



**ORDER NUMBER**  
**G-273-19**

IN THE MATTER OF  
the *Utilities Commission Act*, RSBC 1996, Chapter 473

and

FortisBC Energy Inc.  
2019-2022 Demand Side Management Industrial Expenditure Budget Transfer

**BEFORE:**

A. K. Fung, QC, Commissioner

on November 5, 2019

**ORDER**

**WHEREAS:**

- A. On January 17, 2019, the British Columbia Utilities Commission (BCUC) issued its decision by way of Order G-10-19 in the FortisBC Energy Inc. (FEI) Application for Acceptance of 2019-2022 Demand Side Management (DSM) Expenditures Plan proceeding, approving, among other things, FEI's request that funding transfers follow the same process as was established in the FortisBC Energy Utilities 2012 and 2013 Revenue Requirements and Natural Gas Rates Decision;
- B. On September 18, 2019, FEI filed for approval to transfer \$3.4 million into the Industrial Program Area in order to meet higher than anticipated demand, in the event that actual Industrial expenditures exceed 25 percent of planned expenditures at year-end (Application);
- C. By letter dated October 8, 2019, the BCUC invited the public to file letters of comment in respect of the Application by October 25, 2019, with further process to follow;
- D. By Order G-254-19, dated October 23, 2019, the BCUC established a regulatory timetable which provided for BCUC information requests (IRs) to FEI to be filed on October 24, 2019, letters of comments to be filed on October 25, 2019 and responses to BCUC IRs to be filed by October 30, 2019;
- E. On October 25, 2019, BC Sustainable Energy Association filed a letter confirming its support for BCUC approval of the Application;
- F. By letters dated October 25, 2019, the Commercial Energy Consumers Association of British Columbia (CEC) and the British Columbia Old Age Pensioners' Organization, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, the Tenant Resource and Advisory Centre, Active Support Against Poverty, and Together Against Poverty Society (BCOAPO) requested a delay in the filing date for letters of comment to allow parties to provide comments after review of FEI's responses to the BCUC IRs (Extension Requests);
- G. On October 30, 2019, FEI filed its IR responses and its submission with respect to the Extension Requests;

- H. By Order G-262-19, dated October 31, 2019, the BCUC granted the Extension Requests for letters of comment, with a revised deadline of November 1, 2019;
- I. By letter dated November 1, 2019, the Commercial Energy Consumers Association submitted comments in support of FEI's Application;
- J. By letter dated November 1, 2019, BCOAPO submits that FEI has not adequately supported the proposed reallocation of 2019 DSM spending and that the Application should not be approved; and
- K. The Panel has reviewed the Application along with the evidence and letters of comment and considers the following determinations are warranted.

**NOW THEREFORE** pursuant to section 44.2 of the *Utilities Commission Act*, with Reasons for Decision to be issued at a later date, the BCUC orders as follows:

1. Pursuant to Order G-10-19, FEI is approved to transfer funds into the Industrial Program Area that exceed 25 percent of the total 2019 Industrial Program Area approved funding from both the Residential and Commercial Program Areas' total 2019 approved funding, provided that the transfers of funds from the Residential and Commercial Programs Areas do not exceed 25 percent of the planned expenditures in each of those program areas for 2019.
2. FEI is directed to include in a compliance filing to the BCUC on or before January 31, 2020, confirmation of the actual amounts transferred from the Residential and Commercial Program Areas pursuant to the approval of the funding transfers above, along with a table summarizing the 2019 DSM Program Area Spending – Planned versus Actual, explaining any material variances and indicating any amounts that are proposed to be rolled over into 2020.
3. FEI is directed to include in its 2019 DSM Annual Report the actual 2019 Program Area expenditures and a breakdown of any transfer of funds between Program Areas along with an updated table in the form of Exhibit B presented to the Energy Efficiency and Conservation Advisory Group for review of Anticipated DSM Funding Transfer Between Program Areas, dated September 3, 2019, showing the updated Program Energy Savings Estimates: 2019 DSM Plan Compared to 2019 Actual Energy Savings.

**DATED** at the City of Vancouver, in the Province of British Columbia, this 5<sup>th</sup> day of November 2019.

BY ORDER

*Original signed by:*

A. K. Fung, QC  
Commissioner

**FortisBC Energy Inc.**

**2019-2022 Demand Side Management Industrial Expenditure  
Budget Transfer**

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**Reasons for Decision**

November 29, 2019

Before:  
A. K. Fung, QC, Commissioner

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## **1.0 Introduction**

These Reasons for Decision are rendered pursuant to the BCUC's Order G-273-19 issued on November 5, 2019 in response to FortisBC Energy Inc.'s (FEI) application for approval of certain funding transfers as described below.

On September 18, 2019, and in accordance with the funding transfer rules approved earlier in Order G-10-19 relating to FEI's application for acceptance of its 2019-2022 Demand Side Management (DSM) Expenditures Plan (DSM Application), FEI filed an application with the British Columbia Utilities Commission (BCUC) requesting approval to transfer funds in the event that actual Industrial Program Area expenditures exceed 25 percent of planned expenditures at year-end as currently projected (Application). Specifically, FEI requests BCUC acceptance to transfer unused DSM Expenditures Plan funds for 2019 into the Industrial Program Area from a combination of funds allocated to the Residential and Commercial Program Areas for 2019.

### **1.1 DSM Application**

By Order G-10-19 dated January 17, 2019, the BCUC accepted FEI's 2019-2022 DSM Expenditures Plan schedule, setting out total DSM planned expenditures of \$324.6 million for 2019 through 2022. In addition, the BCUC approved FEI's proposed addition to existing funding transfer rules to permit FEI to rollover unspent funds from one program area to the same program area in the following year. In doing so, the BCUC also confirmed the funding transfer rules which were established in the FortisBC Energy Utilities (FEU) 2012 and 2013 Revenue Requirements and Natural Gas Rates Decision (2012-2013 RRA Decision). Those rules outline FEI's ability to transfer DSM funding under an approved DSM expenditure schedule as follows:

Accordingly, the Commission approves the movement of funding to a maximum of 25 percent from one approved Program Area to another approved Program Area without prior approval of the Commission. In cases where a proposed transfer into an approved Program Area is greater than 25 percent of that approved Program Area, prior Commission approval is required. Finally, the transfer of funds ... to Innovative Technologies ... will require prior Commission approval.<sup>1</sup>

### **1.2 Regulatory Process**

By letter dated October 8, 2019, the BCUC invited members of the public, including interveners in the DSM Application, to submit comments on the Application to the BCUC by October 25, 2019.

By Order G-254-19 dated October 23, 2019, the BCUC established a regulatory timetable providing for one round of BCUC information requests (IRs) to FEI, with further process to follow.

On October 25, 2019, BC Sustainable Energy Association (BCSEA) filed a letter of comment confirming its support for BCUC approval of the Application.

By letters dated October 25, 2019, the Commercial Energy Consumers Association of British Columbia (CEC) and the British Columbia Old Age Pensioners' Organization, Council of Senior Citizens' Organizations of BC, Disability Alliance BC, The Tenant Resource and Advisory Centre, Active Support Against Poverty, and Together Against Poverty Society (BCOAPO ) requested a delay in the filing date for letters of comment to allow parties to provide comments after review of FEI's responses to the BCUC IRs (Extension Requests).

On October 30, 2019, FEI filed its IR responses and its submission with respect to the Extension Requests.

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<sup>1</sup> FEU, 2012-2013 RRA Decision and Order G-44-12, dated April 12, 2012, p. 173.

By Order G-262-19 dated October 31, 2019, the BCUC granted the Extension Requests for letters of comment, with a revised deadline of November 1, 2019. The BCUC received letters of comment from CEC and BCOAPO on November 1, 2019.

### 1.3 Legislative and Regulatory Context

As already noted, by Order G-10-19 issued on January 17, 2019, the BCUC accepted FEI's 2019-2022 DSM Expenditures Plan pursuant to section 44.2 of the *Utilities Commission Act* (UCA).

Section 44.2(5) states:

In considering whether to accept an expenditure schedule filed by a public utility other than the authority, the commission must consider

- (a) the applicable of British Columbia's energy objectives,
- (b) the most recent long-term resource plan filed by the public utility under section 44.1, if any,
- (c) the extent to which the schedule is consistent with the applicable requirements under sections 6 and 19 of the *Clean Energy Act*,
- (d) if the schedule includes expenditures on demand-side measures, whether the demand-side measures are cost-effective within the meaning prescribed by regulation, if any, and
- (e) the interests of persons in British Columbia who receive or may receive service from the public utility.

Section 4 of the Demand-Side Measures Regulation (DSM Regulation)<sup>2</sup> defines the process for determining cost-effectiveness of the demand-side measures for the purposes of section 44.2(5)(d) of the UCA.

### 2.0 Approvals Sought

Order G-10-19 accepted \$3.103 million in Industrial Program Area DSM expenditures for 2019 (Plan). FEI is currently projecting year-end 2019 Industrial Program Area DSM expenditures of approximately 235 percent of Plan for a total projected expenditure of \$7.278 million, or \$4.175 million above Plan.<sup>3</sup> FEI is seeking BCUC approval to transfer funds in the event that actual Industrial Program Area DSM expenditures exceed 25 percent of planned expenditures at year-end as currently projected.

FEI notes that the Industrial Program Area is a relatively small portion of the overall DSM portfolio plan for 2019 and the approximately \$4 million<sup>4</sup> projected overspend for transfer into the Industrial Program Area can be achieved by moving funds from a combination of the Residential and Commercial Program Areas without impacting projected 2019 program activity in those areas. The transfers out of the Residential and Commercial Program Areas would not exceed 25 percent of the total 2019 plan amount for either of these two program areas. It is also anticipated that this transfer can be done without exceeding the total 2019 plan amount for the DSM portfolio as a whole.<sup>5</sup>

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<sup>2</sup> B.C. Reg. 117/2017

<sup>3</sup> Exhibit B-2, BCUC IR 1.1.

<sup>4</sup> While the original Application provided a \$3 million estimate, this figure has been updated based on the updated figures provided by Table 1.1 of Exhibit B-2.

<sup>5</sup> Exhibit B-1, p. 2.

The current 2019 projected expenditures for each program area are compared to the approved plan amounts in Table 1.1 below.<sup>6</sup>

**Table 1.1: Program Area Spending Projections at October 28 compared to Projections at August 31 vs 2019-2022 DSM Plan.**

Program Area	August 31					October 28			
	2019 DSM Plan Expenditures <sup>1</sup> (\$000s)	2019 Year-end Expenditure Projection <sup>2</sup> (\$000s)	Plan vs Projection (\$000s)	Projection as a Percent of Plan	Variance from Plan as a Percent of Approved Portfolio	2019 Year-end Expenditure Projection <sup>2</sup> (\$000s)	Plan vs Projection (\$000s)	Projection as a Percent of Plan	Variance from Plan as a Percent of Approved Portfolio
<b>Residential</b>	23,521	20,547	-2,974	87%	-4%	21,490	-2,031	91%	-3%
Home Renovation Rebate Program	16,300					17,613	1,313	108%	
New Home Program	6,094					3,166	-2,928	52%	
Rental Apartment Efficiency Program	432					401	-31	93%	
Non-Program Specific Expenses	696					310	-386	45%	
<b>Commercial</b>	13,837	11,435	-2,402	83%	-4%	11,250	-2,587	81%	-4%
Prescriptive Program	8,418					6,193	-2,225	74%	
Performance - Existing Buildings	2,429					2,372	-57	98%	
Performance - New Buildings	1,028					939	-89	91%	
Rental Apartment Efficiency Program	1,256					840	-416	67%	
Non-Program Specific Expenses	706					907	201	128%	
<b>Industrial</b>	3,103	6,543	3,440	211%	5%	7,278	4,175	235%	6%
<b>Low Income</b>	6,630	6,563	-67	99%	0%	6,461	-169	97%	0%
<b>Conservation, Education &amp; Outreach</b>	7,155	7,096	-59	99%	0%	6,928	-227	97%	0%
<b>Innovative Technologies</b>	2,043	2,043	0	100%	0%	2,043	0	100%	0%
<b>Enabling Activities</b>	8,426	9,272	1,446	117%	2%	8,891	465	106%	1%
<b>Portfolio Level Activities</b>	1,635	1,500	-135	92%	0%	1,500	-135	92%	0%
<b>All Programs</b>	<b>66,350</b>	<b>64,999</b>	<b>-669</b>	<b>98%</b>	<b>-1%</b>	<b>65,841</b>	<b>-509</b>	<b>99%</b>	<b>-1%</b>

FEI also notes that it is not requesting approval for a specific amount of funding to be transferred, but rather is requesting approval to transfer funds into the Industrial Program Area that exceed 25 percent of the Industrial Program Area approved funding. As neither of the amounts proposed to be taken out of the Residential or Commercial Program Areas to facilitate this transfer will exceed 25 percent of those respective program areas, that portion of the transfer does not require BCUC approval under the funding transfer rules set out in Order G-10-19 with Reasons for Decision. The total amount currently projected to be transferred into the Industrial Program Area amounts to 6 percent of the portfolio total approved by Order G-10-19.<sup>7</sup>

### 3.0 Is the proposed transfer into the Industrial Program Area in the public interest?

#### 3.1 FEI Submissions

FEI states in its Application that it has committed to reviewing any possible substantial funding transfers between program areas with the Energy Efficiency and Conservation Advisory Group (EECAG). Prior to filing its Application, FEI provided notice to EECAG members on the projected transfer amount based on year-end projections of expenditures for the portfolio and each of the approved program areas. FEI further states that EECAG members expressed no concerns with the projected transfer amount at that time.<sup>8</sup>

Given that the primary driver of the current projected expenditures is higher than anticipated Industrial customer participation, FEI believes that BCUC approval to transfer funds into the Industrial Program Area in the

<sup>6</sup> Exhibit B-2, BCUC IR 1.1.

<sup>7</sup> Exhibit B-2, BCUC IR 1.1.

<sup>8</sup> Exhibit B-1, pp. 2-3.

event that actual Industrial Program Area expenditures exceed 25 percent of the Industrial Program Area approved 2019 expenditures is appropriate.<sup>9</sup>

### 3.2 Parties' Submissions

CEC has no objection to the budget transfer and submits that FEI has provided adequate explanation for the underspending of funds allocated to the Commercial Program Area, which FEI attributes to timing and program novelty, rather than a lack of support from FEI. CEC further notes that FEI has undertaken steps to improve market uptake and expects increased program uptake in the prescriptive rebate offers and the Rental Apartment Efficiency program over time.<sup>10</sup> CEC recommends “that the BCUC encourage FEI to develop additional communication plans or other means for increasing participation in commercial DSM programs such that spending reaches 100% of target as quickly as possible.”<sup>11</sup>

BCSEA submits that the opportunity to increase the 2019 Industrial allocation comes because of greater than anticipated uptake of industrial programs and the timing of the start and completion dates of some initiatives, and is satisfied that this is reasonable and desirable.<sup>12</sup> BCSEA is a member of FEI’s EECAG and was briefed by FEI on the proposed transfer to the Industrial Program Area prior to the filing of the Application. BCSEA is “satisfied that FEI remains fully committed to implementing programs within the Residential and Commercial Program Areas and that the proposed reallocation will not detract from energy savings in the Residential and Commercial Program Areas,” and supports BCUC approval of the Application.<sup>13</sup>

BCOAPO submits that the transfer should not be approved as FEI has not adequately supported the proposed reallocation of 2019 spending versus reallocating the 2019 surplus (plan – actual) to future DSM spending in future years or plans.<sup>14</sup> In its submission, BCOAPO raises concerns over FEI’s choice to allocate unspent funds to the Industrial Program Area rather than any other area, resulting in a 235 percent increase in funding to this program, rather than rolling over the funds to the remaining years in the accepted DSM Expenditures Plan. BCOAPO cites the limited industrial energy savings expected to be achieved with the funding transfer, and submits that it would be more in the public interest to rollover any underspent monies in the Residential Program Area to the same portfolio where the cost benefit ratio is more favourable rather than transferring these funds to the Industrial Program Area.<sup>15</sup> However, BCOAPO acknowledges that the proposed transfer request does not directly impact the Low Income Program Area in this fiscal year based on FEI’s original or updated spending projections, and that the projected transfer amount is a small portion of the overall approved expenditure.

### 3.3 Panel Discussion

This is the first time that FEI has applied to the BCUC for approval of proposed funding transfers relating to its DSM Expenditures Plans. Although no explicit criteria have been set to determine the appropriateness of proposed transfers that exceed 25 percent of planned DSM expenditures as contemplated in FEU’s 2012-2013 RRA Decision, the Panel considers that it must be satisfied that the transfers are in the public interest. The Panel notes the support of CEC and BCSEA for the proposed transfers, and that no concerns have been raised by any

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<sup>9</sup> Exhibit B-1, p. 3.

<sup>10</sup> Exhibit E-1-1, pp. 1–2.

<sup>11</sup> Exhibit E-1-1, p. 2.

<sup>12</sup> Exhibit E-3, p. 1.

<sup>13</sup> Exhibit E-3, p. 2.

<sup>14</sup> Exhibit E-2-1, p. 6.

<sup>15</sup> Exhibit E-2-1, p. 5.

parties regarding overall DSM portfolio adequacy. Based on the evidence and IR responses provided by FEI,<sup>16</sup> the Panel is satisfied that the adequacy requirements of the DSM portfolio, as defined by the DSM Regulation, are still being met.

In considering the overall public interest, though, the Panel finds it appropriate to address two main criticisms raised by BCOAPO regarding the proposed transfer, namely the optimal use of the unspent funds, and concerns about the relative cost of the proposed gas reductions.

*Rolling Over of Funds Versus Fund Transfer*

BCOAPO raises concerns about the optimal use of unspent funds, namely, the choice amongst rolling over funds to the next year, allocating to other programs, or transferring to the Industrial Program Area.

The Panel notes that the Residential Program Area planned expenditure for 2019 was 187 percent of the 2018 achieved expenditure. Given that the current projected year-end expenditure for the Residential Program Area amounts to 91 percent of the planned amount, FEI has successfully and significantly increased its expenditure in this area relative to previous years. Rolling over the Residential Program Area funds to future years would simply increase the amount to be spent in future, potentially making it harder for FEI to meet future expenditure targets in that specific area.

While it is true that as FEI now has the ability to rollover unspent funds in a particular program area as a result of Order G-10-19, that Order does not foreclose FEI from deciding to reallocate funds from one program area to another with BCUC approval. The Panel interprets that Order as providing FEI with greater flexibility to manage its DSM expenditures rather than imposing a constraint on appropriate funding transfers.

The Panel is of the view that if real, tangible DSM expenditure opportunities are identified, such as those FEI is experiencing in the Industrial Program Area in the current year, it is in the public interest for FEI to fund those opportunities rather than to forego them in anticipation of potential speculative opportunities in other DSM program areas (like the Residential and Commercial Program Areas) that appear unlikely to arise before year-end. However, the Panel continues to encourage FEI to meet the specific program area targets identified in the 2019-2022 DSM Expenditures Plan to the extent possible.

*Cost-effectiveness and the Comparative Cost of Reductions*

In response to BCUC IRs on the impact of the request on portfolio cost-effectiveness, FEI provides the following updated figures for Portfolio Total Resource Cost (TRC) and modified Total Resource Cost (MTRC) ratios as at October 28, in Table 2.1 below. Based on the information provided the Panel notes that the overall portfolio remains cost-effective as defined by the DSM Regulation, with a MTRC ratio of 1.5.

**Table 2.1: Portfolio TRC and MTRC results<sup>17</sup>**

Portfolio	2019-2022 DSM Plan (all years)		2019 Projected Year-end (as at October 28)	
	TRC	MTRC	TRC	MTRC
All Programs / Expenditures	1.0	1.9	0.9	1.5

<sup>16</sup> Exhibit B-2, BCUC IR 1.1.

<sup>17</sup> Exhibit B-2, BCUC IR 1.3.

While the overall portfolio remains cost-effective as defined by the DSM Regulation, the updated MTRC (1.5) has declined from the MTRC of 1.9 estimated in the DSM Expenditures Plan. The Panel notes that the drop in 2019 projected year-end program cost-effectiveness is not supported by the underlying information provided by FEI in the DSM Application. In that proceeding, FEI provided average TRC ratios which indicate that a shift from Residential and Commercial Program Areas, into the Industrial Program Area should result in an increase in the TRC, given the higher average TRC indicated in Exhibit 6 below.<sup>18</sup>

Exhibit 6 - Gas Savings and Cost-Effectiveness Results for Each of the Program Areas and the Total DSM Portfolio

Program Area	Incremental Annual Gas Savings, Net (GJ)				Cumulative Annual Gas Savings, Net (GJ) <sup>*</sup>	NPV Gas Savings, Net (GJ)	Benefit/Cost Ratios				
	2019	2020	2021	2022			TRC	Portfolio**	Utility	Participant	RIM
Residential	238,946	277,639	300,891	328,860	1,146,336	11,977,465	0.6	2.3	0.9	1.3	0.4
Commercial	280,314	295,004	418,482	478,288	1,418,592	14,431,099	1.0	1.5	1.4	1.8	0.5
Industrial	280,651	280,651	316,955	316,955	1,195,212	7,735,384	3.5	3.5	4.5	4.9	0.8
Low Income	76,022	76,590	77,141	77,707	307,459	2,607,693	4.5***	4.5	0.8	2.6	0.4
Conservation Education and Outreach	Savings Not Estimated						Savings Not Estimated				
Innovative Technologies	Savings Not Estimated						Savings Not Estimated				
Enabling Activities	Savings Not Estimated						Savings Not Estimated				
Portfolio Level Activities	Savings Not Estimated						Savings Not Estimated				
<b>ALL PROGRAMS</b>	<b>875,933</b>	<b>929,884</b>	<b>1,113,469</b>	<b>1,201,809</b>	<b>4,067,599</b>	<b>36,751,641</b>	<b>1.0</b>	<b>1.9</b>	<b>0.9</b>	<b>1.7</b>	<b>0.4</b>

<sup>\*</sup>Only includes gas savings persisting until 2022, and therefore may be less than the sum of net incremental annual gas savings from individual program years

<sup>\*\*</sup>Includes the MTRC adder for programs that require it (i.e., TRC/MTRC hybrid)

<sup>\*\*\*</sup>Section 4 of the BC Demand-Side Measures Regulation, as amended in March 2017, requires the use of the Zero Emission Energy Alternative and a 40 percent benefit adder in calculating the TRC for Low Income programs.

As can be seen in Exhibit 12 below,<sup>19</sup> all of the Industrial programs presented by FEI in its DSM Expenditures Plan have a TRC of 2.3 and above, which can be compared to the average TRC of 0.6 and 1.0 for the Residential and Commercial Program Areas respectively.

Exhibit 12 - Summary of Savings and Cost-Effectiveness Results for the Industrial Sector Program Portfolio

Program	Incremental Annual Gas Savings, Net (GJ)				Cumulative Annual Gas Savings, Net (GJ)	NPV Gas Savings, Net (GJ)	Benefit/Cost Ratios				
	2019	2020	2021	2022			TRC	MTRC	Utility	Participant	RIM
Performance Program	90,189	90,189	115,957	115,957	412,291	2,997,976	2.3	-	2.9	3.4	0.8
Prescriptive Program	97,663	97,663	104,998	104,998	405,321	3,170,130	5.7	-	11.2	6.3	1.0
Strategic Energy Management Program	92,800	92,800	96,000	96,000	377,600	1,567,279	5.3	-	4.6	9.2	0.8
Non-Program Specific Expenses	Savings Not Estimated						Savings Not Estimated				
<b>ALL PROGRAMS</b>	<b>280,651</b>	<b>280,651</b>	<b>316,955</b>	<b>316,955</b>	<b>1,195,212</b>	<b>7,735,384</b>	<b>3.5</b>	<b>3.5*</b>	<b>4.5</b>	<b>4.9</b>	<b>0.8</b>

<sup>\*</sup> MTRC is equal to TRC since there are no Industrial MTRC programs

As BCOAPO correctly points out in its letter of comment, the additional gas savings projected to be achieved under the Industrial Program Area is not proportional to the increase in expenditure.<sup>20</sup>

The Panel notes the following results when comparing the annual cost of incremental gas savings between the accepted DSM Expenditures Plan<sup>21</sup> and the figures provided to the EECAG<sup>22</sup> in September 2019:

<sup>18</sup> FEI 2019-2022 DSM Expenditure Plan Proceeding, Exhibit B-1-1, Errata to Application, p. 8.

<sup>19</sup> FEI 2019-2022 DSM Expenditure Plan Proceeding, Exhibit B-1-1, Errata to Application, p. 29.

<sup>20</sup> Exhibit E-2-1 BCOAPO Letter of Comment, p. 3.

<sup>21</sup> FEI 2019-2022 DSM Expenditure Plan Proceeding, Exhibit B-1-1, Errata to Application, p. 8.

<sup>22</sup> Exhibit E-2-1, BCOAPO Letter of Comment, p. 3.

**Table 3.1: Comparison of 2019 plan versus forecast actual annual cost of incremental gas savings(\$/GJ)**

	2019 DSM Plan			2019 Projected Year-end (as at August 31, 2019)		
	Annual Energy savings (GJ)	Expenditure (\$000)	\$/GJ	Annual Energy savings (GJ)	Expenditure (\$000)	\$/GJ
Residential	238,946	23,521	98.44	196,000	20,547	104.83
Commercial	280,314	13,837	49.36	255,000	11,435	44.84
Industrial	280,651	3,103	11.06	325,000	6,543	20.13
Low Income	76,022	6,630	87.21	68,000	6,563	96.51
<b>Portfolio Total</b>	<b>875,933</b>	<b>47,091</b>	<b>53.76</b>	<b>844,000</b>	<b>45,088</b>	<b>53.42</b>
<i>Source</i>	<i>Exhibit E-2-1, p. 3</i>	<i>Exhibit B-1, p. 2</i>	<i>calc</i>	<i>Exhibit E-2-1, p. 3</i>	<i>Exhibit B-1, p. 2</i>	<i>calc</i>

While the projected annual incremental energy savings have gone up for the Industrial Program Area, the cost per GJ of gas savings has almost doubled from \$11.06/GJ to \$20.13/GJ. However, as this is still significantly lower than the cost of savings expressed in \$/GJ for the Residential and Commercial Program Areas, the Panel is satisfied that the proposed additional Industrial expenditures remain in the public interest.

#### *Panel Determination*

**Pursuant to Order G-10-19, FEI is approved to transfer funds into the Industrial Program Area that exceed 25 percent of the total 2019 Industrial Program Area approved funding from both the Residential and Commercial Program Areas' total 2019 approved funding, provided that the transfers of funds from the Residential and Commercial Programs Areas do not exceed 25 percent of the planned expenditures in each of those program areas for 2019.**

#### **4.0 Reporting Requirements**

FEI states its intention to continue with past practice, and will present actual Program Area expenditures and any transfer of funds between Program Areas as part of its 2019 DSM Annual Report.<sup>23</sup> FEI further notes that the BCUC's directives concerning transfers between program areas in Order G-10-19 and the original 2012-2013 RRA Decision do not require FEI to designate or specify the programs from or into which the spending amounts are being transferred.<sup>24</sup>

#### *Panel Determination*

While the Panel agrees that previous BCUC directives do not require FEI to specify the program areas from or into which funds are being transferred, as this is the first request of this kind, and the first of four years under the current DSM Expenditures Plan, the Panel considers it prudent to track the impact of the current request on future years in the DSM Expenditures Plan, along with similar requests that may occur in the future.

<sup>23</sup> Exhibit B-1, p. 2.

<sup>24</sup> Exhibit B-2, BCUC IR 1.1.

**FEI is directed to include in a compliance filing to the BCUC on or before January 31, 2020, confirmation of the actual amounts transferred from the Residential and Commercial Program Areas pursuant to the approval of the funding transfers above, along with a table summarizing the 2019 DSM Program Area Spending – Planned versus Actual, explaining any material variances and indicating any amounts that are proposed to be rolled over into 2020.**

Furthermore, the Panel considers that the actual cost of gas savings is important to track, particularly in light of the divergence between the program cost-effective projections for 2019 versus the estimates presented in the DSM Application, as discussed in Section 3.3 above. The actual year end results should be included in FEI's DSM Annual Reports.

**FEI is directed to include in its 2019 DSM Annual Report the actual 2019 Program Area expenditures and a breakdown of any transfer of funds between Program Areas along with an updated table in the form of Exhibit B presented to the Energy Efficiency and Conservation Advisory Group for review of Anticipated DSM Funding Transfer Between Program Areas, dated September 3, 2019, showing the updated Program Energy Savings Estimates: 2019 DSM Plan Compared to 2019 Actual Energy Savings.**

**DATED** at the City of Vancouver, in the Province of British Columbia, this 29<sup>th</sup> day of November 2019.

*Original signed by:*

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A. K. Fung, QC  
Commissioner