

Tom Karier  
Chair  
Washington

Frank L. Cassidy Jr.  
"Larry"  
Washington

Jim Kempton  
Idaho

Judi Danielson  
Idaho



Joan M. Dukes  
Vice-Chair  
Oregon

Melinda S. Eden  
Oregon

Bruce A. Measure  
Montana

Rhonda Whiting  
Montana

June 1, 2006

## MEMORANDUM

**TO: Council Members**

**FROM: Tom Eckman**

**SUBJECT: Bonneville FY2005 Conservation Savings**

Bonneville recently released its FY2005 edition of its Conservation Resource Energy Data Book (the "Red Book"). This document provides an annual summary of the agency's conservation expenditures and estimated savings. Bonneville considers the information contained in this document as its "official" data.

Bonneville reports that its total adjusted savings from 1982 – 2005 was approximately 890 average megawatts, of which 230 average megawatts were achieved during the period covering FY2001 through FY2005. The report states that Bonneville spent approximately \$2.1 billion on conservation efforts from FY 1982 – 2005 (nominal dollars). The agency invested approximately \$1.1 billion in residential sector programs; \$403 million in commercial sector programs; \$180 million in industrial sector programs (includes \$48 million for ConMod); \$32 million in agricultural programs; and 156 million in multi-sector acquisition programs. Conservation support and other costs make up an additional \$235 million. For the five year period covering FY2001 through FY2005 Bonneville's total expenditures for conservation acquisition and support were just under \$302 million.

The staff will present a brief summary of Bonneville's accomplishments and discuss the potential implications of the agency's FY2005 accomplishments on its ability to meet its commitment to achieving its share of the 5<sup>th</sup> Plan's conservation targets.

The following is a link to Bonneville's report:

[2005 Redbook](#)

---

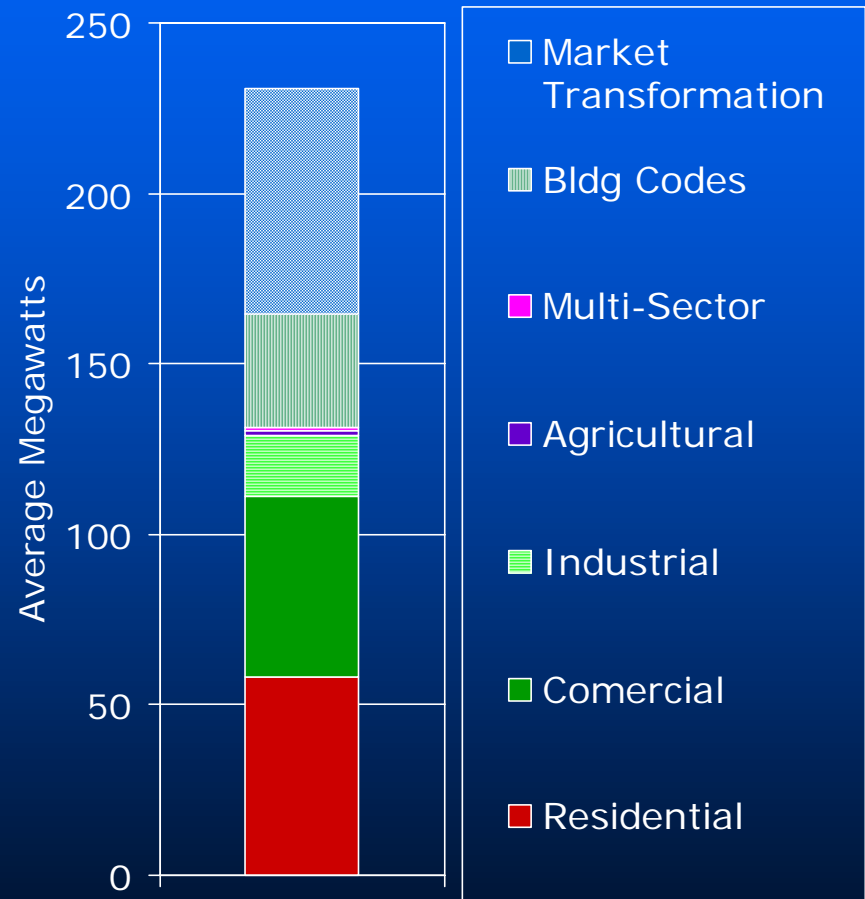
\\fs2\power\te\5th plan\action plan implementation\bpfy05savings.doc

# BPA Conservation Savings for 2005

June 13, 2006

# Highlights – The Good News: BPA Mets Its Goal

- Bonneville acquired 230 aMW of savings from FY 2001 through 2005
  - 57% through direct acquisition programs (C&RD, ConAug)
  - 14% from prior building code improvements
  - 29% from Alliance Market Transformation Programs



# Highlights –

## The Good News: Unit Cost Have Declined

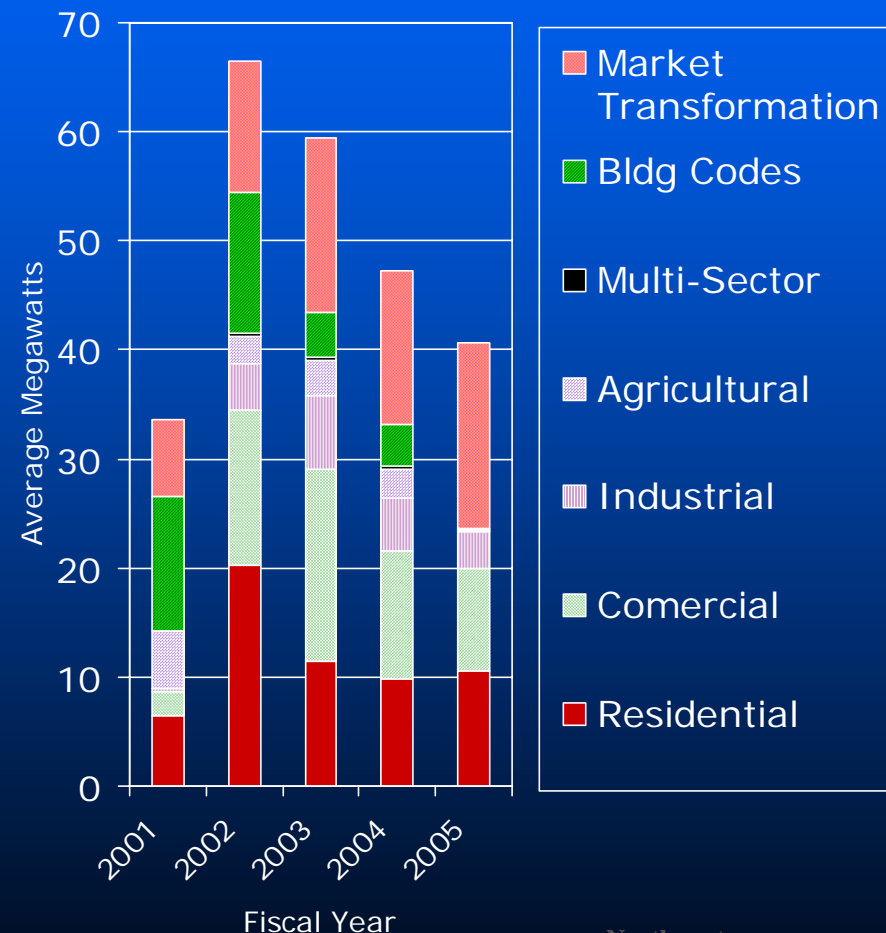
- Bonneville's Average Cost/aMW of conservation savings in 2005 were 20% lower than in 2003 – (after adjusting for inflation)



# Highlights –

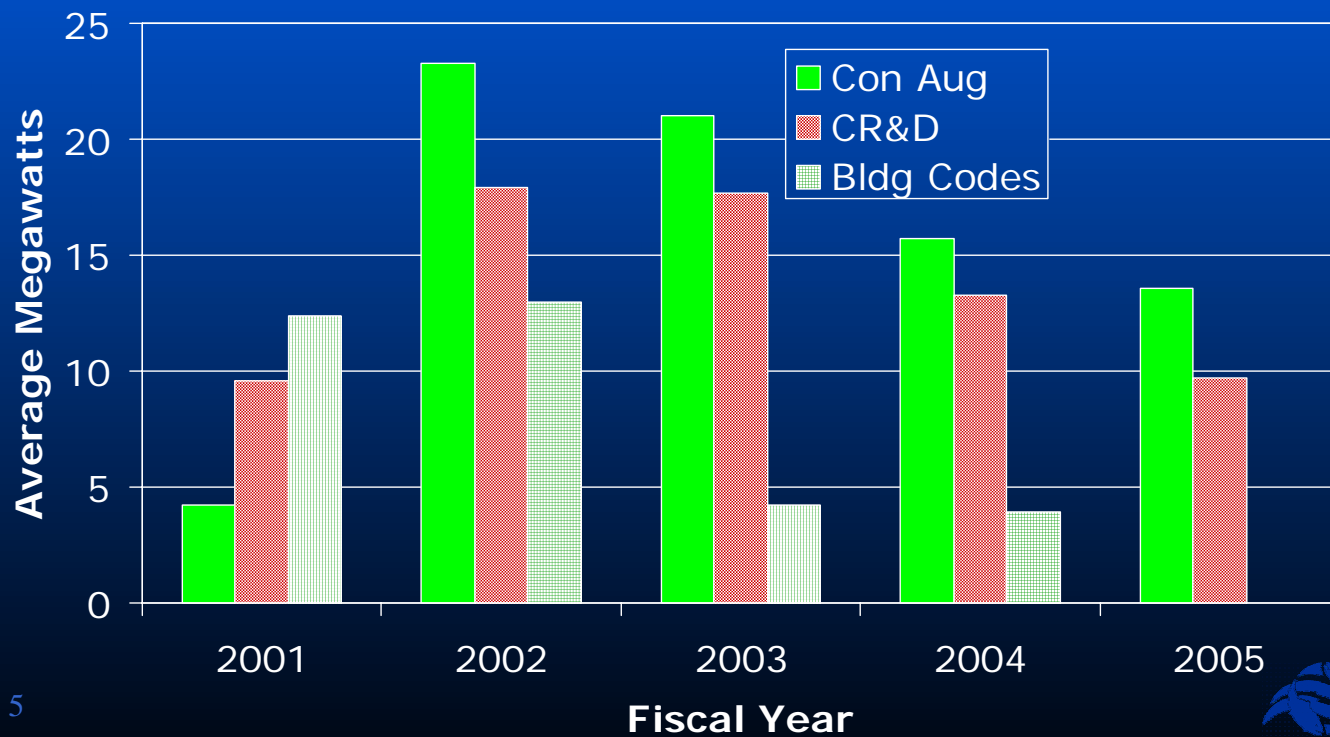
## The Not So Good News: Annual Achievements Have Also Declining

- Bonneville's Annual Conservation Acquisitions Peaked in 2002
- Fiscal 2005 Savings Were 25% Lower Than Fiscal 2002 Savings



# Why Is This?

- Utilities “Front Loaded” Their C&RD Program Activities While Participation in ConAug Programs Also Declined
- BPA “Phased Out” Its Estimated Savings From Prior Building Code Improvement Programs



# Implications for Bonneville's Conservation Target?

- BPA Committed to meeting 40% of 5<sup>th</sup> Plan 700 aMW target, adjusted to account for “naturally occurring” conservation  
= 260 aMW or 52 aMW/yr
- 2005 = 40 aMW Acquired
- Remaining to be acquired from 2006 - 2009  
= 220 aMW  
Average - 55 aMW/yr

# Is This a Problem?

- Bonneville's Done it Before
  - Acquired 55 aMW in 2003 (net of building code savings)
- . . . But Budget May Be An Issue
  - BPA budgeted \$80 million/yr for conservation acquisition in FY07- FY09
    - » FY07 programs were started in FY06
    - » Average Cost of Acquisition in 2003 was approximately \$1.47 million/aMW
    - » \$1.47 million in 2003\$ = \$1.67 in 2008\$
  - 55 aMW x \$1.67 million/aMW = \$92 million



# End