



**NW Energy Coalition**  
*for a clean and affordable energy future*

March 17, 2023

Jamae Hilliard Creecy  
Vice President, Energy Efficiency  
Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

*Re: Runnin' Down a Dream: Comments on Bonneville Power Administration's Draft 2022-2027 Energy Efficiency Action Plan*

Dear Ms. Creecy:

Thank you for the opportunity to comment on the Bonneville Power Administration's (BPA's) Draft 2022-2027 Energy Efficiency Action Plan ("Action Plan").

The NW Energy Coalition is an alliance of over 100 environmental, civic, and human service organizations, utilities, and businesses in Oregon, Washington, Idaho, Montana, and British Columbia, plus many individual members, united around a mission to advance clean, equitable, and affordable energy policies in the region.

Our organization's founding more than 40 years ago was spurred by BPA putting unacceptable cost risks onto customers and neglecting to instead pursue energy efficiency that directly helps customers and the power system. While BPA and the region have made great strides on energy efficiency since the NW Energy Coalition was founded, there is still much to do *now*. Our energy system is transitioning to be cleaner, and BPA's energy efficiency and demand response programming is vital to ensuring we can make this transition affordably and equitably for customers.

Overall, we appreciate the guiding principles of the Action Plan and the work to detail the program and the anticipated programmatic changes to achieve the stated targets—and hopefully go further, as the forecasted savings indicate.

However, we are concerned that the Action Plan does not lay out enough concrete actions to ensure that BPA and its customers will achieve all the needed cost-effective energy efficiency and demand response in the region. We have noted in other venues that the 2021 Power Plan target for conservation for the region, and for BPA, is far too low: it does not account for the increasing scale of electrification; it does not value the other attributes of conservation that are important to the region and its customers; it degrades the capacity and capability of the conservation market to deliver savings; and it exposes the region to further market price spikes. **The region needs BPA to lead on developing strong energy efficiency programs for all customers in the region.**

## Summary Comments

As BPA reviews comments and updates the draft Action Plan over the next six weeks, we have provided some recommendations that, in our view, would strengthen it as a guiding document over the next five years, as well as recommendations for other actions BPA should be doing in coordination of this Action Plan.

As part of the final Action Plan, BPA should:

- Provide a “stretch target” for energy efficiency that better accounts for expected increased electrification in the region and the not-yet-accounted-for values of energy efficiency that BPA notes are important, including resilience and equity.
- Explain in more detail why the energy efficiency program missed targets in the last Action Plan; while the COVID pandemic was obviously a major driver, as we have detailed in past comments, BPA was showing strong signs of missing efficiency targets prior to the start of the pandemic—due to underfunding of these programs. Knowing and acknowledging why BPA’s efficiency programs have missed targets will help BPA course-correct in its future implementation.
- Describe risks to the program and Action Plan if estimated utility self-funding amounts (estimated at approximately 30%) do not materialize, or do not materialize equitably across the region.
- Consider creating a targeted action plan to ensure that energy efficiency acquisition is equitably achieved in the eastern part of BPA’s service territory.
- Provide information on when and how BPA will evaluate the non-energy benefits of energy efficiency. We think this guiding principle is important for the Action Plan and for the region and deserves a robust discussion; BPA should define a specific process and path forward.
- For demand response, develop a workplan—with dates, timelines, venues, and metrics for evaluation—for how BPA staff will implement a demand response program in coordination with customers and regional stakeholders.

In coordination with this Action Plan, BPA should:

- Do a deep dive into impacts on BPA programs and customers and reevaluate the Action Plan target, once federal programs related to building efficiency and electrification have more structure.
- As a board member and funder of NEEA, push for significant investment in NEEA’s electric Cycle 7 business plan to capture all cost-effective efficiency available to the region.
- Evaluate whether to restart meetings of the Regional Low Income Energy Efficiency Workgroup, which does not seem to have met since early 2021.
- Consider any changes to energy efficiency program implementation that could influence acquisition in the Post-2028 contracts as part of its policy development for Provider of Choice. BPA should also ensure that it is not devaluing customer self-funded energy efficiency in the Provider of Choice process, while simultaneously assuming that customer self-funded savings will contribute meaningfully to BPA meeting its efficiency target.

## Further Comments

### **I Won't Back Down: The Region Needs BPA's Leadership on Energy Efficiency**

Historically, BPA has contributed substantially to regional progress on energy efficiency by coordinating and helping achieve public power's share of our region's targets. Energy efficiency program investments are fiscally sound and smart for the region - they keep rates low for customer utilities, reduce bills and improve health and comfort for end use customers, and provide jobs and other financial benefits to businesses, schools, communities institutions, and public agencies.

Looking to the future, BPA's energy efficiency acquisitions will become even more valuable for both BPA and the region. Unfortunately, the historic cost-effectiveness framework for evaluating energy efficiency versus other resources does not adequately value the full benefits of energy efficiency, including resiliency and equity.

In reviewing this Action plan, first, we appreciate that BPA acknowledges in its guiding principles that we should consider value of efficiency beyond just energy savings including, "economic, environmental, and resiliency benefits." We agree, and look forward to working with BPA as the agency begins to better quantify these benefits. **As part of the final Action Plan, we recommend that BPA provide information on when and how BPA will evaluate the non-energy benefits of energy efficiency.** We think this guiding principle is important for the Action Plan and for the region and deserves a robust discussion; BPA should define a specific process and path forward. There are already aspects of this conversation underway with Washington investor-owned utilities and the Washington Utilities and Transportation Commission, as well as the NW Power and Conservation Council, which could help inform BPA's work in this area.

**While the Action Plan does not yet quantify these other efficiency benefits, we appreciate that the program planning does take steps to focus on measures that provide multifaceted benefits to BPA's customers and to the power system during times of greatest system need, including high-value HVAC measures and weatherization.** We have supported BPA's work to develop the Comfort Ready Home initiative, and we also support efforts to remove barriers for customers participating in low-income weatherization programs. Previously, BPA convened a Regional Low Income Energy Efficiency Workgroup, but this group does not seem to have met since early 2021. We recommend BPA evaluate whether a regrouping of this workgroup could help inform what barriers BPA could influence as part of low-income weatherization programs.

While we have these positive aspects of the plan in mind, we are concerned with some major aspects of the plan. Namely, the efficiency target that BPA has set of 300 aMW is not ambitious enough to capture the needed efficiency acquisition the region needs. Moreover, for various reasons BPA risks not meeting even that lackluster target.

As we have noted in other venues, the 2021 Power Plan target for conservation for the region, and for BPA, is far too low and does not account for the increasing scale and need for electrification or value the other attributes of conservation that BPA notes are important. We recommend BPA develop a "stretch target" for energy efficiency that better accounts for expected increased electrification in the region and the not-yet-accounted-for values of energy efficiency that BPA notes are important, including resilience and equity. **In addition, once federal programs related to building efficiency and electrification have**

more structure, BPA should do a deep dive into impacts on BPA programs and customers and reevaluate the Action Plan target.

At the same time, we risk history repeating itself and BPA again missing its own targets if there is not serious evaluation of structures and past implementation. While the COVID pandemic obviously had significant impacts on efficiency acquisition in the region, BPA was already showing signs of missing its efficiency target before the start of the pandemic. As we noted in our comments on BPA's BP-22 Integrated Program Review (IPR) from July 2020, "BPA has failed to reach its share of regional energy efficiency acquisition every year of the Seventh Plan period. Furthermore, over three IPR timeframes, BPA has failed to take any corrective action to remedy the energy efficiency shortfall..." Knowing and acknowledging why BPA's efficiency programs have missed targets will help BPA course-correct in its future implementation and provide confidence to the region that BPA will acquire this resource in this action plan.

Structurally, we see other issues that make us concerned that BPA will not reach its target:

1. **Mismatch between eastside and westside states:** While, on aggregate, efficiency potential as evaluated through the conservation potential assessment framework is declining, much of the efficiency that was previously available to Idaho and Montana utilities still remains available. We appreciate the focus that this plan has on meeting the needs of small and rural utilities – we suggest that BPA create a targeted plan to ensure that energy efficiency acquisition is equitably achieved in the eastern part of BPA's service territory, where particular challenges must be overcome for the benefit of those customers and the region as a whole.
2. **Overreliance on utility self-funding:** BPA continues to estimate that about 30% of programmatic efficiency achievement will come from utility self-funding programs. Related to the above point, that utility self-funding does not happen equitably in the region, but instead approximately 90% of the achievement comes from just six utilities on the westside of BPA's territory. This Action Plan should describe risks to the program and Action Plan if estimated utility self-funding amounts (estimated at approximately 30%) do not materialize, or the implications of what happens when these investments do not materialize equitably across the region. Relatedly, as part of the Provider of Choice discussions, BPA should also ensure that it is not devaluing customer self-funded energy efficiency in the Provider of Choice process, while simultaneously assuming that customer self-funded savings will contribute meaningfully to BPA meeting its efficiency target.
3. **Continued reliance on momentum savings:** We appreciate that BPA has lowered its reliance on momentum savings for this Action Plan and is considering risk mitigation measures related to this savings category. We would further note that, as BPA has lowered conservation investment over the years, it seems that it is harder to quantify the magnitude of momentum that can readily attributed to BPA programs and efforts, versus other actors in the region.

### **Something Good Coming: Investment in NEEA**

The Northwest Energy Efficiency Alliance (NEEA) pools resources and share risks to transform the market for energy efficiency to the benefit of consumers in the Northwest. BPA is not only a funder of NEEA, but the organization's largest funder, and Ms. Creecy is a key board member, currently serving on the executive committee for the alliance's Board.

The NW Energy Coalition is closely watching as NEEA develops its Cycle 7 Business Plan, which will direct operations for 2025-2029. NEEA's efforts, due to its regional reach and pooling of utility resources, result in very low-cost efficiency savings with long-term effect. At the NEEA Board Meeting on March 13, 2023, we were pleased to hear support, especially from some consumer owned utilities, for NEEA's budget to aim to get as much cost-effective savings as possible. **We were, however, troubled to hear Ms. Creecy note that, if the NEEA budget was developed on a higher end to get those savings, that BPA would need to find cost reductions elsewhere in BPA's own energy efficiency budget.**

We understand that BPA has a budget setting process that is somewhat at odds with the various resource planning and acquisition timeframes, but we also know that BPA has an obligation to acquire all cost-effective efficiency. As a board member and funder of NEEA, BPA should push for significant investment in the electric Cycle 7 business plan that captures all cost-effective efficiency available to the region, and then work within its own future budget setting processes to ensure that BPA has the resource to contribute to NEEA's work.

### **Stop Dragging my Heart Around/Learning to Fly: Demand Response**

Demand response has been a topic of conversation around BPA for many years, with actual discussion in resource planning documents starting in 2018. In 2018, BPA first contracted for a Demand Response potential assessment as part of the 2017-2018 Resource Program, and then the 2018 Resource Program identified demand response as a potential economically effective solution for meeting BPA's summer capacity needs.<sup>1</sup> The 2020 Resource Program, however, did not find demand response in the least-cost portfolio for BPA.<sup>2</sup> And then in 2022, the Resource Program again found that demand response was needed – with 213 MW summer and 158 MW winter in the two year timeframe.<sup>3</sup>

With the back and forth direction from BPA's resource program, we can understand to some extent the lack of action on developing this resource more fully. However, all indications from the 2021 Power Plan and from other regional resource adequacy efforts are that demand response efforts need to ramp up sharply.

As BPA's Interim Planning & Evaluation Manager, Bonnie Watson noted in presentation before the Power Council on March 14, "Bonneville cannot do demand response on our own", which is true.<sup>4</sup> However, demand response is a regional resource that BPA needs and BPA's customers, especially smaller customers, will likely need support to get these efforts off the ground.

The current discussion on demand response in the draft Action Plan is limited and vague given the urgency and timeline over which this acquisition needs to happen. At a minimum, BPA should, as a part of this Action Plan, develop a workplan—with dates, timelines, venues, and metrics for evaluation—for how BPA staff will implement a demand response program in coordination with customers and regional stakeholders.

---

<sup>1</sup> BPA 2018 Resource Program. <https://www.bpa.gov/-/media/Aep/power/resource-program/2018-resource-program.pdf> (page 3).

<sup>2</sup> BPA 2020 Resource Program. <https://www.bpa.gov/-/media/Aep/power/resource-program/2020-resource-program-final-9-9-20.pdf> (page 6).

<sup>3</sup> BPA 2022 Resource Program. <https://www.bpa.gov/-/media/Aep/power/resource-program/2022-resource-program.pdf> (page 23).

<sup>4</sup> NW Power and Conservation Council, Power Committee. March 14, 2023 Meeting. Comments of Bonnie Watson.

## Handle with Care: Implications between Provider of Choice Policy and Energy Efficiency

We noted above some concerns with the Provider of Choice discussions and the interplay with the policy around how efficiency is acquired by customer utilities, but it bears repeating here. The draft Action Plan notes, “The Provider of Choice process will influence many facets of BPA’s relationship with its power customers, including how the agency acquires energy efficiency.” This is true, and there are many ways in which changes to post-2028 contracts could change the magnitude and structure of how much efficiency BPA is able to acquire through its customers. While technically outside the timeframe of this Action Plan, the discussion around utility self-funding could introduce risk into this Action Plan time period. **As part of the Provider of Choice process, BPA should ensure that it is not devaluing customer self-funded energy efficiency, while simultaneously assuming that customer self-funded savings will contribute meaningfully to BPA meeting its efficiency target.** In public meetings, at least one customer has suggested that BPA’s energy efficiency program should be 100% funded through BPA’s EEI in the future – this signals that customers are not getting a fair deal from BPA for their self-funded savings.

**In sum, there is a lot to be excited about for the future: BPA has new and emerging opportunities to build up its energy efficiency programming and demand response programming by collaborating with utility customers and communities, and the federal administration direction seems clear—there will be a lot of federal funding to help with the clean energy transition.** Customer side resources are the key piece to that clean energy transition, and we need BPA to be a leader for the region on these issues. We look forward to an improved final Action Plan, as well as further coordination and collaboration in the future with BPA staff.

Sincerely [*End of the Line*],

Lauren McCloy  
Policy Director

Fred Heutte  
Senior Policy Associate

Diego Rivas  
Regulatory Counsel

Amy Wheelless  
Senior Policy Associate

*With credit to Tom Petty and the Heartbreakers*