



Energy Efficiency Post-2011 Phase 2

Workgroup 2 Meeting 7

Wednesday, October 13, 2010

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

Overview

- Workgroup participants reviewed current draft of the recommendations:
 - Criteria to define SRR customers
 - Admin vs. Performance Payments
 - Other proposals to help SRRs acquire conservation
- BPA staff asked the Workgroup to clearly articulate in the recommendations why it's important for some customers to have Admin payments decoupled from kWh savings, as well as why it's important to have close to 2/3 of BPA customers be classified as SRR customers.

Decision/Action Items

- Co-chair Eugene Rosolie and Matt Tidwell will incorporate the comments and changes decided on during the meeting and revise the draft recommendations.
- A revised version of the recommendations will be sent out to the group prior to the next meeting and all participants are encouraged to review the document and provide comments/edits.

Meeting Notes¹

Facilitators:

Eugene Rosolie
Boyd Wilson

BPA Participants:

Josh Warner
Matt Tidwell

1. BW: review of last meeting.
2. JW: we're thinking the number of utilities being proposed 84/85 is a large number as well as includes a fair number of large customers by load. So we want to make sure the group has spelled out as clearly as possible why they need the assistance proposed by the workgroup.
3. ER: we have included a framing of the issue in the recommendations. As Josh said, this is our opportunity to make our case. I laid the groundwork for why these

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

- particular utilities are unique and why they should be treated differently than other utilities. I lay out the history in doing so, thus we're not really proposing anything differently. I also alluded to the Policy Framework from Phase 1. I made note of the difficulty of trying to determine a number of utilities that should or should not be included all the while keeping it simple. I would also say that throughout the recommendations there are further justifications for why what we're proposing would not really have that much of an impact.
4. ER: the first recommendation is the three criteria for defining SRRs.
 5. Person A: some small points: 1) we are defining small as 'net requirements' on BPA and we should consider this as a total retail load. In the future if a utility starts using non-federal load, they could potentially keep their net requirements below the 10aMW even though total retail load is growing.
 6. JW: it's my understanding that this is a number as well known as net requirements.
 7. Person A: yes. Probably not going to have a huge impact either way, but important to consider.
 8. ER: I'm comfortable with making it total retail load.
 9. Person A: this would also be consistent with the requirement of 25aMW retail load under the power contracts.
 10. Person A: we don't really have a good reason for why we went with 66% residential. The rationale for this falls flat compared to rural and small. I'm not sure if there was any rationale.
 11. ER: It was Geoff Carr that came up with it.
 12. BW: I remember him saying that there was a natural break at 66%.
 13. Person A: we also need to discuss how often a utility's classification should be assessed. Another thing, I put together a matrix that might also help to understand the base payment.
 14. ER: I propose reassessing the classification prior to the start of a rate period.
 15. JW: I think that makes sense. We might want to leave the timing depending on when information is available.
 16. ER: (moving to page 5 on base payment and performance payment)
 17. Person A: (review of her matrix). From a cash flow perspective is the base payment provided to utilities at the start of the year.
 18. ER: does everybody understand what is going on here? The basic idea is that SRR utilities would get a bump up in their performance payment as a total percentage of their EEI budgets.
 19. Person A: if the base payment is decoupled from savings, how and when could they get the base payment?
 20. BW: for many of my smaller utilities there is a cash flow issue.
 21. JW: I can think of some concerns of paying all up front, but I can also see the cash flow issue, so no strong opinion on this issue.
 22. ER: we can recommend quarterly, but no less than twice a year. The issue is that would they have to provide documentation?
 23. BW: I'm also thinking of pooling groups so distribution during the year would be better.
 24. JW: BPA would want "qualified expenditures" to be the same across the board.

25. Person B: can you explain the performance payment.
26. ER: workgroup four is recommending performance payment instead of admin payments, so the “admin” is coupled with kWh savings invoiced. We’ll add the recommendation that the base payment be made to qualifying utilities on a quarterly basis, but not less than every six months.
27. Person C: where did the C&NRD base payment amount come in? But not sure where the number came from exactly.
28. BW: maybe we could go back to that and use that number as a place holder.
29. JW: another question is: is it on a rate period or annual basis. I want to reiterate that there were some folks that were not very amenable to this suggestion. This isn’t to say that it shouldn’t be proposed from the group, but just so people are aware. It’s more of a philosophical issue than a quantitative number.
30. ER: maybe it could be no less than what it was before, with considering inflation, and use that as a minimum. Not sure what to do about the maximum.
31. BW: we have to figure out if the old C&RD number was annually.
32. Person C: it was annually.
33. JW: I think it’s important to include in the recommendation why decoupling for smaller utilities is necessary.
34. ER: let’s think about this some more and get some numbers out to the group.
35. Person B: can we talk about “allowable uses” and the way decoupling would work.
36. Person A: I’ve changed the language to reflect this.
37. Person B: could you pay more for a measure with the base payment amount?
38. JW: I think that you can’t use admin to pay more for a measure.
39. ER: we’re trying to address the resource issue here. For example, we’ve brought up the issue of having to pay more for mileage. So you would use the base payment or performance payment to make that extra payment.
40. Person B: I was trying to tie this whole thing to getting kWh savings as much as possible. So maybe it would be good to have some of these utilities use some of their base payment to pay a little extra for a measure than using it toward marketing materials that may never get read.
41. ER: we’re going to need to look into this. Maybe let’s get in touch with Mike Rose on this.
42. JW: I have a few comments about the “benefits” section.
 - a. I want to know why you have to be a SRR utility to get most of these benefits.
 - b. As for deemed measures for duct testing, we generally don’t pay for things that don’t result in savings. This may be a challenge for us to implement.
 - c. Under Assistance: I’m still unclear what a residential custom project looks like.
 - d. Under Other: I think the second bullet is getting at behavioral savings, but I don’t see how the bullet is getting at how SRRs are different in this regard.
43. ER: in terms of the measures, I’m wondering if BPA is going to come back and just say that the RTF needs to be involved.

44. JW: that will probably be one of our responses. Having the lists is good; I just wanted to have a bit more clarity so it can be as robust as possible. If we're going to deem some measures that is something we would need to probably take to the RTF.

Break

1. Person D: I understand that the measures can be for everybody, so these don't necessarily need to be just for that.
2. ER: We'll add some language.
3. Person C: the issue with duct testing as a stand along measure: the problem with duct testing is that you have to get a contractor out to test the ducts to test for tightness before you get an incentive, but if the contractor can't get it tight enough and you don't qualify for the incentive then the homeowner is out that money.
4. Person E: It's hard for the contractor to go out and say: I'm pretty confident that you have some leaks. But homeowners become skeptical and are hesitant to front the money upfront.
5. BW: should homeowners need to put some skin the game and pay for a portion of it upfront.
6. Person E: this is a good question.
7. Person C: it would be necessary to find out what the threshold of what BPA and homeowners are willing to pay for. I think there could be some middle ground. Maybe SRR utilities could use some of the admin/base payment to pay for this.
8. ER: it seems that it's incumbent upon BPA and the utilities to design a program that is cost-effective and capture the savings that are there. What that program is, I don't know off the top of my head. Maybe it's a circuit rider type of duct-tester. The recommendation would be the BPA set down with some utilities to figure out a program that works.
9. ER: I'm willing to draft: BPA should help coordinate SRR utility involvement in the RTF process and in the NEEA process and keep us informed about what is going on in those processes.
10. Person D: I think there was some misunderstanding on the bullet regarding assistance from BPA
11. Person F: more direct assistance with complicated or unusual circumstances.
12. ER: maybe we'll just make sure we call out a "circuit rider" for rural areas and focus in on small businesses.
13. ? : I like the idea of an advocate for SRRs working with the RTF.
14. Person B: should we say something about encouraging BPA to include SRR utilities in the various pilot and demonstration projects they come up with.
15. (Multiple people agreed.)
16. Person F: as far as justifying the larger admin, those utilities that have been participating in BPA programs for a long time and don't have growing loads, it takes more money to get more measures since much of the low hanging fruit it gone. We're going to need more money if we're going to go further. We're making these recommendations now, but BPA's programs have changed a lot of

overtime and it can change again in the future. There are real justifications for making the change now to get more admin.

17. Person F: as far as the RTF and NEEA go, smaller utilities have less involvement and less understanding and maybe we need more education as well as involvement.
18. ER: so we have some cleaning up to do with document and clarify some of the recommendations. A new recommendation on base payment. We'll get those out to the group and everybody please review and make edits/comments.
19. ER: let's pencil in the 27th for a meeting and we'll cancel it if we don't need it.