

Northwest Energy Efficiency Taskforce
Executive Committee Meeting
Jan. 9, 2009

Executive Committee Members:

Tom Karier, chair (NWPPCC)
Pat Reiten, chair (Pacific Power)
Steve Wright, chair (BPA)

Jim Abrahamson (Community Action Partnership of Oregon)
Ralph Cavanagh (NRDC)
Bill Drummond (Western Montana Generation and Transmission Coop.)
Melinda Eden (NWPPCC)
Steve Eldrige (Umatilla Electric)
Paul Elias (McMinnville Power and Light)
Claire Fulenwider (NEEA)
Bill Gaines (Tacoma Public Utilities)
Margie Harris (ETO)
Erin Holland (Edelman)
Bill Nicholson (PGE)
Sara Patton (NW Energy Coalition)
Cal Shirley (Puget Sound Energy)
John Savage (Oregon Public Utilities Commission)
Brian Skeahan (Cowlitz County PUD)
Phil Welker (PECI)
Brady Wiseman (Montana House of Representatives)
Roger Woodworth (Avista Utilities)
Deb Martin Young (Northwestern Energy, sitting in for Robert Rowe)

Absent Executive Committee Members:

Richard Beam (Providence Health and Services)
Lisa Coltart (BC Hydro)
Randal Douthit (Fred Meyer)
Fred Kiga (Boeing)
Paul Kjellander (Idaho Energy Office)
Warren Kline (Idaho Power Company)
Robert Rowe (Northwestern Energy)
George Smith (NORPAC)

NEET Administrators

Ken Canon, Facilitator
Darby Collins, Coordinator (BPA)
Joshua Binus, Assistant Coordinator (BPA)

Work Group Co-Chairs and Sub-Chairs in Attendance:

Bob Balzar (Seattle City Light)
Teri Duncan (PECI)
Michael Early (Industrial Customers of NW Utilities)
Pat Egan (Pacific Power)
Susan Hermenet (NEEA)
Phil Jones (Washington Utilities and Transportation Commission)
Massoud Jourabchi (NWPPCC)
John Kaufmann (Oregon Department of Energy)
Mary Smith (Snohomish PUD)
Steve Weiss (NW Energy Coalition)

Other Attendees:

Sonja Bruce (Resource Writers NW)
Charlie Burr (Edelman)
Pete Catching (ETO)
Gillian Charles (NWPPCC)
Bo Downen (Public Power Council)
Roger Ebbage (Lane Community College)
Kari Greer (Pacific Power)
Charlie Grist (NWPPCC)
Terry Morlan (NWPPCC)
John Morris (Fluid Market Strategies, Inc.)
Mark Ohrenscholl (Energy NewsData)
Katie Pruder (BPA)
Grant Ringel (Puget Sound Energy)
Howard Schwartz (Washington Dept. of Community, Trade and Economic Development)
Lauren Shapton (PGE)
Scott Simms (BPA)
Mike Weedall (BPA)

[Meeting begins at 9:10]

1. Welcome, Introductions, Review Agenda, Taskforce Mission

CANON: [Welcomes everyone to meeting and reviews agenda.] Reminds all of NEET's mission. There is a tremendous amount of potential energy efficiency available in the region—also a tremendous amount of interest in working together. Resource costs are high and likely to go higher. Rates are increasing and customers are seeking solutions. Customers are turning to utilities and looking for them to provide answers.

A hallmark of the Northwest is our ability to work together. Recently gave a presentation to the American Public Power Association's National Energy Efficiency Symposium in Indianapolis and was asked how the Northwest is able to work together. People in other regions are stunned at our ability to collaborate effectively and productively.

Our mission today is to determine how to best capture that spirit and get something specific done. Eager to explain the approach taken, as it has evolved since the start of the process—not quite as we expected it to.

Wants to thank all of the folks helping with process. Hundreds of people have dedicated their time to this effort, making it all possible.

2. Statements from Co-Chairs

KARIER: First, wants to make the point that Canon and Collins worked through the holidays to pull this together. Benefitted from getting snowed in over the holidays and was able to read through all of the reports. Great resource for region.

When we started the project, it was before the economic crisis and there was no discussion of a federal stimulus package. Isn't suggesting that we change our plan, but we shouldn't ignore it either. If there is a lot of funding available for two or three years, we should ask ourselves what should we do? Has challenged his staff to ask themselves that question. Staff has talked about heat-pump water heaters, which offer the region 500 aMW of potential savings, and neighborhood-by-neighborhood retrofits. We should possibly add a section to the report to address it.

REITEN: My opening comments a year ago were about load forecasts and the need to manage loads. A lot has changed. Our load curves are no longer curves. They are now flat or declining. The process of looking out into the future and making sure we have the proper infrastructure and programs when the economy turns around is what we need to be doing now.

Discussion over the economic stimulus being considered by the incoming Obama administration has been good as it has been focused on infrastructure development, which creates lasting value. The NEET process is much the same. Likes the imagery in the draft report regarding the fact that this is a lot like building a power plant. This is very much like that.

Today is about identifying what suggestions should really move forward. We need to move toward implementation. Looking forward to the next phase. This is not just about process.

WRIGHT: Also wants to thank the Collins, Canon and co-chairs. Is also driven by the marginal costs, which keep going up even though the economy is down. We know this marginal cost increase is substantial, and energy efficiency provides a viable way to address these rising costs. The big challenge will be how to do energy efficiency more efficiently.

Is driven by personal experience and the belief that the best way to accomplish this task is to work together collaboratively. We can do more energy efficiency, at less cost per unit, if we do this together. Excited about recommendations and report.

There was one element, regarding the spending of a lot of money very quickly, that was premature. These are great ideas and we might very well be in support of these, but we need more work to determine what to do.

BPA is prepared to make a contribution to make this work. Can't be BPA alone, as this is not just a BPA effort, but is quite willing to do it collaboratively. Is very excited and sees a lot of opportunity, assuming that others in the region feel the same way about this.

CANON: [Highlights the handouts distributed to everyone.]

- Letter from Idaho's Governor in support of NEET
- Potential conservation by sector (chart)
- Work Group 5, revised report

GRIST: [Describes the potential conservation by sector chart.] This chart is through 2030. The biggest piece of the commercial side is lighting, especially in lighting power density. Other commercial sector opportunities include advances in outdoor lighting, HVAC, sewage and water treatment plant improvements.

On the residential side, we removed a lot of potential related to light bulbs due to the Federal 2012 standards, though there is still much to do. With higher avoided costs, there are ductless heat pumps and heat-pump water heaters.

Industrial model is a bit off. Should go up by another couple hundred megawatts.

3. [Overview of Draft Report](#)

CANON: Emphasizes that this is a draft crafted over a few weeks of work with Bruce, Collins and the three chairs. There are good reasons to not stop here. Important lessons have been learned just from the process. There are no silver bullets or magic solutions, just a lot of hard work. Energy efficiency savings come in lots of small increments. Collaboration also doesn't just spring forth; it happens in little bits at a time.

One thing that struck Collins, Binus and I was the genuine engagement of ideas that grew out of the NEET process. This is reflected in each group, in some way, calling for creation of an ongoing forum to continue dialogue.

Energy efficiency has the same infrastructure requirements as a utility. Over the course of the projects, it became clear that we were working on energy efficiency's infrastructure. The workgroups all support infrastructure to create more cost effective energy efficiency. The lesson learned from this process is that we can do better. We can share costs and get more done, better. There is a regional side of what we can do, and there is a parallel local element to carry efforts out.

This infrastructure effort is robust. CFLs offer a good example of an opportunity that we need to prepare a response to, as we need to turn to other alternatives. We can

overwhelm lack of infrastructure with sheer dollars, but we don't want to or have to do that. The taskforce is a wonderful opportunity to take advantage of the region's long history of successful collaboration. The process has been empowering to everyone involved and has raised expectations across the board.

[Attention turned to NEET Draft Report.]

Obviously we didn't spend much time on the Executive Summary. That wasn't a focus of ours on this draft.

One challenge we are facing is whether to use the somewhat outdated 5th Power Plan or the premature numbers being readied for the 6th Power Plan for source material.

COLLINS: [Covers Section VI, Work Group Assignments and Summary of Recommendations, and provides a bit of background on work group process.]

Background: Thanks executive committee for resources they have made available for the NEET process. The leadership by the co-chairs has been remarkable and quite focused. Thanks co-chairs for what they have done.

We had very aggressive deadlines. This served to our benefit to produce a product. The binder has been put together with the reports that came in from all of the workgroups as they came in. It's also now on the web. We have been working to make this effort as transparent as possible.

Each of the work groups came up with a series of recommendations. We didn't integrate all of them, but looked across everything for unifying themes.

Also thanks to Wright, Karier and Reiten for working over the holidays, going through reports and providing feedback by the 28th.

CANON: Let's discuss the overarching themes that evolved from the work group process. We came into this with the assumption that this would be open, collaborative and transparent and that would help produce a product. That proved to be a correct assumption.

Work Group 3's number one recommendation was to create a regional forum. It needs to be diverse, staffed and facilitated to move forward. Getting like-minded utilities together has great benefits. Behavior is going to be a huge driver. It is the next big challenge and opportunity, although it will be hard to quantify. Crediting and counting came up in many different ways and was difficult to capture all of its implications. There could be less of a willingness to collaborate as groups strive to count and/or take credit for energy efficiency efforts. The element of recovering costs is also very important. Last, the realignment of institutional roles is a topic that will need attention. We want to avoid duplication, redundancy and conflict. This will help make our regional energy efficiency effort more cost effective, productive and efficient.

Regarding work group reports: How do we do justice to these reports? How do we make sure that these recommendations are fulfilled? How do we prioritize? The likely outcome of a report that just combined all of the recommendations and aggregated costs would have been a report on the shelf.

We want to move this forward and we need specificity, so we came up with the idea that we need a second phase. This would be a short, concise, directed phase that would: utilize existing institutions to host efforts to establish priorities; identify the return on investment; strategize how we implement in phases; outline the logical next steps; and determine short, mid and long-term implementation. Someone needs the ability to write checks for contractors, etc. We would like to see NEEA, BPA, Council and the utilities share the costs. This effort is urgent. The work groups need to stay involved. We suggested a six-month deadline. Maybe next steps won't follow this timeline, but we want to get to implementation, not just process. We want clear actions to accomplish and a methodology to get them done.

Came up with the idea of a hosting function. Didn't want to create new institutions. Looked at topics and presented opportunities for different organizations to host efforts in order to make things happen, relatively quickly. There is a sense of urgency that requires things happen fairly quickly.

Would like to see the work group co-chairs involved and have this be an inclusive, collaborative process. We're proposing a six-month effort. This is aggressive because it needs to be aggressive. We want a conclusion to NEET, a handoff and a methodology for getting things done. To the extent of next steps:

1. Executive committee members submit written comments on Draft NEET Report by Monday, Feb. 2.
2. Hosting entities submit plans of how they intend to fulfill their hosting function, including funding needs, by Monday, Feb. 2.
3. Revise Draft NEET Report into final draft for phase 1 of NEET effort.
4. Reconvene the executive committee and determine how to fulfill this process and move it forward.

We did do this quickly, and it turned out to be a little different that it was perceived at the start.

4. Executive Committee Comments and Discussion on the Overall Draft Report Approach

SHIRLEY: Regarding the continuation of work groups: Is it the view that the work groups provide the function of the hosting entities?

CANON: Sees the work groups as being involved and the work group chairs as collaborators.

PATTON: This has been an amazing piece of work. Thanks everyone. Agrees with more action and less process. Urges group to comb through the reports and look for things that can be implemented immediately, or at least sooner than six months. Also hopeful that the entities that have been tasked with all of this work are ready to go and have the resources to do it. At end of the six months, it will be important for all of the entities that have worked on this to have substantial responsibilities.

CAVANAGH: Supports recommendations put forward by Canon. Shares Patton's sense of urgency. We've been distracted by struggles that have a flavor of turf battles. Senses from report that we can increase our resources by working together. Makes point that \$10 million, though seeming like a large number when read in the report, is actually 1/10 of 1 percent of the regions' electric bill.

The federal stimulus is likely to result in something substantial and in three areas: 1) weatherization; 2) block grants to states; 3) investment in technology. Thinks the governors will be coming back to this group as they are faced with the challenge of spending it quickly and wisely. Curious of how Canon is looking to respond.

CANON: Adds to urgency. Even if the stimulus package comes in February, there will be some time needed to frame things up in a way that helps things get implemented in a way that is efficient. Agrees with Patton that it would be a good idea to look through recommendations for things that can be implemented immediately. Believes there are groups like the ETO and other entities in the region that are in a good place to provide suggestions on what can be done now.

SHIRLEY: Infrastructure is not in place to deal with a huge influx of cash. We should think about how the region should receive stimulus money. We need to get ahead of the curve and provide some language to get the money to the local level. There is already a bit of fighting over where the money should go. How do we want stimulus money to come to the Northwest? We need to think about it.

WOODWORTH: Asks for clarification on hosting.

CANON: Hosts need to administratively manage the crafting of the business plan. They can use existing staff or hire contractors to get the work done. We don't want to rely entirely on volunteers. It's not a long-term commitment to own the work. It is a six-month assignment to flesh out a detailed work plan for the executive committee to consider.

WOODWORTH: So the task is for the host to take these recommendations and...

CANON: Clarifies that, as an example, just because NEEA is hosting this function, it doesn't mean they are going to be responsible for this function long term. That will be presented to the executive committee for a final decision.

SKEAHAN: How does this hosting function overlap with the various ongoing efforts at each organization (: Council's 6th Power Plan, NEEA's business plan, BPA's upcoming public process, etc.)?

CANON: Acknowledges that they are doing substantial efforts in other directions, sometimes very related. NEEA is the one working the closest pace.

FULENWIDER: NEEA's business plan is being crafted along with the NEET effort. Will require a lot of collaboration. Is very appreciative of the three-week comment period. Will provide sufficient time to report back to NEET Executive Committee.

ABRAHAMSON: In Oregon, the low-income agencies are in situation where the U.S. Department of Energy will likely implement a three to five-level increase. How do you bring on the people and equipment at the same time that everyone else will be doing the same thing? There is a tremendous amount of activity going on, and it cries out for a regionally unified strategy. Worried that things are moving so fast that even best efforts won't catch up with it.

WELKER: Discussion on infrastructure development in stimulus: We could look through the report and pull out the recommendations that are infrastructure related, like RD&D, data collection, scale-up demonstrations, and workforce development. We could generate a short-run list to give to the transition team.

CAVANAGH: We haven't done enough workforce development in the report. We need to do more with it.

CANON: Understands the politics, but hopes we can do a job of creating a sustainable, long-term effort so we can avoid a situation where we staff up and then have to lay people off.

ELDRIGE: Curious as to what the status of the recommendations is. Are these recommendations that will be acted on?

CANON: We decided not to print out all of the recommendations and put them in the report. They will be the basis of the work being carried out by the hosts as they continue to drill into the work group efforts looking to prioritize scalability.

ELDRIGE: Thinks the executive committee should provide some guidance on priorities. Has not signed off on the effort to launch right into it yet.

CANON: None of these recommendations presume that the hosting entity responsible for any task will be responsible for the same task in the future. That is one of the key aspects. We are not making any decisions as to who does what at this level.

ELDRIGE: Hopes we will look at the underlying themes as well. Concerned about the reliability of systems. Doesn't see any discussion on what the effects of these efforts will be on the utilities.

CANON: That is why we had the utilities function as the hosting entities.

ELDRIGE: This seems to be a fundamental place where we don't have much collaboration. We need to look at the full costs of investments into energy efficiency, the same way that we have done it for nuclear, coal, hydro, natural gas, renewables etc. This has not been done here. If we fundamentally do not add value, we will fail.

CANON: The business plans will address that.

ELDRIGE: Really encourages this group to make definitive decisions about what we do.

CANON: Agrees.

SAVAGE: The prize for this group is the 6,000 megawatts. The work groups, working under the hosts, need to continue and are critical in making things happen.

HARRIS: Primarily interested in scalability and speed. Suggests sorting things into two pots: 1) value added by investing at regional level; and 2) parallel action(s) at the local level. This parallel structure will help us get the most value.

ELIAS: Would hate for this to become an intellectual exercise. How do we deliver the potential savings described by Grist's chart? Who creates the catalog of programs for utilities to choose from? Also cautious of forums. They tend to be voluntary and unpredictable.

CANON: Understands. Not sure if "forum" is the right word, but there needs to be a place for utilities to go to where they can find the answers they are looking for. It's all about recognizing the local differences, while at the same time taking advantage of the fact that there are others in the region striving to do the same thing.

DRUMMOND: Participated in two of the work groups. Struck by the amount of additional work that will be necessary. Offers support to the structure put forward in the report. Also supports using existing organizations. Cautions the entities charged with hosting to use existing institutions and address staffing needs. Doesn't want to rely too heavily on consultants. Funding is also an issue. Doesn't want everyone to rely on one funding source.

CANON: The way that we perceive that consultants are used is to make sure that the work gets done. Host could use their staff, but at the same time, you might want someone more independent than a staff person. Thinks work group participants are crucial.

GAINES: Two things: 1) Recommendations are still a work in progress. Thinks they need fleshed out, but supports the process; 2) Very pleased that there will be three weeks to provide comment. Expects there might be some thoughts from this policy group and encourages executive committee members to provide some very thoughtful, written comment.

CANON: Gives credit to Gaines for providing written comments on work group reports and draft reports in November and December.

NICHOLSON: Endorses work and approach. Regarding stimulus plan: Perhaps we should create a sub-team that addresses the stimulus plan so the NEET process isn't sidetracked. The stimulus can give us a short-term bump, but NEET is a long-term plan.

REITEN: Timing is great. Wright and I were just having a sidebar conversation about that. We need the long-term plan for sure, but a plan to high-grade the immediate work for the stimulus package and potential local matching opportunities would be a great idea.

CANON: Great suggestion. We could create a separate work group or have an existing work group take it on. We could approach all of the work groups and ask them to prioritize recommendations. They could provide us with suggestions for things that match up with the stimulus package right now without causing us to lose our focus.

GAINES: Supports doing that, but thinks that we should be aware that while there are many regional efforts that can work, much more will be happening at the local level.

KARIER: The three chairs have just volunteered the Council to help with this.

REITEN: The reason is because the Council represents the states in an official capacity. Wants to be clear. Sees this as a box separate from the other NEET efforts, one that provides some areas of opportunity. Seems pilot projects would be a viable opportunity.

CANON: Offers to take a lead in approaching the heads of some of the regions' organizations to ask for potential pilots.

EDEN: Can we compile a big list of the shovel-ready projects that are out there. Pilot projects are also a good idea? If Canon and Collins will do that, we don't necessarily have to wait for a committee.

SAVAGE: There are some entities that already have their lists. We need to go through the lists and prioritize which ones are regional in scope.

KARIER: Right now we're going 120 percent on the regional power plan, so any help we can get would be much appreciated.

CAVANAGH: I hope that if folks have fundamental concerns, they will speak up before the end of the day. It's quite possible that three years worth of funding could be coming.

Wants to make sure that the stimulus money doesn't just replace core budgets. We need to take advantage of it now.

CANON: We need to have a regional approach on this. Everyone is putting together a list. Energy efficiency and green jobs have been highlighted, and we would be doing our job if we pulled together a list. We want to avoid an energy efficiency roller coaster.

[Break]

WOODWORTH: At outset, Canon reminded us not to create new institutions. Would like to bring up two illustrations. As an energy efficiency industry, we benefitted by collaborating on low-flow aerators and water heater programs. When the water folks pitched in, we found out that our dollars went further. We have to look outside the industry for more collaborations like this.

By only looking within the energy efficiency industry, we won't create systemic change. If we can bring new people/organizations to the party, it will change the system in a way more powerful than a reconfiguration can. We need to change the dynamic.

Work group 5 brought up a great example: If we can engage non-energy efficiency groups to help address our needs, our efforts will benefit. We don't need to create new institutions, but we do need to look outside of our industry.

CANON: Truly a challenge for our industry—to challenge ourselves to look outside the box that we've built over the past thirty-five to forty years.

Would like to re-open the floor to discuss specifics regarding the report.

CAVANAGH: We should be giving costs per kWh (over lifetime), just like we do for a power plant. We should not use the figures for savings for first year.

Observations about Work Group 6 report: 1) The report tees up issues for decision makers. We are going to be looking at levels of energy efficiency we haven't seen before. Hopes it will not be read as suggesting the status quo is a good place to be. Perfectly appropriate for portions of the report to allow for recommendations that don't have consensus. 2) The decoupling sub-group forwarded a recommendation for a public power pilot. Is looking for a willing volunteer or volunteers.

SKEAHAN: Don't understand, but I'm sure there's a good explanation.

CAVANAGH: This is a public issue too. The issue is ultimately between the financial health of a utility and aggressive energy efficiency.

GAINES: Big supporter of decoupling, but also doesn't understand the decoupling recommendation in the report. Thinks public utilities are already doing it.

CAVANAGH: The only thing that will resolve this is to have a public utility do it and show the skeptics that it works. If we can't find anyone to work with us, the conservation will end.

REITEN: Have appreciated the discussions. Is this about recovering costs?

CAVANAGH: From a public standpoint, we want to test the true-up system.

CANON: [Calls an end to discussion on decoupling recommendation and makes a call for other specifics in regard to the draft report.]

WOODWORTH: [To Patton] Would your work group agree that there is a problem with the status quo that needs to be addressed? Is there a mismatch with public policy?

PATTON: Had a debate at ETO yesterday about this. Many of the work group members believe that there are existing disincentives to achieve more energy efficiency.

WOODWORTH: You're saying there are fundamental mismatches in public policy?

PATTON: There are potential areas that we can be looking to resolve disincentives. In Washington, IOUs can capitalize their energy efficiency expenditures. In Oregon, things are different.

WOODWORTH: If we could get a paragraph added to the report as to why there is an issue with status quo policy it would be a good thing.

ELDRIGE: [Regarding decoupling] Thinks that the only way to get a public utility to participate would be if they report to a commission which has the ability to overrule the board.

PATTON: [Regarding cost effectiveness] Work Group 6 did not deal with the analysis of the Council and the market cost of power. The expectation is that RPS, West-wide, will produce a power surplus, depressing the market cost of power in the short term. This will artificially reduce the amount of conservation available. It's important for us to start thinking about that the fact that three governors have agreed to the carbon reduction goals. This will ultimately call for the retirement of coal plants at the end of their useful lives, which will lead to the projection of energy shortfalls, not surpluses.

GAINES: Had some trepidation about some of the Work Group 6 issues from the beginning. On many issues there isn't consensus, but still thinks they should continue to be kicked forward.

ELDRIGE: Raises two points: 1) There is only so much stimulus money; 2) Regarding the idea of conservation as a power plant: you have to have purchasers of power for any plant to be viable. Oregon's energy efficiency efforts don't get included in the RPS. If we don't synthesize some of these requirements, we won't survive it—let alone meet

some of the requirements. There's not good alignment between energy efficiency, renewables and carbon capturing.

WOODWORTH: Agrees. We need to address policy alignment at the highest level.

WRIGHT: It's really important that the report be a unanimous recommendation of this group. If there is anything in this report that anyone has an issue with, please get it out now.

GAINES: Many of the issues, we can't support. Particularly, we can't support the blending of high-cost conservation with low-cost conservation.

DRUMMOND: I don't think there is anything in the report that would cause me to object to supporting the report; however, I'm concerned that some of the tasks that have been assigned to certain entities are beyond what they may be capable of doing well.

It would also be difficult for me to give a blanket nod of support for the whole report, without any nuance.

WRIGHT: Has tremendous reservations about BPA being the regional R&D, but we do have an interest in helping put together a regional R&D road map to help get that going. We can host it, even though I have reservations about BPA taking this on. Is it mandatory or subscription? Who is responsible? Those are huge questions. We are not saying we'll take on the function. I hope that clears up the question.

DRUMMOND: Absolutely. I just wanted to be clear to everyone else that it doesn't mean all of the aspects are fleshed out.

CANON: We do want our co-chairs kept involved with this process.

SHIRLEY: Is it your perspective that this all ends in another six months?

CANON: That's my operating perspective. I do see some ongoing work, but I don't see it as this.

KARIER: At the Council, there has been a lot of discussion about how we do this. At the end of our assignment, if the Council decides to take it on, we would develop cost effectiveness standards. The concept here is that a lot of great ideas have bubbled up. I think that if we have to build consensus on every one of the work group recommendations it won't work.

Thinks we should bring ideas forward through a work plan and then put the suggestions forward. Thinks meeting again is a good idea to provide guidance.

HARRIS: Thinks it would be a good idea for Canon and Collins to get together with the three chairs to help work through comments received over the next few weeks to winnow down the tasks of the hosting organizations.

WELKER: If we're going to take our efforts to the next level, we're going to have to address our customers as partners. [Gives example of how problems of analysis and market relations can cause problems.] We need to be careful about not being driven by the mindset we use to analyze and count energy efficiency savings.

PATTON: Agrees. Many Work Group 6 members believe there are much greater efficiencies of scale that can be addressed. In some ways, it is good that many of the issues are being sent to the Council, because they are the best to address this. However, they are way too busy to turn it around in time.

CANON: Sees potential for the Council to hire a contractor. We need to match up entities with their expertise.

PATTON: Also, the decoupling and load management/smart grid recommendations are in there, but they need to be highlighted better.

SHIRLEY: Work Group 5 took the approach that we needed to bring a sealed deal to the table today. Is it the hosting agencies that are supposed to facilitate this or is it the workgroups? Being on the NEEA board, I'm very conscious about the amount of work they're taking on. I'm wondering if Work Group 5 can be used as a model for action. We got a lot of recommendations for a lot of different things, and one of the first things we did was put borders around them. For example, we focused on what needed done right away. Would like to hear from the hosting entities to determine what they think about all of this.

[Lunch]

4. Executive Committee Comment and Discussion on Specific Elements of the Draft Report (Continued)

CANON: Thanks public power utilities for providing everyone with a great lunch. Left with Shirley asking a question about capability and Karier asking about hosting ability. Asks Fulenwider to comment on hosting responsibility.

FULENWIDER: Thanks everyone for the show of confidence in NEEA. Looks forward to getting the work done in a way that satisfies the group.

Many of the tasks are already being addressed by the ongoing business plan. We should be able to get out an estimate for what is already going to be covered and what is not.

WEEDALL: We have not sat down and figured out specifics, but the three initiatives coming to the BPA and utilities are already underway. We're expecting to see some changes in direction.

KARIER: Fulenwider made a comment earlier about the synchronicity within the region. The fact that many of the groups are already planning to take on some of these tasks is a good thing.

CANON: The identified hosts can craft their work plans and get them back to the executive committee for review and comment within three weeks. This should allow for some uniformity as we continue moving forward on the project.

This is a great time to bring up any specific comments on the work plan.

WISEMAN: The comment about Work Group 1 is very important about what matters. 2) Our ratepayers just see the bill and the source of fuel matters less. In Montana, codes are largely not enforced. I'm told that in Germany, every house has an energy efficiency rating. That would work very well in Montana, even on a voluntary basis. It becomes advantageous to owners and even landlords to achieve top ratings.

Also, on pages two and three of the report: Are the graphs using Western Montana or the whole state?

CANON: The western half.

WISEMAN: I'm hearing from stakeholders in my state that we would like to see all of Montana being included in this. We are interested in having the whole state involved.

CANON: Regarding the energy efficiency building ratings: Sounds viable on a voluntary basis, very difficult on a mandatory basis.

FULENWIDER: We're also addressing this in Oregon.

PATTON: In Oregon, the Governor is looking to do that. It's one of the things we're working on in Oregon and Washington—ratings for commercial, with an incentive program.

HARRIS: ETO is crafting a prototype for residential housing. It is voluntary and is part of the Governor's program.

CANON: I just think it's one of those things we should bring forward. I'll be testifying before the Washington Senate and House committees next week, and they'll be looking for things to do. The basics: building codes, appliance standards and work force issues.

HARRIS: By extending NEET for an additional six months of time, we can pay attention to what is happening in regards to state legislatures and the federal stimulus efforts.

Another comment on gas: If we're going to consider being fuel neutral, we need to go beyond gas to include oil, coal, and even wood.

In regards to bundling and cost effectiveness: We'll be continuing to move forward on this. When we're putting these things through the filter, we find some things are bad ideas and some things are good.

In regard to money we have been spending and what we're spending now: not always the best indicator. We should be spending what we need to get the job done.

CAVANAGH: When you make a case at the start of the report and you suggest that loads are going to continue increasing, it could lead to a problem if they don't.

CANON: Ok, makes sense. Any other comments?

[None]

CANON: Then we'll move on to comments by the three chairs, work group co-chairs, and then public comment.

BALZAR: It's been an honor to work on this. Very much appreciates the collaborative effort being made across the region. If there is anything that the Seattle City Light can do to help, just let us know.

SMITH: The proposal to create a data collection system for the Northwest is really fundamental to the region. Each utility is vested in having very robust data, and a lot of money is being spent on identifying what data is needed. The current state of affairs regarding data is very poor. It can be considered as infrastructure. Encourages the executive committee to take advantage of NEET to address the problem.

DUNCAN: Appreciates taking part in the project as a co-chair of Work Group 4. Is willing to help with anything the executive committee needs.

PATTON: How did the marketing committee deal with the sometimes very controversial issue of the needs for utilities to maintain their local status as the experts on energy efficiency and the contact with the customers?

DUNCAN: Grant Ringel and Kathy VanderZanden continually brought that up. We worked through it by maintaining the role of local utilities as the nexus of customer contact and avoided the creation of any regional entity positioned as *the* energy efficiency expert.

HOLLAND: The issue was dealt with by having a central place that folks were driven to that redirected them to the local utility.

CANON: Good research cuts across a number of areas, and this really plays into marketing.

HOLLAND: During the last meeting, there were needs raised from the other work groups about marketing needs. As NEET moves forward, please continue to bring these forward. There may be opportunities in the short term to move people toward energy efficiency.

CANON: Other work group co-chairs?

[none]

Anyone from the general public?

SCHWARTZ: The fact that Matt Steuerwalt [former Energy Policy Advisor to Washington Governor Christine Gregoire] has left, and there is a bit of a Washington void, has made me think that some state government perspective is in order. One of the things that occurred to me is that on the whole, the framework and emphasis has been how the electricity industry could best proceed. I do think that is the right way to go. But looking how things have come out, I think we undervalued the role that states can add to the process. Harris brought up some of this already.

A number of recommendations point to the role of the states, but in ways that don't quite get the total picture. An example is Work Group 1's recommendation on data. It looks at the states more as partners to identify things we need to get from the utilities. It doesn't capture the fact that the states are large producers of data themselves. The states are developing very detailed data sets in regards to greenhouse gas emissions. Washington, because of I-937, will gradually be developing a database of reports and achievements. There are also resource plans and other datasets that can be of use. I'm sure there are analogies in almost every other work group. The workforce group, for example, has much they can use coming from the states.

Whatever recommendations that this group comes up with should include the appropriate state people. Even with marketing, for example, libraries can be a great source of information distribution.

The other thing that states do is provide a regulatory framework for the way conservation happens. One of the reasons that Work Group 6 didn't get as far along as it did is because the policy discussion takes a long time. Conversations were cut short because of the aggressive deadlines. We should think about how to push this forward in a way that allows those processes to continue.

Harris also commented about what the states are doing. All of the states' climate change plans have energy efficiency as an important component. A lot of the legislation working its way through the system will have a tie-in.

As far as the stimulus, a lot of the money will probably come through the states. For example, the energy efficiency block grant, was created in 2007 but not funded. That money will go to state and local governments on a formulaic basis. Cavanagh was right that we run a risk that the money might get spent for core budgets instead of being used to ramp up energy efficiency. We have a chance to coordinate things to help make sure that doesn't happen.

CANON: We have done a lot of discussion about the role of states. We are thinking about having a sub-group of state officials to keep them involved. They have a huge impact on everything they do in this industry and that is a good reminder.

WEISS: Work Group 6 did get high-centered on decoupling and lost a bit of focus on some of the bigger issues. How is an IOU going to make money in the future? With aggressive energy efficiency, better standards and codes may cause a world where utilities are looking at very different operating environments. Right now, utilities are being asked to look at spending money on potential dry holds. The question is what is the business environment going to look like? Looking forward, it is going to be important to include more than just decoupling during the next six months.

CANON: Asks for comments by Monday, Feb. 2 on the work group reports and draft NEET report. We'll be having discussions with the hosting entities over the next few weeks about clarifying objectives. We'll work through any competing comments. We'll be modifying the report to move our efforts toward consensus. There will be more opportunities to participate.

As far as the hosting process: That is intended to be an open, collaborative process.

Woodworth has provided the outline of a helpful matrix that we can use to craft a unified list of energy efficiency opportunities that are shovel-ready.

CAVANAGH: Just be careful to note that all of the shovel-ready projects are already covered by existing budgets. Please capture the incremental aspect.

CANON: Agreed.

KARIER: Hosting function for the Council will have to be worked through by the staff. For the next few weeks, there is fine-tuning that needs done. In my view, we don't need to craft a consensus behind each item, but behind moving the efforts forward in the near future. That is a more demanding process, and things will get winnowed out a lot more once those efforts are undertaken.

I don't think there are sufficient budgets for all of the work that needs done, so we'll have to work on that.

REITEN: Started work initially on behalf of the company...is impressed with the way the discussion has moved forward. This is the way that policy should really be created.

Moving forward, we're going to have an opportunity to be one of the funders of this plan. Thinks the idea of continuing to move forward with the development of business plans is better than just dumping out a report. Curious what else is needed. Like BPA, PacifiCorp is also willing to step up and help fund the effort. Hopes others are willing to do the same.

WRIGHT: Thinks the power plant analogy is right. There is a unique opportunity to build this resource in a Northwest way. The desired consensus is on the *executive committee* recommendations and the next steps. BPA is willing to fund that in part. Very much appreciates PacifiCorp helping with that. Hoping others will too. Thinks we're on the right path. Thanks to the all and work groups.

SHIRLEY: Clarification about consensus and unanimous support. At some point, we'll need to get very specific about what it means to support this. At a time when many of us are looking at NEEA's funding and the decisions that need made about funding some or all of the report's recommendations, I'm still struggling a bit. What will this look like? Can we just support parts of it? If that's the case, can we be honest about that?

GAINES: It's a fair question if support means that we should be taking the next steps proposed.

WRIGHT: What I'm trying to clarify is that the support is for the *next steps*. Even if you disagree with some of the work group recommendations, you can still agree to move forward on the executive committee's decisions on next steps.

CAVANAGH: The next time we meet, in six months, we'll get consensus on the tough issues.

[Meeting adjourned at 2:20 pm.]