

BPA REGIONAL PROGRAMS: Business Case & Value Proposition



Since the passage of the 1980 Pacific Northwest Electric Power Planning and Conservation Act, BPA has leveraged regional programs to acquire electric energy savings. These programs—for the last 30 years and through to the present—help BPA and its preference customers acquire energy savings at low cost while providing convenience and high satisfaction for customers and consumers. Customers are right to seek ways to reduce BPA's costs and maximize the value out of their ratepayers' dollars. The purpose of this introductory document and the accompanying program-specific documents is to demonstrate the broad-based value that BPA's regional programs (*Energy Smart Industrial*; *EnergySmart Grocer*; and *Simple Steps, Smart Savings*) provide to BPA, customers, and consumers.

Regional Programs Offer Increased Convenience to Customers

BPA's regional programs offer increased convenience to customers. By participating in BPA's programs, customers are able to avoid the burden of designing, contracting for, implementing and managing programs of their own. Additionally, BPA's programs allow customers to save time and prioritize their efforts. For example, rather than running a time-consuming retail lighting program, *Simple Steps, Smart Savings* allows customers to dedicate their time and energy to other efforts that require more consumer involvement, such as residential weatherization or commercial programs.

BPA's regional programs offer the convenience of finding and delivering on savings opportunities. For example, *Energy Smart Industrial* allows customers to take advantage of the program's field engineers to help develop industrial projects that would otherwise likely be missed by those customers without in-house engineering expertise. And for those larger customers that do have the staff and resources, the programs can complement customer programs, or offer the convenience of the implementer managing the relationships with businesses that have buildings in many utility service territories. For example, *EnergySmart Grocer* allows customers to benefit from the implementer managing the upstream relationship with retail store district managers.

Regional Programs Enable Consistency for Ease of Implementation

Regional programs managed at the BPA level allow for the development of unique relationships among customers and contractors. Opportunities, know-how, and ideas spread more effectively when there is a uniform program in place and customers and contractors have the opportunity to learn from one another. This "cross-pollination" inevitably helps with the delivery of more savings than in a fragmented world of many different and inconsistent programs.

Regional Programs Create Economies of Scale to Help Lower Costs

BPA is able to lower the overall cost of regional programs by centralizing their design and administration. Doing so at the BPA level is more cost-efficient than independent design and administrative efforts by numerous customers as overhead and management costs for a program are dispersed over a far greater number of projects. It could also be argued that BPA has more leverage in keeping the contract price down than would be the case if many entities signed one-off contracts with an implementer. This is the essence of the economies of scale that is realized by BPA managing the programs on behalf of its customers.



Savings Achievements of BPA's Regional Programs (FY 2012- 2014)

To put in context the magnitude of the savings delivered by BPA's regional programs, below is a table that captures the total savings delivered by each program, the total programmatic savings, and the percent of the total programmatic savings delivered by the programs. Thus, for the first three years of the Post-2011 framework, BPA's regional programs, along with the efforts of customers, helped deliver 32% of total programmatic savings. (The appendix provides third-party regional program savings as a percent of total sector savings.)

Third-Party Program Savings Summary (aMW)					
	2012	2013	2014	Total	% of Total Programmatic Savings
Simple Steps Smart Savings	4.6	5.0	6.6	16.2	9%
EnergySmart Grocer (ESG)	1.2	4.1	1.3	6.5	4%
Energy Smart Industrial (ESI)	9.4	19.8	7.2	36.3	20%
Total	15.1	28.9	15.0	59.0	32%
Total Programmatic Savings (BPA-funded and Self-funded)¹	58.9	76.0	47.2	182.1	

Breakdown of BPA's Energy Efficiency Capital Expenditures

In the table below is a breakdown of BPA's Energy Efficiency capital expenditures for the last three fiscal years. The costs for each of BPA's three regional programs are included under the BPA-managed portion of the capital budget. The accompanying documents for each program help put these costs in context in terms of cents per kilowatt hour and dollar per average megawatt of savings.

EE Capital Expenditures	2012	2013	2014
Energy Efficiency Incentive (EEI)	\$61,301,182	\$64,230,742	\$62,838,267
BPA-Managed²			
EnergySmart Grocer (ESG)	\$2,327,774	\$2,998,000	\$3,270,000
Energy Smart Reserve Power	\$0	\$1,216,990	\$1,968,838
Energy Smart Industrial (ESI)	\$8,881,786	\$6,485,872	\$7,145,245
Simple Steps Smart Savings	\$891,749	\$944,542	\$1,979,374
Legacy Contract Obligations (Norpac) ³	\$8,126,462	\$2,480,993	\$830,262
Other	\$86,594	\$18,903	\$(145,000)
Total BPA-Managed	\$20,314,366	\$14,145,301	\$15,048,718
Total EE Capital Expenditures	\$81,615,548	\$78,376,042	\$77,886,985⁴

The Next Chapter for BPA's Regional Programs

BPA recognizes that improvements are always possible. To that end, BPA regularly seeks and incorporates customer feedback on its regional programs. BPA does not contract with third parties in perpetuity and has feedback mechanisms in place to improve programs, which routinely come up for re-evaluation. For example, *EnergySmart Grocer* has been a major success, but the program is approaching its off ramp. What replaces it will be a result of BPA engagement with customers to identify a commercial program that will continue the legacy of providing customers with convenience, consistency, and economies of scale.

¹The total programmatic savings are those from invoices that were approved by BPA no later than October 29, 2014 and have completion dates in fiscal years 2012, 2013, and 2014.

²For ESG, ESI and Simple Steps, the BPA-managed portion of the capital budget covers only administrative cost, not incentives.

³Norpac was a large-scale industrial project in Cowlitz County, which focused on new screening and refining systems throughout a Weyerhaeuser plant, and resulted from a bilateral agreement between BPA and Cowlitz County PUD prior to fiscal year 2012. The project's savings were counted toward BPA's 6th Power Plan target.

⁴This Other expense represents an accrual that had no resulting invoice.