

# Bonneville Power Administration

## *Conservation and Renewables Discount Program*

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# Approved Changes for FY2005

June 28, 2004

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As part of the annual public review process, the Bonneville Power Administration (BPA) has finished soliciting comments on its proposed changes to the Conservation and Renewables Discount (C&RD) Program for Fiscal Year 2005. The approved changes, described in this document, will go into effect on October 1, 2004.

This document is organized into three sections.

**Changes to Policy Issues** are non-technical changes designed to help ensure that the C&RD is able to achieve its intended goals and objectives. Changes this year include:

- Change in Site Specific Rules for projects with more than 100,000 kWh in Energy Savings.
- Proposed Changes to “Section 5 - Criteria for Renewable Energy Resources Eligible for the C&RD.”

**Technical Changes** are adjustments intended to ensure that the deemed measures deliver the expected energy savings and persistence of the installed measures claimed in the C&RD.

Changes this year include:

- Reduce Compact Fluorescent Light (CFL) Bulb Credits.
- Adjustments to Manufactured Homes Duct Sealing Baseline.
- Change in Energy Star Refrigerator Deemed and Deemed Calculated Measures.
- Two Tiered Clothes Washer Incentives.

**Clarifications** deal with changes to the C&RD Implementation Manual. These clarifications address ambiguities or omissions to the Manual, but do not change policy or substantially change technical requirements. Clarifications this year include:

- Removing of the Existing C&RD Measure Eligibility List and Adding a New Energy Savings Protocol for Projects with Energy Savings of less than 100,000 kWh/year.
- Changes to Technical Specifications.
  - Site Built Housing Weatherization Specifications.
  - Long Term Super Good Cents specifications.
  - Bright Way to Heat Water – Solar Pool Heating System specification.

The changes that BPA has approved are summarized below.

BPA has reviewed the comments received and incorporated those comments that had merit. BPA published a revised C&RD Implementation Manual and C&RD Technical Specifications. The new Implementation Manual will become effective on October 1, 2004.

# I. Changes to Policy

- 1) **Change in Site Specific Rules for projects with more than 100,000 kWh in Energy Savings.** Currently “Appendix P - Energy Savings Verification Protocols for the C&RD” states the following:

*“Before a customer can receive credit for savings calculated based on one of these protocols, the customer must submit their plan for estimation and verification of savings to Bonneville.*

...

*Bonneville will review the plan for consistency with the protocols presented in this Appendix.”*

BPA has interpreted these two passages to mean that the utility must have a Monitoring and Verification Plan (M&V) approved by BPA before a project, with more than 100,000 kWhs in energy savings, can be claimed in the C&RD Reporting Software.

**Comments Received: Eugene Rosalie, PNGC Power.** “We understand BPA’s concern that measures be incremental. We realize that the installation of the measure or the ordering of equipment may signal that the measure is not incremental however we believe that a flat prohibition is not the answer. The reality is that we are entering the last two years of the program and given the time to develop a Monitoring and Verification Plan (M&V), have BPA approval, order equipment, install the measure, and do the verification could very well mean the project will not occur. This outcome could very well mean a lost opportunity in the commercial and industrial sector, something we should try to avoid. While we do not have a concrete proposal at this time we do believe that BPA should state its flexibility and desire to work with the utilities on this issue.”

**Response to Comments:** While BPA wants to avoid missing lost opportunities, a project that has already been installed or for which capital has been expended ordering equipment is not a lost opportunity.

**Approved Change:** BPA has decided to change this rule and will require BPA’s approval of a utility’s M&V plan prior to the installation of the measure or the ordering of project equipment.

- 2) **Changes to “Section 5 - Criteria for Renewable Energy Resources Eligible for the C&RD” of the C&RD Implementation Manual** – Since this section was originally written the general environment for Large Scale Renewables (and Green Tags) has changed. Section 5 was edited to reflect those changes.

**Comments Received: Jim Dolan, Pacific Co. PUD.** “After reviewing the latest proposed changes to the C&RD renewable energy resources, I have some confusion in section 5.2 Definitions, Direct-Application Renewable means. Does this preclude any PV's? I am a little confused by what is meant by "useful non-electric products." A little clearer definition would be helpful, maybe an example or two.”

**Response to Comments:** BPA agrees with this comment.

**Approved Change:** Two sections received substantial editing. These sections are:

- “Section 5.8 - Third Party Green Tags Sales” allows the sale of Green Tag by parties other than BPA or the Bonneville Environmental Foundation. Subsection 5.8(b) also requires that Green Tags be rate based in order to be eligible for C&RD credit.
- “Changes to Section 5.13 - Contributions to Qualified RD&D Activities” is a clarification of the existing language. The existing language is unclear as to the definition of project, so some parties have interpreted the existing language to mean that a single project could not exceed \$20,000. The original intent was to allow a utility to spend up to \$20,000 for the entire rate period on renewable demonstration projects without asking for review by and a positive recommendation from the Regional Technical Forum (RTF).

In addition, the definition of “Direct Application Renewables” has been revised in response to customer’s comment about providing a clearer definition for Direct Application Renewables. See below:

*Direct Application Renewable Resource, means a resource which utilizes solar, wind, hydro, geothermal biomass, or similar sources of renewable energy which reduce the electric power requirements of consumers served by BPA’s customers, thereby offsetting demand on the BPA system. Direct-Application Renewables will be treated like conservation, when it is possible to accurately estimate the future kWh output.*

## II. Technical Changes

- 1) **Reduce Compact Fluorescent Light (CFL) Bulb Credits to \$3** – The CFL bulb market has continued to mature and prices for CFLs are lower now than a year ago. BPA proposed lowering the C&RD credit for CFL bulbs to \$3.

**Comments Received:** (Paraphrased) Comments were received from Puget Sound Energy, Columbia River PUD, and PNGC Power. These comments can be review in the “FY2004 Public Review Comment Log.” Puget Sound and Columbia River PUD generally supported lowering the C&RD credit for the lower cost, more common, 13 to 20 watt CFLs, to the \$3 to \$5 range. The comments also recommended a second tier for the less common, higher priced CFLs, such as 3-way, high wattage, wet location rated, globes, and reflector types. Puget Sound and Columbia River PUD both support a higher credit for the less common types, ranging from \$4 to \$8 per CFL. PNGC Power did not want to see any changes in the CFL credit.

**Response to Comments:** BPA recognizes that CFLs vary in cost around the region and in the past the C&RD credits have been high enough to pay the full cost of the CFL bulb installed by the end use consumer. However, under coupon promotion programs utilities typically do not pay the full cost of the CFL bulb purchase. The reduced C&RD credit should allow utilities some room to offer different levels of incentive, based on the type of bulb, if the utility so desires.

**Approved Change:** After reviewing the comments received, BPA has decided to lower the C&RD credit to **\$4 per CFL claimed**, regardless of type, instead of the proposed \$3 per

CFL claimed. BPA recognizes that a \$3 C&RD credit does not allow customers enough leeway to offered tiered incentives to end users to promote more expensive types of CFLs. This change will only affect CFL bulbs and not CFL Fixtures.

- 2) **Adjustments to Manufactured Homes Duct Sealing Baseline** – In April, the RTF recommended that BPA revise the assumptions regarding baseline duct leakage rates for existing manufactured homes used to estimate the deemed savings values for PTCS duct sealing in this building type. This recommendation was based on a review of the field data collected on pre-existing duct leakage rates from nearly 2,400 manufactured homes that have undergone duct sealing. As a result, 77 of the deemed energy savings for manufactured homes went up, 65 went down, and eight remained the same.

**Comments Received:** None

**Approved Change:** BPA has decided to update the deemed credits for all Manufactured Homes PTCS Duct Sealing measures to reflect the revised assumptions regarding baseline duct leakage rates for existing manufactured homes. See Sheet 1 below for the entire list of changes to the deemed values. A Deemed Calculator is also available that allows the customer to enter the actual leakage reduction in duct system, resulting from the duct sealing job, to determine the C&RD credit. In both the Deemed list of values (Spreadsheet 1: [http://www.bpa.gov/Energy/N/Projects/cr\\_discount/xls/Spreadsheet1.xls](http://www.bpa.gov/Energy/N/Projects/cr_discount/xls/Spreadsheet1.xls)) and the Deemed Calculator, available on the C&RD Reporting Software, the C&RD credit, for the duct sealing portion of the job, has been capped at \$800.

- 3) **Change in Energy Star<sup>®</sup> Refrigerator Deemed and Deemed Calculated Measures** – On January 1, 2004, the Energy Star criteria for refrigerators changed to require all full-size models to be at least 15 percent above the minimum federal standard to qualify for Energy Star.

**Comments Received:** Brent Barclay, Columbia River PUD. CRPUD supports the proposal as stated.

**Response to Comments:** BPA agrees.

**Approved Change:** BPA has decided to adopt the new Energy Star standard, as proposed, starting in FY2005. This means that some models that currently qualify for the C&RD will no longer qualify next year. It also means that the C&RD credit will increase slightly for the models that are 15 percent more efficient than the minimum federal standard.

- 4) **Two Tiered Clothes Washer Credits** –Energy Star requires qualifying models to a MEF of 1.42 or greater. Currently, over 45 percent of the clothes washers sold already meet the MEF standard of 1.42. Therefore, it makes sense to move Energy Star to the higher MEF of 1.8. In order to recognize the increased energy value of machines with an MEF 1.80 or greater and to encourage the market to move to more efficient machines, BPA proposed a two tiered C&RD credit. See the table below for the proposed FY2005 C&RD credit. The measure labeled “Tier 1” require that the clothes washer have a MEF of 1.42 or greater, in order to qualify for the listed C&RD credit. The measure labeled “Tier 2” require that the clothes washer have a MEF of 1.8 or greater, in order to qualify for the listed C&RD credit. If a customer does not wish to keep track of the MEF of the clothes washers being claimed in the C&RD, they will be required to use the lower Tier 1 C&RD deemed credit.

Technology, Measure or Practice	Annual Savings @ Busbar (kwh/yr)	C&R Discount Credit for FY05
Energy Star Clothes Washer (Tier 1) - Weighted Average DHW & Dryer	214	\$60
Energy Star Clothes Washer (Tier 2) - Weighted Average DHW & Dryer	347	\$100

**Comments Received: Eugene Rosalie, PNGC Power.** (Paraphrased) PNGC agrees with the two tier clothes washer credit, but disagrees with the proposed credit level and annual energy savings.

**Response to Comments:** BPA believes that the proposed credit level is appropriate. In FY 2003, the C&RD savings for a clothes washer with electric DHW and dryer fuels was 509 kWh/year and the credit was \$154.60. In January 2004, the federal minimum standard for clothes washers tightened and the energy savings for Energy Star clothes washers was reduced to 336 kWh/year. The credits were not adjusted according to the savings because some customers were unaware of the changing federal standard and subsequent lower savings. For FY 2004, the credits for clothes washers were higher than justified by the savings under the C&RD program credit structure (benefit to the bulk power system). If a utility still feels that the C&RD credit is too low, they can petition the RTF to review the C&RD deemed energy savings and credit levels.

**Approved Change:** BPA will implement the two tiered C&RD credit for clothes washers as proposed.

### III. Clarifications

#### 1) Removing the C&RD Measure Eligibility List and Adding a New Energy Savings Protocol for Projects with Energy Savings of less than 100,000 kWh/year.

BPA proposed the revision of the list of eligible conservation measures and activities for the C&RD Program. The current list (starting on page 52 of the Oct 1, 2003 version of the C&RD Implementation Manual) attempts to be an exhaustive list of eligible measures. The list also includes activities that do not directly qualify for a C&RD credit, but that can be paid for out of a utility's allowable Administrative Allowance. The revision would make this part of the C&RD Implementation Manual more useful, shorter, less inconsistent and less vague when describing particular measures and how they save energy.

Document 3 <a href="http://www.bpa.gov/Energy/N/projects/cr_discount/doc/Document3.doc">http://www.bpa.gov/Energy/N/projects/cr_discount/doc/Document3.doc</a>	Document 4 <a href="http://www.bpa.gov/Energy/N/projects/cr_discount/doc/Document3.doc">http://www.bpa.gov/Energy/N/projects/cr_discount/doc/Document3.doc</a>
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**Comments Received:** Comments were received from Idaho Power, PNGC Power, and the RTF. All involved minor edits, that were accepted and incorporated into the attached Documents 3 and 4.

**Response to Comments:** BPA agrees with the proposed edits. Actual edits have been highlighted in red in the attached documents above.

**Approved Change:** The Eligible Measures List (Attachment B) currently in the C&RD Implementation Manual will be retained. The proposed Attachment B (see Document 3 above) will be added to the C&RD Implementation Manual as Attachment E. The proposed Basic Protocol #1 (see Document 4 above) will be incorporated into RTF's Appendix P.

## 2) Changes to Technical Specifications

- a) **Site Built Housing Weatherization Specifications** – BPA proposed the removal of references to “vent” and “fin-bar” conversions for windows as an eligible measure.

**Comments Received:** None.

**Approved Change:** BPA will implement the changes to the Site Built Housing Weatherization Specification as proposed.

- b) **Long Term Super Good Cents Specifications** - Pages 43, 48, and 55 refer to the definition of multifamily. BPA proposed changing the definition of multifamily to, “greater than or equal to 5 units,” for consistency with C&RD program.

**Comments Received:** None.

**Approved Change:** BPA will implement the change to the Long Term Super Good Cents Specifications as proposed.

- c) **Bright Way to Heat Water – Solar Pool Heating System Specifications** – The specifications received a much-needed update with input from solar installers throughout the region and solar panel manufacturers. Most changes were clarifications of intent. Major changes to the specs include a requirement for two hold-down straps instead of three and a required check valve on the return line from the collectors. BPA was asked and considered eliminating the requirements to install flow meters and vacuum relief valves on solar pool heating systems.

**Comments Received:** BPA received detailed comments from two installers of solar pool heating equipment. The actual comments are too numerous to summarize here, but can be found in a document called “Comment Log, BPA Responses and Actions.”

**Response to Comments:** BPA's responses to the individual comments are too numerous to list here but are available in a document called “Comment Log, BPA Responses and Actions.”

**Approved Change:** BPA has decided to implement the updated Solar Pool Heating System Specifications, as proposed. The updated specifications can be found in October 1, 2004 C&RD Technical Specifications.