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Northwest **Power** and **Conservation** Council

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May 2, 2014

Ms. Susan Stratton, Executive Director
421 SW Sixth Ave
Suite 600
Portland, OR 97204

Mr. Jim West, Chair, NEEA Board
421 SW Sixth Ave
Suite 600
Portland, OR 97204

Dear Susan and Jim:

Thank you for the opportunity to comment on the Northwest Energy Efficiency Alliance's draft 2015-2019 strategic and business plans.

NEEA's market transformation initiatives develop new technologies and strategies, expand opportunities to acquire energy efficiency, and bring new products to market.

The Council appreciates NEEA's efforts to develop a business plan with a regional perspective and regional support. We believe it is important that the Bonneville Power Administration, the Energy Trust of Oregon, and the Northwest utilities pool their resources to support NEEA's work. It is more cost-effective than utilities funding individual efforts since it avoids duplication of effort, which would mean higher costs for both the region and utilities.

Strategic Plan

The draft strategic plan identifies two high-level goals: filling the energy efficiency pipeline with new opportunities and creating market conditions to accelerate and sustain market adoption. The region counts on NEEA to do this work. The Council supports both goals, particularly continuing NEEA's focus on filling the pipeline.

Governance: In its March 12, 2014 comments, the Council recommended that the strategic plan include revisiting NEEA's governance structure to improve board membership continuity and public interest representation. We continue to believe this is needed as part of the action plan. NEEA's board structure changed substantially in 2009. Based on the experience with both a large board and now a smaller board, the Council believes this is an appropriate time to revisit the issue of board structure. The return to an expanded board membership, particularly for state and public interest representation, has merit. In particular, including only two state members who are replaced after one two-year term is not adequate. The Council supports creating permanent board positions for a representative from each of the four Northwest states.

Facilitating Efficiency Planning: The region lacks a comprehensive strategy to coordinate energy efficiency planning among all regional implementers. Both the Sixth Power Plan and NEEA's 2010-2014 Strategic Plan identified this need. It is a relatively low-cost effort with potentially high regional benefits. The Council calls on NEEA to include market research and facilitation of regional energy efficiency planning and implementation in its strategic plan.

Business Plan

Budget: NEEA has proven that it can create opportunities for significant regional energy efficiency savings. Given its effectiveness in achieving these savings, the Council believes NEEA should establish a budget sufficient to fulfill the mission of the organization and leave no cost-effective efficiency opportunities untapped.

Scanning and Strategic Market Planning: Among NEEA's most important functions is scanning for new technologies and practices and strategic market analysis. While these functions may not produce direct savings immediately, they identify new streams of savings and new approaches to implementation that can be pursued by NEEA, BPA, utilities, or others. But scanning activities are reduced from the previous five-year plan and the April draft eliminates strategic market analysis. These are both essential functions useful to all utilities and should be centralized in a single regional entity, like NEEA. The Council recommends reinstating the scope and budget of NEEA's scanning and market strategies activities to at least the same level as the previous five-year plan and developing deliverable products in both areas.

Optional Activities: A workable solution must be established to coordinate activities among participants and avoid overlap and duplication. The Council supports making a limited number of NEEA activities optional, such as the marketing and delivery channel functions identified in the April draft. If a member can produce better or more cost-effective results, then they should be encouraged to do so. But they should document the results for the benefit of others in the region and present them to NEEA. We expect that for most of the optional functions, NEEA will continue to provide the most cost-effective option.

NEEA also proposes to make select market transformation initiatives optional. This approach is worth trying. The Council encourages funders that see value in these optional initiatives to opt in. We caution that if there is not a critical mass of funders opting in, cost-effective savings may go untapped. The NEEA Board should review this optioning approach and report to the region on its effectiveness.

New-Initiatives: The evolving nature of opportunities over a five-year cycle requires some flexibility to manage the portfolio. As a starting point, the Council supports the proposed budget for yet-to-be-identified market transformation initiatives, as long as NEEA and its funders are prepared to exceed that budget if new opportunities present themselves. We expect NEEA to spend less if opportunities don't arise, but it should also be prepared to spend more if they do. This could be an opt-in process and should be explained in the business plan.

The proposed process for the portfolio advisory committee's approval of new initiatives appears to be a viable mechanism to identify and resolve potential overlap issues while giving funders a strong voice in decisions. We would be concerned, however, if a small group, or even a single member, could derail an initiative supported by a majority of funders. NEEA should specify a fair and effective governance process for making these decisions.

Regional Stock Assessments: The Council strongly supports the NEEA Board's proposal to put the stock assessments back into NEEA's core budget. In particular, these assessments will continue to identify where efficiency opportunities exist and where markets are changing so that efficiency programs can better target their resources. NEEA has been the region's lead agent for collecting the data on behalf of the region, and we support its continuing role.

NEEA's success in promoting the development of efficient technologies and strategies is essential to helping us acquire all cost-effective energy efficiency in the region. For this reason, we strongly support NEEA's ongoing work and remain committed to its future success.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Bradbury", with a stylized flourish at the end.

Bill Bradbury
Chair