

Conservation in the Northwest Post 2006

On October 7, 2004, 53 individuals representing utilities, environmental groups, industrial and other business interests, and private citizens met in Spokane, Washington, to begin the process of planning to acquire cost-effective conservation in the new BPA rate period beginning October 1, 2006. This Phase 1 Post 2006 Conservation Workgroup was initiated in response to the July 2004 Regional Dialogue Policy Proposal (<http://www.bpa.gov/power/pl/regionaldialogue/>) to provide a forum for experienced individuals to help develop a proposal for BPA to meet its 40 percent share (56 aMWs per year) of the Northwest Power and Conservation Council's regional cost-effective conservation targets (<http://www.nwppc.org/energy/Default.htm>). The Post 2006 Conservation Workgroup will submit its Phase 1 proposal to BPA in January 2005. BPA will issue its draft proposal based on the Workgroup's recommendation for public comment in early February 2005. Phase 2 of the Workgroup process will begin in the spring of 2005. During this phase, the Workgroup will develop detailed program design recommendations.



The initial Post 2006 Workgroup meeting was held in Spokane, Washington, in October.

At the initial Workgroup meeting in October, five subcommittees were formed to work on specific topics:

- Subcommittee 1: Funding Mechanisms and Levels
- Subcommittee 2: Small Utility Options
- Subcommittee 3: Oversight and Evaluation
- Subcommittee 4: Creative Strategies
- Subcommittee 5: Program Design
(Subcommittees 1 and 5 were later combined)

Additional Workgroup meetings were held in November and December to review subcommittee recommendations, to discuss issue papers, and to develop final program design recommendations. Information on the subcommittees, issue papers, and summaries of all Workgroup meetings are posted on the BPA Energy Efficiency web site: <http://www.bpa.gov/Energy/N/Post2006Conservation/>.

A "straw proposal", the draft Workgroup program approach recommendation is posted on the web site listed above. Assumptions were made about various issues (i.e., the next rate period duration, how the decrement will be handled, and other policy issues, etc.) in order to go forward with the proposed program approach.

Workgroup proposed recommendations for program features as of December 2004 include:

1. Rate Credit Program
The rate credit acquisition program will allow customer choice on which cost-effective measures, administration reimbursement and credit reporting for either a budget target or a kilowatt-hour target-based program.

The Workgroup continues to tackle issues such as (1) packaging of cost-effective and non-cost-effective measures; (2) whether/how to share individual utility accomplishment data; (3) developing a formula to calculate utility administration costs; (4) how to handle underutilized funds; and (5) documentation and reimbursement requirements.

2. Utility Bi-lateral Contracts

Utility bi-lateral contracts provide a mechanism for utilities to obtain conservation acquisition funding from BPA for custom conservation projects typical to those found in the large commercial and industrial sectors. These contracts also allow utilities to obtain conservation in excess of that which is acquired through the rate credit program. BPA would provide engineering assistance for project scoping and, if requested, pre-approval of projects.

As with the rate credit program, there are outstanding issues including how to package measures, and what portion of the overall conservation budget to allocate to these types of contracts.

3. Third Party Bi-lateral Contracts

The Workgroup recommends that a portion of the bi-lateral contract budget be allocated toward regional programs administered under third-party contracts, such as the market transformation efforts of the Northwest Energy Efficiency Alliance (<http://www.nwalliance.org/>), and bulk purchase and vendor programs. These contracts will help ensure that conservation is acquired at the lowest possible cost to the region and is affecting markets that cannot be changed at just a local level

The portion of bi-lateral contract funding to be allocated to third-party bi-lateral contracts is still under discussion.

4. Regional Acquisition Support Activities

An effective conservation program requires funding for activities that are in support of the acquisition programs, such as:

- A forum for utilities to share successful program and marketing ideas/materials;
- Research, development, and demonstration (RD&D) activities;
- Evaluations and market assessments to assess program achievements, to suggest program improvements and how to best penetrate a given market segment;
- Regional Technical Forum support and Conservation & Renewables Discount database expansion; and
- Regional marketing, education, and outreach activities.

The initial recommended budget for these support activities is 2 percent of the total BPA energy efficiency acquisition budget. The level of funding for evaluation and RD&D funding is still under discussion.

A number of other overall conservation program issues are outstanding. More detail on the issues and recommendations can be found on the EE web site.

The final Phase I Workgroup meeting is planned for January 11, 2005, in Seattle, Washington. See the *BPA Energy Efficiency Event Calendar* (http://www.bpa.gov/Energy/N/Reports/Event_Calendar/) for the location and other details. Phase 2 of the Post 2006 Conservation Collaborative is scheduled to run from late April through July 2005 and will consist of detailed program design work that will support the rate case proposal.

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The Post 2006 Workgroup met in Portland, Oregon, in December to discuss issues.