

**BC HYDRO REBRANDS ENERGY CONSERVATION PROGRAM AND DOUBLES BUDGET**

In June 2024, BC Hydro unveiled its “Energy Efficiency” program (EEP), with a budget of \$700 million over three years (or some \$230 million per year).<sup>1</sup> The EEP replaces the existing Demand Side Management (DSM) program, which operated with an annual budget of approximately \$110 million. Where a key objective of the DSM program was energy conservation, the objective of the new EEP objective is to efficiently use the expanded supply of electricity necessitated by population growth and the government’s CleanBC targets.

**Demand Side Management**

In a 14 March 2024 filing with the BC Utilities Commission (BCUC), BC Hydro summarized three broad program areas that comprised the 2023/24 DSM program: energy efficiency, demand response programs and time-varying rates.<sup>2</sup> In its March filing BC Hydro requested approval for funding to achieve the following targets:

- Advance the ramp-up from Base energy efficiency to Higher energy efficiency to achieve approximately 1,800 GWh/year of energy savings and 300 MW of capacity savings by fiscal 2030 while maintaining the option to ramp up to Higher plus energy efficiency in future years to achieve approximately 26 1,950 GWh/year of energy savings and 350 MW of capacity savings by fiscal 2030 [2029/30]. Retain the flexibility to ramp up or ramp down based on future need within an overall energy savings range of 1,250 GWh/year to 2,000 GWh/year by fiscal 2030 and an overall capacity savings range of 200 MW to 350 MW by fiscal 2030;
- Pursue voluntary time-varying rates supported by demand response programs to achieve up to approximately 220 MW of capacity savings at the system level by fiscal 2030;
- Advance the timing of the implementation of programs, technology and product offers for customers to facilitate an earlier understanding of the achievable capacity savings and to maintain the flexibility to ramp up in response to future needs;

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<sup>1</sup> <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/electrification/report-energy-efficiency-plan.pdf>

<sup>2</sup> [https://docs.bcuc.com/documents/proceedings/2024/doc\\_76544\\_b-1-bch-f2024-dsm-expenditures.pdf](https://docs.bcuc.com/documents/proceedings/2024/doc_76544_b-1-bch-f2024-dsm-expenditures.pdf) p. 3.

- Advance industrial load curtailment to achieve up to approximately 100 MW of 12 incremental capacity savings at the system level as early as fiscal 2025; and
- Pursue a combination of education and marketing efforts as well as incentives for smart-charging technology for customers to support a voluntary residential time-of-use rate to shift home charging by 50 to 75% of residential electric vehicle drivers to off-peak demand periods to achieve up to approximately 170 MW of capacity savings at the system level by fiscal 2030, with a planned amount of 100 MW by fiscal 2030.<sup>3</sup>

BC Hydro estimated that the 2023/24 budget would be approximately \$112 million to fund these activities.

### **The New Energy Efficiency Program**

There was no indication in the March 2024 filing that the DSM program would be dramatically expanded. Yet three months later the Crown utility announced the new EEP. The expanded EEP doubles the DSM \$110 million annual budget to approximately \$230 million for a total of \$700 million over the next three years.

The new program incorporates greater use of funding measures, which are now “a key support for electrification and the reduction in emissions associated with electrification.”<sup>4</sup> The expanded program consists of two major elements; “a plan that incorporates new and expanded programs for residential, commercial, and industrial customers, as well as a new solar program with targeted incentives for the installation of solar panels and batteries.”<sup>5</sup>

The expanded EEP is in keeping with the government’s mandate letter to BC Hydro board chair of 26 July 2023, which detailed nine specific objects for BC Hydro. The top two related to the government’s environmental objects:

- Support the development of a climate-aligned energy framework for B.C.
- Actively participate in the BC Hydro Task Force to accelerate the electrification of B.C.’s economy by powering more homes, businesses and industries with renewable electricity, address climate change and meet the targets set out in the CleanBC Plan and BC Hydro’s Electrification Plan.<sup>6</sup>

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<sup>3</sup> Ibid., pp. 4-5.

<sup>4</sup> <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/electrification/report-energy-efficiency-plan.pdf> p. 3.

<sup>5</sup> Ibid.

<sup>6</sup> <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/accountability-reports/openness-accountability/bch-mandate-letter-2022-2023.pdf>

Most of the increased expenditures appear to be driven by BC Hydro ratepayers' contributions to an expanded heat pump subsidy, and a new residential solar panel subsidy program. Some of these rebate programs appear to have multiple funding sources, including from the provincial and federal taxpayers as well as from BC Hydro.

While often cloaked in obscure language, some of the existing programs such as demand response (peak load reduction) are being expanded. Greater emphasis is being placed upon programs targeted to lower income customers and Indigenous customers.<sup>7</sup> This raises the question as to whether BC Hydro ratepayers should be funding these social programs. If these programs are targeted to a special class of customer based on their income level or race, one might expect that the government should fund the subsidy, rather than BC Hydro's residential and commercial ratepayers.

The EER includes a new program to subsidize the purchase of solar panels and batteries. A \$10,000 subsidy is now available for residences, \$50,000 for apartments and small businesses, and \$150,000 for social housing and Indigenous communities. The program will also provide "targeted incentives" for solar installations for large commercial and industrial customers.<sup>8</sup> BC Hydro estimates that the solar panel program will cost \$100 million over three years.

## **Summary**

Of the \$700 million three-year expenditure forecast, some \$390 million is planned for peak load curtailment, low income supports, Indigenous subsidies, and for the new solar panel/battery program. BC Hydro did not provide any estimate of the annual electricity savings that may be achieved from the expanded EEP.

As noted earlier, BC Hydro did not forewarn the BCUC that it intended to more than double the DSM expenditures beginning in the current year.<sup>9</sup> It plans to include the expenditure growth in its next rate filing request to the BCUC, due in February 2025. This plan will result in a significant liability for BC Hydro if the Commission rejects the unfunded expenditure for 2024/25.

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<sup>7</sup> <https://www.bchydro.com/content/dam/BCHydro/customer-portal/documents/corporate/electrification/report-energy-efficiency-plan.pdf> pp. 4-5.

<sup>8</sup> Ibid.

<sup>9</sup> The F23 to F25 rate application showed a stable expenditure pattern for 2022/23 to 2024/25; see [https://docs.bcuc.com/documents/proceedings/2021/doc\\_64006\\_b-2-1-bch-f23-f25-rra-appendix-public.pdf](https://docs.bcuc.com/documents/proceedings/2021/doc_64006_b-2-1-bch-f23-f25-rra-appendix-public.pdf) pdf 11/2694.

