



Energy Efficiency Post-2011 Phase 2

Workgroup 4 Meeting 5

September 28, 2010

1:00pm to 4:00pm

Conference Call Only

Overview

- Reviewed draft IM chapter with minimal changes.
- Discussed:
 - SCL's suggestion of Alternative 4 for WTP in which custom project incentive is the same regardless of option and cost-effectiveness is based on measure life categories, discussed pros/cons and decided to revert to WTP Alternative 3 in which custom project incentive is the same regardless of option or sector and one cost-effectiveness test is used
 - Performance payments/admin and identified that a recommendation would be developed around having a base payment, cap on admin, and that the performance payment be based on kWh saved rather than on dollars spent.
- Revisited the topic of technical assistance and discussed the needs of larger, current nonstandard utilities in this area going forward. A recommendation was added to allow for M&V consultations regardless of option, but not formal TSP assistance, such as audits or project preparation.

Decision/Action Items

- Specific recommendations focused on consistency across WTP and Admin/Performance payment and minimal technical assistance for Option 2 utilities (currently nonstandard)
- Recommendation formulation would be lead by co-chair Larry Blaufus in coordination with utility representatives (M.Little of SCL on WTP, E. Rosolie of PNGC on Performance Payment/Admin)
- M. Podeszwa would pull out specifics imbedded in draft chapter to insure each was clearly articulated for final recommendation to BPA
- Draft recommendations would be shared and expanded during Oct.12 meeting and finalized at the Oct. 26th meeting, tentatively scheduled as an in-person meeting to take place at Tacoma Power from 1pm to 4pm.

Meeting Notes¹

Facilitators:

Melissa Podeszwa

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

Larry Blaufus

BPA Participants:

Josh Warner

Matt Tidwell

Abigail Howard

1. MP: Review of Sept. 14 meeting and action items.

MP: (review of updated custom project IM draft chapter). Two main changes:

1) Custom project requirements (1.e) now says: The measures have not been ordered, purchased or installed (unless otherwise provided in the Manual) prior to approval of the custom project by BPA (Option 1) or the Customer (Option 2). As suggested by Mike Lannoye.

2) Under Custom Project Process, Option 2 and cost-effectiveness ratio tests added: "The total for each group of projects must meet or exceed 1.0" As suggested by Mike Little.

2. MP: so the draft chapter is pretty close to a final draft with a few minor additions that are needed.
3. Person A: I'm wondering how this is going to play out and how it should be formatted. It seems to me that we're recommending the whole chapter. But it's difficult for people to see what the recommendations actually are. If BPA is going to put this out for public comment then somebody will have to read through it.
4. Person B: Are you suggesting that the chapter be marked up so people can see the new language?
5. Person A: I'm trying to back up to what the recommendations of the group are and specifically calling them out in addition to just having them in the chapter. We could include the draft chapter how these recommendations fit in, but in some place we also need to say "here are the recommendations."
6. MP: since I worked on this, I could work with customers to identify what the recommendations are. There is no custom project chapter in the IM, it's a piece of the multi-sector chapter.
7. Person A: then one recommendation would be that there be a chapter in the IM that specifically addresses custom projects. Similar to the recommendations concerning WTP, we should specifically call them out, so they don't get lost in "chapter language."
8. LB: after meeting today, we're going to focus on putting together those recommendations like the way Person A is discussing.
9. MP: if anybody is interested in putting together the draft document that would be helpful. Maybe just going through the chapter and pulling out the recommendations.
10. JW: my hope is that the chapter will be part of the recommendations that can otherwise be explained, but I hope people aren't just sitting on their hands. My impression is that the chapter is incorporating peoples' thoughts as we've gone

- along. I just want to make sure that the draft chapter is a recommendation from the workgroup and not just from BPA.
11. MP: (WTP for Option 2).
 12. Person B: (discussion of Alternative #4)
 13. Person C: I thought the measure life was already included.
 14. Person C: so this language would be regardless of which Option.
 15. MP: yes, it hasn't been included yet in the draft chapter because this alternative is still under consideration.
 16. JW: today I believe we have same reimbursement for all commercial and this would be breaking it out, so going from one rate to multiple rates.
 17. MP: Alternative 2 is the only one that considers having different rates.
 18. Person A: is there agreement that we want consistency across Options 1 and 2 in terms of reimbursement rates. Mine is yes.
 19. LB: anybody not agree with the same reimbursement rate between the two options? (consensus)
 20. JW: the level at which we reimburse is very dependant on what our budgets are relative to our targets. If you're advocating for higher reimbursements, than I would suggest you advocate for higher budgets.
 21. Person A: Ag projects are excluded from the list of industrial, lighting, and HVAC/shell measures. Since BPA has decided to redefine Ag, so a lot of Ag is going to fall into Industrial.
 22. Person C: the majority of Ag custom projects that we submitted last year dealt with raw project storage upgrades. But then these became deemed, so we haven't had really any that would need to a custom project.
 23. JW: if we do go down this road, I would suggest that things be buttoned up as closely as possible. I don't want BPA to be looking at this on a measure life by measure life, because this will result in conflict between BPA and customers. I want to make sure the "bins" are comprehensive as possible.
 24. LB: does the RTF determine the life of the measure?
 25. JW: for deemed measures, yes, but with "custom" projects, no.
 26. Person D: one of the challenges looking at this language: we're mixing sectors with sub-systems. With a lighting project at an industrial, the savings will differ from a commercial lighting project. There's going to be quite a range. Is this technology specific or sector specific.
 27. MP: the first alternative does concern payment by sector.
 28. JW: this where we can really add value to this process, to think through all the pluses and minuses. Doing it on levelized cost is great, but there are still some shortcomings with this method.
 29. Person B: you can get into a type of tax code situation with all of these different considerations.
 30. Person A: I'm getting a little lost. We agreed that there should be a constant rate and now the issue is that we have to come up with the WTP for these custom projects and there are several different proposals, but now we're getting into more minutia and this says to me that this is a bit of a minefield because there are all these questions out there that we don't have answers for.
 31. LB: it also makes sense to look at Alternative 3.

32. Person B: if we go down Alt 3 path, I would want us to retouch on cost-effectiveness test in the draft chapter (page 7).
33. Person A: I also like the simpler Alt. 3.
34. Person B: I'm on equal footing for Alt 3 or 4 if Alt 3 gets down to one cost-effectiveness calculation. If BPA gets push back that says BPA should have 3 c/e tests, then we should go down Alt 4 path.
35. Person D: somebody is going to have to put a life to each of these measures in EE central.
36. Person B: we missed the edit on "dominant" measure by energy savings that drives the c/e calculation. Dominant in terms of savings.
37. JW: there's a difference in how much we would pay and what value we would put into EE Central. If we just pay one amount, but we would need the data on measure life.
38. MP: recommendation: pay the same reimbursement rate for all custom projects regardless of which option and use just one cost-effectiveness test.

Break

1. MP: (admin/performance payments).
2. Person E: is a base payment only for SRR utilities?
3. MP: as proposed, it would be for anybody, and again it's an optional reimbursement.
4. Person A: could you explain how the base payment would work?
5. JW: nothing has been solidified, but under C&RD there was something like this for small utilities, but the idea here is to have funding up front to fund conservation so you don't have to wait for reimbursement.
6. Person E: we talked about subsidy issues during Phase 1. We're spending a lot of our admin, and we don't want to be subsidizing other utilities.
7. Person A: WG2 is looking into this issue, perhaps it would be best if WG2 goes through and talks about the issue and comes up with some recommendations and give a presentation to this group.
8. JW: I see this as a little different from what WG2 has been working on. But it would help inform the discussion if people in this group had ideas.
9. Person E: we don't want to be subsidizing other utilities' tier two load.
10. Person A: I would say there shouldn't be a base payment across everybody.
11. Person A: (update on WG2's draft proposal on defining "SRR").
12. MP: what about a maximum that could be claimed if we went down the performance payment path?
13. Person A: I like Mike Rose's idea about the performance payment and that there does need to be a cap, e.g., 20% cap of your EEI.
14. MP: how about the base payment to those that qualify and then everybody get a flat X cents/kWh.
15. MP (technical assistance discussion).
16. Person G: I don't think we would be using BPA's services more than now.
17. Person B: we'd like to have the opportunity to talk to BPA staff from time to time. Most of the time we can do it, but it would be nice to have the backstop. Maybe limited to X number of hours per hour.

18. MP: it's not just about BPA staff, it's also about TSPs.
19. Person A: having the ability to consult with BPA or a TSP, would be a good option to be able to have. I think BPA is concerned about getting swamped if all utilities are able to access BPA/TSP services.
20. MP: there's the suggestion that TA is available only for those in Option 1 or available for both those in Option 1 or 2.
21. Person A: maybe BPA/TSP could only be available for consultation instead of doing audits, etc.
22. Person H: a little therapy, if you will.
23. Person D: sometimes there are very specific projects that need an outside expert.
24. Person G: I don't really envision using the services very much, so it's not much of an issue.
25. MP: (review of issues list).
26. MP: does somebody want to volunteer to work on drafting the proposal on the WTP and c/e recommendation.
27. LB: I will and Person B.
28. MP: I'll work on pulling out the recommendations out of the draft chapter so we can highlight the actual recommendations of the group.
29. MP: Person A to work on performance payment recommendation after consulting WG2.