

Energy Efficiency Post-2011 Collaborative Meetings Straw Proposal

3/16/09 DRAFT

The following represents an overview of the discussion that took place over a three day collaborative process between regional stakeholders and BPA staff. The narrative does not necessarily reflect a proposal from any individual stakeholder participant or BPA.

Principles

- Develop public power's share of all cost-effective conservation consistent with the NW Power Act.
- Provide services that maximize regional economies of scale, market influence and local assistance opportunities.
- Leverage resources to maximize existing infrastructure and avoid duplication of effort across the region.
- Ensure consistency with the principles of tiered rates.
- Provide choices to be responsive to the diversity of needs across the region.
- The bulk of conservation is best managed at the local level.
- Balance increased flexibility with cost.
- Manage risk associated with change.
- Support long-term high customer satisfaction.
- Advance energy efficiency in the Pacific Northwest.

Collaborative Proposal Overview

Regional BPA EE Infrastructure

These are functions and services that BPA would provide with funding from the Tier 1 cost pool. They are characterized by economies of scale, activities that require regional market influence, leveraging existing infrastructure and activities and services that benefit most utilities in the region.

Acquisition Support

- Program Tracking and Reporting System (PTR)
- Regional Technical Forum (RTF)*
- Market Transformation (NEEA)*
- Market research
- Evaluation
- M&V protocols (working with RTF)
- BPA Oversight
- Engineering services (gradually shifting utility specific services to implementation assistance)

New Measure Development and New Technology

- Research Development & Demonstration (RD&D)*
- Emerging technologies*
- Data collection*
- Pilot programs
- 3rd party program development

Regional Support

- Networking/coordination (e.g. brown bags, commercial new construction focus group, etc.)
- Sponsorships (e.g. EPRI, ESource, conferences)
- Low-Income Weatherization (state & tribal funding)
- Federal work (primarily reimbursable)

(*In coordination with other regional entities, including IOUs)

Choice (Individual or Pooled Responsibility)

Utilities have requested that they be afforded more choice and flexibility in how they implement and fund their conservation programs. Some utilities may request that BPA provide implementation assistance and end-user incentives (e.g. today's CRC or CAA program) and pay for the services that they request (the payment mechanism has not yet been developed, but could be an on-bill charge or a rate credit type mechanism). Other utilities or a pool of utilities would design and implement their own programs while still reporting savings to BPA. An overview of the choices, eligibility requirements for utilities taking individual responsibility for conservation programs, how targets would be set, consequences for individual utilities not meeting targets and the composition of BPA implementation assistance & end-user incentives is outlined below.

An overarching principle of the collaborative group is to develop public power's share of all cost-effective conservation consistent with the NW Power Act. This is also a responsibility that BPA has set for itself in the Regional Dialogue Policy. Utilities have also indicated that they want to take on responsibility for acquiring all cost-effective conservation. In any framework that is set to give utilities choice, the collaborative group felt that utilities choosing to fund and implement conservation on their own would need to set and agree to report to BPA, an aMW target to ensure BPA is able to collectively meet public power's share of the regional target.

Choices

There would be three primary choices:

1. Participate in BPA's programs, services and incentives.
2. Participate in BPA's programs and services but fund incentives directly with utility funds.
3. Utility chooses to take full responsibility and fund implementation and incentives on their own. Utility may choose to buy into select BPA sponsored 3rd party programs.

Eligibility Requirements

Utilities that choose to take responsibility for achieving conservation on their own will be required to 1) develop a comprehensive Conservation Potential Assessment, 2) develop an implementation plan, 3) commit to achieving a cost-effective aMW target that will be reported to BPA, and 4) demonstrate an availability of funding for incentives and procurement and submit that plan to BPA for review.

Setting Targets

Utilities that participate in BPA's implementation assistance services would not need to have an individual utility target. These utilities could work with BPA to develop a conservation plan. BPA would have a collective target for the pool of participating utilities.

Utilities that are achieving savings outside of BPA programs would have the ability to pool targets. The requirements for setting and achieving targets would be set to coordinate as closely as possible with state planning and reporting requirements to minimize duplication of effort by utilities.

BPA would compile all of the conservation plans submitted and determine whether in sum the targets meet public power's share of the Council's target. If the total is short BPA would convene a collaborative working session with the Council, NEEA and utilities to determine why the total is short. There would also be a review to determine if there are measures or market segments in the targets that should be achieved through market transformation, codes and standards, or a regional 3rd party program. Or, is the Council target unrealistic given what seems to be achievable at the local level? If another means beyond local utility programs is needed, such as a new initiative, BPA may include funding for the activity through the Tier 1 rate pool. If the sum is still short, BPA would have to proceed with determining which individual targets need to be adjusted.

Utilities would report energy savings and costs in the PTR quarterly (this requirement may be different for very small utilities). If a utility that has taken an individual target is not making adequate progress BPA would pro-actively work with that specific utility to help them increase their level of acquisition. This assistance would be at the individual utility's expense.

Annually or every two years (coinciding with rate periods) BPA would assess individual utility and overall progress toward the targets. If, collectively, public power is behind in achieving the targets, BPA would convene customers and key stakeholders to discuss progress and identify why we are behind and to develop a strategy to catch up.

There is also interest in having a mechanism to bank savings for a future review period if the targets are exceeded.

Consequences of Non-Performance

If collectively, we are not achieving the target at a specific milestone, then individual utilities that have taken responsibility for conservation in their service territory and are not achieving their targets will be required to provide 'catch-up funding' to make up for aMWs that were not achieved in the past relative to the target and pay to participate in BPA's full implementation assistance package going forward.

Implementation Assistance & End-User Incentives

Implementation assistance would be offered in a package to utilities and include such services as:

- Technical Assistance, engineering services (utility specific)
- Program development
- Training (e.g. lighting trade allies)
- Marketing material development
- Bulk purchasing
- Financing
- 3rd party programs

Notice periods to participate in BPA programs and services will be set to align as closely as possible with the Tier 2 elections in the Regional Dialogue Power Sales contracts. It is likely that the commitment period will be at least five years.

Measurement & Verification (M&V)/Oversight

M&V – Utilities choosing to take an individual target would take responsibility for M&V. In conjunction with the RTF, BPA and stakeholders would compile (and develop as needed) a portfolio of M&V protocols that utilities would follow, at a minimum, when conducting M&V. BPA would follow the same M&V protocols when conducting M&V for utilities participating in BPA programs and services. There would be resources provided to the RTF by BPA (as a Tier 1 cost) and other parties to fund the initial protocol development as well as on-going updates as needed.

Oversight – BPA would provide a similar file review type of oversight as is currently conducted to ensure that M&V protocols are being followed and to provide an independent 3rd party review of savings claims. This oversight might include a review of program TRC levels, as defined by the Council.

Both M&V and oversight requirements would be coordinated as closely as possible with state requirements.

BPA Backstop Role

As stated above, BPA will work proactively with utilities who are not achieving their targets with a goal of helping them increase their level of acquisition. If this interim step is not successful in working with a utility that has taken responsibility for an individual target then the utility will be required to provide 'catch-up funding' to make up for aMWs that were not achieved in the past relative to the target, as well as fund and participate in BPA's implementation assistance and incentives package for at least the next rate period.

Transition/Trial Period

If a choice mechanism is provided, there will be a need for a transition period during which utilities that do not currently run their own programs will need to move from primarily participating in BPA programs to a position where they are planning, designing and implementing their own conservation programs. While more thought is needed as to exactly how this transition should be structured a high level overview would include:

- Conservation Potential Assessment (CPA) assistance for utilities;
- Council target review – work with Council staff, NEEA, and interested utilities to assign specific measures to categories of acquisition – utility programs, regional programs, market transformation, codes & standards, etc.;
- M&V protocols – work with the RTF to develop and/or adopt a set of protocols that utilities follow for BPA (if any) and self-funded implemented measures; and,
- Training – BPA and others to develop and provide training on specific topics to assist utilities in developing and implementing independent conservation programs. Trainings may include: M&V overview, CPA steps, program design, marketing, etc.
- Assist in design of a tool to evaluate cost-effectiveness at the local level to account for multiple avoided costs across the region.
- Getting new measures from the 6th power plan through the RTF (deemed or deemed calculated)