



Department of Energy

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

ENERGY EFFICIENCY

April 12, 2010

In reply refer to: KL-1

To the Region:

For more than 30 years, the Pacific Northwest has been a national leader in energy efficiency. This achievement didn't happen by accident, but was the result of proactive and aggressive efforts taken by the entire region, including the Bonneville Power Administration, the Northwest Power and Conservation Council, utilities, and numerous policy leaders all working together. Building upon these robust energy efficiency efforts is even more important today as we implement tiered rates, prepare for climate change impacts and focus on energy independence.

For more than a year, BPA has conducted the Energy Efficiency Post-2011 public process to develop a framework to facilitate the continued successful development and acquisition of energy efficiency in the Northwest at the lowest cost to the region. This collaborative public process generated a robust dialogue about the framework's needs and constraints. Through a variety of forums, BPA has encouraged the participation of all stakeholders in the region to help shape this framework.

Using information gathered in the public process, BPA has drafted a proposed framework to define the agency's future role in meeting public power's share of the conservation targets set out in the Northwest Power and Conservation Council's latest Power Plan. We at BPA have heard a variety of comments on how the plan should be shaped, including a need for local program control, equity in benefits and choice of energy efficiency implementation mechanisms. This proposal is shaped in a way to meet those needs by allowing the opportunity for utilities to conduct their own programs, balancing the need for simplicity and flexibility, encouraging utilities to self-fund energy efficiency and continue to pursue regional initiatives.

The framework was shaped by four themes:

1. BPA and public utility customers are more likely to succeed in achieving public power's share of the regional energy efficiency target working together in partnership.
2. BPA's regional program will support and encourage acquisition of energy efficiency at the lowest cost possible.
3. There are opportunities to acquire energy efficiency more efficiently through regional programs.
4. BPA's programs should be efficient and effective to attract utilities to participate in new programs and form durable partnerships.

BPA believes the proposed framework is flexible enough to evolve over time and adapt to new and changing drivers in the energy efficiency marketplace. We will continue to work with public utility customers and other stakeholders during Phase 2 of this public process, to focus on implementation details, to ensure the framework is robust and meets the needs of our customers. We have also committed to reviewing this proposed policy after the region has gained more experience under tiered rates to

determine if changes are needed to lead to more effective delivery of energy efficiency in the region, including lower costs and/or increased acquisition.

BPA seeks public comment on this proposal. There will be a number of opportunities for comment. We will open a 45-day comment period beginning on April 12, 2010 (closing May 26, 2010) to gather stakeholders' input on the Proposal. Please submit written comments to:

<http://www.bpa.gov/applications/publiccomments/OpenCommentListing.aspx>

BPA will hold a series of meetings to discuss the proposal:

- April 19 in Spokane
Hampton Inn, 2010 South Assembly Road, Spokane, WA
1:00 pm to 4:00 pm
- April 20 in Portland
Rates Hearing Room, BPA Headquarters, 905 NE 11th Ave, Portland, OR
9:00 am to 12:00 pm
Phone Bridge: 877-336-1839; Access Code: 2305557
- April 22 in Pasco
Holiday Inn Express, 4525 Convention Place, Pasco, WA
10:00 am to 1:00 pm
- April 23 in Idaho Falls
Red Lion on the Falls, 475 River Parkway, Idaho Falls, ID
9:00 am to 12:00 pm

Phase 2 is expected to start in June. BPA will schedule public workshops/workgroups on specific topics such as cost-effectiveness at the program level, incentive funding mechanism details, Conservation Potential Assessment assistance, regional program offerings, small/rural implementation, reporting, etc. Your specific input on what topics should be covered in Phase 2 would be helpful. More details will follow as they are determined.

I look forward to your input, and if you have further questions, please contact Josh Warner at jpwarnar@bpa.gov, 503-230-5857 or toll free at 800-622-4519.

Sincerely,

/s/ Mike Weedall

Mike Weedall
Vice President, Energy Efficiency