Site C Review - Responses to questions raised by Deloitte
August 25, 2017

CONFIDENTIAL

No.	
175B	**Date/Source of Question: Email from [redacted] to [redacted] and [redacted] on August 25, 2017 at 6:05pm**
	Response provided by: [redacted]
	Functional Approver: [redacted]
	Question: 1. **DSM projections up to 2036 of expenditures, energy savings, and capacity savings segmented by residential, commercial, and industrial customers for the DSM Option 3 from the 2013 IRP. Per discussion of BC Hydro, we would like this to be updated to the extent possible to be comparable with the updated DSM plan (e.g., start year), but we understand that the information may come with a number of caveats given that the landscape has changed significantly since the assessment was conducted in 2013.** 2. **Updated Total Resource Cost (TRC) and Utility Cost (UC) tests for the updated DSM Option 3.**
	Response: 1. Energy and capacity savings for Option 3 have been provided in the attached document. The numbers are risk-adjusted and include losses. The breakdown is just available at the sector level. 175B Site C Review - Deloitte Questions - August 2017 - Attachment With respect to Option 3, there are a few caveats. We have only been able to update Option 3 for a Fiscal 2016 start year. As discussed, BC Hydro considers Option 3 outdated. The savings estimates for Option 3 are no longer valid as many of the assumptions that underpin it are outdated, including market information, program performance, evaluation results and the load forecast. BC Hydro will reassess its demand-side management resource options in its next Integrated Resource Plan (IRP). In the 2013 IRP, some of the main conclusions with respect to Option 3 were: • Higher levels of energy savings were represented by Option 3 in the 2013 IRP. (Options 4 and 5 were considered to be theoretical in nature and therefore were not analyzed in the portfolio analysis.) • Option 3 targeted approximately an additional 1,200 GWh above Option 2 by fiscal 2024 largely based on a strategy of higher incentive levels. • Option 3 had higher utility costs and total resource costs than Option 2. (2013 IRP, page 3-27). • In the 2013 IRP portfolio analysis, we had determined Option 3 (in a portfolio with other supply resource options) was not as cost-effective relative to Site C (2013 IRP, page 6-30).

	As a proxy for a higher DSM option, we are looking at a high level sensitivity of 2,000 GWh of energy savings. This is greater than the incremental GWh going from Option 2 to Option 3 in Fiscal 2024, but given the uncertainty with Option 3 data today, we looked at a wider range. 2. As Option 3 hasn't been updated (except for the start year), we do not have updated cost (UC and TRC) information. This would be for the same reasons above in terms of the outdated assumptions and the detailed process we go through to update the information.