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May 2, 2007

MEMORANDUM

TO: Power Committee

FROM: Tom Eckman and Charlie Grist

SUBJECT: Bonneville proposal on conservation crediting under Regional Dialogue

Council and Bonneville staffs are working to better define the methodology used to count achievements towards conservation targets. The goal is to develop a common understanding and establish methodologies before they become issues. At the May meeting staff will brief the power committee on the key issues, present our ideas on how to address them, and seek your input. We hope to have some form of written agreement on the matter for a Council decision at the June meeting, if Bonneville's Long-Term Regional Dialogue Policy is in place by then.

Background:

The Council's Fifth Power Plan set forth minimum regional cumulative conservation acquisition targets of 700 average megawatts between 2005 and 2009. Bonneville has committed to meet its share of the Council's Fifth Power Plan conservation targets. The Council strongly supports Bonneville's commitment. In its Short-Term Regional Dialogue Power Supply Policy (2007-2011), Bonneville established its conservation target at approximately 40 percent of the Council's regional target. Currently, Bonneville is developing its Long-Term Regional Dialogue Policy, which will include policy elements that address incentives for conservation development between now and 2011, a period partly covered by the Fifth Power Plan conservation targets.

Bonneville and Council staffs have had several discussions of how to count conservation achievements towards Bonneville's share of the Council's regional target. There are several issues that need to be addressed. Attribution of conservation achieved is one issue. Most conservation achievement is accomplished with multi-party approaches including Bonneville and utility programs, the market transformation efforts of NEEA, federal and state appliance standards, state building codes, state legislation like Washington's I-937 and market effects. Other issues include syncing up program savings estimates with Plan targets, how to account for non-programmatic conservation, how to avoid double counting, how the IOU residential exchange impacts Bonneville's share of the targets and the impact of Bonneville's pending Long-Term Regional Dialogue policies on conservation accomplishments.

Counting Conservation

Power Committee

May 15, 2007

Heads-Up: Issues on Counting Conservation

- Staff tracks conservation achievements
 - Towards 5th Plan targets
 - Both MWa achieved & Cost important

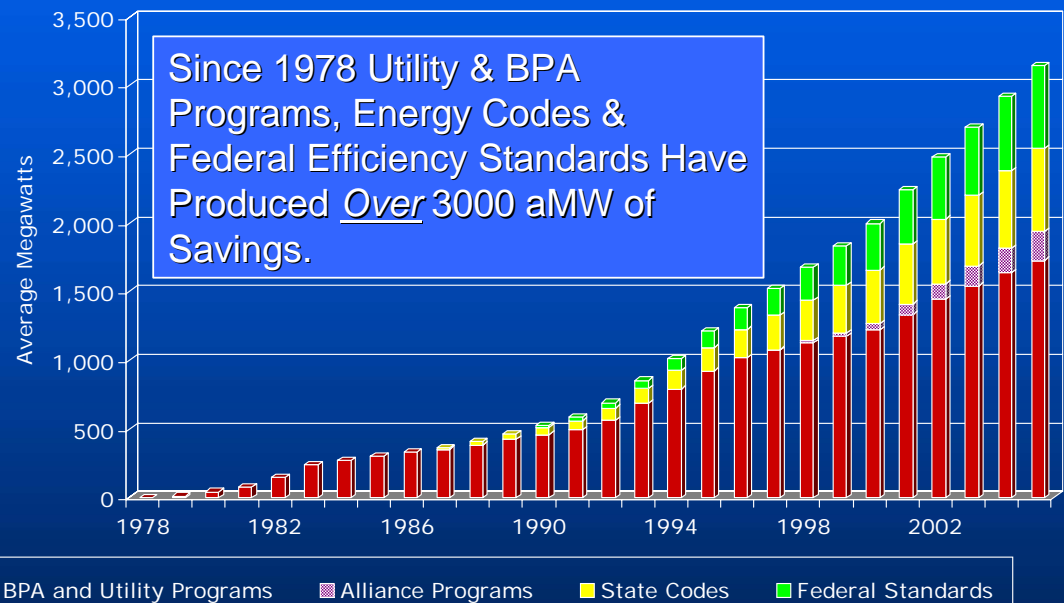
Interest in Targets Growing

- BPA is committed to achieve its ‘share’
- High Water Mark credits for conservation?
- WA I-937 rules may reference Plan targets
- Need for consistency between utilities in counting & reporting practices
- Climate change issues may increase attention on counting conservation

This is a Not New Activity

- We've been counting for years

PNW Energy Efficiency Achievements 1978 – 2005



- Developed a large body of knowledge & practices

But It Needs Refinement

- Working with BPA on how to count achievements towards BPA's share of target
 - On hold pending Regional Dialogue ROD
- Working with WA I-937 rulemaking
 - Default utility target calculator

More Refinement

- Compiling technical methodologies
 - Baseline assumptions for Council targets
 - Adjust NEEA-reported savings to Council baseline
- Estimate savings from codes & stds. since 5th Plan
 - EPAct 2005
 - State codes
 - Federal & state appliance standards
- Identify what market studies are needed
 - To gauge what's going on outside programs
 - To generate new baseline for 6th Plan

General Problems

- Difficult to tell who caused savings
 - Programs have joint funders (NEEA, util, tax credit)
 - Tend count every kWh touched by programs/policies
 - Potential for double counting
 - Council less concerned about attribution than savings
- Costly to measure non-program changes
 - But needed for both counting & plan development
- Installed cost data from programs is messy
- What counts as administrative cost

General Principles

- Align targets & what counts as achievement
 - Align BPA's share of target & what counts toward BPA's share of target
 - BPA-served load? All Public load? IOU exchange?
- Savings consistent with 5th Plan baselines
 - Calibrate savings to 5th Plan 'saturation'
 - Only cost-effective savings count
 - Freeriders & market effects count
- Independent estimate of non-program savings
- RTF as arbiter of technical issues
 - Savings per unit installed

The End