



Energy Efficiency Post-2011 Phase 2

Workgroup 5 Meeting 3

August 19, 2010
9:00am to 1200pm
Conference Call Only

Overview

- The group discussed cost-effectiveness and whether it should be calculated on a different basis than measure by measure, e.g., at the program level, sector level, utility level, BPA level, etc.
 - Being able to bundle measures, e.g., residential windows with other weatherization measures, was seen as a potential benefit of measuring cost-effectiveness on a different level, but there was also skepticism about rolling up measures
- It was suggested that BPA could adopt a new level of cost-effectiveness and then review the policy after a couple of years to assess the results and make changes accordingly.
- It was generally agreed that creating standardized templates for utility “custom programs” to be approved and used by other utilities is a good recommendation
- The timeframe of six months for negative change notices was discussed and customers were in general agreement that an annual Implementation Manual update is preferable.
- It was recommended that utility roundtables should be a “beefier” mechanism to work with BPA on a number of issues, e.g., regional infrastructure development, and the roundtables should be focused on one geographic area’s utilities.
- The need to more clearly communicate with customers on data and information going to and coming from the RTF was identified.

Decision/Action Items

- BPA will present in the coming weeks on how it currently determines cost-effectiveness at the portfolio level.
- BPA will report to the group any information available on how much of the EE budget will be available for infrastructure vs. utility reimbursement, i.e., what’s the process going to be to make the decision? (There’s a concern about having too much going to infrastructure.)

Meeting Notes¹

Facilitator:

Wade Carey, Central Lincoln PUD

BPA Participants:

Matt Tidwell

1. WC: Meeting 2 recap: we didn't get all the way through the last agenda. Spent all the time talking about cost-effectiveness and regional programs.
2. WC: Process check-in. No comments.
3. WC: First agenda item: Program Level Cost-effectiveness. We would like to look at if there's a different way to do cost-effectiveness; not changing the RTF, but maybe looking at how measures are cost-effective on a different basis, e.g. maybe all the way up to the BPA level.
4. Person A: first, BPA does do some of this, e.g. in the Industrial and Lighting programs. We can do measures that aren't necessarily cost-effective, but BPA manages this at the program level. So, the question becomes whether or not we could bring it down a level, e.g. down to the utility level. I know somewhere within the 6th plan, it does mention that cost-effectiveness done at the program level.
5. Person B: this issue was discussed at one of the NEET's group. The Council's talked about it. I hate to have a new debate about it. The general consensus though is the people feel that it should be more down toward the program level and even the project level, i.e., we've all had the example of some measures being very popular (windows) to bundle them with other measures to make the whole project cost-effective and increase consumer uptake. We didn't want to get down to the measure level, but up from there. Certainly we don't want to be measure by measure level.
6. WC: I would agree with that. BPA has done this with lighting, some custom project proposals.
7. Person B: even at a program level, you might get one project over and others under.
8. WC: this is how the lighting program is evaluated. If this is how we continue, would the group like to see something change, e.g. where utilities are given a threshold for each megawatt of savings and as long as they remain within the target, they're fine? Do we want to look at C/E evaluation at the utility level or maybe the sector level, e.g. Residential. If we're okay with how things are now, then we can continue and move on.
9. Person B: I thought BPA was not flexible, and is still focused on measure by measure.
10. WC: residential is almost all measure by measure.
11. Person B: PacifiCorp serves Utah and Utah isn't in the Council's territory and Utah had a workgroup and said the utility cost should not be higher than some

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

- avoided cost and if the end-users were willing to pay more, they had no cut off, just a utility-cost test. There is value when the consumer is willing to pay, the consumer is seeing some value and this shouldn't be discounted. At least up to the sector level, we should not require measure by measure basis. I'd almost say we should do utility by utility. There are equity concerns.
12. Person C: do have a concern going beyond measure by measure: at what point would you cut it off? If you had a number of measures that were C/E, but then you had one or two measures that bring the C/E just barely, that doesn't seem like a good use of ratepayer money. With I-937, every measure needs to stand on its own. It feels like a slippery slope to start allowing bundling at the utility or program level. What about after the fact you let in too many non C/E? If everything is C/E, that wouldn't be a problem.
 13. Person D: we got the information this week with the closeout process, in review of this, I was reflecting on this how much energy utilities went into the process to get flexibility, and I would caution folks about deciding how far down these tests can go. I think the program level is an adequate level. Each utility can decide if it isn't high, they have the flexibility to participate; you can always do more, but getting less is going to be a problem. And with some utilities, the costs are different, e.g. rural areas where the costs are different.
 14. WC: what we may ask BPA is for some flexibility in how C/E is evaluated, so if there are utilities not comfortable going beyond measure by measure. But the problem is if the I-937s can only do measure by measure and there are other utilities have more flexibility, there's a concern about equity. Ultimately, is there another way to allow utilities to go after measures that their customers are interested in, e.g. one specific type of measure and BPA says they can't have it while the customers' money is being used to finance EE.
 15. Person C: It seems like on a commercial or industrial...if you have combined measures and they're all integral and have to work together and one of those measures isn't c/e, but you need that one measure to make it all work, I see that as acceptable. But one measure stand alone, e.g. a light feature and they just tacked it on to the project, that seems to be a problem. I see a difference between independent and integral measures.
 16. Person A: how do you determine what is integral. Maybe a customer really wants to do something, but it may not be important to the overall project, and without that one they have no interest in doing anything else? Is that something to consider? If overall the project or program is c/e, it makes it much easier to make those decisions and people having to review those projects, if the project meets a certain bottom line of c/e is easier to decide than whether a measure is integral or whether a customer really wanted the measure.
 17. Person C: is sounds like in that instance, there is a non-energy benefit.
 18. Person B: very common with windows and sometimes the windows aren't c/e. this has been a slowdown for residential customers.
 19. WC: let's talk about something not c/e, e.g. commercial windows. On the coast we have lots of customers who want windows, but on the whole we have commercial offerings that are c/e. Wouldn't it be nice to be able to offer those

- windows while our commercial sector portfolio remains cost-effective? We don't knock down the overall c/e and are receptive to our customer wants.
20. Person D: that's a really good example. This goes back to comment about flexibility to run the programs that make sense for our members, who are the ones making the funds available.
 21. ?: Tom Eckmann gave a presentation some time ago. He presented a motor, from a TRC perspective, it wasn't c/e. If the utility was willing to pay 50% and the customer wanted to pay 50%, that would make it c/e, but from a regional perspective, it wasn't good because it still produced a TRC of .9. You make investments that are good choices for the region.
 22. Person B: this is a good theoretical solution, but what if we allowed bundling and kept track during the first few years. When the numbers come back we may find that it's not actually a problem. We need some data, shouldn't discuss this issue without data.
 23. Person A: I agree, we aren't talking about any great amount of MWs, overall. The whole process for Post-2011 is supposed to have some flexibility and make some adjustments as we go along. As Person B said, we can recommend some course, with some check-in as we go along. If we get 100 MWs that aren't c/e, then we can make changes, but I don't think this is going to be the case.
 24. WC: we're not suggesting to be able to do any c/e measure they want with no limits, you'll still need to maintain a portfolio or utility c/e level. The council sets the targets and c/e on a regional basis, but the money isn't coming from a regional basis, but from utility rate payers; this doesn't consider regional differences and balancing rate payers expectations and keeping the region's efforts in a c/e manner. I'm not advocating just doing non c/e measures. Can same idea of Lighting program c/e be applied to utility or group of measures, etc.? I know it's not possible for I-937s, but can we make this flexible and allow utilities to partake while not mandating.
 25. Person B: so could we offer a proposal that for the first two years, expecting a check-in, that we allow sector-by-sector c/e, but that's all. We track and can see if it becomes a real problem.
 26. WC: I see that as a good compromise. I see the commercial sector as the most difficult to get savings (fewer deemed measures). I would like to see it at the utility level to have other sectors, like residential, to help with commercial sector. But this maybe too much for BPA to bite off, so maybe sector by sector is a good compromise.
 27. Person A: we need to know how BPA is doing it now and see how it fits in with the recognition that we'd like to have it more on a utility or sector by sector basis.
 28. WC: BPA has a goal of keeping below their threshold of about \$2million per aMW. If a utility needs to get one aMW, then maybe BPA should give \$2million to go get the aMW.
 29. Person E: I would caution about sector by sector, as we transition away from CFL, I don't see 2.2 being the benchmark.
 30. Person B: the TRC is the real test.
 31. Person E: This benchmark is going to change and we need to know what BPA plans to do.

32. WC: as BPA's offering transitions away from CFLs, they are going to have to offer more for the other measures.
33. WC: Next agenda item: Utility Specific Custom Projects. Would we like to see BPA make standardized templates.
34. Person E: can you give more background. Not sure what you're looking for.
35. Person A: I'm not understanding what is being asked (Number 3 of updated Issues List).
36. WC: can it change so that BPA can approve "custom programs" whereas now they just approve measures and projects.
37. Person E: I'm thinking BPA offers reimbursement on light bulbs and offers reimbursements on showerheads, and if a utility sends out the two in a package.
38. WC: a project somebody has created and have that replicated for other utilities. Can there be a process for utilities to complete a generic template, like a custom project proposal. Goes back to c/e discussion, a utility has a bundle and would like to turn it into an approved program that could be offered regionally by other utilities. How can utilities get more flexibility and get new savings? Pretty soon all the c/e measures will be done, but we need a way to reach the higher hanging fruit. Looking for more ways for utilities to create saving opportunity.
39. Person F: a template idea makes a lot of sense, esp. for smaller utilities (allow them to copy), but you'd still need run the b/c ratios on the custom projects and programs.
40. WC: non-standard utilities have lots of flexibility, so can we take this and allow any utility to benefit.
41. Person E: it's similar that each project gets run by a b/c test. What would be the advantage of doing this?
42. WC: instead of each utility having to do it on their own, a utility could create something generic and then it would be on-the-shelf.
43. Person E: relates back to c/e, at what level, portfolio level, project level, etc.
44. WC: this is taking the ability to couple something that is c/e with something that is not. E.g. residential heat pump, the heat pump is not c/e, but putting controls and commissioning on it, you could create a whole new measure that had two specific pieces and once you got that approved you could offer that as a standard offering to customers. Should we recommend to BPA a standardized way to apply for this approval. Seems like most are in favor of this.
45. WC: what about site-specific savings vs. evaluated savings.
46. WC: Discussion of 6-month negative change notice and should BPA update measures more frequently than every 6 months. Has this been working, would utilities like to see changes to these?
47. Person F: six months is fine with us. Changing the implementation manual more than that would confuse me.
48. Person E: I agree, I would suggest maybe moving towards a year.
49. WC: is 6 months enough time. Look at what happened with dish washers. Is a year maybe required?
50. Person E: the reason I suggested a year is because we're on an annual budget. We have to do a scramble; six months is enough time, but a year lines up better. On the other hand, things like dish washers, we are going to see if anything more

- frequent changes in the current environment, i.e. pushing for standards. RTF is evaluating changing their charter. So maybe we should stick with six months.
51. Person A: I've always felt more comfortable with a year. Some of our members have put together materials for a year, but then changes come...it's maybe more of a burden for smaller utilities. And being an RTF member, there's a lot on the RTF's plate. BPA comes in at the least minute and says we need to have all these things approved to make sure it gets into the manual. What this is doing is adding to the pressure to get things done that may not be the best way to do things.
 52. Person C: I support that.
 53. Person A: BPA expects people to study the manual when it comes out, but people don't do that. People are too busy to read it.
 54. WC: maybe we'd like to recommend moving back to one year for manual updates and negative change notices.
 55. Person E: what about adding new measures?
 56. WC: BPA can add new measures at any time.
 57. Person A: moving from two rush periods to one rush period (trying to get measures and changes approved by RTF) and having better planning in place to try to reduce the rush.
 58. Person D: we've been making six months work, but do think that one year would be better, especially for continuity of programs. BPA programs have had a roller coaster effect.
 59. Person G: follow up comment on dish washers and negative impact on customer service.

Break

1. WC: Issue 5: How can input for regional infrastructure spending be provided most effectively to BPA? One example would be spending on the TAN for lighting. Do we want to see them doing more things like that?
2. Person E: in the past we've talked about marketing templates.
3. WC: I'm thinking mainly along the lines of infrastructure, building networks and trade allies and regional processes that BPA could help create that would help make getting projects done an easier task.
4. Person E: some of it has to do with their own processes, making it easier for utilities to offer more programs without so much back and forth and check-in (part of their internal infrastructure). One concern about the word regional, maybe some parts of the region need a different kind of infrastructure than another part of the region. I caution using "regional" as a one size fits all and maybe part of the recommendation ought to be working within the more sub-region clusters.
5. WC: what kind of method would utilities like to have to provide input to BPA. Do utilities want to get more involved with BPA to help create more regional infrastructure. I don't see BPA building a lot of regional infrastructure. Are there other things, e.g. RCM program.
6. Person G: everybody has schools that might benefit from that.
7. Person E: BPA has created the Grocer program and the ESI program.
8. Person A: the concern with the ESI program and some others is how they are structured and with too many regional programs the local utilities are slowing

- being pushed out of stuff and maybe that's a concern. Being in the SRR workgroup, the issue of pooling coming up and doing things on a geographic basis, I'm thinking we need to have programs or infrastructure on a geographical basis.
9. Person E: A geographical basis that takes into consideration the role the utility plays in delivery.
 10. Person C: we support that.
 11. WC: so utilities would like to see a process to be able to share their ideas for infrastructure building with BPA. Do we want to use the USB, a different type of format?
 12. Person E: the USB probably wouldn't work. EERs could play a role.
 13. WC: we had utility round tables (most are regional based) that are put on by the EERs. We could recommend this.
 14. Person E: in the state of Oregon there's an influence of ETO.
 15. WC: with the creation of EE Central, does working more collaboratively with other agencies and entities, does it make more sense?
 16. Person E: would it make sense to have a presentation by NEEA to see how they envision supporting regional infrastructure.
 17. WC: consensus that utilities want to be more involved in the process of infrastructure building.
 18. Person E: this may lead to a discussion about what is truly a regional offer vs. what are things that need to be tailored to these sub-regional levels. When we talk about regional, we're talking about the influence of IOUs and ETO who share the same markets, so how does BPA or do we want BPA to pull together regional actors? Is there a mechanism for including some of the IOUs and/or IOUs contributing to the services that BPA is providing?
 19. WC: working with the IOUs can be problematic. Their reasoning and motivations change much quicker than ours.
 20. Person H: 1) I agree that you need to maintain the role of the local utility, however, what would help our trade allies and the program success if there was some discussion on regional design and contractors could see some consistency among service territories.
 21. WC: all utilities want a large degree of flexibility while at the same time what makes programs successful is some degree of uniformity across boundary lines. BPA can't make this happen, utilities need to make that happen.
 22. Person H: but BPA could facilitate this.
 23. WC: with roundtables?
 24. Person H and Person E: good idea.
 25. Person G: a real key is getting the right BPA people there to address different topics and issues.
 26. WC: we can recommend that we'd like to see utility roundtables as a beefier mechanism to work with BPA. Roundtables are focused on one geographic area's utilities.
 27. Person E: utilities have to take part of the initiative. It can be facilitated by BPA, but utilities have a major role to play as well and not necessarily wait for BPA to

- come up with an idea that the utilities could test. We want to make this as streamlined as possible so that we can focus on getting the EEI funds spent.
28. Person E: BPA has suggested with CPAs. They are helping with redeveloping the Tracking system. What about program evaluations? Is that an infrastructure issue? BPA has done evaluation work in the past.
 29. Person C: I'd be supportive of that. There might be economies of scale for having standard evaluation and develop protocols.
 30. WC: Issue 6: How can BPA and its customers best utilize the RTF?
 31. Person E: there is going to be a major review for the RTF. This question needs to be more about how do customers work with BPA to use the results of the RTF and have more of an impact on the RTF workload.
 32. WC: can we get value out of finding ways to get the RTF to help us with things.
 33. Person C: the reason why the ETO is often cited for data is because they do a good job of collecting data and slicing and dicing it and this is one way to be more involved with the RTF is to be bring data to the RTF. Over the last ten years, we've relaxed on this.
 34. Person E: I think BPA could help facilitate utilities bring data to the RTF.
 35. ?: more transparency on what BPA does with the RTF data.
 36. Person G: would be nice if we could see a better reporting out to utilities so they could better provide data or at least be informed.
 37. WC: so maybe a normal communication chain where the RTF has a meeting and somebody from BPA puts the conclusions and discussions into normalized terms and get it out.
 38. Person E: and be very timely in the distribution of the information to the utilities.
 39. Person H: then more clarification/visibility on how BPA moves from RTF to WTP.
 40. WC: so we just want to see more visible communication, not really how utilities can use the RTF.
 41. Person E: regarding upcoming co-chairs meeting, should touch base on the issue of cost-effectiveness and transparency. Is there any information out on how much of the budget will be available for infrastructure vs. utility reimbursement? There's a concern about having too much going to infrastructure. What's the process going to be to make the decision?
 42. WC: how are they going to assign a number to regional infrastructure spending.
 43. Person E: do we want to have a presentation from NEEA for the next agenda item on NEEA funding?
 44. WC: do people want to meet in-person? Or we could do a LiveMeeting.