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September 27, 2007

Ms. Erica M. Hamilton
Commission Secretary
British Columbia Utilities Commission
Sixth Floor – 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Ms. Hamilton:

**RE: British Columbia Utilities Commission (BCUC)
British Columbia Hydro and Power Authority (BC Hydro)
2004/05 to 2005/06 Revenue Requirements Application
BCUC Decision: October 29, 2004; Directive 69 (page 201)
(AMENDED pursuant to 2006 Integrated Electricity Plan and
2006 Long Term Acquisition Plan
BCUC Decision: May 11, 2006; Directive 16 (page 145-146))**

Attached is the semi-annual filing of the Report on Demand-Side Management Activities for the twelve months ending March 31, 2007.

For further information please contact Lyle McClelland at 604-623-4306.

Yours sincerely,


for Joanna Sofield
Chief Regulatory Officer

Enclosure (1)





**Report on Demand-Side
Management Activities
for the Twelve Months
Ending March 31, 2007**

September 2007

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1. Introduction

This BC Hydro semi-annual report to the British Columbia Utilities Commission (BCUC) on demand side management (DSM) activities responds to directive 69 from the BCUC decision on BC Hydro's F2005/F2006 Revenue Requirements Application and to directive 16 from the BCUC decision on BC Hydro's 2006 Integrated Electricity Plan and Long Term Acquisition Plan. The report provides information on DSM capital expenditures and electricity savings, program performance, operations, maintenance, general and administration (OMG&A) expenditures and portfolio-level activities for the period April 2006 through March 2007.

Directive 69 directed BC Hydro "to provide information to the Commission for on-going review of Power Smart performance through:

- Executive Summaries of milestone evaluation reports and full final evaluation reports for each program.
- Semi-annual reports on DSM activities which, amongst others, will include:
 - detailed breakdown of OMA expenses related to support activities carried out within the Power Smart group and in other departments that support Power Smart organization;
 - detailed description of the functions of portfolio level costs and how these costs are allocated to programs;
 - summaries of the overall performance of Power Smart with reference to program objectives; and
 - variances of fiscal year budgeted and actual deferred capital expenditures and explanation of variances."

BC Hydro is filing milestone and evaluation reports as a separate package. This report addresses the balance of directive 69.

Directive 16 directed BC Hydro "to continue to file reports on DSM performance as described in Directive 69 included in Order No. G-96-04 and to file its Semi-Annual Demand Side Management Reports in the same format as the June 2005 Report with the following enhancements:

- (1) Provide annual and cumulative totals since program inception;
- (2) Express these values on a per unit basis; and
- (3) Provide the benefit to cost ratios for the three DSM tests."

The June 2005 semi-annual DSM report also responded to directive 70 from the BCUC decision on BC Hydro's F2005/F2006 Revenue Requirements Application, which directed BC Hydro "to file evaluation results for F2005 by June 20, 2005 or as soon thereafter as practicable. The evaluation results should include a comparison of actual and forecast for energy savings, TRC, UC and RIM for the portfolio, by sector and by program."

2. Capital Expenditures and Electricity Savings in F2007

In the fiscal year ending March 31, 2007 (F2007), BC Hydro's DSM capital expenditures totalled \$47.3 million while incremental DSM electricity savings totalled 569 GWh per year. This was \$9.5 million below plan and 40 GWh per year above plan relative to the DSM plans filed with BC Hydro's F2007/F2008 Revenue Requirements Application. Table 1 presents planned and actual DSM capital expenditures and incremental electricity savings in F2007.

Previous semi-annual reports have presented BC Hydro's DSM deferred capital expenditures, as specified in directive 69 from the BCUC decision on BC Hydro's F2005/F2006 Revenue Requirements Application. These do not include specific capital expenditures on DSM-related information technology. These information technology costs are included in BC Hydro's DSM plans, which has resulted in small variances between the DSM costs presented in BC Hydro's DSM plans and semi-annual reports. In the interest of avoiding confusion by eliminating these variances, this report presents BC Hydro's DSM capital expenditures, including both deferred and specific capital.

Table 1. Capital Expenditures and Incremental Electricity Savings in F2007

	Capital Expenditures (\$ 000)				Incremental Electricity Savings (GWh/yr)			
	Plan	Actual	Variance		Plan	Actual	Variance	
			\$ 000	%			GWh/yr	%
Energy Efficiency								
Industrial Sector								
Power Smart Partners	10,179	6,119	-4,060	-40%	162	284	122	75%
New Plant Design	880	26	-854	n/a	10	0	-10	n/a
Sector Enabling Activities	<u>914</u>	<u>638</u>	<u>-276</u>	<u>-30%</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Sector Total	11,973	6,783	-5,190	-43%	172	284	112	65%
Commercial/Gov't Sector								
Power Smart Partners	7,356	5,422	-1,934	-26%	44	37	-7	-16%
Schools, Univ., Coll. & Hosp.	2,827	2,479	-348	-12%	10	5	-5	-52%
Product Incentive	3,471	1,582	-1,889	-54%	23	20	-3	-14%
High Performance Buildings	2,172	827	-1,345	-62%	11	1	-10	-95%
Sector Enabling Activities	<u>819</u>	<u>853</u>	<u>34</u>	<u>4%</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Sector Total	16,646	11,163	-5,483	-33%	88	63	-26	-29%
Residential Sector								
Compact Fluorescent Lighting	2,971	1,888	-1,083	-36%	15	12	-3	-21%
Refrigerator Buy-Back	3,153	3,330	177	6%	16	27	11	70%
Seasonal Light Emitting Diode	1,002	319	-683	-68%	3	15	12	400%
New Home	1,121	925	-196	-17%	5	5	0	0%
Fuel Substitution	468	234	-234	-50%	8	4	-4	-50%
Renovation Rebate	703	969	266	38%	2	2	0	-10%
Variable Speed Motors	190	208	18	9%	1	2	1	50%
Sector Enabling Activities	<u>500</u>	<u>264</u>	<u>-236</u>	<u>-47%</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Sector Total	10,108	8,137	-1,971	-19%	50	66	16	33%
Total	38,727	26,083	-12,644	-33%	310	412	102	33%
Load Displacement	1,700	220	-1,480	-87%	219	157	-62	-28%
Portfolio Level Activities								
Indirect & Portfolio Enabling	8,688	10,759	2,071	24%	n/a	n/a	n/a	n/a
Public Awareness & Comm.	7,000	9,290	2,290	33%	n/a	n/a	n/a	n/a
Information Technology	<u>700</u>	<u>961</u>	<u>261</u>	<u>37%</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total	16,388	21,010	4,622	28%	n/a	n/a	n/a	n/a
Total DSM	56,815	47,313	-9,502	-17%	529	569	40	8%

The following are variance explanations for the above figures:

Energy Efficiency	
Industrial Sector	
Power Smart Partners	Expenditures were below plan due to lower than planned program activity during the transition to a stepped rate environment. Electricity savings were above plan due to greater than anticipated electricity savings in response to the initial introduction of the new stepped rate.
New Plant Design	Expenditures and electricity savings were below plan due to a timing difference between planned and actual activity. There is typically a nine to twenty-four month lag between initial program activity and the electricity savings coming online, at which time incentive payments are made. This lag was inadvertently overlooked in the development of planned expenditures and electricity savings for F2007. Since the program launched in F2006, most of the initial electricity savings will come online, and the initial incentive payments will be made, in F2008.
Sector Enabling Activities	Expenditures were below plan due to the redesign of enabling activities in light of the stepped rate taking longer than anticipated.
Commercial/ Government Sector	
Power Smart Partners	Expenditures and electricity savings were below plan due to lower than anticipated participation. Program adjustments have been implemented to increase participation levels.
Schools, Universities, Colleges & Hospitals	Expenditures and electricity savings were below plan due to lower than anticipated participation. Program adjustments have been implemented to increase participation levels.
Product Incentive	Expenditures were below plan due to electricity savings being more cost-effective than planned. Electricity savings were below plan due to lower than anticipated participation. Participation rates have increased since changes to the program's offer and application process were made in June 2006 and March 2007.
High Performance Buildings	Expenditures and electricity savings were below plan due to a timing difference between planned and actual activity. There is typically a nine to twenty-four month lag between initial program activity and the electricity savings coming online, at which time incentive payments are made. This lag was inadvertently overlooked in the development of planned expenditures and electricity savings for F2007. Since the program launched in F2006, most of the initial electricity savings will come online, and the initial incentive payments will be made, in F2008.
Sector Enabling Activities	Expenditures were approximately on plan.

Residential Sector	
Compact Fluorescent Lighting	Expenditures and electricity savings were below plan due to lower than planned program activity. This was due, in turn, to retail partners not stocking sufficient quantities of qualifying lighting products.
Refrigerator Buy-Back	Expenditures and electricity savings were above plan due to the program being extended beyond its planned end date in light of continuing strong participation levels. The program achieved 170 percent of planned savings at 106 percent of planned costs due to below plan contractor costs and promotional activity.
Seasonal Light Emitting Diode	Expenditures were below plan because planned incentives were cancelled due to the strong market share and low prices of SLEDs in the marketplace. Electricity savings were above plan due to the same factors.
New Home	Expenditures were below plan due to strong participation in the windows offer requiring less promotion and sales support than planned. Electricity savings were on plan.
Fuel Substitution	Expenditures and electricity savings were below plan due to the water heater portion of the program under-performing.
Renovation Rebate	Expenditures were above plan because, at year end, BC Hydro had not received reimbursement of approximately \$260,000 from the Ministry of Energy, Mines and Petroleum Resources for incentives paid for energy-efficient windows installed in natural gas-heated homes. This amount would have eliminated all but \$6,000 of the variance. Electricity savings were slightly below plan due to lower than anticipated participation.
Variable Speed Motors	Expenditures and electricity savings were above plan due to higher than anticipated participation.
Sector Enabling Activities	Expenditures were below plan due to slower than expected progress with retailer partnerships and a decision to defer the promotion of online tools until upgrades were completed in F2008.
Portfolio Total	Expenditures were below plan due to lower than planned program activity or more cost-effective than planned electricity savings in several programs. Electricity savings were above plan due to higher than anticipated savings in response to the new industrial stepped rate and from the Refrigerator Buy-Back and Seasonal Light Emitting Diode programs.
Load Displacement	Expenditures were below plan due to a load displacement project not proceeding as planned. It would have delivered annual savings of 6 GWh and received a \$1 million incentive payment. Electricity savings were below plan due to the expected savings from a load displacement project that came online during the year being lower than anticipated.

Portfolio Level Costs	
Indirect and Portfolio Enabling Activities	Expenditures were above plan due to some costs being charged to Indirect instead of directly to programs due to the plan amounts for some activities being mis-allocated in the course of a mid-year re-organization. Adjusting for these costs does not have a significant impact on program cost tests.
Public Awareness & Communication	Expenditures were above plan due to some program-related advertising costs being charged to Public Awareness and Communication instead of against specific programs as planned. Adjusting for these costs does not have a significant impact on program cost tests.
Information Technology	Expenditures were above plan due to unanticipated work on the security and privacy for selected Internet applications and unanticipated preparatory work for F2008 projects.
Total DSM	Expenditures were below plan due to lower than planned costs for the energy efficiency and load displacement portfolios. Electricity savings were above plan due to greater than anticipated savings from the energy efficiency portfolio.

3. Capital Expenditures to Date

BC Hydro's DSM capital expenditures from F2003 through F2007 total \$342 million. Table 2 presents DSM capital expenditures by program for each fiscal year from F2003 through F2007, along with total expenditures to date.

Table 2. Capital Expenditures since F2003 (\$ 000)

	Capital Expenditures (\$ 000)					
	F2003	F2004	F2005	F2006	F2007	Total
Energy Efficiency						
Industrial Sector						
Power Smart Partners	7,457	8,997	13,603	6,689	6,119	42,865
New Plant Design	0	0	0	23	26	49
Sector Enabling Activities	<u>1,522</u>	<u>551</u>	<u>295</u>	<u>542</u>	<u>638</u>	<u>3,548</u>
Sector Total	8,979	9,548	13,898	7,254	6,783	46,462
Commercial & Gov't Sector						
Power Smart Partners	8,872	10,570	7,861	6,517	5,422	39,243
Schools, Univ., Coll. & Hosp.	4,098	2,410	3,951	6,040	2,479	18,977
Product Incentive	15	587	1,276	1,233	1,582	4,693
High Performance Buildings	0	74	400	288	827	1,590
Traffic Light	5,632	867	137	3	0	6,640
Small Business CFL	0	169	521	9	0	698
Sector Enabling Activities	<u>1,454</u>	<u>512</u>	<u>964</u>	<u>973</u>	<u>853</u>	<u>4,756</u>
Sector Total	20,071	15,189	15,111	15,063	11,163	76,597
Residential Sector						
Compact Fluorescent Lighting	7,528	13,316	4,047	2,022	1,888	28,801
Refrigerator Buy-back	1,164	3,316	4,897	3,627	3,330	16,334
Seasonal Light Emitting Diode	556	710	807	1,090	319	3,482
New Home	377	309	405	254	925	2,270
Fuel Substitution	0	86	229	140	234	689
Renovation Rebate	267	448	354	292	969	2,330
Variable Speed Motors	0	112	16	120	208	456
Sector Enabling Activities	<u>2,300</u>	<u>393</u>	<u>164</u>	<u>262</u>	<u>264</u>	<u>3,383</u>
Sector Total	12,192	18,691	10,920	7,807	8,137	57,747
Total	41,242	43,428	39,929	30,124	26,083	180,806
Load Displacement	463	376	17,251	45,798	220	64,108
Portfolio Level Activities						
Indirect and Portfolio Enabling	14,631	9,836	9,120	8,013	10,759	52,359
Public Awareness & Comm.	8,724	8,676	5,458	6,115	9,290	38,262
Information Technology	<u>2,316</u>	<u>1,351</u>	<u>1,385</u>	<u>805</u>	<u>961</u>	<u>6,818</u>
Total	25,671	19,863	15,962	14,933	21,010	97,439
Total DSM	67,376	63,667	73,142	90,855	47,313	342,354

Note: F2003 figures include a small amount of expenditures from F2002.

4. Electricity Savings to Date

BC Hydro's DSM electricity savings since F2003 totalled 2,509 GWh per year at the end of F2007. Table 3 presents incremental electricity savings by program for each fiscal year from F2003 through F2007, along with the cumulative total at the end of F2007.

Table 3. Electricity Savings since F2003

	Incremental Electricity Savings (GWh/yr)					
	F2003	F2004	F2005	F2006	F2007	Total
Energy Efficiency						
Industrial Sector						
Power Smart Partners	188	119	145	90	284	825
<u>New Plant Design</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>4</u>	<u>0</u>	<u>4</u>
Sector Total	188	119	145	94	284	829
Commercial & Gov't Sector						
Power Smart Partners	79	62	40	45	37	263
Schools, Univ., Coll. & Hosp.	25	14	25	18	5	87
Product Incentive	0	2	8	15	20	44
High Performance Buildings	0	2	2	0	1	4
Traffic Light	14	14	1	1	0	29
<u>Small Business CFL</u>	<u>0</u>	<u>5</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>5</u>
Sector Total	118	99	75	78	63	432
Residential Sector						
Compact Fluorescent Lighting	39	134	137	29	12	351
Refrigerator Buy-back	5	19	35	27	27	112
Seasonal Light Emitting Diode	0	7	14	19	15	55
New Home	10	4	4	6	5	29
Fuel Substitution	0	0	3	2	4	9
Renovation Rebate	3	0	1	1	2	6
<u>Variable Speed Motors</u>	<u>0</u>	<u>2</u>	<u>0</u>	<u>1</u>	<u>2</u>	<u>4</u>
Sector Total	56	166	194	84	66	567
Total	363	384	414	255	412	1,828
Load Displacement	0	0	134	390	157	681
Total DSM	363	384	548	645	569	2,509

Note: F2003 figures include a small amount of savings from F2002. Some figures differ from previous reports due to new information from measurement and verification activities and program evaluations.

5. Program Performance

The 2,509 GWh per year of DSM electricity savings achieved at March 31, 2007 represent 68 percent of BC Hydro's F2012 target of 3,678 GWh per year from the DSM plans filed with BC Hydro's F2007/F2008 Revenue Requirements Application. Table 4 presents these figures by program.

Table 4. Cumulative Electricity Savings at March 31, 2007 (GWh/year)

	Cumulative Electricity Savings at March 31, 2007	F2012 Target	% of Target
Energy Efficiency			
Industrial Sector			
Power Smart Partners	825	1,357	61%
New Plant Design	<u>4</u>	<u>53</u>	<u>8%</u>
Sector Total	829	1,410	59%
Commercial & Gov't Sector			
Power Smart Partners	263	314	84%
Schools, Univ., Coll. & Hosp.	87	103	84%
Product Incentive	44	145	30%
High Performance Buildings	4	54	8%
Traffic Light	29	28	103%
Small Business CFL	<u>5</u>	<u>0*</u>	<u>n/a</u>
Sector Total	432	644	67%
Residential Sector			
Compact Fluorescent Lighting	351	352	100%
Refrigerator Buy-back	112	133	85%
Seasonal Light Emitting Diode	55	29	191%
New Home	29	86	34%
Fuel Substitution	9	83	11%
Renovation Rebate	6	28	23%
Variable Speed Motors	<u>4</u>	<u>10</u>	<u>40%</u>
Sector Total	567	721	79%
Total	1,828	2,775	66%
Load Displacement	681	903	75%
Total DSM	2,509	3,678	68%

* The F2012 target for the Small Business CFL program is zero because the program's electricity savings came online in F2004 and the savings attributable to the program are expected to decline to zero before F2012 in light of natural conservation.

Some programs are approaching or have exceeded their F2012 target. These targets will be reviewed with information from BC Hydro's 2007 Conservation Potential Review and may be revised in BC Hydro's next DSM plan.

The DSM electricity savings presented in Table 4 have been achieved at a utility cost of 1.4 cents per kWh. Table 5 presents the levelized utility cost of actual DSM capital expenditures and electricity savings in F2003 through F2007 by program.

Table 5. Utility Cost of Actual DSM Capital Expenditures and Electricity Savings: F2003-F2007

	Levelized Utility Cost (cents/kWh)
Energy Efficiency	
Industrial Sector	
Power Smart Partners	1.0
New Plant Design	<u>0.7</u>
Sector Total	1.1
Commercial & Gov't Sector	
Power Smart Partners	1.4
Schools, Univ., Coll. & Hosp.	1.8
Product Incentive	1.5
High Performance Buildings	3.8
Traffic Light	2.3
Small Business CFL	<u>2.1</u>
Sector Total	1.7
Residential Sector	
Compact Fluorescent Lighting	1.1
Refrigerator Buy-back	2.0
Seasonal Light Emitting Diode	1.2
New Home	0.8
Fuel Substitution	0.8
Renovation Rebate	2.9
Variable Speed Motors	<u>1.1</u>
Sector Total	1.3
Total	1.3
Load Displacement	1.4
Total DSM	1.4

The electricity savings achieved to date have been highly cost-effective, with an All Ratepayers Test benefit-cost ratio of 2.6. Table 6 presents benefit cost ratios of actual DSM capital expenditures and electricity savings in F2003 through F2007 by program.

Table 6. Benefit-Cost Ratios of Actual DSM Capital Expenditures and Electricity Savings: F2003 – F2007

	Utility Test	All Ratepayers Test	Non-Participant Test
Energy Efficiency			
Industrial Sector			
Power Smart Partners	8.1	3.8	2.0
New Plant Design	<u>13.5</u>	<u>4.9</u>	<u>2.4</u>
Sector Total	7.8	3.7	2.0
Commercial & Gov't Sector			
Power Smart Partners	6.4	2.3	1.7
Schools, Univ., Coll. & Hosp.	5.1	2.2	1.6
Product Incentive	6.6	2.8	1.6
High Performance Buildings	2.2	1.2	1.1
Traffic Light	3.6	1.7	1.0
Small Business CFL	<u>4.2</u>	<u>6.0</u>	<u>1.1</u>
Sector Total	5.4	2.2	1.5
Residential Sector			
Compact Fluorescent Lighting	7.7	4.5	1.3
Refrigerator Buy-back	4.2	4.5	1.2
Seasonal Light Emitting Diode	7.5	7.4	1.4
New Home	9.8	5.8	1.4
Fuel Substitution	10.8	5.7	1.5
Renovation Rebate	2.9	3.6	1.0
Variable Speed Motors	<u>7.6</u>	<u>6.1</u>	<u>1.4</u>
Sector Total	6.4	4.6	1.3
Total	6.5	3.1	1.6
Load Displacement	6.2	1.6	1.6
Total DSM	6.4	2.6	1.6

6. Operations, Maintenance, General and Administration Expenditures

In F2007, DSM Operations, Maintenance, General and Administration (OMG&A) expenditures totalled \$4.9 million. Table 7 presents DSM OMA expenditures by resource during F2007.

Table 7. DSM OMG&A Expenditures in F2007 (\$ 000)

ABS Services	483
Buildings and Equipment	149
Internal Services	
Received	176
Labour	1,839
Materials	79
Services	2,091
Other	126
Total	4,942

7. Portfolio-Level Activities

This section describes how portfolio-level costs are allocated to programs and describes portfolio-level activities.

Allocation of Portfolio-level Costs to Programs

In keeping with directive 61 from the BCUC decision on BC Hydro's F2005/F2006 Revenue Requirements Application, portfolio-level costs are allocated to DSM programs based on their share of total DSM electricity savings forecast in F2012. For example, the total DSM portfolio is forecast to save roughly 3,700 GWh per year in F2012, so a program that is forecast to save 37 GWh per year in F2012 represents 1% of the total. In turn, 1% of portfolio-level costs would be allocated to that program in each year.

Indirect and Portfolio Enabling Activities

Indirect and portfolio enabling activities support BC Hydro's DSM programs but are not directly attributable to specific programs, and are also not related to public awareness and communication activities. Costs are incurred to provide the overall organization and infrastructure essential to ensure due diligence, quality assurance and effective management for this type and complexity of investment. Activities associated with these costs include:

General Management: A portion of the business unit's general management of people and resources, and portfolio-level planning activities related to DSM.

Process and Policy: Support activities related to the development and administration of general processes, policies, and procedures related to DSM. Examples include measurement and verification protocols, energy study processes, business/ financial audits, credit policy; and risk policy.

Tracking and Reporting: Development and production of management reports including, but not limited to, the DSM Monthly Tracking Report (that details all monthly costs and energy related to

specific programs and sectors) and the DSM Annual Report (that will be produced for regulatory reporting purposes).

General Administration: A portion of general administrative functions including costs associated with administrative assistants, photocopy and fax equipment, office supplies and building security, rent and concessions, as well as a portion of labour for individual timesheets, expense reporting and benefits administration.

DSM-related Training and Education: Costs associated with individual employee training related to DSM, including technical seminars and attendance at conferences.

Computer Costs: A portion of costs related to computing including individual network / LAN connections, e-mail messaging services, data storage, and general IT support.

Quality Assurance: The Quality Assurance department reviews, develops and recommends policies, processes, procedures and standards that assure the quality and integrity of DSM programs. The group advises on design and implementation issues, undertakes reviews to ensure that standards are observed, and carries out studies to support the DSM programs. It further serves to build credibility, save time and ensure consistency in the design and implementation of programs.

DSM Information Systems: Development, maintenance, administration and management of the DSM information systems. The DSM information systems contain a variety of operating systems, within a real-time data warehouse. The prime component is Converge, which includes the business customers' contact management system, campaign management tools, opportunity/sales management systems, energy savings reporting systems, etc. Within the contact management system the users can see the hierarchy of Key Account Manager portfolios, the "parent" companies or customers, the subsidiary companies, their sites, the contacts at those sites, and all activities and DSM opportunities that are connected with those sites.

Delivery Tracking System: This is for the development, maintenance, administration and management of the Delivery Tracking System (DTS). The purpose of the DTS is to track all customer projects, from application submission to the end of the contract obligation. Technical, financial and process due diligence is applied and the data is tracked at a facility/site level. The system supplies Converge with savings data for the monthly DSM reporting, load forecasting and corporate reporting. Financial commitments are monitored by the Incentives and Rates group and the Marketing group extracts information on an as needed basis.

Public Awareness and Communication

The objective of the Public Awareness and Communication initiative is to develop and foster a conservation culture in BC that leads customers to make a dramatic and permanent reduction in electricity intensity. It will accomplish this by raising awareness of the importance of energy efficiency among the customers of today and tomorrow.

Awareness of how to improve energy efficiency and the impacts that are associated with various actions is one of the major barriers to customers' investments in energy efficiency and energy conserving measures and the adoption of energy conserving practices and behaviours. This series of initiatives is designed to inform customers of how they can save energy and increase the response to and participation in all DSM programs. This initiative will reach all customer sectors and benefit business and residential programs alike. The initiative is designed to:

- Provide useful and tangible information about DSM and energy efficiency to all customers through community outreach and other communications initiatives such as the Internet, earned media and advertising.
- Educate all British Columbians about the role that DSM and energy efficiency plays in BC Hydro's electricity acquisition strategy and increase participation in DSM programs.
- Instil a conservation ethic in customers of today and tomorrow by delivering energy efficiency educational programs to schools within the BC Hydro service area.

In order to achieve the levels of participation in DSM activities targeted, BC Hydro must continue to engage the public in all customer sectors to emphasize the importance of DSM with a platform of awareness, information delivery and education. This multi-channel initiative will position and entrench energy efficiency as a way of life and a way of doing business, a critical component of BC Hydro's electricity acquisition strategy. There are seven key components to this initiative:

Power Smart Outreach: The Power Smart Outreach group is an effective, grassroots channel for delivering the DSM message to our customers in a face-to-face manner. The Power Smart Outreach group generates earned media coverage and engages in face-to-face or indirect contact with BC Hydro customers through events, festivals and home shows. This outreach activity is an integral component of the Public Awareness and Communication initiative and delivers key messages to the public to influence the purchase of more efficient products. This activity makes a significant contribution to the market transformation objective of the mass-market programs.

Public Education and Information Advertising: Advertising is a cost-effective channel to reach the public and customers with frequent and carefully controlled messaging. The advertising campaigns educate and inform customers about the need for electricity conservation and provide tangible ways in which they can do their part. By increasing awareness of DSM under the Power Smart brand and deepening understanding of its importance to all British Columbians, the campaigns will also increase uptake on sector-specific tactical programs. In addition, they will play a major role in raising current program participation levels. This support advertising is required to inform the public about BC Hydro's DSM activities and their importance.

Primary and Secondary School Education: This program aims to reinforce Power Smart messages to school age children, BC Hydro's customers of tomorrow, and to encourage a lifelong commitment to an energy efficiency ethic. The initiative uses a number of complementary components featuring a range of tactics targeting students from K-12. These include behaviour change campaigns, energy audits of schools, as well as interactive electricity games that demonstrate how individual efforts can lead to significant savings. Educating the customers of tomorrow is essential to achieve BC Hydro's long-term DSM objectives.

Sponsorships and Events: Sponsorship of and attendance at major sporting and cultural events allow BC Hydro to extend the Power Smart DSM message and brand identity into grassroots, community settings. This multiplies our opportunities to educate customers about electricity conservation, and builds positive brand associations. It also helps reinforce BC Hydro's standing in the community as a committed corporate citizen. This program reaches, either directly or indirectly, hundreds of thousands of British Columbians each year, and is necessary to reinforce the messages to act on executing energy efficient behaviours.

Media Relations: Ongoing public relations activities and longer-term media education strategies are all part of the DSM public relations effort. These help ensure high-profile initial coverage and sustained long-term coverage of DSM issues.

Internet: The internet is a perfect channel to support the general and more succinct messages the public will receive through other channels. The Power Smart web pages contain general and product-specific information for residential and business customers, as well as numerous applications to help them evaluate energy savings opportunities in their homes and businesses. This is an essential medium for reaching a large segment of our customer base.

Key Customer Recognition: The goal of this initiative is to encourage key customers to adopt Power Smart as an ongoing way of doing business and to reward and recognize customers (outside of the Power Smart Certified program) who demonstrate commitment to DSM. This program provides BC Hydro's sales representatives with an important tool for facilitating contact with key customers.

Information Technology

Information technology activities support BC Hydro's DSM initiatives with targeted computer applications for BC Hydro customers, trade allies and staff. Activities include:

Internet: Content management, development, maintenance and enhancement of DSM-related Internet applications, such as Power Smart Profile, Analyze My Home, Product Incentive Program incentive application tool and Project Points, among others. Development work includes design, programming, usability testing and deployment of applications and strengthening of the supporting security and web infrastructure.

Tracking and Reporting: Development, maintenance and enhancement of internal applications that support tracking of DSM projects, customer contacts and customer baseline loads.