

Post-2011 Review

Workgroup 5: Reporting and Verification of Savings

March 4, 2014



Agenda

- Introductions
- Post-2011 Review Process, Timeline, etc.
- Working Assumptions
- Rules of Engagement
- What Does Success Look Like to You?
- Clarification of Issues
- Links to other Workgroups
- Prioritization of Issues
- Discussion of Issues
- Next steps

Quick Overview on the “Post-2011” Process

- EE’s framework aligns with the implementation of BPA’s Regional Dialogue power sales contracts
- *Prior Post-2011 public process*: conducted from January 2009 to March 2011
- *Then*: BPA committed to public review process after sufficient experience had been gained
- ***Today***: undertaking that process to review and consider improvements to the BPA energy efficiency policy framework and associated implementation elements put in place on October 1, 2011

Proposed Timeline

Plan for the Post-2011 Review

DRAFT: 1/7/2014

OPEN TO REVISION

| | Fiscal Year 2014 | | | | | | | | |
|---|------------------|-----|-----|-----|-----|-----|------|-----|-----|
| | Q2 | | | Q3 | | | Q4 | | |
| | Jan | Feb | Mar | Apr | May | Jun | July | Aug | Sep |
| Formal stakeholder meetings to work out solutions to the "issues of importance" identified in the updated scoping document (regional meetings and workgroups) | ■ | ■ | ■ | ■ | ■ | ■ | | | |
| Develop "Draft Proposal" based on feedback from regional meetings and workgroups | | | | | ■ | ■ | | | |
| Public comment period on "Draft Proposal" | | | | | | ■ | ■ | | |
| Develop final "Post-2011 Review" based on public comments | | | | | | | ■ | ■ | ■ |
| Prepare for any agreed upon changes, i.e., draft necessary Implementation Manual language | | | | | | | | ■ | ■ |

CIR/IPR Process Timeline

Big Tent Meetings

Four/Five Regional “Big Tent” Meetings Scheduled

- Meeting #1 Tacoma, WA (Tacoma Power hosted)
February 26 9:00 a.m.-3:00 p.m.
- Meeting #2 Eugene, OR (Emerald People’s Utility District to host)
March 20 9:00 a.m.-3:00 p.m.
- Meeting #3 Kennewick, WA (Benton PUD to host)
May 8 2:00 p.m.-5:00 p.m. (Efficiency Exchange Conference)
- Meeting #4 Portland (Tentative – BPA to host)
June 17 1:00-4:00 p.m.
- Meeting #5 Kalispell (Tentative - Flathead Electric Coop to host)
June 25 9:00 a.m.-3:00 p.m.

Workgroups

| | |
|---|--|
| <p>Workgroup One: Model for Achieving Programmatic Savings</p> <ul style="list-style-type: none"> • EEI Allocation Methodology Using TOCAs • Utility Self-Funding • Two-Year EEI Budgets • BPA Redirect of EEI Funds • BPA's Backstop Role • Regional Program Administration • Limitations of the Post-2011 Framework • Performance Payments for Regional Programs | <p>Margaret Lewis and Doug Brawley (PNGC)</p> <p>.</p> |
| <p>Workgroup Two: Implementation Manual</p> <ul style="list-style-type: none"> • Frequency of Changes to the Implementation Manual | <p>Dan Villalobos and Ross Holter (Flathead)</p> |
| <p>Workgroup Three: Low Income</p> <ul style="list-style-type: none"> • Funding Low-Income Residential Energy Efficiency | <p>Boyd Wilson and Eugene Rosolie (Cowlitz)</p> |
| <p>Workgroup Four: Flexibility Mechanisms</p> <ul style="list-style-type: none"> • Large Project Fund • Unassigned Account Allocation Methodology | <p>Melissa Podeszwa and Ray Grinberg (Pen Light)</p> |
| <p>Workgroup Five: Reporting and Verification of Savings</p> <ul style="list-style-type: none"> • BPA Role in Verifying Self-funded Savings • Timing of Utility Reporting to BPA • Reporting and Consistency of Utility Self-funded Savings | <p>Mark Ralston and Mary Smith (Snohomish)</p> |

BPA Working Assumptions

- BPA must fulfill its statutory obligations, e.g., BPA must “acquire” conservation (defined in BPA policy as an exchange of funds)
- Any proposal must work within the existing Regional Dialogue policy and contracts
- Decisions need to be made in the context of other dynamic agency drivers (e.g., CIR, IPR, Access to Capital)
- Funding levels will be decided in the CIR and IPR processes
- Any proposal must be consistent with BPA’s financial procedures and reviewed by BPA finance for consistency with sound business principles
- Any proposal should not adversely impact customers that choose not to pursue a particular alternative
- Any proposal should not consider a “menu of services” approach to funding of EE costs/services (i.e., picking which EE costs to pay for)

Rules of Engagement

- *6 to mute – please do not put us on “Hold”
- Want to encourage a conversation
- Process not longer than it needs to be
- Try not to get bogged down on ancillary issues

Rules of Engagement

- Goal: consensus-based recommendations that address the issues outlined in the scoping document
- Consensus: an acceptable resolution, one that can be supported even if not the "favorite" of each individual

What Does Success Look Like to You?

Clarification of Issues

Issue #10 - BPA Role in Verifying Utility Self-funded Savings (utility-generated)

Problem Statement:

Under current rules, utility self-funded savings must be reported to BPA and follow the same business rules as BPA-funded savings. This is done to ensure consistency among BPA-funded and utility-funded savings for the rigor of the savings and for when they get rolled together for regional reporting purposes. However, having the same requirements for utility self-funded savings may be burdensome for some utilities. BPA's role in verifying self-funded energy efficiency is somewhat flexible since BPA does not have the same fiduciary interest in assuring proper expenditure as it does with federal funds. However, all parties interested do want to ensure the quality of the savings.

Issue #10 - BPA Role in Verifying Utility Self-funded Savings

Options –

- A. Status quo: Self-funded savings must be reported to BPA. BPA verifies that the savings satisfy the BPA rules and requirements in order for those savings to be included in BPA's summary of regional savings.
- B. Different levels of review: Self-funded savings must be reported to BPA, but instead of BPA verification of compliance with BPA rules and requirements, a different bar is set for self-funded savings. (BPA's treatment of non-reportable savings could also be explored.)
- C. Other?

Issue #10 - BPA Role in Verifying Utility Self-funded Savings

- Utility Perspective:
 - Having the same requirements for utility self-funded savings as for EEI-funded savings may be burdensome
 - BPA's role in verifying self-funded energy efficiency is somewhat flexible since BPA does not have the same fiduciary interest in assuring proper expenditure as it does with federal funds
 - All parties want to ensure the quality of the savings

Issue #10 - BPA Role in Verifying Utility Self-funded Savings

■ BPA Perspective:

- Energy savings must be reliable and meet requirements under Regional Dialogue contracts, Implementation Manual
- Consistency in requirements between EEI-funded and self-funded savings ensures reliability and facilitates implementation
- QSSI process has focused on reducing requirements for custom projects, including ones self-funded

Issue #10 - BPA Role in Verifying Utility Self-funded Savings

- Public comments to date:
 - While there are valid concerns about BPA requirements for self-funded savings, current system is understood which argues for maintaining status quo
 - New system allowing more flexibility may have some benefit, but not clear what approach would be used or how it would capture unique circumstances of utilities

Self-Funded Savings Requirements in Regional Dialogue Contracts

Section 18.1.2.2: [Utility] shall verify and report all cost-effective (as defined by [section 3\(4\) of the Northwest Power Act](#)) non-BPA-funded conservation measures and projects savings achieved by [utility] through the Regional Technical Forum's Planning, Tracking and Reporting System or its successor tool. Verification protocols of conservation measures and projects, reporting timelines and documentation requirements shall comply with BPA's Energy Efficiency Implementation Manual or its successor.

Current Self-Funded Savings Requirements in Implementation Manual

When reporting savings to BPA, customers must select one or more of the following funding sources.

| Funding Source | BPA Energy Efficiency Reporting System Title | Description |
|---------------------------------|--|--|
| Implementation Budget | EEI | BPA reimbursement in the form of EEI funding; ECA funded activities that are accepted by BPA |
| Large Project Fund Budget | LPF | BPA reimbursement in the form of EEI funding; ECA Large Project Funded activities that are accepted by BPA |
| BPA-accepted, Non-BPA Funds | Self-funding | Non BPA-funded activities that <i>are accepted</i> by BPA |
| Not-BPA-accepted, Non-BPA Funds | Non-reportable | Non BPA-funded activities that <i>are not accepted</i> by BPA |

Customers are allowed, but not required, to include non-reportable savings to BPA. BPA will not review the non-reportable data. Customers will not be credited for the energy savings reported to BPA for non-reportable activities.

Current Self-Funded Savings Requirements in Implementation Manual

Customers are credited for all savings (except non-reportable) achieved in their service territory. Savings may be allocated to either the EEI or the customer depending on the amount of BPA reimbursement requested by the customer.

| BPA Reimbursement (EEI) Amount Requested | Available Applications | Savings Allocated to EEI | Savings Allocated to Customer |
|---|-------------------------------------|---------------------------------|--------------------------------------|
| All | Deemed measures and custom projects | 100% | 0% |
| None | Deemed measures and custom projects | 0% | 100% |
| Partial | Custom projects | See tables, below. | See tables, below. |

Current Self-Funded Savings Requirements in Implementation Manual

| Partial BPA Reimbursement Requests – Savings Allocation | |
|--|---|
| EEI | $\frac{\text{Amount of BPA Reimbursement Requested}^*}{\text{Amount Paid to the End User}^{**}} \times \text{Total Reported Savings}$ |
| Customer | $\frac{(\text{Amount Paid to the End User}^{**}) - (\text{Amount of BPA Reimbursement Requested}^*)}{\text{Amount Paid to the End User}^{**}} \times \text{Total Reported Savings}$ |
| <p>*Use the amount paid to the end user if less than the amount of BPA reimbursement requested. **This amount may not exceed the total available BPA reimbursement.</p> | |

Current BPA Policy for Allocating Energy Efficiency Savings

From a regional perspective, incentives paid by utilities in addition to BPA's willingness to pay increase the total cost of the savings rather than capturing new savings and, therefore, are not considered as self-funding.

QSSI Work on Custom Projects

Issue #12 – Timing of Utility Reporting to BPA (BPA-generated)

Problem Statement:

There are no controls on or structure to the timing of utility savings reported to BPA, i.e., utilities are free to report savings at any time during the rate period. This lack of structure causes gaps in visibility for BPA's monitoring of savings progress and budget expenditures.

Issue #12 – Timing of Utility Reporting to BPA

Options –

- A. Status quo: no controls on the timing of utility reimbursement claims made to BPA.
- B. Controls: controls are put in place to ensure timely and regular reporting of utility savings to BPA.
- C. Other?

Issue #13 – Reporting and Consistency of Utility Self-Funded Savings (BPA-generated)

Problem Statement:

From BPA's perspective, reporting of utility self-funded savings are, or seem to be, lacking in 1) regularity (to help BPA with monitoring progress and planning), i.e., utilities can report self-funded savings when they choose, and 2) adequacy, i.e., BPA is concerned all cost-effective utility self-funded savings are not being reported to BPA per the terms of the Regional Dialogue contracts.

Issue #13 – Reporting and Consistency of Utility Self-Funded Savings

Options –

- A. Status quo: any utility self-funded savings are able to be reported at any time during the rate period.
- B. Regular reporting: all utility self-funded savings are reported on a regular basis, such as quarterly (rather than at any time during the rate period).
- C. Other?

Issues #12&13 – Timing of Reporting

- BPA Perspective:
 - Utilities are able to utilize EEI funds and report savings at any point during rate period
 - There is no deadline for reporting of self-funded savings – can be reported at any time during or following rate period
 - Some of earlier requirements on timing of reporting are no longer in place (e.g., those under rate credit)

Issues #12&13 – Timing of Reporting

- BPA Perspective (cont'd):
 - EE must report internally (on quarterly basis) on progress toward savings targets during each fiscal year
 - Difficult to know if BPA is on target to achieve savings, given potential lag in reporting

Issues #12&13 – Timing of Reporting

- BPA Perspective (cont'd):
 - By the time we realize we're falling short of targets, it may be too late to make program adjustments
 - Or we may make adjustments based on limited information that turn out to have been unnecessary

Issues #12&13 – Timing of Reporting

- BPA Perspective (cont'd):
 - EE would like regular reporting of EEI- and self-funded savings in IS 2.0/ NED -- at least quarterly
 - Current projections of fiscal year savings by “top-20” utilities (with largest TOCA shares) on quarterly basis helps EE gauge progress toward targets

Issues #12&13 – Timing of Reporting

- BPA Perspective (cont'd):
 - EE would also like to get utility projections of fiscal year EEI expenditures from utilities on quarterly basis
 - This would provide visibility to EEI spending plans and help EE with budget planning

Issues #12&13 – Timing of Reporting

- Utility Perspective:
 - Controls on timing of reporting of savings may reduce utility flexibility and increase administrative burden
 - Some utilities may want to report less often to reduce administrative burden

Issues #12&13 – Timing of Reporting

- Public comments to date:
 - Understand the BPA concern about timely and regular reporting of savings, but are very concerned about administrative burden and request that BPA retain current flexibility for reporting during rate period.
 - Problem statement seems to address both reporting kWh savings and reporting expenditures - not clear which is being considered. Separate reporting would help emphasize importance of kWh savings for meeting targets.

Ancillary Issues

- Cause of uptick in reported measures/ projects at end of rate period (a function of timing of completion vs. reporting in IS 2.0?)
- 'Missed measure' window for reporting (e.g., measures/projects must be reported within two years of completion date)

Links to Other Workgroups

- Workgroup 1, Model for Achieving Programmatic Savings:
 - Under self-management of incentives, would need mechanism to ensure regular reporting of savings
- Others?

Prioritization of Issues

- Issue #10 - BPA Role in Verifying Utility Self-funded Savings
- Issues #12&13 – Timing of Reporting

Discussion of Issues

Next Steps

- Additional background or analytical work needed?
- Other recommendations?

Next Steps

- Meeting dates OK?
 - April 1, 10:00-12:00
 - April 22, 10:00-12:00
- Goal to provide meeting notes within a week
- Materials posted on BPA's [Post-2011 website](#)
- Other?

Questions?

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