

Undertaking 14: In the context of the PACT ratio provided on page 516 of the plan submission for the Indigenous small business bundle, Daymark to explain why on slide 33 of Daymark Exhibit 7, the PACT NPV for that bundle is negative.

Response:

The slide 33 of Daymark Exhibit 7 showed net PACT NPV of negative \$0.461 million for Small Business bundle of Indigenous sector. This was estimated from information gathered from Efficiency Manitoba’s detailed measure-level workpapers.

For the same Small Business Bundle, Efficiency Manitoba’s filing in page 516 reported PACT NPV of \$1.8 million and PACT ratio of 1.31.

Efficiency Manitoba is offering four different DSM programs to small business customers which are eventually grouped into Commercial sector’s “Small Business & Appliance” bundle and Indigenous sector’s “Small Business” bundle. The four different programs and their cost-effectiveness values as listed by Efficiency Manitoba’s filing is presented in the table below.

DSM Program	DSM Bundle	Sector	Three-Year GWh Savings	PACT (EL) Net NPV (millions \$)	PACT RATIO (EL)
Commercial Refrigeration Program	Small Business & Appliance	Commercial	24.90	\$ 5,556,338	6.64
Commercial Kitchen Appliance Program	Small Business & Appliance	Commercial	6.33	\$ 2,585,023	3.96
Small Business Program	Small Business & Appliance	Commercial	14.43	\$ (461,330)	0.57
First Nation Small Business Program	Small Business	Indigenous	1.19	\$ 1,803,204	1.31

The difference between PACT NPV for Small Business bundle of Indigenous sector between Efficiency Manitoba’s filing and Daymark’s Exhibit 7, slide 33 has to do with the characterization of programs offered to small business customers for indigenous and commercial, industrial, & agriculture sectors in Efficiency Manitoba’s measure-level workpapers and the Filing.

The measure-level workpapers labelled “Small Business Program”, that is offered to Commercial sector in the table above as per Efficiency Manitoba’s filing, as Indigenous sector program. Thus, the Small business bundle value reported in Daymark’s Exhibit 7, slide 33 matches with PACT NPV of -\$0.461 million for “Small Business Program” in the table above.

Similarly, the sum of PACT NPV other three programs (Commercial Refrigeration Program, Commercial Kitchen Appliance Program, and First Nation Small Business

Program) included in above table is \$9.945 million and matches with the Small Business & Appliance bundle included in slide 33 of Daymark’s Exhibit 7.

The difference in PACT NPV for Small Business bundle for indigenous sector is because of the variation in grouping of small business DSM programs between Efficiency Manitoba’s filing and measure-level workpapers. No matter how small business DSM programs are grouped, the overall PACT NPV and energy savings are unaffected; thus, the issue lies in the allocation of these benefits and savings to different small business bundle offered for Indigenous and Commercial, Industrial, and Agriculture sectors.

For the reference, following is the table included in slide 33 of Daymark’s Exhibit 7.

Sector	DSM Bundle	Total Three-Year Savings (Kwh)	Savings %	PACT NPV	PACT NPV %
Residential	Direct Install	5,693,673	0.6%	\$ 860,779	0.2%
	Product Rebates	34,696,632	3.9%	\$ 7,533,261	2.0%
	Home Renovation	15,278,433	1.7%	\$ 14,705,108	4.0%
	New Homes \$ MR	10,612,322	1.2%	\$ 16,885,441	4.6%
	Home EE Kits & Education	2,507,292	0.3%	\$ 353,266	0.1%
Income Qualified Programs	Income Qualified	7,881,921	0.9%	\$ 7,576,305	2.1%
Indigenous Programs	Insulation and Direct Install	791,367	0.1%	\$ 613,464	0.2%
	Small Business	1,185,774	0.1%	\$ (461,000)	-0.1%
	Metis Income Qualified	554,441	0.1%	\$ 559,019	0.2%
	Community Geothermal	3,255,840	0.4%	\$ 3,816,177	1.0%
Commercial, Industrial, & Agriculture	Small Business & Appliance	45,655,479	5.2%	\$ 9,945,000	2.7%
	In Suite Efficiency	3,019,822	0.3%	\$ 1,055,321	0.3%
	Renovation	309,292,587	35.1%	\$ 187,956,512	50.9%
	HVAC & Controls	10,312,458	1.2%	\$ 5,501,208	1.5%
	New Construction & HPB	21,915,904	2.5%	\$ 9,311,153	2.5%
	Custom	70,646,282	8.0%	\$ 37,133,059	10.1%
Emerging Technology Program	Load Displacement	329,967,000	37.5%	\$ 61,521,326	16.7%
	Emerging Technology	6,880,972	0.8%	\$ 4,156,484	1.1%
Total		880,148,200	100%	369,021,884	100%

And below is the excerpt of table included in Efficiency Manitoba’s Filing pdf page 516.

	Ratio	NPV (000's \$)	Cost (cents/kWh)
RESIDENTIAL PROGRAMS			
Direct Install	1.53	\$861	4.15
Product Rebates	1.74	\$7,533	3.49
Home Renovation	2.90	\$14,705	3.67
New Homes & Major Renovation	6.56	\$16,885	1.84
Home Energy Efficiency Kits & Education	1.61	\$353	3.05
Subtotal	2.74	\$40,338	3.19
INCOME QUALIFIED PROGRAMS			
Income Qualified Offers	2.80	\$7,576	3.70
Subtotal	2.80	\$7,576	3.70
INDIGENOUS PROGRAMS			
Insulation and Direct Install	1.90	\$613	5.88
Small Business	1.31	\$1,803	5.31
Community Geothermal	4.03	\$3,816	2.86
Metis Income Qualified	2.58	\$559	4.23
Subtotal	1.84	\$6,792	4.67
COMMERCIAL, INDUSTRIAL & AGRICULTURAL PROGRAMS			
Small Business & Appliances	3.61	\$7,680	1.43
In-Suite Efficiency	2.48	\$1,055	3.14
Renovation	4.97	\$187,957	1.67
HVAC & Controls	2.81	\$5,501	2.30
New Construction & High-Performance Buildings	2.95	\$9,311	2.36
Custom	5.18	\$37,133	1.17
Load Displacement	3.72	\$61,521	1.50
Subtotal	4.43	\$310,159	1.59