Energy Smart Industrial Fact Sheet

October 2009

Overview

BPA has a long history of supporting and advancing energy efficiency in the Pacific Northwest, but recently has been challenged in meeting regional energy savings targets in the industrial sector. BPA Energy Efficiency recently conducted a comprehensive review of its approach to acquiring industrial energy savings, and the results identified several barriers to success in capturing increased industrial savings targets included in the draft Sixth Power Plan. Those barriers included a lack of technical staff working in industrial markets, the need for disciplined project pipeline management, consistency in market participation, BPA documentation requirements and BPA incentive levels.

BPA selected Cascade Energy Engineering as the program partner to assist in the redesign and implementation of its industrial program components. Cascade Energy sub-contracts with Evergreen Consulting and Strategic Energy Group to provide additional technical support.

The newly designed BPA Energy Smart Industrial (ESI) program has been created to assist BPA utility customers in increasing cost-effective energy efficiency savings in the industrial sector. The program is a primary mechanism for BPA utility customers to achieve industrial load energy savings targets of 12 aMW in fiscal year (FY) 2010 and 15 aMW in FY 2011, nearly double the energy savings that were achieved in the previous two years. The ESI program encompasses all BPA offered industrial sector programs moving forward.

The ESI model primarily utilizes the program partner and Technical Service Proposal (TSP) consultants rather than BPA staff to deliver energy efficiency savings. BPA Energy Efficiency staff provides overall ESI program management and dedicated BPA engineers (East/West regional ESI engineers, industrial TSP program manager and an energy management engineer) provide technical oversight and manage TSP consultant contracting. A new role, the Energy Smart Industrial Partner (ESIP), has been defined as the “go-to” expert to consult with utilities to coordinate ESI programs and resources to meet the goals and needs of their conservation program. BPA Energy Efficiency Representatives (EERs) continue to serve as the overall relationship manager between BPA and the utility relative to energy efficiency, but do not have a direct role in marketing industrial sector energy efficiency to utilities. The BPA utility COTR function remains unchanged.

Timeline

The ESI program takes affect from Oct. 1, 2009 through Sept. 30, 2011, with subsequent program renewal to be considered thereafter. ESI program enrollment for utilities is open through March 31, 2010. To enroll, utilities must notify their utility COTR by e-mail. Utilities that opt in to the ESI program prior to Oct. 31, 2009 will receive priority rollout of the ESI program in their service territory.

Reimbursements

Beginning October 1, 2009 BPA utility reimbursement levels for ESI program custom project proposals for *retrofit* projects have increased, and the ESI program requires full pass-through of all BPA industrial sector utility reimbursements to end users as of April 1, 2010. This requirement will assure consistent incentives for industrial facilities under common ownership but served by different utilities, and increase the likelihood that end users will broaden the scope of projects and pursue deeper savings measures due to higher incentive levels. See the ESI Program Reimbursement Summary sheet for all incentive level details.

Energy Smart Industrial
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ESI Program Components

- **Energy Smart Industrial Partner (ESIP)**: An ESIP is an industrial energy efficiency expert assigned by the ESI program to provide utility efficiency program staff with a single point of contact for coordinating ESI programs and resources to meet the goals and needs of their conservation program. In addition to providing technical expertise and other assistance to utility staff, the ESIP assists in representing the ESI program to utility end users (when requested), and facilitates the development and implementation of ESI program projects. ESIPs are provided, assigned and managed by the ESI program. Utilities continue to be the face of industrial energy efficiency to their end users and will define the "rules of engagement" for ESIP interaction with utility end users.

- **Energy Management**: Energy Management is a pilot component of the ESI program that addresses the opportunities to acquire energy savings through improved operations and maintenance (O&M) and management practices. There are three core features of Energy Management:

    1. **Energy Project Manager co-funding** – The goal of Energy Project Manager co-funding is to increase end user management and engineering efforts devoted to electrical energy projects/activities and increase the number of projects entering the ESI program. The participating end user sets its own annual verifiable energy savings goal and receives co-funding proportionate to that goal (subject to minimum and maximum co-funding levels). If the end user meets its own self-set and verified goals on schedule, co-funding continues. If milestones are missed, co-funding is suspended and ultimately ended.

    2. **Track & Tune Projects** – Track & Tune is designed to financially and technically help the end user "do the little things well" while putting a system in place that allows the program and end user to track energy performance and savings over a multi-year horizon. Track & Tune centers on O&M savings, not on large capital projects. To achieve solid savings on industrial projects, Track & Tune continuously tracks the performance of the area of focus (whole facility, system or process). This tracking establishes the baseline, shows the effect of the initial tune-up effort and tracks the performance over the long haul. This methodology transforms industrial O&M savings into a reliable, long-term source of savings.

    3. **High Performance Energy Management** – High Performance Energy Management provides training and support to end users on how to implement energy management in to their core business practices. High Performance Energy Management is the application of the principles and practices of continuous improvement to energy management within an end user's organization.

- **Small Industrial Measures**: The Small Industrial component provides a cost-effective mechanism to handle specific efficiency measures where the energy savings on individual projects are small relative to typical industrial projects. This allows the ESI program to target small scale industrial facilities and small systems that are historically underserved by traditional industrial efficiency programs. Currently, small compressed air (<75 hp) measures are included in Small Industrial. Additional technologies (e.g., refrigeration, variable frequency drives, etc.) may be added in the future.

- **Enhanced Lighting**: Enhanced Lighting can be considered an extension of the existing Northwest Lighting Trade Ally Network to drive more industrial lighting projects. Industrial lighting experts, Lighting Key Account Manager (KAMs) are assigned to participating utilities to assist in these efforts.

- **Enhanced TSP**: Expansion and enhancement of traditional TSP services, including quick-response time and materials work, and BPA funding of scoping, measurement and verification activities where appropriate.

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