

Energy Efficiency

June 22, 2016

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Welcome and level setting

Themes for today

- Energy Efficiency is holding proposed IPR spending levels flat compared to the current rate period (FY 2016-17).
- This will allow BPA's energy efficiency program to sustain the solid, proven results from the program BPA has built with our customers.
- This provides stability to execute EE programs effectively.
- EE will continue to work to identify and implement efficiencies that will allow the program to cost effectively deliver value.

Energy efficiency landscape

7th Power Plan

- Adopted in February by the Northwest Power and Conservation Council, the 7th Power Plan establishes regional efficiency targets and drives BPA's program development and execution.

Customer Drivers

- Customers are seeking changes in BPA's approach to energy efficiency to address economic, changes in load and market drivers they are experiencing.

Context for the conversation

Focus 2028 is ongoing

- This process may change BPA's EE program and necessitate the need for further conversations regarding proposed spending levels.
- The conversation today represents a status quo approach based on our current operational model.
- The proposed IPR spending levels are based upon the need to meet 42% of the Council's 7th Power Plan goals.

Development of Proposed IPR Spending Levels

Drivers, detail and context for the
proposed EE IPR spending levels

Budget setting drivers

Hold flat to current levels

The EE organization has worked to ensure the program does not put upward pressure on rates in nominal terms, without sacrificing the solid proven results delivered in partnership with our customers.

Continue to deliver value

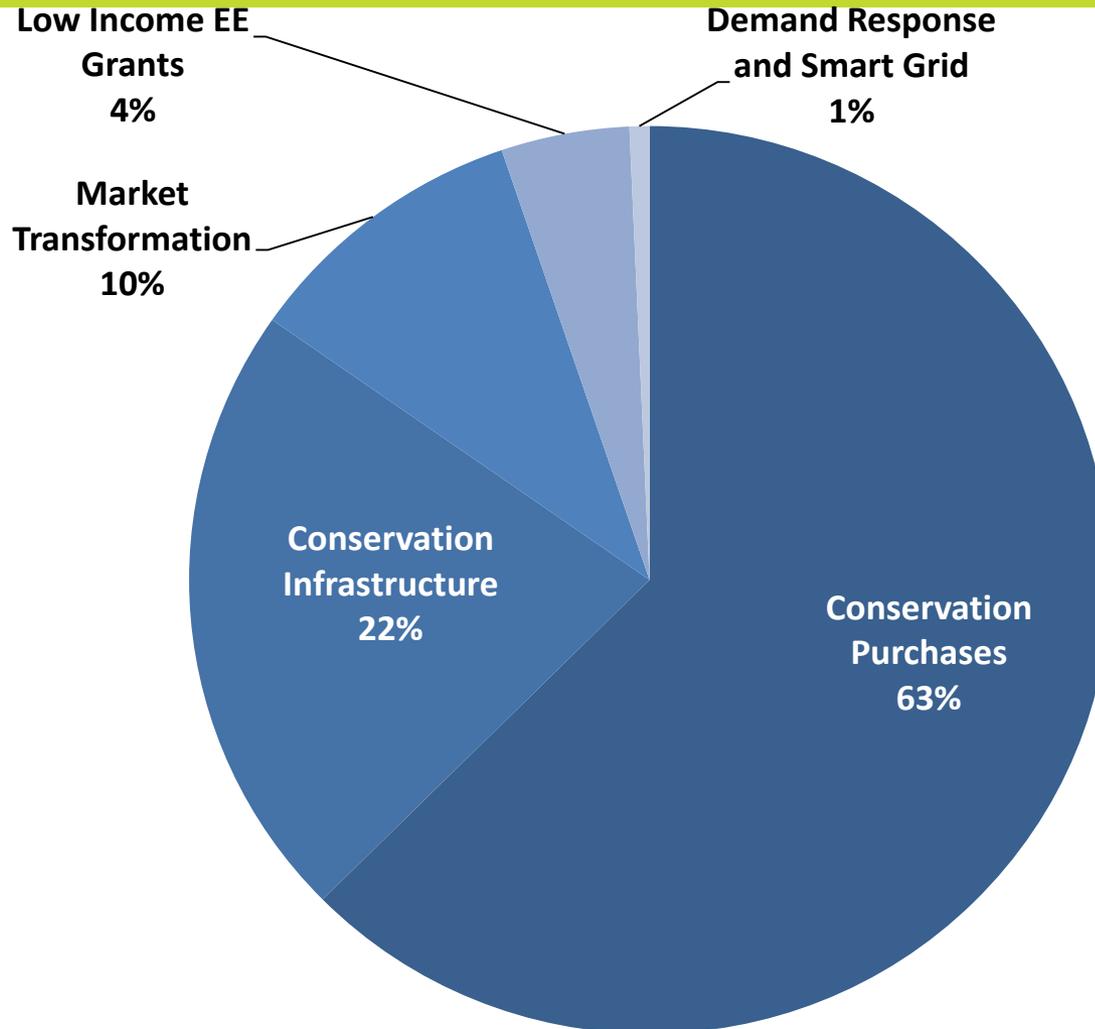
Taking to heart the need to provide rate stability, but still needing to adapt to a more difficult landscape, EE was challenged to find more value in the resources currently available.

- **High Value Program Offerings:** The team is working to build programs in a customer inclusive way that provides broad value without driving up costs.
- **Momentum Savings:** Understanding and quantifying momentum savings helps strategically target our program dollars while also ensuring all savings in the market are captured to achieve goals.
- **Efficiencies in infrastructure:** By minimizing cost and finding efficiencies where possible the EE org, we can most efficiently deliver service to our customers.

High level proposed IPR spending

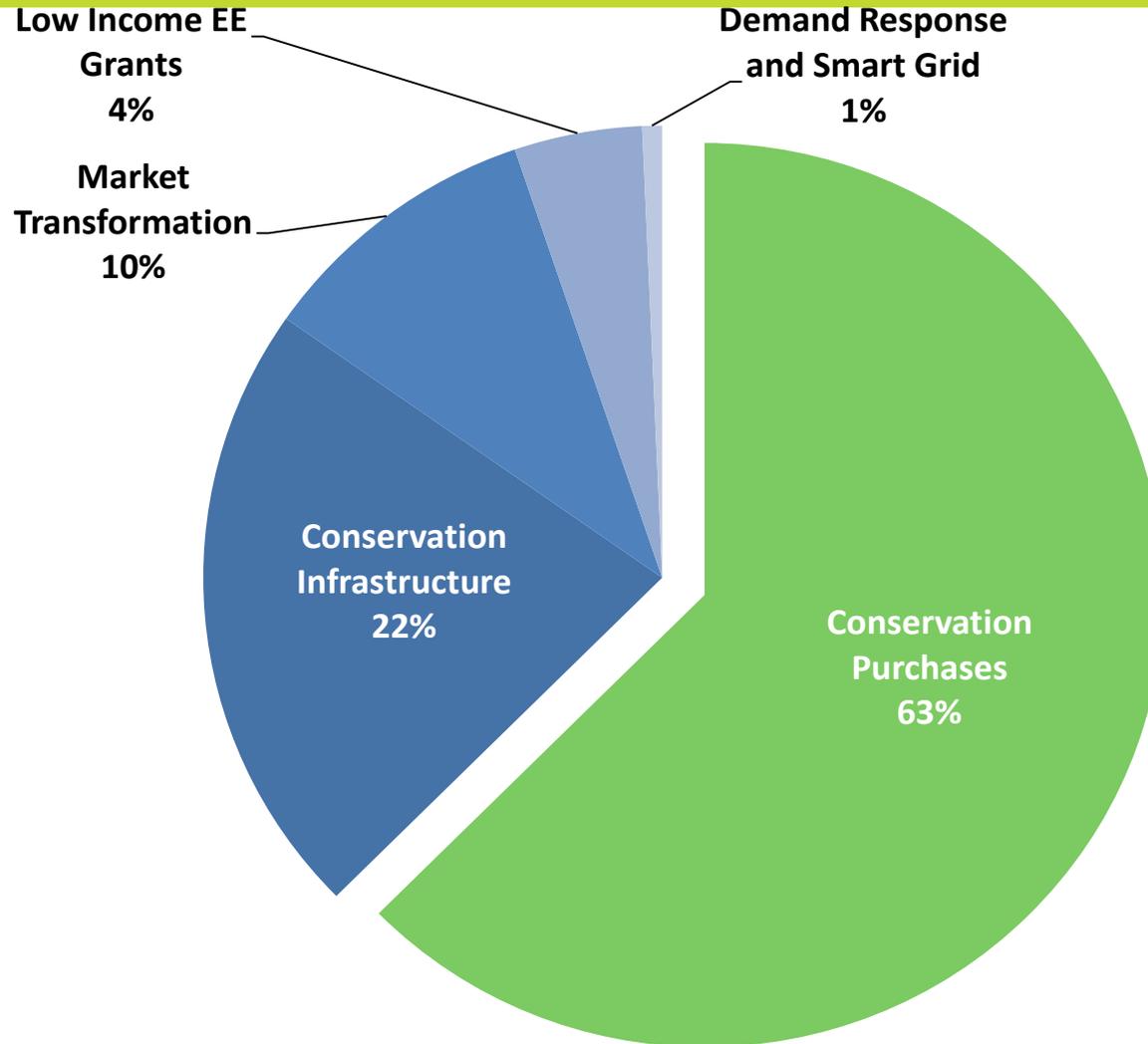
	Rate Case		Proposed IPR		
	2016	2017	2017	2018	2019
Conservation Infrastructure	\$101,932	\$104,702	\$27,534	\$27,149	\$27,283
Conservation Purchases	\$0	\$0	\$77,360	\$76,700	\$76,700
Demand Response and Smart Grid	\$1,245	\$1,245	\$893	\$856	\$854
Low Income EE (Grants)	\$5,336	\$5,422	\$5,422	\$5,523	\$5,627
Market Transformation (NEEA)	\$12,531	\$12,691	\$12,851	\$12,364	\$12,049
Grand Total	\$121,044	\$124,060	\$124,060	\$122,592	\$122,512

2018 by percent of spend



Average of FY 2018 and FY 2019 spending levels

Funds used as incentives



Average of FY 2018 and FY 2019 spending levels

Conservation purchases

Energy efficiency incentives

What proposed funding supports: Funds returned to utility customers to provide incentives to their retail customers for the installation of EE measures.

How was the proposal was established: It is based on the average of FY 16 and FY 17 spending levels set in the BP-16 rate case.

FY 18/19	\$147,460,000	0.0%
FY 16/17	\$147,460,000	

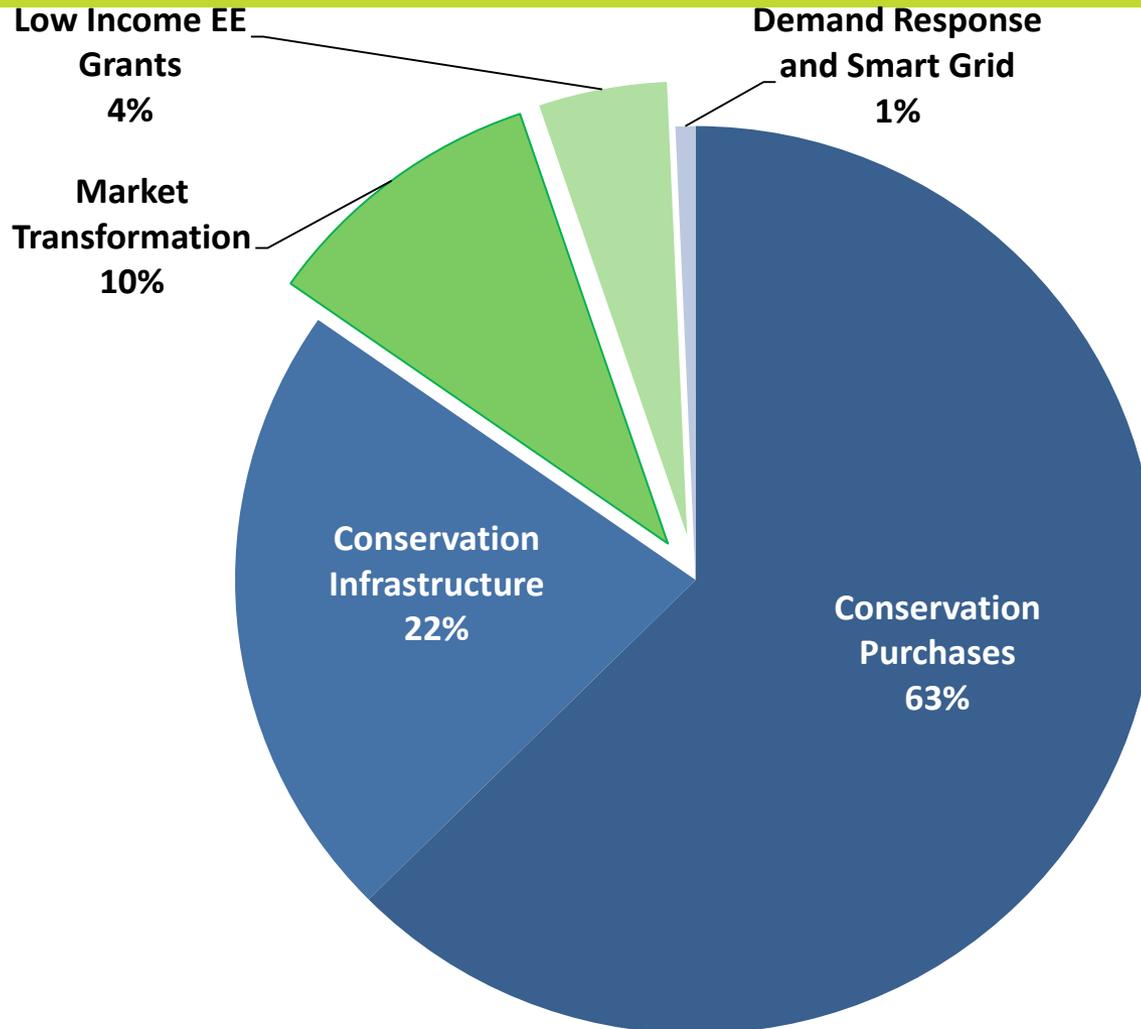
Energy smart reserved power

What proposed funding supports: Incentives for EE projects at facilities that draw power directly from the Federal Columbia River Power System such as federal irrigation districts.

How was the proposal was established : It is based on set to a slightly reduced level compared to FY 16 and FY 17 spending levels set in the BP-16 rate case.

FY 18/19	\$5,940,000	- 1.0%
FY 16/17	\$6,000,000	

Grants provided to external entities



Average of FY 2018 and FY 2019 spending levels

Low income energy efficiency

Low income grants

What the proposed funding supports: Funds provided to states and tribes to support EE in low income populations.

How was the proposal established: Proposed levels represent an incremental increase to the BP-16 levels per a previously agreed to adjustment of grant funds.

FY 18/19	\$11,150,000	3.6%
FY 16/17	\$10,758,000	

Market transformation

Northwest Energy Efficiency Alliance grant

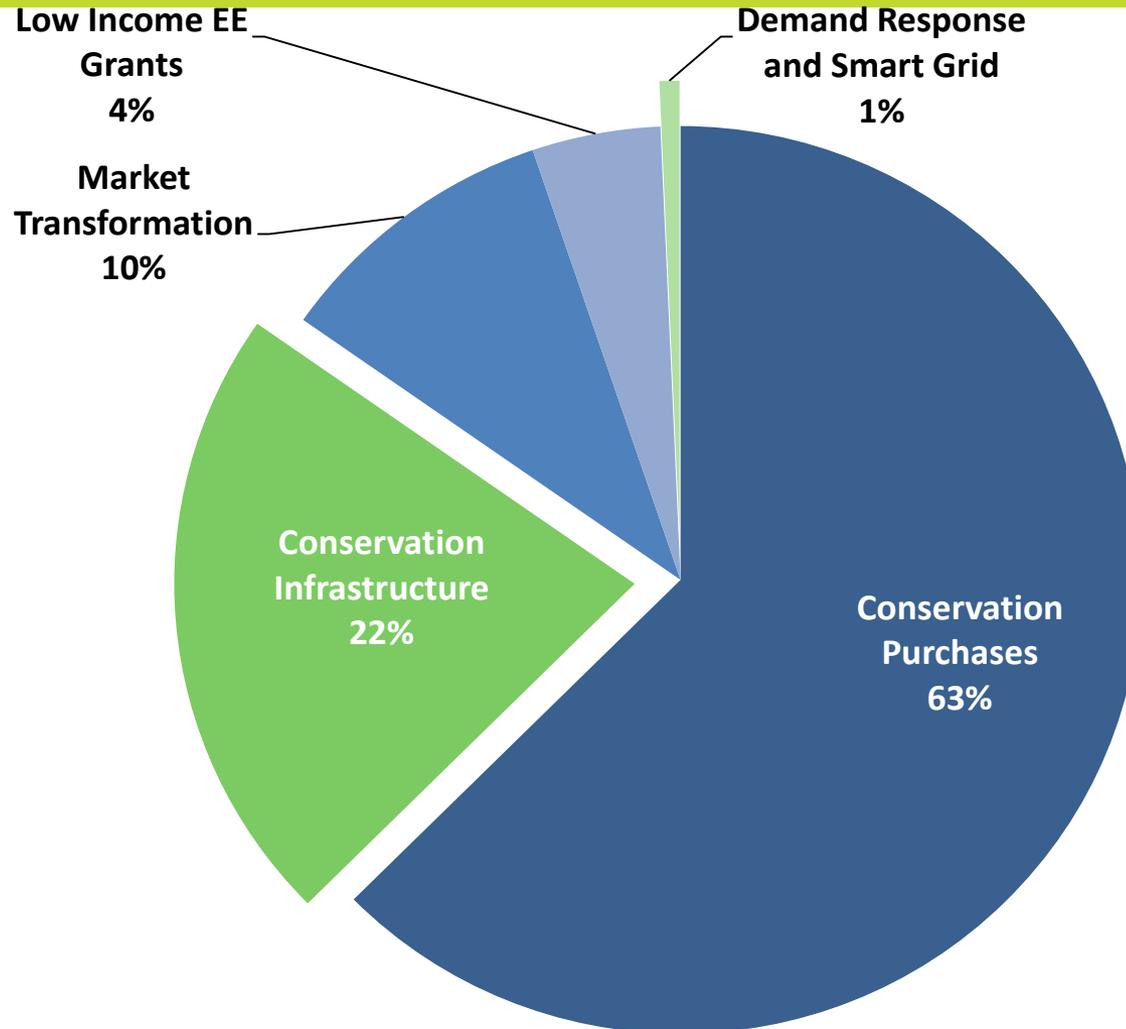
What the proposed funding supports: Funds provided to NEEA to achieve market transformation across the Northwest.

How was the proposal established: The proposal reflects a small reduction based on proposed NEEA spending needs.

FY 18/19 \$24,412,000 **-3.8%**

FY 16/17 \$25,382,000

Funds deployed by BPA



Average of FY 2018 and FY 2019 spending levels

Demand response and smart grid

Distributed Energy Resources

What the proposed funding supports: Demand side solutions other than EE being developed to address capacity constraints and mitigate transmission costs.

How the proposal was established: An incremental reduction in DER investment will be offset by collaborative investment from other areas of EE and the agency to ensure robust development.

FY 18/19	\$ 1,710,000	-20%
FY 16/17	\$ 2,138,000	

Conservation infrastructure

What the proposed funding supports: There are two primary categories:

- BPA's regional programs, such as Energy Smart Industrial, were previously funded with BPA managed capital.
- Funds deployed across the region to provide engineering services, emerging technology research, trade ally support, momentum savings research, measure development, marketing support, contract staff, impact evaluation and funding for the RTF.

How was the proposal established: An essentially flat budget despite the development of a new regional program was achieved through more effective use of federal staff, streamlined program efforts, and reduced travel and training budgets.

FY 18/19	\$ 53,431,000	2.0%
FY 16/17	\$ 53,366,000	

The Story Behind the Numbers

Real world examples of the infrastructure and support BPA provides with ratepayer's dollars

The story behind the numbers

Regional programs

BPA provides a broad regional program that provides economies of scale and specialized technical skill to acquire efficiency that would be difficult and costly for individual utilities to achieve.

The story behind the numbers

Distributed Energy Resources

BPA is leveraging our infrastructure and knowledge from past pilot programs and demonstrations to provide cost effective solutions to internal customers in both power and transmission in partnership with our external customers.

The story behind the numbers

Momentum savings

A low cost way to identify savings outside of utility programs to help meet our regional targets while improving the strategic positioning of our programs portfolio.

The story behind the numbers

Emerging technology

Technology is constantly evolving, in order to ensure a pipeline of new, efficient technologies to benefit the region, BPA supports the research and measure development work necessary to fill the EE pipeline.

The story behind the numbers

Rural field support

BPA has staff that provide technical and implementation support to our rural customers to ensure they have the skills necessary to meet the specific needs of rural customers.

The story behind the numbers

Innovative engineering support

BPA provides a deep roster of highly skilled engineering and technical support to allow for energy efficiency projects requiring technical expertise beyond that which is available at individual utilities.

Financial Disclosure

This information was made publicly available on June 20, 2016, and contains information not sourced directly from BPA financial statements.