

# EE Post-2011 Review Update

Oregon Roundtable  
October 15, 2014

# Post-2011 Review Timeline



# Post-2011 Review Issues

- ✓ WG1: EEI Allocation Methodology
- ✓ WG1: Two-Year EEI Budgets
- ✓ WG1: BPA Redirect of Unused EEI Funds
- ✓ WG1: BPA's Backstop Role
- ✓ WG1: Limitations of the Post-2011 Framework
- ✓ WG1: Performance Payments for Regional Programs
- ✓ WG1: Regional Program Administration
- ✓ WG1: Utility Self-Management of Incentives
- ✓ WG2: Frequency of Publishing the Implementation Manual
- ✓ WG3: Directing EEI to Low-Income EE
- ✓ WG4: Unassigned Account Allocation Methodology
- ✓ WG4: Capturing Savings from Large Projects
- ✓ WG5: Reporting and Verification of Self-funded Savings
- ✓ WG5: Timing of Customer Reporting to BPA

# Key Changes

- Funding for Energy Efficiency
- Utility Self-Management of Incentives
- Publishing the Implementation Manual
- Capturing Savings from Large Projects
- Inter-Rate Period Budget Flexibility
- Capturing Low-Income Savings
- Designing Regional Programs
- Reporting Savings

# Funding for Energy Efficiency

- Throughout the Post-2011 Review and in several public comments, many customers expressed interest in moving EE's capital program to expense.
  - While noting customer concern about the rate impact of such a move, BPA appreciates customers pushing the issue forward.
  
- BPA will further evaluate, in collaboration with customers and stakeholders, moving from capital to expense.
  - BPA will engage the region in evaluating the business case for moving to expense and strategies for making a capital to expense transition, if warranted, prior to the BP18 initial proposal.
  - A decision on what to assume in the initial proposal would occur in the 2016 Integrated Program Review with opportunity for public input.
  
- In the meantime, BPA is pursuing third-party financing for funding the EEI portion of EE's capital program with FY 2016 as the target date for implementation.
  - Under third-party financing, an outside entity will be added to energy efficiency contracts, but program implementation will remain largely unchanged.
  - Customers will continue to install conservation measures pursuant to the Implementation Manual and BPA will continue to serve as the Program Manager, approving all invoices and designing program specifics.
  - The key difference is that customers will receive reimbursements from a third party instead of BPA.

# Utility Self-Management of Incentives

- **Conservation Billing Credits**: BPA will consider customer requests for billing credits in exchange for independent conservation performed in the FY2016-2017 rate period and throughout the duration of the Regional Dialogue contracts.
- Draft contract includes a minimum funding amount and minimum savings amount and a financial penalty for underperformance.
- Billing credits will be designed to reasonably assure rate neutrality and not negatively impact non-billing credits customers

## Timeline

- Oct 10 – Nov 14: public review and comment on draft billing credits contract and draft revisions to the agency's 1993 Billing Credits policy
  - **Public meeting: Friday, October 24<sup>th</sup> in Portland from 9am – 11am**
- March 2015: interested customers sign billing credits contracts
- Oct 2015: customers begin receiving billing credits and reporting independent conservation savings

# Publishing the Implementation Manual

- BPA will publish the IM annually on October 1 **beginning October 1, 2015**. Changes that require notice will be announced the previous April in a separate change document. BPA's new change notice policy will be as follows:\*

Changes Taking Effect in October IM <u>with Notice</u> in April Changes Document	Changes Taking Effect in October IM AND April Changes Document <u>Without Notice</u>
Savings change up or down	New measure (definition TBD)
Payment amount change, up or down	Optional calculators
Adding or substituting a requirement	Removal of a requirement
Expiration of a measure	

\*Corrections to the IM will continue to be made at anytime, per the existing policy, as well as changes resulting from third party contract actions.

# Capturing Savings from Large Projects

- **Large Project Program (LPP):** Beginning October 1, 2015, BPA will allocate up to \$10M per rate period to provide incentives above and beyond EEI budgets to customers for “large” projects. The cost of LPP acquisitions will be limited to customers that receive additional funds.
- A custom project proposal must be submitted to BPA along with the request for funding (and can be submitted at any time prior to the project completion report).
- Allocation will be on a first-come, first-served basis with BPA having discretion on projects over \$2M.
- Targeted Adjusted Charge: a customer that receives funds through the LPP would be charged the amount of BPA’s borrowing costs to pay for the customer’s project(s).
  - Customer cannot pay back the amount with future EEI funds
- BPA’s funding commitment remains regardless of the rate period in which the project is completed and submitted to BPA for payment.

# Inter-Rate Period Budget Flexibility

- **Roll Over**: BPA will roll over up to 5 percent of the start of rate period EEI budget; each customer can roll over up to 5 percent of its start of rate period EEI budget *irrespective of specific projects*
- Roll over will be allowed from FY15 to FY16
- Pulling EEI from future years will not be allowed

# Capturing Low-Income Savings

- **BPA-managed Low-Income Energy Efficiency Workgroup**: BPA will sponsor an ongoing low-income workgroup.
  - Workgroup will bring parties together to explore best practices and find ways to overcome some of the barriers to serving low-income consumers.
  - BPA will prioritize further review of an EEI set-aside method in the workgroup.
  - Workgroup will also continue researching (potentially through a subgroup or other means) streamlining reporting and adopting a better methodology for low-income agencies and customers to report and track savings.
  
- First meeting will be on **Thursday, November 6<sup>th</sup>** in Portland. Stay tuned for more information.

# Developing Regional Programs

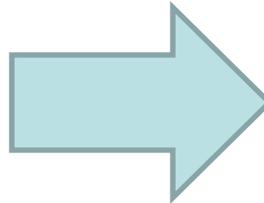
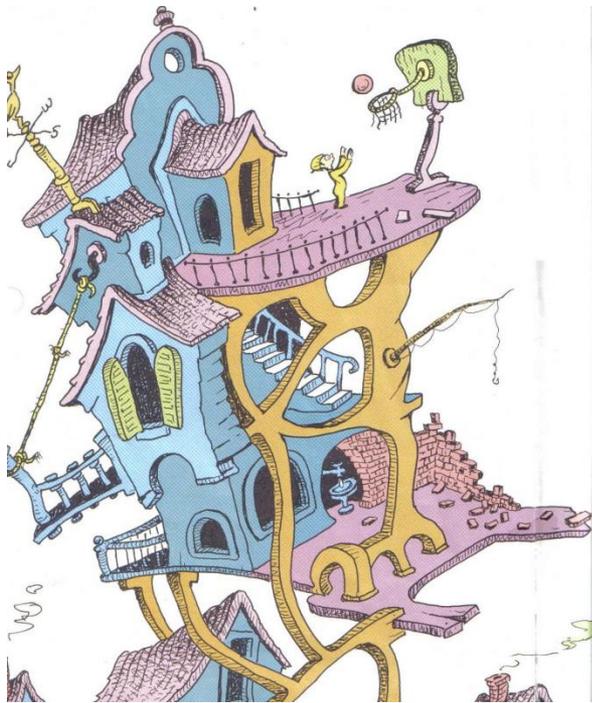
- When developing new regional programs, **BPA will follow a structured process that is transparent and collaborative** and guided by the following considerations:
  - Customer benefits and costs at the local level;
  - BPA wholesale system benefits and costs;
  - Opportunity for all customers to participate in one or more regional programs;
  - The number, scale and possible geographic location of participating customers needed for the success of a regional program;
  - Customer relationships with end-use consumers and the impacts on/complements to existing efficiency programs at the local level; and,
  - Impact on local vendors and suppliers.

# Reporting Savings

- BPA will begin promoting the best practice of monthly reporting of savings by customers to BPA.
- BPA plans to report the aggregate results of the energy savings forecasts and actuals back out to you on a quarterly basis.

# Thank You!

# QSSI Project Overview



***No more Dr. Seuss .....***

# Project Scope

- Define Standards
  - Reliable Savings; Customer Service; Financial Stewardship [COMPLETE]
  
- Develop Policies and Improve Processes
  - Savings-Type
    - Custom Projects [COMPLETE]
    - Custom Programs [COMPLETE]
    - Unit Energy Savings [IN REVIEW]
    - Calculators [UNDER CONSTRUCTION]
  
  - Non-Savings Type
    - Planning [IN REVIEW]
    - Implementation Manual Management [GETTING STARTED]
    - Program and Offering Engagement
    - Oversight
    - Evaluation
    - Continuous Improvement
    - Communication