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March 18, 2008

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 six months ending September 30, 2007.

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

Yours sincerely,



Joanna Sofield
Chief Regulatory Officer

Enclosure (1)





**Report on Demand-Side
Management Activities
for the Six Months Ending
September 30, 2007**

March 2008

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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 (**F05/F06 RRA**) and to directive 16 from the BCUC decision on BC Hydro's 2006 Integrated Electricity Plan (**2006 IEP**) and BC Hydro's 2006 Long Term Acquisition Plan (**2006 LTAP**). 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 2007 through September 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: Provide annual and cumulative totals since program inception;

- (1) Express these values on a per unit basis; and
- (2) 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 the F05/F06 RRA, 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 the Six Months ending September 30, 2007

In the six months ending September 30, 2007, BC Hydro's DSM capital expenditures totalled \$24.2 million while incremental DSM electricity savings totalled 86 GWh/year. This was \$3.8 million below plan and 16 GWh/year above plan relative to the DSM plans filed with BC Hydro's

F2007/F2008 Revenue Requirements Application (**F07/F08 RRA**). Table 1 presents planned and actual DSM capital expenditures and incremental electricity savings for the six months ending September 30, 2007.

Previous semi-annual reports have presented BC Hydro's DSM deferred capital expenditures, as specified in directive 69 from the BCUC decision on F05/F06 RRA. 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 all BC Hydro's DSM capital expenditures, including both deferred and specific capital.

Table 1 Capital Expenditures and Incremental Electricity Savings for the Six Months Ending September 30, 2007

	Capital Expenditures (\$ 000)				Incremental Electricity Savings (GWh/year)			
	Plan	Actual	Variance		Plan	Actual	Variance	
			\$ 000	%			GWh/year	%
Energy Efficiency								
Industrial Sector								
Power Smart Partners	5,322	3,360	-1,962	-37	36	48	12	33
New Plant Design	347	146	-201	-58	0	0	n/a	-
Sector Enabling Activities	466	499	33	7	n/a	n/a	n/a	n/a
Sector Total	6,135	4,004	-2,131	-35	36	48	12	33
Commercial/Gov't Sector								
Power Smart Partners	4,275	2,642	-1,634	-38	9	1	-8	-85
Schools, Univ., Coll. & Hosp.	1,051	1,134	82	8	0	1	1	-
Product Incentive	1,822	1,108	-715	-39	11	14	3	30
High Performance Buildings	1,224	729	-495	-40	2	1	-1	-56
Sector Enabling Activities	577	582	5	1	n/a	n/a	n/a	n/a
Sector Total	8,950	6,194	-2,756	-31	21	17	-4	-19
Residential Sector								
Compact Fluorescent Lighting	599	701	103	17	1	3	2	150
Refrigerator Buy-Back	1,635	1,519	-116	-7	9	14	5	53
Seasonal Light Emitting Diode	0	0	0	-	0	0	0	-
New Home	410	206	-203	-50	2	1	-1	-44
Fuel Substitution	0	-5	-5	-	0	1	1	-
Renovation Rebate	132	220	88	66	0	2	2	-
Variable Speed Motors	124	55	-69	-56	0	0	0	-
Sector Enabling Activities	1,168	837	-332	-28	n/a	n/a	n/a	n/a
Sector Total	4,068	3,532	-535	-13	12	21	9	72
Total	19,153	13,730	-5,423	-28	70	86	16	23
Load Displacement	267	-166	-433	-162	n/a	n/a	n/a	n/a
Portfolio Level Activities								
Indirect & Portfolio Enabling	4,202	5,298	1,096	26	n/a	n/a	n/a	n/a
Public Awareness & Comm.	3,849	5,078	1,229	32	n/a	n/a	n/a	n/a
Information Technology	428	209	-219	-51	n/a	n/a	n/a	n/a
Total	8,479	10,585	2,106	25	n/a	n/a	n/a	n/a
Total DSM	27,899	24,150	-3,750	-13	70	86	16	23

The following are variance explanations for the above figures:

Energy Efficiency	
Industrial Sector	
Power Smart Partners	Expenditures were below plan due to a delayed launch of program components targeted at transmission customers. Expenditures are expected to rise with increased activity in the second half of the fiscal year. Electricity savings were slightly above plan due to higher than expected program activity from industrial distribution customers resulting in electricity savings that were more cost effective than planned.
New Plant Design	Expenditures were below plan due to internal resource constraints. Resources are now in place to accelerate the adoption rate of this program.
Sector Enabling Activities	Expenditures were approximately on plan.
Commercial/ Government Sector	
Power Smart Partners	Expenditures and electricity savings were below plan due to lower than anticipated participation. Program adjustments are being implemented to increase participation levels. The first half of the fiscal year is anticipated to be the slowest for acquiring energy savings. Accelerated activity in the final two quarters of the fiscal year is expected to compensate for lower participation in the first two quarters.
Schools, Universities, Colleges & Hospitals	Expenditures and electricity savings were approximately on plan.
Product Incentive	Expenditures were below plan as the mix of technologies selected by program participants provided more cost-effective electricity savings than planned. Electricity savings were above plan due to higher than expected participation. Participation rates are steadily increasing due to changes to the program's offer, application process, and on-going communication campaigns to raise awareness.
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 not fully factored into the development of planned expenditures and electricity savings for F2008.
Sector Enabling Activities	Expenditures were approximately on plan.
Residential Sector	
Compact Fluorescent Lighting	Expenditures and electricity savings were above plan due to higher than planned program activity. This was due to strong CFL sales complemented by a limited direct install and giveaway initiative.
Refrigerator Buy-Back	Electricity savings were above plan due to advertising and media coverage that increased program activity from July through September.
Seasonal Light Emitting Diode	This program starts in the last six months of F2008, which explains the absence of planned and actual expenditures or electricity savings.

New Home	Expenditures and electricity savings were below plan due to lower than planned program activity resulting from builder/developers not yet submitting required paperwork. Both savings and expenditures are expected to increase in the last six months of F2008.
Fuel Substitution	Expenditures were below plan and electricity savings were above plan due to residual paperwork for program activity in F2007 being completed in the first half of F2008.
Renovation Rebate	Both expenditures and electricity savings were above plan due to the processing of paperwork for program activity in F2007.
Variable Speed Motors	Expenditures were largely deferred to later in the fiscal year as the program did not launch until September.
Sector Enabling Activities	Expenditures were below plan due to slower than expected progress with retailer partnerships and delays in hiring staff to design and implement supporting initiatives.
Portfolio Total	Expenditures were below plan due to lower than planned program activity in some programs and more cost-effective than planned electricity savings in some programs. Electricity savings were above plan due to increased industrial program activity and higher than anticipated activity in the Refrigerator Buy-Back and Product Incentive programs.
Load Displacement	Expenditures were below plan due to limited load displacement project activity and the partial refund of an incentive payment due to an energy shortfall on a past load displacement project.
Portfolio Level Costs	
Indirect and Portfolio Enabling Activities	Expenditures were above plan due to increased activity and some costs, originally budgeted as program costs, being more accurately allocated as indirect expenditures.
Public Awareness & Communication	Expenditures were above plan due to increased community outreach activity and promotion as well as costs, originally budgeted as program costs, being allocated more appropriately as portfolio-level expenditures.
Information Technology	Expenditures were below plan due to expenses for two projects not being incurred in time to be shown in this report. These charges will be reflected in the year-end report.
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 September 30, 2007 total \$366 million. Table 2 presents DSM capital expenditures by program for each fiscal year from F2003 through September 30, 2007, along with total expenditures to date, from 2003.

Table 2 Capital Expenditures since F2003 (\$ 000)

	Capital Expenditures (\$ 000)						
	F2003	F2004	F2005	F2006	F2007	F2008 6M	Total
Energy Efficiency							
Industrial Sector							
Power Smart Partners	7,457	8,997	13,603	6,689	6,119	3,360	46,225
New Plant Design	0	0	0	23	26	146	195
Sector Enabling Activities	<u>1,522</u>	<u>551</u>	<u>295</u>	<u>542</u>	<u>638</u>	<u>499</u>	<u>4,046</u>
Sector Total	8,979	9,548	13,898	7,254	6,783	4,004	50,466
Commercial & Gov't Sector							
Power Smart Partners	8,872	10,570	7,861	6,517	5,422	2,642	41,884
Schools, Univ., Coll. & Hosp.	4,098	2,410	3,951	6,040	2,479	1,134	20,111
Product Incentive	15	587	1,276	1,233	1,582	1,108	5,801
High Performance Buildings	0	74	400	288	827	729	2,319
Traffic Light	5,632	867	137	3	0	0	6,640
Small Business CFL	0	169	521	9	0	0	698
Sector Enabling Activities	<u>1,454</u>	<u>512</u>	<u>964</u>	<u>973</u>	<u>853</u>	<u>582</u>	<u>5,338</u>
Sector Total	20,071	15,189	15,111	15,063	11,163	6,194	82,791
Residential Sector							
Compact Fluorescent Lighting	7,528	13,316	4,047	2,022	1,888	701	29,502
Refrigerator Buy-back	1,164	3,316	4,897	3,627	3,330	1,519	17,853
Seasonal Light Emitting Diode	556	710	807	1,090	319	0	3,482
New Home	377	309	405	254	925	206	2,477
Fuel Substitution	0	86	229	140	234	-5	684
Renovation Rebate	267	448	354	292	969	220	2,550
Variable Speed Motors	0	112	16	120	208	55	510
Sector Enabling Activities	<u>2,300</u>	<u>393</u>	<u>164</u>	<u>262</u>	<u>264</u>	<u>837</u>	<u>4,220</u>
Sector Total	12,192	18,691	10,920	7,807	8,137	3,532	61,279
Total	41,242	43,428	39,929	30,124	26,083	13,730	194,537
Load Displacement	463	376	17,251	45,798	220	-166	63,942
Portfolio Level Activities							
Indirect and Portfolio Enabling	14,631	9,836	9,120	8,013	10,759	5,298	57,658
Public Awareness & Comm.	8,724	8,676	5,458	6,115	9,290	5,078	43,340
Information Technology	<u>2,316</u>	<u>1,351</u>	<u>1,385</u>	<u>805</u>	<u>961</u>	<u>209</u>	<u>7,027</u>
Total	25,671	19,863	15,962	14,933	21,010	10,585	108,025
Total DSM	67,376	63,667	73,142	90,855	47,313	24,150	366,503

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 2,607 GWh/year at September 30, 2007. Table 3 presents incremental electricity savings by program for each fiscal year from F2003 through September 30, 2007, along with the cumulative total at September 30, 2007.

Table 3 Electricity Savings since F2003 (GWh/year)

	Incremental Electricity Savings (GWh/year)						
	F2003	F2004	F2005	F2006	F2007	F2008 6M	Total
Energy Efficiency							
Industrial Sector							
Power Smart Partners	188	118	144	90	294	48	882
<u>New Plant Design</u>	-	-	<u>1</u>	<u>4</u>	-	-	<u>4</u>
Sector Total	188	118	145	93	294	48	886
Commercial & Gov't Sector							
Power Smart Partners	79	63	40	45	37	1	264
Schools, Univ., Coll. & Hosp.	25	14	25	18	5	1	88
Product Incentive	-	2	8	15	20	14	58
High Performance Buildings	-	2	2	-	1	1	5
Traffic Light	14	14	1	1	0	-	29
<u>Small Business CFL</u>	-	<u>5</u>	-	<u>(1)</u>	<u>(1)</u>	-	<u>3</u>
Sector Total	118	99	75	77	61	17	447
Residential Sector							
Compact Fluorescent Lighting	39	134	137	29	12	3	354
Refrigerator Buy-back	5	19	35	27	27	14	126
Seasonal Light Emitting Diode	-	7	14	19	15	-	55
New Home	10	4	4	6	5	1	30
Fuel Substitution	-	0	3	2	4	1	10
Renovation Rebate	3	0	1	1	2	2	8
<u>Variable Speed Motors</u>	-	<u>2</u>	-	<u>1</u>	<u>2</u>	<u>0</u>	<u>4</u>
Sector Total	56	166	194	84	66	21	587
Total	363	383	414	254	421	86	1,920
Load Displacement	-	-	134	396	157	-	687
Total DSM	363	383	548	650	578	86	2,607

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 2,607 GWh/year of DSM electricity savings achieved at September 30, 2007 represent 71 per cent of BC Hydro's F2012 target of 3,678 GWh/year from the DSM plans filed with F07/F08 RRA. Table 4 presents these figures by program.

Table 4 Cumulative Electricity Savings at September 30, 2007 (GWh/year)

	Cumulative Electricity Savings at September 30, 2007	F2012 Target	Per cent of Target
Energy Efficiency			
Industrial Sector			
Power Smart Partners	882	1,357	65
New Plant Design	<u>4</u>	<u>53</u>	<u>8</u>
Sector Total	886	1,410	63
Commercial & Gov't Sector			
Power Smart Partners	264	314	84
Schools, Univ., Coll. & Hosp.	88	103	85
Product Incentive	58	145	40
High Performance Buildings	5	54	9
Traffic Light	29	28	103
Small Business CFL	<u>3</u>	<u>0*</u>	<u>n/a</u>
Sector Total	447	644	69
Residential Sector			
Compact Fluorescent Lighting	354	352	101
Refrigerator Buy-back	126	133	95
Seasonal Light Emitting Diode	55	29	191
New Home	30	86	35
Fuel Substitution	10	83	11
Renovation Rebate	8	28	29
Variable Speed Motors	<u>4</u>	<u>10</u>	<u>44</u>
Sector Total	587	721	81
Total	1,920	2,775	69
Load Displacement	687	903	75
Total DSM	2,607	3,678	71

* 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 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/kWh. Table 5 presents the levelized utility cost of actual DSM capital expenditures and electricity savings in F2003 through September 30, 2007 by program.

**Table 5 Utility Cost of DSM Capital Expenditures and Electricity Savings:
F2003 – mid-year F2008**

	Levelized Utility Cost (cents/kWh)
Energy Efficiency	
Industrial Sector	
Power Smart Partners	1.1
New Plant Design	<u>1.1</u>
Sector Total	1.2
Commercial & Gov't Sector	
Power Smart Partners	1.8
Schools, Univ., Coll. & Hosp.	2.3
Product Incentive	1.5
High Performance Buildings	5.8
Traffic Light	2.3
Small Business CFL	<u>3.1</u>
Sector Total	2.0
Residential Sector	
Compact Fluorescent Lighting	1.1
Refrigerator Buy-back	2.1
Seasonal Light Emitting Diode	1.0
New Home	0.9
Fuel Substitution	0.8
Renovation Rebate	2.6
Variable Speed Motors	<u>1.2</u>
Sector Total	1.3
Total	1.4
Load Displacement	1.3
Total DSM	1.4

The electricity savings achieved to date have been highly cost-effective, with an All Ratepayers Test benefit-cost ratio of 2.7. Table 6 presents benefit cost ratios of actual DSM capital expenditures and electricity savings from F2003 through September 30, 2007, by program.

**Table 6 Benefit-Cost Ratios of DSM Capital Expenditures and Electricity Savings:
F2003 – mid-year F2008**

	Utility Test	All Ratepayers Test	Non-Participant Test
Energy Efficiency			
Industrial Sector			
Power Smart Partners	7.6	3.9	1.8
New Plant Design	<u>8.1</u>	<u>4.0</u>	<u>1.9</u>
Sector Total	7.3	3.8	1.8
Commercial & Gov't Sector			
Power Smart Partners	5.3	2.2	1.6
Schools, Univ., Coll. & Hosp.	4.1	2.2	1.5
Product Incentive	6.7	2.8	1.6
High Performance Buildings	1.4	1.0	0.9
Traffic Light	3.5	1.7	1.1
Small Business CFL	<u>2.7</u>	<u>3.9</u>	<u>0.9</u>
Sector Total	4.6	2.1	1.5
Residential Sector			
Compact Fluorescent Lighting	7.4	4.3	1.2
Refrigerator Buy-back	4.2	4.5	1.1
Seasonal Light Emitting Diode	9.2	10.8	1.3
New Home	9.2	5.7	1.2
Fuel Substitution	10.8	2.6	1.1
Renovation Rebate	3.3	4.0	0.9
Variable Speed Motors	<u>7.2</u>	<u>6.2</u>	<u>1.1</u>
Sector Total	6.3	4.5	1.1
Total	6.0	3.2	1.4
Load Displacement	6.6	1.8	1.6
Total DSM	6.1	2.7	1.5

6. Operations, Maintenance, General and Administration Expenditures

For the six months ending September 30, 2007, DSM Operations, Maintenance, General and Administration (OMG&A) expenditures totalled \$2.1 million. Table 7 presents DSM OMG & A expenditures by resource for the six months ending September 30, 2007.

Table 7 DSM OMG&A Expenditures in Six Months Ending September 30, 2007 (\$ 000)

ABS Services	17
Buildings and Equipment	86
External Recoveries	-14
Internal Services Received	1
Labour	1,498
Materials	20
Services	521
Other	-2
Total	2,128

7. Portfolio-Level Activities

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

7.1 Allocation of Portfolio-level Costs to Programs

In keeping with directive 61 from the BCUC decision on the F05/F06 RRA, 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/year in F2012, so a program that is forecast to save 37 GWh/year in F2012 represents one per cent of the total. In turn, one per cent of portfolio-level costs would be allocated to that program in each year.

7.2 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.

7.3 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 initiative 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.

7.4 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.