



Energy Efficiency Post-2011 Phase 2

Workgroup 2 Meeting 5

Wednesday, September 15, 2010

1:00pm to 4:00pm
Conference Call Only

Overview

- We reviewed the issue of Pooling Groups in an effort to provide WG #1 with input.
- There was a think piece put together by NRU and OMECA that we discussed.
- We continued discussion on the definition of SRR.

Decision/Action Items

- The think piece was sent to all WG #2 participants for comments and after review, participants should send their redline back to Matt Tidwell at BPA.
- We shall continue discussion on the definition of SRR and a sub-committed was formed to focus on this issue, meeting 9/22/2010 via conference call. All WG #2 were invited to participate in this sub-group. The entire group will review the recommendations and suggestions at the 29th meeting.

Meeting Notes¹

Facilitators:

Eugene Rosolie
Boyd Wilson

BPA Participants:

Mary Beth Evans
Matt Tidwell
Josh Warner

1. BW: (review of last meeting)
2. ER: (review of midpoint meeting). The issue of pooling and whether or not we'll be able to get recommendations to WG1 in a timely manner was raised.
3. ER: (discussion of pooling.) Our group has been tasked with coming up with a recommendation on pooling, especially concerning SRRs. NRU and OMECA put together a think piece that we've had the opportunity to go over. In the interest of moving the discussion along, we tried to take the proposal and what we've heard from the workgroup to form something that would be the start of recommendations to BPA. The plan for today is to go through the piece, what needs to be added, what needs to come out, etc. We need to get a recommendation

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

- to WG1 hopefully by the end of next week. They don't need to be final, but just something for WG1 to discuss and poke at.
4. ER: There are some things that go across all pools. So the first part of the document is a discussion of those general similarities. Then each section is more detailed depending on the specifics of a pool.
 5. JW: I think we're fine in taking an active role, but a lot of the utility pooling discussion has revolved around BPA kind of being blind, so we should discuss the pluses and minuses of when and when not BPA should be blind.
 6. ER: we've called out the formation of the pools as being a place where BPA could be active.
 7. Person A: I'm fine with the opening paragraph.
 8. ER: (specific recommendations to all pools).
 9. JW: (when a utility can join or leave a pool). BPA would have an opinion on how often utilities can move out of the pool depends on how the EEI funds will be dealt with, e.g., whether the funds for a pool will be aggregated together or kept separate (from an accounting perspective). If we aren't combining funds, it shouldn't make the much.
 10. Person B: in our pooling group we did have instance when one utility pulled out midstream and it caused difficulty, but we were able to work it out. As long as you can track those funds through, it's not too hard.
 11. JW: maybe you could only get in and get out at a rate period beginning or ending.
 12. ER: my original thought was the difficulty of getting out of a funding pool if monies were combined. So would BPA like to see some time limits?
 13. JW: it seems like it may be cleaner, but we may not have a strong opinion if we aren't changing EEI budgets in our systems.
 14. Person A: it makes sense to me that it be based on a rate period.
 15. ER: (each must have an authorized representative.)
 16. JW: this seems like a good idea to me.
 17. ER: (BPA as a clearing house). BPA and EERs have a spreadsheet or some other tracking tool for those utilities that are interested in a pool.
 18. JW: there could be a number of ways to do this. Could be through the new Conduit, or through our website, etc.
 19. ER: (the same EER assigned to each of the utilities in a pool).
 20. Person C: what if the EER is currently assigned to different utilities?
 21. JW: I don't have an answer on this, but with something like this, it would be important to have stability of the pools because utilities have expressed the desire to maintain relationships with their EERs.
 22. MT: going back to the previous bullet point about BPA tracking which utilities are interested in joining a pool, does the group want information other than just the name of utilities that are interested in joining a pool?
 23. BW: we have to be aware of what information we share with others.
 24. Person C: information on what the pools are looking for, e.g. utilities in Idaho, pools that are closed not seeking new members.
 25. Person A: it may make sense for Western Montana utilities to pool. I think it's going to be geography and size more than anything. I think utilities will have a good idea of who they want to pool with. I think it's going to work itself out.

26. BW: it also might depend on the type of pool, e.g. an implementation pool might be different than a funding pool.
27. Person A: most of the information should be readily available.
28. ER: (discussion of "Funding Pool").
29. Person B: I think the pool should be allowed to determine what they are going to do with the funds. The words allocation may mean restrictions we don't want to have. "The pool is responsible for determining how pool funds will be distributed among pool participants."
30. Person B: at what time would unspent EEI funds from the pool be given to the "Common Pool."
31. JW: the main point is that nothing has been decided. Conversations have been based on individual utilities working with their EERs on "plans" (used very loosely) to determine whether the utility will be able to spend all of its dollars and if not to give the unspent funds to the Common Pool. Then there will be periodic check-ins with the EERs. There's been discussion about a cut off point, e.g. 18 months, but this is still being discussed.
32. Person B: we want to allow some wiggle room and avoid saying by a certain point we have to give up the funds to the common pool.
33. JW: (language on pools having the same common pool requirements). This language is good to make sure pools and individual utilities will be treated the same.
34. JW: I think this is good. My thought on funding pool has been let them form and let them be loose and these guidelines seem to be very high level and allow for the looseness without much BPA direct intervention.
35. JW: the accounting of the EEI is still open, e.g. does all the EEI from the utilities in a pool go into a single "account" or each utility has its unique "account" even though it's apart of a pool.
36. ER: that assumes the pool is not allocating on a pool basis, but somehow just allowing utilities to move money on a bi-lateral basis.
37. JW: any reason why a pool couldn't just be two utilities?
38. ER: we'll add language on a pool being more than one utility (i.e. 2 or more).
39. Person B: (last bullet of Implementation Pool). Would like clarification on if reimbursement has to go to the individual utilities or if it could just go to the pool.
40. ER: if it's seen as one entity, what happens if one of the pool members leaves the pool?
41. Person B: I'm a proponent of letting the group work out how it wants to operate and not having it spelled out by any one entity.
42. ER: given that this is an implementation pool, I want to be clear about what we're asking BPA to do. Do we want BPA to view an Implementation Pool as one entity. We can take what Person B said and mention that an Implementation Pool could be seen as one entity and they will be responsible for disbursement of reimbursement dollars to its members.
43. ER: (full service pool). A combination of the two pools. Not sure if anything else is needed here.
44. ER: (SRR pool). We really need to do some work on this section. Do there need to be incentives for SRR utilities to join any pool?

45. MT: WG4 discussed “base payment” for admin and this will probably be source of funding for an SRR CPA or for paying a pool manager. The interest is to prevent acquisition dollars from being used for non-acquisition activities.
46. ER: WG4 discussed a payment for performance based on kWh and then a base payment to all utilities. The issue came up of what benefit there would be for SRRs.
47. ER: I assume an SRR utility is better off being in a pool and what we have done already in the document are some incentives to join a pool, but should there be others?
48. Person C: I was thinking there wasn't a need to have extra incentive to join a pool. A SRR utility would get an SRR benefit and would it have whether or not they joined a pool.
49. Person D: I think it's useful to have some incentive toward pooling.
50. ER: in WG3 we discussed being able to use performance payments for CPAs, so maybe in an SRR pool there would be additional funds to do CPAs as well as pay for pool managers.
51. ER: it might get complicated if a SRR utility receives a benefit, but then joins a pool with “melded” EEI funds.
52. Person A: won't BPA want to see the performance of individual utilities? I'm having a hard time seeing BPA not wanting to track individual utility performance.
53. ER: we need to get the right people on the phone to get an answer to this. If the performance payment is going to be based on kWh then it doesn't matter (the tracking).
54. ER: so are we not going to specifically define a SRR pool? We're only going to define some benefit for SRR utilities and they take those benefits with them wherever they go?
55. Person A: I'm okay with that (not defining further the SRR pool).
56. Person C: I agree.

Break

1. BW: (update on RTF's SRR activities).
2. ER: Council staff gave a brief presentation on what it is hoping to do in terms of SRRs. Looking at the slide from the meeting, especially slide #6: task of defining SRR utilities; criteria for selecting 20 utilities that will be interviewed by the RTF. Slide 7, Ecotope decided to breakdown the utilities to determine which will be interviewed. The result of this will be Ecotope going back to Council on what people are doing or not doing and what the Council should do about measures, etc. But it's only going to be useful if we make it useful. People are strongly encouraged to get involved with the committee.
3. Person D: is the primary reason for the interview...looking at the matrix all they have is coops and munis, but there are small utilities in all the states that have the problems discussed in this workgroup. I'll try to get some folks to sign up and/or participate.
4. ER: (update on WG4's discussion). Getting back to the idea of trying to identify the benefit of a SRR before trying to define exactly what is a SRR utility. Admin

payment is currently based on needing to justify get admin payment, but WG4 discussed just getting a payment for performance based on kWh delivery, which would take the place of the admin payment (and then there was discussion of a cap on this payment). We're going to need to decide, if the pay for performance goes forward, is this something that could be adjusted to the benefit of SRRs. For example, for a non-SRR utility the PFP is 2 cents per kWh, then maybe it would be 4 cents per kWh for a SRR.

5. Person E: (discussion of proposal on defining SRRs). I was just working to try and define what an SRR should be. A customer would not have to qualify for all three, they could qualify for anyone of them. First threshold is "small." Next is "rural." Third, more controversial is how to define "residential." I used 66% cut off, leads to about 34 utilities. Inland stands out as a big utility.
6. JW: did you do any crossing between to see if there's any overlap. If you add them all up you have 110, but I assume some utilities are in more than one category.
7. Person E: I would say we're looking at 50 utilities.
8. Person D: the residential threshold...
9. Person E: I just picked 66%, aim was to keep out especially large utilities, but it could be 75%. If you could get me the total number of LDD utilities that would be helpful.
10. JW: we can try to track that down. We need to be mindful of the number of utilities that get defined as SRR and then the "benefit." The more that are SRR and the more the benefit would have to be diluted.
11. Person E: I've been working with Gary Thompson and can send you those emails. We need to find out how many utilities were talking about.
12. Person F: we have some concentrated load in residential area, but we serve 13 counties with a large rural area. We're about 90% residential with over 100MW load, but service area covers a large area.
13. Person C: it seems obvious that Inland does qualify.
14. ER: the issue is the benefit. Different people need different kinds of help.
15. JW: if we start looking at customers who have loads that are as large as Inland and utilities that look like that and we have 30% admin allowance, this is going to add up much more quickly. And we would need to assess this after receiving the recommendation.
16. Person G: good work by Person E on this, I haven't had a chance to see if there's a utility that might be excluded from all of these.
17. Person D: my guess is that there are different types of assistance that would help one group that might not help another. A really good series of new residential measures would help all the utilities that have lots of residential customers, but for some small utilities new measures isn't really going to help if they don't have the ability to bring on staffing for admin.
18. Person B: would it be possible not to have strict criteria and have a group of folks or BPA determine whether the utility qualifies.
19. Person C: what about the benefit being based on the category, e.g. only getting 30% admin if you're rural.

20. JW: one thing to raise is the idea of the “base payment.” What do people think about this? Would this be helpful in solving a number of problems, no problems, some problems?
21. ER: would this be in addition to EEI?
22. JW: yes. Could be used for staffing, to pay for a pool manager, CPAs, etc.
23. Person C: where would the money come from?
24. JW: it’s very likely that, given where we are in the budget cycle, that it would come out of our capital budget, which would effectively reduce everybody’s EEI. So it’s about 5 million dollars. I was thinking we would do it for all utilities, but we could do it just for SRR utilities.
25. ER: people could use a portion of their EEI, up to a certain amount. This would make it not extra money.
26. Person C: I think that would be helpful. I like it as being able to use a % of EEI.
27. ER: we’ve talked about paying for a pool administrator and helping to pay for a CPA.
28. JW: there are lots of different ways to slice it.
29. ER: one of the issues that came up was how this would work if a SRR utility goes to a pool. We need some information on this.
30. ER: everybody seems to agree that Person E’s approach seems to be reasonable. Maybe the best thing to do is think about it some more and put something back to the group. There’s also the suggestion of different benefit for different category.
31. BW: a few things we could take to a subgroup: fleshing out more the pooling issue and this issue of defining SRR (and benefit).
32. JW: I hear the reasoning, but I do worry about skipping a meeting given that we need to get some recommendations out of the group before the end of October.
33. ER: Matt will refine the Pooling Recommendation document and will get it out to the group for comment.
34. JW: we will try to get a more refined number of utilities that fit under Person E’s three categories.
35. Person E: we need to find out how many LDD folks qualify under the 10 customers per line mile.
36. BW: I’ll send out something to try and decide which date and time works the best for a sub-group meeting to discuss the definition of SRR.
37. ER: we need to get the Pooling Recommendation draft to the group. Matt will send out by this Friday and comments will be due back next Wednesday. And then we’ll get it to WG1.
38. ER: reminder to get involved in the RTF committee.