



Energy Efficiency Post-2011 Phase 2

Workgroup 2 Meeting 2

August 4, 2010
1:00pm to 4:00pm
Lane Electric, Eugene

Overview

- **The Small Rural Residential** (Workgroup 2) met at Lane Electric in Eugene, OR in an effort to reach out to the Utilities in this category. We continued to build on the discussion that started at the Walla Walla meeting on ways to help Small Rural Residential Utilities achieve more energy savings.
- Some Utilities have suggested that higher incentives be made available to Utilities to help achieve more energy savings in this hard-to-reach category. Some suggested forming Pooling Group(s) to help with the administrative responsibilities (legal/financial) and to manage contractors (to install more energy conservation measures).
- We are attempting to define what a “Small Rural Residential” Utility is. We looked at several indicators that may weigh in the decision including:
 - Is the Utility on the Low Density Discount (LDD) list?
 - Is it currently classified as a “Small Utility” with a peak demand of less than 7.5 aMW?
 - Does the Utility have a high percentage of their customers classified as “Residential” which live in rural areas?
 - Distance from a town or travel time for a contractor to reach the residential customer to install energy conservation measures.
- We discussed the type of resources: financial, human, and technical that are needed to install more energy conservation measures in rural areas.

Decision/Action Items

- We continue to seek ideas from the Utilities and Stakeholders.
- We decided to have a sub-committee to discuss the Pooling Group idea and they had a conference call on August 12, 2010 (see attached notes).
- We will talk about the type of contractors that can best help rural utilities install more measures.
- We continue to seek comments on the best way to define “Small Rural Residential.”
- We shall have the next outreach meeting in Kalispell, MT on August 18, 2010 at 1 PM Mountain Time, which is 12-noon Pacific Time.

Meeting Notes¹

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

Faciliators:

Eugene Rosolie (PNGC)

Boyd Wilson (BPA)

BPA Participants:

Sarah Moore

Josh Warner

Matt Tidwell

1. BW: we really need input and collaboration from regional stakeholders.
 2. BW: review of previous meeting notes. If you're not on the email list, email mttidwell@bpa.gov.
 - a. The RTF is working on a SRR initiative and volunteers are welcome to join that effort.
 3. ER: the first issue we want to deal with is the definition of SRR. Right now BPA has a definition in the rate credit that calls for utilities below 7.5 aMW qualify as small and get an added admin reimbursement, 30% instead of 20%. BPA also has the low density discount and there are a number of utilities that qualify; based on # of customers per mile of line. How many?
 4. BW: divided into East and West Hub.
 5. ER: approx 50 utilities that get LDD. The LDD category covers a diverse group of utilities and covers some of the small utilities, but this leaves us with the residential component. Initial look is that 60% of utilities would qualify for residential.
 6. BW: we have a couple of indicators: small utilities that get added payment and then some utilities that get LDD, so we're trying to frame this so we can come up with a definition of what SRR should be.
 7. Please identify the specific documents you are referring to when speaking.
 8. ER: would like to hear people's inputs about what others are thinking about the SRR definition.
 9. My utility qualifies under LDD, but not under the other two. So I would like to see that a utility doesn't have to qualify for two benchmarks; one area rather than all three.
 10. Just because you qualify in one area doesn't automatically make you get in. Snohomish has over 50% residential, but they shouldn't be included in this group.
 11. You would have to go pretty high for the residential cut off.
 12. What was the size for load size?
 13. ER: 7.5 aMW.
 14. Under these metrics, we don't qualify.
 15. BW: do you have an indicator as a possible idea?
 16. Not at the moment.
 17. Some sort of consideration for distant from a large population center. We're 50 miles from the closest Home Depot.
 18. I like that idea too. The distance makes construction cost more.
 19. BW: we are asking utilities on how to make the policy on this.
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20. ER: the list that Geoff created is the % of customers, not based on load.
21. BW: if a utility has a densely *and* sparsely populated service territory, how do we define SRR?
22. Maybe we should narrow the scope a bit and look at the utilities that are getting the LDD. I'm not familiar with the utilities currently getting the LDD, but are there utilities on that list that should not be apart of the SRR group?
23. ER: as I look at the list, I see several utilities that do a bang up job in getting conservation savings, so I don't think they need assistance if at all.
24. Our board is generous, we get more money than we get from CRC; not all boards are as generous.
25. I'm thinking we are trying to define something without knowing the benefits. I think the benefits are more important than defining what is SRR.
26. Are we looking at who should get more assistance?
27. Two issues: 1) making sure there are measures themselves that fit in the SRR; and 2) what kind of additional help or consideration do SRR utilities need. My sense is that it's a mix of all these three factors. Size is probably most determinant. By virtue of size, the opportunities for conservation are fewer.
28. I think it comes down to cost-effectiveness: we've seen a measure that is cost-effective for the region, but the measure doesn't apply to certain utilities in the region if they don't have resources, etc.
29. 3 different issues. My focus is that Mrs. X is able to access conservation. My utility is over 90% residential, so these shouldn't be forgotten.
30. ER: to use an example used before, heat pumps raise the issue of whether or not BPA is going to recognize the benefit of heat pumps. The RTF says they're cost effective. So this is an example of something that maybe could be applied to the SRR special category.
31. It's the ones in the middle, between high residential and small utilities, that are the main concern.
32. The 20/30% is a totally subjective number that the RTF came up with as opposed to other benefits/costs that have been researched. I would like to see some research on the real admin costs for conservation.
33. ER: the 20/30% is a BPA number.
34. Maybe we should try to find some measures that would help many of us rather than trying to figure out who exactly fits in. Maybe it doesn't need to be exclusive.
35. ER: this gets back to the idea of identifying the benefits. Good idea.
36. Geoff tried to access, but all the number of ports are taken.
37. BW: let's go back to the basics: we've heard that it's harder to get conservation "in the outlying rural areas." The purpose of the workgroup is to address what BPA could do to help assist these utilities.
38. We had our board meeting today, and we discussed whether a "circuit rider" should be available for certain measures. The utilities can pool together to lower the cost. Interest was also in the higher reimbursement levels.
39. BW: what are some measures that we could start with that need additional assistance?

40. Many utilities jumped on the CFLs because they could be offered to anybody. But the WTP for many other measures is often going down, so having an effective program as a residential utility has been difficult. I don't have specific measures to list.
41. Question whether or not the RTF and NEEA efforts are supposed to come out with measures for residential. Maybe we could wait and just take those?
42. ER: I think it would be difficult to come up with more measures
43. Heat pump and water heaters are two possibilities. I would propose that in doing the research on these measures, that it include the costs of installation in urban settings as opposed to somebody more rural, i.e. depending on location.
44. Speaking for the IDEA utilities: I echo the sentiment regarding heat pumps. One of the things that has worked is the irrigation sprinkler program where the dealers selling the products were involved and asked customers. Let's take the measures we got and see what is needed to make them work in different areas, rather than getting more admin money for the utility. I'm trying to get measure specific and try to get something that we can roll out.
45. Heat pumps on a manufactured home.
46. Agree with making it easier to do weatherization measures. Also, in-house displays; get almost 10% savings.
47. ER: would glacier be willing to hand over data so BPA could use it to go the RTF? (yes)
48. BW: when we start talking about specific measures we can talk about what is needed to get these measures in place.
49. Two other things I heard from NRU's board: there are a lot of low-income and a lot of people live in mobile homes, maybe something could be targeted to those groups.
50. ER: it seems like there are two issues: 1) getting these measures out to the particular areas; and 2) talking about dollars. In the past, it was about meeting your CRC rate credit, but going forward there isn't going to be a rate credit. So if BPA says a utility has a budget of 500k, but what if it couldn't spend its 500k even if it did everything it could. Are we talking about how to make sure these types of utilities are able to spend their 500k.
51. Maybe this comes back to CPAs. I don't think we want to be in a situation where BPA has a budget for a utility even though it can't spend it. What are really going to be targeting to go after. Are we out there trying to spend money or get savings?
52. We still need to consider: conservation is going to be needed to balance tier one and tier two.
53. The first effort has to be to help provide the tools so that small utilities can accomplish that mission of balancing tier one and tier two. And the second piece would be where the money goes if the utility can't spend it. The most valuable to the utility would be getting the savings so that tier two is offset.
54. ER: in the case where a utility that has no load growth?

Break

1. BW: Josh, could explain how the CRC is going away and how that might affect the small, rural utilities.

2. JW: I don't know if it will really be a different scenario between the EEI and the CRC. You will have access to a certain number of dollars, but you'll have to implement and then invoice BPA to get the funds back. It's effectively how we work with bilaterals today. I can't speak to how it would affect SRRs differently.
3. ER: one of the biggest issues that has come up with is "lack of resources" for SRRs. Megan mentioned the idea of circuit riders.
4. BW: let's talk about what kind of resources: you have staff at the utility; you have contractor resources; financial resources. Let's define these and then we can drill down from there. Let's first discuss human resources; is it an issue?
5. The very smallest utilities, there are no staff. There is somebody who could take it on along with their seven other jobs. Entities like ESG are often used, but there you still run into issues of being able to have enough size to be able to have a viable contract.
6. BW: last time we discussed the IDEA group pooling resources.
7. We were one of the few utilities in the area that had staff to provide, but the other ten did not have staff to do it; we literally have 3 man utilities in some places.
8. JW: can you talk about the role of the contractor.
9. A large part of it is doing the reporting under the PTR, but also incentive payments; custom project proposals that come in and need to be reviewed and submitted to BPA, advertising, etc. A central hub for all the activities.
10. I would like to have BPA think about encouraging pooling among the small utilities; one might be that there is some extra admin that goes along with pooling. BPA is going to save some money by having to deal with one pool entity rather than a bunch of small utilities. Maybe some more admin for a pool to encourage people to get into pools.
11. Are you talking about an implementation pool?
12. Was talking about an implementation pool; assuming you could pool the dollars as well where you could move the dollars from one utility to another.
13. JW: X, that's a really good idea. This issue came up yesterday in WG1, but want to put in the place holder that the idea of utility pooling should initially be put in this WG. Yesterday, it seemed like a lot of advantage of pooling is relevant to smaller utilities than larger ones, so framing the issue in this group and then moving it back to WG1 would be beneficial.
14. Pooling was advantageous because we were able to utilize money not used.
15. BW: maybe next meeting we could talk about what types of companies could be used.
16. I was talking about some type of consultant that could be used by a pool.
17. I like the idea of a circuit rider specific to HVAC, windows, etc.
18. ER: let's stick with this idea of pooling.
19. The people in the pool would determine what their specific needs are.
20. BW: do you see these being organized geographically?
21. We've participated in the circuit rider programs before and it's difficult if the geographic area is too large.
22. Our pool covered pretty much southern Idaho; a pretty big area and it does get hard to administer, especially if you're doing things like weatherization or

- installing ductless heat pumps. The bigger the area, depending on the specific measure, it can become difficult. We ought to explore region-wide.
23. ER: if we suggest that the pooling idea is something BPA should promote, should there be any kind of requirement, should the pool get more admin
 24. The size of the geographic area doesn't matter. There are services available for these concerns. Geographically becomes more of an issue with auditing. Allowing things like digital photos instead of on-site inspection could lower the costs. I agree with Tom that there are real benefits to have templative programs. The challenge is funds for the smaller utilities; getting those programs developed and in place for the amount that has been traditionally available.
 25. Should there be requirements based on the pools, or not? For example, if EWEB decides to pool with some of the other smaller utilities in the area, should they get more admin?
 26. I think we need to determine the criteria for determining SRR. From there we can say: if you meet A benchmark, you're entitled to X incentive, etc.
 27. We probably shouldn't preclude a larger utility from joining a pool.
 28. JW: the potential difference between an implementation and funding pool: funding pool would combine EEI dollars in desirable ways. I would assume there might be economies of scale for entities like ESG.
 29. X mentioned something about considering putting some extra admin dollars to encourage smaller utilities to join the pool; there are some huge benefits from BPA's perspective and potentially the utilities. The smaller utilities require so much hand holding. From an implementation perspective, it's important that there is some flexibility and customization available to the utilities so they feel like they own it, while taking advantage of the templates, etc.
 30. We would like to include larger utilities cause the economies of scale for Montana would be important. Maybe the special benefit shouldn't go to the pool, but to the utilities instead.
 31. ER: are there some rules that have to be in place to govern the pools?
 32. JW: this is an important time to be creative: maybe there will be a way to assign specific benefits to specific customers and those benefits would go with them when they enter a pool. There may be some creative solutions here that allow for benefits moving with a customer.
 33. When we talk about the benefits, I'm assuming you're talking about the funding. From an implementation perspective, there should be no restriction on who can participate.
 34. JW: the benefit could flow either through the EEI or the implementation mechanism, i.e. dollars or resources in aiding whatever the identified need is.
 35. ER: one of the questions would be if some measures are structured differently for certain utilities, I'm not sure they should be available to other people. For measures that require several, onsite visits the costs are higher. Maybe part of the programming is training contractors and some spot inspections.
 36. ER: we talked about extra funding for administering the pool, but what are talking about in terms of the overall program?

37. We didn't come close to spending the admin dollars that we were entitled to. We are down under 10% on the pooling groups allotment on what will pay for our admin to have a contractor run it. In fact, we're about 6%.
38. I'm thinking through the "what ifs."
39. JW: I think we might need to put together a proposal from this workgroup. As far as the utility pool for the EEI, not sure we've covered it. We want to be working on recommendations and what those would be.
40. Each utility would have their own conservation dollars available to them.
41. JW: Maybe at the end of the day, BPA will be blind to the pools and the utilities manage it all on their own.
42. The question really comes up to as how involved the utilities want BPA want to be. Potentially sharing all the funds, 20% of a utilities budget is shared by the pool.
43. BW: I would like to form a small group with Van, Mark, Megan, and others to explore this more at another time. I will get back in touch with you and we'll come back to this group and report back.
44. Please add me to the group.
45. ER: I would like to come up with more refined issues.
46. ER: we always come back to this cost-effectiveness and I would like to know how much of an issue it is. Do we want to keep this on this list? I raised last time: it is cost-effective for the utility, on a measure basics, etc. Does this matter to people.
47. BW: it matters to BPA, the Council, other regional stakeholders.
48. ER: costs are based on "regional costs", so if somebody says it costs more to install a measure in Idaho than in Oregon, than you're better off with a regional number, but there are other instances of the reverse.
49. We've talked about programmatic C/E rather than just measure by measure.
50. JW: this issue is being discussed in WG5. ER brings up a real question: how real is this issue given that the avoided cost in the new power plan is significantly higher. So we need to know what the specifics are of the problem cause many more measures will be cost-effective.
51. ER: on the other hand there are certain measures that are falling out, e.g. appliance standards going up, making savings go down. It's an issue for SRR utilities to have these types of measures from a programmatic portfolio perspective.
52. JW: the issue of "bundling" and asking at what level do you "bundle."
53. ER: I don't want to lose the thread that if a recommendation comes from WG5 not really pertaining to SRR utilities, that we could still have a recommendation pertaining to SRRs. I want to raise the issue about allowing some measures in particular areas different than in other areas, it leads to the break down of consensus, e.g. larger customers caring that a SRR is able to do something and the larger customer not able to do it. I'm skeptical at the outset of something like that.
54. I agree 100% on that notion.
55. A radical thought: instead of approving measures on a measure by measure basis, what about viewing it as it's okay as long as the utilities are acquiring the savings below their avoided cost threshold. One of the best known measures is windows.

56. JW: one way to look at this is “bundling.” Does each utility have its own cost-effective levels? If so, that essentially means that deemed measures couldn’t exist. You lose economies of scale.
57. ER: we will let this C/E issue continue in workgroup five and keep an eye on it.
58. Where did we end up on eligibility of measures on the utility side of the meter, e.g. distribution efficiencies? Are those eligible for SRR that might not have as much customer side of the meter efficiencies.
59. ER: yes, they are there. They’ve been approved by the RTF, e.g. voltage optimization.
60. Action items:
 - a. BW: going to work with the volunteers on the pooling
 - b. ER: BW and I will go through the minutes and come up with a summary of where we are at. To try and focus us in terms of getting to some recommendations. If you have any suggestions please pass them along to: workgrouptwo@bpa.gov.