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Jennifer Anders Vice Chair Montana

> Pat Smith Montana

Tom Karier Washington

Phil Rockefeller Washington

June 4, 2013

MEMORANDUM

TO: Council Members

FROM: Charlie Grist and Brian Dekiep

SUBJECT: Presentation on implementation of Energy Efficiency in Montana

This briefing is part of a series of presentations on how energy efficiency is implemented by various entities around the Northwest. At the May meeting in Boardman Oregon, Council members heard from Margie Harris from Energy Trust of Oregon and Steve Eldridge from the Umatilla Electric Cooperative. This month we will hear from the largest private and public utilities in Montana. Northwestern Energy is an investor-owned utility which serves customers across Montana and in South Dakota and Nebraska. Flathead Electric Cooperative is the state's largest publicly-owned utility.

Deb Young is with Northwestern Energy's Regulatory Support Services. This past May, Ms. Young accepted the exemplary program award from the American Council for an Energy-Efficient Economy (ACEEE) on behalf of Northwestern and its Energy E+ Business Partners program. Ms. Young has also been on the board of the Northwest Energy Efficiency Alliance since 1997 and she is currently the vice chair. Northwestern has recently completed an evaluation of its energy efficiency program activities covering the last five years. Northwestern Energy serves 342,000 electric distribution customers in Montana, across 187 communities. In 2011 Northwestern reported annual statewide savings of 7.6 average megawatts on regulated sales of 980 average megawatts.

Additionally, we will hear from Ross Holter who is the Energy Services Supervisor with Flathead Electric Cooperative (FEC) in Northwestern Montana. FEC has recently received top honors from the Bonneville Power Administration for Excellence in Energy Efficiency. Flathead Electric Cooperative (FEC) serves 61,456 customers in Montana. In 2011, Flathead reported annual savings of 2.4 average megawatts on sales of about 150 average megawatts.

We have asked the presenters to touch on the successes and challenges of implementing energy efficiency programs in the region from their unique perspectives.

Biographies of Ross Holter and Deb Young

June 4, 2013

Ross Holter

Ross Holter is currently the Energy Services Supervisor at Flathead Electric Cooperative in Kalispell, Montana. He is responsible for the development and administration of residential and commercial energy efficiency programs. Ross is a graduate of the University of Montana school of Business Administration and has had a varied career over the years including logging, radio station management, and construction sales prior to arriving at Flathead Electric in 1999.

Ross enjoys the Montana lifestyle including hunting, fishing, boating on Flathead Lake and various construction projects.

Deb Young

Deb Martin Young has been working for the utility in Butte, MT since 1983. She began her career in the corporate communications department of the Montana Power Company where she gained broad knowledge of the electric and natural gas utility industries. For the past 25 years, Young has been actively engaged in the development, implementation, and evaluation of energy efficiency, renewable energy, low income, electricity and natural gas marketing and customer education initiatives. She has served as an expert witness in utility rate proceedings and in legislative activities.

Young has organized utility advisory groups made up of public interest representatives, consumers, government and regulatory representatives, and has served as the utility's primary representative for those groups.

Since 1997, Young has served as NorthWestern Energy's (formerly Montana Power) representative on the board of the Northwest Energy Efficiency Alliance (NEEA) and is a local champion for NEEA initiatives in Montana and of rural/small market customers in the region. Most often, Young is a voice on the phone during regional energy efficiency calls, participating from her desk in Beautiful Butte America, Montana. Young is currently Vice Chair of the NEEA Board and chairs its Strategic Planning Committee.

Young grew up in Eastern Montana and received her Bachelor of Arts degree in General Business and Communication Arts—Mass Communications option from Montana State University, Billings.









New Rate S	tructure		
Designed to Collect costs from Provide incentive Cover fixed costs	D: those who create for for energy efficienc from fixed charge.	them. :y. (alleviates risk)	1
Residential:	Old (June 2010)	New	
Basic Charge	\$16.00	\$22.13	
kWh charge	\$.057 for all	\$.05714 1 st 600 kWh \$.07028 601 to 3,500 \$.10261 3,501 and up	10















Changes/Elimination of Eligible Measures

- Ground Source Heat Pumps in jeopardy.
- Heat pump water heaters aren't likely to be widely adopted in our area.
- Weatherization will be difficult under new proposed specs that require air sealing and possible blower door tests.

ENERGY EFFICIENCY AT NORTHWESTERN ENERGY

Northwest Power and Conservation Council Missoula, MT June 12, 2013





OUTLINE



About NorthWestern Energy DSM Evaluation Efficiency Evaluation Smart Grid Project



NWE MONT. ELECTRIC SERVICE TERRITORY...



NORTHWESTERN ENERGY GAS TERRITORY IN MONTANA





OUTLINE



Evaluation Summary of Report Recommendations Electric Programs Audit/Appraisal Renewables



EVALUATION OBJECTIVES

- DSM programs are a least cost resource
- Cost Recovery of DSM costs and lost revenues
 - Requires proof of savings
 - Demonstrate appropriate public purpose of Universal System Benefits (USB) dollars
- Utility needs to demonstrate meeting objectives and acting as good stewards of customer dollars
- Independent 3rd Party evaluation provides
 - Industry accepted methodologies
 - Additional verification of claims and arguments to regulators
 - Burden of proof is on the utility



EVALUATION OBJECTIVES

- Impact
 - Are the savings claims appropriate?
 - Adjust based upon record reviews, site visits, logging studies, industry research
 - Are the activities cost effective?
 - Develop Benefit/Cost ratios



EVALUATION OBJECTIVES

- Process
 - How can performance and participation be improved?
 - Compare to programs across industry
 - Consider market conditions
 - Make recommendations to:
 - Build participation,
 - Control spending,
 - Higher acquisition of savings
 - Improved economics



EVALUATION SCOPE

- Evaluation work conducted from Jan Oct 2012
- Portfolio of 24 programs (DSM and USB)
- Evaluation covered all program activity from 7-1-2006 thru 12-31-2011
- Standardized program tracking database, covering all programs, all years, >300,000 records
- Samples drawn from the most recent two years of program activity and results applied to the entire period



EVALUATION SCOPE

- NorthWestern reported savings and evaluation adjusted savings (kWh, dkt) and cost-effectiveness evaluated by Calendar and Tracker Year
- 1,416 process evaluation interviews with participants, nonparticipants, trade allies, and program staff
- Compared with more than 50 program best practices
- Formulated program-specific recommendations for improvements



24 PROGRAMS EVALUATED

- Building Operator Certification
- DEQ Appliance
- E+ Audit Home or Business
- E+ Building Blocks Pilot
- E+ Business Partners
- E+ Commercial Existing Electric Rebate
- E+ Commercial Existing Gas Rebate
- E+ Commercial Lighting
- E+ Commercial New Electric Rebate
- E+ Commercial New Gas Rebate
- E+ Electric Motor/Rewind Rebate
- E+ Free Weatherization/Fuel Switch

- E+ Irrigation
- E+ New Homes
- E+ Renewable
- E+ Residential Existing Electric Rebate
- E+ Residential Existing Gas Rebate
- E+ Residential Lighting
- E+ Residential New Electric Rebate
- E+ Residential New Gas Rebate
- Low Income Appliance
- NEEA Initiatives
- Vending Miser
- Motor Management Training



MULTIPLE COMPONENTS

- E+ Audit Home or Business
 - Home Electric Survey
 - Home On-site Audit
 - Small Business Electric Appraisal
- E+ Commercial Lighting
 - Commercial CFL Direct Install
 - Commercial Lighting Rebate
- E+ Renewable
 - Business Renewable
 - Residential Renewable

- E+ Residential Lighting
 - In-Store Coupon
 - Trade Show
 - Mail-In
 - Mail-Out
 - Residential CFL Direct Install
 - Upstream CFL Buy-down



IMPACT (KWH/DKT) CALENDAR (2007-11)

All Pro	grams					
			Units	Reported Energy Savings	Evaluation Energy Savings	Net Savings Adjustment Rate
Electric	C					
	Electric Su	pply - DSM	kWh	275,073,686	248,463,014	0.90
	Electric - USB		kWh	34,262,001	22,101,125	0.65
		All Programs Electric	kWh	309,335,688	270,564,139	0.87
Natura	l Gas					
	Natural Gas Supply - DSM		dkt	548,774	343,421	0.63
	Natural Gas - USB		dkt	325,536	233,824	0.72
		All Programs Natural Gas	dkt	874,310	577,245	0.66



COST-EFFECTIVENESS – CALENDAR(2007-11)

All Prog	grams						
			Units	Total Resource Cost B/C Ratio	Program Administrator Cost B/C Ratio	Ratepayer Impact Measure B/C Ratio	Societal Cost B/C Ratio
Electric	:						
	Electric	Supply - DSM	kWh	2.14	3.66	1.81	2.36
	Electric	- USB	kWh	0.28	0.52	0.45	0.31
		All Programs Electric	kWh	1.41	2.49	1.46	1.56
Natura	l Gas						
	Natural	Gas Supply - DSM	dkt	1.00	1.46	1.10	1.10
	Natural	Gas - USB	dkt	1.77	1.77	1.32	1.95
		All Programs Natural Gas	dkt	1.28	1.60	1.20	1.41



PROCESS FINDING

- Activity Areas
 - Program Planning and Design
 - Management
 - Branding, Marketing, Outreach, and Media Use
 - Quality Control and Data Tracking
 - Evaluation
- Nonparticipant Findings



PROGRAM MANAGEMENT AND ADMINISTRATION

- Program Management and Administration
 - Program staff *extremely* lean compared to 39 program administrators (LBNL study)
 - Efficiency staff supported by Corp Communications, Community Relations
 - Experienced program implementation contractor
 - Frequent communication, collaboration

- Follows more than 12 Best Practices for Management and Administration
 - Program roles, responsibilities clear
 - Processes in place for systematic inspections, verification
 - Program processes simple, assistance available
 - Single-point of contact for participants
 - Uses well-qualified engineering staff for technical programs



BRANDING, MARKETING, OUTREACH, AND MEDIA USE

- Branding, Website, and Other Services
 - Careful branding, use of logos
 - Corporate Communications staff are valued members of efficiency team
 - Website evolution; in 2010 efficiency pages reworked with ad agency

Marketing and Outreach

- Extensive outreach to customers and trade allies through multiple channels
- Frequently hosting or participating in events, often distributing measures
- Nonresidential one-on-one and small group outreach
- Trade allies supported with newsletters, facilitated network, annual meetings

- Community Relations
 - NWE's CR managers provide outreach to multiple communities (based in 6 major cities)
 - Discuss efficiency with individual customers and at events
- Follows More than 8 Best Practices for Marketing and Outreach
 - Communicates with customers through multiple media
 - Uses website to attract and inform
 - Uses Energy Star products and logo
 - Leverages marketing dollars (trade ally relationships, co-hosting events)
 - Conducts cross program marketing



QUALITY CONTROL & DATA TRACKING

- Quality Control
 - Automated and manual checking of application forms, invoices, incentives
 - Audit results reviewed by technical staff
 - Inspections in all programs
- Follows More than 9 Best Practices for Quality Control
 - Sample-based post-installation inspections
 - Inspects all large projects and uncertain savings estimates
 - Assesses customer satisfaction
 - Preferred contractors

- Data Tracking and Reporting
 - 30 databases, including cross-program databases that interact with other files
 - Databases, purpose, variables are documented
 - All participants checked for eligibility
 - Payments tracked together
 - Consistent reports generated
- Follows More than 15 Best Practices for Data Tracking and Reporting
 - Functions including QC are automated
 - Databases dynamically linked
 - Algorithms validated
 - Tracking reports used to manage programs



OUTLINE



Summary of Report Recommendations Electric Programs CFL Study Gas Programs Audit/Appraisal Renewables



IMPACT RECOMMENDATIONS

- Impact
 - Increase marketing to make customer more aware of NWE offerings
 - Collect customer e-mail addresses for future evaluations
 - Use consistent program names
 - Update Unit Energy Savings (UES) values



PROCESS RECOMMENDATIONS

- Planning and design
 - Prepare written program plans
 - Reduce the frequency of updates
 - Update customers about program changes
- Management and administrative
 - Write down process plans
 - Solicit program feedback from trade allies
 - Increase use of internet tools
- Marketing and outreach
 - Provide more information about efficiency opportunities through mail
 - Notify participating trade allies by email of all Montana-based efficiency related workshops, seminars, and training opportunities
 - Recruit additional trade allies as preferred contractors
 - Incorporate additional non-energy benefits and marketing messages



PROCESS RECOMMENDATIONS

- Quality control
 - Consider project inspection costs when setting ongoing inspection rates
- Evaluation
 - Adopt a fast-feedback evaluation approach
 - Monitor product markets and conduct market saturation studies
 - Conduct more frequent, smaller-scope evaluations



OUTLINE



Summary of Report Recommendations **Electric Programs** CFL Study Audit/Appraisal Renewables



ELECTRIC PROGRAMS

- What's changed
 - Unit Energy Savings (UES) changes for some measures, based on the evaluation
- Many programs new in 2010 done much, marketing efforts great, but will need to better manage costs
- CFL study—down to 2 hrs (burn hour sockets)
- Education, education, education



OUTLINE



Summary of Report Recommendations Electric Programs **CFL Study** Audit/Appraisal Renewables



SPECIAL STUDIES OF CFLS

- Operating hours
 - Residential
 - Light Logger study
 - 76 residences and 220 light loggers
 - Sample represents 2010-11 program activity
 - Average of 2.02 hours per day
 - Hours before 2010 adjusted based on earlier metering studies
 - Hours for each program based on bulb count by year
 - E+ New Homes 2.24
 - E+ Residential Lighting 2.30
 - NEEA Initiatives 2.4
 - Non-residential
 - Hours per day from Commercial CFL Direct Install 6.14
- Non-residential share of "Buy-Down" bulbs from Trade Ally surveys
 - 19.4% Applied to E+ Residential Lighting and NEEA CFL initiatives



OUTLINE



Summary of Report Recommendations Electric Programs CFL Study **Audit/Appraisal** Renewables



AUDITS/APPRAISALS

- Surveys, site visits, records
- Evaluation reduced savings claimed
- Still Public Purpose Program not same cost effectiveness requirements as DSM programs
- Still foundation for other programs and interactions
- Work to maximize benefits to customer and other programs—best education opportunity
- Continue excellence and work to be good stewards of customer dollars.



OUTLINE



Summary of Report Recommendations Electric Programs CFL Study Audit/Appraisal **Renewables**



RENEWABLES

- Part of Universal Systems Benefit Program
 - Mostly solar Photovoltaic (PV)
 - Some small-scale wind
 - Others: geothermal, micro-hydro, biomass
- Incentive funds intended to offset % system cost
 - Must use qualified installer
- Can be grid tied (net metered) or stand-alone
- Demand is strong >1,000 net metered solar (since 1999)
- Legislative activity every session
- More demand then funding available
- Changing market >>>> solar
 - array cost down to 1/3 of cost in previous years



OUTLINE



About NorthWestern Energy DSM Evaluation Efficiency Evaluation Smart Grid Project



SMART GRID

- PNWSGDP
- NorthWestern's role in PNWSGDP
- Project locations Helena and Philipsburg
- Utility Side Distribution Automation
- Utility Side Volt/VAR
- Customer Side Home Area Network
- Customer Side Commercial Buildings



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PNW SMART GRID DEMONSTRATION PROJECT

Battelle led ARRA project in collaboration with Bonneville
 Power Administration, 11 Utilities, 2 Universities and 5 vendors

• \$178M, five-year cost-shared demonstration



PNW-SGDP - TIMELINE & STATUS



WALK BEFORE WE RUN - LOOK BEFORE WE LEAP

- Install, test, demonstrate, inquire & evaluate
 - Does the technology work?
 - What does it cost?
 - Is it reliable?
 - Will consumers accept and use the technology?
 - Will they be willing to pay for it?
 - Will price signals work to change/improve the current pattern of demand?
 - Time-of-Use energy pricing
 - More closely match time & cost of energy production with energy consumption
 - Cost causer pays



NWE'S - ROLE AND OBJECTIVES

- Contributing member/participant in the larger regional experiment
- Learn from the results of the other utility's and the regional experiments
- Test & demonstrate Smart Grid technologies
- Evaluate costs, benefits and impacts on system
- Better position ourselves to make informed decision regarding future possible deployments
- Utility "side" of the project:
 - <u>Distribution Automation</u> improve reliability
 - <u>Volt/VAR Optimization [VVO]</u> energy savings
- Customer "side" of the project:
 - Provide customers with new & innovative ways to control usage
 - <u>Time of Use Pricing</u> energy savings
 - <u>Demand Response & Load Control</u> energy savings



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NWE'S COMMITMENT & PROJECT LOCATIONS37

- Budget = \$4.2 million
 - 50/50 cost sharing with DOE funds
- Scope: A Distribution Project in two locations
 - City of Helena (urban area)
 - 3 Substation (out of 7)
 - 8 Distribution Circuits
 - Approximately 200 homes, and 2 state government facilities
 - Philipsburg (rural area)
 - 1 Substation
 - 1 Distribution Circuit (240 line miles)



HELENA, MT - OVERVIEW



- Population within City Limits 30,000, greater area about 70,000.
- Electric Load 90 MW





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PHILIPSBURG, MT - OVERVIEV



- Population approximately 900 in town + rural.
- Electric Load approximately 2.5 MW



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PHILIPSBURG – PROJECT FOOTPRINT



OBJECTIVE: DISTRIBUTION AUTOMATION



WHAT HAVE WE LEARNED?

- Lack of "plug and play" between systems, and technology
 - "Its Ethernet and DNP ready"
 - "Its communications read"
 - Often significant configuration needs to take place.
 - Often significant troubleshooting needs to take place to identify what needs to be configured.
- Vendors
 - Excellent support from S&C and Cooper



CUSTOMER SIDE OF METER – TEST **DEMAND RESPONSE & LOAD CONTROL**

Consumers

- Utilities provide price signals
- Consumers can choose their settings based on price
- Consumers can save •
- Consumer can control and automate preferences



Delivering a Bright Future

DEMONSTRATION PROJECT

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Home Area Network (HAN)

- Install HAN goal to provide customers more info & ways to Control Usage
- Web-based services
 - Energy Use Profiles
 - (via in-home displays)
- Offer time variable pricing
- Observe customer response to pricing signals
- Evaluate performance of metering, communications & HAN technology





INTERVAL METERING & DATA HOSTING STATUS

• ITRON, Inc.

- 200 Centron meters
- 4 Cell Control Units & 10 Repeaters
- Wireless network
- Collect 15-minute electric interval data
- Data hosting & MDM services Itron @ Liberty Lake, WA
- Export meter data to NorthWestern's MV-90 system





HOME AREA NETWORK COMPONENTS





22220

n - Jammad D Yellow - RJ Hod - RJ

Cauti

Network

HOME AREA NETWORK "DASHBOARD"

NorthWestern | SMART DASHBOARD EXPLORE HOME NETWORK EVENTS USER PROFILE ACCOUNT STATUS TODAY'S USAGE 2000 **Amy's Home** Ñ ************** 1600 Demand in Helena 1200 800 Average 75° F Program: 400 Montana Energy Smart 5PM 8PM 11PM 2AM 5AM 8AM 11AM 2PM 5PM 8PM 11PM 2AM Rate: Energy Supply Flat Rate Mostly Cloudy 6.13¢ / kWh ESTIMATED BILL MESSAGES Friday, September 09, 2011 3:33 PM Importance: NORMAL Bill Cycle: September 01 to October 01, 2011 This message is to alert you to an upcoming Peak Energy Event. This event will occur Friday, September 9th from 3 p.m. until 5 p.m. Estimated Total Bill: \$38.44 Thank you for participating in the Montana Energy Smart program. If you have any questions please call: 877-220-2839. Estimated Bill to Date: \$27.77 Today's Cost: 86.00¢ "How am I doing" messages to residential participants





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TIME OF USE PRICING - for selected participants

(Cont.) 3-level Time of Use Energy Pricing (traffic signal color scheme)

> On peak (\$0.08/kwh) Mid (\$0.05/kwh) (\$0.03/kwh)

– Off Peak	
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Mountain Time - Hour Ending NOON 1 AM 2 AM 3 AM 4 AM 5 AM 6 AM 7 AM 8 AM 9 AM 10 AM 11 AM 1 PM 2 PM 3 PM 4 PM 5 PM 6 PM 7 PM 8 PM 9 PM 10 PM 11 PM 12 AM Jan 0.03 0.03 0.03 0.03 0.05 0.08 0.08 0.08 0.05 0.05 0.05 0.05 0.03 0.03 0.03 0.05 0.05 0.05 0.05 0.08 0.080.080.08 0.08 0.05 0.05 0.03 0.03 0.03 0.08 0.08 0.08 0.05 0.05 0.05 0.05 0.05 0.08 0.05 Feb 0.03 0.03 0.03 0.03 0.05 0.08 0.08 0.080.08 0.05 0.05 0.03 0.03 0.03 0.03 0.03 0.03 0.08 0.08 0.08 0.05 0.05 0.05 0.05 0.05 0.05 0.08 0.08 0.08 0.08 0.08 0.05 0.03 Mar 0.05 0.05 0.05 0.05 0.05 0.05 0.05 0.03 0.05 0.05 0.08 0.08 0.08 0.08 0.05 0.03 Apr 0.03 0.03 0.03 0.03 0.03 0.08 0.08 0.08 0.05 0.03 0.03 0.03 0.05 0.05 0.05 0.05 0.05 0.08 0.08 0.08 0.05 0.05 0.05 0.05 0.03 Mav 0.03 0.03 0.03 0.08 0 08 0.05 0.03 0.03 0.03 0.03 0.03 0.03 0.05 0.05 0.05 0.05 0.05 0.08 0.08 0.08 0.08 0.08 0.08 0.05 0.05 0.05 0.05 0.03 Jun 0.05 0.03 0.05 0.05 0.05 0.05 0.05 0.05 0.03 Jul 0.03 0.03 0.03 0.03 0.03 0.05 0.05 0.08 0.08 0.05 0.08 0.08 0.08 0.05 0.03 0.05 Aua 0.03 0.03 0.03 0.03 0.03 0.05 0.05 0.05 0.05 0.08 0.08 0.08 0.08 0.08 0.08 0.08 0.05 0.05 0.05 0.05 0.03 0.05 0.05 0.05 0.05 0.05 0.05 0.05 0.05 0.03 Sep 0.03 0.03 0.03 0.03 0.03 0.03 0.08 0.08 0.08 0.08 0.08 0.05 0.05 0.08 0.08 0.05 0.08 0.05 0.03 0.03 0.03 0.08 0.08 0.05 0.05 0.05 0.05 0.05 0.08 0.08 0.08 0.08 0.08 0.05 0.03 0.03 0.03 0.03 0.05 Oct 0.05 0.05 Nov 0.03 0.03 0.03 0.03 0.03 0.03 0.05 0.08 0.08 0.08 0.05 0.05 0.05 0.05 0.05 0.08 0.08 0.08 0.08 0.08 0.05 0.03 0.05 Dec 0.03 0.03 0.03 0.03 0.03 0.05 0.08 0.08 0.05 0.05 0.05 0.08 0.08 0.08 0.05 0.03 0.08 0.05 0.05 0.05 0.08 0.08 0.03



ION PROJECT

SMART GRID DEMONSTRATION LAB











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Delivering a Bright Future

HOME PAGE DESIGN



PROGRAM DESCRIPTION

ENROLLMENT

PRODUCT INFO RESOURCES





Learn More >>

Learn More >>

Learn More >>

CONTACT US | PRIVACY POLICY | LEGAL CONDITIONS





Delivering a Bright Future

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STATE OF MONTANA BUILDINGS

- Metcalf Building Tasks
 Lighting Control
 - Lighting Control
 - Installed control areas along outside windows –overhead lights
 - Installed diming control in other areas
- Walt Sullivan Building Tasks
 - HVAC Additional Control -Upgraded ventilation and air conditioning controls



Delivering a Bright Future

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WHAT HAVE WE LEARNED?

- Do we try to make consumers smarter about energy, or devices and systems that automate the decisions that result in energy consumption?
- Consumers want control, options and choices
 - But, they want Cruise Control ... "Set it and forget it"
- Diversity + Complexity = Stability?



MILESTONES & NEXT STEPS ON PROJECT

- End of Project December 2014
 - Finish Testing October 2014
 - Final report with business case analysis
 - DA and Volt/VAR software analysis for SCADA
 - Access to all Project and Sub-Project level reports from PNWSGDP





QUESTIONS?

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