

**Notes from Focus 2028 Listening Sessions**  
**Benton PUD**  
**March 10, 2016**

**Focus 2028 Overview and process check:**

**How do you approach EE from your utility's perspective?**

: Have been doing conservation for over a decade. Are long on resources, but approaching HWM. Have I-937 requirement. Also do EE for other reasons: is a community resource, long-term resource, helps customers. Still growing and seeing load growth. See benefit because of load growth.

: Have been pretty aggressive the past few years. If they weren't doing EE, would hurt because they have so much load growth. Blew through HWM in no time. Lots of residential and commercial growth. Will likely become an I-937 utility this year. Have some other resources to serve AHW load. Are long on resources, but seasonally short in summer. Management and the board are really starting to understand and appreciate EE (was some skepticism in the past). Have been self-funding a lot more in the recent past.

: Need to look at how BPA can be nimble enough to meet the needs of the variety of utilities, not one-size-fits-all in program design and policy – those that have depressed retail revenues and need a different approach.

: policy design: if you have a policy in which you collect in rates from all customers, including small customers, it is challenging for small customers. Technical support is really important for <>. EE is the best tool they have for membership to reduce energy costs. Also have I-937.

: Have been doing EE for a long time. Is an expectation for them to do so to get the full benefit of what they are investing in BPA. Has not been a real board directive in terms of what is expected in terms of EE investment. There is now a member expectation of EE. Have flat growth. Are not having significant problems spending their EEI. Down the line, will be looking for a continued way of seeing EE planned out for them so they know what programs are available and useful to them. Has been a design for how they can achieve what they need to achieve and there are technical resources available from BPA. Expect this type of support to continue regardless of what the future holds.

: Has been a lot of discussion about mandates in OR coming down the pike. Are right up against the threshold of RPS mandates in OR. Are experiencing an extreme amount of load growth, particularly in industrial. Are seeing a lot of activity in all parts of program. Have a very diverse load: industrial, irrigation, some commercial, most number of customers are residential. Majority of customers are residential, but the changes they have seen in the BPA programs are diminishing the programs available to residential: going to midstream or upstream approaches that do not

engage the customer. Have been doing EE for a long time. Customers have an expectation, but it will be hard to suddenly stop residential incentives. Approach is to pay for the residential members and take it out of their own pocket to add to the BPA incentive. There are a lot of things that need to be looked at: new Power Plan, how are 7<sup>th</sup> plan targets being looked at. Is 42% still an appropriate numbers. Are the utility targets/ budget appropriate? Are we analyzing how we allocate the EE to the customers? Have appreciated their participation in BPA programs and process. Sees that BPA has been listening a lot more and trying to implement things that make sense. Is still a lot more that can be done to improve flexibility.

: Equity question – if you approach things from least cost, the utilities east of the Cascades may never see a dime. Construct that we have today was based on equity. Industry is moving faster than it did in the past. Need to re-open the issue of equity and how we accomplish it. How do we look at BPA's mission from a residential perspective? For a mostly residential utility, makes it inequitable within the utility. Do we really want the cheapest kWh? Or do we want more even spread amongst customers/end users?

: A majority of consumers are residential and will be impacted by changes. Commercial sector, are mainly small, retail establishments that have gas heat. Tenant-landlord situation makes it tougher. One-size-fits-all is not going to always work for program structure. Was on BPA webinar about upcoming evaluations. Have seen the evaluation effort skyrocket in perspective. From a cost perspective, is this something that is critical? In slide deck, was showing that 1.3% of BPA's budget is going to evaluation, compares to huge percentages in the SE and other areas. Those utilities don't have near the rigor on the front end that BPA requires on programs. Doesn't think the evaluation effort needs to be as rigorous as it is given the front end rigor in BPA. (Might be worth benchmarking front end rigor and process). The have high front end rigor for BPA and they make it more stringent at their utility to make sure the savings are verifiable.

: Don't have to participate in EE and on occasion is asked by GM "why?". Mainly do it as a public service to help their end use customers. Residential program was 90% of what they did. With reduction in residential program, has to look at new avenues. BPA support of technical staff has helped them move in new directions. Directed to spend the EEI money. In certain areas of the county, are load restrictions so they can use EE to reduce energy use and then expand business. Thinks we should look at process more closely. Seems like we have really high paperwork expectations for a \$10 incentive.

: Use EEI funds. Don't self-fund. If EEI is reduced, might not do as much. Getting ready to get a CPA done. Programs, have no problems spending the EEI dollars. Also have the low interest loan program. Customers keep seeking incentives. Offer conservation for customer relations. Programs work because they are in place and have strong contractors to work with.

**BPA's Share of the Target:** Knows that customers have CPAs, could we look at those? What to do with the others?

Understanding is that qualifying utilities in WA represent 85% of the load in WA. If that is true and <>'s CPAs are dropping. **Assumption is that other utility CPAs are dropping, then is there a mismatch with the Council?** Is there a discrepancy with the Council?

: There is a lot of variability in the CPAs and the different consultants who do CPAs.

: Issue is in drawing a straight line from the regional potential to the percent of load in the region.

: Have a lot of faith in the consultants who did the CPA – did a pretty comprehensive CPA. Presentation on <> CPAs and CPA Results compared to past CPAs and Power Plans. Compared PUD to 6<sup>th</sup> Plan Utility Potential calculator. Reduction in CPAs as you get farther from the 6<sup>th</sup> Power Plan. Sees reductions in potential estimates from 2013 to 2015.

: Keep in mind that doing conservation at a utility with declining load, it doesn't work to do equity. Have a diverse customer set, need to look at the differing needs of customers.

: Support for momentum savings. Collectively helps everyone with recognizing the savings from other market forces.

: See a willingness from Elliot to make changes to EE program. Is helpful to have customers come together and have a more broad perspective. Customer coordination helped a lot with move to expense. Focus on continuous improvement and making the changes needed.

: Want BPA's technical expertise and want real cuts in costs. Is BPA ready to make that critical step to really cut staff and costs if needed? If go from serving 135 utilities to serving 70, then need to scale workforce and investment appropriately.

: We are capped for federal employees, but would have flexibility in terms of contract staff.

: PPC approach was not a bottom-up approach based on what potential customers have. It was a focus on the needs of BPA. BPA, go do your own IPR and find out what the need is over time, then figure out potential and match the two. The approach <> has brought could be an alternate proposal to look at the customer potential and add it up.

: Did three CPAs when at <>. Did them with a different consultant and the subsequent 2 from the first one each went down.

: CPAs feel like a tool that could be used in target development. Are still assumptions, but they get more specific on a utility level.

**Self-funding:**

: Our utility has always been of the mindset that they would like to have more control over the programs they offer and how they offer them because they know what works best for the consumers. Because they are working in the EEI structure, there are program requirements. Having greater flexibility with more self-funding is something that her utility would probably be in favor of. But if they are still paying the same rate through wholesale power rates, then want to be able to access those dollars to bring them back to consumers. Could do more self-funding, but if it doesn't meet within BPA programmatic criteria, then it doesn't qualify. **Taking on self-funding would be done regardless. Changing the program puts more onus on the utility, but they still have to meet the criteria of the BPA program.** Have always advocated that they know more about what makes sense for their customers. Is part of the topic keeping the same parameters that we have now?

: If you had a situation in which you didn't have the guidelines, how would you know what savings they are achieving?

: On a custom project, do M&V on projects and would continue doing that. Question: what would the parameters be? BPA requirements have been a barrier in self-funding: something might make sense, but doesn't qualify for the BPA self-funding requirements.

: What are thoughts on balance of up front rigor and back end evaluation?

: Right now, we have both up front in IM and evaluations. Having it be one or the other would be beneficial. Doesn't have a specific direction today, but would be better to have just one.

: Look at value of the BPA program and the work BPA does to run things through the RTF and apply technical expertise to programs. Have ideas about where savings would be great, but in order to go to a larger share of self-funding, would also mean they would have to double or triple staff at utility in order to vet the measures and things internally rather than relying on BPA (it was clarified that we are talking about the EEI, not the technical services and infrastructure).

: Thoughts from other sessions: 1) Utilities are interested in a greater amount of self-fund because they would have more control; 2) this would not be done by itself, but also in concert with a change to the target.

: From <>'s perspective, was thinking, if targets were lower and tied to CPAs, are all for self-funding. Feels like a great way to reduce costs and be more competitive in

the long run. Value of the infrastructure is still important. Not sending money to BPA frees up more money for locally-controlled money.

: trying to relay the local control and more control – is one of the things the utility has advocated for. Current self-funding rules don't allow full local control.

: There shouldn't be a backstop: should set targets on CPA-type activity for utilities who need to meet regulatory targets. If customers are trying to avoid Tier 2, that creates a strong incentive for them to meet target.

*(Adds up to idea of adding up CPAs, then looking at Tier 2 load beyond CPAs to get estimate of what we could rely on – revisit James's analysis)*

: Right now, we look at 75-25 based on the region. Is there any thought down the line about enforcing it at the utility level?

: When conservation is allocated to a utility, what if a utility doesn't implement? Wants to relay a conversation with Elliot last week. A small utility said "Elliot, I'm not growing, so why would I implement conservation?" Elliot's response was "You are avoiding a future power purchase." I said "we believe in conservation, I believe in this, but you didn't hear what he said: he is not growing, so he is not going to avoid a power purchase in the future." Started thinking about why couldn't purchase the EEI from the utility who doesn't want to do it? Would be interested in understanding that and why it is not the case. **Would want us to look at whether there are opportunities to look at how utilities can exchange value for EEI funding.** Thinks there are opportunities to help utilities help themselves. This could solve the backstop issue by helping utilities help each other to meet the target.

***In final notes, add explanation of why utilities can't exchange value for EEI.***

: Will have customers say "don't take my money, but I want all the technical support." Having a market lets customers make decisions about things in the moment and getting a return on the money. Our industry was really simple 21 years ago. It's not the case anymore and we can't necessarily have simple solutions to complex problems.

: Bilateral transfer system leads to BPA flying blind at the end of the rate period while utilities stop invoicing BPA and wait to see how much EEI is available in the last months so they can hold back self funding and spend EEI as much as possible.

: Seems like the more you increase self-funding, it will have a deleterious effect on really small utilities.

### **Program Efficiencies and Realignment**

: Things that have already come up: residential – what are problems and opportunities?

: Midstream and upstream: there is little to no recognition of the utility participation and involvement in the incentive. The marketing information on display is minimal and sometimes doesn't include the utility name. Try to place a value on where they think their customers benefit. At the retail level, they may not see that value. May get a lower discount upstream or midstream. Weatherization program has been really frustrating. They did a full-scale manufactured home duct seal program and did 1500 homes. Partway through the program, the reimbursement was cut in half, but they already had an agreement to pay the contractor the full amount. Found it amazing how many people still don't have heat pumps in the region even though the market is considered transformed. RTF analysis and WTP makes it hard to implement.

: Weatherization program was 90% of program and now have to alter it. It is astonishing how many people have zonal heat. Aren't low income, but can't quite afford the EE, but their bill is very high.

: Has asked NEEA and RTF about the cost of delivery. Driving time for contractors is very long and leads to cost increases. <> tracks where their EE goes and it goes 40 miles around Spokane, then it drops off a cliff. Could factor in to residential programs where you have reduced potential. Is there a mechanism to increase savings in rural areas to reflect different baselines and allow for increased WTP?

: When <> did the CPA, some of the tables relied on the RBSA. Was shocked at how different homes in their region are from the RBSA homes. Wanted to oversample, but was \$1800/home to oversample. Will have to do their own assessment of homes.

: Has issues with residential contractors steering customers away from the paperwork of rebates.

: Challenge of low income and people at 200% of the low income requirement: are a band of people who cannot get help from CAPs, but can't afford to invest in their homes. Can BPA figure out a way to service them? Commercial is the only sector that is going in the opposite direction: are getting things that can be offered easily. In industrial, have done the controls and low hanging fruit. Will cost more to get the additional kWh where investments have already been made. Moving forward, the infrastructure is even more important than in the past.

: Are finding that they can pay to help with heat pump install, but can't pay to get electrical upgraded.

### **What about number of measures?**

: Feeds his measures into a database, so it doesn't matter.

: Being able to streamline it would be beneficial. Are currently so many options to figure out. Are an awful lot of different options that require a lot of details. Combine measures rather than having a very specific level of detail.

: On heat pumps, have a standard offering in the region. Chose a value in the middle of the UES measures on heat pumps and offer that consistently. Report the detail, but offer a consistent incentive to the customers.

: More measures would be good to offer new measures to customers. Are running out of opportunities in things we have been doing for the last 25 years.

: Being new to it, doesn't find it difficult how it is now. Not a big problem.

### **What about a shift that eliminated short measure lives?**

Would kill the Ag sector that is already limping along. SIS – thinks it will come in at a lesser value, basically just have irrigation hardware left.

: It is a great idea and makes sense if you are buying power cheaper than you can buy EE. Have all argued that EE should be the least cost resource. If running a trading floor scenario, works well, but might be different for Slice or someone else. Works well when looking at short-term markets, but maybe not on long term purchases.

### **What about upcoming federal standards? If BPA dropped an incentive ahead of the standard?**

: Upcoming Washington State code will be LEDs – would we change things ahead of time?

: Would you take it out of your target then? Because these things are in the Council plan up until the date the standard comes into effect? Thinks you might be able to back it out of the target.

### **What about markets that have a lot of momentum already?**

: LEDs in lighting are the only thing they can offer to customers. Would be detrimental to commercial sector if you took it out. Would we really pay less to BPA if we did that and improved the efficiency of the program over all?

: About 90% of their lighting requests are for LEDs. If you still had local control and could self fund the measures, then that might be an opportunity. Suggestion would probably work fine – would still claim the savings and self-fund them and help BPA more cost-competitive on wholesale rate.

: Is probably very different for I-937 folks who have more need for self-funding. Would have a very uneven effect on utilities.

: Thought is that if you start reducing the offerings, it has to go hand in hand with increase to self funding percentage. If target came down as well, then that would help situation.

: For a utility that does not do self-fund today, is there still a benefit to BPA reducing the target and increasing the self-fund percentage? Are there utilities that really depend on EEI and therefore reducing EEI reduces ability to do EE?

: Is spot on: don't self fund, and the EEI is the only budget they work with.

: Same for us, only uses EEI.

: Is valid assessment of the situation for some small utilities.

: The smaller, rural utilities without access to contractors would be most impacted by that situation. If they are basically a residential load without diversity, would be impacted.

: Some utilities that are doing bilateral agreements right now would no longer have that problem because they wouldn't be paying as much in rates.

: In terms of regional targets, would end up going down. The larger utilities are doing program based on I-937 and wouldn't change what they are achieving.

**Questioning efficiency of having incentive at a very low \$ amount: is it worth it?**

: Get rid of them!

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: Would you call it quits on measures with incentives at a certain low amount?

: Would like to know what the cut off calculates to: has no idea of what the additional add-on is of having BPA do work on low cost measures. Own perspective is that, if it's \$25 or less, may not be worth doing it. But some people out there really like to get the rebate even if it is only \$10.

: Looking at business case, look at the measures under \$200. Duct sealing program ended up being really expensive because of the staff workload to do implementation of the measure. Look at total workload for a measure.



: The low incentive can be used as a tool in customer relationships – can be an entry point to sell a higher efficiency measure.

: 1) Would be concerned about unintended consequences of all this, particularly for small utilities. If you cut things down too far, they can't really do anything. 2) Believes BPA has the data on measures and how much they are being used. 3) Perception is, having been in these meetings over the years, some of what is being talked about cannot be implemented over night. Focus 2028 is talking about long term. Would hope that some of these things may get put in a parking lot for further discussion.

: Are coming up on looking at the Slice off-ramp and exploring it. Almost feels like BPA is at the same pivot point as in 2000 when there was a bifurcation of utilities – ended up offering a new product selection of load-following block and slice. Feels like BPA is at the same pivot point on energy efficiency.

### **Documentation, forms, processes, verification**

: Is better than it has been in the past.

: Thinks that the front end rigor versus back end evaluation needs to be figured out. Having documentation is important, but sometimes we go too far. Having receipts, and forms, and contractor forms. Pendulum may have gone too far, but compliments BPA that we are listening and showing willingness to implement change. Still opportunity for improvement in some of the measures. What is the point of documentation we would like to have versus documentation that we have to have?

: Deals mainly with the invoicing. Improvements: IM has been written more in alignment with letting the Lighting team make the call vs COTR interpretations, more thought to whether things have to go in the IM. A lot of things are a lot easier. VFD calculator is still a pain – growers sometimes don't even know the information that has to go in it. Move towards electronic files for oversight is helpful.

: Most onerous is heat pumps (PTCS), but it is a measure than can be messed up pretty badly, so the paperwork is important.

: In PTCS, are required to have paperwork even though BPA is the one who has approved it. Have to have written document and enter it in database.

: When BPA took over control and control of the PTCS database, they have made improvements to the data entry.