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Northwest Power and Conservation Council

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October 3, 2017

DECISION MEMORANDUM

TO: Council members

FROM: Jennifer Light
Regional Technical Forum Manager

SUBJECT: Regional Technical Forum 2018 Work Plan, Budget, and Business Plan

PROPOSED ACTION: Council approval of the 2018 RTF Work Plan, Budget, and Business Plan

SIGNIFICANCE: The RTF works on a calendar year. Under the RTF Charter and By-laws, the Council has authority for approving the RTF's work plan, budget and business plan, with input from the RTF Policy Advisory Committee and any interested parties. We are seeking approval of the 2018 work plan, budget and business plan today to allow sufficient time for contracting in advance of the 2018 calendar year.

BUDGETARY/ECONOMIC IMPACTS

The RTF is primarily funded through contributions from Bonneville and the region's utilities. In 2014, these entities signed on to a five year funding agreement for continued support of the RTF. The 2018 work plan reflects the fourth year of the funding agreement. In addition to these funding contributions, the RTF is supported through in-kind contribution of Council staff time and other resources (such as office and meeting space). For 2018, the RTF work plan proposed a Council in-kind contribution of roughly 1.1 full time staff. This represents a full time RTF Assistant and other technical, administrative, and contracting support.

BACKGROUND

The Council created the RTF in 1999 in response to a 1996 Congressional mandate and recommendations from the 1997 Comprehensive Review of the Northwest Energy System. The legislative directive required the Council “to develop consistent standards and protocols for verification and evaluation of energy savings, in consultation with all interested parties.” Since 1999, the RTF workload has grown, as has the budget. In 2010, the Northwest Energy Efficiency Taskforce recommended that the RTF operations and budget be reviewed by a high-level committee to improve the operations of the RTF and to put it on a stable long-term funding basis. In response, the Council created the RTF Policy Advisory Committee (PAC). The RTF PAC provided its recommendations on a five year funding agreement and structure to the Council at its June 2014 meeting in Missoula, Montana. The RTF PAC recommended an RTF budget of \$1.67 million for 2015, escalating to \$1.9 million in 2019 to account for inflation. The PAC also supported using the NEEA funding allocation shares to determine RTF funder contributions.

The proposed 2018 work plan, budget, and business plan represents the fourth year of the five year funding agreement. A draft work plan was presented to the RTF in July of 2017. This initiated a 30 day stakeholder comment period, which closed on August 18. Staff addressed stakeholder comments in a final proposed work plan, which the RTF adopted for recommendation to the Council at its September 19, 2017 meeting. The RTF PAC met on September 28 to review the proposed work plan, and it has included a positive recommendation to the Council as part of this packet.

ANALYSIS

The \$1.83 million budget is adequate to support the feasible level of RTF work expected for the upcoming year. The RTF is currently operating on a \$1.79 million budget, and as of September has allocated 97 percent of its budget in contracts and deliverables, with the anticipation to allocate more to contracts in the next couple of months. This slight increase in budget for 2018 is in alignment with the funding plan to account for planned work, plus some inflation. The RTF, RTF PAC, and Council staff agree that this increase is appropriate given the planned work in 2018.

ATTACHMENTS

Proposed 2018 Business Plan and 2015-2019 Funding Period
Recommendation Memo from the RTF Policy Advisory Committee
PowerPoint Presentation on proposed work plan
[LINK](#) to Proposed Detailed 2018 RTF Work Plan (excel)

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October 3, 2016

MEMORANDUM

TO: Council Members

FROM: Jim West, Co-chair, RTF Policy Advisory Committee
Henry Lorenzen, Co-chair, RTF Policy Advisory Committee

SUBJECT: Regional Technical Forum 2018 Work Plan, Business Plan, and Budget:
Recommendation of the Regional Technical Forum Policy Advisory
Committee

The Regional Technical Forum Policy Advisory Committee (RTF PAC) has completed its review of the proposed RTF 2018 Work Plan, Business Plan, and Budget and recommends to the Council approval of the proposed 2018 Work Plan, Business Plan, and Budget as submitted by the RTF. Additionally, the RTF PAC has affirmed its agreement on the recommended future funding levels and the methodology for allocating funding among each RTF subscriber over the next four years.

The RTF PAC appreciates the opportunity to offer this recommendation to the Council on the RTF 2018 Work Plan, Business Plan, and Budget, and respectfully requests approval.



Regional
Technical Forum

2018 Business and Operating Plan 2015-2019 Funding Period

Introduction

This document describes the proposed Regional Technical Forum's (RTF) 2018 work plan and the 2015-2019 Funding Period. The budget for 2018 is currently estimated at \$1,833,700. The RTF staff presented a draft work plan and business plan to the RTF at their July meeting.

This initiated a 30 day stakeholder comment period, which ended on August 18, 2017. Staff incorporated stakeholder comments into this proposed work plan and business plan. The RTF adopted this work plan at its September 2017 meeting, and forward that recommendation to the Council for approval. The RTF Policy Advisory Committee (PAC) also reviewed the proposed work plan, budget, and business plan and sent their recommendation to the Council. The work plan and business plan will be brought to the Council at their October meeting for consideration.

Work Scope

The RTF will continue to pursue the tasks adopted by the Council and its original charge from Congress and the Comprehensive Review.¹ These are:

1. Develop and maintain standardized protocols for verification and evaluation of energy savings.
2. Conduct periodic reviews of the region's progress toward meeting its conservation resource goals, acknowledging changes in the market for energy services, and the potential availability of cost-effective conservation opportunities.
3. Provide feedback and suggestions for improving the effectiveness of the conservation resource development programs and activities in the region.

Consistent with these tasks, the RTF will continue to provide recommendations to the Bonneville Power Administration (Bonneville), the region's utilities, and system benefit charge administrators to facilitate the operation of their conservation resource acquisition programs. The 2018 work plan includes, but is not limited, to:

- Review and update existing measures and standardized protocols for verification and evaluation of energy savings. The RTF maintains and continually updates a library of

¹ See the RTF Charter at <https://rtf.nwcouncil.org/about-rtf/charter-and-bylaws>

over one hundred measures and protocols, approximately 30 percent of which will require updating in 2018 due to approaching sunset dates.

- Develop and maintain protocols by which the savings and the regional cost-effectiveness for energy efficiency measures, technologies, or practices not specifically evaluated by the RTF can be estimated.
- Coordinate with regional research entities to identify opportunities for improving understanding of various measures and protocols, and work to advance these measures that require additional research to inform reliable estimates by identifying potential research sponsors or using data collected by sponsors
- Develop new measures and protocols and review proposals for new measures and protocols.
- Continue to standardize and update the Guidelines for technical review of measures, protocols, and impact evaluations.
- As required for measure development and maintenance, update and develop new tools for measure analysis, including updates to ProCost and SEEM.
- Upon request of program sponsors, review measurement and verification and program impact evaluation plans and results to assess their suitability for use supporting studies for RTF-related measure evaluations.
- Provide support and outreach to small and rural utilities to ensure the unique circumstances and barriers of their service territories are being taken into account when developing RTF technical measures and specifications.
- Review efficiency-related technical analysis developed for the Council's Power Plan.
- Provide outreach, training support, and presentations for RTF related matters.
- Maintain a process through which Bonneville, the region's utilities, and system benefit charge administrators may demonstrate that different cost, savings, and cost-effectiveness findings should apply to their specific programs or service territories.

2018 Activities and Budget

The RTF's specific work plan is largely driven by the requests it receives from parties within the region, primarily utilities, Bonneville Power Administration (BPA), Energy Trust of Oregon (ETO), Northwest Energy Efficiency Alliance (NEEA), and state energy offices (SEO). To facilitate the submittal of proposals by parties in the region for review by the RTF, the RTF established an online proposal form. This proposal form is designed to collect the minimum data that is required for a measure to be considered for RTF approval. This proposal process allows the RTF to respond in a timely manner to emerging technical issues and questions, and prioritize incoming requests. In addition, the RTF will issue an annual request to Bonneville, the region's utilities, ETO, NEEA, and SEOs asking these entities to identify specific technical research and evaluation issues that they believe should be addressed during the coming year.

During its operating year, the RTF typically adjusts allocation of resources among the categories in its work plan based on requests received, proposals, and the pace of multi-year projects. Specifically, the RTF reviews the budgets allocated to the review of existing and new measures and, within those budget categories, the allocation of funding between Unit Energy Savings (UES) measures and Standard Protocols. The RTF notifies the Council and its funders of all significant reallocation of resources or priorities.



The RTF divides its work into five categories of elective work and three categories for management and administration. Table 1 presents a summary of these categories for 2018. It includes components for Contract Request for Proposals (RFPs), a RTF contract analyst team, the RTF Manager, and Council staff in-kind contributions. The component labeled “Subtotal Funders” represents the amount of funding required from the RTF’s voluntary funders. A detailed budget for 2018 and the five year funding period budget forecast are in the accompanying Excel workbook. Each category of work is briefly discussed in the sections following Table 1.

Table 1: Planned RTF Activities for 2018

Category	Contract RFP 2018	RTF Contract Analyst Team 2018	RTF Manager 2018	Subtotal Funders 2018	Council In-Kind Contribution 2018
Existing Measure Review & Updates	\$76,000	\$391,000	\$0	\$467,000	\$20,000
New Measure Development & Review of Unsolicited Proposals	\$58,000	\$286,000	\$0	\$344,000	\$11,000
Standardization of Technical Analysis	\$28,500	\$165,000	\$0	\$193,500	\$6,000
Tool Development	\$0	\$50,000	\$0	\$50,000	\$15,000
Regional Coordination (Research and Data Development)	\$70,000	\$215,000	\$0	\$285,000	\$21,000
Website, Database support, Conservation Tracking	\$65,000	\$10,000	\$0	\$75,000	\$45,000
RTF Member Support & Administration	\$186,900	\$75,000	\$0	\$261,900	\$10,000
RTF Management	\$4,300	\$0	\$153,000	\$157,300	\$66,500
Subtotal New Work	\$488,700	\$1,192,000	\$153,000	\$1,833,700	\$194,500

Existing Measure Review & Standardization of Technical Analysis (\$660,500)

In 2018, there are 23 unit energy savings (UES) measures and 1 standard protocol slated to sunset. Approximately 36 percent of the budget is allocated to updating these work products, while ensuring consistency across all work. A major component of this work requires review of updates against the RTF’s operative *Guidelines*, as well as consideration of refinements to those *Guidelines* based on new analysis and RTF decision making.

New Measure Development & Review of Unsolicited Proposals (\$344,000)

Typically the RTF sets aside funding for review of specific high-priority new measures as well as unanticipated new measures or protocols proposed during the year. Approximately 19 percent of the 2018 budget is set aside for new measure work. This estimate is based on a mix of known new measures that might come to the RTF and some additional placeholders for flexibility. This budget also assumes that the RTF will be more proactive in identifying potential



new measures, based on work being done in the region and across the US. This assumes that the contract analyst team does a significant portion of new measure development to ensure consistency with the *Guidelines*.

As with past years, the RTF has allocated a portion of its 2018 budget for the review and development of measures specifically targeted at small and rural utilities in recognition of their limited resources and the unique circumstances of their service territories. For 2018, the RTF plans on allocating \$40,000 towards the development of measures identified by the small/rural subcommittee.

Tool Development (\$50,000)

Over the past few years, the RTF has invested significant resources in both its ProCost tool and residential heat loss simulation model (SEEM). The RTF expects minimal effort required for SEEM in 2018, but has allocated resource for updates and continued maintenance of ProCost. In particular, with increased emphasis on the capacity value from energy efficiency, the RTF anticipates that some methodology updates will be required in 2018. This work assumes contract analyst time with Council in-kind support.

Regional Coordination - Research and Data Development (\$285,000)

The RTF does not conduct primary research, but relies on the region to provide data in support of RTF measure development. As the region puts a greater emphasis on capacity, and the related benefits from energy efficiency, the RTF will be stepping up its analysis to reliably quantify those benefits. The RTF will also support initial analysis as the Council staff start to prepare for the Eighth Power Plan. Additionally, with the advent of “big data” to support savings estimation, there is value in increased understanding of statistical methods and their intersection with savings reliability. Therefore, approximately 16 percent of the 2018 budget is earmarked for regional coordination efforts around these activities.

RTF Member Support & Administration and RTF Management (\$494,200)

Support and administrative activities identified for 2018 include RTF member support, contract analyst travel and time at RTF meetings, contract management, and general meeting costs. Member support includes compensating RTF members when they are asked to devote significant additional time to RTF work tasks and/or when they would not otherwise be compensated by their employer for participation in RTF work. The category also includes RTF management to develop agendas, schedule and manage RTF work flow, refine procedures, and provide analytical support to the contract analyst team.

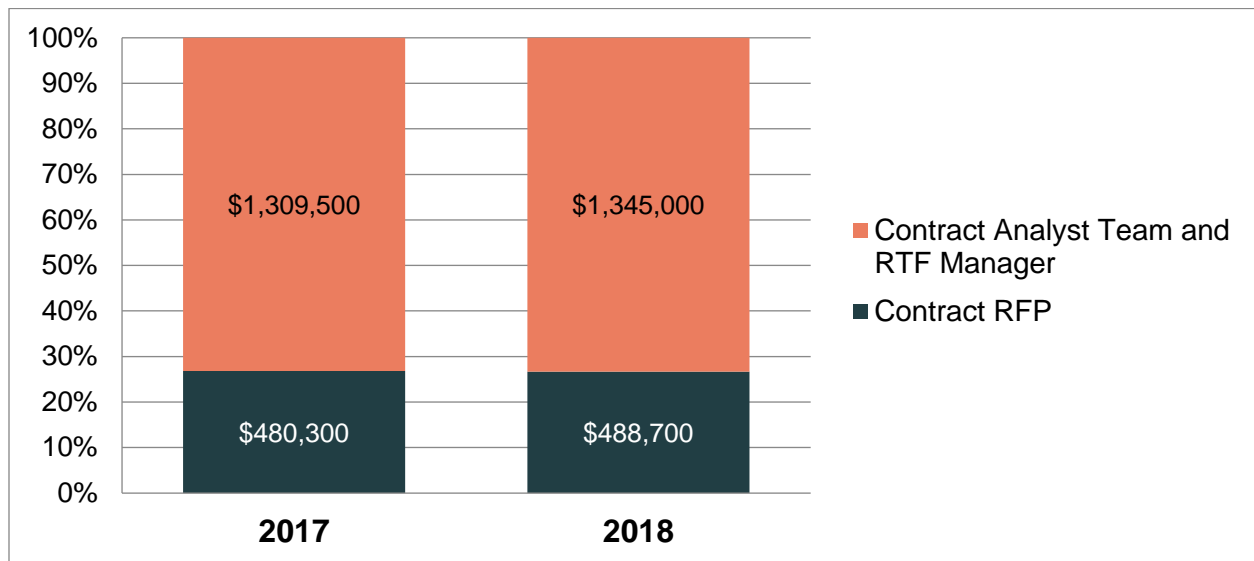
In addition, there is another approximately \$121,500 of Council administrative staff support staff work required to support contracts, billing, web site development, the annual conservation tracking report, meeting costs, web conference, scheduling and other business functions that are best retained at the Council. These are treated as in-kind contributions from the Council and are not included in the 2018 budget of \$1.83 million. Over the past few years, the RTF has worked to reduce this contribution by shifting more work to the RTF manager and contract analyst team. The addition of a full time RTF Assistant in 2016 has slightly increased this Council in-kind support in the past couple of years.



Organization and Staffing

The full RTF meets about once a month for an all-day meeting. As regional demand for its products and services increase, the RTF is constantly looking for ways to improve its operational efficiency and lessen the burden it places on its volunteer members. One of the key ways the RTF has met this need is the creation of a dedicated contract analyst team that provides the majority of technical support for the RTF. This helps to ensure more consistency in analysis, while providing flexibility of measure development across a team. In 2018, the RTF work plan will continue to implement this strategy, although 25 percent of its budget will continue to be reserved for focused projects completed through other contracts. Figure 1 below shows this breakdown.

Figure 1: Percentage of Budget Allocated to RTF Manager/Contract Analyst Team vs. Contract RFP for 2017-2018



Figures 2 and 3 below show the change in allocation for the contract analyst team and contract RFP over the past two years, respectively. The RTF Manager will continue to oversee the work of a dedicated contract analyst team to provide subcommittee support, review research projects, develop technical work related to new and existing measure development, and work with external stakeholders on bringing measures through the RTF process. Funding set aside for outside contracts will be used to review RTF Manager and contract analyst team work products, conduct research projects as outlined in the work plan, aid in tool development, support Guidelines review, and provide further support to the small and rural utilities work plan.



Figure 2: Contract Analyst Team Allocation for 2017-2018

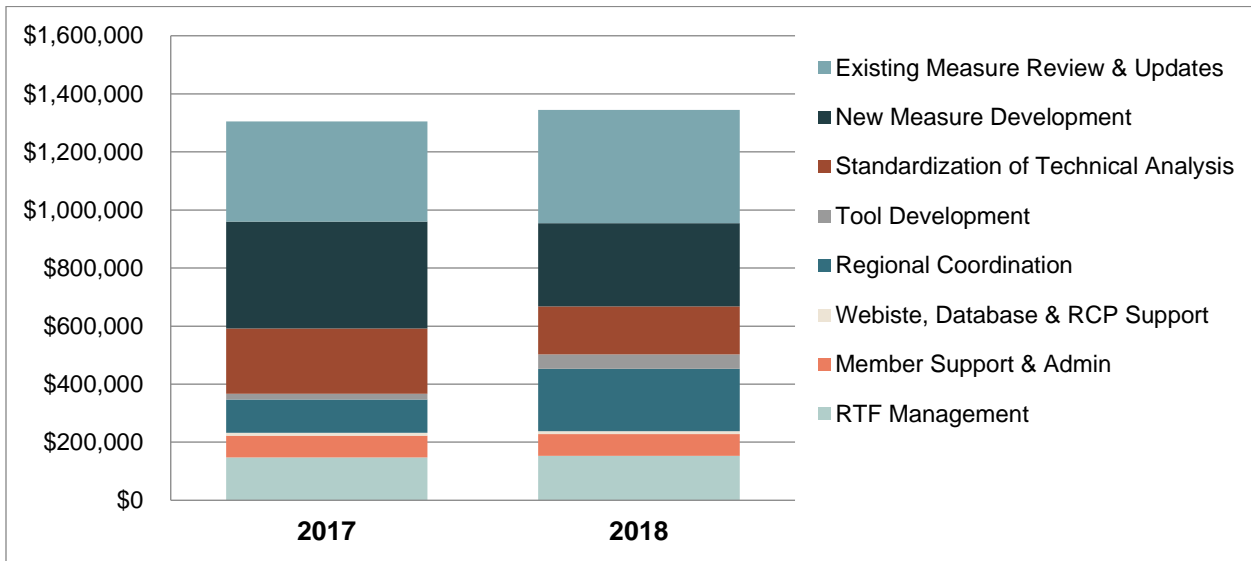
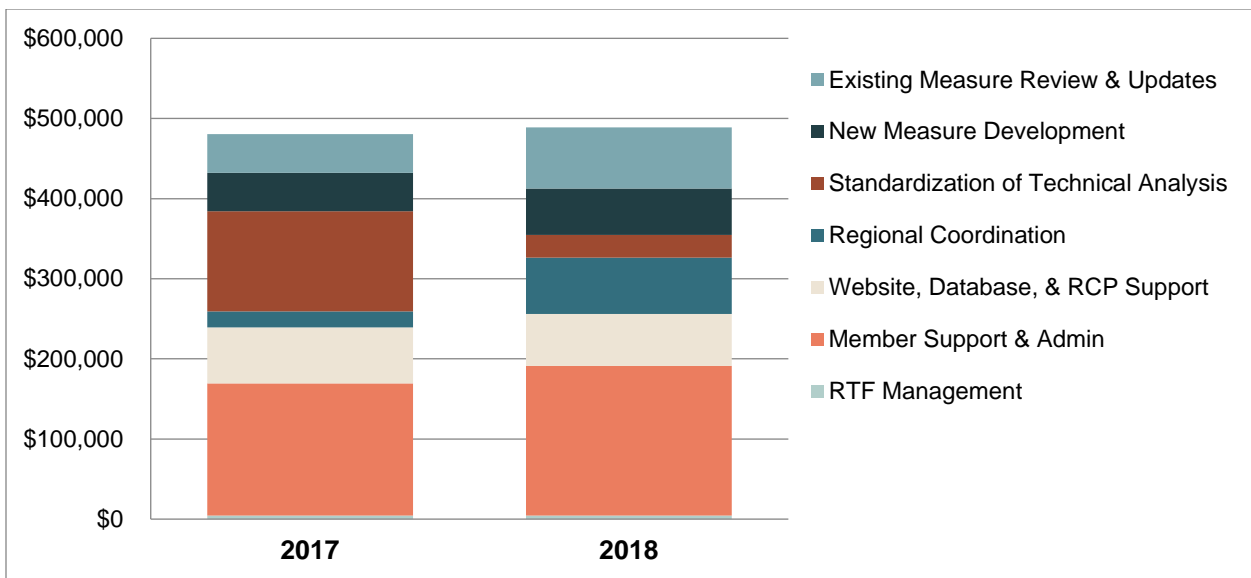


Figure 3: RTF Contract RFP Allocation for 2017-2018



2018 Funding

Proposed funding levels for the RTF are developed with advice from the RTF Policy Advisory Committee (RTF PAC). In 2014, the RTF PAC recommended a five-year funding level of starting at \$1.67 million per year with an annual increase of 2.5 percent for wage and inflation rates over the following years. The RTF PAC also recommended that funding shares should



follow the allocation method developed for NEEA funding, with an adjustment for Northwestern Energy.²

This approach solicits funding from Bonneville, several of the large generating public utilities, and all six investor-owned utilities in the region. Table 2 shows the 2018 funding shares and contributions by funder.

Table 2: 2018 Funding Shares

Organization	NEEA Funding Allocation	Share of RTF Budget (rounded)**
Bonneville Power Administration	36.04%	\$680,600
Energy Trust of Oregon	20.15%	\$380,400
Puget Sound Energy	14.14%	\$267,000
Idaho Power Company	8.97%	\$169,300
Avista Corporation, Inc	5.74%	\$108,400
PacifiCorp (Washington)	2.54%	\$48,000
Northwestern Energy	4.04%	\$40,000*
Seattle City Light	3.66%	\$69,000
PUD No 1 of Clark County	1.31%	\$24,800
Tacoma Power	1.10%	\$20,700
Snohomish County PUD	0.65%	\$12,300
Eugene Water and Electric	0.32%	\$6,000
PUD No 1 of Cowlitz County	0.38%	\$7,200
Total	99.03%	\$1,833,700

* Northwestern's contribution adjusted to \$40,000 for 2018. The RTF will adjust its work plan accordingly.

** All funding shares adjusted by 100%/99.03% because Chelan County is present in NEEA funding, but not RTF funding.

Multi-Year Funding Period of the RTF

The RTF PAC approved a RTF developed multi-year work plan and budget for 2015-2019 to aid in long-term work plan development. This 5-year period coincided with the current NEEA funding cycle, and may vary in the upcoming years depending on future NEEA funding cycle changes. Annual work plan development is intended to provide flexibility to meet regional needs year to year and keep focus on high priority work. Table 3 shows RTF funding for the 2015-2017 calendar year, committed 2018 funding, and projected funding for the 2019 calendar year based on work plan priorities in the future, and a forecasted 2.5% inflation rate (wage plus inflation) each year.

² NorthWestern Energy's NEEA share is based on the entire state of Montana, while the RTF share is only western Montana. This equates to a total RTF funding amount of \$1,637,600 for the starting year of 2015.



Table 3: 2015-2019 Funding Plan

	Previously Funded			Proposed Funding	Projected Funding
	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Contracts	\$425,600	\$508,000	\$480,300	\$488,700	\$499,300
Contract Analyst Team	\$1,087,000	\$1,020,000	\$1,162,500	\$1,192,000	\$1,215,500
RTF Manager	\$125,000	\$135,000	\$147,000	\$153,000	\$160,300
Subtotal Funders	\$1,637,600	\$1,663,000	\$1,789,800	\$1,833,700	\$1,875,200
Council Staff In-Kind Contribution	\$201,600	\$148,100	\$204,200	\$194,500	\$200,300



Proposed RTF 2018 Work Plan and Business Plan

Jennifer Light
October 10, 2017

Work Plan Development Process

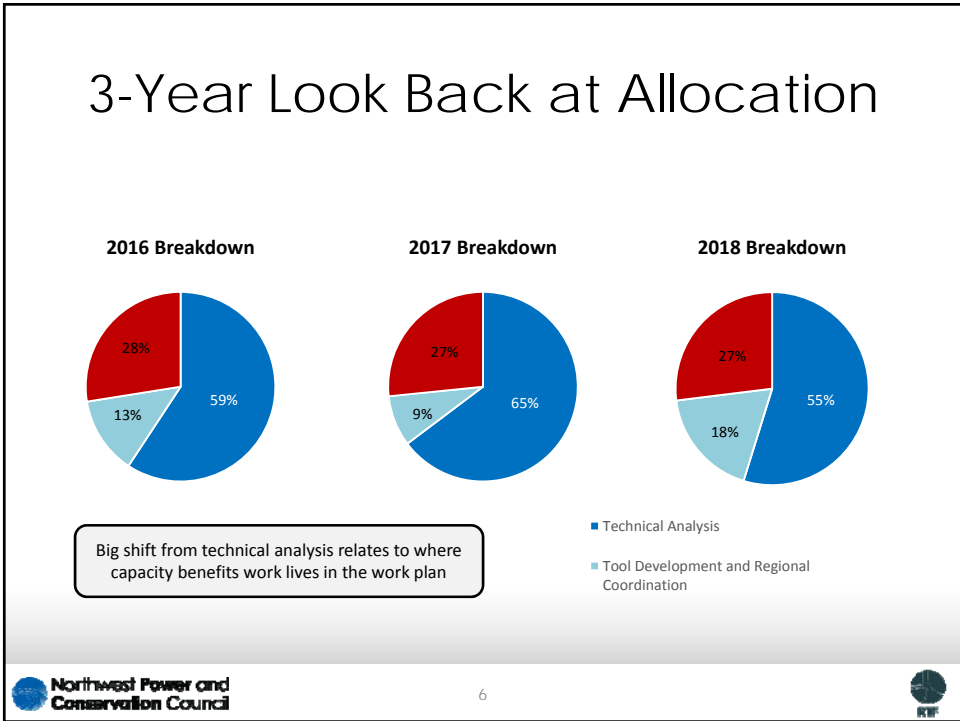
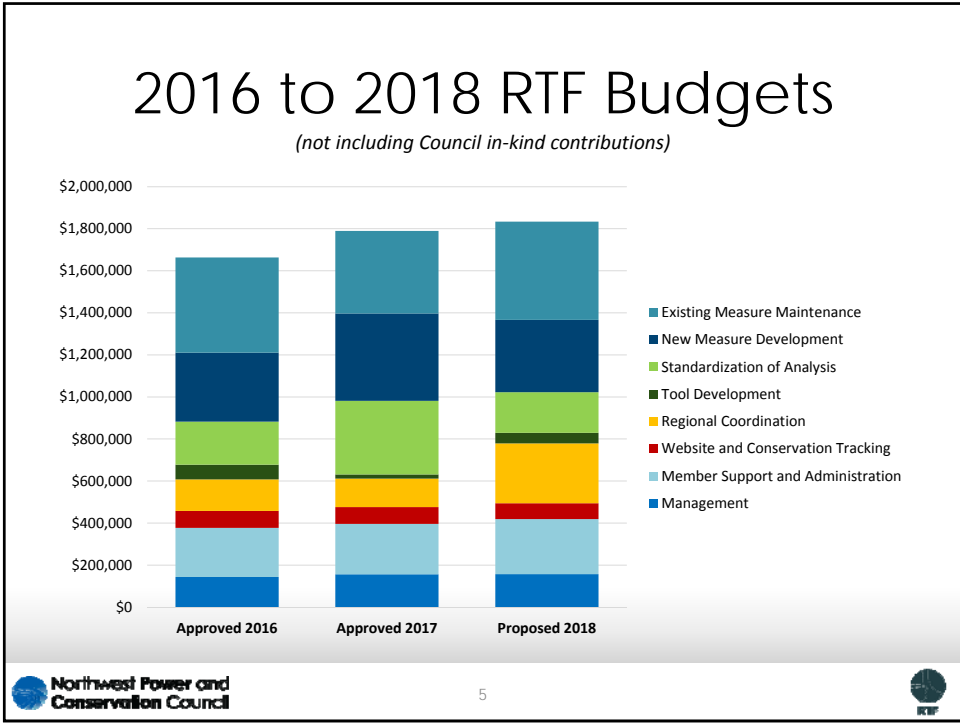
- **Now:** Soliciting ideas for 2018 Work Plan
- **July 18:** Present draft work plan to RTF and open stakeholder comment period
- **August 18:** Stakeholder comment closes
- **September 12:** Post final proposed work plan and comments received
- **September 19:** RTF consideration for adoption and recommendation to Council
- **September 28:** RTF PAC consideration for recommendation to Council
- **October 3:** Submitted to Council
- **October 10-11:** Council consideration for adoption

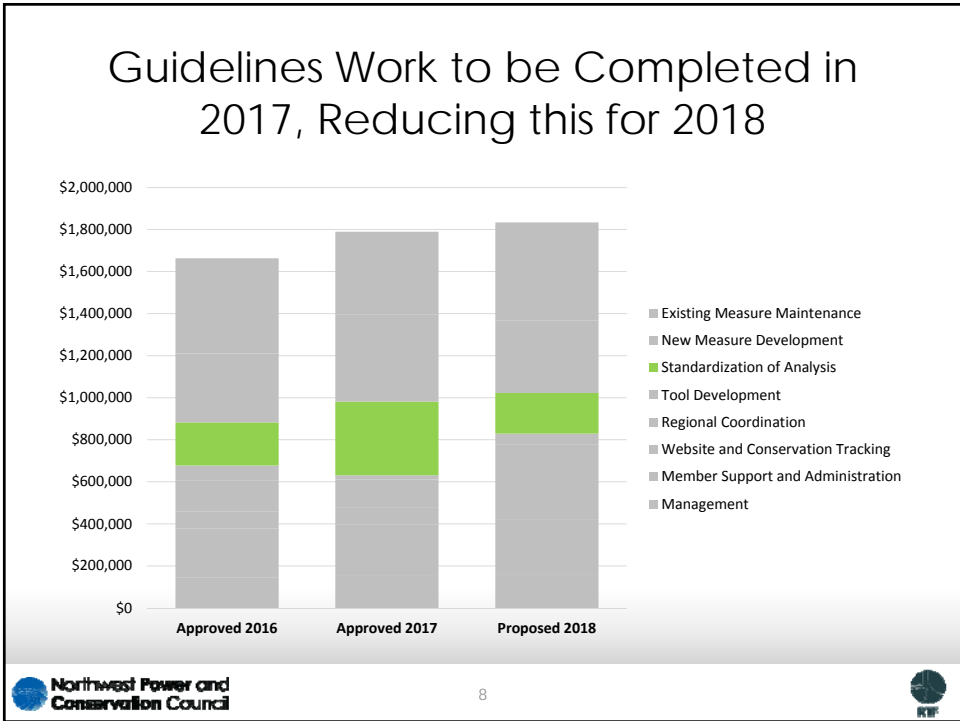
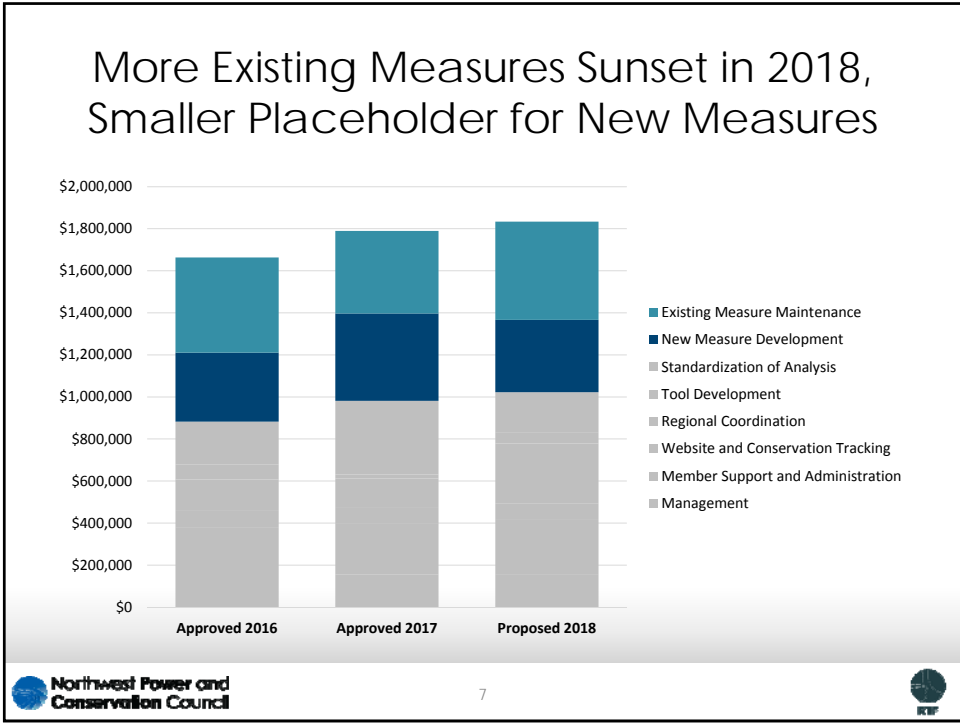
Big Themes for 2018

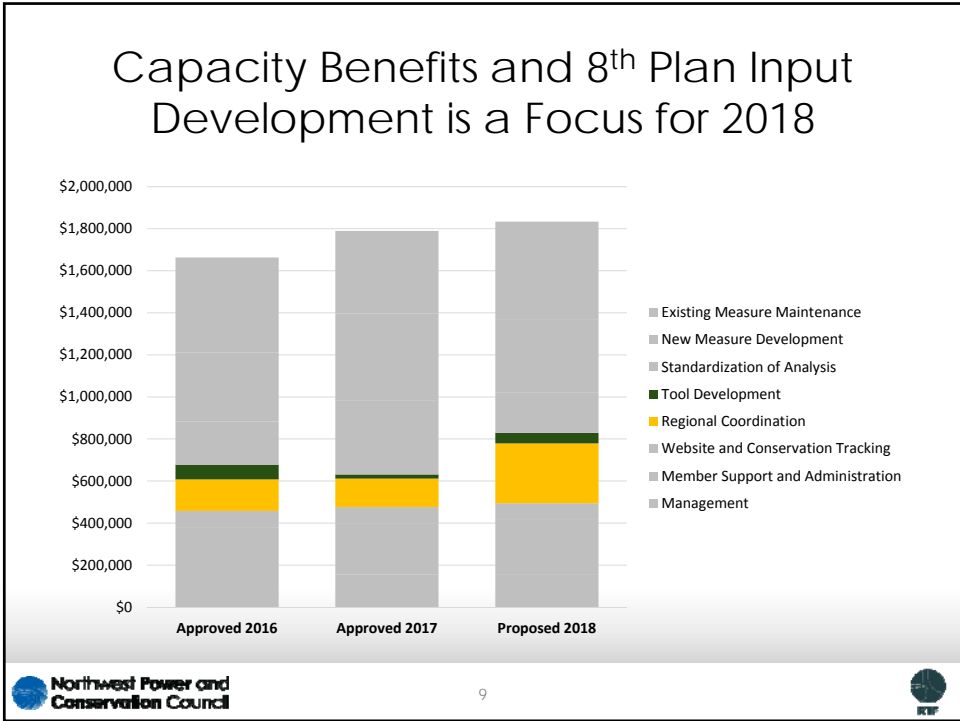
- Continued focus on measure development
 - More UES measures sunset in 2018
 - Keeping a placeholder for new measures development
- Increased emphasis on supporting cross-cutting questions that impact all measures
 - Addressing capacity benefits of energy efficiency
 - Connecting and leveraging regional research
 - Supporting Council analysis (8P input development)
 - Thinking through statistical methods questions

Proposed 2018 Work Plan

Category	Contract RFP 2018	RTF CAT and Manager 2018	Subtotal Funders 2018	Council In-Kind Contribution 2018	% of total
Existing Measure Review & Updates	\$76,000	\$391,000	\$467,000	\$20,000	25%
New Measure Development	\$58,000	\$286,000	\$344,000	\$11,000	19%
Standardization of Technical Analysis	\$28,500	\$165,000	\$193,500	\$6,000	11%
Tool Development	\$0	\$50,000	\$50,000	\$15,000	3%
Regional Coordination	\$70,000	\$215,000	\$285,000	\$21,000	16%
Website, Database support, Conservation Tracking	\$65,000	\$10,000	\$75,000	\$45,000	4%
RTF Member Support & Administration	\$186,900	\$75,000	\$261,900	\$10,000	14%
RTF Management	\$4,300	\$153,000	\$157,300	\$66,500	9%
Subtotal New Work	\$488,700	\$1,192,000	\$1,833,700	\$194,500	100%







Council In-Kind Contributions

	Approved 2016	Approved 2017	Proposed 2018
Total Council In-Kind Contribution	\$148,100	\$204,200	\$194,500
Estimated Council Staff FTE	1.0	1.3	1.1

- RTF relies on Council for technical and management guidance, IT assistance, communications support, legal review, and administration

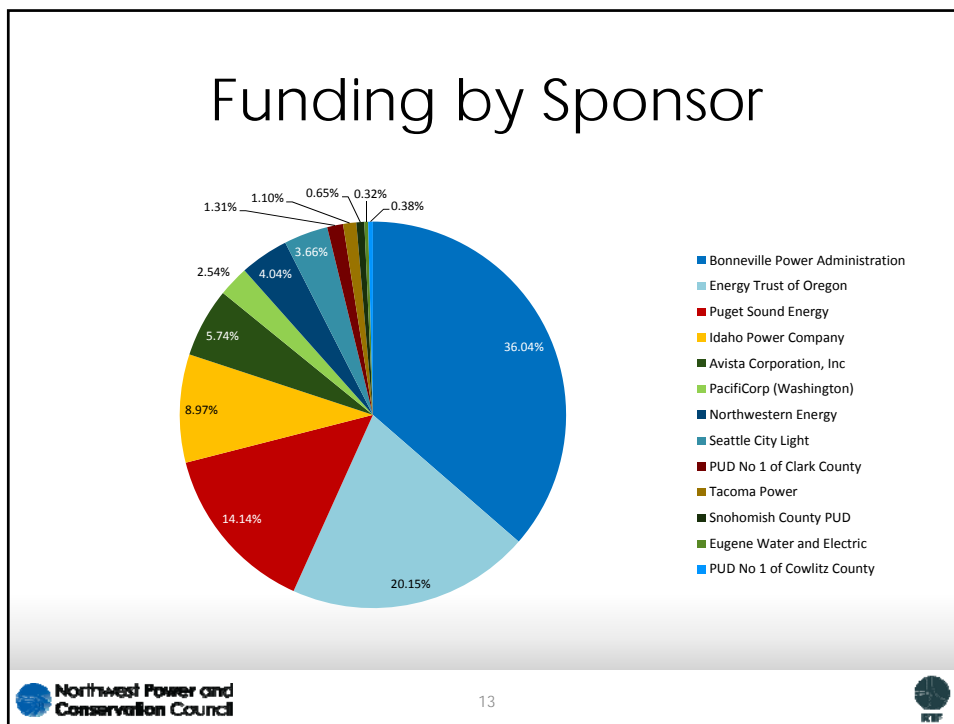
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Summary of Staff Proposal

Recommend Council approve the RTF:

- **2018 Work Plan and Budget**
- **2018 Business Plan and 2015-2019 Funding Period**

Additional Slides



Stakeholder Comments

Two organizations submitted stakeholder comments

- **Energy Trust of Oregon:** Place less emphasis on statistical methods and increase emphasis on understanding capacity benefits
- **AEG:** Clarify differences in measure development cost assumptions between 2017 and 2018

Additional changes were made in light of Council staff discussions

- Add funding to support Council analysis, with specific focus on commercial and industrial enhancements

Northwest Power and Conservation Council 14 NCP