



Energy Efficiency Post-2011 Phase 2

Workgroup 2 Meeting 3

August 18, 2010
12:00pm to 3pm PST
Kalispell, MT

Overview

- This Workgroup continued to reach out to the Small Rural Residential Utilities. The meeting was held in Kalispell, MT. We are seeking ideas and input on how to gain more installed energy efficiency projects in these Small Rural Residential service territories.
- There were no additional ideas or suggestions to further define the SRR market segment.
- Megan Stratman (from NRU) presented a “thinkpiece” (a proposal for describing new measures and Group Pooling ideas).
- We reviewed the Pooling Group discussion that was held on August 12.
- We discussed the measures provided by NRU and other effective measures provided by participants.
- We continued to discuss ideas to provide incentives to help pay for the additional travel time that contractors face when servicing SSR customers.
- This continues to be a fact-finding and idea gathering stage from the Utilities.
- Next meeting is at: United Electric's Office 1330 21st Street, Heyburn, Idaho on Sept. 1, at 1 PM Pacific and 2 PM Mountain time.

Decision/Action Items

- BPA is going to provide a brief report/update on demand response to the group.
- Boyd Wilson is going to talk with the residential sector lead to see what kind of plans they have on weatherization as it relates to SRR utilities.
- The group came up with a new issue and that’s communication on BPA’s part with the SRR utilities and how that could be improved.

Meeting Notes¹

Facilitators:

Eugene Rosolie, PNGC
Boyd Wilson, BPA

BPA Participants:

Matt Tidwell

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

1. ER: after reviewing the minutes there are a couple of things: 1) the issue of how to define a SRR utility; I'm sensing based on reviewing the last minutes, that it would be to set that aside and wait until we define the "benefits" of what is going to be given or accrue to a SRR utility and then try to define the meaning or who fits into that benefit; 2) the issue has come up of admin and whether or not it will be a special benefit; 3) the topic of measures; I would suggest that we put this off; and 4) the pooling issue; we've been charged with coming up with more of a definition for utility pooling for WG1.
2. Person A: adding to the statement about SRR utilities getting more admin. If WG1 pursues the option of BPA not paying admin, then should SRR utilities receive the benefit? The option/idea was just put on the table to be more discussed by WG1.
3. ER: to be clear, what we're doing in all the workgroups is just throwing out ideas and trying to put recommendations together to give to BPA. So a lot of what you hear is just ideas being put on the table to be considered. A lot of this stuff hasn't been decided.
4. BW: regarding Post-2011 Phase 1, all the documents were sent out this morning.
5. BW: first meeting was in Walla Walla, then the second was in Eugene, today we're in Montana and next meeting we hope to have in Idaho. The utilities have told BPA that SRR is not getting as much energy savings as they feel that could be achieved, so one of the purposes of this workgroup is to lay out the barriers to achieving savings and put together suggestions about how to overcome some of those barriers.
6. Person B: Also to add, it's not that they see that they're having a hard time getting savings, it's that they at least perceive that the savings aren't there period or at the incentive levels being talked about. There's that feeling that the savings are not there.
7. BW: as an EER, I see opportunities out at the SRR level, the question is can we get the human, financial, technical resources directed to go into the field and acquire the energy savings. I believe there are savings to be had and part of the scope is to identify some ways to go out and get the savings. If that is going to require additional resources we need to identify those and put this in the recommendations.
8. ER: if there's a perception problem, if they firmly believe there are no savings, then no matter what we do, it's not going to matter. So maybe one of the issues is not just allowing people to be apart of a pooling group, but finding a mechanism to sit down with those utilities to help them identify the savings they may have. It will inform us and them as well.
9. Person C: it's not just about "is it out there and can I get it," it's about the dollars. At our board meeting, we talked about having to triple our rate of conservation to get our rate payers' money back and my concern is just about chasing dollars and getting our rate payers' money back.
10. Person D: that is probably a common feeling. We just had a preliminary CPA, and there's quite a difference between what BPA said was out there, what our contractor said is out there, and our own assessment; so there's some refinement

- needed because there wasn't consideration of the particulars of our area in the BPA and contractor analysis.
11. Person E: next week we're doing a tour of our waste water treatment facility and we're hoping that it is going to give us a better idea of conservation potential. But this takes time and man-power to get that number.
 12. ER: I think part of the idea moving forward is that, like Person D said, eventually all the information can be gathered up and feed-in into the Council's target; we need to look at that data gathering as a positive step and getting the data that is necessary to inform the policymakers of what is really out there. On a more practical level, it does point out the necessity to gather that information so people have a clear idea of what's available in their service territory and what they can get. There will always be the problem of board and managers wanting to get the benefit back from BPA, but I don't know if we can answer if you don't have the savings, there's only so much this workgroup can do to help this. Don't think we can make a recommendation that a utility should be entitled to its entire budget because that would be a recommendation that wouldn't go anywhere.
 13. Person F: we had a customer meeting last week with other utilities from IDEA and what came from that group is that regardless of the Council Plan that now is not the right time to pursue conservation. Lots of them are in no or low load growth and they are worried about diminishing revenues. We've demonstrated the savings potential, but they given some push back about wondering whether they want to acquire conservation with the way the economy is right now.
 14. Person ?: Is that of desire because it affects their revenue flow?
 15. Person F: yes, lots of these utilities see the conservation potential, but they're saying "maybe we just need to make awhile" until they see load growth.
 16. BW: the flip side of this is Tier One and Tier Two and conservation is the least-cost resource.
 17. Person F: yes, but at this time, they're not thinking they are going to need to dive into Tier Two, so it's less of a concern.
 18. BW: any ideas over the past few weeks about ways to define SRR utilities?
Review of options so far: Low-density discount; small less than 7.5 aMW; and % residential of total.
 19. BW: we had a call on August 12 with a subgroup to discuss utility pooling.
 20. Person A: The subcommittee heard some experiences about IDEA groups, OMECA and CARE's experiences with pooling. What I got out of it is that these groups found a lot of benefit from pooling and could acquire more conservation particularly in harder areas to do so. Also heard that geographic considerations are beneficial; don't want to be too spread out. There are two types of pooling: 1) funds pooling and 2) implementation pooling. We saw these as two distinct, but they could also be joined. We wrote up a think piece and distributed.
 21. Person A: Overview of think piece.
 22. BW: Discussion of Idea 1 from the "Think piece" handout.
 23. Person F: I think what has been outlined is what IDEA has done: we did both aspects of pooling funds and pooling implementation.
 24. ER: On the funding pool, would this be just for SRR utilizes; would there be some special pool for those size utilities? I'm thinking of Lane County where you have

- an EWEB and small utilities around EWEB; would they be allowed to pool with EWEB?
25. Person A: a good question. Each utility would have to agree to work with another utility; BPA wouldn't restrict. All members of a pool have to agree to the addition of a new member.
 26. ER: In terms of administering the pools, if a small utility was given more money to be apart of a pool, would they have to be in a pool with only other small utilities.
 27. Person B: it ought not to matter if utilities self-select to join with a larger utility, particularly if that large utility has some size threshold, but similar characteristics. With OMECA, there was Springfield, which wasn't small, but they had other similar characteristics and it worked.
 28. ER: I'm getting at the idea that small utilities have certain benefits, e.g. special admin money to join a pool to encourage people to join a pool and whether that benefit should flow if they join a pool with a large utility
 29. Person D: a pool works well because you have the different sizes.
 30. MT: the concern about gaming the pools came up in WG1, but could probably be mitigated with pooling agreements among the utilities.
 31. Person A: does this concern go away with the self-selection?
 32. Person B: there's one target for the whole pool and if you get the savings, then that's what we're looking for. With the pool agreements, this concern could be dealt with.
 33. Person A: Second concept of pooling concerns Implementation.
 34. ER: If each individual utility is being reimbursed individually, I'm having a hard time understanding why the implementation pool is a pool.
 35. Person A: we were suggesting that the pool manager submits everything on behalf of the pool members. I think combining the two pools makes sense; we broke them out in case utilities did not feel comfortable with one or the other.
 36. ER: Would you then have requirements to be considered as an Implementation Pool, e.g. the pool would have to have a pool manager, it would have to have some other characteristics.
 37. Person B: my thought is that we would need to come up with a couple of basics like that. Having this other option of the Implementation Pool was to try to offer an option that was not as rigid or as difficult to put together as a full-blown pool with all the upfront work with intergovernmental agreements, etc. In my mind, I was thinking of the ESG model which operates a lot like a pool. All have a contract with ESG. This might be something we would want to encourage; some minimum criteria. A more simplified mechanism.
 38. ER: given your description, there's nothing stopping utilities from doing this now.
 39. Person B: no, but I was thinking of some structures that could be offered to people and make sure BPA encourages that kind of activity (not specific firms of course) as a way to get increased savings.
 40. ER: there's consensus that pools are a good idea and should be allowed, but then the question becomes: there's nothing stopping people from doing these today, so should BPA do something or offer something to encourage participation in the pools.

41. Person A: being able to use your EEI dollars to pay the pool manager or getting admin are some incentives.
42. Person F: the thing that made it attractive to the small, rural utilities was that they could take care of their obligation to get conservation and had the flexibility to become as involved or not involved with their customers; they turn it over to the pool and it just gets done.
43. Person F: IDEA has 24 members and IDEA offers programs for the members to participate in and about half of the members elected to participate in the pool.
44. ER: there was this built in affinity because they had already been sharing services. For the PNGC members, there is already some affinity there, but I'm thinking of those utilities not already part of a group.
45. Person G: I think the idea of access to common resources.
46. ER: are you saying that having something set up to share resources on a particular sector?
47. Person G: that could be. E.g. two utilities, one has resources in say ag while the other utility has conservation potential but not the resources, could pool with the other utility. I would like to see us get away from BPA and pooling could make this happen.
48. ER: how should this happen, the pools getting formed? Should BPA have some incentive to encourage this to happen.
49. Person G: would prefer to see other groups, rather than BPA, do some polling.
50. Person D: there might already be enough groups that could facilitate the pooling. Another incentive is the dollars staying in the geographic region.
51. Person F: in a lot of the programs you need contractors to go out and install measures, heat pumps, and a lot of times those contractors have a limited area to cover. There aren't a whole lot of contractors that cover the whole IDEA geographic area, so the pool helped with this. And there are climatic considerations that affect the ideal geographic breadth of an implementation pool.
52. Person C: I don't think pools should be limited to SRR utilities and should have a place for all utilities. I didn't hear about the marketing aspect; this makes sense for pools. Perfect example is shopping areas of Kalispell and Missoula and it makes sense from a marketing perspective to have a pool.
53. ER: I want to make sure that this group is in favor of pooling in general.
54. Person ?: if voluntary. Yes. In favor.
55. ER: with that settled, it seems like the issue is what is BPA's role as it pertains to SRR utilities, if any, and would include direct role or indirect role by providing extra incentives. Or does BPA do nothing? So we need to think about these; the next level of recommendation. Is there some basic requirement for BPA to consider what is a pool, e.g. having a pool manager.

Break

1. BW: The next discussion is measures.
2. Person A: tried to think of areas of conservation for SRRs, e.g. distribution efficiencies, demand response, low-income weatherization, etc.
3. BW: let's start with distribution efficiencies.
4. Person D: a big issue and we're working on it.

5. ER: it's more complicated than having a brown bag over the internet. DE is not something conservation people are going to get. You have to go directly to the operations people and get their buy-in and that's the difficult part. In terms of SRRs, it's going to take a lot more outreach to deal with this issue and get people aware.
6. BW: the EERs and AEs are working on this and it's a good point that there needs to be good communication to the small utilities.
7. ER: what recommendations would we make, if any, in terms of how BPA communicates with the SRR utilities on special programs.
8. Person A: I would support that.
9. Person E: we're involved in this. Been working on it for nine months. Ultimately, the engineers are in charge. The feeling I get from BPA is that they believe it, but they're hitting the low hanging fruit, e.g. residential, no industry, not a lot of motors, short lines. In rural areas, it's longer lines and mixed use. It takes more system improvement for these areas.
10. BW: what about demand response? From BPA's standpoint, the program manager is involved in a variety of sectors. It's important to the agency.
11. Person D: demand response doesn't hit at home as much for large residential percentage compared to those that have industrial. It's tough to get residential customers to find a benefit from DR.
12. BW: Discussion of one utility that uses DR. They went through an educational process to educate their residential customers.
13. ER: the conversation we're having is not about conservation. We're talking about reducing peak. There hasn't been anything done in the NW to show that there are any real savings from the DR programs, so without that I find it difficult to make any recommendation that EEI dollars be spent on DR.
14. BW: most of our EE programs relate to energy, and DR deals with capacity.
15. ER: this is billed separate from energy conservation. This doesn't fit here.
16. Person B: we put this on the list because we weren't sure about whether it was an allowable measure under the Plan and under what BPA will reimburse for. We we're trying to find out if this was an eligible measure for EEI funding and if it is, is it something SRRs can make use of it, if they don't have other things available like weatherization. Is it eligible?
17. ER: right now, it's not apart of the Council's plan. I think we could make a recommendation or have somebody from BPA come discuss re: DR and how it relates to EE? Lee Hall from BPA. There is the possibility of conservation potential here.
18. BW: I will talk to Lee Hall to understand what he is doing in Residential DR and I will report back at the next meeting.
19. Person A: Low-income weatherization.
20. Person B: we threw these in because they were previously eligible expenditures under CnRD; a low overhead way to get reimbursed.
21. ER: Utilities are still allowed to do low-income weatherization. They could get the CAP agencies to do them. I think in terms of the low-income, this is a topic under WG5. We should wait to see what comes out of there. If the

- recommendation comes out that EEI shouldn't be used for NEEA or low-income, then we could take it off the table.
22. BW: low-income and mobile home.
 23. ER: this relates back to the work that the RTF is going to be doing. It might be premature to flesh these things out.
 24. Person A: that makes sense; what are trying to do in this workgroup? We've talked about pooling and new measures, what else can we work on to provide solutions to the needs the utilities are facing.
 25. BW: I think we could continue to work in parallel with the RTF study. I would like to be able to explore these areas as long as the utilities in this area are interested in exploring.
 26. ?: there are folks living in homes that aren't worth investing in and I don't know how to incentivize them to move into an Energy Star home.
 27. Person G: we're in the same boat, don't know if it could be cost-effective to provide incentives to landlords of mobile home parks.
 28. Person D: we all know there's potential in this area, particularly with weatherization because so many of them don't qualify for NEEA programs. There's lots of opportunity. This is a big area for us.
 29. BW: I will talk with residential sector lead to see what kind of plans they have on this.
 30. Person A: creating new deemed measures: RTF needs three years of data, was wondering if there's a way to streamline this process. With the new technologies coming out, get them deemed sooner rather than later.
 31. Person D: maybe the deemed part would be conservative until proven otherwise.
 32. ER: this is what happened with ductless heat pumps to help get them out there. One could make the argument that BPA should use this ability more.
 33. BW: any other ideas in terms of new measures we should be looking at.
 34. Person C: I would suggest looking at more deemed or easily implemented measures for small commercial. We have several hundred ma and pa stores in town and I don't think we're addressing their needs adequately. We need heat pumps and insulation/weatherization, but custom projects don't work very well.
 35. Person D: commercial establishments call us all the time, but there's no deemed measures in this area.
 36. Person H: other IOUs have deemed measures, e.g. for HVAC, and they must have done the calculation, so it seems like we should be able to get these approved.
 37. BW: I would suggest we look at the IOUs and see what they're doing for small commercial and see if that's something that would work.
 38. Person B: residential PV that is net metered operates just like conservation and while it's more expensive and not as cost-effective, I don't see why it shouldn't be on the list for utilities that are struggling to find other ways to reduce their potential tier two impact.
 39. ER: the Council has looked at PV and solar hot water heating and determined that it's not cost-effective. They looked more at them as renewables.
 40. Person B: if you've got utilities struggling to find measures, these might be a good idea.
 41. ER: I always thought solar hot water heating should at least be on the list.

42. ER: wrap-up: I think we're set on the idea of pooling and there's some things to discuss on this point. We also came up with a new issue and that's communication on BPA's part with the SRR utilities and how that could be improved.