



Energy Efficiency Post-2011 Phase 2

Workgroup 2 Meeting 1

July 21, 2010
1:00pm to 4:00pm
BPA Walla Walla Office
1520 Kelly Place, Suite 100
Walla Walla, WA

Meeting Overview

- Issues concerning this workgroup were reviewed.
- The 75/25 split and how it relates to SRR utilities was clarified.
- Ways to define a SRR utility were discussed.
- A “lack of resources” and the difficulties of acquiring conservation in small, rural areas were highlighted.

Decision/Action Items

- Geoff Carr of NRU volunteered to research and report back on ranking utilities according to rural load, size of load and percentage of residential load.

Meeting Notes¹

Facilitators:

Boyd Wilson (BPA)
Eugene Rosolie (PNGC)

BPA Participants:

Josh Warner (BPA)
Matt Tidwell (BPA)
Tom Osborn (BPA)

1. BW: would like to have Eugene give an overview of the Phase 1 process and talk about where we’ve come from.
2. ER: Phase 1 was a higher level discussion of which direction BPA would take post-2011. Out of that process, BPA did come out with some policy suggestions. Part of phase 2 is a result of those policy issues and one thing that came out was the issue of what to do about SRR and how BPA could address those concerns in a post-2011 world. In terms of policy, BPA has said it is looking to do extra things to help small utilities reach their conservation. That’s the broad policy, now it’s our job to give them details on how to go about to do that.

¹ **Due to privacy concerns, only BPA staff and workgroup co-chairs are listed in these meeting notes.

3. JW: That's an accurate assessment and overview.
4. ER: do we need to review some of the other things that may affect SRR, e.g. the EEI and the Implementation mechanisms?
5. JW: explained other workgroups working on EEI and IMs and provided overview of EEI and standard vs. non-standard agreements.
6. ER: for clarification, out of Phase 1 came a break between "infrastructure" and the "EEI," which are two separate chunks of money.
7. BW: Aug 4, we will meet at Lane Electric in Eugene. Then the following meeting will be Aug 18 in Montana, location yet to be determined [Location: Kalispell, MT]. The question is about mountain time for the meeting in Montana. I will take the responsibility to email all people about switching the time to Mountain time.
8. JW: concern about confusing people and having back to back meetings for WGs 2 and 3.
9. ER: we have input and we'll weigh the pros and cons and let people know about the decision. [Final decision: Mountain time, 1:00pm to 4:00pm (12-3 PST)]
10. BW: we want to be flexible for participants.
11. Two o'clock is not that much different than one o'clock.
12. The RTF is currently working on a Small and Rural technical EE study to develop an understanding of the challenges and constraints that small utilities face in the EE efforts. This has come up a lot. The contract focuses more on the technical aspects. Will also look at delivery constraints and infrastructure. Broken into four phases. Contractor will have individual interviews with 20 utilities (Phase 2), phase 1 is putting together the list. Part 3 is the recommendations portion and prioritization. Phase 4, may or may not happen, will involve implementation. Put out RFP in late March and had a good response, 11 proposals. There is a subcommittee and Ecotope was picked to work on the study. Since then, the RTF has had to round up some additional funds. Specific carve outs have been made for the additional funders. Hoping to start work next week, Scope of Work is almost finalized. Projected to last about 6 months. Offer is there for members of this workgroup to join the RTF subcommittee working on this.
13. The interviewees have not yet been selected?
14. Correct. We will work with the contractor to select the 20 utilities.
15. Will you take nominations?
16. Yes
17. Question about timing regarding the RTF timeline and BPA's implementation manual timeline.
18. JW: we can commit to things that need to be put into the implementation manual, realizing that it is a living document, so anything that doesn't get into the April 1st version could be put into the Oct 2011 version. We'll implement what we can, when we can.
19. ER: NEEA has a process that they are going through to look at what they can do for rural utilities. They have a group of IOUs, BPA, Energy Trust. Unfortunately, nobody from NEEA could speak with us today, but I did send something that can be sent out.
20. BW: review of issues.

21. ER: let's go through the issues we've already laid and then brainstorm about adding issues.
 - a. First issue: program (Energy Smart Grocer) vs, measure-by-measure, vs. utility level; we want to make a recommendation to BPA about at what level it should make its cost-effectiveness determination
 - b. Second issue:
 - c. Third issue: e.g., all deemed measures;
 - d. Fourth issue: how is SRR defined?
 - e. Fifth issue: in order to qualify for SRR, should utilities have to be apart of a pool.
 - f. Sixth issue: now BPA does pay a higher rate, e.g. 30% and 20%. Threshold is 7.5 MWs.
22. What is meant by pool?
23. ER: thinking is more in terms of "infrastructure." The pool would have one contractor signed to that pool and the contractor would achieve economies of scale. Any other issues to add?
24. How does the 75/25 split work? It's of critical importance to all us in terms of self-funding.
25. I'm interested in 75/25 split and also the admin question.
26. I'm interested in the SRR pool idea, it's new to me.
27. Whether to have a small customer option like we had with the NRDC.
28. Some explanation for the amount of expertise we're going to have moving forward.
29. Whether EEI dollars could be used for NEEA funding or for low-income funding.
30. Lack of utility resources
31. All the things that are on this list are critical to X, but the 75/25 issue and identification of how SRR utilities would be identified and how would qualify are the most important.
32. Important that we are the face of the program to our members, but we have limited resources and we need help and we want to be the ones to deliver to our customers. A lot of these programs have little landmines and its hard to know everything about them.
33. Need more detail on each of these items
34. In line with what's been said.
35. Who came up with the 75/25 split? We're spending more, so we're in favor of higher incentive levels. What about density is better than load, cause what if you have only two big users?
36. How is BPA going to give small, residential support as they try to market their programs.
37. Make it easy so we can just run the programs and get them implemented.
38. ER: does it make sense to prioritize the issues. Perhaps we need to address immediately the 75/25 split. Clarify that and what BPA sees that to mean. And then to clearly define and how to define what a SRR utility is.
39. BW: issues recap
 - a. Cost-effectiveness
 - b. Willingness to pay

- c. Streamlined process (similar to no. 15)
 - d. Small, rural, residential definition of the group
 - e. Pooling for SRRs
 - f. Higher admin or performance payment for SRRs
 - g. 75/25 split or not, if they can't self-fund
 - h. Small customer option, like the CNRD
 - i. Access to expertise, like engineering
 - j. More deemed measures (which might go under streamlined process)
 - k. EEI dollars
 - l. Programs that utilities like to run, but don't have the resources to run
 - m. Utility to be the face to their customers
 - n. Costs more to do business in rural areas
 - o. Make it easy to run the programs (streamlined process)
40. ER: would like to ask Van if lack of resources is the same as cost of doing business in rural areas.
41. When the CRC reimbursements were cut, it made it more difficult to implement the programs.
42. BW: there is a trade ally network in lighting, would you envision something like that which had contractors to go and help you?
43. Van: the network has worked well on the lighting, but in the rural areas, there may not be a lot of possibility in the rural areas.
44. BW: so you might envision a trade ally network for residential.
45. ER: we could start with the 75/25 split and the definition
46. JW: I'd be happy to explain. We need to be very careful about how we talk about the split in this workgroup. I realize that lots of issues will overlap with other workgroups, but I do want to caution that this is not really the workgroup to discuss the 75/25, but as it relates to the SRRs, that's fine.
- a. We heard a lot in Phase 1, that many utilities wanted to pay for conservation on their own. So the split was devised as a compromise, since the utilities didn't want to pay 100% in rates because they knew they were going to self-fund. There is no assumption that every utility will provide exactly 25 of the savings. Some utilities will spend more, others will less, some will spend none of their own. It's an average to be used for planning purposes. Trying to look at how much is collected in rates to cover the cost of reimbursing for incentives. We don't collect today in rates to pay for 100% of the saving targets, we are today at a sort of defacto 75/25 split, so since we're managing at that today, we'll give it a try for the first period and then can review as needed. If we overachieve the targets, we could look at reducing the funds that are collected in rates, e.g. to 70/30. If we aren't as successful, we might move to 80/20. We will reevaluate as we move forward. I realize that different utilities have different opinions on this.
47. Are you going to reduce the half mill...?
48. JW: the CRC will be going away. Moving to TOCA. Half mill is no longer apart of the equation. The amount collected will be based on Tier One load.
49. ER: a bit different calculation than the rate credit calculation.

50. In the EEI workgroup yesterday, my understanding is that many utilities want to put teeth behind the split for when utilities who want to access the EEI pool. I'm concerned that it's going to be difficult for us to access any of the funds let over from other utilities.
51. JW: We will have to look at such a structure and if it would impact small utilities in a negative manner.
52. Can you tell if small or large utilities are funding more today?
53. JW: I think the bigger utilities are probably self-funding more, but there are a number of small utilities that are self-funding. We don't necessarily know the amount of dollars, but rather the savings.
54. How much representation is there for SRRs on the EEI workgroup?
55. JW: SRRs were represented as much as the larger customers.
56. I think it would be useful if we updated this workgroup with the happenings of the EEI workgroup.
57. ER: X, would you be willing to provide an update?
58. Yes.
59. If we get a large job, say four times bigger than we usually do, in the future, would we have to pay back all the funding we receive from BPA? Cause we wouldn't do it, if that were the case.
60. JW: One of the key concerns we heard through Phase 1 was the issue of cross-subsidization, so this is why we created the EEI. In order to not violate that principal, so if additional capital was used, it would have to be repaid. So, it's up to the utility to decide whether it would want to go above its EEI amount or just provide power.
61. Yesterday, we discussed the option of a "pool" within the EEI where SRRs could share funds within their pool. This tries to get at the up and down of funding requirements.
62. ER: one of the major issues is "lack of resources" and lots of the other issues fit into this banner. The cost-effectiveness seems to be stand-alone and the other idea is the streamlined process, e.g. having more deemed measures.
63. I think that makes very good sense.

Break

1. ER: number of people on the phone probably the LDD (low-density discount) and the 7.5 aMW are two existing cut-off lines. On one hand, we have small defined, and on the other, we have rural defined, so how to do define residential?
2. You can look at average residential customers that are served in the average public utility and set a benchmark, e.g. if a utility is more than 75% of its load served as residential. I agree that there should be "or" tests." Average megawatt should be higher. If you pass any of the tests, then you're in.
 - a. I can work on a proposal for residential threshold percentage.
3. How many are LDDs?
 - a. Can we find that out?
 - b. It's in the rate case document. Geoff volunteered to look into it.

4. The LDD goes from around 7% to 3% so it's a range based on density. It's not just one number.
5. What's the % represent?
6. The amount of the discount.
7. ER: we're only interested in the cut-off (about 40 utilities)
8. Is everyone receiving the low-density discount in the room and on the call?
 - a. We don't.
 - b. Pacific: we don't, but we were really close
9. MS: how can we come up with the residential percentage?
10. The Council can provide regional average for residential customers.
11. BW: maybe we should wait for a report that breaks this down.
12. (group): concern about being broad, and meeting any one of those cut-off lines could include rather large utilities.
13. I don't think my utility has a lot in common with a large utility that is mostly residential.
14. ER: per X's suggestion, we'll wait to hear back from X on who's covered by some of these categories.
15. I think the 7 aMW is too low, so we should talk about more appropriate level.
16. X has been very generous and his work could really help our discussion. If we could get the information distributed before the next workgroup, that would be helpful.
17. ER: always a concern about doing something like this is leaving somebody left out or including somebody that shouldn't be included.
18. Well what if half of BPA's customers fall into this, then would we have a leg to stand on to defend the workgroup's position?
19. BW: next item is brainstorming to start talking the issues we have. The first we've identified is how the SRR defined. We're working on that. The next is 75/25 and we'll continue to work on that, so we can move to discussing the "pool" and talk about the lack of resources.
20. ER: the thought was to have pools that SRRs in a particular region would voluntarily or to partake in a certain program or to get higher admin, would have to be apart of the pool. The pool would contract to do PTCS, for example, to achieve higher economies of scale.
21. Could it be done through a trade ally network?
22. ER: could work, but this pool would be more in the line of ESG program or ESI program where there is a program and in order to do it, there's got to be some certainty that there will be some work for the contractor.
23. (the IDEA group) explanation of their experience. I think you need to have more regional pools. I think it would be hard to do one small residential pooling group because there are some regional differences. One large group is less advantageous.
24. ER: PNGC is different than IDEA (explanation).
 - a. There are some utilities that are really short on staff, so maybe those would like to turn it over to the pool.
25. Before BPA added back two measures, we were having difficulty spending our money.

26. ER: we want to be in a position to put something to BPA having a good feeling that most customers would want.
27. Pooling, especially with a short rate period, may be a good idea.
28. JW: we want to be mindful of creating more complexity.
29. ER: regardless of what happens in WG1, if this workgroup feels strongly about a pool and making it easier for SRRs to join pools to achieve their savings, then we should move forward with that.
30. We not be adverse to pooling with any group, but budget measures are going to drive whether it makes any sense.
31. Leaving the language for pooling can be done.
32. ER: would it help to get an estimate of a utility's budget in 2011? Is it possible to get any kind of sense (ball park) so people around the table can have an idea of what kind of dollars we're talking about.
33. JW: the numbers in the IPR, look like 124 million in 2012, and 132 in 2014; not sure how much is going to be used for EEI, because out of that has to come third-party costs. Somewhere between 75 and 100 million divided by your TOCA might give you an idea, BUT we're not done with the IPR. Rate pressures are significant and we don't know what's going to come out of the IPR.
34. ER: we've gone far enough on the pooling idea.
35. How about streamlined process and what could we do better?
36. ER: what's not streamlined now? Are there enough deemed measures?
37. BW: let's start with residential and deemed measures.
 - a. Streamline PTCS
 - b. Some co-ops have asked about electronics (Energy Star)
 - c. Heat pump water heaters
38. Some of the M&V protocols are a bit too onerous, e.g. insulation. Sounds like the RTF is looking at that now. For insulation, we're sort of all over the place.
39. Irrigation
 - a. Would like to see VFDs for irrigation.
40. ER: people should continue to think more about these streamline possibilities
41. Cost-effectiveness issue
 - a. Just about everything that the Council has looked at is "cost-effective"
 - b. The question is whether or not to have C/E applied from the bottom (measure by measure) or from the top (utility level).
 - c. Tim: It needs to be looked at from a higher level (e.g. heat pumps at a residential level)
42. I would like to see utility be able to determine which measures it will pay on, but its responsibility to make the overall program cost-effectiveness.
43. I think the calculation for C/E should also be apart of this discussion. Is it the incremental cost of the heat pump or the whole cost of the heat pump.
44. Ideally, I would like it out of the RTF's hands.
45. Issue of costing more in rural areas
 - a. Windshield time affects the cost big time.
 - b. I can spend two hours going to one job cite.
 - c. In Eureka, heat pump contractors and installers are coming from at least 80 miles.

- d. ER: so should BPA be willing to pay more for heat pumps in those rural areas?
 - e. Is rural energy savings more valuable to BPA? I don't think it is.
 - f. ER: does the group feel the same as X?
 - g. The RTF is going to look at measure for SRRs.
 - h. ER: the RTF is not going to decide BPA's willingness to pay. The RTF will decide the SRR deemed measure, but then BPA will decide to pay X amount for the measure.
 - i. I think we should be pushing the willingness to pay and will be interested to see if BPA really does work with all their customers.
 - j. JW: we set budgets based on average savings...if we want to pay more for conservation then we need to have larger budgets, so if people want BPA to pay more than they should be advocating for larger budgets. I can see how paying more would acquire more savings, but there are finite resources. Would also need to think about urban, bigger public power customers and whether they would be okay with different amounts to be paid.
46. Higher admin payment issue
- a. Right now it's 20% and there's 30% for utilities less than 7.5 aMW.
 - b. ER: where is BPA right now on thinking on this?
 - c. JW: I should pass this to Mike Rose, but this is still very open so we should continue to discuss this issue because it may not pay more for measures, but will cover the costs of other SRR barriers to implementation.
 - d. BW: would it be a good idea to invite Mike Rose to our next meeting?
 - e. JW: we could make that happen, but would be good to narrow a time slot for him.
 - f. Next meeting is August 4 in Eugene at 1pm.
 - g. ER: continuity in the workgroup is going to be important.
47. MS: might be helpful to use LiveMeeting next time.
48. BW: would like people to think about the issues to come up with more ideas.
49. Submit questions/comments/discussion ideas to workgrouptwo@bpa.gov