

Energy Efficiency Post-2011 Phase 2 Structure

Phase 2 of the Post-2011 public process will be an opportunity for BPA, its customers and other stakeholders to continue a collaborative engagement to build the most efficient and effective energy efficiency programs possible. Because of the magnitude of the workload that is involved, a number of workgroups will be formed to focus on specific topic areas. The five workgroups currently proposed are: 1) Energy Efficiency Incentive (EEI), 2) Small/Rural/Residential Focus, 3) Conservation Potential Assessments, 4) Implementation Mechanism, and 5) Regional Programs & Infrastructure. Each workgroup will be co-chaired by a BPA and a customer representative, as demonstrated below. All workgroups are open to participation by any stakeholder and there is no specific restriction on the number of workgroup participants. Workgroup meeting dates will be determined by workgroup co-chairs and participants. Straw proposals on specific topics may be created by BPA or workgroup members to help frame and move the discussions forward. The objective of the each workgroup will be to create a recommendation containing the workgroup’s conclusions pertaining to the issues of the workgroup topic area.

Co-Chairs

Workgroup	BPA	Customer
#1 Energy Efficiency Incentive (EEI)	Margaret Lewis	Megan Stratman – NRU
#2 Small/Rural/Residential Focus	Boyd Wilson	Eugene Rosolie – PNGC
#3 Conservation Potential Assessments	Andrew Miller	Jill Steiner – Snohomish PUD
#4 Implementation Mechanism	Melissa Podeszwa	Larry Blaufus – Clark PUD
#5 Regional Programs & Infrastructure	Curt Nichols	Wade Carey – Central Lincoln PUD

On-going communications and engagement between customers & BPA

Because of the relatively short timeline (below) to complete Phase 2 of the Post-2011 process, there are a number of issues and program improvement options that will need to be discussed in venues and communications separate from the Phase 2 process. BPA would like to work with customers to establish the most efficient and effective means of communicating outside the Phase 2 process. For example, the Utility Sounding Board (USB) is one possibility for on-going dialogue distinct from Phase 2-specific meetings.

Preliminary Timeline (DRAFT)

	June	July	August	September	October	November	December	January	February	March	April
Workgroups meet											
Workgroup recommendations finalized											
Public comment period											
Close public comment (mid-Feb)											
BPA internal process for April 1											
Implementation Manual											

Phase 2 Workgroups & Issues to Review

#1 Energy Efficiency Incentive (EEI) (Co-Chairs – Margaret Lewis & Megan Stratman)

The EEI, as envisioned in the April 2010 BPA Proposal, will provide incentive funding to utilities to acquire energy efficiency savings. The amount of funding initially available to an individual utility will be based on its Tier One Cost Allocation (TOCA). However, to ensure that a utility's allocated funds are used to achieve energy savings in a 'timely' manner, spending will be reviewed at a predetermined interval. If funds are not being spent in a 'timely' manner, they will be transferred into a common pool available for access by other customers. Thus, this workgroup will focus on the structure and functioning of the EEI and should address the following issues:

- How can BPA and its customers reach an agreement on which projects in the queue are acceptable to reserve EEI funding?
- How, if at all, can EEI budgets be managed over time and across rate periods? What flexibility can be provided within the confines of BPA's financial restrictions?
- When do funds get removed from a customer's 'account' and put into a common pool?
- How should it be determined which customers have access to available dollars in the common pool?
- How can customers be notified of a redistribution of unspent energy efficiency funding in order to facilitate the maximum number of proposals to achieve cost-effective conservation with such redirected funding?
- Can a group of customers that want to pool their EEI funding be allowed or encouraged to do so?
- How can direct acquisition programs be integrated within the framework of the EEI? This would require some level of forecasting spending.
- Can/should BPA provide capital funding, to be repaid by an individual customer, above and beyond the EEI allocated amount? How would it be determined when this is needed and how BPA would be reimbursed for the funding? How does this affect/interact with the 25% self-funding component?
- Is there a structure that could be established to give customers more of an incentive to self-fund under the 75/25 split, while recognizing that not every customer will fund conservation 75% BPA/EEI and 25% self-fund (i.e., some customers may self-fund far more than 25% while others may self-fund far less; the 75/25 split is intended to be an average across all BPA customers)? Some structures to consider include:
 - Pay for only $\frac{3}{4}$ of the savings reported
 - Require customers to report 25% to BPA before incentives are paid
 - Don't allow early-start

#2 Small/Rural/Residential Focus (Co-Chairs – Boyd Wilson & Eugene Rosolie)	
<p>Many customers have stated that there are unique challenges to implement energy efficiency in small, rural and primarily residential (SRR) utility service territories. BPA recognizes that this may be the case and is committed to looking at potential solutions to assist implementation. This workgroup will focus on those specific implementation hurdles and attempt to create solutions to the identified issues. Overcoming some of these issues will be crucial to assisting smaller customers in effectively using their EEI funding. BPA expects to do this in coordination with work that is also being done by the Regional Technical Forum (RTF) and the Northwest Energy Efficiency Alliance (NEEA). This workgroup could also help inform how issues in other workgroups are discussed or it could ask the other workgroups to think about topics from a SRR perspective.</p> <ul style="list-style-type: none"> • Can cost-effectiveness be measured on a utility program basis rather than measure-by-measure basis? • Should BPA have a higher willingness to pay (WTP) or have a SRR premium above its WTP? • Can processes be more streamlined for smaller customers? • How is SRR defined? Is it based on size of load, number of customers, etc? • Should there be an SRR pool(s)? Should it be voluntary? Can SRR utilities use EEI for infrastructure support? 	
#3 Conservation Potential Assessments (CPA) (Co-Chairs – Andrew Miller & Jill Steiner)	
<p>There is widespread support for BPA assisting with developing tools and potentially standards for conservation potential assessments (CPAs). The extent and exactly what role BPA should play is still an open question. In addition, there are a number of drivers for why customers would like to proceed with CPAs. The focus of this workgroup will be to elicit clearly what it is that customers want to get from CPAs and then shift to what role BPA can/should play in getting the region and public power to that goal. This workgroup will also help define what the conservation plan required of some customers in the Regional Dialogue contracts should entail.</p> <ul style="list-style-type: none"> • How might CPAs be used by BPA and how broadly is it expected that CPAs will be performed? Is there a size threshold where it is expected a utility will conduct a CPA? Or are there different levels of CPAs depending on customer size? • What role do customers want BPA to play in assisting with CPAs? • Should BPA help develop tools for utilities to use to get a rough estimate of conservation potential? • What is BPA’s role in collecting data as inputs to CPAs? • What should be BPA’s role, if any, in developing standards and methodologies? • What are some of the key timelines that must be met to make the CPAs most useful? • Who should pay for the CPAs and/or other services? 	

#4 Implementation Mechanisms – Standard Offer & Pay for Performance (Co-Chairs – Melissa Podeszwa & Larry Blaufus)

The choice of implementation mechanism will be a key decision for customers to decide which option best fits their local needs. Much of the work of this workgroup will be to help define the details of the Pay for Performance (PFP) path. This will provide clear parameters to assist customers in making a decision about which option works best.

- What are the differences/benefits/drawbacks of non-standard agreements? Are there fewer touch points between BP and the customer utility? (A utility that has been using a non-standard agreement for a number of years could discuss how its agreement works today to help inform the discussion.)
- How much BPA technical assistance (internal and Technical Service Provider (TSP)) is made available to the two implementation mechanisms (outside of 3rd party programs)?
- How can making changes be more routine and uniform for all PFP utilities?
- How can BPA and its customers most effectively develop the PFP agreement so it is standardized and as transparent as possible in the reimbursement level for PFP?
- How can 3rd party programs be easily incorporated into the PFP mechanism?
- How much, if at all, do M&V protocols/guidelines for PFP need to be discussed? Need to determine what is needed, develop the protocols, and determine how (if necessary) BPA will verify adherence to the protocols. Is it any different than today?
- How can it be ensured that the PFP agreements will not dampen the incentive for utilities to pursue the diversity of measures and new technologies needed to maximize acquisition?
- How can BPA most effectively implement administration and performance payments?
- When does a utility need to declare which implementation mechanism it intends to use? If it wants to switch, when can it do so?
- Will BPA adjust its reimbursement calculations/determinations?
- How often can utilities report for reimbursement purposes?
- Should there be a flat reimbursement per kWh?
- How do the mechanisms be designed so as not to favor one method over another?
- Does either the standard offer or the PFP allow for utility pooling?

#5 Regional Programs & Infrastructure (Co-Chairs – Curt Nichols & Wade Carey)

This workgroup will cover a number of critical issues related to reporting, regional programs and infrastructure as well as how BPA and its customers can most effectively interact with the Regional Technical Forum (RTF).

- What will the reporting timing look like moving forward (bi-annual or quarterly)? How will this dovetail with oversight timing?
- Should moving to a program level measure of cost-effectiveness be considered? If so:
 - Is it the BPA or utility program?
 - Is it a program level or a portfolio level?
 - How often should the cost-effectiveness level be reviewed?
- Can a template be developed for allowing utility specific custom programs? There will likely need to be two paths created. One for site specific M&V programs and another for programs with evaluated savings. Can this work be moved to a separate process?
- Does the current 6-month negative change notice work as effectively as possible? Are there improvements that would help customers more than just the time allowance? Should BPA update measures more frequently than every six months?
- Regional programs:
 - What types of programs provide regional economies of scale most effectively?
 - What level of flexibility at the local level can be provided for regional 3rd party programs while still allowing for the most efficient and effective regional uptake?
 - How can 3rd party programs be collaboratively identified?
- How can regional acquisition costs be kept as low as possible while still making sure that ‘deeper’ and potentially more expensive savings are still captured?
- How can various utility ‘best practices’ be most effectively shared with others?
- How can clear metrics be developed to assess performance of both regional and local programs and identify the need for program enhancements?
- How can input for regional infrastructure spending be provided most effectively to BPA?
- How can BPA and its customers best utilize the RTF?