



## Energy Efficiency Post-2011 Phase 2

### Workgroup 4 Meeting 2

August 2, 2010

1:00 to 4:00

Phone Conference

#### Overview

- **Discussion/Q&A with EWEB on their particular agreement**
  - As with SCL, variations mainly in reporting, reimbursement amount, and preapproval for custom projects, but have a more detailed M&V process documented in their agreement.
  - Main points were they already hold a good amount of risk since they self fund a large amount of work so the additional risk was not of concern to them. They felt having the preapproval of custom projects was the biggest benefit to the agreement.
- **Reviewed the draft generic PFP agreement in the context of what it would look like in the manual**
  - Mike Rose of BPA discussed a bit of background and then identified that the most important element of the agreements is the ability to deal with custom projects differently.
  - Identified the exhibits of the current draft agreement that could be included in a chapter in the Implementation Manual and that any elements that needed to remain in the contract could be part of ECA agreements.
  - Still need to discuss the difference in payments between the two pathways and what helps to determine that difference.
  - Identified a subgroup of two members to assist with the development of a draft IM chapter.
- **Reviewed updated issues list**
  - Issues list was shortened to focus mainly on the topics below (updated list to come with straw proposal):
    - Technical Assistance (what's included/what's not)
    - Payment rate (standard vs PFP—are they different and if so how is that difference determined?)
    - Admin/performance payments (is this part of the PFP payment amount or not, how?)

#### Decision/Action Items

- Develop a straw proposal for a new implementation manual chapter
- Document areas of technical assistance to be considered for inclusion in each path
- Areas of discussion still to be discussed: admin/performance pmts, considerations regarding third party programs

## **Meeting Notes**<sup>1</sup>

### *Facilitators:*

Melissa Podeszwa (BPA)

Larry Blaufus (Clark PUD)

### *BPA Participants:*

Matt Hayes

Mike Rose

Josh Warner

1. LB: for 5 utilities that have NSAs, thinking about what you want to stay in PFP. Move directly in to EWEB presentation
2. One of the emails gave a draft contract, pretty close to reality. Contract does allocate some kind of budget that we can submit to BPA and over that we negotiate, from BPA's view we have obligation to spend. Big difference with NSA is reporting piece. Contract spells out how we verify savings. Not reported to PTR until well after the fact. We have automated this process. Projects uploaded in bulk.
3. Most detailed part is M&V. Using same deemed savings/cost effective tests. At some point BPA comes down and reviews files we submitted to PTR. Think those are the big distinctions in our NSA.
  - a. Staff: 2.5 engineers for industrial; Commercial: 8 staff Residential: 20. # didn't change for contract, nature of contract allowed more field work/less reporting. Only one out of each sector that consolidates data and works on getting data to PTR, every 6 months. The rest don't visit PTR
  - b. For issues on PTR: haven't really been issues. Sometimes uploaded data has had a few missing pieces, just uploaded them next 6 month period
4. JW: talk a little bit about what advantages you saw prior to entering agreement, from what you had at the time. What risks you see in pre-commitment
5. Outside contract we self fund, so degree of risk already existed. Board already committing \$ for EE. Historically, industrial side there was the approval process, before to move with customer you were waiting on approval, which seemed to drag. Bad when you already have customer's attention. Advantage of contract is that the approval process already worked out ahead of time.
6. JW: important as we define two paths to define what technical support BPA can provide. Talk a little about your engineering staff.
7. Part of cascade's job is to enter into PTR for smaller utilities. That issue has been partly answered by programmatic changes.
  - a. New construction: utilities tend to have relationships that 3<sup>rd</sup> parties may not. Hopefully when they begin new project with customer, bring in EWEB to see how we can move beyond code. About maintaining relationships. All about that big industrial that take time to harvest all projects. Must maintain relationship overtime.

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

- b. Most new construction U of O activity
- 8. Really diminishes red tape
- 9. LB: thought next step would be to walk through draft proposal of P4P agreement
- 10. MR: talk about this in terms of the next agenda item. Would like to discuss in WG  
can we take some of the better elements of this agreement into the IM
  - a. Had NSA with SCL and EWEB for many years (con aug days). Used to do case by case, lead into standard offers. Through these we came up with NSA. Work done by utilities and then selling savings to BPA. Eliminates review time after you get the customer all excited. 10 days can seem like forever.
  - b. What are the best elements of these agreements we can draw into PFP. Not having to wait for BPA kept coming up. Dealing with the Custom Projects differently offered a lot of flexibility
  - c. Key goal balance # of touch points. BPA still needs to fulfill verification requirements. Hope to enhance customer flexibility.
  - d. Process applies to all funding sources. Keep it simple.
  - e. Still only buy cost effective, test is built in. Had to simplify, test is at end when submitted to BPA. Can take out individual measures to make whole project cost effective
- 11. Buy project not program
- 12. MR: have one measure ruining whole project, take it out.
  - a. Still needs to go into PTR, reports savings of whole project. Bilateral no more than once a month, rate credit 6 months. Utility keeps all verifying documents
  - b. Draft PFP itself the main difference there are 3 exhibits: M&V, cost, effective test, program descriptions. These are key differences from standard and non standard. A lot of these could be imbedded into IM. Customer tells us here are programs we are doing, eligibility criteria and here's our process. This is what we need when going through a project.
  - c. As for the M&V. EWEB has specific M&V, many more related to international M&V standard. Refer to both of these. Sometimes a utility is using specific M&V for a specific measure, BPA would certainly entertain that.
  - d. If it were in the IM, COTR could send notification that a utility is in a NSA. One thing to make clear, all projects ended in same agreement as started.
- 13. LB: last week SCL said they choose between ESI and doing it Project by Project basis. Since they signed up for ESI does that mean everything goes through cascade?
- 14. See using both paths cause were going to have track in 2 and w/embedded energy manager (EPM), have yet to figure out how the reporting will work but may be two paths
- 15. MR: once everything has been looked at, Implementation program is up to utility, all M&V, processes all agreed to upfront. No waiting to hear back on Custom projects from BPA. Reported only when project complete. Everything ok, BPA pays. At some point in process COTR does oversight.

16. MP: payments are different. If in IM would payments be in there as well.
17. MR: payment would have to be in the manual, so all could be contained in there
  - a. What would reimbursement rate be (different standard/NSA)—is this the right WG for that question?
18. JW: as far as difference between Standard and Nonstandard payments this is the right WG
  - a. Maybe we should talk about payment, came up last group, someone mentioned 12 cents or 15 cents if you didn't take engineering help. This had been hard to distinguish, can you talk about if this would be a good thing BPA vs. in-house tech assistance
19. MR: was difficult at staff level to manage 12 cents vs. 15 cents customers. Engineers have had tough time saying no. difficult with tech services to have hard lines. "Is this the right M&V?" vs. a TSP.
  - a. With respect to cascade being in the picture, blurs it even more. We are making tech services of cascade available even for non standard.
  - b. Early on when we negotiated these agreements we had format in mind where EWEB and SCL had all these engineers, didn't need our support, things were going great we just wanted to buy the output. Now we are making this more available, not as clear anymore.
20. Raise whole issue of difference in payments between Stand and non stand. This is a discussion we definitely need to have
21. JW: agreed, a lot is going to hinge on what is the difference. Seem a number of differences today and can be more or less differences tomorrow. No interacting with BPA upfront, to payment, to engineering services. Most NSAs have robust engineering staffs. Moving forward, there may be a different dynamic if expanded
22. MP: one of the key things that came forward from last meeting, in regards to outside of ESI there is not technical assistance for NSA's, if small utilities wanted to go this route it may be difficult for utilities to keep doing same things without technical assistance
  - a. Will whole agreement be in IM, or guidelines in and then still have individual agreements with utilities?
23. MR: sample agreements, PFP ECA with few exhibits added. IM would focus on changes to custom projects, so could fall back on ECA that everyone already has. In IM don't have to go from utility to utility for finalize agreements.
  - a. At heart is about handling custom projects in a diff manner. IM pull off difference.
  - b. The very basic ECA agreement only has exhibit A (budget). When customer need more \$ contact EER and if approved COTR sends notice. In all agreements. Is just B,C,D that are different
24. JW: what do people think about these changes being in the IM. May help eliminate concerns about transparency. Is this something people are interested in?
25. Doesn't bother me that it is in there. Would make you have to standardize them. Concern: what changes would be proposing? Don't think they would be that onerous. No problem with people knowing about it.
26. LB: for not having agreement, nice to know what the options are. Good for everybody to see what options are. As long as those with NSA are ok with it.

27. Similar to what we have, so no problem having it out there
28. MP: important for NSA owners to think about what you have that you would need to keep moving forward. Some may have been necessary only at the time, some are still required. Please share any additional thoughts on this.
29. Operations & maintenance as a non energy savings would somehow be fit in there, otherwise have to be reported to state separately
30. JW: want to reiterate what MP is saying, in ideal world we would have all the variations standardized in PFP. Don't have them in IM and varies form utilities. Need to know (preferably before next meeting) what are the critical things that would cause a problem if dropped off table. What absolutely needs to stay and what can be dropped in the name of uniformity.
  - a. Better for all customers to be comfortable with these tracks
31. Reiterate mike and mike's comments about skipping the pre-approval process.
  - a. Don't think we are that different
32. MR: there are subtle differences./ main feature when folks say keep preapproval (don't go back to dial up modem),. This is key feature that came out of all this work.
33. Exhibit B, that could be in the IM already, C may already be the same for all of us.
34. MR: the simplified test will evolve over the negotiations. Haven't figured out how to weave in the non energy benefits. Programs group have been working on this. Simplified test doesn't capture O&M
35. Auto-upload feature very important
36. MP: good point about exhibit B, that is where a utility can list out their programs, regardless of what they're called. For example, if a utility has a different name than a fellow utility for their C&I program, they list it here. Could it instead be commercial and industrial as one category? Otherwise not sure how we can identify Exhibit B in the manual. Right now it allows folks to really get it all out there and BPA to see how it fits when they do the reporting process.
  - a. Exhibit B is different for each utility
37. Have a lot of residential, but only one line listed here, but these programs roll back up to one bucket in BPA. So it doesn't matter? Don't have an Ag. program, had a farmer call me, so saw if we can do through BPA. Currently had to go in as a contract addition
  - a. Maybe could have access to all programs and use the one that fits best
38. MR: really about different way of doing deemed and non-deemed. Main component of NSA deals with that process. Focuses around programs utilities are running. Can be a little more of "here is how you do custom projects in the IM"
39. MR: would want to capture all those things upfront.
40. Is needed to report a custom project that was deemed measure under a program I'm not in
41. MP: wouldn't need to do that if deemed
42. If it is a custom proposal and following guidelines under M&V exhibit, would it be stretch to include Ag. if Ag. sector wasn't listed? Or make it generic enough to cover all custom projects

43. MR: should have flexibility so that non-deemed that's not in utility program can be captured
44. MR: we do use program descriptions to inform us of steps customers use for running non-deemed (eligibility criteria). So we need something there. To X's point, if you had that odd project, if same steps were applied, you could think it would be ok. Is it the process we use or is the program the starting point for how we make this work?
45. As we progress through new and emerging tech/program availability. What if we run into new program that we didn't have on list, make it too specific we will be limiting ourselves. If program there and KWh is there to get and follow protocol, it should be available.
46. Have had exhibit B for long time. Modify as we go to meet needs. Provide guidance on what utility is doing. Gives sense, doesn't lock you in.
47. What is process for adding?
48. Talk to COTR and add or delete as amendment
  - a. Mostly delete: a lot of what we did under energy codes no longer relevant
49. MR: once in a while we review and look at all contracts for what needs to be changed
50. Doesn't lock us in to doing a unique project.
51. MP: specific language that goes into manual is internal BPA thing, but customers could certainly help with the process.
52. If put into manual, important that doesn't lock in. leave room for utilities that have specific needs. Otherwise becomes hard and fast that people are trying to squeeze into.
53. MR: currently the IM does allow for NSA. That would fit into your descriptions of "tweaks" something unique enough that it is something put into IM, but necessary to utility.
54. JW: want to be clear that there are pros and cons to having everything in IM and having individual flexibility. Make sure we are striking a balance between these two. More individual flexibility reduces transparency. This is a balance we need to strike.
  - a. Encouraging those with NSA to make sure if we go down this chapter route, to communicate what are necessary pieces of current NSA to keep.
55. Looking at this independent of IM, this draft contract looks like our existing agreement. If this stays intact, I think SCL is satisfied
56. LB: looks like pieces are pretty consistent across utilities. Why would something work in Seattle and not elsewhere. Need to look at things working across a region.
57. JW: see what can work for the region, make it available, and what needs to be for single utility, but keep these to a minimum
58. LB: if it has lots of savings put it in (even if one utility uses it).
  - a. If not a lot of savings who cares.
59. MR: SCL has much smaller number of deemed measures
60. Thinking of more narrow tweaks. Hopes document is broad enough. Don't want to close door on something we didn't foresee. And have to change manual before it can be pursued. There are always things that aren't thought of and need the flexibility to add them.

61. MP: things do come up, but with regular intervals of IM updates, I would hope that would be often enough. IM changes are every 6 months vs. making individual changes to NSA—which can take just as long
62. Something to think about. Need flexibility to work with large corporations. If taking a lot of time could lead to corps saying not worth the trouble, and going elsewhere
63. MP: done a pretty good job of going through first part of the agenda, started to suggest that with Mike Rose, work offline on what that chapter would need. Start putting together a straw proposal. Any volunteers?
64. I'll help! (X also offered to help)
65. MP: could be as simple as keeping Mike Rose in check on what he puts in.
66. MP: next item is to work through list. List did not get shrunk, did not want to do that until had a chance to review it with you. Would like to make list smaller by next meeting
  - a. When item 11 was brought up Josh you said we don't need to go more in-depth than monthly
67. JW: this is probably more of an internal BPA questions. Different time lines for different utilities. But if there is any input we would appreciate it.
68. MR: COTR when doing an oversight, look at what was reported in past periods. Try to do oversight once a year. Moving from bi-annual to monthly shouldn't change what COTRs do. Don't see any changes in oversight because of changes in reporting
69. MP: currently NSAs have been thinking about submitting invoices, and reporting quarterly., but not monthly. This limit would put that far edge on it. Standard would maybe be quarterly
70. JW: what we most likely do moving forward is no more often than monthly
  - a. You can report once a year if not anxious for reimbursement dollars, but no more often than monthly
71. Question comes up, if utilities not using funds, will be turned over to other utilities? Seems to me that BPA would want to keep track of what utility is doing without waiting until last month of RP.
72. JW: look at reporting system and assume things have been reported., from cash flow point of view, makes sense to report more than annually. Make some assumptions that people are reporting in a timely manner.
  - a. From my perspective, this is a question that can probably be removed.
73. Want to raise an issue. I have a concern that right now 5 COTR. Everyone filing monthly, which means COTRs will have to be processing invoices within 30 days, not sure if that is a workload they can handle.
74. MR: not sure if all utilities will provide invoices every month. When all reports come in lot of work for COTR. Don't have a good lens on what kind of reporting patterns will emerge.
75. Don't want to make assumption that this is not going to be problem and them 6 months all invoices are being delayed for months because there is not the infrastructure to support it.
76. JW: interesting question, see how monthly thing could be a problem. But if we go to 6 month reporting, we will guarantee 6 month delay on program reporting.

77. Understood, but want to ensure infrastructure is thought about
78. JW: this is more of an internal BPA discussion, if people feel differently, be happy to keep on agenda.
79. MP: the questions where it seemed like the most discussion happened: 1. level of tech assistance 2. Admin or Performance payments how would be different standard non standard 3. Reporting timeframe. Other questions: how to make changes more routine and uniform and more transparent. These could be addressed by putting them into IM, but want to make sure this is the answer for these. Start with level of tech assistance and talk about that, or if others feel there are priorities over that one, let us know.
  - a. Sounds like level of tech fine to start with.
  - b. Outside of ESI assistance isn't currently something available to non-standard customers. Wouldn't want to hinder kWh achievement, but need to balance resources
80. Would TAN fit under this?
81. JW: I would think it would not (available to everyone)
82. MR: Difficulties with 12-15, have had some discussion with that in first phase.
83. MP: how much does technical service need to be made available without diving into cents
84. LB: Laid out for industrial, so wouldn't you take the same path.
85. MR: like ER's question, what services are available to whom. May just take laying out what kinds of services there are, and determining what buckets to put them in
86. Say you have two levels of payment, and a utility does not have engineering but wants it, they can pay for it.
87. JW: talked about it in ph1, not somewhere we want to be, legal issues.
  - a. What do you charge an hour
  - b. Are we then competing with private sector?
88. Good to talk about what's in and what's out. Go back to the policy that was stated in ph1 that BPA's objective is to try and make sure that services people are paying for are available. If we can't get the services but also can't get more \$ to get tech help. If we are all paying for it we should all get it.
89. JW: at a certain level is probably the key piece.
90. MP: TSP, NW TAN, ESI, BPA technical engineers. Are there others we would like to get flushed out?
  - a. Maybe we can have this list sent out to the group so we can talk about what utilities use and how they might use services in the future.
  - b. Internally we can discuss how we fall into technical assistance
91. MR: if we take this approach to putting it into the manual should technical assistance vary on what project you are pursuing.
92. JW: address in draft chapter?
93. MR: we should include that. X makes a good point that we need to look at what came out of ph1
94. MP: next topic is performance payments and admin. X, you had brought up that its importance for all utilities
95. For many of us this is critical to paying for our programs;

96. ...Is it critical that its transparent, or is it enough to say that it is imbedded into the price per kWh
97. Under the ECA we are able to submit custom proposal and get reimbursed, then we are able to charge 20% for administrative costs. Without admin funds and reduction from 25 to 18 cents per kWh, with be large burden for utilities
98. MP: whatever that number is, does the admin need to be on top of that or can it be included in the kWh price.
99. MP: so as long as admin costs are covered, on top of or build in doesn't matter?
100. No but current NSA reimbursement numbers (18 cents/kWh) discussed are much lower than current standard rates, which will result in a hardship for utilities.
101. I would put on the table that it should be included in the kWh. Just clearer, everyone always gets tripped up now. To me it just makes things more complicated
102. except with the industrial program where you are required to pass through 100%
103. Seems like a separate issue
104. It is unless it is a trend that will continue.
105. A question that may want to be written down
106. One way or another dealing with admin through kWh is fine
107. JW: as long as X's concern of pass through is addressed
108. Knowing what can be expected to help out with admin is helpful, also make it clear what can go to admin.
109. MR: long-term we were looking at moving admin to a payment per kWh. Heard from customer that if you are making a certain amount of \$ for admin small customers saying we have mostly residential ( staff intensive) so could you have a floor.
  - a. On other side, large utilities, want ceiling for admin so more could go to programs
110. MP: clarify that this is admin on custom projects? Or is that part of the question? If you were talking about residential still have admin for deemed measures
111. MR: in the spirit of X's idea of keeping it simple, what ever we come up with should be applicable across as many things as possible.
112. MP: if someone is running more of a standard program, and is going to receive admin on a kWh basis, that may be a problem.
113. Ultimately a utility is only getting performance dollars till they get the kWh
114. MR: when the admin allowance was first put in, its orientation was about spending money, PFP is about the kWh. Using auditors and not oversight. Moving from spending money to delivering kWh
115. MP: anyone else have some thoughts on this?
116. We would love to get some more money. 18 cents does not come close to covering costs. We are sinking 1000s of people hours a year on big projects that so far have no recoup
117. Like to get more admin too, whether in rates or a % don't really care.

118. We get paid 18cents/kWh, not anywhere close to what we pay avg customer. BPA is not coming close to recouping costs. If others are concerned about this, it is a much broader question than for one group.
119. Doesn't seem like a small issue but across the board. Small get it large should too. 18cents doesn't come close either but easy with reporting
120. We want that in some respects people are indifferent about the money you receive. Choose the program that fits your utility best, and not which I can get more money back faster.
121. Chose ours because we were doing too many projects to be running through all the reporting. Seems like we should all be paid the same. We are going to earn our money back pretty fast because we are doing so much work here.
122. MP: reporting time frame questions we did discuss earlier and it didn't seem like it would be worth discussing, as long as no more often than monthly.
- a. Main conclusions seem that there are a lot of things we are moving forward on, but lots to still be discussed.
  - b. A straw proposal for the manual is something we will work on.
  - c. Technical assistance on some level should be available to everyone, but need to get a feeling of what level.
  - d. Any additional comments on performance payments that come up in the in-term, feel free to share.
  - e. Need to check in on SRR group.
  - f. There are certain aspects of the 3<sup>rd</sup> party programs we need to be cognizant of moving forward
123. Action items:
1. straw proposal
  2. 3<sup>rd</sup> party programs
  3. List of range of "technical assistance"—what's in/out
124. MP: possibility of a live meeting? Shoot to have a live meeting for next time.
- a. Next meeting for august 17<sup>th</sup>
  - b. Email for comments is [workgroupfour@bpa.gov](mailto:workgroupfour@bpa.gov)