



Department of Energy

Bonneville Power Administration
P.O. Box 3621
Portland, Oregon 97208-3621

ENERGY EFFICIENCY

January 12, 2011

In reply refer to: KL-1

To the Region:

To continue developing and acquiring energy efficiency in the Northwest at the lowest cost to the region, the Bonneville Power Administration has been conducting the [Energy Efficiency Post-2011 public process](#) since January 2009. [Phase 1](#) consisted of robust collaboration between BPA, its customers and regional stakeholders to shape the Post-2011 policy framework. Concluding in August 2010, Phase 1 led to BPA issuing the "[Energy Efficiency Post-2011 Policy Framework](#)." The Policy Framework lays out the general policy foundation for BPA's energy efficiency programs after fiscal year 2011.

The aim of [Phase 2](#), which kicked off in July 2010, is to identify the specifics of BPA's Post-2011 energy efficiency programs while providing customers as much flexibility as possible. Given the magnitude of the task, five workgroups were created to provide BPA with recommendations on program implementation:

1. Energy Efficiency Incentive
2. Small, Rural, Residential Focus
3. Conservation Potential Assessments
4. Implementation Mechanism
5. Regional Programs and Infrastructure.

On November 17, 2010, the "[Post-2011 Phase 2 Workgroup Recommendations](#)" were officially presented to BPA. BPA staff has since worked to complete the "[Energy Efficiency Post-2011 Implementation Proposal](#)." BPA is seeking public comment on the Implementation Proposal through **February 14, 2011**. BPA will hold a series of public meetings throughout the region to discuss the Implementation Proposal and address stakeholders' questions.

Regional Public Meeting Information

- Jan. 24 - Portland, Ore.; BPA Headquarters, Rates Hearing Room, 905 NE 11th Ave.; phone bridge: 503-230-5566, access code: 7213#; noon to 4 p.m.
- Jan. 25 - Spokane, Wash.; BPA Spokane Office, Crescent Court Building, Clearwater Conference Room, Suite 500, 707 West Main Ave.; noon to 3 p.m.
- Jan. 26 - Kennewick, Wash.; Benton PUD Auditorium, 2721 West 10th Ave., Southeast Entrance; 11 a.m. to 2 p.m.
- Jan. 27 - Missoula, Mont.; Hilton Garden Inn, 3720 North Reserve Street; 10 a.m. to 1 p.m.
- Jan. 28 - Idaho Falls, Idaho, Red Lion on the Falls, 475 River Parkway; 9 a.m. to noon

In case of severe weather, call 800-622-4519 to ensure meetings have not been canceled.

You may attend public meetings, submit comments to BPA online at www.bpa.gov/comment or fax comments to 503-230-3285. You also may call us with your comments toll free at 800-622-4519. Please reference “Energy Efficiency Post-2011 Implementation Proposal” with your comments. We will post all comments we receive on our website at www.bpa.gov/comment.

Similar to the Post-2011 Policy Framework, the Implementation Proposal is broken into three broad sections: Regional Programs and Infrastructure; Incentive Funding; and Implementation Mechanism. BPA has incorporated the workgroups’ recommendations as much as possible, but several proposed policies do differ. Where there are differences, the reasons are identified in the Implementation Proposal. Below are some examples of BPA proposals that do not fully align with the workgroups’ recommendations:

1. **Large Project Fund.** Workgroup One recommended no set-aside out of the Energy Efficiency capital budget for “large” projects.¹ There is an alternative view that not having a set-aside would jeopardize capturing cost-effective savings, primarily from the industrial sector. Having a set-aside for large projects would attempt to balance upholding equity (a foundational policy from Phase 1) and capturing cost-effective savings that may be lost absent available funding. The Implementation Proposal identifies two options: a set-aside for large projects and no set-aside. We are looking for specific comment on these options.
2. **Financial assistance for small, rural and residential customers.** Workgroup Two recommended an Administrative Payment decoupled from kWh savings for small customers.² However, Energy Efficiency Incentive funds come from BPA capital dollars, which cannot be utilized for expenses not directly related to the acquisition of kWh savings. To address the stated need for financial assistance, the Implementation Proposal allows more small customers to claim a higher percentage of their implementation budgets as performance payment, which is tied directly to kWh savings.
3. **BPA’s Conservation Potential Assessment (CPA) role.** Workgroup Three recommended that BPA *not* set prescriptive standards for conducting CPAs nor require that customers conduct CPAs.³ This recommendation differs from much of the input our customers provided in Phase 1, which envisioned a more robust role for BPA regarding CPAs. Because of this uncertainty, BPA has provided both options in the Implementation Proposal and we are seeking comment on which option should be pursued.
4. **Negative change notice.** Workgroup Five recommended that BPA update the Implementation Manual on an annual basis for measures with incentive payments that are being completely dropped and require at least three months for issuing negative changes.⁴ BPA, however, has proposed to maintain the status quo with six-month negative change notices because the existing system is working and provides at least six months notice for negative changes.

As mentioned above, there are several places in the Implementation Proposal where one or more options are presented. In these instances, staff is seeking clarity of opinion and input from stakeholders on which of the proposed options should be pursued by BPA.

¹ “Post-2011 Phase 2 Workgroup Recommendations,” 10 November 2010, p. 13.

² Ibid., pp. 19-20.

³ Ibid., p. 30.

⁴ Ibid., p. 45.

I would like to acknowledge the significant amount of work that has been contributed by the staff of customers and other stakeholders to make this collaborative public process a success to date. We are confident that the outcome of this process will allow public power to collectively achieve the aggressive energy efficiency targets defined by the Northwest Power and Conservation Council's [Sixth Power Plan](#) at the lowest cost to the region and in the most efficient and effective manner. I look forward to your input, and if you have further questions, please contact Josh Warner at jpwarner@bpa.gov, 503-230-5857 or toll free at 800-622-4519.

Sincerely,

/s/ Mike Weedall

Mike Weedall
Vice President, Energy Efficiency