Post-2006 Conservation Program Proposal

This Post-2006 Conservation Program proposal is organized as follows.

Section I: Introduction. The program purpose and BPA’s strategic direction for this proposal are described in this section. The five-year (FYs 07 – 11) aMW targets for this program proposal are identified. The five program principles that were included in BPA’s Final Record of Decision on the short-term Regional Dialogue Policy are described along with seven key policy directives that help frame the post-2006 conservation programs. Finally, the timeframe anticipated for implementation of these proposed programs is explained.

Section II: Program Portfolio and Structure. This section includes a description of the portfolio of programs proposed followed by a more detailed description of program design features for each of the four portfolio components: a rate credit; utility and federal agency customer bi-lateral contracts; 3rd party bi-lateral contracts; and regional infrastructure support. Proposed features that are consistent across all programs are identified up front. Proposed small utility options are discussed as part of the rate credit program. Finally, proposed measurement and verification requirements and monitoring, tracking and reporting activities are described.

All budgets and cost/aMW targets identified in this proposal are subject to change pending the outcome of BPA’s 2005 Power Function Review.

Appendix:
1. Sample of BPA Reporting, Oversight, and Evaluation Requirements.

I. Introduction

Purpose
The purpose of this proposal is to identify the portfolio of programs that BPA is planning to offer during the 2007 through 2011 timeframe. BPA anticipates that this portfolio will facilitate BPA’s ability to achieve its share of the regional cost-effective conservation targets as defined by the Northwest Power and Conservation Council’s (Council) Fifth Power Plan, enable BPA to achieve its strategic direction objective described below and provide consistency with the BPA’s Regional Dialogue Policy decisions. In addition, the five BPA policy directives described below provided additional guidance to the proposed portfolio design.

Strategic Direction
Strategic Objective 3: BPA ensures development of all cost-effective energy efficiency in the loads BPA serves, facilitates development of regional renewable resources, and adopts cost-effective non-construction alternatives to transmission expansion.
Explanation of S3: BPA will continue to treat energy efficiency as a resource and define our goals in terms of megawatts of energy efficiency acquired. Even if we adopt tiered rates, we are very likely to continue to need limited amounts of new resources. We expect conservation to continue to be a cost-effective resource to meet this limited need, with first priority by law. Accordingly, our goal is to continue to ensure that the cost-effective conservation in the load we serve gets developed, since this amount is very unlikely to exceed our total need. We will ensure this amount is developed with the smallest possible BPA outlay. We will do this through a combination of acquisition of conservation, adoption of policies and rates that support others’ development or acquisition of cost-effective conservation, and support of market transformation that results in more efficient electric energy use.

Program Principles
The following five conservation principles were included in BPA’s Final Record of Decision on the short-term Regional Dialogue Policy (dated February 2005). They provide the framework for future conservation program design purposes.

- **Conservation Targets from Council’s Plan:** BPA will use the Council’s plan to identify the regional cost-effective conservation targets upon which the agency’s share (approximately 40 percent\(^1\)) of cost-effective conservation is based.

- **Conservation Achieved at the Local Level:** The bulk of the conservation to be achieved is best pursued and achieved at the local level. There are some initiatives that are best served by regional approaches (for example, market transformation through the Northwest Energy Efficiency Alliance). However, the knowledge local utilities have of their consumers and their needs reinforce many of the successful energy efficiency programs being delivered today.

- **Achieve Conservation at Lowest Cost Possible to BPA:** BPA will seek to meet its conservation goals at the lowest possible cost to BPA. While only cost-effective measures and programs are a given, the region can benefit by working together to jointly drive down the cost of acquiring those resources.

- **Administrative Support:** BPA will continue to provide an appropriate level of funding for local administrative support to plan and implement conservation programs.

- **Funding for Education, Outreach and Low-Income Weatherization:** BPA will continue to provide an appropriate level of funding for education, outreach, and low-income weatherization such that these important initiatives complement a complete and effective conservation portfolio.

In addition to the five approved principles listed above, BPA’s proposed post-2006 program approach is guided by the following key policy directives:

\(^1\) Based on the FY03 White Book information.
• **Benefits Must Flow to BPA:** BPA must realize directly the benefit of the savings achieved from the conservation acquisition programs it funds. *(Note: in this proposal, the decrement will only be applied in the bi-lateral contracts program for partial requirements customers.)*

• **Cost-Effective Measures:** BPA will only pay for cost-effective measures as defined in the Council’s Power Plan.

• **Accountability:** BPA needs to be sure it is getting what we pay for -- incremental, reliable and verifiable conservation savings. Measurement and verification will be included in all program mechanisms. This will include managing performance risks upfront such that BPA will avoid any need to “backstop” underachievement.

• **Tracking Progress:** BPA will monitor, track and report, on a regular basis, how our utilities and other parties are spending the conservation funds it provides across all components of the conservation portfolio.

• **Flexibility:** BPA will retain flexibility to shift budgets and targets across all program elements of the proposed conservation portfolio and across program years to ensure the Council’s target is met at the lowest cost possible.

• **Leveraging and Coordination:** BPA will attempt to coordinate and synchronize its efforts with those of others as part of an effective and efficient regional effort to achieve cost-effective conservation.

• **Local Control:** BPA will foster local utility initiative and control of conservation efforts to the maximum extent it can, consistent with meeting cost and verification goals.

**Timeframe**

It is anticipated that this proposed program approach would be implemented for BPA’s FYs 2007 to 2011 period. Although the new rate case would only be for three years (FYs 2007-09), we believe, with the possible exception of the decrement, that the proposed program elements and related features would be included in any future rate case that addresses budgets for FYs 2010 and 2011. However, new power sales contracts and/or post-2009 rate case decisions could require that elements of this proposed program structure be adjusted. This program approach would be ready for implementation on or before September 30, 2006.

**Commitment to Achieving the Target:** BPA believes it is important to maintain a steady level of support for conservation over time and will continue to provide a strong energy efficiency program with a firm commitment to achieving its share of the Council’s conservation target. This renewed commitment began in the current rate period when BPA more than quadrupled its budget for installing energy conservation measures and capturing conservation savings from about $15M in 2001 to over $70M in 2002. Since that substantial increase in funding for conservation, BPA has provided a steady, high level of support for delivering conservation savings each year. In the 2007-09 rate period, BPA proposes to continue this support and slightly increase the funding level from about $70M/year, on average, to a proposed $75M/year.
II. Program Portfolio and Structure

Program Design Features
BPA proposes a portfolio of programs and supporting activities designed to achieve BPA’s share of the regional cost effective conservation target (as identified by the Council in its Fifth Power Plan). The portfolio includes: (1) a rate credit program; (2) utility and federal agency customer bi-lateral contract programs; (3) 3rd party bi-lateral contract programs; and (4) support for regional infrastructure necessary to effectively carry out the other program elements. Options are provided under the rate credit program for small utilities. In addition, under the rate credit program, a renewables alternative is provided.

The Proposed Program Portfolio is shown in the following chart and explained in further detail in the remainder of this document.

Post 2006 Conservation Program aMW Targets
BPA has committed to achieving its share of the Pacific Northwest’s Power Conservation Council’s five-year conservation targets as identified in the 5th Power Plan. This target is 280 aMW (including naturally occurring conservation) over the 2007 though 2011 time period. BPA expects roughly twenty aMW will be naturally occurring over this five-year period. Based on this information, the annual average target would be 52 aMW/year (280 aMW/five years = 56 aMW/year less 4 aMW/year naturally occurring). BPA will conduct an evaluation to estimate the accuracy of this assumption and whether the assumption should be modified going forward. BPA’s commitment is to ensure development of the 5-year target, recognizing that there will be variations in the pace of the delivered savings on an annual basis.

BPA is proposing to count all of the conservation savings that result from BPA’s efforts and/or funding towards achievement of the 52 aMW per year target. For example, BPA counts 50% of NEEA’s conservation acquisition towards BPA’s targets since BPA provides 50% of NEEA’s funding. BPA would also count the conservation savings that result from IOU rate credit expenditures.

Eligibility
All BPA customers (including the IOUs), with the exception of the DSIs, would be eligible to participate in the rate credit program. IOUs have a contractual right to participate. All BPA preference and Federal Agency customers would be eligible to submit proposals under the bi-lateral contract program.

Decrement
BPA proposes to continue its current practice of not decrementing the slice/block or participating IOU customers under the rate credit program, but requiring load decrement under the bi-lateral contracts program. The decrement would not apply to the NEEA contract. Whether or not the decrement applies to other 3rd party bi-lateral contracts involving slice/block customers would be determined on a case-by-case basis. Customers would be kept informed of any potential conservation activities in their service areas and if a decrement will be applied should they decide to participate in the proposed initiative.
BPA’s Proposed Post-2006 Conservation Program Structure

Rate Credit Program
(no decrement)

Utility & Federal Agency Customers
(decrement applies)

3rd Party
(decrement TBD)

Regional Infrastructure Support

Bi-lateral Contracts

- Deemed, calculated & protocol measures
- RTF database expanded – ID cost effective & lost opportunity measures; utilities report savings from all programs and any funding source.
- Financing/revolving loan option
- Continue pooling option
- Optional contracting w/service providers
- Measurement & verification
- Utility program administrative costs included
- Monitoring, reporting & tracking
- Cost-effective LIWx & direct application renewables
- Renewables alternative

- Standard offers, deemed, protocol & custom measures
- Reporting through enhanced RTF database system
- Administrative cost included
- Proposal reviews, optional pre-approval, BPA technical assistance
- Measurement & verification
- Option for pooling & contracting with 3rd party service providers
- Monitoring, reporting & tracking

- Market transformation incl. codes & standards (no decrement)
- Bulk purchases
- Vendor programs
- Federal Agencies
- Measurement & verification
- Monitoring, reporting & tracking

- BPA & collaborative region-wide RD&D
- BPA & collaborative evaluation
- Peer sharing & training
- BPA’s share of support for RTF
- Coordinated regional marketing, education & outreach

Rate Credit Program (no decrement)

Utility & Federal Agency Customers (decrement applies)

3rd Party (decrement TBD)

Regional Infrastructure Support

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- BPA & collaborative region-wide RD&D
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For the bi-lateral contracts, this approach continues the policy we currently apply and insures that BPA realizes a load reduction from conservation BPA pays for. For the rate credit program, this approach, while not resulting in a BPA load reduction, reduces a barrier to utility participation in BPA’s conservation programs and is consistent with the Workgroup’s recommendations. However, BPA does not believe this approach is consistent with how conservation should be acquired, so the decision to not decrement the rate credit program for the 2007-09 rate period is not meant to set any precedent for future conservation program activities.

BPA considers this strategy, along with the change to pay only for cost effective measures, a positive step towards BPA’s goal of achieving conservation at the lowest possible cost. BPA estimates that $24 million a year, or $72 million over three years, out of the $42 million/year rate credit would be used to pay for conservation that would not directly reduce BPA loads. Over three years this is a potential loss of net revenue to BPA of $10.7 million (assuming a 15 mill delta between market and PF), which equates to a PF rate of about 0.04 mills per kWh higher than it would be with a decrement.

**Renewables Alternative**

Under the Rate Credit Program, eligible customers would be able to choose to use their credits for qualified renewable resource related activities. BPA proposes that customer commit upfront to the portion of their discount they will apply to renewables for the full three years of the rate period. The utility commitment will be in force the entire three years of the rate period. Customers would notify BPA three (3) months before the new rate credit starts (i.e. for an estimated start date of October 1, 2006, the utility would notify BPA by July 1, 2006) if it wants to participate in the Rate Credit Program and would identify what portion of the utility’s rate credit it wants to spend on renewables. BPA would cap the total level of renewables funding under the rate credit at $6 million/year. If customers subscribe for more than $6 million/year, BPA would pro-rate each utilities share of the renewable rate credit.

**Budget**

BPA’s proposed annual budget (capital and expense) for acquiring the target of 52 aMW/year is $75 million (see Table 1). BPA has an additional $6 million per year from BPA’s Generating Renewable Program Fund targeted towards renewables. For the 2007 – 2009 rate period, the rate credit would be $0.0005/kWh (1/2 mill) on utility purchased power from BPA and the equivalent treatment for IOU residential benefit payments, pending outcome of Power Function Review process and the rate case. This equates to roughly $42 million (including participation by pre-subscription contract holders and IOUs). However, it is anticipated that $6 million per year would be spent on renewable resource related initiatives. As shown in the following table, BPA proposes paying an average of $1.4 M/aMW (including about 10% administration costs) across the entire portfolio of programs.
Table 1: Proposed Program Annual aMW Targets and Budgets

<table>
<thead>
<tr>
<th>Program</th>
<th>aMW</th>
<th>Budget</th>
<th>Cost/aMW</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rate Credit (at 0.5 mills = $42M*/year with IOUs and Pre-Subers included)</td>
<td>21</td>
<td>$36M</td>
<td>$1.7M</td>
</tr>
<tr>
<td>Utility &amp; Fed. Agency Bi-Lateral Contracts</td>
<td>15</td>
<td>$21M</td>
<td>$1.4M</td>
</tr>
<tr>
<td>3rd Party Bi-lateral Contracts</td>
<td>6</td>
<td>$7M</td>
<td>$1.2M</td>
</tr>
<tr>
<td>Market Transformation (via NEEA)</td>
<td>10</td>
<td>$10M</td>
<td>$1.0M</td>
</tr>
<tr>
<td>Infrastructure Support and Evaluation</td>
<td>---</td>
<td>$1M</td>
<td>---</td>
</tr>
<tr>
<td>Total</td>
<td>52</td>
<td>$75M</td>
<td>$1.4M</td>
</tr>
</tbody>
</table>

* Assumes $6M/year of the $42 M/year from a separate renewable budget will be spent on renewables.

Features Consistent For All Programs

There are several proposed features that would be consistent across all of the conservation programs:

- BPA would pay only for qualified cost-effective measures as defined by the Council in its 5th Power Plan.
- The list of qualified, cost effective measures, deemed kWh savings and payment rate per measure would generally be consistent across programs. However, BPA would retain the flexibility to negotiate special contracts.
- BPA’s willingness to pay may vary by sector and measure, and would reflect the actual cost to acquire resources in each sector.
- BPA’s willingness to pay levels for measures would factor in measure life.
- BPA would strive to simplify implementation by using averages that take advantage of measure similarity.
- Packaging of measures where costs and savings for the package would be allowed, but BPA would only pay an amount equivalent to payment for the cost-effective measures in the package.
- BPA would attempt to minimize willingness to pay adjustments. BPA may adjust payments with six months notice, if necessary, to compensate for example, for changes in codes, market prices, technology penetration or, if needed, to stay on pace with targets.
  Adjustments would apply to measures installed after the date the adjustment notice is effective. No retroactive adjustments would be applied.
- Utilities may request the RTF review new measures or measures deemed not regionally cost-effective for eligibility. If the RTF recommends the requested measures as cost-effective,
Final Proposal

BPA would review the RTF’s recommendations to determine whether or not BPA will pay an incentive for the measure.

- Semi-annual reporting would be required.
- BPA would retain the flexibility to shift funds between programs and across program years as needed to insure we meet the targets at the lowest cost possible.
- Oversight and verification would be similar to that currently done for the ConAug program. Participating utilities would be required to support evaluations (see Appendix 1).
- Information on individual utility expenditures and achievements using money in BPA rates would be made available to the public, as appropriate.

Rate Credit Program

Overview
A rate credit would be established to facilitate local development of conservation. The aMW purchased with rate credit money would be counted towards BPA’s aMW target. Load forecasts would not be reduced and no decrement off block or slice would be required. IOUs are eligible to participate according to the terms in their settlement contracts. If IOU’s participate, they would participate under the same rules and conditions that apply to all utilities. Utilities would make a commitment to BPA if they plan to participate in the rate credit program no later than three months prior to the start of the rate period (program start October 1, 2006; notification to participate required by July 1, 2006). The utility would make the commitment by submitting a letter to BPA that states that the utility will participate and that the utility agrees to the program rules. A Rate Credit Implementation Manual, similar to the existing C&RD Implementation Manual, would be prepared and distributed six (6) months prior to program implementation and three (3) months before utility commitments to the rate credit are required. An overview of this program is shown on the chart. Key features of this proposed program include:

Key Features
- Program qualified measures are BPA approved cost-effective measures from the Council’s list of cost-effective measures that make up the conservation targets in the 5th Power Plan.
- Customers may choose to be reimbursed from the rate credit for administration costs at a rate up to 10% of the customer’s eligible annual rate credit.
- Monthly credit amount is equal to the forecasted eligible annual credit/12.
- Each utility may choose the incentive level to pay the end user but is credited only the amount BPA offers for each cost-effective measure.
- Rate credit would be provided for qualified deemed, deemed calculated and custom/protocol projects.
- Utilities would report at least semi-annually to BPA. Use of the RTF reporting software would be required. If, at the first semi-annual report, the utility is not meeting its targets (50% or less of its expected rate credit spending), the utility would have to prepare and have BPA approve an action plan that provides sufficient proof of achievable intent by the end of the 1st year after the program starts. If, by the 3rd semi-annual report, the utility is not performing (i.e., is 75% or less than its expected rate credit spending progress), BPA would have the option of cutting off the rate credit at the beginning of the 3rd year. At the end of the...
3rd year of the rate credit program, there would be a true-up required for all participating utilities.

- The existing RTF Web based information and reporting system would be used. The RTF database would include all measures in the current C&RD database and the cost-effective measures BPA is willing to pay for during the new rate period (FYs 2007-09). The reporting system would be enhanced to include means for utilities to enter savings acquired from non-cost-effective measures, measures the utility pays for with its own money, and for identifying savings from lost opportunity measures.

- Measurement and verification for non-deemed measures at a level similar to that done under the current ConAug program would be required (see Appendix 1).

- Utility records would be subject to Federal financial review.

- BPA would conduct an annual oversight visit (see Appendix 1 for further detail).

- Pooling of utility funding is allowed (optional) but there would be a 10% cap on total administration costs for the pool.

- Utilities may contract independently with 3rd party service providers to operate their programs (optional).

- A pre-implementation commitment to renewables would be allowed (see earlier Renewables Alternative section).

**Rate Credit Eligibility**

- Only cost-effective conservation (including low income weatherization) and direct application (customer side) renewable measures, as defined by the Council and approved by BPA, would be eligible for a rate credit.

- There would be a 20% cap on the total dollars in the rate credit program that a utility may either contract to low income weatherization organizations or spend on utility low income programs. No double counting of savings would be allowed and utilities could not claim administration costs on the amount of money contracted.

- Third party subcontracts with energy organizations would be allowed provided cost-effective aMW savings result. Utilities could not take administration payments on pass-through contracts. Administration costs must be tied to actual program delivery. Because BPA contracts directly with NEEA to conduct market transformation activities on behalf of all the loads paying into the conservation budget, utilities would not be allowed rate credit reimbursement for contributions to NEEA.

**Small Utility Options**

**Overview**

Small utilities would be asked to pursue cost-effective conservation measures that are achievable in their service area if they chose to participate in BPA’s conservation programs. A variety of options and tools would be available for small utilities (defined as those with a total load of 7.5 aMW or less) to make it practical for even very small utilities to participate without incurring overly burdensome overhead. A small utility would use anywhere between 0% - 20% of the it’s available rate credit for administrative costs. Key features proposed for small utilities include:
Key Features

- BPA would provide optional ‘off-the-shelf’ programs, with appropriate measures and necessary forms or templates, as needed. BPA’s Energy Efficiency Representatives (EERs) would also be available to assist small utilities in tailoring their programs.
- Standard options, to include pooling and contracting with 3rd party service providers, would be available.
- Small utilities would report savings through the RTF database in the same manner that all other utilities report.
- Some small utilities could choose to simplify their spending of their rate credit by purchasing renewables.

Utility and Federal Agency Bi-lateral Contracts Program

Overview

This proposed bi-lateral program component of the program portfolio would be a five-year program. This program is needed because the conservation resources are not evenly distributed across the region. BPA may shift money between the bi-lateral contract and other programs in the portfolio, as appropriate.

Streamlined, standardized umbrella agreements would be written with interested utilities (participation is optional). Similar to the current ConAug program, each agreement would have exhibits that provide specific program details. Utilities can mix and match available program exhibits to customize the selection of programs best for their service territory. Both standard and custom programs may be offered by BPA. BPA (or its designated contractor) would provide oversight including measurement and verification. BPA would make a budget commitment to the utility for the duration of the contract subject to utility performance. Similar to the current ConAug program, BPA (or its designated contractor) would provide engineering assistance for project scoping and, if requested, pre-approval of projects. The proposed Utility and Federal Agency Bi-lateral Program is an acquisition program and, as such, the decrement would apply to all partial requirements customers. Key features of this proposed program include:

Key Features

- Reimbursement of administration costs at a rate up to 10% of the incentive costs could be included with the project proposal and reimbursed by BPA.
- BPA engineers would provide proposal reviews to the extent engineering resources are available.
- Measurement and verification would be similar to that done under the current ConAug program.
- Incentives would be provided for deemed, standard offers and custom/protocol projects.
- BPA will explore augmenting the existing RTF database to allow bi-lateral contract reporting – so that tracking for both programs would be through the same database.
- Stranded cost repayment provisions would be put in place with each participating utility.
- BPA would strive to provide simplified contracts.
• BPA would strive to provide a streamlined approval process.

**Measure Eligibility**
• Only cost-effective conservation (including low income weatherization) and direct application (customer-side) renewable measures as defined by the Council and approved by BPA, would be eligible.

**3rd Party Bi-lateral Contracts**

**Overview**
This second bi-lateral contract component of the program portfolio would allow BPA to contract to third parties when these contracts would lower the cost of acquiring conservation or where needed to affect markets that cannot be changed at a local level. In general, regional programs would be designed to operate in coordination with local utility programs. For example, regional bulk purchases of a technology might be delivered locally. These 3rd party bi-lateral contracts may include activities such as the market transformation efforts of NEEA, bulk purchases and vendor programs. BPA anticipates transferring funds between 3rd Party bi-lateral contracts and utility and federal agency bi-lateral contracts, as needed, to balance the level of effort needed at both the regional and local levels and to achieve the targets at the lowest possible cost.

Pre-committed funding for NEEA ($10 million per year for the next 3 years) is included in this mechanism and no decrement is proposed for the NEEA bi-lateral contract.

**Key Features**
• Reasonable administration costs for 3rd party contracts would be negotiated.
• Region-wide programs and efforts would be coordinated with local utilities.
• The decrement would not apply to NEEA.
• A determination of whether or not a decrement applies for other 3rd party programs would be determined on a case-by-case basis.
• Customers would be kept informed of conservation activities in their service territories and whether or not a decrement would be applied.

**Infrastructure Support**

**Overview**
A number of proposed support activities would be undertaken to optimize expenditures through BPA’s energy efficiency programs, to leverage other available resources and to reduce the overall cost of accomplishing the conservation. These activities may include:

• Setting up a mechanism for peer sharing (e.g., so utilities can share successful program ideas and marketing materials).
• Conducting limited BPA and collaboratively funded RD&D to insure we are developing the next wave of energy efficiency technologies.

• Performing evaluations (process and impact) and market assessments to insure BPA’s programs are achieving the intended result and to gather the information necessary to make mid-stream program adjustments. Co-funding from other affected organizations may be solicited for these evaluations/assessments. BPA may also contribute to a regional evaluation designed to assess how much naturally occurring conservation has been achieved.

• Enhancing and supporting the RTF and expanding the reporting database and website to allow bi-lateral contract acquisition reporting and tracking and to track lost opportunity acquisition.

• Conducting regional marketing, education and outreach activities. For example, developing a marketing template for a general energy efficiency message, for a specific program or for a technology that interested utilities could customize.

• Developing templates and other program design “off the shelf” materials that small utilities can easily use.

**Tracking and Reporting**

BPA is upgrading the RTF/C&RD database to allow utilities to report both bi-lateral and rate credit program accomplishments in on-line database. BPA is also expanding the database to allow utilities to report conservation savings from other funding sources as well.

Appendix 1 provides an overview of BPA’s proposed reporting, oversight, and evaluation requirements.
Appendix 1
Sample of Reporting, Oversight, and Evaluation Requirements

Reporting:
Purpose: Tracking progress to meeting the regional goals in real time will be important if the region is going to be able to respond and adapt to shortfalls. In addition, the use of public funds requires a minimum level of accounting.

All utilities would report at least semi-annually, using the RTF database, on their accomplishments and expenditures of funds, whether from the rate credit or bi-lateral contracts. BPA would strive to have this single source of reporting meet as many needs as possible to avoid duplicative or inconsistent reporting needs. All data received would be in the public domain except where consumer business confidentiality is needed.

Oversight and Verification:
Purpose: The expenditure of funds included in the published BPA rates for purposes of achieving conservation (and renewables, if applicable) is an activity for which BPA has fiduciary responsibility. In addition, by providing constructive oversight, BPA may be able to provide assistance to utilities to improve the programs and reporting.

(a) Bonneville Power Administration (BPA) or BPA’s agent shall have the right to conduct inspections of units or completed units and monitor or review utility’s procedures, records, verified energy savings method and results, or otherwise oversee the utility’s implementation of conservation programs funded through dollars included in BPA’s rates. The number, timing, and extent of such audits shall be at the discretion of BPA. Such site reviews are expected to be conducted annually. Such audits shall occur at BPA’s expense. Financial audits shall be in compliance with the audit standards established by the Comptroller General of the United States. BPA may contact appropriate Federal, State, or local jurisdictions regarding environmental, health, or safety matters related to units or completed units.

(b) Prior to any oversight visit physical inspection, BPA shall give the utility written notice. If physical inspections are required by BPA, the utility shall have 30 days to arrange for the inspection of units or completed units. The oversight visit would include: review of energy audit or measure installation procedures, technical documents, records, and/or verified savings methods and results.

Evaluations:
Purpose: Evaluations are needed to determine barriers to program success, identify ways to improve programs, help track program accomplishments, and to assess the market conditions, the accuracy of the savings estimates, and to answer the ultimate question of whether programs are meeting their expected goals.

(a) BPA may conduct, and the utility shall cooperate with, evaluations of conservation
impacts and project implementation processes to assess the amount, cost effectiveness, and reliability of conservation in the utilities’ service areas or region. BPA shall select the timing, frequency, and type of such evaluations after consultation with the participating utilities.

(b) BPA anticipates that many of the evaluations would be done collaboratively with other organizations to share costs and improve the usefulness of the evaluations. In some cases, this will result in the evaluation being managed by another party on behalf of BPA and others. Such other parties might include among others, the NEEA, the RTF, the Power Council, the Energy Trust of Oregon, or another utility.

(c) BPA would set the specific requirements for evaluations with consideration for the schedules and reasonable needs of the utility and the utility’s customers.

(d) Unless requested by the program managers to improve program operation, any evaluation of the project initiated by BPA shall be conducted at BPA’s expense or shared expense and such costs shall be excluded from the implementation budget. Utility or other entities who cooperate with the evaluation are implicitly recognized as providing some resource/cost, but would not be considered for direct reimbursement by BPA, except under unusual circumstances. Cooperation with the evaluation is a cost of the partnership in delivering the programs.