

This document approximates the status of the discussions regarding conservation and renewables before discussions were put on hold in the fall of 2002. According to Steve Weiss, there may not have been consensus regarding those items identified as "Areas of Agreement" but it was getting close. – DW 2/25/02

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DRAFT: MERGE 1  
JOINT C&R GROUP  
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**RE: "Convergence" group "agreements"**

It was suggested that once the following list is accepted by the larger group, a letter might be sent to BPA and the Council in order to document our progress. (That letter might also point out any continued disagreements.)

**Areas of agreement**

1. The NWPPC will continue to prepare twenty-year regional power plans that will set the cost-effectiveness standard for conservation, identify the amount of cost-effective conservation available in the region, and propose targets for the regional achievement of those resources. The council will update the target at least every five years.
2. Regional targets for acquiring conservation and renewables will be set in megawatts and will be capped by an expenditure level that utilities cannot be required to exceed, regardless of the megawatts achieved. The dollar per MW caps and utility targets (also used as a conversion factor for RTF purposes, BPA backstop, etc.) will be determined by BPA, in a public process, based on recommendations from the Council.
3. There needs to be a reasonable, stable level of funding for the acquisition of cost-effective conservation, and a reasonable, stable level of funding for renewables. The funding level for the acquisition of conservation and renewables will be based on the Council's recommendations and will be greater than FY 2002 funding level.
4. The conservation and renewable resources acquired must be real and verifiable. There must be accountability for meeting acquisition targets.
5. BPA will make up any shortfall in the acquisition of conservation and renewables by utilities that fail to qualify for their full C&RD program obligations. (See unresolved issue b.) Before doing so, BPA must first offer such opportunities to its other utility customers. BPA will recognize and encourage conservation transfers, pooling and other similar arrangements.
6. BPA will continue to have responsibility for funding its share of regional market transformation, R&D, low-income weatherization and other programs that are deemed best suited to central administration. (Non-BPA share see unresolved issues)

7. The RTF will be strengthened and continue to have responsibility for performing its technical functions (e.g., recommending to BPA a list of qualified conservation measures along with their cost and savings and undertaking regional evaluations of conservation acquisition efforts). See # 12.
8. For both conservation and renewables there should be hard cumulative 5 year targets. A process will be established for interim BPA review of utility progress and to determine if remedial action is necessary.
9. There will be no mandated renewable "diversity" target. Instead the Council would make an advisory recommendation for different types of renewables.
10. There should be some split between regional and local conservation percentage, and some ability for the Council to swing a small amount each five years, depending upon potential.
11. The current mechanism whereby BPA funds state low-income weatherization agencies should be continued. Utilities may do additional low-income weatherization in fulfillment of part of their conservation target.
12. The RTF will become an independent and more formalized technical group, with a small core staff (and using staff from the Council and BPA) and an Advisory Council comprised of experts from the region. The RTF will evaluate the effectiveness of measures and delivery mechanisms for the purpose of improving programs and updating the "list" of measures available for credit, but changes will only be done on a prospective basis. The RTF will also develop guidelines to ensure that appropriate education, market transformation, rural and other hard-to-measure programs are included in the list of qualifying programs. The RTF will also develop criteria for renewable distributed generation on the customer's side of the meter to be included as qualifying measures. To accomplish its goals, the RTF will receive copies of the reports utilities give to BPA. Utilities are encouraged to cooperate with the RTF in gathering on-site information for the purpose of improving and evaluating delivery programs. BPA will retain final decision-making authority on matters addressed by the RTF. There will be a dispute resolution process. BPA, in concert with the Council and the RTF, will conduct regional evaluations on the regional and multi-utility programs.

### **Still to be resolved**

- a. Renewables target
- b. Whether any target assigned to customers receiving less than their full requirements from BPA would be subject to a BPA backstop, or how that, or any other, backstop would work.
- c. The date for grandfathering in renewable resources (agreement on the concept, but no date was set), and the definition of qualifying new hydro resources. It was suggested that

we look at the current C&R discount definition and date, but we did not have that information.

- d. Should there be separate and independent conservation and renewables targets, or should there be one overall target with minimums for the two categories, or some other arrangement? What is BPA's role in ensuring a balance?
- e. The split between local and regional renewable targets. The public interest proposal is for a 50-50 split between local and regional responsibility in acquiring renewables. The utilities believe more of the renewable target should be local.
- f. Ancillary service issue. The public interest groups propose that BPA's ancillary services be given priority and priced at cost for use in integrating BPA's and the utilities' share of the renewables target. This issue needs more clarification and discussion.
- g. How will net requirement reductions caused by load loss (through conservation or other factors) or renewable resource acquisitions be handled?
- h. The premium above market price that would be used as the renewables cap or conversion factor in determining and accounting for the renewables targets.
- i. There is not yet agreement on what sort of intermediate benchmarks might be appropriate. The public interest proposal is an annual achievement level of at least 80% of the target (on an annualized basis). The utilities are concerned that such an annual standard is too high and fails to recognize adequately the frequently lumpy nature of the acquisition of both conservation and renewable resources.
- j. The split and swing amounts. It was suggested that Charlie Grist try and estimate what has been the actual split recently and over the past decade or so.
- k. The extent of planning information utilities should submit to BPA in advance of each year, and the uses that information is meant to satisfy.