**Energy Efficiency Post-2011 Review**

**Workgroup 5 Meeting**

**April 1, 2014**

**Conference Call**

**Meeting Notes**

**Co-chairs:**

Mary Smith, Snohomish

Mark Ralston, BPA

**Overview/Summary**

* Held meeting via conference call
* Discussed BPA refinements to Workgroup recommendations on Issues 12 and 13
	+ Some utility concerns were expressed regarding quarterly reporting of savings, regardless of whether this was a request or possibly a requirement (e.g., if self-management of incentives put in place)
	+ It was suggested that quarterly reporting of savings be phased in for smaller utilities
	+ Interest was expressed in receiving roll-ups of quarterly savings reporting and progress toward regional targets
	+ Utilities indicated they are not able to forecast savings accurately beyond the current fiscal year
	+ Preference was expressed for doing regularly scheduled forecasts of EEI expenditures in the second quarter of each fiscal year, rather than periodic informal requests
* Began discussion of Issue 10
	+ Had brief discussion of requirements for implementing, reporting, and verifying savings
	+ Touched on non-reportables; BPA agreed to lay groundwork for more detailed discussion at next meeting
* Agreed to extend the meeting time for the April 22 Workgroup meeting to 10:00 to 3:00 and meet in person at PNGC

**Attendees:**

Jessica McClaws, EWEB

Diane Robertson, Flathead

Eric Miller, Benton REA

Van Ashton, City of Idaho Falls

Vic Hubbard, Franklin PUD

Jeff Stafford, Tacoma

Debbie DePetris, Clark

Eugene Rosolie, Cowlitz PUD

David Jackson, Lockheed Martin

Margaret Ryan, PNGC

Jim Dolan, Pacific

**BPA Attendees:**

Matt Tidwell

Summer Goodwin

Kim Thompson

Josh Warner

Darby Collins

Meeting Notes:1

* **Welcome and Roll Call**
* **Review of agenda**
* **Overview of progress to date**
* **Review of action items**
	+ **Mary:** regarding the hockey stick, many utilities that self-fund report BPA savings earlier in the rate period to make sure all BPA funds are used. Deemed measures are fairly level from month to month. Then we might help generate a little bit of an uptick at the end of the rate period. We could report fairly routinely and give forecasting to help with the hockey stick.
	+ **Person 1:** ours is a combination. We wanted to report those savings that had the highest cost/benefit as self-funded.
	+ **Person 2:** we had custom projects that came in at the end as well as self-funded savings right at the end.
	+ **Person 3:** since we report monthly, any kind of hockey stick would be due to large industrial projects since they tend to finish up at the end. We held off on reporting self-funded.
	+ **Person 4:** we had Unassigned Account funding that became available and bilateral transfers.
	+ **Person 5:** we spend EEI early and when it runs out, it runs out – say in August.
	+ **Person 1:** with Unassigned Account funds and bilateral transfers becoming available at the end of the rate period, this is a reason to wait to report self-funded projects.
	+ **Person 7:** we typically would like to report on a monthly basis starting in the calendar year. Last year we had problems with our own reporting system that added complications with reporting.
* **Issues 12 and 13 – timing of reporting of savings**
* **Review of Workgroup recommendations for reporting savings and proposed BPA refinements**
	+ **Mary:**is there any driver around the frequency from BPA’s perspective? We talked last time about budgeting for Congress. But do you also need to report internally, what need are we satisfying?
	+ **Kim:** yes, we report internally on a monthly and quarterly basis and this culminates in an annual goal. In today’s world, we never know if savings are lagging or if reporting just hasn’t happened. We want to be able to better interpret our progress.
	+ **Mary:** I’m wondering if any of the utilities would be interested in looking at the roll up of the savings toward the target so public power could monitor progress.
	+ **Person 2:** on the internal report, what’s the important factor being looked at it? Is it budget or savings, or both?
	+ **Kim:** it’s both. Primarily, it’s kWh but we also report out on expenditures to date for budget management purposes.
	+ **Person 4:** we’ve talked about the 20 largest utilities --what percentage of load do those utilities represent? Are there thoughts of expanding the list?
	+ **Mark:** it’s about two-thirds.
	+ **Kim:** as we talk about what is requested and what is required, I’d like to hear input on the equity and fairness of exerting requirements/requests for only a subset of customers because I’ve also heard about bandwidth issues.
	+ **Person 6:** if it’s going to be a requirement, it should be for all customers. But if it’s a best practice then that could be left as the largest 20 and you could treat customers differently.
	+ **Person 3:** as long as we’re in IS2.0, I would be hard pressed to have the smallest customers report on a frequent basis. I see a phasing in of requirements. So the top 20 or 25 to start, and then when NED comes in, everyone is responsible.
	+ **Person 4:** is invoicing the same as reporting?
	+ **Kim:** yes, but it only covers BPA-funded savings and we’re looking for reporting of self-funded savings as well.
	+ **Mary:** I think we’re going to have to deal with the issue that once reported, you can’t change measures from self-funded to EEI.
	+ **Person 3:** I have a hard time appreciating why a utility would originally select self-funded and then go back and change it to EEI-funded.
	+ **Person 6:** but if you don’t allow, you could force a utility to hold off on reporting until you know how everything was going to pan out.
	+ **Person 3:** we use EEI dollars first.
	+ **Person 1:** we have a board directive to spend EEI dollars first. We play within the system and my job is to spend the least amount of local rate-payer self-funded dollars, and this is why we would hold on to projects until near the end.
	+ **Kim:** ideally, incremental funding to EEI would generate incremental savings, but what we’re hearing is that this isn’t the case. And allowing flexibility to change the funding source would create issues with the reporting system and our confidence in the reporting.
	+ **Mary:** but we want to provide an incentive to report in a timely manner.
	+ **Person 1:** I would like to report what has been accomplished without having to report whether it’s EEI or self-funded.
	+ **Mary:** if funding becomes available a month or two before the end of the rate period, it’s not realistic to expect utilities to use the dollars on incremental savings for new projects. We want to make sure the funds are used and don’t go back to the general fund.
	+ **Person 3:** we have reporting and forecasting of savings. If I’m holding back projects that I think are going to be self-funded, wouldn’t I report those in my forecast? So BPA would have a view on what is expected to come in (regardless of savings source).
	+ **Kim:** we’re exploring some very interesting dynamics.
	+ **Mary:** the system is a roadblock -- need flexibility to shift between EEI and self-funding if we want accurate reporting.
	+ **Person 1:** it will be more plug and play between NED and their database – this could help with forecasting.
	+ **Kim:** are utilities looking for flexibility just in shifting from self-funded to EEI-funded, or the other way as well?
	+ **Kim:** we have to accrue expenditures. Difficult to know what expenditures are if the funding source is subject to change. There’s a potential for ‘improper payment’ of BPA funds with this flexibility.
	+ **Person 4:** Not all utilities may take advantage of NED’s capabilities.
	+ **Person 3:** not opposed to quarterly reporting. If have a requirement, what’s the penalty? People could report zero.
	+ **Kim:** the only way to enforce this would be to not allow savings to be reported after a certain window beyond the end of the quarter. However, we want to minimize non-reportable savings.
	+ **Mary:** who is getting Unassigned Account dollars?
	+ **Kim:** we’re transparent with the Unassigned Account, but it’s not predictable.
	+ **Person 3:** Unassigned Account of $1.1 million was only 1% of EEI – not much.
	+ **Person 3:** I see on the screen that we have an interim recommendation and then what we need is something more long term when we have NED.
	+ **Kim:** I’m hearing all kinds of reasons from customers that we shouldn’t expect quarterly reporting.
	+ **Person 3:** I could report zero so there’s always a way around requirements.
	+ **Mark:** at this point, it’s a BPA request that reporting happens quarterly, but we aren’t talking about requirements.
	+ **Mary:** in our recommendation, we’ll need to discuss the risks of getting numbers that aren’t very good due to the dynamics we’ve discussed today.
	+ **Person 1:** we’ll need stricter reporting requirements with self management.
* **Review of Workgroup recommendations for forecasting savings and proposed BPA refinements**
	+ **Person 3:** are we talking about providing forecasting in October for the whole rate period? I’m not too sure what you would get and how good the numbers would be.
	+ **Kim:** would fiscal year be more feasible?
	+ **Person 3:** people would be better able to do that.
	+ **Person 2:** two year forecasting for the rate period won’t be of any value. I know we’re going to spend our dollars but it’s hard to identify the number of kWhs. It seems like NED could have this kind of functionality.
	+ **Person 4:** how much EEI do they have? Base it on history.
	+ **Kim:** which is better – the past as a predictor of the future, or utility projections? Perhaps we could use NED to forecast based on history and then the utility could change that based on what they know about what’s coming down the pike. So based on past performance we could calculate potential delivery and then the utility could override it by dampening it down or ramping it up.
	+ **Person 3:** we will keep track of everything in our own system and would not want something in NED that’s not compatible with our system where we would have to re-enter something into NED.
* **Review of Workgroup recommendations for forecasting expenditures and proposed BPA refinements**
	+ **Person 3:** I have a hard time with the proposal that it be “periodic.” I would like it to be routine and well understood. I would keep it at the second quarter. At some point, the utilities need to take responsibility for how this program operates.
	+ **Mary:** I like the routine instead of it being periodic.
	+ **Person 1:** I’m OK with the requirement.
	+ **Person 4:** agree with making it routine.
	+ **Kim:** I don’t think it is burdensome to get once a year from utilities how much of an available budget the utility will deploy.
	+ **Person 4 and Mary:** agree that it’s not burdensome.
* **Issue 10 – Requirements for Implementing, Reporting, and Verifying Self-Funded Savings**
* **Requirements for Implementing and Reporting Self-funded savings**
	+ **Kim:** the question is whether we want to have two sets of requirements based on funding source.
	+ **Person 3:** I don’t think the problem is with what’s in the IM, the problem is what’s “non-reportable.”
	+ **Mary:** it’s not the funding source, but not following the IM requirements.
	+ **Person 3:** the measures in the IM more or less follow the RTF specifications so it seems to me that any measure that is reported and is an RTF measure should be counted whether or not it’s in the IM because all those measures count toward the target.
	+ **Mary:** I’ve heard that IM requirements are about using federal dollars but with self-funded savings they don’t concern federal dollars so there could be different requirements.
	+ **Person 4:** are I-937 requirements different? Do I-937 utilities want to harvest non-reportables?
	+ **Mary:** yes.
	+ **Mark:** this is wrapped up with the non-reportable issue. So should we set this issue aside and tackle the issue of non-reportables?
	+ **Person 3:** everything approved by the RTF should be counted and there should be something in the IM that accounts for this. If BPA is paying, “this is the requirement” but if BPA is not paying for it “then this is the requirement.” And the requirement is that RTF specifications are followed.
	+ **Mark:** we can plan for our next meeting on April 22nd at PNGC power?
	+ **Kim:** we may want to bring in some additional BPA staff to come to the next meeting. **Person 3:** we are in a situation where I-937 utilities are doing their own analyses, so we should have a cost-effectiveness discussion if utilities perform their own local tests. And consider the implication for the target if a utility does a measure that meets its cost effectiveness test that doesn’t meet the regional TRC test.