

Fred James

Chief Regulatory Officer

Phone: 604-623-4046

Fax: 604-623-4407

bchydroregulatorygroup@bchydro.com

July 12, 2017

Mr. Patrick Wruck
Commission Secretary and Manager
Regulatory Support
British Columbia Utilities Commission
Suite 410, 900 Howe Street
Vancouver, BC V6Z 2N3

Dear Mr. Wruck:

**RE: British Columbia Utilities Commission (BCUC or Commission)
British Columbia Hydro and Power Authority (BC Hydro)
F2005/F2006 Revenue Requirements Application
Commission Decision: October 29, 2004; Directive 69 (page 201)
(AMENDED pursuant to 2006 Integrate Electricity Plan and
2006 Long-Term Acquisition Plan
Commission Decision: May 11, 2006; Directive 16 (pages 145 to 146)
2008 Long-Term Acquisition Plan
Commission Decision: July 27, 2009; Directive 36 (page 184))
F2017 Demand-Side Management Activities Annual Report**

BC Hydro writes to provide its Report on Demand-Side Management Activities for the 12 months ending March 31, 2017.

For further information, please contact Geoff Higgins at 604-623-4121 or by email at bchydroregulatorygroup@bchydro.com.

Yours sincerely,



(for) Fred James
Chief Regulatory Officer

cu/ma

Enclosure (1)



Report on Demand-Side Management Activities for Fiscal 2017

July 12, 2017

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1 Introduction

This BC Hydro annual report to the British Columbia Utilities Commission (**BCUC or Commission**) on Demand-Side Management (**DSM**) activities provides information on DSM expenditures, electricity savings, plan performance and mitigation measures for the 2017 fiscal year (**F2017**), which is the twelve months ending March 31, 2017. This annual report is filed in compliance with the following Commission Directives:

- Directive 69 from the Commission Decision on BC Hydro's F2005/F2006 Revenue Requirements Application (**F05/F06 RRA**);
- Directive 16 from the Commission Decision on BC Hydro's 2006 Integrated Electricity Plan and Long Term Acquisition Plan (**2006 IEP/LTAP**); and
- Directives 36 and 38 from the Commission decision on BC Hydro's 2008 LTAP.

Directive 69 of the F05/F06 RRA Decision 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 the 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."

Directive 16 of the 2006 IEP/LTAP Decision directed BC Hydro “to continue to file reports on DSM performance as described in Directive 69 of the F05/F06 RRA Decision 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;

- (i) Express these values on a per unit basis; and
- (ii) Provide the benefit to cost ratios for the three DSM tests.”

Directive 36 of the 2006 IEP/LTAP Decision directed BC Hydro to switch from semi-annual to annual DSM performance reports. Directive 38 from the same Decision directed BC Hydro to include in these reports:

“metrics for each initiative, achievements in relation to milestones, and description of past or planned mitigation measures where warranted.

These mitigation measures should include shifting program resources and alternative supply options for each program. Ongoing DSM performance reporting should demonstrate how BC Hydro is continuously pursuing DSM and that specific programs are cost-effective.”

BC Hydro files its evaluation reports pursuant to Directive 69 of the F05/F06 RRA Decision separately. This annual report addresses the balance of Directives 69 and 16, as well as Directives 36 and 38 of the 2006 IEP/LTAP Decision.

2 Expenditures and Electricity Savings for Fiscal 2017

BC Hydro’s DSM expenditures¹ in F2017 totalled \$97.4 million while net incremental DSM electricity savings totalled 602 GWh/year. Expenditures were \$16 million or 14 per cent below the F2017 DSM Plan presented in BC Hydro’s Fiscal 2017 - Fiscal 2019 Revenue Requirements Application (**F2017-F2019 RRA**).

¹ Comprising all DSM-related deferred operating expenditures. DSM operating expenditures are presented in [Table 6](#) of this report.

Overall, net incremental electricity savings as shown in [Table 1](#) were 3 GWh/year or 1 per cent above the DSM Plan.

[Table 1](#) presents planned and actual DSM expenditures and net incremental electricity savings in F2017.

Table 1 Expenditures and Net Incremental Electricity Savings for F2017

	Expenditures ¹				Net Incremental Electricity Savings			
	Plan ²	Actual	Variance		Plan ²	Actual ³	Variance	
	\$ 000	\$ 000	\$ 000	%	GWh/yr	GWh/yr	GWh/yr	%
Codes and Standards								
Residential	-	-	-	-	212	240	28	13%
Commercial	-	-	-	-	63	63	(0)	(0%)
Industrial	-	-	-	-	6	6	(0)	(0%)
Total Codes and Standards	4,740	5,057	317	7%	282	309	28	10%
Rate Structures								
Residential Inclining Block Rate	500	527	27	5%	8	8	(0)	(0%)
General Service Rate	-	-	-	-	-	-	-	-
Transmission Service Rate	747	265	(482)	(65%)	15	(33)	(47)	(326%)
Total Rate Structures	1,247	792	(455)	(36%)	23	(25)	(47)	(209%)
DSM Programs								
<i>Residential Sector</i>								
Behaviour	3,933	2,176	(1,757)	(45%)	15	15	(0)	(1%)
Refrigerator Buy-back	-	0	0	-	-	-	-	-
Low Income	2,535	2,890	355	14%	3	4	1	48%
New Home	-	(128)	(128)	-	-	-	-	-
Retail	3,408	4,658	1,250	37%	15	27	12	81%
Home Energy Retrofit Offer	2,425	2,246	(178)	(7%)	4	4	(0)	(6%)
<u>Sector Enabling Activities</u>	<u>834</u>	<u>677</u>	<u>(157)</u>	<u>(19%)</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<i>Residential Sector Total</i>	13,135	12,519	(617)	(5%)	37	50	13	35%
<i>Commercial Sector</i>								
Leaders in Energy Management - Commercial	31,348	25,050	(6,299)	(20%)	106	84	(22)	(21%)
New Construction	11,549	8,781	(2,768)	(24%)	21	18	(3)	(13%)
<u>Sector Enabling Activities</u>	<u>1,000</u>	<u>682</u>	<u>(318)</u>	<u>(32%)</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<i>Commercial Sector Total</i>	43,898	34,513	(9,385)	(21%)	127	102	(25)	(20%)
<i>Industrial Sector</i>								
Leaders in Energy Management - Transmission	16,081	14,365	(1,716)	(11%)	106	142	36	34%
Thermo-Mechanical Pulp	-	133	133	-	-	-	-	-
Leaders in Energy Management - Distribution	9,779	8,152	(1,626)	(17%)	25	24	(1)	(4%)
Load Displacement	-	-	-	-	-	-	-	-
<u>Sector Enabling Activities</u>	<u>814</u>	<u>523</u>	<u>(291)</u>	<u>(36%)</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<i>Industrial Sector Total</i>	26,674	23,173	(3,501)	(13%)	131	166	35	27%
Total Programs	83,707	70,204	(13,502)	(16%)	295	318	23	8%
Supporting Initiatives								
Public Awareness	6,872	6,799	(73)	(1%)	-	-	-	-
<u>Indirect and Portfolio Enabling</u>	<u>7,166</u>	<u>6,178</u>	<u>(988)</u>	<u>(14%)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Supporting Initiatives Total	14,037	12,977	(1,061)	(8%)	-	-	-	-
ENERGY EFFICIENCY PORTFOLIO TOTAL	103,732	89,031	(14,701)	(14%)	-	-	-	-
Capacity Focused DSM	9,988	8,377	(1,611)	(16%)	-	-	-	-
PORTFOLIO TOTAL, EE & CF DSM	113,720	97,408	(16,312)	(14%)	599	602	3	1%

Notes:

¹ Including all DSM-related deferred operating expenditures that are relevant for DSM cost-effectiveness.

² Plan figures are from BC Hydro's F2017-F2019 RRA, Appendix W.

³ Reported savings from codes and standards and residential inclining block and general service rate structures are based on planned estimates as well as evaluated results.

The following corresponds to the information provided in [Table 1](#) and are explanations for the above variances:

Codes and Standards	
Residential	Expenditures were approximately on plan. Electricity savings were above plan due to an adjustment of the allocation of savings between codes and standards and other lighting-related DSM programs as a result of the general service incandescent lamps regulation by the federal government.
Commercial	
Industrial	
Rate Structures	
Residential Inclining Block Rate	Expenditures were approximately on plan. Electricity savings were on plan.
General Service Rate	No further conservation is forecast from the general service rate as BC Hydro has revised its conservation forecast to zero due to the outcomes of the F2014 LGS/MGS evaluation report.
Transmission Service Rate	Expenditures were below plan due to the timing of the Transmission Service Rate evaluation, deferral of consultation activities for phase two of the Rate Design Application and the ability to move forward with a lower cost solution for invoice and billing data centralization. Electricity savings were below plan primarily due to a reduction in incremental customer self-generation due to F2016 customer self-generation actuals being higher than planned.
DSM Programs	
Residential Sector	
Behaviour	Expenditures were below plan due primarily to delays in a planned project to enhance energy insights provided to customers. Electricity savings were approximately on plan.
Refrigerator Buy-Back	The program has ended per the new DSM Plan in the F2017-F2019 RRA.
Low Income	Expenditures and electricity savings were above plan due to higher than planned participation in the Energy Saving Kit and Energy Conservation Assistance portions of the program offer. This was largely due to strong promotional campaigns as well as leads generated through the BC Hydro call centre resulting in higher volumes of lower cost Energy Savings Kits.
New Home	The program has ended per the new DSM Plan in the F2017-F2019 RRA.
Retail	Expenditures and electricity savings were above plan due to the success of the lighting campaign.
Home Energy Retrofit Offer	Expenditures and electricity savings were approximately on plan.
Sector Enabling Activities	Expenditures were below plan due to planned activities being deferred or cancelled.
Commercial Sector	
Leaders in Energy Management - Commercial	Expenditures and electricity savings were below plan due to customer decisions to delay or cancel projects.
New Construction	Expenditures and electricity savings were below plan due to customer decisions to delay or cancel projects.
Sector Enabling Activities	Expenditures were below plan due to planned activities being deferred or cancelled.

Industrial Sector	
Leaders in Energy Management – Transmission	Expenditures were below plan due to a number of incented projects being deferred by customers to F2018. Electricity savings were above plan due to cost effective energy savings related to strategic energy management activities.
Thermo-Mechanical Pulping	Expenditures were for studies to support the Thermo-Mechanical Pulping projects that will be implemented in future years.
Leaders in Energy Management – Distribution	Expenditures were below plan due to projects being cancelled or deferred by customers and a slower launch on strategic energy management initiatives targeting small and medium businesses. Electricity savings were approximately on plan.
Load Displacement	The program has ended per the new DSM Plan in the F2017-F2019 RRA.
Sector Enabling Activities	Expenditures were below plan due to planned activities being deferred or cancelled.
Capacity Focused DSM	Expenditures are below plan due to project delays and project cost efficiencies related to selected initiatives as well as lower volume than planned within the industrial load curtailment pilot.
Total Programs	Expenditures were below plan primarily due to projects not completing as planned in the commercial sector. Electricity savings were above plan primarily due to the success of strategic energy management activities in the Industrial Leaders in Energy Management - Transmission program and Residential Retail program.
Supporting Initiatives	
Public Awareness	Expenditures were approximately on plan.
Indirect and Portfolio Enabling	Expenditures were below plan primarily due to lower volume of IT support and enhancements required.
Portfolio Total	Expenditures were below plan primarily due to customer decisions to delay or cancel projects in the commercial sector. Electricity savings were approximately on plan due to the success of strategic energy management activities in the Industrial Leaders in Energy Management - Transmission program and Residential Retail program.

3 Expenditures to Date

BC Hydro's DSM expenditures from F2016 through F2017 totalled \$242.6 million.

[Table 2](#) presents DSM expenditures from April 1, 2015 to March 31, 2017.²

Table 2 Expenditures since F2016

	F2016 (\$ 000)	F2017 (\$ 000)	Total (\$ 000)
Codes and Standards			
Residential	-	-	-
Commercial	-	-	-
Industrial	-	-	-
Total Codes and Standards	4,688	5,057	9,745
Rate Structures			
Residential Inclining Block Rate	506	527	1,033
General Service Rate	487	-	487
Transmission Service Rate	309	265	574
Total Rate Structures	1,302	792	2,094
DSM Programs			
<i>Residential Sector</i>			
Behaviour	3,236	2,176	5,412
Refrigerator Buy-back	1,188	0	1,188
Low Income	2,425	2,890	5,315
New Home	1,255	(128)	1,127
Retail	4,712	4,658	9,370
Home Energy Retrofit Offer	2,241	2,246	4,488
Sector Enabling Activities	973	677	1,650
<i>Residential Sector Total</i>	<i>16,030</i>	<i>12,519</i>	<i>28,549</i>
<i>Commercial Sector</i>			
Leaders in Energy Management - Commercial	25,159	25,050	50,209
New Construction	7,360	8,781	16,140
Sector Enabling Activities	1,089	682	1,772
<i>Commercial Sector Total</i>	<i>33,609</i>	<i>34,513</i>	<i>68,121</i>
<i>Industrial Sector</i>			
Leaders in Energy Management - Transmission	18,771	14,365	33,136
Thermo-Mechanical Pulp	19,657	133	19,789
Leaders in Energy Management - Distribution	10,897	8,152	19,049
Load Displacement	14,481	-	14,481
Sector Enabling Activities	968	523	1,491
<i>Industrial Sector Total</i>	<i>64,774</i>	<i>23,173</i>	<i>87,947</i>
Total Programs	114,412	70,204	184,617
Supporting Initiatives			
Public Awareness	8,838	6,799	15,637
Indirect and Portfolio Enabling	7,278	6,178	13,455
Supporting Initiatives Total	16,116	12,977	29,092
ENERGY EFFICIENCY PORTFOLIO TOTAL	136,517	89,031	225,548
Capacity Focused DSM	8,644	8,377	17,022
PORTFOLIO TOTAL, EE & CF DSM	145,162	97,408	242,570

² Comprising all DSM deferred operating expenditures that are relevant for DSM cost-effectiveness.

BC Hydro's DSM electricity savings since F2016 totalled 1,754 GWh/year at March 31, 2017, which equates to 105 per cent of the planned savings of 1,668 GWh/year in the F2017-F2019 RRA. DSM programs delivered 103 per cent of planned savings. [Table 3](#) presents actual cumulative savings as a percentage of plan in F2016 to F2017.

Table 3 Cumulative Electricity Savings since April 1, 2015

Actual as a Percentage of Plan ¹	
	F2017
Codes and Standards	
Residential	108%
Commercial	100%
<u>Industrial</u>	<u>100%</u>
Total Codes and Standards	106%
Rate Structures	
Residential Inclining Block Rate	101%
General Service Rate	n/a
<u>Transmission Service Rate</u>	<u>114%</u>
Total Rate Structures	111%
DSM Programs	
<u>Residential Sector</u>	
Behaviour	100%
Refrigerator Buy-back	100%
Low Income	121%
New Home	101%
Retail	138%
<u>Home Energy Retrofit Offer</u>	<u>97%</u>
<i>Residential Sector Total</i>	116%
<u>Commercial Sector</u>	
Leaders in Energy Management - Commercial	90%
<u>New Construction</u>	<u>89%</u>
<i>Commercial Sector Total</i>	90%
<u>Industrial Sector</u>	
Leaders in Energy Management - Transmission	119%
Thermo-Mechanical Pulp	100%
Leaders in Energy Management - Distribution	98%
<u>Load Displacement</u>	<u>82%</u>
<i>Industrial Sector Total</i>	107%
Total Programs	103%
PORTFOLIO TOTAL	105%

Notes:

¹ Reported savings for codes and standards and rates structures are based on planned estimates as well as evaluated results.

The cumulative portfolio DSM electricity savings since F2016 have been achieved at an average net levelized utility cost of -\$20 per MWh. [Table 4](#) presents the net levelized utility cost of actual DSM electricity savings achieved from April 1, 2015 through March 31, 2017. Net levelized utility cost is calculated by subtracting capacity benefits from gross utility costs and then dividing the resulting net utility costs by electricity savings. A negative net levelized utility cost means that the subtracted capacity benefits exceed gross utility costs.

Table 4 Utility Cost of Electricity Savings: F2016 to F2017

	Net Levelized Utility Cost (\$/MWh)
Codes and Standards	
Residential	-38
Commercial	-20
<u>Industrial</u>	-16
Total Codes and Standards	-33
Rate Structures	
Residential Inclining Block Rate	-24
General Service Rate	n/a
<u>Transmission Service Rate</u>	-15
Total Rate Structures	-20
DSM Programs	
<u>Residential Sector</u>	
Behaviour	-1
Refrigerator Buy-back	49
Low Income	51
New Home	88
Retail	-23
Home Energy Retrofit Offer	-17
<u>Sector Enabling Activities</u>	n/a
<i>Residential Sector Total</i>	-8
<u>Commercial Sector</u>	
Leaders in Energy Management - Commercial	19
New Construction	25
<u>Sector Enabling Activities</u>	n/a
<i>Commercial Sector Total</i>	22
<u>Industrial Sector</u>	
Leaders in Energy Management - Transmission	11
Thermo-Mechanical Pulp	12
Leaders in Energy Management - Distribution	22
Load Displacement	16
<u>Sector Enabling Activities</u>	n/a
<i>Industrial Sector Total</i>	14
Total Programs	12
Rate Structures and Programs	8
Portfolio Total	-20

[Table 5](#) presents Total Resource Cost Test benefit cost-ratios of actual DSM electricity savings achieved from April 1, 2015 through March 31, 2017. [Table 5](#) shows the Total Resource Cost Test benefit-cost ratios for the Total Resource Cost test and the Total Resource Cost test as modified by the Demand-Side Measures Regulation.

Table 5 Benefit Cost Ratios of Electricity Savings: F2016 to F2017

	Benefit Cost Ratios			
	Utility Test	Total Resource Cost Test	Total Resource Cost Test as modified by DSM Regulation ¹	Ratepayer Impact Measure Test ²
Codes and Standards				
Residential	n/a	9.8	11.0	1.5
Commercial	n/a	10.6	13.3	1.4
Industrial	n/a	<u>37.8</u>	<u>43.5</u>	<u>2.1</u>
Total Codes and Standards	210.7	9.6	11.1	1.5
Rate Structures				
Residential Inclining Block Rate	26.8	26.8	30.8	1.1
General Service Rate	0.0	0.0	0.0	0.0
<u>Transmission Service Rate</u>	<u>77.5</u>	<u>3.7</u>	<u>4.2</u>	<u>1.2</u>
Total Rate Structures	30.5	8.3	9.5	1.1
DSM Programs				
<i>Residential Sector</i>				
Behaviour	4.7	5.2	6.0	1.1
Refrigerator Buy-back	1.8	2.4	2.5	0.7
Low Income ³	1.6	2.4	2.3	0.8
New Home	1.2	1.0	1.1	0.7
Retail	7.3	17.5	19.2	1.3
Home Energy Retrofit Offer	4.6	1.8	2.3	1.1
<u>Sector Enabling Activities</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<i>Residential Sector Total</i>	4.6	4.7	5.3	1.1
<i>Commercial Sector</i>				
Leaders in Energy Management - Commercial	3.1	2.2	2.6	1.0
New Construction	2.7	1.6	2.1	0.9
<u>Sector Enabling Activities</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<i>Commercial Sector Total</i>	2.9	2.0	2.4	0.9
<i>Industrial Sector</i>				
Leaders in Energy Management - Transmission	4.3	2.6	3.0	1.1
Thermo-Mechanical Pulp	4.2	3.5	4.1	1.4
Leaders in Energy Management - Distribution	2.9	2.4	2.7	0.9
Load Displacement	3.6	0.9	1.1	1.3
<u>Sector Enabling Activities</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>	<u>n/a</u>
<i>Industrial Sector Total</i>	3.8	2.1	2.4	1.1
Total Programs	3.6	2.4	2.7	1.1
Rate Structures and Programs	4.1	2.6	3.0	1.1
Portfolio Total	12.8	5.2	6.1	1.3

Notes:

- ¹ In accordance with the DSM Regulation (Ministerial Order M233/2014), the avoided cost of natural gas is valued at BC Hydro's long run marginal cost of acquiring electricity generated from clean or renewable resources in B.C converted to \$/GJ in all time periods. Non-energy benefits are valued at 15 per cent of the energy and capacity benefits of electricity and natural gas.
- ² While subsection 4(6) of the DSM Regulation precludes the use of the Ratepayer Impact Measure Test in determining cost-effectiveness of a demand-side measure, this benefit cost ratio is included in the table to comply with Directive 42 from the Commission decision on BC Hydro's 2008 LTAP.
- ³ The Total Resource Cost Test benefit-cost ratio for the Low Income program includes a 40 per cent adder to program benefits, rather than a 15 per cent value for non-energy benefits, in accordance with the DSM Regulation.

4 Mitigation Measures

Based on the experience gathered over the past few years through initiative tracking, the following are mitigation measures that have been undertaken or are planned for the future.

Codes and Standards	
Residential	Cumulative electricity savings in F2017 were approximately on plan.
Commercial	
Industrial	
Rate Structures	
Residential Inclining Block	Cumulative electricity savings in F2017 were on plan.
General Service Rate	No further conservation is forecast from the general service rate
Industrial Transmission	Cumulative electricity savings in F2017 were above plan.
DSM Programs	
Residential Sector	
Behaviour	Cumulative electricity savings in F2017 were on plan. After the success of offering a credit on customer bills as an option for receiving rebates, we are also exploring email money transfers as a means of eliminating cheques altogether as a cost saving measure.
Refrigerator Buy-Back	Cumulative electricity savings in F2017 were on plan. The program has ended per the new DSM Plan in the F2017-F2019 RRA.
Low Income	Cumulative electricity savings in F2017 were above plan. A new strategy we implemented in F2017 was using the call centre credit queue as a proactive channel for promoting the program to customers that are having bill payment issues.
New Home	Cumulative electricity savings in F2017 were on plan. The program has ended per the new DSM Plan in the F2017-F2019 RRA.
Retail	Cumulative electricity savings in F2017 were above plan. A new strategy we implemented in F2017 was a trial promotion of connected home devices through retail channel partners.
Home Energy Retrofit Offer	Cumulative electricity savings in F2017 were approximately on plan. We are working on a project that will improve data access, data analytics, customer processing time and enable creation of an online application form.
Commercial Sector	
Leaders in Energy Management - Commercial	Cumulative electricity savings in F2017 were below plan. The program has made adjustments such as streamlining the Business Energy Savings Incentive component of the program to make it easier for customers to participate and is expected to reach F2018 planned values.
New Construction	Cumulative electricity savings in F2017 were below plan. No mitigation measures are warranted as planned F2018 electricity savings are expected to be achieved based on anticipated project completions.

Industrial Sector	
Leaders in Energy Management - Transmission	Cumulative electricity savings in F2017 were above plan. New strategies that we worked on in F2017 are Energy Monitoring and Targeting systems that show energy savings from Strategic Energy Management (SEM) initiatives at the site; a Compressed Air Optimization pilot to determine if a combination of metering and system audits could result in sustained operational savings from optimizing compressed air systems; as well as launching an offer focused on smaller industrial Key Accounts who have not had access to SEM programs in the past.
Thermo-Mechanical Pulping	Cumulative electricity savings in F2017 were on plan.
Leaders in Energy Management – Distribution	Cumulative electricity savings in F2017 were approximately on plan. New strategies that we worked on in F2017 were the same as Leaders in Energy Management – Transmission and also included Strategic Energy Management Operational Energy Analytics that focused on customers and association members without access to Key Account Managers.
Load Displacement	Cumulative electricity savings in F2017 were below plan. The program has ended per the new DSM Plan in the F2017-F2019 RRA.
Capacity Focused DSM	No capacity savings were planned in F2017 as these are pilot initiatives.

5 Operating Expenditures for Fiscal 2017

BC Hydro’s DSM operating expenditures in F2017 totalled \$588,642.³ [Table 6](#) presents DSM operating expenditures in F2017.

Table 6 Operating Expenditures for F2017

	(\$000)
Labour	482
Consultants/Contractors/Temp Labour	8
Other	98
Total	589

6 Allocation of Supporting Initiative Costs to Programs

This section describes how supporting initiative costs are allocated to programs for the purpose of cost test calculations.

In accordance with Directive 61 from the Commission decision on the F05/F06 RRA, when calculating levelized costs and benefit cost ratios for this report, supporting initiative costs are allocated to DSM programs and rate structures based on their share of DSM electricity savings. F2025 has been used as the year for energy savings allocation. As an example, rate structures and programs are forecast to save roughly 530 GWh/year in F2025, so a program that is forecast to save 5.3 GWh/year in F2025

³ DSM operating expenditures are not included in earlier tables.

represents 1 per cent of the total. In turn, 1 per cent of supporting initiative costs would be allocated to that program in each year when calculating the program's levelized cost or benefit cost ratio.