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June 26, 2012

## MEMORANDUM

**TO:** Power Committee

**FROM:** Charlie Grist and Tom Eckman

**SUBJECT:** Bonneville Update on Energy Efficiency

Josh Warner, Energy Efficiency Manager for Planning & Evaluation for Bonneville, will brief the Power Committee on several items of interest related to energy efficiency. Topics will include Bonneville's Energy Efficiency Action Plan for 2012-2014, its implementation mechanisms and backstop role, the energy efficiency portion of the Integrated Program Review (IPR), assistance for small and rural utilities, plans to remedy the lack of an operational conservation tracking and reporting system, and status updates on other conservation action items for Bonneville identified in the Sixth Power Plan.

Action Plan for Energy Efficiency: Bonneville has taken responsibility for achieving the public power share of the Council's Sixth Plan Conservation target, which it estimates as 504 aMW of savings 2010-2014. In 2010 Bonneville developed an Action Plan for Energy Efficiency (BPA EE Plan) to achieve the targets. The BPA EE Plan was updated in March of 2012 to reflect the achievement of more savings in 2010 and 2011 than anticipated, higher than expected expenditures in 2011 and lower than expected acquisition costs, per kWh saved. Because of these factors, Bonneville has adjusted its 2012-2014 program initiatives and funding. In addition, the structure of BPA's energy efficiency arrangements with its utility customers changed substantially October 1, 2011, when tiered rates went into effect. Bonneville established a new way of allocating efficiency funds and the agency also moved to a system that expects utilities to fund directly 25 percent of programmatic efficiency acquisitions. These changes provide both opportunities and challenges to achieving savings. Mr. Warner will brief the Council on Bonneville's updated plans and be available to discuss opportunities and challenges. The executive summary of the BPA EE Plan is attached for reference. The full plan is available on the BPA web site<sup>1</sup>.

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<sup>1</sup> [http://www.bpa.gov/Energy/N/pdf/BPA\\_Action\\_Plan\\_FINAL\\_20120301.pdf](http://www.bpa.gov/Energy/N/pdf/BPA_Action_Plan_FINAL_20120301.pdf)

EE Central: In early-June Bonneville canceled a contract to develop a replacement online tracking and reporting system for conservation. The proposed replacement tracking system, called EE Central, has been plagued by setbacks and deficiencies. Bonneville no longer supports the previous tracking system, so there is a growing gap of information on conservation accomplishments. Bonneville will discuss impacts of the cancellation and its plans to remedy the situation. Although some high-level information is being collected manually, one consequence of the setbacks is that detailed program by program data for 2012 conservation accomplishments is not now being reported and its future availability and timing is uncertain. Bonneville and the utilities use the detailed data to gage progress on efficiency, inform program changes and revise incentive levels. The Council uses data from the reporting system to track regional progress on the energy efficiency targets in its Power Plan and to inform conservation potential assessments. The absence of a conservation reporting system may also have implications for Washington utilities covered by I-937, since under current state rules they are to report using the Bonneville system. Bonneville's announcement of the cancelation is attached.

Small and Rural Utility Assistance: Sixth Plan Action item CONS-17 calls on Bonneville to take into account the unique circumstances and special barriers faced by small and/or rural utilities in achieving conservation and the development and implementation of conservation programs. Bonneville will update the Council on status of those efforts.

## Attachments

q:\te\6th plan\issue and council papers\p4 memo on bpa ee agenda item draft2\_te.docx



## Department of Energy

Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208-3621

ENERGY EFFICIENCY

June 11, 2012

In reply refer to: PE-1

To EE Central Users:

Late last week, Power Services in partnership with BPA's Information Technology (IT) organization decided to cancel the EE Central development project. Despite BPA and our utility customer's commitment to EE Central's success, we concluded that even with additional significant effort, the software system was not on a path to deliver a high-quality, long-term solution. On behalf of BPA and our Energy Efficiency team, I apologize for the problems that the EE Central project has created. Our continued delay in delivering a viable energy efficiency reporting system is creating a mounting backlog of reporting work that is simply unacceptable. We are taking action now to re-focus our efforts on an approach BPA is confident will deliver on our goal of providing a streamlined energy efficiency reporting tool.

In a December 2011 letter, Greg Delwiche, senior vice president of Power Services, shared the decision that BPA would take the new EE Central system offline because of product deficiencies that included extensive bugs, performance issues and feature gaps. Greg made a commitment that BPA would leverage the down time to complete the product and would release it only after thorough testing and review. He and others had met with the vendor and believed that a good product could be released after a significant, but necessary, delay.

During the delay, we worked aggressively with the vendor, increased the BPA resources dedicated to the project, and tapped deeply into BPA's IT expertise and energy efficiency subject matter experts. We identified policy changes to simplify the system requirements in order to improve the project's launch plan. Despite these efforts, I am no longer confident that EE Central can be the quality product we require.

Since December, the interim invoice process has enabled you to invoice BPA for the estimated value of your energy efficiency achievements. We will continue to use this process. We had deferred detailed reporting, with the expectation that there would be a catch-up period upon system launch. A further factor in canceling EE Central was our lack of confidence in the system's ability to provide adequate detailed reporting functionality within the needed timeframe. With our decision to cancel the EE Central development effort, we recognize that we cannot simply continue to defer detailed reporting until we have a system to satisfy the objectives EE Central was intended to fulfill.

Our strategy moving forward is two-fold. IT and the Energy Efficiency group are building an interim reporting process to begin capturing your detailed reporting inputs. The process will combine utility templates, BPA validation tools, data aggregation, business processes and

customer support. The process will not deliver a fully-featured software system, but will enable us to restart the flow of reporting information. We expect this effort to launch during the first quarter of the 2013 fiscal year. The interim reporting process will allow us to capture and validate your detailed energy efficiency achievements and serve as an ongoing solution until BPA can deploy a fully developed system. Simultaneously, the Energy Efficiency group is working very closely with the BPA Information Technology group to design the long-term solution and to make the best decision on whether to develop that project internally or seek a new vendor.

We have been working with a cross-section of utility stakeholders for EE Central acceptance testing. As we define the elements of the interim reporting process, we will invite these stakeholders to participate in customer focused design, identifying support that will ease the rollout and ongoing use of the interim reporting process. Further, as we scope and define a long-term reporting system, we will continue to seek and welcome active utility engagement to best ensure a system that meets not just BPA's requirements but your needs as well.

I apologize for the impacts this project is having on your operations and thank you for your continued patience.

Sincerely,

*/s/ Karen L. Meadows*

Karen L. Meadows  
Acting Vice President, Energy Efficiency