

EE Post-2011 Review Regional Meeting

February 26, 2014
Tacoma, Washington

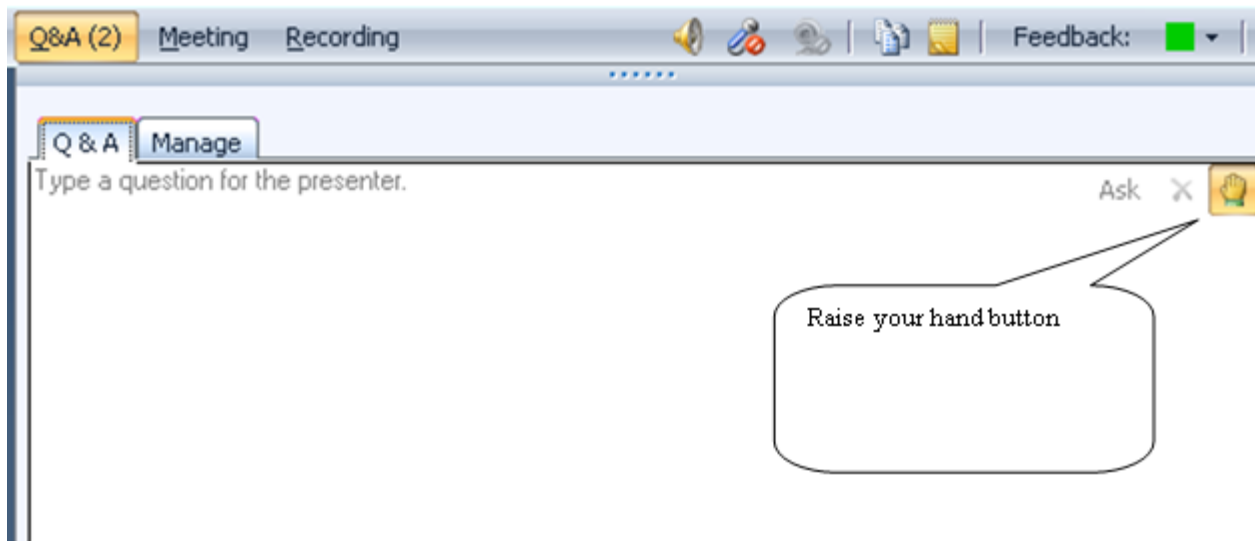
Agenda

Purpose: BPA seeks stakeholder feedback on issues and options currently being explored by Post-2011 Review workgroup

- 9:00 Welcome and Overview of Post-2011 Review
- 9:30 Workgroup 1: Model for Achieving Programmatic Savings
- 10:30 Workgroup 2: Implementation Manual
- 11:00 Workgroup 3: Directing EEI to Low-Income
- 11:30 Workgroup 4: Flexibility Mechanisms
- Lunch
- 1:00 Workgroup 5: Reporting Verification of Savings
- 1:30 General Discussion
- 2:30 Next steps
- 3:00 Adjourn

Tips for Telephone Participation

- Mute phones except when speaking (*6)
- Unmute and speak up when you wish to speak.
- If it gets noisy we will ask for **folks in the room to raise their name tents and folks on the phone to use the 'raise hand icon' to show that they wish to speak** and we will call on speakers in the order that they raise their hands.
- **For those on the phone use the Live Meeting Q&A function.** As you will submit a question, but instead use the 'raise your hand' icon. We have someone who is watching for this and they will let the facilitator know. How to do that: In the meeting client, click on the Q&A menu. In the Q&A box, click the 'raise your hand' icon as illustrated below..

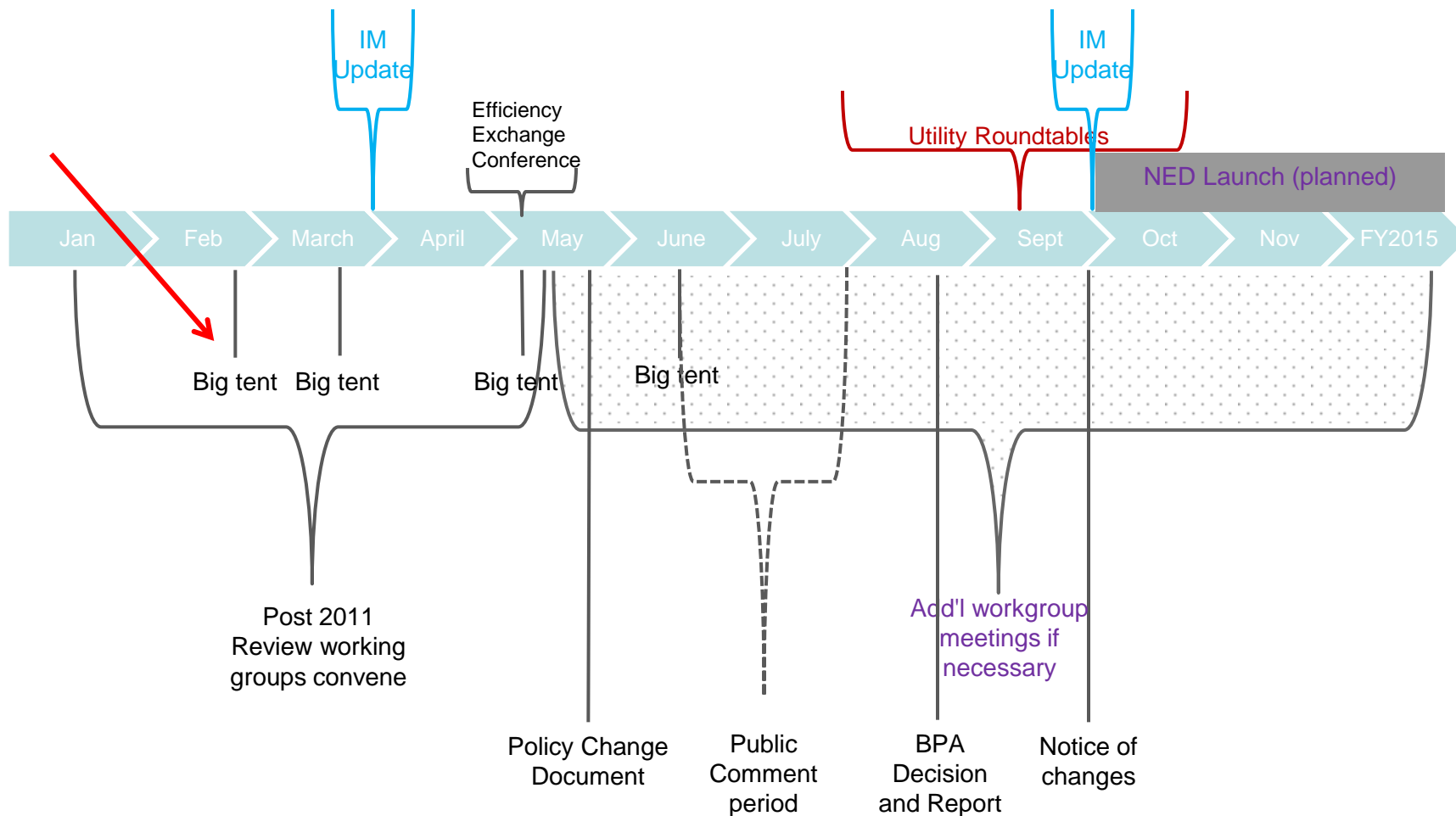


- Purpose of the Post-2011 Review:
consider and implement improvements to the Post-2011 framework to more effectively acquire energy efficiency in the region

Process for the Review

- **Summer 2013:** BPA develops a scoping document that identifies the "issues of importance"
- **September 15, 2013:** BPA releases the scoping document to customers and stakeholders for their review.
- **November 22, 2013:** BPA holds a regional meeting/conference call in Portland to discuss the scoping document. **December 6 to December 21, 2013:** Public comment period on updated scoping document.
- **January to May 2014:** BPA holds formal meetings (both workgroup and regional "big tent" meetings) to discuss solutions to the "issues of importance" identified and shared in the updated scoping document.
- **May 2014:** BPA develops a Post-2011 Review proposal based on the feedback received during the formal meetings.
- **June to July 2014:** Formal comment period for customers and stakeholders to provide feedback on BPA's proposal.
- **July to August 2014:** BPA develops and publishes a final Post-2011 Review report based on feedback received during the public comment period.
- **August to October 1 2014:** BPA prepares for any agreed upon changes and drafts necessary language for the October 1, 2014 Implementation Manual release, which may include six-month notice of changes.

Post-2011 Review Timeline in Context



BPA Working Assumptions (all workgroups)

- BPA must fulfill its statutory obligations, e.g., BPA must “acquire” conservation (defined in BPA policy as an exchange of funds)
- Any proposal must work within the existing Regional Dialogue policy and contracts
- Decisions need to be made in the context of other dynamic agency drivers (e.g., CIR, IPR, Access to Capital)
- Funding levels will be decided in the CIR and IPR processes
- Any proposal must be consistent with BPA’s financial and procedures and reviewed by BPA finance for consistency with sound business principles
- Any proposal should not adversely impact customers that choose not to pursue a particular alternative
- Any proposal should not consider a “menu of services” approach to funding of EE costs/services (i.e., picking which EE costs to pay for)

Workgroup 1: Model for Achieving Programmatic Savings

■ Background

- Issue #1 – EEI Allocation Methodology using TOCAs.
- Issue #2 – Two-Year EEI Budgets.
- Issue #3 – BPA Redirect of EEI Funds.
- Issue #4 – BPA's Backstop Role.
- Issue #5 – Utility Self-Funding.
- Issue #6 – Limitations of the Post-2011 Framework.
- Issue #7 – Performance Payments for Regional Programs.
- Issue #8 – Regional Program Administration.

Workgroup 1: Model for Achieving Programmatic Savings

Progress

- Issue #1 – EEI Allocation Methodology using TOCAs. Consensus on continuing use of TOCA as the EEI allocator regardless of whether EEI is capitalized or expensed by BPA.
- Issue #5 – Utility Self-Funding. “Self-funding” or “opt-out” renamed to “utility self-management of incentives” was a high priority of the group but the relative number of utilities that might self-manage seems relatively small.
- Also, recognition that some projects can exceed EEI allocations. Current options, such as Large Project Fund, can impose a hardship on some utilities by nearly maximizing or fully utilizing EEI funds with the current repayment mechanism. Requested WG4 to consider broadening scope to how to capture savings from large projects under these scenarios.

Workgroup 1: Model for Achieving Programmatic Savings

Request for Feedback: Options for Utility Self-management of Incentives

- **Alternative A: Revise the 75/25 Split** – where customers (on average, not utility specific), take on more responsibility for delivering savings without BPA funding. Downwards adjustment of BPA percentage would result in reduced BPA EEI budgets for all customers.
- **Alternative B: Capital Rate Credit** – a rate credit would be used for those customers that “elect” to 100% self-finance their savings acquisition. This would split acquisition resources: ONE bucket of self-financing customers and ONE budget of 100% BPA-funded customers. This approach would eliminate the “on average” self-funding expectation that exists today.
- **Alternative C: Expense Rate Credit** – revert back to using a rate credit with some changes to the previous version.
- **Alternative D: Conservation Prepay** - customers bring capital to BPA in exchange for a bill credit that repays the cash with interest.

Workgroup 2: Implementation Manual

Background

- “Problem Statement – Depending on one’s perspective, the current frequency of changes to the Implementation Manual (IM) may not be frequent enough or too frequent.”

Progress

- Utility Perspective: The frequency of publication of the IM makes program planning and implementation, administration, marketing and oversight very challenging, at times confusing and adds costs. Publication is too frequent. A rate period IM would be ideal but at a minimum an Annual Manual should be considered.
- BPA Perspective: Under the current model, BPA could be booking savings values that the RTF no longer supports for possibly as long as 15 months given the time it takes to update the IM ahead of the six month notice. Moving to an annual IM could prolong this by an additional six months.
- Workgroup Objective: Offer a proposal that will allow BPA to correctly capture and assign energy savings while providing a greater degree of stability in programs and policy for the utilities.
- Workgroup chairs presented seven options ranging from “status quo” to “Annual Manual” with six month change notice and no other changes allowed, to an “Annual Manual” hybrid in which some changes would be allowed and is the WG preferred option.

Request for Feedback

- The workgroup preference is an Annual Manual approach in which some yet to be identified changes may be allowed within year. Does this approach seem reasonable?

Workgroup 3: Directing EEI to Low-Income

Background

- “Problem Statement – The current framework may not ensure adequate EEI funds (separate from other sources of BPA funds for low income energy efficiency) are adequately dedicated to low income residential energy efficiency, in particular, weatherization. For low income energy savings acquired through the work of Community Action Agencies, customer utilities may not be receiving credit for those savings occurring in their service territories.”
- Some stakeholders desire more installation of Low Income EE measures in the region.
- There are two Low Income programs (see handouts for details):
 - The Low Income Grant Program which is managed by each State (ID, MT, OR, & WA).
 - The Utility Program found on page 104 of the Implementation Manual.
- Some utilities have a long-standing working relationship with their local CAP agency, some do not.

Progress

- Group has identified many other issues including
 - Better coordination, communication and collaboration between CAP agencies and utilities.
 - Utility credit (kWh savings) for work CAP agencies doing in their service area, -esp. I-937
 - Group will conduct short survey to increase understanding of utilities’ LIEE programs

Request for Feedback

- Are there other issues this group should consider?

Workgroup 4: Flexibility Mechanisms

Background

- Unassigned Account: Address concerns regarding the current pro-rata methodology of allocating EEI funds returned by customers or from BPA.
- Large Project Fund: Address concerns regarding the administrative burden of the LPF and limited use during the FY12-13 rate period.

Progress

- Unassigned Account Allocation Methodology (In Progress)
 - Timing should be considered
 - less interest in pursuing options that had a “least cost” or “need” component
- Large Project Fund (On hold)
- Capturing Large Projects (Added—on hold)

Request for Feedback

- Options for Unassigned Account Allocation
 - A. Status quo
 - B. Tier One Cost Allocator
 - C. Least cost
 - D. Need
 - E. Two buckets

Workgroup 5: Reporting Verification of Savings

Background

- Excerpts from scoping document
- #10: BPA Role in Verifying Utility Self-funded Savings (utility generated): BPA has same requirements for reporting of self-funded savings as for BPA-funded savings. Can requirements for reporting of self-funded savings be streamlined?
- #12: Timing of Utility Reporting to BPA (BPA generated)
- #13: Reporting and Consistency of Utility Self-Funded Savings (BPA generated)
- Summary (12 and 13): BPA would like to receive regular reporting of BPA-funded and self-funded savings to allow tracking of progress toward its targets.

Progress

- Kickoff meeting scheduled for March 4, 10:00 a.m. to 3:00 p.m. at PNG in Portland
- Overlap with Workgroup 1:
 - Under self-management of incentives, would need mechanism to ensure regular reporting of savings
 - Under program evaluation option, what would standards be for determining whether state audits could replace BPA's oversight and verification role?

General Discussion

- How is the process going?
- Engaging stakeholders who are not here
- What can we do better/ideas for next big tent meeting?

Next Steps and Upcoming Meetings

- Next Big Tent Regional Meeting in Eugene, March 20, 9:00 a.m.-3:00 p.m.
- Workgroup 1: Model for Achieving Programmatic Savings
 - Meeting, March 5, 9:00 a.m.-3:00 p.m. at PNGC
- Workgroup 2: Implementation Manual
 - Meeting, March 11, 2:00-4:00 p.m. by phone
- Workgroup 3: Low Income
 - In person meeting, March 6, 9:30-3:30 at PNGC
- Workgroup 4: Flexibility Mechanisms
 - Meeting, March 10, 1:00-3:00 p.m. by phone
- Workgroup 5: Reporting and Verification of Savings
 - Kick-off meeting, March 4, 10:00 a.m.- 3:00 p.m. at PNGC More information [here](#).
- Big Tent Regional Meeting #3 in conjunction with Efficiency Exchange Conference in Kennewick, May 8
- Tentative Big Tent Regional Meeting in Portland, June 17
- Tentative Big Tent Regional Meeting in Kalispell, June 25

Other slides, if needed

- We are taking a short break. We will be back at 10:20.

Post-2011 Principles

- Develop public power's share of all cost-effective conservation consistent with the NW Power Act.
- Provide services that maximize regional economies of scale, market influence and local assistance opportunities.
- Leverage resources to maximize existing infrastructure and avoid duplication of effort across the region.
- Ensure consistency with the principles of tiered rates.
- Provide choices to be responsive to the diversity of needs across the region.
- The bulk of conservation is best managed at the local level.
- Balance increased flexibility with cost.
- Manage risk associated with change.
- Support long-term high customer satisfaction.
- Advance energy efficiency in the Pacific Northwest.

Post-2011 Changes

- Costs collected in the Tier 1 rate
- EEI funding mechanism
- Budgets allocated on a TOCA-basis
- Capital budget split – 70/30
- Programmatic savings target split – 75/25
- BPA payment received *after* invoicing
- Option 1 and Option 2 custom project paths
- Flexibility mechanisms

- Two BPA policy documents capture these changes and form the basis of the Review