: 2017 COSA and Rate Design Proceeding, Project No. 1598939, Exhibit B-15, ICG IR 2.1

“FBC provides examples of its commitment to the Climate Leadership Plan (CLP). Does FBC consider its proposal to offer “customized” (reduced incentives) DSM programs to its self-generating customers to be in alignment with the CLP’s stated objectives of increasing efficiency through expansion of DSM programs?”

Response: FBC notes that this question falls into the category of, “...interrogatories or requests for information of this nature that are not directly related to either the COSA or FBC’s Rate Design Application”, that the Commission indicated should be avoided in the Decision attached to Order G-62-18 in this process.

In addition, pursuant to Commission Order G-72-18, the customer program is being discussed in a separate Commission process at this time.”

1.1 Please file the relevant record and respond to the above noted information request filed in the 2017 Cost of Service Analysis and Rate Design proceeding.

2.0 Reference: Exhibit B-1, page 13

“EECAG is FEI’s long-standing advisory group. As part of ongoing C&EM integration efforts, the November 2017 EECAG meeting was “joint” with both gas and electric stakeholders present to discuss FEI and FBC’s 2019-22 DSM Plans.”

2.1 Please identify the participants at the November 2017 EECAG meeting.

3.0 Reference: Exhibit B-1, page 14

“Over half (\$4.0 million) of the \$7.7 million increase is allocated to lighting measures in the Industrial Sector, largely to address agriculture process lighting in the emergent cannabis industry.”

3.1 Please comment on whether FortisBC intends to apply the sliding scale mechanism identified in Section 5.2 of the 2016 LTERP and LT DSM Plan Application during the period of this Application from 2019 to 2022?

- 3.2 If so, please identify Commission approvals relevant to the sliding scale mechanism?
- 3.3 If the sliding scale mechanism was not approved by the Commission, does FortisBC believe it does not require Commission approval to apply the sliding scale mechanism?
- 3.4 Please explain the methodology for forecasting DSM Plan expenditures for self-generation customers?
- 3.5 Please discuss how FortisBC intends to calculate the amount of DSM incentive to a cannabis grower that installs self-generation.
- 3.6 If a cannabis grower installs self-generation immediately after receiving a DSM incentive, would there be a claw-back mechanism to recoup any portion of the DSM incentive?
- 3.7 Has the recent rescindment of FBC's Rate Schedule 90 changed in any way FBC's view of the eligibility of self-generators to undiscounted access to DSM programs or incentives?

4.0 Reference: Exhibit B-1, page 16

“Navigant uses DSMSim™ a proprietary bottom-up technology diffusion and stock tracking model implemented using a System Dynamics framework.”

- 4.1 Please provide additional details of the DSMSim modelling tool, including a list of both input parameters and resultant outputs.

5.0 Reference: Exhibit B-1, page 20

“Figure 5-3 illustrates the amount of electric savings in the market potential included in consumer electronics, the kraft pulp and paper customer segment, and from codes and standards, which historically have not contributed to FBC's DSM program savings. Savings from those areas represent 168 GWh or nearly 28 percent of the total cumulative market potential by 2035. The remaining 425 GWh of market potential comes from measures typically included in FBC's DSM programs.”

- 5.1 Please provide the values market potential electric savings in the kraft pulp and paper customer segment in tabular form.
- 5.2 Please identify the specific measures, initiatives and programs and the energy savings attributable to each that make up the market potential electric savings in the kraft pulp and paper customer segment for each of the next five years.
- 5.3 Please explain how FBC expects the kraft pulp and paper customer segment market potential electric savings to be realized if a sliding scale mechanism

is applied to the DSM incentives.

6.0 Reference: Exhibit B-1, page 23

“The governing TRC test is often expressed as a ratio of the benefits of a DSM measure divided by the measure’s cost, including the utility’s program costs. The benefits are the “avoided costs”, calculated as the present value over the effective measure life of:

- i. the measure’s energy savings, valued at the LRMC; and**
- ii. the measure’s demand savings, valued at the DCE.**

The measures’ energy and demand savings are grossed-up by the avoided transmission and distribution energy losses (“line losses”) of 8 percent before the benefits are calculated.”

- 6.1 Please explain whether the concept of a “sliding scale” mechanism applied to DSM incentives for self-generators is suggested anywhere in the provincial DSM Regulation or has received any form of Commission approval for projects or initiatives that pass the TRC test?
- 6.2 Please explain whether the TRC test considers only the utility costs and energy savings associated with a specific measure, initiative and program, or portfolio?
- 6.3 Please reconcile the 8 percent gross-up for losses against the loss values of 2.86 percent for transmission connected service and 4.26 percent for distribution connected service as referenced on page 105 of Exhibit B-1 in FBC’s 2017 COSA and Rate Design Proceeding (Project No. 1598939).

7.0 Reference: Exhibit B-1, page 29

“For the above reasons, FBC is requesting approval to move to a 15-year amortization period for its DSM expenditures.”

- 7.1 Please provide any analysis or studies relevant to the average weighted measure life of all measures in the DSM Plan?
- 7.2 Please explain how FBC uses the persistence of energy savings in program design? If so, please comment on whether FBC proposes to change the persistence of energy savings to match the average weighted measure life of the DSM Plan?

8.0 Reference: Exhibit B-1, Appendix A, 2019 to 2022 DSM Plan, page 10

“The Industrial Program Area has changed from the 2018 DSM Plan (with its single Industrial Efficiency program) to providing two core programs, Prescriptive and Custom, per the Commercial Program Area.”

“Alternatively, for select qualifying measures such as lighting and irrigation equipment, industrial customers can receive their incentive as a point-of-sale rebate from participating trade allies.”

- 8.1 If FBC proposes to apply the “sliding scale” mechanism to the Prescriptive Program, please explain how the “sliding scale” mechanism would be applied to point-of-sale rebates from participating trade allies?
- 8.2 If FortisBC intends to apply the “sliding scale” mechanism to just one of these two programs, please explain the rationale for such different treatment?
- 8.3 Please provide a full description of the two core programs, including nominal incentives for energy savings and feasibility studies and persistence?

**9.0 Reference: Exhibit B-1, Appendix A, 2019 to 2022 DSM Plan, Table 5-1, page 10
Exhibit B-1, Appendix E, FBC DSM 2017 Annual Report, Table 5-1, page 15**

“The Industrial Efficiency program achieved savings of 0.9 GWh, or 56 percent of the 1.6 GWh Plan for 2017 and a decrease over 2016 savings of 2.1 GWh.”

- 9.1 Please explain the changes FBC intends to make to the Industrial Program Area to achieve 10 GWh of savings in 2019, when only 0.9 GWh of savings were realized in 2017?
- 9.2 Please identify the amount of industrial program area energy savings that were not realized in 2017 and/or 2018 because of projects that were not implemented due to FBC’s proposed application of the “sliding scale” mechanism to the DSM incentives for self-generators.

10.0 Reference: Exhibit B-1, Appendix A, 2019 to 2022 DSM Plan, Section 7.1, page 14

“The Commercial Energy Specialist Program is a joint initiative between FBC and FEI that co-fund Energy Specialist positions in large commercial organizations. FBC provides up to \$30,000 per year in an annual contract with the remaining \$30,000 provided by FEI. Energy Specialists’ key priority is to identify and implement opportunities for their organization to participate in FBC and FEI’s DSM programs, while also identifying and implementing non-program specific opportunities to use electricity and natural gas more efficiently.”

- 10.1 Will the Commercial Energy Specialist Program be accessible by industrial customers, and if so, will a “sliding scale” mechanism be applied to the incentives available to self-generators?

11.0 Reference: Exhibit B-1, Appendix A-1, Kelowna Demand Response Assessment

- 11.1 Please discuss whether there has been any study performed to examine the correlation of the Kelowna peak summer daily loads being offset by distributed

generation such as solar photovoltaic? Has FortisBC examined providing incentives for solar photovoltaic net metering installations to offset the peak summer daily loads?

- 11.2 Was examining summer daily peak load offset by solar PV net metering installations part of the Enbala study scope, and if not, why not?