



**Bonneville Power Administration
Regional Energy Efficiency Post-2011
Phase 2 Midpoint Meeting Notes**

Wednesday, September 8, 2010

9:00 am – 12:00 pm

BPA Rates Hearing Room, Room 223

911 NE 11th Avenue

Portland, OR

Meeting Notes¹

Facilitators:

Josh Warner, BPA

Matt Tidwell, BPA

Non-BPA Co-Chairs:

Eugene Rosolie

Larry Blaufus

Wade Carey

Jill Steiner

BPA Participants:

Mike Weedall

Margaret Lewis

Melissa Podeszwa

Curt Nichols

Kyna Powers

Andrew Miller

Rasa Keanini

Boyd Wilson

1. JW: overview of agenda.
2. JW: the Q&A will allow us to tee up issues and push them into the appropriate workgroup(s).
3. JW: slide 3. Phase 1 closeout. BPA provided a closeout letter and Response to Comments. A link is available in the presentation to the Phase 1 documents.
4. JW: slide 4. we set high level policy framework within which the groups have been working.
5. JW: slide 5. Phase 2 overview, opportunity to engage on EE specifics in post-2011. To date, it has been a fantastic process and we hope it's been the same for the participants.

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

6. JW: slide 6. workgroup names and co-chairs. Each is co-chaired by a BPA employee and a non-BPA person.
7. JW: slide 7 and 8. groups are to provide recommendations to BPA on how to move forward Energy Efficiency policies. From the recommendations, we will likely provide the recommendations and a proposal to public comment and then BPA will consider the public input for its April 1 Implementation Manual.
8. JW: slide 9. participation has been key; we hope that it will continue and hopefully increase.
9. JW: slide 10. schedule for next round of meetings.
10. Person A: on slide 8, second bullet: are you planning on having a phase 2 closeout letter that will lay out where BPA came down on the policies?
11. JW: I expect that we will. We'll take the comments...not everything needs to be in the implementation manual.
12. Larry Blaufus: I would like to thank Melissa for her work. Thank you as well to Josh and Matt. As well as Mike Rose, who's been helpful and open to new ideas. We've had three meetings (skipped one for people to review a proposal). First meeting was to look at the difference between Standard and non-Standard agreements; non-standards we're always a mystery before, so it was nice to hear how everything works. Mike was very clear and transparent. We found out that the process for reporting and reimbursement levels were the main differences, as well as being able to move forward on projects without getting BPA pre-approval. What came out was that the ultimate transparency approach would be to take many of the aspects from the non-standards and have a chapter in the Implementation Manual. We currently are working on a draft chapter for the IM. Currently have Option 1 or Option 2, which is basically pre-project approval vs. post-project approval. One of the nice things about bi-laterals is the flexibility, so we wanted to make sure moving forward we maintained the present flexibility. Another great discussion was on M&V protocols. We came down on the idea that the M&V protocols shouldn't be different between the two options. Looking into this more. Challenges ahead: defining Technical Assistance and how gets to access BPA TA and how much. Looking into Admin/Performance payments as well as Willingness to Pay and trying to come up with a way to determine WTP. Lastly, another key issue is the transition period moving into post-2011 period.
13. Person B: what type of utility would choose pay for performance?
14. LB: the five that do it now, have staff and engineers on hand. And being able to do the planning and give BPA justification that you can meet the goals established. Reporting by bulk is often done more.
15. Person B: do you expect many more utilities to sign up for the non-standards?
16. LB: probably about the same.
17. Person C: when you talk about differences between the two paths, BPA's pre-approval is a concern. Will there be flexibility with being able to start before approval?
18. LB: still under discussion, but this will probably be a recommendation.
19. Jill Steiner: you talked mostly about custom projects, but what about a utility that is interested in doing a program that maybe has different deemed measure assumptions or would like to propose it or uses different installation...could you

- use the EM&V process to propose a program like that under the pay for performance?
20. JW: great question: we just had a discussion about this in WG5, we discussed custom “programs” as opposed to “projects.” To be clear, this may be something we implement before Oct. 1st of 2011.
 21. JS: will this still be tied to standard vs. pay for performance?
 22. JW: going to depend, but our expectation is that utilities that want to propose a custom program would be able to do that regardless of which Option they take.
 23. Melissa Podeszwa: Option 1 is standard with BPA review; Option 2 is custom process, where a utility reports after the fact.
 24. Person A: could you elaborate more on where and how this is going to be decided?
 25. JW: if we move forward before the end of Phase 2, we’ll keep the process up-to-date.
 26. Person A: if you have other things that BPA is thinking about, do you have thoughts on when BPA is going to roll this out to us, so there are not new surprises while we’re still working on post-2011?
 27. JW: new things come up all the time; as we have these Phase 2 discussions they are very fruitful. Some ideas can be implemented before the grand roll out of Phase 2, but others can happen before. Generally, we try to do things on the April 1/Oct 1 timeline, but sometimes we do things in between.
 28. Person A: wasn’t try to stop that good work, but it’s my perception that many utilities think the Phase 2 is the game moving forward so there might be an adverse reaction if something comes down the pike outside of Phase 2 which would cause somebody to ask “where did that come from.”
 29. JW: a good point; we understand that stability is important to utilities.
 30. Margaret Lewis: (question about transition for existing non-standards.)
 31. MP: this is an issue that we still need to consider more, e.g. how would a pipeline of projects affect a utility’s EEI allocation.
 32. ML: I would like to publically thank Megan Stratman and all those who have been participating.
 33. MP: I would also like to thank Larry Blaufus.
 34. Keith Lockhart (standing in for Megan Stratman): (first slide of WG1) first question that came out was moving EE dollars from one rate period to the next and we had a BPA representative inform us that this can’t be done because it’s built into the rates. Example: if you’re budget was 1 million and you only spent 800k in one rate period, that left over 200k could not be moved over to the next rate period. One issue under consideration is paying performance payments for large, ongoing projects.
 35. KL: Discussed “utility pooling,” moved it over to WG2, which is going to bring back to the group a proposal on pooling. We brainstormed and are continuing to discuss the “common pool,” distribution of unspent EEI funds.
 36. KL: (second slide for WG1): the goal is for utilities that won’t spend their EEI funds to put the funds into the common pool so that other utilities can use the funds to acquire conservation. The big challenge is distributing the pool and how it’s done so that it’s equitable but also so the kWhs are saved. And a challenging

- question is what to do about a utility that doesn't spend its funds and doesn't relinquish the funds into the common pool. Currently discussing various ways to equitably and efficiently distribute the dollars out of the common pool.
37. KL: (third slide for WG1): several important outstanding challenges.
 38. Person A: didn't quite understand the common pool notion; implied to me that BPA would be the holder of the common pool funds?
 39. ML: the common pool is the depository of "unspent" EEI funds.
 40. Person A: so the common pool does not mean utility pooling can't also exist, they are not mutually exclusive.
 41. Person B: what's the incentive for a utility to give up its funds to the common pool.
 42. ML: we are considering both sticks and carrots.
 43. Person B: what's the incentive for a utility to keep the money and not release the funds?
 44. JW: this is a great question. From BPA's perspective, we want all the funds to be spent for conservation. If a utility knows that it can't use a portion of its funding, we hope that they would relinquish, but we know there's an economic incentive to hoard the funds (it's ratepayer money). However, if the conservation goals are not met, then BPA would have to raise rates, so this isn't a direct incentive to a utility, but it's an overarching incentive to all utilities.
 45. Person A: the complication I see, is somebody coming at the last two months before the end of the rate period and relinquishing a large sum of funds that couldn't really be spent before the end of the rate period.
 46. ML: this is one of the roles of the EERs to keep up with their utilities and see how the utility is doing, if it's on track, etc. so we'll have touch points with the utilities and if we see that spending is occurring, the EERs would encourage the utility to give up some of their funds to the common pool.
 47. Person A: so you see more of BPA monitoring utility spending?
 48. JW: two conflicting pressures: a utility that can spend the funds wants to know ahead of time while another utility doesn't want to relinquish its funds for as long as possible.
 49. Person B: a value is here by a utility being able to buy down its HWM with EEI funds from the common pool.
 50. JW: historically, we haven't reported out on a utility by utility basis, but we could do that if people were interested in that.
 51. Person A: (the link between BPA's planning and moving dollars around.)
 52. JW: I think this going to be discussed during rate case workshops.
 53. Person A: we have some discussion at the rate case workshop and Ray from BPA has declined to discuss this.
 54. Person B: I've spoken with Reed and they know about this.
 55. Person A: I still don't see the dots as connected on this issue.
 56. Eugene Rosolie: I would like to echo the good vibes and thank Boyd for his work and thank all those who have participated.
 57. ER: (slide 1 of WG2): this topic fits in nicely with what we were just discussing. We've went around the region, trying to get people in one room, to seek collaboration and input from utilities. We've had trouble defining what is a

- “Small/Rural/Residential” utility. So, we put it off for a bit to discuss what would be the benefit of being classified as a SRR utility. We have decided that utility pooling very much makes sense, especially for smaller utilities. We are working on a proposal to hand over to WG1. We’ve also discussed ways to help SRR utilities acquire more conservation, e.g., new measures and different ways to determine cost-effectiveness other than measure-by-measure.
58. Boyd Wilson: we’re still in the acquiring mode, getting ideas. Would like to share some of the ideas on how to define a SRR utility. Right now, if you have less than 7.5 aMW, you get a 10% higher admin payment. Another idea is customers per pole mile. And % of residential customers. It’s intuitive that there is lots of opportunity in the SRR utility service territories; it’s not low-hanging fruit, so we’re going to have to get out the ladder. One comment that came out last week was the suggestion that we take some of the residential programs and look at them for small commercial. They like what’s going in residential and would like to implement some of those measures in the small commercial sector.
 59. Kyna Powers: can you talk more about the pooling proposal that you’re working on.
 60. ER: there are two ideas: an implementation pool where you’re not necessarily sharing dollars, but you’re sharing resources, e.g. resources or having a circuit rider. The other idea is a funding pool where dollars put into and then the pool determines to acquire the savings where it can. One of the questions is, should these be based on geography; it seems that the answer is yes. Another question is are incentives needed for utilities to join the pools because people say they like the idea, but are they actually going to join them?
 61. BW: there is the administrative component and this burden could be shared, e.g. the IDEA group, and then the issue of implementation.
 62. Person B: we heard that IDEA works well, but we also know that Van Ashton, the administrator, has donated his time, so what do we do about other pooling groups.
 63. Van Ashton: we are now moving forward with using admin payments to go toward the manager.
 64. JW: this is a great question and one of the specific things we hope to get a recommendation on out of this process.
 65. Person E: with pooling of the funds, back a few years ago when there were higher gas prices, we put together funds to pay for contractors out in the rural areas and we could having somebody to talk about this to the group.
 66. Person F: is there some way that we could use the voluntary pooling as one of the tools to help mitigate against the last minute “dumping” of funds into the common pool.
 67. JW: we have been discussing this. Some of the discussion has been that utility pooling would happen without much involvement from BPA, but we should continue to define the benefits of utility pooling.
 68. Jill Steiner: (slide 1 of WG3) we started discussing the benefits of CPAs and why utilities would want to do one. We also discussed how CPAs should guide our programs. Every CPA is driven by a vast amount of data and the better the data the better we’re able to understand the conservation potential.

69. JS: (slide 2 of WG3) there is broad agreement that BPA can facilitate and act as an enabler. The particular characteristics of a utility is going to drive the benefit of a CPA, from a very detailed CPA to a more high level assessment. Whatever BPA does to help these efforts, it needs to be flexible. BPA can help a lot on data collection standardization; consistency in collection and categorization of data is key.
70. JS: we recently did a residential survey and realized that just putting together the survey required a big portion of the overall funding, so having survey templates stored in a BPA “library” would be helpful.
71. JW: we have been working on a simplified assessment tool and we hope to have it done by the end of the year (already done beta-testing and the consultant is incorporating the feedback).
72. JS: (slide 3 of WG3): A demonstration of the tool was given to the group. We want to align with other regional data collection efforts (NEEA).
73. JS: (slide 4 of WG3): Andrew Miller and I are going to work on a proposal to bring to the group.
74. Person B: have you had a chance to field test this with the small utilities?
75. JS: we have had participation by some of the small utilities. The results of the tool are as accurate as the data you collect and put into the tool. Kathy Moore recently did a survey and it would have been nice if she would have known what the tool needs in terms of data input before doing the survey.
76. JW: I do want to emphasize that these issues are still moving around. If you heard something today that you think is concrete, it isn't. Please get engaged and provide input.
77. Bo Downen: I only saw one workgroup say where they are going and I'm concerned about the short time period. Do the workgroups have a good idea of how in the second half of phase 2 they'll be able to coalesce the ideas and provide the recommendations? So do the co-chairs feel confident about being able to come up with recommendations given the short timeline?
78. JW: I've been trying to emphasize to the groups that if we don't get something from the workgroups we'll have to move forward with proposing something for public comment. But we'll let all the co-chairs address during the Q&A at the end.
79. ML: there are co-chairs monthly meetings that allow us to discuss cross-cutting issues.

Break

1. Wade Carey: I would like to thank the workgroup participants.
2. WC: (slide 1 of WG5): we started with identifying five different types of “regional programs.” We spent some time on “flexibility” and trying to ensure that regional programs are as flexible as possible, such as opting-in and opting-out. It was clear that there was a desire for early input into regional program design; idea is to get utilities involved in the process. When the BPA hand is extended, however, the same utilities tend to show up at the table, so utilities have to make sure they get involved when they have the opportunity.
3. WC: (slide 2 of WG5):

4. WC: (slide 3 of WG5):
5. Person A: of the things you've been dealing with, how many things will you have recommendations for; some of them are quite thorny?
6. WC: so far the consensus among the participants is pretty strong so we feel pretty good about be able to bring forward recommendations for all the issues on our list.
7. Person A: your point about EEI funds going to NEEA and/or low-income; the stronger you make this about the "dollars" it becomes less about the savings. Are you going to address this issue in some manner. This was a big driver in Phase 1 because before the CNRd and the CRC was just about getting the dollars somewhere rather than about the savings.
8. WC: we would like to be able to address this. The question of funding NEEA really came up because of this issue, the need to get savings and not necessarily just spending their dollars. We want to make sure in our recommendations this is balanced, e.g. donations only for "incremental acquisition."
9. CN: before, the contribution didn't affect others, but now with the EEI, the funds to NEEA could be funds used by other utilities via the common pool.
10. KL: where are you on low income at the utility level.
11. CN: we heard utilities wanted to be able to spend low-income based on the same criteria as BPA.
12. KL: so right now, it's dollar for dollar, but it's probably not effective doing it that way, so are you saying that would change?
13. CN: this is going to be decided on the WTP issue...
14. Mike Weedall: important to keep in mind that the 5 million line item is not a part of our EE budget. It is intended not to be an acquisition effort, but to address the "at-need" aspect of the region. We don't want to be thinking that we're going to be doing more low income out of EEI based on the same criteria as this "public goods" program.
15. Person H: question about federal acquisition, do you expect there to be a hard resolution about how BPA is going to treat this in the future? Will it be short term or long term. The overall plan would be to have all federal entities act as regular end-users, but there are some other cases, such as direct-use. I think it would be on the same time frame as the post-2011 period, so that long term.
16. ER: do you foresee talking about the USB or some more formal structure to collaborating.
17. WC: we talked about USB and how it is or is not effective, but also discussed making utility roundtables more robust and regular.
18. MT: let's go back to Bo's question about how the co-chairs feel about being to provide recommendations on time.
19. CN: as Wade mentioned, we have resolution on where we're thinking. Trying to turn the consensus into recommendations. Timing-wise, I think we're in pretty good shape. It's a matter of getting the language down in a way that reflects what has been discussed.
20. JS: we also feel comfortable about being to report the recommendations on time. It would be useful to have a time to coalesce all of the recommendations into one document and identify the cross-cutting issues and connecting points.

21. MP: For WG4, the idea of putting a chapter in the IM that documents Option 1 vs. Option 2 is pretty decided. We have a draft chapter. Some other areas where recommendations will take more of a deep dive and these will be at the center of the forthcoming meetings.
22. ER: this first half we've collected ideas, now we can focus in on the solutions. There are some stickier issues, such as definition of SRR. In some respects, our recommendations might have to be general in nature.
23. ML: for WG1, we have certainly closed our scope and have identified the key things we need to address. We've had a number of think pieces to discuss. We're on track in terms of getting through our Issues list. I do like the idea of having some dedicated time to discuss cross-cutting issues.
24. BD: this addresses my concern, just wanted to raise the concern of talking and talking in meetings without getting things down on paper.
25. WC: the workgroups will be meeting through till the end of October and we have November to finalize recommendations.
26. MP: we want to make sure we don't get so far down the process that we don't have time to address those cross-cutting issues.
27. WC: maybe we could start that process in the middle of October, which would give us a couple more meetings with our WGs.
28. Person A: thinking back to Phase 1, we did a lot of work and then reached a cliff point where BPA and the utilities had to go back and see if we could complete Phase 1, but that process had to go on because we really got at loggerheads. Does Mike see any issues that we may not be able to resolve in the timeframe needed by BPA.
29. MW: what strikes me is how much progress has been made. We really need to make sure we're given as clear of a direction as possible so we can get it into the April 1 manual so folks have the six months to prepare. I don't think we'll get it all right, but we'll have to evolve the programs. They never reach a static point. I do like the idea of bringing the groups together to discuss the cross issues.
30. Person A: the focus has been on getting the IM in shape by April. Do you imagine we'll have to do amendments to the non-standard contracts?
31. MW: it remains to be seen how many will chose which Option. We'll have to see how many utilities think the product is something they're interested in.
32. MP: the work we've been doing is take the non-standards and incorporate the bulk of those into the chapter in the IM. For example, Exhibit B is a description of your programs. So when you opt-in to Option 2 there wouldn't be an Exhibit B and a utility would just send the program description to its COTR. Exhibit C and Exhibit D would also be moved in the IM, so that would leave only Exhibit A.
33. ER: this raises the concern of having everything in the manual and we know that not everybody reads the manual. So starting in April, with any education process for what will happen post-2011, the April period is too late. There's going to be a steep learning curve, especially with the EEI. I would encourage BPA to initiate an education process to let folks know what is coming down the road.
34. Person B: I've heard about incentivizing giving funds into the common pool. What about bidding for the funds? What is the incentive for giving the funds into the common pool?

35. BD: Bidding wasn't specifically addressed, but this is a big question.
36. WC: to me that seems a little off that somebody could take money that comes from BPA and make a profit off it.
37. MW: I don't want to say we couldn't do it, but it's a very complicated question and the workgroup should consider it further.
38. Person B: I just want it to be on the table.
39. JS: if you put money into the common pool, you would want to make sure it's used effectively to acquire conservation. So it might be helpful to know how the funds are going to be used.
40. WC: on the topic of the EEI and this notion that if a utility is not spending its allocation at a decent rate, BPA would come and take it away. So we've been thinking that we should hold off on more conservation (since we're out of our rate credit) so that our EEI funds aren't taken away from us. We should have as much access as possible to our ratepayer's funds.
41. ER: but there is no difference between ECA funds and the EEI, if you don't spend it, you lose it. This is the education issue again.
42. WC: they are similar but not the same.
43. ER: they are the same because they are both "capital" dollars. The EEI has been set up to address the inequity of utilities not having access to the capital dollars, something we all pay for.
44. MW: will all due respect to those who claim they have acquired all conservation, I haven't seen a community in America where there aren't still options for more conservation.
45. WC: we as conservation managers may understand this, but folks on the board may not always understand this.
46. Person I: desire for more deemed measures...???
47. Person J: another option for the common pool, is splitting up the kWhs saved between the giver and the taker.
48. MT: If you have any process concerns or questions, or would like to get involved in the workgroups, please email me at mttidwell@bpa.gov. Thank you all for your participation.