

**PROVINCE OF BRITISH COLUMBIA**  
**REGULATION OF THE MINISTER OF**  
**ENERGY, MINES AND LOW CARBON INNOVATION**

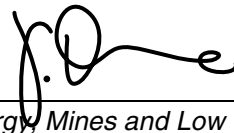
*Utilities Commission Act*

Ministerial Order No. M193

I, Josie Osborne, Minister of Energy, Mines and Low Carbon Innovation, order that, effective June 30, 2023, the Demand-Side Measures Regulation, B.C. Reg. 326/2008, is amended as set out in the attached Schedule.

June 27, 2023

\_\_\_\_\_  
*Date*



\_\_\_\_\_  
*Minister of Energy, Mines and Low Carbon Innovation*

*(This part is for administrative purposes only and is not part of the Order.)*

**Authority under which Order is made:**

Act and section: *Utilities Commission Act*, R.S.B.C. 1996, c. 473, s. 125.1

Other: M271/2008

R20653616

## SCHEDULE

### *1 Section 1 of the Demand-Side Measures Regulation, B.C. Reg. 326/2008, is amended*

#### *(a) by adding the following definitions:*

**“annual percentage change”** means the annual percentage change in the annual average All-items Consumer Price Index for British Columbia, as published by Statistics Canada under the authority of the *Statistics Act* (Canada);

**“building code”** means the British Columbia Building Code established by the order of the Minister of Municipal Affairs and Housing numbered BA 2018 1 and dated July 16, 2018;

**“class A demand-side measure”** means

- (a) a demand-side measure referred to in section 3 (1) (a), (c), (d) or (g),
- (b) a charity program,
- (c) the funding of energy efficiency training,
- (d) a community engagement program,
- (e) an energy management program,
- (f) a technology innovation program, and
- (g) financial or other resources provided
  - (i) to a standards-making body to support the development of standards respecting energy conservation or the efficient use of energy, or
  - (ii) to a government or regulatory body to support the development of or compliance with a specified standard or a measure respecting energy conservation or the efficient use of energy in British Columbia,

but does not include a class B demand-side measure;

**“class B demand-side measure”** has the meaning given to it in section 1.1;

**“climate zone”** has the meaning given to it in section 1.2;

**“fiscal year”** means the period from April 1 in one year to March 31 in the next year;

**“gas-fired”** means fueled by natural gas, renewable natural gas or propane;

**“Indigenous entity”** means any of the following:

- (a) an Indigenous governing body;
- (b) a non-profit organization that provides services to Indigenous peoples, as defined in the *Declaration on the Rights of Indigenous Peoples Act*;

**“Indigenous governing body”** has the same meaning as in the *Declaration on the Rights of Indigenous Peoples Act*;

**“integrated dual-energy space heating system”** means a space heating system consisting of an electric heat pump and gas-fired equipment all of which are

- (a) operated by a single system of controls,
- (b) connected to a single heat distribution system, and
- (c) either
  - (i) designed, rated and sold together as a single heating system, or

- (ii) combined into a single package and sold together as a single heating system;

**“integrated hybrid gas-fired heat pump system”** means a space or domestic water heating system, or a space and domestic water heating system, consisting of a gas-fired heat pump that serves as the principal source of heat and another type of gas-fired equipment all of which are

- (a) operated by a single system of controls,
- (b) connected to a single heat distribution system, and
- (c) either
  - (i) designed, rated and sold together as a single heating system, or
  - (ii) combined into a single package and sold together as a single heating system; ,

*(b) in paragraph (a) of the definition of “low-income household” by striking out “multiplied by 1.3” and substituting “multiplied by 1.6”,*

*(c) by adding the following definitions:*

**“new building”** means a building that is being constructed;

**“public building”** means a school, library, theatre, recreation centre, public hall, church or other building used to provide services to the public; ,

*(d) by repealing the definition of “specified demand-side measure”,*

*(e) in paragraph (c) of the definition of “specified standard”, by striking out “the British Columbia Building Code” and substituting “the building code”,*

*(f) by adding the following definition:*

**“step”** means the requirements of a step, as described in Article 9.36.6.3. or 10.2.3.3. of Division B of the building code; , *and*

*(g) by repealing the definition of “step code”.*

## **2 The following sections are added:**

### **Meaning of “class B demand-side measure”**

- 1.1** (1) A demand-side measure is a class B demand-side measure if it
- (a) directly or indirectly encourages the acquisition or installation of gas-fired space or domestic water heating equipment, and
  - (b) is not excluded under subsection (2) from the definition of “class B demand-side measure”.
- (2) The following demand-side measures are excluded from the definition of “class B demand-side measure”:
- (a) a demand-side measure that encourages the acquisition or installation of a domestic water heating system that
    - (i) consists of an electric heat pump and gas-fired equipment, and

- (ii) has a modelled seasonal coefficient of performance equal to or greater than 1;
- (b) a demand-side measure that encourages the acquisition or installation of a gas-fired heat pump that has a modelled seasonal coefficient of performance equal to or greater than 1;
- (c) a demand-side measure that encourages the acquisition or installation of a gas-fired radiant tube or unit heater for use in a building that is
  - (i) described in Article 1.3.3.2. or Sentence 1.3.3.3. (1) (d) of Division A of the building code, whether or not the building code applies to the building, and
  - (ii) used for an industrial occupancy, as defined in the building code;
- (d) a demand-side measure that encourages the acquisition or installation of a gas-fired radiant tube or unit heater for use in a farm building, as defined in the building code;
- (e) a demand-side measure that encourages the acquisition or installation of an integrated dual-energy space heating system for use in a location in climate zone 6, 7A, 7B or 8;
- (f) a demand-side measure that encourages the acquisition or installation of an integrated hybrid gas-fired heat pump system that has a modelled seasonal coefficient of performance equal to or greater than 1;
- (g) a demand-side measure referred to in section 3 (1) (a) or (g)
  - (i) that, by an offer made before January 1, 2028 to provide money or services in kind, encourages the acquisition or installation of gas-fired domestic water heating equipment for use in a building described in Article 1.3.3.3. of the building code, whether or not the building code applies to the building, and
  - (ii) that does not encourage the acquisition or installation of gas-fired space heating equipment other than
    - (A) gas-fired space heating equipment described in paragraph (b), (c), (d), (e) or (f), or
    - (B) by a demand-side measure described in paragraph (h) or (i);
- (h) a demand-side measure referred to in section 3 (1) (g) that
  - (i) encourages the acquisition or installation of gas-fired space heating equipment for use in locations in climate zones 6, 7A, 7B and 8, and
  - (ii) does not encourage the acquisition or installation of gas-fired domestic water heating equipment other than
    - (A) gas-fired domestic water heating equipment described in paragraph (a) or (f), or
    - (B) by a demand-side measure described in paragraph (g);

- (i) a program that
  - (i) encourages the acquisition or installation of integrated dual-energy space heating systems for use in locations in climate zones 4 and 5, but only if all of the integrated dual-energy space heating systems acquired or installed, when considered in aggregate, are, in the commission's opinion, likely to have an annual average seasonal coefficient of performance equal to or greater than 1.5, and
  - (ii) does not encourage the acquisition or installation of gas-fired domestic water heating equipment other than
    - (A) gas-fired domestic water heating equipment described in paragraph (a) or (f), or
    - (B) by a demand-side measure described in paragraph (g).
- (3) For certainty, the definition of "class B demand-side measure" includes a demand-side measure that, by an offer of money or services in kind for the purpose of increasing energy efficiency in a new building, may encourage the acquisition or installation of gas-fired space or domestic water heating equipment for use in the new building.

#### **Climate zone**

- 1.2**
- (1) For the purposes of section 1.1 (2) (e), (h) (i) and (i) (i), the climate zone of a location is to be determined, based on the annual number of heating degree days below 18°C at the location, as follows:
    - (a) if the number is 3 000 or less, the climate zone is 4;
    - (b) if the number is between 3 000 and 4 000, the climate zone is 5;
    - (c) if the number is between 4 000 and 5 000, the climate zone is 6;
    - (d) if the number is between 5 000 and 6 000, the climate zone is 7A;
    - (e) if the number is between 6 000 and 7 000, the climate zone is 7B;
    - (f) if the number is 7 000 or more, the climate zone is 8.
  - (2) For the purposes of subsection (1), the annual number of heating degree days below 18°C at a location must, subject to subsection (3), be determined as follows:
    - (a) by taking an average over at least 10 years of climatic data from the weather station that is most representative of the location, or
    - (b) if 10 years of data are not available from that weather station, based on the available climatic data, whether or not from that weather station, that is most representative of the location.
  - (3) If the name of the location is shown in the column headed "Location" in Table C-2 [*Climatic Design Data for Selected Locations in British Columbia*] of Appendix C to Division B of the building code, the number of heating degree days below 18°C at the location is shown opposite in the column headed "Degree-Days Below 18°C".

**3 Section 3 (1) is amended**

- (a) by striking out “or” at the end of paragraph (a) (ii) (A),**
- (b) by repealing paragraph (a) (ii) (B),**
- (c) by adding “or” at the end of paragraph (a) (ii) (C),**
- (d) by striking out “or” at the end of paragraph (a) (ii) (D),**
- (e) by repealing paragraph (a) (ii) (E),**
- (f) in paragraph (e) by striking out “paragraph (e) of the definition of “specified demand-side measure”” and substituting “paragraph (g) of the definition of “class A demand-side measure””,**
- (g) in paragraph (f) by striking out “a step code or more stringent requirements within a step code” and substituting “a step”, and**
- (h) by adding the following paragraph:**
  - (g) a demand-side measure intended specifically to reduce energy consumption in any of the following:
    - (i) housing owned or operated by an Indigenous governing body or located on reserve land;
    - (ii) a public building owned or operated by an Indigenous governing body.

**4 Section 4 is amended**

- (a) in subsection (1) by striking out “subsections (1.5), (4) and (5), the commission, in determining for the purposes of section 44.1 (8) (c) or 44.2 (5) (d) of the Act” and substituting “subsections (2.1), (4) and (5), the commission, in determining for the purposes of section 44.1 (8) (c) or 44.2 (5) (d) or (5.1) (d) of the Act”,**
- (b) in subsection (1.1) by striking out “Subject to subsection (2), the commission must make determinations of cost effectiveness by applying the total resource cost test” and substituting “The commission must make determinations of cost-effectiveness by applying the utility cost test”,**
- (c) in subsection (1.1) (a) by striking out everything after “the avoided capacity cost,” and substituting “is as follows:**
  - (i) in the 2023/2024 fiscal year, the amount is \$34.07 per GJ;
  - (ii) for fiscal years subsequent to the 2023/2024 fiscal year, the amount is calculated on April 1 of each year by multiplying
    - (A) the amount in effect in the immediately preceding fiscal year, and
    - (B) the sum of 1 and the annual percentage change for the previous calendar year;”,
- (d) by repealing subsection (1.1) (c),**

(e) *in subsection (1.1) (d) by striking out “had no step code been adopted” and substituting “had no step been adopted”,*

(f) *by repealing subsections (1.5) to (2),*

(g) *by adding the following subsection:*

(2.1) In determining the cost-effectiveness of a class B demand-side measure,

(a) the commission must compare the costs and benefits of the demand-side measure individually, and

(b) the commission must not determine that the demand-side measure is cost-effective unless the application of the utility cost test results in a benefit to cost ratio equal to or greater than 50. ,

(h) *in subsection (4) by striking out “a specified demand-side measure” and substituting “a class A demand-side measure”, and*

(i) *by repealing subsection (6).*

**5** *The following section is added:*

#### **Transition**

**5** (1) In this section:

**“filed”** means filed under section 44.2 (1) of the Act;

**“legacy expenditure”** means an expenditure

(a) in relation to a legacy measure,

(b) made by a public utility after the test period of the pre-filed expenditure schedule that includes an expenditure on the legacy measure,

(c) to provide to a customer money or services in kind in return for the customer’s action

(i) taken in relation to the legacy measure during the test period of the legacy measure, or

(ii) taken in relation to the legacy measure in response to a written commitment to the customer made by the public utility during the test period of the legacy measure;

**“legacy measure”** means a demand-side measure in relation to which an expenditure is included in a pre-filed expenditure schedule;

**“public utility”** does not include the authority;

**“pre-filed expenditure schedule”** means an expenditure schedule

(a) referred to in subsection (2) (a), or

(b) accepted before June 30, 2023 under section 44.2 (3) of the Act;

**“test period”**, when used in reference to a pre-filed expenditure schedule, means the period addressed by the pre-filed expenditure schedule.

- (2) In considering the following under section 44.2 (5) (d) or (5.1) (d) of the Act, the commission must apply sections 1, 3 and 4 of this regulation, as they read immediately before June 30, 2023:
- (a) an expenditure schedule filed before May 1, 2023 and in relation to which the commission has not, before June 30, 2023, made a final determination under section 44.2 (3) of the Act;
  - (b) a legacy expenditure that is the subject of an expenditure schedule filed after May 1, 2023.