



Energy Efficiency Post-2011 Phase 2

Workgroup 5 Meeting 7

Thursday, October 14, 2010
9:00am to 12:00pm
Conference Call Only

Overview

- This meeting, the group focused on the review of four straw proposals. The proposals included: Regional Programs (Issue 1), Negative Change Notice (Issue 4), Regional Utility Roundtables (Issue 5), and Additional NEEA Funds (Issue 7).
- All four proposals will be edited one more time based on the groups input and presented for final review/approval at our next meeting
- One straw proposal wasn't reviewed – Additional Low Income Funds (Issue 8). That proposal will be revised and presented at the next meeting also.
- All final straw proposals were requested to be provided to Matt by the close of business, Wed 10/20. That also included any updates to the Federal Facilities proposal (Issue 9) that the group reviewed earlier.

Decision/Action Items

- Wade will add details on the incentive budget management process to his Regional Programs straw proposal.
- Eugene will revise the Negative Change Notice straw proposal to reflect a request for one year notice on negative changes.
- Jim will make revisions to the Regional Roundtable straw proposal to eliminate the request for reorganizing the geographic groupings, to change the proposed meeting schedule to three times a year, and to include consideration of expanding video conferencing capabilities for member utilities.
- Mary will revise the NEEA Funding straw proposal to clarify the EEI funds go for additional funding only, any projects or programs funded must have adequate documentation of both costs and savings, the timing issues of when costs occur vs. when savings can be counted be clarified, and NEEA be encouraged to create "Funding Requests" for utilities to consider.
- Mary and Josh to work on addressing questions in the Low Income Funding straw proposal.
- Curt will review the Federal Facilities straw proposal prior to resubmitting to the workgroup one final time.

Meeting Notes¹

Facilitators:

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

Curt Nichols
Wade Carey

BPA Participants:

Matt Tidwell
Brent Barclay

1. CN: review of last meeting.
2. WC: want to give tremendous thanks to Curt for really doing a lot of work on the re-write.
3. CN: the document took Wade's outline document and put it into prose form.
4. WC: I can go through the high points. We should go over the funding issue first.
5. CN: the issue is how to pay for incentives through regional programs.
6. WC: we came up with three options: 1) all utilities are charged the same amount based on load or maybe potential in their service territories. If you want to opt-in, we're automatically going to take some EEI funds for the running of the program. 2) utilities could contribute a certain amount and there would be a budget manager for the contractor. However much money a utility budgets is how much it would receive for its territory (a contractor wouldn't overspend in a given territory). 3) everyone contributes on their own and the contractor would try to get proportional savings, but they aren't held to that. A specific utility may not get the amount of savings that match the amount they contributed.
7. CN: this element is not included in the existing document and this needs to be added.
8. WC: we didn't add it in because we haven't discussed this with the group.
9. Person A: what pot of money are we talking about?
10. CN: we're talking about the EEI pot of money.
11. Person A: aren't you going to do all of the above.
12. CN: the overhead would be pulled out of the regional money for a new program, whereas where does the incentive money come from for say an Energy Smart Thermostat in a certain territory?
13. Person A: what about when utilities augment regional programs.
14. CN: the plan is for EEI funds to cover 75% of the savings. So when we're paying for an incentive through a regional program where does the money come from?
15. Person A: how is the success tracked, our spending vs. the regional spending?
16. Person E: under number 2, a utility contributes and somebody manages trying to maximize savings and not go over the budgeted amount.
17. CN: the third option is the same process, where the utility sets the amount contributed, but that amount will not be one for one in your service territory; it's not service territory-specific.
18. Person A: what about savings tracking?
19. Person E: number 2 offers more control from a budget perspective and it would allow us to extrapolate savings especially for i-937s.
20. CN: no. 2 does provide the most certainty for utilities. But the problem is that some contractor now has to manage 100 mini-budgets and trying to run a regional program with a 100 different limits that they can't go over. So when the

- contractor talks to a corporate entity we'd run into implementation issues, which may dampen the benefits for everyone.
21. Person B: we may need to address a pooling situation. How would a pool work in this scenario.
 22. CN: pools would work the same way. They would decide whether to opt-in, how much to contribute and, if under no. 2, where the incentives should go in the service territories of the utilities in the pool.
 23. Person A: it depends on the nature of the program we're talking about.
 24. CN: should that be apart of the recommendation of when programs are developed to consider which option is best.
 25. Person C: if each utility expects to get out exactly what it puts in, it's no longer really a regional program. This is really a problem. But some programs will have savings in every territory, so I agree that it depends on the type of program. Equity sounds great, but it's going to ruin the regional nature of the programs. I think the suggestion of determining based on the program.
 26. Person D: One of the challenges with ESI is that we have a long pipeline of industrial projects (6-18 months to implement), but we've got a pipeline that stretches to 2013/2014 for projects that are in the PTR. But we also have projects that straddle or skip rate periods, so trying to make proportional allocation the cross-cutting timeline, this is going to make it even more difficult. It's really critical that we have enough flexibility to accommodate these timing intensive projects. The new EEI mechanism and the two year rate periods really puts the end-user at a disadvantage. This puts long-term projects in peril. We're risky diving into an on and off again situation. It's very disruptive for end-users.
 27. CN: but even if we didn't have the EEI structure, there'd still be a problem with projects lasting a long time.
 28. Person E: it does make budgeting complicated, but the greater difficult is long-term large projects with lots of savings. We have limited EEI allocations and if someone brings you a large project in the category of 4-5 million over one or two years, and your EEI budget is 6-7 million, you've just eaten up your budget. These projects are great for the project, but I don't know how we're going to get those projects done.
 29. Person F: we've been talking about this funding source that it's becoming obvious that we're going to have a built in flex budget with no defined limit each year. We want to stay continuous with our members.
 30. Person C: you could have a project that is way beyond the budget of a small utility.
 31. CN: BPA used to be the pool.
 32. Person G: this is a workgroup one issue. It's pretty well decided that everyone is going to get their EEI budgets and that's going to be it. There will be no set aside.
 33. Person A: since taking a piece out of the EEI impacts everybody, what if there's a structure that allows utilities to pay their 25% to BPA to hold it till the money is needed in order to address the lumpiness of projects.
 34. CN: we should focus back on regional programs. Seems like the best proposal is to recommend that how funding happens be decided based on the program during the development phase of the programs.

35. Person G: it seems that programs shouldn't be implemented by BPA midstream, during a rate period. BPA is going to have to plan well ahead of time to correspond with rate periods so this budgeting issue can get worked out. In terms of developing the regional program there needs to be more planning on BPA's part. I say we make a recommendation that regional programs only be implemented during the start of a rate period. BPA is going to have to rely on utilities to budget some amounts and doing at the start of the rate period allows for better planning.
36. Person C: I'm nervous about who decides on the "nature of the program" and how it should be funded.
37. CN: in the existing recommendations we have language about utilities working with BPA on the design of regional programs.
38. Person A: how do these regional programs compare to NEEA programs.
39. CN: NEEA is doing market transformation whereas we're doing acquisition.
40. Person A: I think it's helpful to understand where these overlap.
41. CN: we're talking about how to get kWhs savings.
42. Person A: so all the savings are going to be location specific.
43. Person C: if each regional program is voluntarily funded then people are going to want to get their money back. People aren't going to put money in unless they get something. So unless you take out a slice, you're going to have funding problems. You really have a problem.
44. CN: today, all of the budget for admin of regional programs and regional acquisition is paid for by BPA. But when you change this and have only BPA paying for admin with acquisition disaggregated by 130+ utilities, you have an issue.
45. Person C: people talk about getting credit for savings, but this is meaningless for non-1-937s, it doesn't affect high water marks.
46. Person A: you can get your EEI dollars back.
47. Person G: BPA has the capital budget and expense budget. All infrastructure is being paid out of expense budget. Everyone pays in and everyone benefits. But BPA could always include funding for a program in the infrastructure and make it an expense, it doesn't have to deal with the capital/EEI budget.
48. Person C: there's going to be a lot of opposition to this, having BPA make these executive decisions on the programs.
49. Person G: BPA is already taking money out of the EEI fund to pay for 3rd party programs. So they're already taking money off the top.
50. CN: but this off the top for 3rd parties is only for admin not for actually paying the incentives for widgets.
51. Person C: I don't like the idea of each regional program having to go through this voluntary funding process.
52. Person G: have a million dollar EEI budget, but can only spend 500k, this might be a way for a utility to use their EEI budget and try to get savings that it can't get on its own. We're going into an unknown. We need to see what happens and make an adjustment when necessary.
53. Person C: yes. I'm just nervous about it.

54. CN: So for the recommendation do we want to be specific or do we want to recommend a process?
55. Person D: we have industrial projects 3 or 4 years in the future, and if a regional program like ESI is scaled-back or eliminated who's going to manage the projects?
56. Person G: nobody is suggesting that each regional program will be up for review every rate period.
57. Person F: are conservation potential assessments going to be incorporated?
58. CN: they may at some point and be a basis for allocation of funding for regional programs down the road.
59. Person D: the ECA was a huge tool to gain confidence from the end-user. But WG1's proposal to have projects paid for out of a EEI budget really changes the nature for larger projects cause a utility may not know if its budget will be smaller than the project.
60. Person G: forming pools and bilateral agreements is a way to address this.
61. Person E: in Washington, you can't use funds for savings outside of a utility's territory as would be the case in option 3. May be a legal problem.
62. Person C: I don't want each utility making a guess of how much they put in.
63. Person G: you still have to manage your dollars and utilities may not want to spend their entire EEI budget on an industrial program.
64. Person A: I had a request to have more transparency on some budget items, e.g. what are expenses, what exactly is being paid for 3rd party programs. Also more transparency on duplicative funding, e.g. on EPRI.
65. CN: we'll try to find a way to work this comment into our recommendations.
66. CN: let's move to Person G's proposal on Negative Change notice.
67. Person G: (refer to proposal). The worst case scenario is a year and a half for a particular measure. The phase out gives smaller utilities a bit more certainty in their programs.
68. Person C: for recommendation 2, we're talking about measures where there are still savings, so not code measures.
69. MT: the recommendation as is would allow for paying of measures without savings, if there's a savings reduction, for up to 1.5 years with the language about ramping during till the end of a rate period. Is the group comfortable with that?
70. Person G: it's giving some utilities a bit more leeway with their programs.
71. Person A: the alternative is to pay for things without savings and this increases cost for everybody.
72. Person G: probably in most cases this is not something that is going to happen. People aren't going to go out and go gang busters on the measure without savings.
73. CN: is this limited only to small utilities?
74. Person G: to those utilities without the staffing.
75. CN: if that's the case perhaps this should be a recommendation for the SRR workgroup and that only SRR utilities would get this type of ramp-down benefit.
76. Person F: I don't think you can make a separate rule for SRRs.
77. Person A: it's worth asking whether this is really an issue and maybe the question is whether or not one year is too frequent for updates.
78. Person C: maybe the answer is to just change the negative change notice to a year.

79. Person G: originally I think the update was once a year. They would make positive changes whenever. BPA felt that the one year notice was too long of a period of time to put things in place. Eg, an 11 dollar light bulb to 2 dollars, so there were pretty big changes, which may not be the case any more. So this lead to the six month notice.
80. Person G: I think the one year is better than the six months. I don't think this is going to be a very big problem. You could still do the phase out.
81. Person A: there's a tradeoff. I support the year change notice.
82. CN: Person G, do you want to rewrite the recommendation. Probably need to add some to the background and issues section.

Break

1. Person E: (discussion of Utility Roundtable recommendation). The USB was never met to be an input channel for all the region's utilities, just a sampling. The proposal is for BPA to use sub-regional utility roundtables to enhance two-way communication. Right now they aren't held on a regularly scheduled basis, but it should be at least quarterly. Communication is going to be more frequent with post-2011.
2. CN: we talk about reorganizing the geographical utility groupings, but do you have an idea of how many sub-regions we'll need?
3. Person E: The current grouping probably won't work, but I'm not sure of the all the groupings internally to BPA.
4. CN: are we proposing to have more sub-regions?
5. Person G: you're talking about a significant amount of staff time. If we have the existing 6 sub-regions, that's 24 meetings a year. Expanding the number of utilities would mean even more meetings.
6. Person E: we could phase them in.
7. CN: that's a good point about the cost. Maybe BPA could invest in some web broadcasting equipment. We could still have face-to-face on an occasionally basis, but maybe someone from BPA would only have to travel 3 out of the 4 quarters.
8. Person G: we're talking about doing some of that here, but we've been told is that it's not ready for primetime.
9. Person E: some of the smaller utilities may not have these capabilities. I've also heard the peer interaction is valuable.
10. CN: sounds like one recommendation should be looking at video-conferencing vs. more meetings.
11. Person G: the issue here is that in the first year of the post-2011, we do it more frequently. It doesn't have to be 4 times a year. It's going to take some time for equipment to get put in place, but I could see us recommendation that BPA look into this as a future way of communicating.
12. CN: three meetings a year is probably a good place to start. If we're not calling for more regions, maybe we don't have to have the existing language.
13. Person F: western Montana is pretty well set up with its subregional group. It'd be interesting to see if there was a posting for other roundtables so if I miss one I could go to one in northern Idaho.

14. CN: I agree, we could add this in the recommendation as well.
15. CN: the historical orientation of the roundtables was that it was utility organized and BPA was invited to participate.
16. Person E: but then these were taken over by BPA. The EERs took these on.
17. Person F: I think it's better to have BPA organize.
18. CN: we can add in language about revisiting how the subregions are organized and whether it should be maintained at six or more.
19. CN: (Moving to recommendation on NEEA funding).
20. Person G: the question is "if it could be documented."
21. BC: timing is an issue, documentation is an issue.
22. Person G: maybe the program or the RTF would need to conditionally approve the program and BPA would need to come up with a WTP.
23. Person F: is NEEA approved as a TSP?
24. CN: no.
25. Person F: but aren't we talking about making NEEA a TSP with all the documentation.
26. Person G: it's different. NEEA's lighting program is different than a TSP commercial program.
27. Person A: there should be some consideration that some utilities have multi-year agreements and we don't want to leave those stranded. This is akin to other multi-year agreements being considered as "transitional." I think it's similar that should be addressed that way. Maybe NEEA would have to put out a program proposal.
28. CN: so we would tell NEEA to let us know if they need extra money and we would cover it.
29. Person A: it doesn't seem clear to me that if you have an ongoing bilateral commitment with NEEA that is their core funding, then EEI dollars should be allowed to be used for these commitments. Maybe NEEA just puts their hat in the pooled funds like the utilities.
30. Person G: I don't think that works.
31. Person E: and I don't know if the NEEA has ever run long on their funding.
32. Person A: you're going to be competing with NEEA anyway, just like you would be in the unassigned pool. I like the idea of NEEA having a purpose before utilities could give them money.
33. Person G: basically we're setting up NEEA as a 3rd party provider. The issue is being able to write a check for 50k, turn it over to NEEA and then invoice BPA for it. But the EEI is based on invoicing upon savings acquisition, not upfront as this is being proposed.
34. Person A: you would have to be confident of NEEA's savings estimates.
35. Person G: you're not going to have the dollars, you're going to have to get the funds from BPA, but this would be an exception to the entire EEI program.
36. Person C: you have to get some assurance from NEEA that it would expand programs in BPA's territory, not just generally. If not, they shouldn't get EEI funds. If it's just a market transformation program, you might be able to pro-rate the savings.

37. CN: we're talking about additional acquisition. I'll get these changes and comments to Mary so we can make the necessary changes in the recommendations.
38. Person G: it doesn't make any difference if NEEA or a utility comes up with a proposal for a program. The main issue is that it's for acquisition blessed by BPA or the RTF.
39. Person A: I still I'm not comfortable with a utility not being able to use its EEI budget to pay for NEEA core functions.
40. CN: for partial requirements customers, they would have to use funding outside of EEI to pay for NEEA contributions. A utility could only use EEI dollars to NEEA for incremental kWh savings.
41. Person A: who could I check in on about this?
42. CN: Josh Warner.
43. CN: we'll all get our comments back to Matt by 10/20. And then we'll get the revised versions again to the group.