Energy Efficiency Post-2011 Collaborative Meetings Straw Proposal

3/10/09 DRAFT

The following represents an overview of the discussion that took place over a two day collaborative process between regional stakeholders and BPA staff. The narrative does not necessary 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.
- Be responsive to the diversity of needs across the region.
- The bulk of conservation is best achieved at the local level
- Balance increased flexibility with cost.

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 **New Measure Development and New Technology** • Research Development & Demonstration (RD&D)* • Emerging technologies* • Data collection* • Pilot programs • 3rd party program development - (*In coordination with other regional entities, including IOU funding)

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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 (this is reimbursable)

Choice (Opt in or out of BPA Programs)

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 & 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 eligibility requirements for "opting out" (or whatever mechanism is developed), how targets would be set, consequences for individual utilities not meeting targets and the composition of BPA implementation assistance & end-user incentives are 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.

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 utilities participating.

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 an aMW target that will be reported to BPA, and 4)demonstrate the availability of funding for incentives and procurement and submit that plan to BPA for review.

BPA would compile all of the plans and determine whether in sum they meet public power's share of the Council's targets. 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. Is there something in the targets that should be achieved with market transformation? Codes and standards? 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 report energy savings and costs in the PTR quarterly. BPA would pro-actively work with utilities who are not achieving their targets with a goal of helping them increase their level of acquisition.

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Annually or every two years BPA would assess individual utility and overall progress towards the targets. If, collectively, public power is behind in achieving the targets, BPA convenes customers and key stakeholders to discuss where we are and to identify why we are behind.

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 fund and participate in BPA's implementation assistance package for the next rate period.

Implementation Assistance & End-User Incentives

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

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

This would be funded by individual utilities on a fee-for-service for the package of goods, a rate credit or some other mechanism. Utilities would have a choice of whether or not to include an incentives piece to the package for an extra cost.

Measurement & Verification (M&V) / Oversight

M&V – Utilities choosing to implement programs on their own 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 when conducting their 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.

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 is running its own programs then the utility will be required to fund and participate in BPA's implementation assistance and incentives package for at least the next rate period.

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Transition / Trial Period

If there is a choice mechanism, 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.

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