

British Columbia Utilities Commission Information Request No. 1.69.0 Dated: April 13, 2005 British Columbia Hydro & Power Authority Response issued April 29, 2005	Page 1
British Columbia Hydro & Power Authority 2005 Resource Expenditure and Acquisition Plan ("REAP")	

69.0 Reference: 2005 REAP, Tab 4, Demand Side Management, p. 4-27

1.69.0 The LPI process uses a number of selection criterion, one of which is a simple payback equal to or greater than two years.

In the RRA proceeding, in Transcript Vol. 14 page 2338, lines 3-12, BC Hydro testified that the utility has replaced the two-year payback criterion with the internal rate of return and that the cap on the IRR for a load displacement program is 20 per cent. Please explain why BC Hydro dropped the IRR and revived the payback criterion in the 2005 REAP.

RESPONSE:

Following the first LPI call, where LD projects are: (a) included in a broader competitive process; and (b) the call screening criteria includes the Rate Impact Test as a price cap, it was decided that the concern being addressed by the IRR test was being adequately addressed in a more appropriate manner.

The general two-year simple payback criterion has been maintained as a screening criterion related to the energy efficiency projects (which are also part of the LPI call process).