Energy Efficiency Post-2011
Phase 2

Workgroup 5 Meeting 1

July 22, 2010
9:00am to 12:00pm
Public Power Council
Conference Room
825 NE Multnomah, Suite 1225
Portland, OR

Meeting Overview

In executive-level detail, the meeting accomplished the following:

- The workgroup agreed to guidelines to obtain collaboration, compromise as necessary, and reach consensus on our recommended path forward
- The list of issues identified for Workgroup #5 were reviewed and revised
- After some shifting, deleting, and consolidating, the revised issues were prioritized
- Questions regarding top priority issue (Regional Programs) were discussed
- Details regarding the next meeting were confirmed

Decisions

A more detailed summary of the key decisions reached are listed below:

- Workgroup Issues List was revised and partially prioritized (see attached)
- Potential "Regional Program" types were categorized:
  - Upstream buy-downs
  - 3rd party programs
  - Corporate-focused initiatives (e.g., Chains & Franchises)
  - Public Information/Education and Training
  - Trade ally support
- Regional program flexibilities were identified
  - Any regional program
    - Opportunity to provide input to program design (including funding sources)
    - Customizable program materials (allow for more than 1 utility to be listed)
    - Opportunity to participate or not (including funding impacts)
  - Upstream buy-downs
    - Area-specific (sub-region) initiatives
  - 3rd party programs
    - Ability to adjust incentives to specific end-use customers (both higher and lower)
    - Support personnel available locally (esp. outside core urban areas)
    - Utility-specific coordination opportunities
    - Flexibility at the margins of the target market (to broaden the focus)
  - Corporate-focused initiatives (e.g., Chains & Franchises)
    - Share corporate intelligence (such as key management roles and responsibilities in EE activities) in a central database

- Public Information/Education and Training
  - Ability to adjust activities to specific geographic areas (both more or less)
- Trade Ally support
  - Contractor coordination with local utilities (so they fully understand rebates, process, etc.)

Action Items

The following tasks were noted as future "To Do" items for this workgroup:

- Coordinate with Workgroup #4 regarding the issue of a utility-specific custom program template
- Arrange a presentation to provide background on BPA's "Willingness to Pay"
- Provide information on the process(es) for selecting 3rd party program delivery
- Share plans for BPA's energy efficiency marketing materials under development

Next Meeting

The next workgroup meeting will be call-in only. The call will be held on Thursday, August 5 from 9am to noon. Call in to 503-230-5566 then enter code 7213 followed by the pound sign (#). See attached for meeting agenda.

Meeting Notes[1]

Facilitators:
Curt Nichols (BPA)
Wade Carey (Central Lincoln PUD)

BPA Participants:
Josh Warner (BPA)
Matt Tidwell (BPA)

1. Agenda Review
   a. Future meetings will likely be conference calls.
2. Logistics
   a. CN: We are searching for creativity and collaboration and compromise
   b. JW: We really are looking for input because the policies are really going to reflect the input that is received during these workgroups.
   c. CN: end goal is to submit recommendations to BPA on the issues covered in this workgroup.
   d. When can we get or expect meeting notes?
   e. Will we receive notification on when the website will be up and running and what types of information will be available?
   f. MT: shooting for beginning of next week to have the website up and running. Notification will be sent out to the email master list. As for information to be made available: calendar, meeting notes, agendas, other

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

documents, potentially discussion boards, the issues covered by each workgroup, etc.

g. WC: Curt and I are just facilitators, it's the group's workgroup and participation really is key.

3. Issues list review
4. First bullet
    a. First bullet of list, this issue might go into workgroup one?
    b. I kind of agree with Steve and would add that maybe the implementation group could deal with the question of reporting timing and how it will dovetail with oversight timing. It may take care of itself
    c. JW: Probably very true. Not sure if one or four is better, but it will probably take care of itself. We'll move it around.
5. Second bullet
    a. I thought NEET had some recommendations on this that maybe we could look into. NEET had a workgroup.
    b. JW: There was a task group within NEET, but did not really provide recommendation
    c. I was on the workgroup and JW is correct.
    d. JW: this question isn't necessarily a moot question given the 6th power plan which has made a lot more technologies cost-effective, but changing this may not really change much.
    e. WC: let's leave it on the list
    f. This is an important issue. Lots of utilities would like to run programs, e.g. windows which can be packaged with other things, so I would hate to just leave it hanging around. I think we should have a strong opinion on this. If it's important to utilities, we should have a recommendation. In group 4 there's a question about flat reimbursement about kwh and how a utility gets paid, this mixes together.
    g. WC: we will certainly have a lengthy conversation about this issue, just going through the list at the moment.
6. Third bullet
    a. Should this be in the implementation group?
    b. JW: I don't get the impression that it should be moved. Internally, we've worked on some draft business rules, and it's been a challenge from a reporting and systems perspective. One of the drivers behind this is the behavioral savings on the residential side. I don't know if it fits neatly into WG4.
    c. I think it may belong in four depending on how you define "program." This seems to be no different than pay for performance in WG4.
    d. JW: I don't have a strong opinion on this, but I do have a concern about moving too much to WG4. This would not necessarily be under just one mechanism or the other. We can talk about this further.
    e. WC: when is the first co-chairs meeting? Perhaps we could discuss this then and get back to the group.
    f. CN: we should coordinate with the other co-chairs
7. Fourth bullet

    a. An important issue, and we need to talk about how the changes affect programs. It's pretty evident that people feel like things are always changing and it's hard to run a consistent program on the ground when things are always changing.
8. Fifth bullet
    a. WC: very clear that these questions very much concern the core of this workgroup
9. Sixth bullet
10. Seventh bullet
    a. There's a process going on now between NEEA and BPA to set up a website or communication mechanism through the web and maybe this issue could be dropped.
    b. JW: You're right Eugene, this is being looked at by a different group.
    c. I agree that it can be dropped
    d. WC: issue dropped.
11. Seventh bullet
12. Eighth bullet
13. Ninth bullet
    a. JW: if there's no formal mechanism desired, that's okay. It would be worthwhile having the conversation
14. Tenth bullet
15. Eleventh bullet
    a. Isn't this question related to any regional spending?
    b. I need clarification: we already have a pot of infrastructure dollars. Are we talking about that or when the utility wants to contribute independent of that pot of money?
    c. JW: the latter point. The issue is, today there are requirements in the manual regarding individual contributions to NEEA that you can't use bi-lateral dollars. NEEA gets funded by BPA and other funders, the question is: should there be a cap on that? E.g., a utility may see, depending on the EEI process, that they may have some money left over and may just see that money be sent to NEEA rather than having it go elsewhere? How can these dollars best be managed? We all want to be supportive of NEEA, but also want the dollars to be used most effectively and efficiently. For low-income, trying to find a balance between the needs and the targets. Maybe we shouldn't mix these together.
    d. WC: they can be put together. They're not apples to apples, but with the new funding mechanism and the "threat" that money might be pulled away from you, utilities may be likely to send large amounts of dollars to agencies like NEEA and what would the region get out of that?
    e. JW: and the question is would there be incremental savings if this happened?
16. I raised this issue elsewhere already about whether payments should be flat or should reflect the load savings, i.e. a savings of peak load vs load at night. This is not considered in the willingness to pay of BPA. Not sure if it's in this workgroup.

17. I would suggest that this issue BPA do a presentation on how it calculates its willingness to pay. We all need to understand how it currently decides the WTP.
18. CN: maybe this is something we could post on the website? A summary document maybe?
19. JW: I don't think there's a summary document, but we can work on that. This fits in to this workgroup.
20. CN: how can we more effectively attain savings on chains and franchises, working at the corporate level, rather than working, e.g., building by building.
21. WC: where the challenge is with many utilities with many different programs. Maybe we could use some BPA resources to come up with something.
22. JW: maybe something in line with ESC and ESI.
23. WC: the utilities would probably need to be okay with bending their rules.
24. NEEA does some of this already and we don't want to overlap.
25. WC: this came up when we we're doing work at Ft. Lewis. There are probably lots of chains already out there that want to do a lot across all their stores, so in this case, we would need to know if BPA could bend its rules as well.
26. JW: there's a workgroup email address that may facilitate communication: workgroupfive@bpa.gov.
27. Maybe a process question: should we as we go through this divide it up so people could bring forward initial straw proposals, so we would have something to discuss. Maybe an initial brainstorming and then move to some proposals.
28. CN: a good point. There are some that we could probably knock off pretty easily and then move to more complicated issues with proposals.
29. One of things that is beneficial is that a number of people get to have input into dialogue, so having subgroups take on some of these issues defeats part of purpose of having these workgroups. So I'm reluctant to see subgroups. Now that we have the issues in our group, we can come to the next meeting prepared to discuss these issues.
30. So maybe assignments shouldn't happen too soon, but at some point it would be nice to have written ideas.
31. WC: subgroups certainly wouldn't have the final say, but it would give us a chance to get a good starting point. Subgroups early on, I think, is a good idea.
32. I think more voices in a process is better. I feel strongly about many of these issues, so I would prefer keeping the issues at the workgroup level.
33. A good point. I just can't fit in anymore meetings. My tendency is not to have other groups work on straw proposals until maybe toward the end when maybe we get stymied on some issues.
34. I think getting a straw proposal would be a good idea and this could be done offline, not necessarily in a meeting
35. The discussion board is one option to make this happen.
36. The idea of having a leader, where someone is putting together a proposal, and the more feedback they get the better, then we would actually have something to discuss. Been to many meetings where people all through out ideas and everybody talks, but not a whole lot happens.
37. CN: anybody want to propose which should be a top priority.

38. It probably makes the most sense to have the bullet titled “regional programs” to be a top priority.
    a. SW: I agree
39. Another one that makes sense to prioritize is the cost-effectiveness question (bullet 2).
40. Load shape issue could be added as a sub-bullet to bullet no. 2.
41. JW: my fear with that is mixing RTF decisions with BPA decisions on WTP.
42. There’s always going to be a hazy line between BPA and the RTF and I would hope that the conversation and recognizing and pointing out where there are those hazy issues we would come away with a better idea of what/how BPA and the RTF decides.
43. Bullet 6 can also be moved under “regional programs” discussion
44. Clear metrics bullet: it would seem that once the regional programs questions and WTP are discussed, this eighth bullet would make a natural follow-up.
45. I’m nervous about any group developing metrics? Isn’t this already being done for any regional program? Coming up with a regional program, don’t you already have metrics in place? It’s a part of any individual proposal, it’s not generic.
46. JW: this one came in as a comment, so I don’t have a lot of context. Maybe it concerns when trying to decide when something should be local vs. regional. BPA doesn’t have local data, e.g. what a local utility is spending.
47. CN: maybe we’re trying to come up with a decision tree.
48. The issue for me is one of not necessarily coming up with metrics but transparency in how BPA decides to get into some of the regional 3rd party programs. Now, I think BPA just kind of decides that it’s doing a regional party and kind of says, get on board or get of the way. I think the idea for post-2011 is to be more collaborative and having people involved in transparency we’ll have fewer people feeling that the agency is on its own without consulting its customers. We’re trying to fix these problems.
49. CN: maybe part of the question is how would we do these differently in the future.
50. Question is how BPA does it.
51. JW: I think we need to think of examples. I can think of three regional programs. So the question is, looking at examples, how we did or did not communicate on those programs and the design and how that could be improved on.
52. CN: what’s the process, what are some of the decision points, etc.
53. JW: we need to be clearer about the process, who needs to be involved, etc. and have those conversations.
    a. There is the issue of communication floating around.
    b. Could we rewrite this question so we know what we’re discussing.
        i. We’re talking more about process and less about developing metrics.
    c. JW: this would probably fit within “regional programs”
54. CN: I’m open to hear from people on which of these new bullets and sub-bullets we should start.
55. Maybe we should start with regional programs.

Break

1. When we talk about regional programs under the “mega” bullet of “regional programs,” are we talking about 3rd party programs?
2. WC: yes
3. Maybe it would be helpful to have a distinction between regional programs and 3rd party programs, e.g. ESI.
4. CN: up-stream and 3rd party are at least two different categories of programs.
5. (broad discussion of up-stream efforts and 3rd party programs and overall regional programs)
6. Speaking as a utility that has participated in different versions of the CFL program, they aren’t always real effective at the local level. The CFL buy-down is an example of an effective buy-down on the regional level, but didn’t necessarily work at the local level.
7. The savings attributed used to be very important, but now your savings are whatever your load growth slowing is; there’s no great need for attribution, or maybe for the Washington I-937s.
8. Also an issue in the rural areas because sometimes these products may never make it to the rural areas.
9. Savings are really important to us.
10. Even though the programs I’m talking about with which we had problems and difficulties, as a region there are going to be goals and targets (higher now), it’s hard to determine if those are attributed to certain utilities; I need to have some way to demonstrate the effect of the dollars I’m asking for in my budget, which are tied to savings.
11. I stand corrected.
12. JW: what can make 3rd party programs most effective for everybody? They have shown effective at getting savings, but now the discussion can be about working for everybody.
13. How does BPA decide to contribute to one of these programs?
14. JW: I’m the wrong person to answer this. But we respond to incentives, e.g. grocer program.
15. Yes, but is there some process ensuring some level of fairness about how many utilities will benefit from a region program.
16. JW: we can have somebody come in and discuss how formal the process is. Perhaps this group could provide recommendations on how to do this. Not everybody has the same number of grocers, but we need a grocer program.
17. We need to distinguish between regional programs, buy-downs, and the 3rd party programs, which are actually run through the local utility. Those operate differently and the distinction should be made.
18. I agree. They operated differently and how they are funded is different. Your suggestion to have somebody from BPA come talk would be helpful to explore how this can be done more effectively.
19. CN: Up-stream buy downs, 3rd party, and chains/franchises fit the bill for programs that provide regional economies of scale most effectively.

20. WC: taking ESI and bringing it down to the commercial level (not at the measure level, but at the organizational level) could be a good idea.
21. CN: also talking about property management companies.
22. Also talking about education campaigns.
23. Another thing that has been a detriment was the lack of training. We would market our programs but when people went to the places to get the measures, the sales associates weren't trained or informed or the materials weren't there advertising that the utility was sponsoring the measure, etc.
24. CN: I've added two to my list: education/training and trade ally support (so now have five total "regional programs").
25. Help me understand how this is going to shape into a recommendation to BPA.
26. WC: we're trying to identify the programs that provide regional economies of scale effectively or not. Some would say the buy-down worked or doesn't.
27. Is it this group's task to do this? We're not going to sit down and figure out which programs are cost-effective.
28. CN: we need to come up with "points of control." If you're going to run a program, the first issue is: it's cost-effective. 2nd, it looks to be more cost-effective on a regional basis; and 3rd, if you're going to consider that, what things are you going to keep in mind, e.g. where's the money coming from? How do we make sure that when I go into a store in Hermiston that the measure is sponsored by the utility?
29. Okay, that clarifies.
30. WC: the second sub-bullet (flexibility), a question about "how much flexibility." There's a balance, too flexible vs. too restrictive. So, let's try to reference this bullet to existing programs, such as ESG. This has flexibility at the local level. What are the opinions about this program?
31. CN: we have the five types of programs and we could look at the flexibility for each of those, but before that, we could ask what type of flexibility would you like applied universally?
    a. One of the points of flexibility would be to help provide program design input, which applies to all five programs.
32. Is there a mechanism for the utilities to bring ideas to BPA, which could be rolled out to the region?
    a. CN: other than phones and email, not sure.
    b. WC: ESG was brought to BPA, so programs have been brought to BPA.
    c. JW: chains and franchises has been brought up a lot.
    d. WC: one thing that is too flexible is the Marketing of regional programs. It seems that there are a few utilities that have the resources to create the materials and to get the word out, but then there others that don't have the resources to do any outreach. So I'd like to see BPA do regional marketing for its regional programs; make it where a utility could add the utility's logo but having one marketing voice would be nice.
33. You're talking about a "template," and we could distribute the marketing material to the retail interests in the area, but there's a question about "cross-over" with different service territories.

        i. Another idea is a brand, such as using the Energy Star brand, so maybe something other than BPA's logo could be created. BPA logo is not enough indication that the local utility is involved.

34. A question for Josh, my understanding is that BPA is working on some marketing stuff, but not sure what it is. Do you have any info?
    a. JW: I think that's correct, but I don't have any details. We could try to have someone inform.
    b. On the marketing, when you use the word regional, we often don't feel like we're apart of the region because the materials very rarely reach our stores. Often times, we have to put up the signs ourselves, but often the corporate entities make it difficult for the marketing materials to even make it into the stores. Some of these marketing materials just don't make it to the stores, so there's a question about money. The template idea sounds like a good idea.
    c. CN: this goes back to getting sign off from the corporate higher-ups to make sure the signs are put in place at their multiple stores rather than working on it at a local store by local store.
35. CN: delving into buy-down, are there certain aspects of flexibility we want to discuss?
    a. Allow flexibility at the utility level of whether it wants to participate or not.
    b. The buy-downs don't really help us at all.
    c. If there was buy-down going to the local store, would that help?
    d. CN: generally, the buy down has gone straight to the manufacturer, so it hasn't matter which store they end up in.
    e. Yes, but you do have to have agreement at the local store/retail level. Perhaps you have to look at products that pertain to a certain rural area, e.g. lighting. Product specific to a local utility.
36. CN: what about 3rd party programs, e.g. ESG?
    a. We would like to adjust our incentives to our customers, e.g. if we would like to pay more or less than BPA. This is what happened with ESI. We had a full plate with paying a lower incentive, but with ESG we were able to pay more than BPA. This fit our customers.
    b. We feel that there are things that we could do in our territory that we could do more cost effectively than is being attributed in some other areas, so being able to have it adjusted up or down would be important to us as well.
    c. At the regional level, ESG worked much better when we had somebody out in Montana who could hit the stores more often and "be a local." In addition to choosing in or out, was the degree of participation; we started out with just the big guys, but now we're going everything at all stores. When you opt in or out, when you opt in, to what degree do you participate?
    d. CN: local support, personal and coordination activities; the ability to push the envelope, i.e. go into C-stores when that wasn't the original target.

e. Kathy: with the ESG program, there were guidelines that were set out initially, that possibly BPA and other utilities have seen the benefit of the flexibility at the local level.
f. WC: one of the problems with flexibility, e.g. with ESG, ???
g. Kathy: we did not ask to have additional stores on the list originally, but the flexibility at the local level allowed us to reach a wider target market.
h. CN: is there any interest in the flexibility to narrow the target market.
i. We did have something that BPA pushed back on.
j. We have just signed up with the ESG, and we're a little worried about it because we're going to have an auditor from Portland and if Portland is "local" then there's an issue for utilities outside of the urban areas.

37. CN: flexibilities if were talking to chains and franchises (corporate level focused)
    a. CN: opt-in or opt-out applies to all the types of programs
    b. Some format about contacting the corporates, e.g. a database with contacts so I knew who to call and when I did call they wouldn't be surprised.
    c. CN: that is more of a program issue than flexibility issues
    d. I get a little nervous about the opt-out, e.g. if we're going to all the Walgreens, if a utility opts out, I don't think that would be fair; if you have one or more of the chains in your area, it should be difficult to opt-out.
    e. WC: opting out would mean a Chevron gets retrofitted but the utility doesn't get attribution savings and the credit goes to direct regional acquisition.
    f. There's a question about opting out of payment in the event of opting out of the program.
    g. Where does the funding for these programs come from? It would seem that as a utility, I would opt out of the program yet the program operates in my service territory, I would get credit for the savings, I would be having the region pay for the savings and I don't think this is in line with the spirit of Phase 1 and the issue of cross-subsidization.
    h. JW: this is exactly right. This is about trade-offs, i.e. flexibility vs. how things are paid for. This is why asking for input on how to deal with these various trade-offs is really important to BPA.
    i. I think the opt-out and flexibility may be different depending on the program.
    j. CN: that's right.

38. CN: what about a regional program of education and public information campaigns?
    a. CN: ability to customize already discussed.
    b. I want to go back to the issue of where the funding is coming from for all of these issues. If I have to put funding into a program, that's different than BPA just going through direct acquisition. In a regional marketing program, there's going to be some upfront cost and I don't know what BPA has in its budget for regional and 3rd party programs for post-2011 but that's a big part of the issue.

    c. CN: we've already put that on the table: we said that we would want the flexibility to provide input in the program design phase, this would include how to pay for it.
    d. Any program is going to have elements that are regional that wouldn't really allow opt-out, but then local aspects that would allow the flexibility to opt-out.
    e. CN: example is a television campaign. Joining in on BPA's purchase of air time at a rate that is cheaper than if a utility did it just on its own.

39. CN: flexibility pertaining to trade ally support?
    a. I think the trade ally is a good option, but the problem is that each utility has a different mechanism for determining what the incentives are going to be and this had led to some frustration because entities want the incentives to be uniform, not dependent on the utility.
    b. CN: got that down as contractor coordination with different utilities.
40. CN: next meeting will be August 5, 9 to noon, conference call.
41. Thank you for your patience and all the input from all the parties