

Pre-decisional – For Discussion Purposes Only

**Energy Efficiency Post-2011 Review  
Workgroup 2 Meeting 1  
Tuesday, February 11, 2014  
2:00pm to 4:00pm**

**Attendees:**

Ross Holter (Flathead Electric), Co-Chair

Jeremy Stuart (Tacoma Power)

Eugene Rosolie (Cowlitz PUD)

Mike Curry (Clallam PUD)

Debbie DePetris (Clark PU)

Michael Coe (Snohomish PUD)

Vic Hubbard (Franklin PUD)

Van Ashton (Idaho Falls)

Jim Maunder (Ravalli Electric)

Kathy Moore (Umatilla Electric)

**BPA Attendees:**

Dan Villalobos, Co-Chair

Margaret Lewis

Mellisa Podeszwa

Mark Ralston

Kim Thompson

Matt Tidwell

Andrew Miller

Summer Goodwin

## Overview

### **Post 2011 Revised Scoping Document**

“Problem Statement – Depending on one’s perspective, the current frequency of changes to the Implementation Manual (IM) may not be frequent enough or too frequent.”

### **The Utility Perspective**

- The frequency of changes to the IM is too frequent.
- The frequency of publication of the IM makes program planning and implementation, administration, marketing and oversight very challenging, at times confusing and adds costs.
- There is often a lack of clarity on proposed changes given at the 6 month notice.
- Frequency and uncertainty of changes or proposed changes does not allow customers adequate time to make adjustments to their local program delivery approach, marketing materials and outreach.
- The ideal solution would be a rate-period IM but BPA *at a minimum* should consider moving to an annual IM.

### **The BPA Perspective**

- The changes to the IM may not be frequent enough.
- BPA should be consistent with the RTF changes to savings estimates.
- Under the current model, BPA could be booking savings values that the RTF no longer supports for possibly as long as 15 months given the time it takes to update the IM ahead of the six month notice.
- This is too long to conform to BPA’s reliable savings standard because BPA could be paying more than it costs to implement the measure and in some circumstances will pay for conservation measures that are non-cost-effective for an extended period of time.
- Moving to an annual IM could prolong this by an addt’l 6 months.

### **Workgroup Objectives**

- Arrive at a consensus-based recommendation that address the issue outlined in the scoping document.
- Provide a greater degree of stability in programs and policy.
- Ensure IM publication process, including clarity on how and why changes are made, is transparent, systematic and structured.
- Allow customers adequate time to make changes to their local program delivery approach and materials.
- Correctly assign and capture energy savings.
- Allow for adoption of marketplace trends, technical updates, customer suggestions and technology changes.

Pre-decisional – For Discussion Purposes Only

- Allow BPA to ensure consistency and alignment with RTF modifications in a timely manner.

**Options Presented for Consideration:**

**Option #1:** BPA continues with required six month notices for increases/decreases to savings and reimbursements and adding/substituting requirements for new measures, optional lighting calculators, and removing requirements requires no notice.(Status quo)

- May not satisfy workgroup objectives

**Option #2:** Publish IM twice per year in October and April with no periodic updates and revisions.

- May not satisfy workgroup objectives

**Option #3:** Flexible manual: BPA implements changes to the IM anywhere from immediate (i.e., no advance notice needed) to the current six month notice, depending on the change.

- May not satisfy workgroup objectives

**Option #4:** Publish IM once per year in October and give notice of changes in April. No other changes would be permissible.

- May not satisfy workgroup objectives

**Option #5:** Annual manual: For increases/decreases to savings and reimbursements and adding/substituting requirements, BPA changes the IM annually (as opposed to every six months).

- May not satisfy workgroup objectives

**Option #6:** Publish Implementation Manual once per year in October and give notice of pending changes in April. Clarifications or corrections or discretionary changes to kWh savings not affecting BPA WTP may be made more frequently.

- *May* satisfy workgroup objectives

**Option #7:** Hybrid: BPA implements certain changes to the IM on an annual basis with other changes occurring more frequently.

- *May* satisfy workgroup objectives

## Meeting Notes<sup>1</sup>

- **Welcome and review of agenda.**
- **Walk through of slides**
  1. **Calendar and process**
    - **Person 8:** no big tent meetings are held on the east side. In favor of keeping the last big tent meeting in Montana.
  2. **Review of problem statement**
- **Slide 13**
  1. **Dan Villalobos:** By January RTF may make changes but we have already missed the window to make a change to the IM so it has to wait until October, which means several months before a change is made.
  2. **Person 6:** as far as booking the savings, is there a problem with BPA booking a different savings, so basically you run it like a budget? BPA books what is real at the time of when the change comes out, but you just don't force that on the utilities.
  3. **Person 1:** as far as I-937 and the state auditor, changes to kWhs is problematic because we'll set our target using a certain savings number, so if six months later the savings are changed down, then we'll have to do more of that measure. We want to make sure the savings are constant for a good period of time.
  4. **Kim Thompson:** we have a similar problem with the static baseline in the Council's power plan.
  5. **Person 2:** looking ahead, the RTF is getting a pretty good idea about sunset dates and when measures will come up for review. We can sit down and do a bit more planning on which measures are going to come up and which ones are going to get changed. That should make doing the IM easier and more accommodating. If you put it out once a year, you could say these measures are going to sunset and the RTF is going to make changes to give utilities a heads up and be more forward thinking.
- **Slide 24**
  1. **Kim Thompson:** we have focused recently on being clearer on proposed changes in the IM, so have utilities noticed a difference?
  2. **Ross Holter:** yes, the manual has gotten better over the past couple of years. Let's have "refnos" (reference numbers) in the NED but not in the IM

---

<sup>1</sup> Out of respect for privacy, only attribution to comments from BPA staff and workgroup co-chairs is included in these meeting notes.

3. **Person 6:** [From the NED Group] the base refno number is going to stay the same, but there will be version numbers so there's still a unique refno for the measure.
4. **Person 9:** I use the IM for understanding all the ins and out and requirements. I use the measure list to get the energy savings and WTP information. So I agree with the concept of the IM being kept to the meat and potatoes and other information being stored in a different location. I like the option regarding having a more annual approach to the IM, which is better for planning.
5. **Person 1:** I like having all the information in one document so that it's easily accessible. The deemed measures list is changing often so it can make it difficult to keep track of program savings.
6. **Person 9:** I agree, so maybe the other lists need to be adjusted on a regular basis.
7. **Ross Holter:** stability is definitely nice.
8. **Dan Villalobos:** one of our charges here is to address the issue of savings that aren't real. Is there a way to get to that and still have an annual manual?
9. **Person 7:** I'm approaching this from the perspective of the small southern Idaho utilities. If we have more current information, we want to get that captured. Going forward, we're going to need to make a compromise. The small utilities would rather go on a two-year cycle and slow everything else down. Absent that, we're going to have to meet somewhere in the middle. The task before us it to see if we have can have a little give and take.
10. **Ross Holter:** KWH savings is invisible to our customers, but if you raise or lower an incentive they impact a customer.
11. **Dan Villalobos:** for a lot of the utilities, it's not the change in savings, but the changes in reimbursements and requirements that cause concern for utilities. So maybe there's a way to keep certain things constant for longer while still addressing the issue of capturing savings changes.
12. **Person 6:** I'd like to explore the extent to which the RTF and BPA exchange information with each other so we could leverage what the RTF is going to look at and what the expected outcomes are.
13. **Person 9:** who designated that we have to follow the RTF schedule? Why couldn't the RTF schedule be modified to adjust to BPA and the utilities' schedules?
14. **Person 2:** the IOUs have frozen efficiency. The measures they include in their CPAs are essentially it. They go and get those savings regardless of RTF changes in the meantime. They do this every two years. As an RTF member, I don't think BPA can, nor do I want, BPA to dictate anymore to the RTF on what it should do.

The RTF has a work plan that outlines exactly what it's going to work on over the next year. The RTF has specific sunset dates for when things come up for renewal. Some things get put off and the work plan changes, but we have a much better idea of what's going to be covered. If somebody does an evaluation, they can come into the RTF and say a certain measure doesn't save anything (as an example) and this can throw everything off, but usually this takes a long time to work through the issues. I don't know why each measure the BPA has doesn't have an expiration date and these could be published and then you have something in the manual "these are the measures that are set to be expired and are likely to be reset." This would give us a better idea of what's coming down the pike.

- 15. Person 7:** Could the changes lined up with a BPA rate period?
- 16. Person 2:** It's possible but there are a lot of measures and they can't all have the same sunset date.
- 17. Person 7:** how much are we losing/gaining by being able to update the savings numbers as frequently as we do? What's the cost/benefit for doing it this way?
- 18. Kim Thompson:** Not sure if we can answer that right now. We don't have the business intelligence platform yet.
- 19. Person 2:** I think we could deal with the savings. We could always adjust the savings. If BPA knew CFL savings were going down, BPA could make an adjustment. In some respects, this matters to us, especially if you're an I-937 utility. Separate from this, is the dollar issue. I'm hearing from BPA that they have a problem paying for savings that are no longer that amount. So the WTP seems more difficult to handle.
- 20. Person 9:** is there a way BPA could lock in the efficiency like the IOUs? If BPA could do it, then the utilities could freeze it as well so we could anticipate things for a period of time.
- 21. Person 2:** I'm curious how big of an issue is this? Can we go back and look at all the measures in 12-13 that disappeared or were changed in some significant way in terms of savings and reimbursements and see what BPA would have had to pay.
- 22. Ross Holter:** I can't imagine that there would really be a lot of risk of stranded savings.
- 23. Kim Thompson:** We have to have really clear policies on this. If we consider moving away from today's world, we have to have adequate documentation that demonstrates to an auditor that we are spending ratepayer money wisely. Do you struggle more with the frequency of changes or the number of changes at one time?

24. **Person 1:** I'd rather than see 100 changes once a year rather than 50 changes twice a year. More changes less frequently would be better.
  25. **Person 1:** is BPA completely opposed to a two-year frozen efficiency approach rather than basing it on the RTF changes?
  26. **Kim Thompson:** we'll have to bring in our EE planners into the discussion.
  27. **Person 2:** at some level, it doesn't really matter that much what the change is. Can we say, if the change is within a 10 percent band, BPA can make the change? If the change, particularly with WTP, is of a different band (e.g. 25%), then there would need to be more notice and planning for those types of changes. No system we come up with is going to be perfect. Let's not try to come up with something perfect, but let's at least define the boundaries to the point where we're comfortable. Let's not worry about the small stuff, let's just worry about the big stuff. We need to define what 'significant' means.
  28. **Ross Holter:** from the utility perspective, I still think we approach it from an annual manual and then have changes to the measure list and reference numbers in NED. This shifts how you deal with changes in IM to how you deal with them in NED. Make the manual more generic but then need to tackle how frequently to change the other stuff. I like the idea of freezing stuff for a longer period.
  29. **Person 1:** I would support a frozen efficiency view for a one or two year period.
  30. **Matt Tidwell:** can the group speak more to holding most things constant for a year but changing savings more frequently?
  31. **Person 7:** the changes to savings wouldn't be too problematic.
  32. **Person 1:** the savings changes are extremely problematic. Whenever there is a savings change there is a savings delta. Right now, there are four baselines. It could be more problematic if we increased the number of savings changes.
- **Next steps**
    1. **Ross Holter:** we'll summarize the issues and try to come up with a recommendation.
    2. **Person 7:** if we could quantify the magnitude of the problem that would help us be more informed. Is it significant? Does it matter or can we afford to be locked in for a year or two? That would be a big piece of information to help us. Is two years a nonstarter for BPA?
    3. **Kim Thompson:** the two fundamental questions we're going to have to wrestle with are savings changes and WTP changes. We are coming into this with a spirit of wanting to address the mutual concerns, but we also need to come up with something defensible.

4. **Person 1:** the difference between savings is actually factored into the savings. Having a fixed period of fixed efficiency makes the whole process of tracking savings and the target more efficient.
5. **Person 2:** the savings piece does play into our load forecast. It is important to get the savings correct. If you're a 500 aMW utility and your estimated savings is off by one megawatt, its not that big of a deal. It's about a number of issues here. We are concerned about the real savings. The RTF is considered looking at the first year savings and then decrementing those savings the further you get out. We need to consider whether the changes are big or small. And we need to keep this in perspective.
6. **Person 6:** when BPA is audited, what's the frequency of the audit and what BPA faces when the numbers aren't accurate.
7. **Person 2:** the RTF has deviated from the Council's plan in terms of assumptions, we relied on new assumptions that aren't apart of the 6<sup>th</sup> plan.
8. **Person 6:** we need to know what the drivers are driving BPA's needs. BPA can't do something that's going to get them in trouble, but we need to know what those things are.
9. **Ross Holter:** we'll prepare a proposal and then send it the workgroup to kick it around with the goal of getting a recommendation to BPA.
10. **Dan Villalobos:** our future meeting dates are 3/11, 4/8. We will send out these updated slides.
11. **Summer Goodwin:** if anyone knows of any events that conflict, please let us know.

#### Decision/Action Items

- BPA will look into the costs of waiting until next IM to change a measure's incentive and savings.
- Find out if BPA is opposed to a two-year cycle.
- Does BPA follow RTF or the Plan?