



# Fact Sheet

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## Energy efficiency: Part of BPA's resource mix

A fundamental purpose of the Pacific Northwest Electric Power Planning and Conservation Act is to encourage the efficient use of electricity in meeting the Bonneville Power Administration's obligation to supply federal power to its customers in the region. Bonneville is authorized to acquire "conservation" as a resource and the Act gives it priority when Bonneville acquires resources to meet its obligations. Conservation is defined as "any reduction in electric power consumption as a result of increases in the efficiency of energy use, production, or distribution." Conservation—commonly referred to as energy efficiency (EE)—acquired by Bonneville must be cost-effective and reduce the retail load demand served by the agency's firm power customers.

Bonneville began acquiring conservation savings from its customers in 1981. Today, the agency acquires conservation in the form of energy savings from its firm power customers under Energy Conservation Agreements (ECA). Under the ECA, Bonneville sets a budgeted amount of money a customer is eligible to receive as reimbursement for implementing specified measures that produce verifiable energy savings. Customers choose which energy efficiency measures to install from a menu of measures and guidelines published in the agency's implementation manual that accompanies the ECA. Using their own funding to install or implement measures, customers then invoice Bonneville for

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measures that produce verifiable energy savings. In return, the agency pays the customer, completing Bonneville's acquisition.

Bonneville also supports customers' energy efficiency efforts in other ways. BPA engineers assist customers with custom projects, and the agency offers programs that augment and support customers' implementation efforts. BPA also offers funding to cover some of the administrative costs incurred by utility customers when running efficiency programs. In addition,





*LED light bulb installed into a ceiling can fixture.*

Bonneville supports the Northwest Energy Efficiency Alliance in its energy efficiency market transformation initiatives.

Bonneville's EE programs help keep the agency's rates lower by cost-effectively meeting BPA's resource needs. This helps BPA's utility customers keep power bills low for people and businesses in their communities. Implementing EE measures can also help customers mitigate their risk of exceeding their BPA Tier 1 priority firm (PF) Contract High Water Mark.

## **A shared responsibility**

The cost of acquiring energy efficiency is recovered in Bonneville's Tier 1 PF power rates. At the beginning of each two-year rate period, Bonneville establishes a budget that reflects the cost of acquiring energy efficiency from customers. This is called the energy efficiency incentive (EEI) budget, and it is calculated using a utility's Tier One Cost Allocator. Bonneville sets the amount of the incentive for each qualifying EE measure and reimburses utilities after approving their invoice for the energy efficiency savings. Utilities may pass all, some or none of that incentive on to their end-users.



*A wall-mount mini-split heating and air conditioning unit.*

In addition to the EE acquired by Bonneville under the ECA, utilities have pledged to achieve a significant amount of savings on their own. Bonneville budgets for 70% of the programmatic energy savings needed to meet its target, with utilities self-funding the remaining 30%. This has helped Bonneville keep power rate increases at or below the rate of inflation.

Relying on customers to self-fund 30% of the savings also recognizes that many utilities fund energy efficiency programs beyond what Bonneville reimburses with the EEI. The partnership with utility customers to deliver energy efficiency programs to Northwest communities helps reduce energy costs and benefits the region by reducing the need for new resources.

## **Learn more**

Learn more about Bonneville's residential, commercial, industrial and agricultural energy efficiency resources at [bpa.gov/ee](http://bpa.gov/ee).