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October 14, 2008

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

Dear Ms. Hamilton:

RE: Project No.
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, 2008.

BC Hydro's next report on DSM activities will report on the implementation of the DSM Plan included in BC Hydro's 2008 Long Term Acquisition Plan. In order to align with that Plan and manage the volume of data presented in the report, the next report will present data for F2008 and onward. Data for F2003 - F2007 will not be presented since it is available in the attached and previous reports.

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, 2008**

October 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 and Long Term Acquisition Plan (**2006 IEP/LTAP**). The report provides information on DSM deferred operating, specific capital and operating expenditures, electricity savings, program performance, and portfolio-level activities.¹

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 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."

¹ In keeping with BC Hydro's F09/F10 Revenue Requirement Application (Chapter 6, page 10), DSM deferred capital expenditures are now referred to as DSM deferred operating expenditures, and operations, maintenance, general and administration costs (OMG&A) are now referred to as operating costs. This is a change in presentation only.

2. Expenditures and Electricity Savings in F2008

In the twelve months ending March 31, 2008, BC Hydro's DSM deferred operating and specific capital expenditures totalled \$64.8 million while incremental DSM electricity savings totalled 464 GWh/year. This was \$8.3 million below plan and 193 GWh/year above plan. Table 1 presents planned and actual DSM deferred operating and specific capital expenditures and incremental electricity savings for the twelve months ending March 31, 2008.

Tables 1 and 2 present BC Hydro's DSM deferred operating and specific capital expenditures in order to align with expenditures presented in BC Hydro's DSM plans.

Table 1 Deferred Operating and Specific Capital Expenditures and Incremental Electricity Savings for the Twelve Months Ending March 31, 2008

	Deferred Operating and Specific Capital Expenditures (\$000)				Incremental Electricity Savings ¹ (GWh/yr)			
	Plan	Actual	Variance		Plan	Actual	Variance	
			\$ 000	%			GWh/yr	%
Energy Efficiency								
Industrial Sector								
Power Smart Partners	16,252	9,574	(6,678)	(41%)	165	349	184	112%
New Plant Design	1,100	310	(790)	(72%)	0	0	-	-
Sector Enabling Activities	<u>1,000</u>	<u>1,220</u>	<u>220</u>	<u>22%</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Sector Total	18,352	11,104	(7,248)	(39%)	165	349	184	112%
Commercial/Gov't Sector								
Power Smart Partners	13,500	7,272	(6,228)	(46%)	31	29	(2)	(7%)
Schools, Univ., Coll. & Hosp.	2,620	3,451	831	32%	9	7	(2)	(17%)
Product Incentive	4,300	2,842	(1,458)	(34%)	26	23	(3)	(11%)
High Performance Buildings	3,500	2,163	(1,337)	(38%)	8	2	(6)	(70%)
Sector Enabling Activities	<u>1,300</u>	<u>1,547</u>	<u>247</u>	<u>19%</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Sector Total	25,220	17,275	(7,945)	(32%)	74	62	(12)	(17%)
Residential Sector								
Compact Fluorescent Lighting	2,200	3,007	807	37%	9	12	3	32%
Refrigerator Buy-Back	3,280	4,014	734	22%	18	28	10	55%
Seasonal Light Emitting Diode	-	-	-	-	1	8	7	700%
New Home	1,050	1,431	381	36%	3	3	0	9%
Fuel Substitution	-	(5)	(5)	-	0	0	-	-
Renovation Rebate	300	417	117	39%	0	0	-	-
Variable Speed Motors	320	132	(188)	(59%)	2	1	(1)	(35%)
Appliances and Electronics	-	1,035	1,035	-	0	0	0	-
Sector Enabling Activities	<u>3,450</u>	<u>2,544</u>	<u>(906)</u>	<u>(26%)</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Sector Total	10,600	12,575	1,975	19%	32	53	21	65%
Total	54,172	40,954	(13,219)	(24%)	271	464	193	71%
Load Displacement	700	(166)	(866)	(124%)	0	0	n/a	n/a
Portfolio Level Activities								
Indirect & Portfolio Enabling	8,555	11,231	2,676	31%	n/a	n/a	n/a	n/a
Public Awareness & Comm.	8,700	11,295	2,595	30%	n/a	n/a	n/a	n/a
Information Technology	<u>960</u>	<u>1,520</u>	<u>560</u>	<u>58%</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
Total	18,215	24,045	5,831	32%	n/a	n/a	n/a	n/a
Total DSM	73,087	64,833	(8,254)	(11%)	271	464	193	71%

¹ In anticipation of the new reporting time frame consistent with the DSM Plan in the 2008 LTAP, the figures presented here reflect savings resulting from activities occurring in F2008. The planned and actual savings for the New Home and Renovation Rebate programs were adjusted to remove any planned and actual savings that occurred in F2008 but were clearly attributed to earlier activities. These removed savings are captured in Table 3.

The following are explanations for the above variances:

Energy Efficiency	
Industrial Sector	
Power Smart Partners	Expenditures were below plan due to a delay in the launch of incentives targeted at transmission customers and lower than expected uptake in study funding as transmission customers focussed on responding to the stepped rate. Electricity savings were above plan due to higher than expected response of transmission customers to the stepped rate through Power Smart enabling activities, including higher than expected utilization of existing self-generation systems. Self-generation savings are subject to significant annual fluctuations in response to a variety of market conditions (economy, fuel prices, etc.).
New Plant Design	Expenditures were below plan due to internal resource constraints and longer than expected lags between the identification of new plant opportunities and the start of their design phase. Resources are now in place to fully support program implementation.
Sector Enabling Activities	Expenditures were above plan due to increased activity to promote programs and build industry expertise.
Commercial/ Government Sector	
Power Smart Partners	Expenditures were below plan due to the mix of technologies selected by the participants providing more cost-effective electricity savings than planned. Electricity savings were approximately on plan.
Schools, Universities, Colleges & Hospitals	Expenditures were above plan due to the mix of technologies selected by the program participants providing more costly electricity savings than planned. Electricity savings were below plan due to lower than anticipated participation. Program adjustments and increased marketing activities are underway to ensure the program achieves targeted participation levels.
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 approximately on plan.
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 thirty-six 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 above plan due to increased activity to promote programs and build industry expertise.
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 of bulbs and fixtures complemented by a limited direct install and giveaway initiative.
Refrigerator Buy-Back	Expenditures and electricity savings were above plan due to better than expected response to advertising and media coverage that increased program activity from July through September.
Seasonal Light Emitting Diode	Electricity savings were above plan due to higher than anticipated SLED sales attributed to good weather during the F2008 holiday period.

New Home	Expenditures were above plan due to greater than planned program activity in the last quarter of F2008. Savings were approximately on plan.
Fuel Substitution	No expenditures or savings were planned. Expenditures shown are due to residual paperwork for program activity in F2007 being completed in the first half of F2008.
Renovation Rebate	Expenditures were above plan due to the processing of paperwork for program activity in F2007. No savings from F2008 activities were planned.
Variable Speed Motors	Expenditures and electricity savings were below plan due to lower than expected program participation and projects not yet accounted for due to a lag in processing paperwork.
Appliances and Electronics	Expenditures and electricity savings were above plan because this new program was not anticipated to launch in F2008 when the F2008 plan was developed.
Sector Enabling Activities	Expenditures were below plan due to some costs originally budgeted as sector enabling costs being more accurately charged as program costs.
Energy Efficiency 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 higher than anticipated industrial and residential savings.
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 greater than planned activity and some costs, originally budgeted as program costs, being more appropriately charged as portfolio-level expenditures.
Public Awareness & Communication	Expenditures were above plan due to greater than planned community outreach activity and promotion and some costs, originally budgeted as program costs, being more appropriately charged as portfolio-level expenditures.
Information Technology	Expenditures were above plan due to greater than anticipated activities, such as community outreach, requiring information technology support.
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. Expenditures to Date

BC Hydro's DSM deferred operating and specific capital expenditures from F2003 through F2008 total \$407 million. Table 2 presents DSM deferred operating and specific capital expenditures by program from F2003 through F2008.

Table 2 Deferred Operating and Specific Capital Expenditures since F2003 (\$ 000)

	F2003	F2004	F2005	F2006	F2007	F2008	Total
Energy Efficiency							
Industrial Sector							
Power Smart Partners	7,457	8,997	13,603	6,689	6,119	9,574	52,439
New Plant Design	0	0	0	23	26	310	359
<u>Sector Enabling Activities</u>	<u>1,522</u>	<u>551</u>	<u>295</u>	<u>542</u>	<u>638</u>	<u>1,220</u>	<u>4,768</u>
Sector Total	8,979	9,548	13,898	7,254	6,783	11,104	57,566
Commercial & Gov't Sector							
Power Smart Partners	8,872	10,570	7,861	6,517	5,422	7,272	46,515
Schools, Univ., Coll. & Hosp.	4,098	2,410	3,951	6,040	2,479	3,451	22,429
Product Incentive	15	587	1,276	1,233	1,582	2,842	7,535
High Performance Buildings	0	74	400	288	827	2,163	3,752
Traffic Light	5,632	867	137	3	0	0	6,640
Small Business CFL	0	169	521	9	0	0	698
<u>Sector Enabling Activities</u>	<u>1,454</u>	<u>512</u>	<u>964</u>	<u>973</u>	<u>853</u>	<u>1,547</u>	<u>6,303</u>
Sector Total	20,071	15,189	15,111	15,063	11,163	17,275	93,872
Residential Sector							
Compact Fluorescent Lighting	7,528	13,316	4,047	2,022	1,888	3,007	31,808
Refrigerator Buy-back	1,164	3,316	4,897	3,627	3,330	4,014	20,348
Seasonal Light Emitting Diode	556	710	807	1,090	319	0	3,482
New Home	377	309	405	254	925	1,431	3,702
Fuel Substitution	0	86	229	140	234	-5	684
Renovation Rebate	267	448	354	292	969	417	2,747
Variable Speed Motors	0	112	16	120	208	132	588
Appliances and Electronics	-	-	-	-	-	1,035	1,035
<u>Sector Enabling Activities</u>	<u>2,300</u>	<u>393</u>	<u>164</u>	<u>262</u>	<u>264</u>	<u>2,544</u>	<u>5,927</u>
Sector Total	12,192	18,691	10,920	7,807	8,137	12,575	70,322
Total	41,242	43,428	39,929	30,124	26,083	40,954	221,760
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	11,231	63,590
Public Awareness & Comm.	8,724	8,676	5,458	6,115	9,290	11,295	49,557
<u>Information Technology</u>	<u>2,316</u>	<u>1,351</u>	<u>1,385</u>	<u>805</u>	<u>961</u>	<u>1,520</u>	<u>8,338</u>
Total	25,671	19,863	15,962	14,933	21,010	24,045	121,485
Total DSM	67,376	63,667	73,142	90,855	47,313	64,833	407,187

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 2,803 GWh/year at March 31, 2008. Table 3 presents incremental electricity savings by program for each fiscal year from F2003 through F2008, along with the cumulative total at March 31, 2008.

Table 3 Electricity Savings since F2003 (GWh/year)

	Incremental Electricity Savings						Total
	F2003 ¹	F2004	F2005	F2006	F2007	F2008 ²	
Energy Efficiency							
Industrial Sector							
Power Smart Partners	179	111	135	82	297	179	985
<u>New Plant Design</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1</u>	<u>0</u>	<u>0</u>	<u>1</u>
Sector Total	179	111	136	83	297	179	986
Commercial & Gov't Sector							
Power Smart Partners	88	65	43	39	31	15	281
Schools, Univ., Coll. & Hosp.	16	11	18	16	3	6	69
Product Incentive	0	1	6	11	16	23	57
High Performance Buildings	0	1	1	0	0	2	5
Traffic Light	14	14	1	1	0	0	29
<u>Small Business CFL</u>	<u>0</u>	<u>5</u>	<u>2</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>7</u>
Sector Total	117	97	71	67	50	47	448
Residential Sector							
Compact Fluorescent Lighting	39	134	137	29	80	12	431
Refrigerator Buy-back	5	19	35	27	27	28	140
Seasonal Light Emitting Diode	0	7	14	19	6	8	54
New Home	15	11	12	16	20	21	96
Fuel Substitution	0	0	2	2	4	1	10
Renovation Rebate	3	0	1	1	2	3	9
Variable Speed Motors	0	2	0	1	2	1	5
<u>Appliances and Electronics</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Sector Total	62	173	202	94	141	75	747
Total	358	381	408	244	488	302	2,181
Load Displacement	0	0	134	396	92	0	622
Total DSM	358	381	542	640	580	302	2,803

Note: Some figures in Table 3 differ from previous reports due to new information from measurement and verification activities and program evaluations.

¹ F2003 figures include a small amount of savings from F2002.

² These figures differ from the F2008 incremental savings presented in Table 1 because they reflect retirement of DSM savings achieved since F2002 that have reached the end of their persistence periods and savings that are attributable to activities prior to F2008. In contrast, and in anticipation of the new reporting time frame consistent with the DSM Plan in the 2008 LTAP, Table 1 presents F2008 savings resulting from activities occurring in F2008 and therefore do not reflect retirement of previously achieved DSM savings or savings that are attributable to earlier activities.

5. Program Performance

The 2,803 GWh/year of DSM electricity savings achieved at March 31, 2008 represent 76 per cent of BC Hydro's F2012 target of 3,678 GWh/year from the DSM plans filed with BC Hydro's F07/F08 RRA. Table 4 presents these figures by program.

Table 4 Cumulative Electricity Savings at March 31, 2008 (GWh/year)

GWh/year	Cumulative Electricity Savings at March 31, 2008	F2012 Target	% of F2012 Target
Energy Efficiency			
Industrial Sector			
Power Smart Partners	985	1,357	73%
<u>New Plant Design</u>	<u>1</u>	<u>53</u>	<u>2%</u>
Sector Total	986	1,410	70%
Commercial & Gov't Sector			
Power Smart Partners	281	314	90%
Schools, Univ., Coll. & Hosp.	69	103	67%
Product Incentive	57	145	40%
High Performance Buildings	5	54	10%
Traffic Light	29	28	104%
<u>Small Business CFL</u>	<u>7</u>	<u>0</u> ¹	<u>n/a</u>
Sector Total	448	644	70%
Residential Sector			
Compact Fluorescent Lighting	431	352	122%
Refrigerator Buy-back	140	133	105%
Seasonal Light Emitting Diode	54	29	187%
New Home	96	86	112%
Fuel Substitution	10	83	11%
Renovation Rebate	9	28	33%
Variable Speed Motors	5	10	50%
<u>Appliances and Electronics</u>	<u>0</u>	<u>n/a</u>	<u>n/a</u>
Sector Total	747	721	0%
Total	2,181	2,775	79%
Load Displacement	622	903	69%
Total DSM	2,803	3,678	76%

¹ 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 have been reviewed and revised in BC Hydro's 2008 Long Term Acquisition Plan.

The DSM electricity savings presented in Table 4 have been achieved at a utility cost of 1.5 cents/kWh. Table 5 presents the levelized utility cost of actual DSM electricity savings in F2003 through F2008 by program.

Table 5 Utility Cost of DSM Electricity Savings: F2003 – F2008

	Levelized Utility Cost (cents/kWh)
Energy Efficiency	
Industrial Sector	
Power Smart Partners	1.1
<u>New Plant Design</u>	<u>5.0</u>
Sector Total	1.2
Commercial & Gov't Sector	
Power Smart Partners	1.8
Schools, Univ., Coll. & Hosp.	3.3
Product Incentive	1.8
High Performance Buildings	8.9
Traffic Light	2.3
<u>Small Business CFL</u>	<u>1.4</u>
Sector Total	2.3
Residential Sector¹	
Compact Fluorescent Lighting	1.1
Refrigerator Buy-back	2.2
Seasonal Light Emitting Diode	1.0
New Home	0.6
Fuel Substitution	0.8
Renovation Rebate	2.5
<u>Variable Speed Motors</u>	<u>1.2</u>
Sector Total	1.3
Total	1.5
Load Displacement	1.7
Total DSM	1.5

¹ The levelized cost of the new Appliance and Electronics program is not shown because it is unrepresentative on account of the program operating for only the last quarter of F2008.

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 electricity savings from F2003 through F2008, by program.

Table 6 Benefit-Cost Ratios of DSM Electricity Savings: F2003 – F2008

	Benefit Cost Ratios		
	Utility Test	All Ratepayers Test	Non-Participant Test
Energy Efficiency			
Industrial Sector			
Power Smart Partners	7.7	4.3	1.8
<u>New Plant Design</u>	<u>1.8</u>	<u>1.6</u>	<u>1.1</u>
Sector Total	7.7	4.3	1.8
Commercial & Gov't Sector			
Power Smart Partners	4.8	2.2	1.1
Schools, Univ., Coll. & Hosp.	2.7	2.1	0.9
Product Incentive	5.1	2.6	1.1
High Performance Buildings	1.0	1.0	0.6
Traffic Light	3.7	1.8	1.0
<u>Small Business CFL</u>	<u>6.9</u>	<u>9.8</u>	<u>1.3</u>
Sector Total	3.9	2.1	1.0
Residential Sector¹			
Compact Fluorescent Lighting	9.9	6.1	1.5
Refrigerator Buy-back	4.0	4.3	1.1
Seasonal Light Emitting Diode	9.1	11.7	1.3
New Home	15.4	8.8	1.5
Fuel Substitution	12.0	3.0	1.4
Renovation Rebate	3.8	4.8	1.1
<u>Variable Speed Motors</u>	<u>8.1</u>	<u>7.5</u>	<u>1.3</u>
Sector Total	8.0	5.9	1.4
Total	6.3	3.7	1.4
Load Displacement	5.2	1.1	1.7
Total DSM	6.1	2.6	1.5

¹ The benefit-cost ratios of the new Appliance and Electronics program are not shown because they are unrepresentative on account of the program operating for only the last quarter of F2008.

6. Operating Expenditures in F2008

For the twelve months ending March 31, 2008, DSM operating expenditures totalled \$3.9 million. Table 7 presents DSM operating expenditures in F2008.

Table 7 Operating Expenditures in F2008 (\$ 000)

ABS Services	27
Buildings and Equipment	257
External Recoveries	(23)
Internal Services Received	1
Labour	2,631
Materials	36
Services	1,005
Other	(44)
Total	3,891

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 Power Smart 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.

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 information technology support.

Quality Assurance: The Power Smart 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 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 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.

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.

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 targeted levels of participation in DSM activities, 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 long term DSM 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 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 customer participation in DSM. 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 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 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.