Regional Conservation Update

What Happened in 2005?

How Are Things Shaping up for 2006?

Originally Presented February 21, 2006
Revised : March 6, 2006

Northwest
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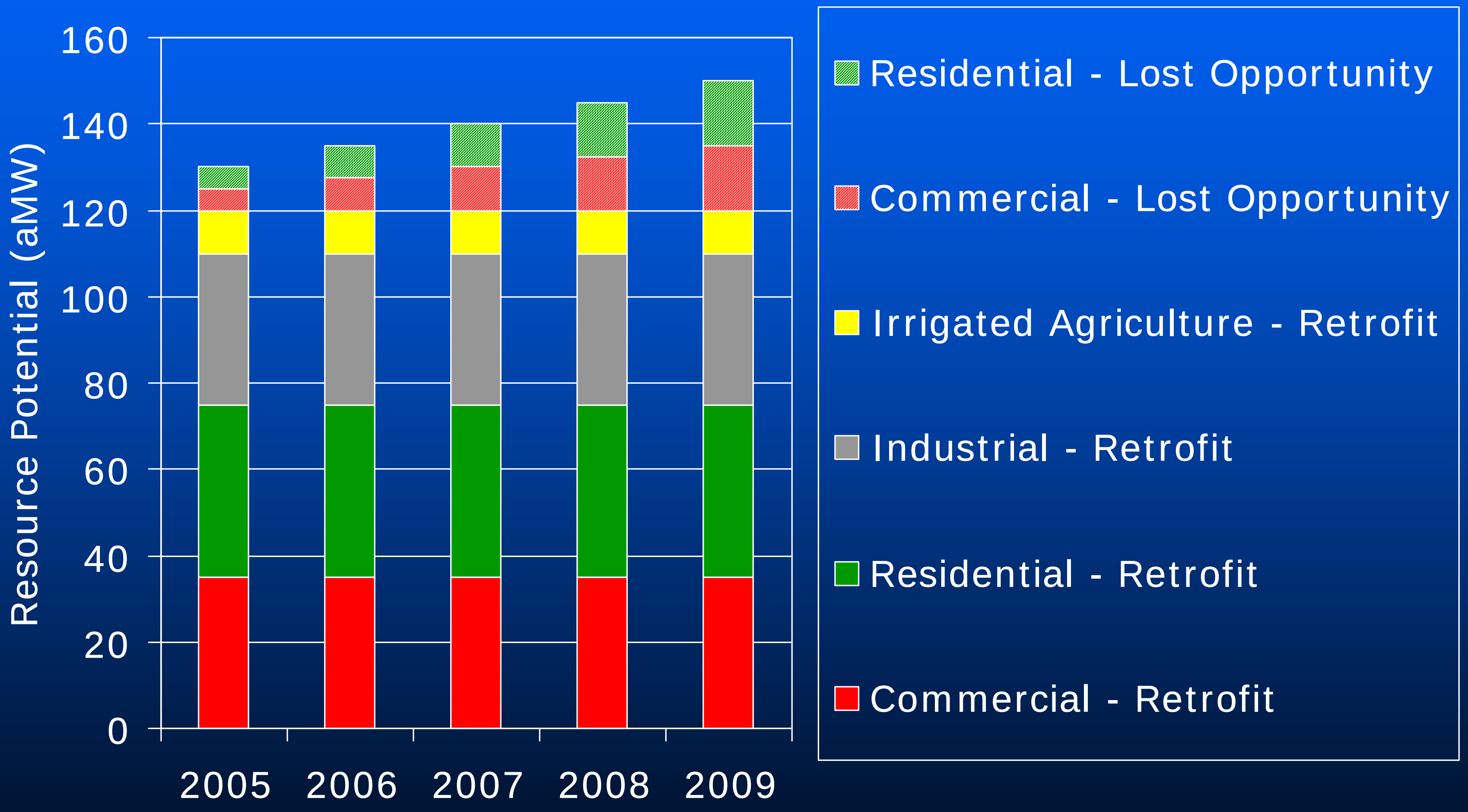
Council

5th Plan Conservation Resource Acquisition Targets 2005 – 2009 = 700 aMW



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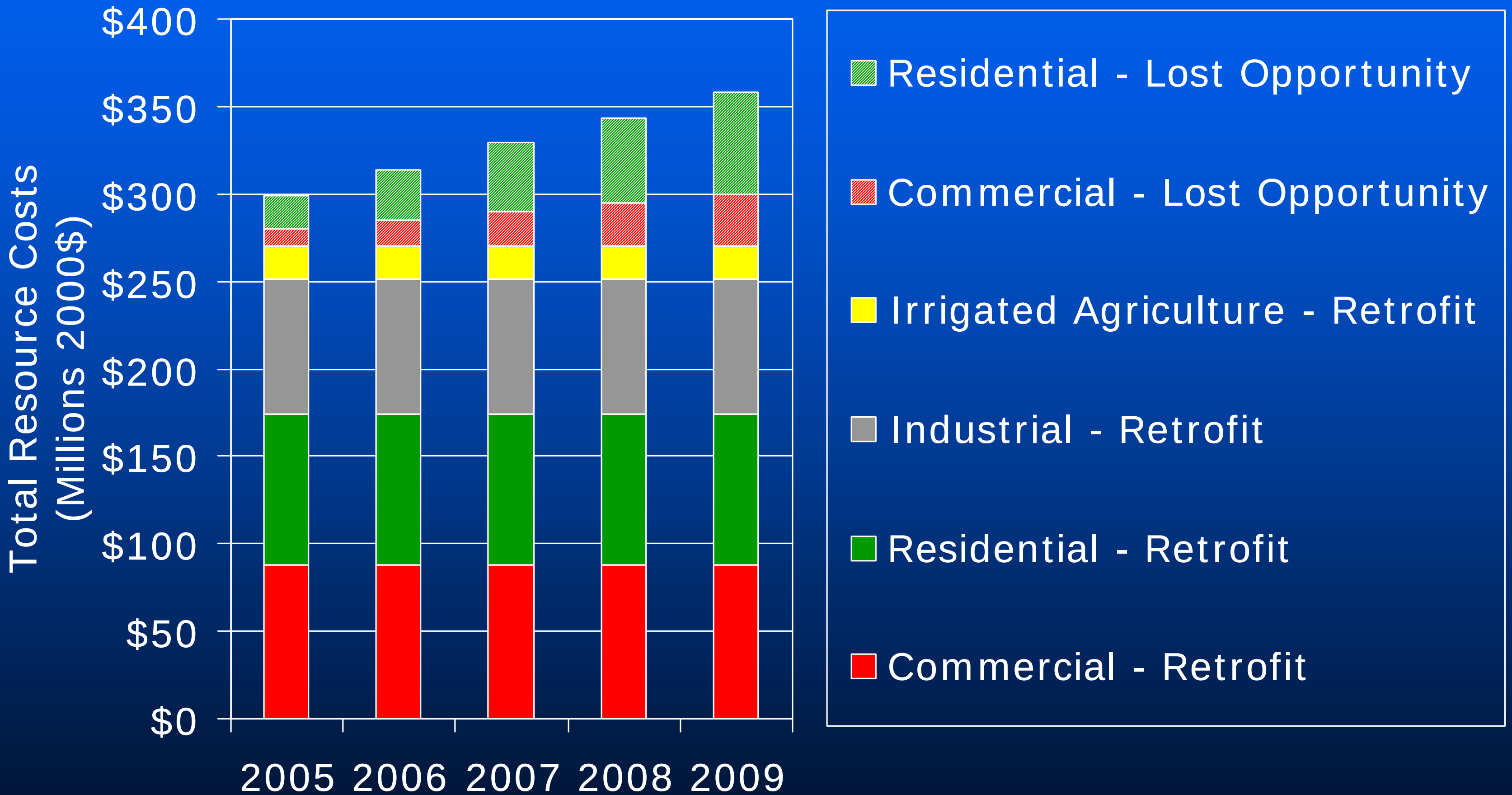
Total Resource Acquisition Cost 2005 – 2009 = $1.64 billion



Average Levelized Cost = 2.4 cents/kWh (2000$)

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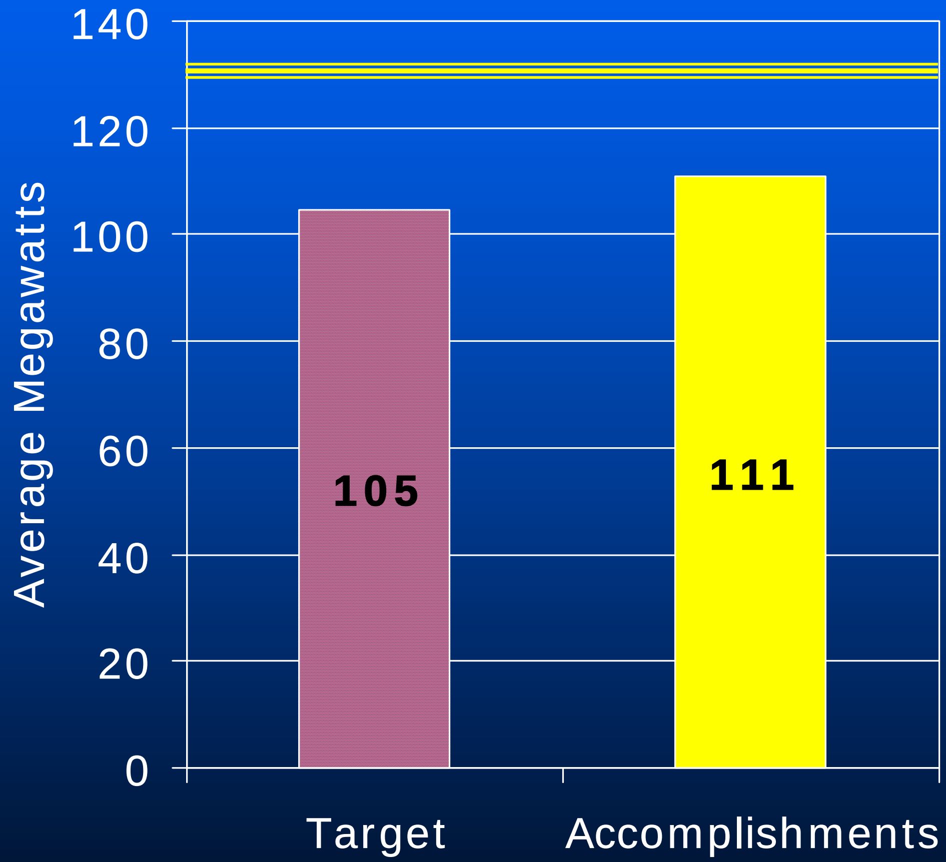
Preliminary Utility System Conservation Accomplishments for 2005

- Survey Includes 15 largest utilities & Alliance
  - Final data for all utilities not available until mid-2006
- Findings:
  - Met 5th Plan MWa target in aggregate (for surveyed utilities)
    - » A few over-achievers compensated for several under-achievers
    - » No estimate yet on levelized cost
  - Continuing success in market transformation
  - Some new initiatives commenced
  - Some orphaned initiatives need attention

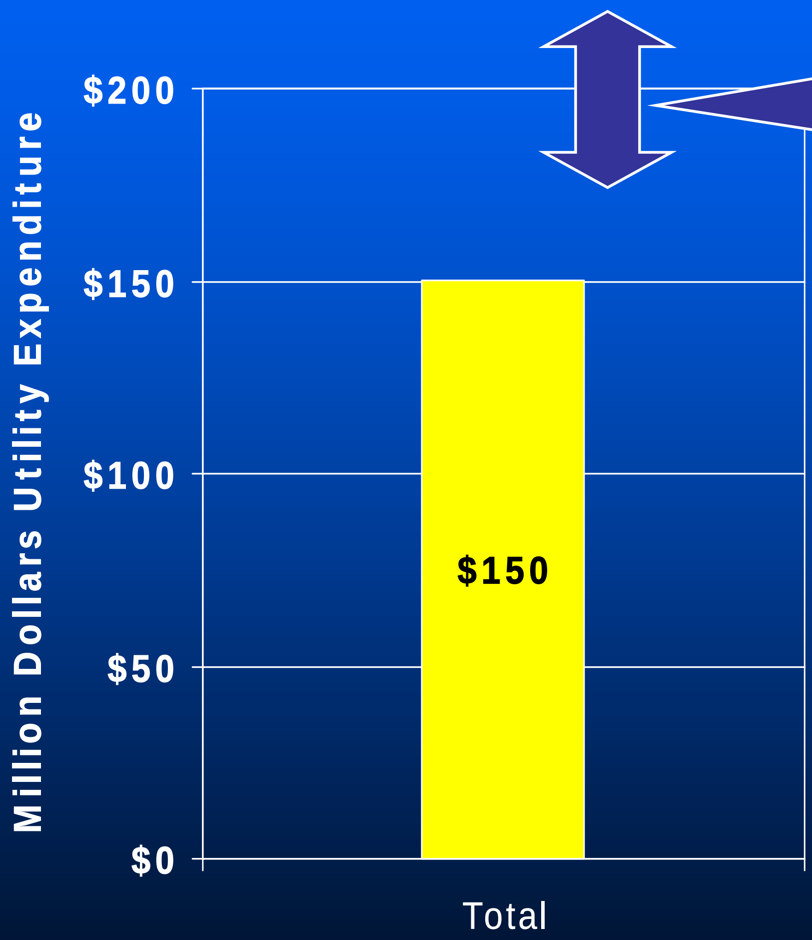
2005 Preliminary Conservation Savings
15 Largest Utilities or 80% of Regional Loads



Regional Target 130 MWa

2005 Preliminary Conservation Expenditures

15 Largest Utilities or 80% of Regional Loads



5th Plan Estimate of Utility Cost of Conservation for "share" of Target: $180 to $225 million

- Hit savings targets with lower than expected cost
- No data yet on levelized cost to compare to wholesale power costs

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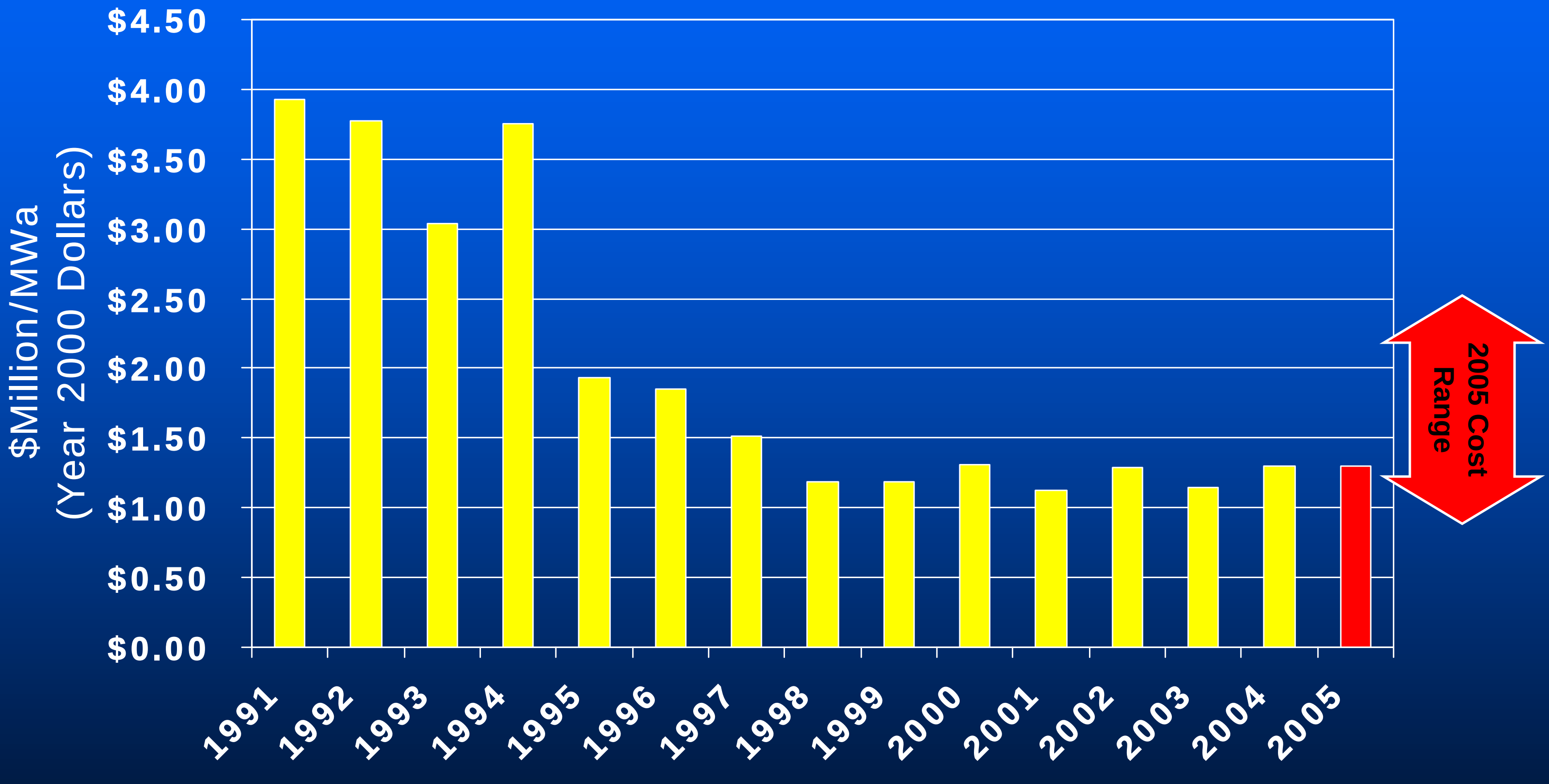
Utility Cost of Conservation
$Million/First-Year MWa Saved



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Caveats on Utility "Targets"

- "Targets" are based share of regional load, hence assume all utilities look like the "region"
- Conservation potential varies due to customer mix, gas/electric market share, load growth,etc.

- Utility IRPs will differ from Council Plan
- Lumpy-factor: Annual program volume varies
- Still, many utilities want to know their "share" of the regional conservation targets

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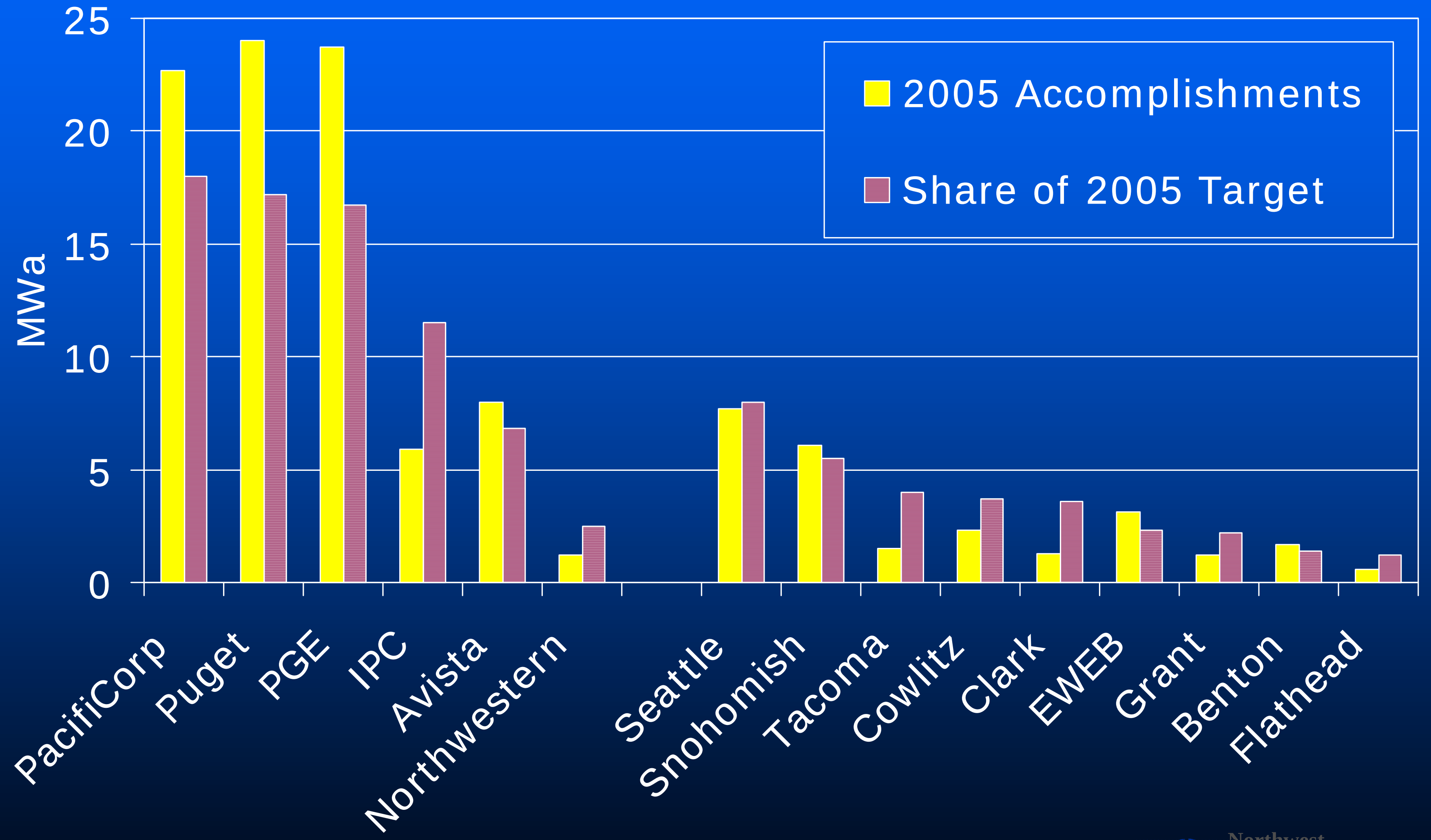
2005 Preliminary Findings by Utility

15 Largest Utilities or 80% of Regional Loads

- Five utilities far exceed targets
  - 25 to 35% above "share" of regional target
- Three utilities within 10% of target
- Seven utilities far short
  - About half of their "share" of regional target

2005 Preliminary Findings by Utility

15 Largest Utilities or 80% of Regional Loads



Shortfall & Success:
Some Common Themes

- Reasons for Shortfall
  - – Rate impact, Long on resources
  - – Used up available BPA rate discount (CR&D)
  - – BPA Load decrement policy (ConAug)
- Reasons for Success
  - – Innovative program approaches
  - – Market Transformation successes
  - – High retail prices

2005 Findings by Measure or Program

- BPA Rate Discount expended (2002-2005)
- But, BPA bilateral conservation deals lagging
- Banner year for Energy Trust
  - 2005 success puts a $$ pinch on 2006
- Alliance Market Transformation successes
  - ~30 MWa of 130MWa target at low cost
- Progress on appliance standards
- Progress in new measures & programs
- Some Lost-Opportunity programs lagging

So 2005 Looked Pretty Good

What About 2006?

Utility Plans for 2006

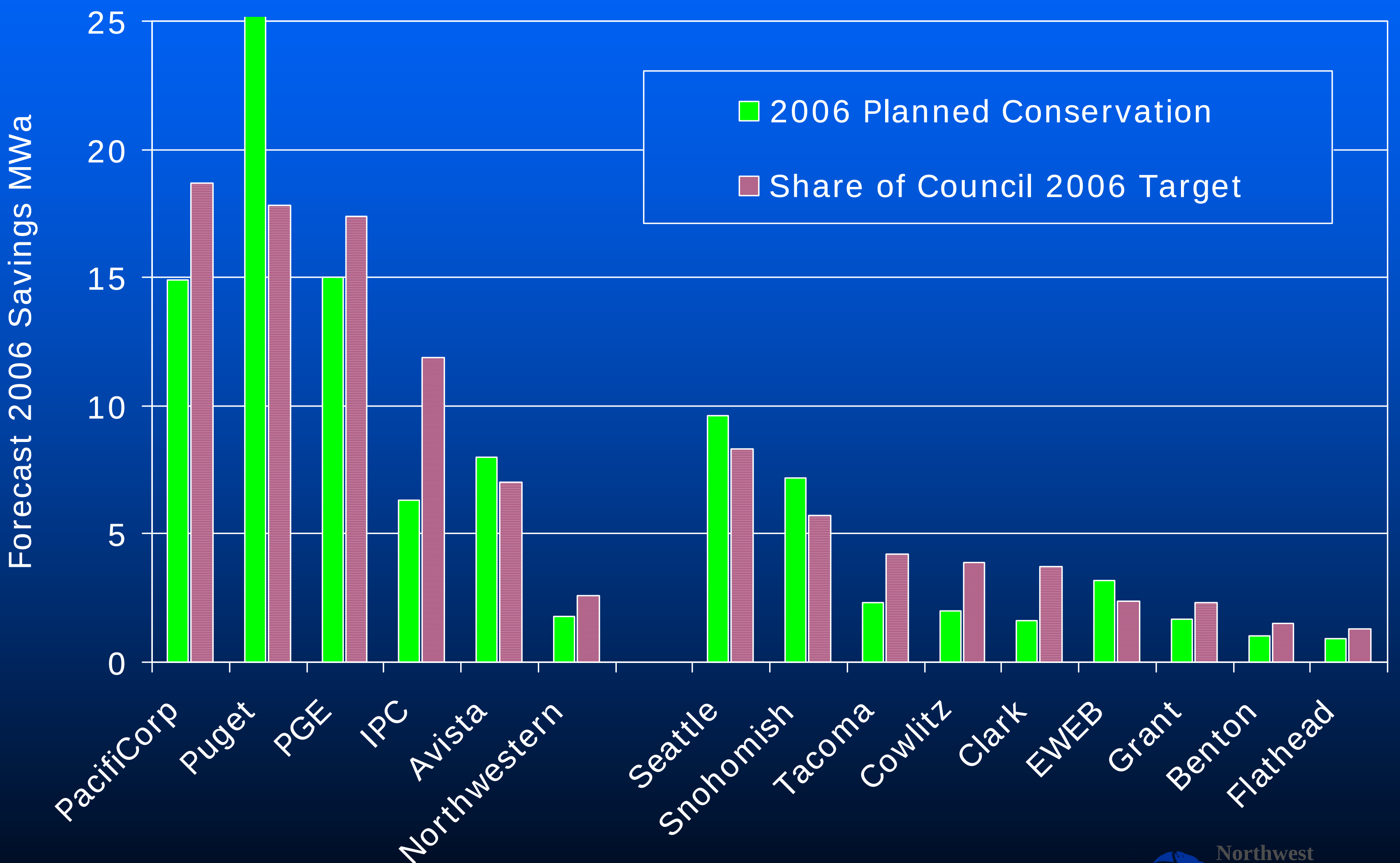
- Informal review by telephone interview
  - Budgets & targets MWa
- Findings:
  - About 10% below target levels
  - About 10 MWa lower than 2005 actuals
  - Fewer over-achievers
  - Planned increases are modest

2006 Conservation Plans

15 Largest Utilities or 80% of Regional Loads

2006 Conservation Plans

15 Largest Utilities or 80% of Regional Loads



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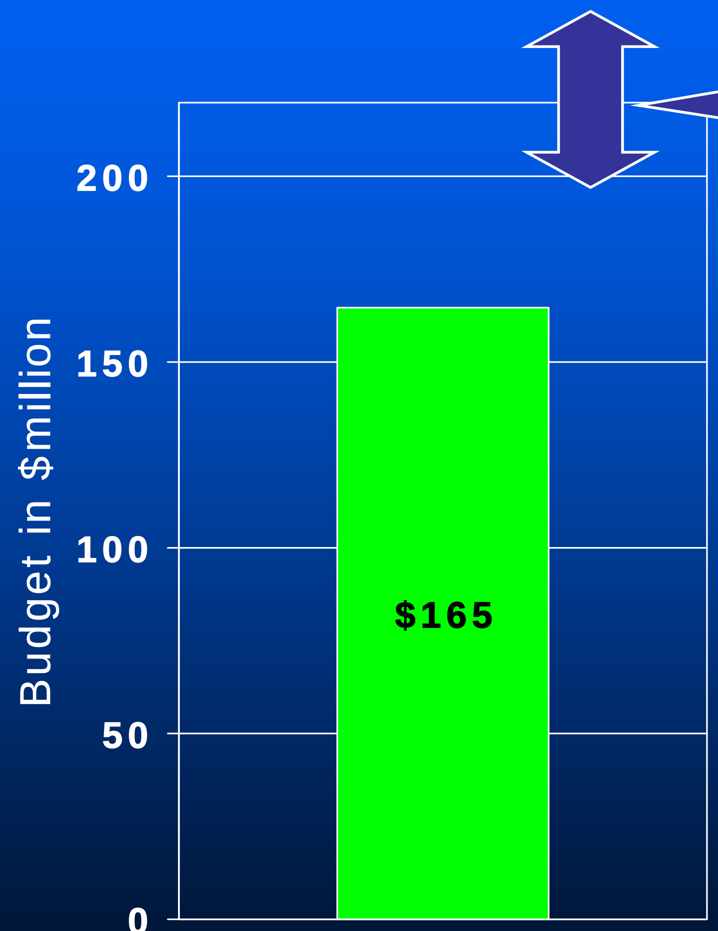
2006 Conservation Budgets

15 Largest Utilities or 80% of Regional Loads



5th Plan Estimate of Utility Cost of Conservation for "share" of Target: $200 to $240 million

- 10% increase over 2005 budgets
- Cost/First-year MWa up by 25%

So Much for Numbers

What About Measures & Programs?

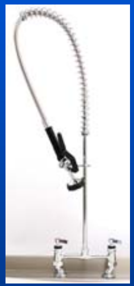
Review Based On:

- Periodic meetings with program planners at utilities, Alliance, BPA, Energy Trust
- Review of plans, programs, ventures, codes and standards
- Coordination of efforts
- Identify gaps and initiate efforts to fill them

Things Going Well

- Over 7 million CFLs sold in 2005
  - PNW has 16% of all US installs

- State & Federal standards for 17 appliances
  - Help hit targets beginning 2008



- Commercial lighting gains momentum

- Industrial program participation is up

New Initiatives Started

- Pre-Rinse Spray Valves
- Roof-Top HVAC research plan
- Potential Grocery Store program
- Developing better model building codes
- Irrigation scheduling

Where are the Program Gaps?

- Limited market transformation funding
- No activity on heat pump water heaters
- Limited new commercial building penetration
- Insufficient evaluation budgets
- Insufficient research & development of promising technologies and programs
- Little funding for cooperative regional efforts

What's Next

- Continue to whittle away at Gaps
- Periodic coordination & strategic planning
- Seeking funding on ad hoc basis for now

End