

EE Listening Session at EWEB 3/16/16

Initial comments:

- : Hold April EE meeting in conjunction with April PPC meeting.
- : What are we doing about F&W costs? Fish accords expiring – need as much discussion there as on EE – cost driver.
- : Focus with F&W need to be on Power Council.
- : Important for BPA to tell utilities what BPA needs from them regarding F&W

Utilities providing their general perspectives:

- : Central Lincoln has been pricing bonds. They maintain AA- rating, and rating agencies talk about strength of BPA.
- : Secondary revenues decrease as load following customers continue to do EE – spreading EE funding across all customers doesn't make sense.
- : Their second largest customer may be going out of business – utility working with them to keep them in business. They're doing their strategic plan and increasing EE – plan to fund it consistently. They like PPC's 75% self funding/25% EEI funding split. Can't use funds for marijuana – have 4 MW project knocking on their door – would like to self fund it, but it will blow their budget. Want to spend where it makes sense.
- : SUB has invested in EE when market was low and high. There are tools in place that provide flexibility. Are there other ways to provide flexibility? EE not broken. Are issues with reporting system – are on front end of addressing them.
- : 25% of electricity they provide is their own resources. They are energy long for 20 years. Their IRP like 7th Plan – lot of emphasis on DR. Have done EE going back 40 years – part of their DNA. Driven by customer service. Are they growing? Generally not – stagnation now. Warmer winters. Natural gas. They endorse the PPC principles. Their situation is different from that of other utilities in the region. They don't want to be anti EE or BPA.
- : They're customer driven. Half their load is industrial. Industrial load is increasing and residential is decreasing. In Tier 2, but market is low. Flexibility is important with big industrial projects. Want to be able to move money around.
- : Are full requirements. Would love to have Tier 2 problem. Area is economically disadvantaged, load decreasing. In midst of budget work. Are predicting flat load through 2028 – Tier 1. Have aggressive EE program. Community loves it. Industrial customer helps support EE for the rest of their customers. Have one EE employee, but no problem spending EE dollars – even did year-end swap. Is a strong business case for EE -- makes sense for the region – lowest cost resource. Customers love EE. They want to provide opportunities for customers to lower their bills, give them choice about programs they can participate in. They support the proposal on the table. Flexibility would allow utilities to make the best decision.
- : Not sure about utility's attitude toward EE. Being hit by D costs. A large customer may be going out of business. EE provides customer service, but may make change.
- : Low to no load growth. 80% residential. PNGC member – do resource planning with them. Two prongs – resource element and member services element – brings value back. Working

with Oakridge on wood burning issue – fuel conversion is one solution – work with rental owners on DHPs. They subscribe to PPC principles. Not one size fits all. BPA should look at whether customers are growing and whether the prioritization in the Act applies.

- : Support PPC principles. Have had good fortune to have continual load growth. Members have long proud tradition of doing EE. PNGC member – when one member can't spend, others can – helps reach regional target.
- : Important to have flexibility – between rate periods, etc. EE important -- C/E resource, member service.
- : EE a resource and customer service. Are heavily industrial. PPC approach would add flexibility. Can see getting a new ag/marijuana load.
- : Are like Lane, bumping up against Tier 2. Potential for new industrial loads. Have long history of EE. Rate impacts a hot button issue. Should be flexibility -- utilities are in different places – but meet regional goals. EE great for relationship-building – being a hero.

(Next topic)

- : EE only a dollar, but every dollar counts. Need more levers to change the business model. It's about rates but also how they position themselves to be viable. What tools do they have?
- : With loss of 2 MW from customer going out of business, are displacing \$80 revenue with \$10 revenue.
- : EWEB view of flexibility: growing vs. shrinking; inter-year flexibility with large industrial customers; capacity short vs. energy long. Appreciate BPA pilots. EE as sunk cost; levelized cost doesn't work for their customers.
- : Everyone should pay into BPA's programs – can't allow opt out. Then provide flexibility to manage. On measures, talk at RTF level.
- : BPA has vital role in region. Tiered rates build in price signals. Staying in Tier 1 – tells them MW to acquire. Like flexibility to change the MW they need to acquire based on load forecast. Want to preserve integrity of EE program. Store MW and use when large load comes.
- : When a commercial EE opportunity comes up, they want to grab it.
- : Makes more sense for them (than for smaller customers) to argue for flexibility. EE makes sense for the region. How to settle among utilities? Come back to this another day.
- : Cutting EE programs to maximize TOCA.
- : BPA should have a default plan, but allow tailoring to meet local goals.
- : Are Council targets appropriate? Add up CPA targets. Puget Sound utilities will overachieve.
- : OMEU – small utilities. Need flexibility, dynamic levers/tools.
- : Focus on energy rather than chasing \$. Window incentive is small. They still have customers with single pane windows. They would go after them, but they can't get customers to participate. Would be more low hanging fruit for them.
- : Don't forget market transformation and momentum savings.

Does moving to 50% self funding/50% EEI funding provide needed flexibility?

- : Council got 7th Plan right at macro level. But an analogy: applying irrigation water to a given farm based on regional average gallons/acre.

- : Reporting is next -- want BPA to work with utilities. BPA should figure its rates with existing self funding percentage first and then provide rates with higher self funding ratio, e.g., 6.2% to start and 5.5% with greater self funding. Presentation matters for presenting to board. BPA should move directly to 75% self funding/25% EEI funding. Show utilities how much they should be self funding via rates.
- : Budgeting – have a good idea of what to apply to EE. Don't want penalty if don't achieve it.
- : Flexibility with 50/50 – this would take us from policy level to technical level. Policy level has been plowed.

Are we looking for 588 for target?

- : Don't know what right number is, needs to be based on analytical rigor.
- : Based on what utilities can do cost-effectively. They can't fund EE for marijuana.
- : BPA's resource plan is where rigor comes in – how many MW need to be supplied?
- : Methodology will be well thought out.
- : Concerned that advocates would see the number as a floor.

Questions on Slide 9:

- : BPA does well at offering a wide suite of programs for different utilities.
- : Residential Exchange Program. How will that change? Is NEEA funding included?
- : Round tripping of reporting data. Who needs the data? For deemed RTF measures, should be able to report them in aggregate (e.g., X DHPs) rather than individually. Check them during oversight. The information exchange costs them a lot of money.
- : Role for BPA – utilities report simplified measures. Utility can feed in data from audits and leverage it. BPA should be software agnostic but provide guidelines for utility systems.
- : Don't want to fund another big system at BPA.
- : BPA can just tell utilities what information it needs.
- : UES measures – need robust data on peak savings. With PPC 75/25 ratio, utilities will need to decide which measures to implement – those requested by customers and those with capacity benefit.
- : Would trade his kWh for other utilities' KW.
- : 14 utilities interested in load shape research. Proposal out.
- : NEEA putting together proposal for 2nd phase of project but doesn't have the funding for the research. Will have to be funded by utilities.
- : Is reporting an important issue? If so, PPC and NRU should address it in their comments.
- : Need to simplify.
- : PTCS – redundancy of data in storage. BPA has data but still requires utilities to report it.
- : Low income – federal agencies like HUD have qualifications. Why does utility need to retain this?
- : Need a way for them to indicate that standard income measures are going into low income households so utility gets credit.
- : Requirements up front vs. back-end evaluation
- : Would rather deal with back end.
- : Cost-effectiveness and low income?

- : Low income customers aren't participating in their program but they're paying for them. Can BPA fix this?
- : We've been silent on reporting system. Communication pending. See system is not meeting customer needs.
- : EE Central was designed as field finder for measures. UES Measure List serves as that now. BPA can spec out guidelines for data collection – DHP installs, audits... Concerned about another big BPA effort on software that could disrupt their system efforts.
- : US DOE does things too – funding available? Grid modernization. Bring more to the table. BPA could look into this. They like their interface with BPA – EERs and COTRs. Are worried that driving down costs could impact the customer service they provide. Look in in other areas for cost savings.
- : BPA staff is one area where BPA is cost-effective.
- : An opportunity with EE debt service? Lower cost approach? Utilities could get lower rates? Prepay approach.
- : Can utilities jump off to Cal ISO?
- : Long-term contracts prevent that.
- : With distributed generation and storage, BPA will be facing the market soon. BPA needs to be looking for cost reductions soon.

Should BPA change its menu of offerings? Short measure life, where federal standards coming, where measure has momentum.

- : BPA should look at measures and savings of greatest benefit to them.
- : Look at cost-effectiveness of measures – will vary by utility. Performance payments are very important to some utilities.
- : Is BPA purchasing dictated by BPI? If not, BPA has more flexibility