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June 3, 2014

### MEMORANDUM

**TO:** Power Committee

**FROM:** Charlie Black, Power Division Director

**SUBJECT:** Update on Regional Technical Forum 2015-2019 Funding Levels

The Council approved creation of the Regional Technical Forum Policy Advisory Committee (RTF PAC) in April 2011. Its broad goal is to: *Identify a business/governance structure for a sustainable entity that provides independent analyses of energy efficiency to meet the region's needs and develop a multi-year funding structure that supports that entity.*

The RTF PAC is an advisory committee to the Council, not to the RTF itself. The charter describes four specific areas that the Council seeks guidance and advice on:

- The organization and operating procedures of the RTF;
- RTF work plan priorities and the policy implications of RTF technical and their implementation;
- The funding structure for the RTF, and long-term (five year) funding commitments from the funding utilities and agencies; and
- RTF progress in accomplishing its objectives and completing its work plan consistent with the work plan priorities.

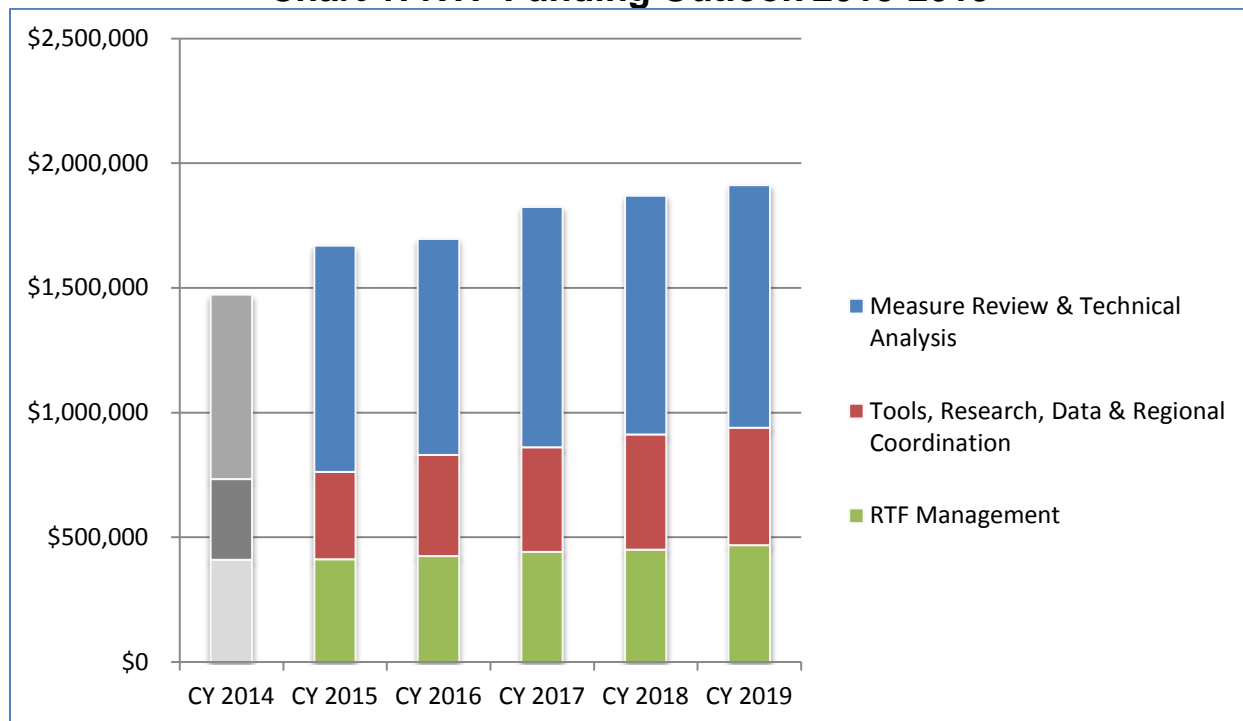
Over the past several months, the RTF PAC has been addressing the funding structure of the RTF for calendar years 2015-2019, as the previous three year funding commitment is set to expire at the end of 2014. During those meetings, the RTF PAC

reached agreement on the recommended future funding levels and the methodology for allocating funding among each RTF subscriber over the next five years.

The RTF PAC recommends a funding level of \$1.67 million in 2015, escalating to \$1.9 million in 2019 (Refer to Chart below for annual breakdown of funding). The RTF PAC recommends the continued use of the NEEA funding allocation model and percentages for 2015-2019, with a minor adjustment made to account for NorthWestern Energy's contribution level to the RTF and the absence of Chelan County from the RTF (Refer to Table below for details on adjustments).

Staff will brief the Power Committee on the 2015-2019 proposed budget and RTF PAC recommendations in the morning. Observations from the Power Committee meeting will be relayed to the full Council in the afternoon. Jim West, co-chair of the RTF PAC will be on hand to deliver the PAC recommendations to the Council in the afternoon. No Council decision is needed at this time. The RTF work plan and budget need annual Council approval. The work plan and budget for 2015 will be scheduled for a Council decision in November.

**Chart 1: RTF Funding Outlook 2015-2019**



**Table 1: RTF Funding by entity**

Organization	NEEA Funding Allocation	Share of RTF Budget (rounded)**					
		2015	2016	2017	2018	2019	Total
		\$1,670,000	\$1,696,000	\$1,825,000	\$1,870,000	\$1,912,000	\$8,973,000
Bonneville Power Administration	36.03%	\$607,700	\$617,200	\$664,100	\$680,500	\$695,800	\$3,265,300
Energy Trust of Oregon	20.21%	\$340,900	\$346,200	\$372,500	\$381,700	\$390,300	\$1,831,600
Puget Sound Energy	14.17%	\$239,000	\$242,700	\$261,200	\$267,600	\$273,600	\$1,284,100
Idaho Power Company	9.00%	\$151,800	\$154,200	\$165,900	\$170,000	\$173,800	\$815,700
Avista Corporation, Inc	5.76%	\$97,200	\$98,700	\$106,200	\$108,800	\$111,200	\$522,100
PacifiCorp (Washington)	2.55%	\$43,000	\$43,700	\$47,000	\$48,200	\$49,200	\$231,100
Northwestern Energy*	4.04%	\$35,700	\$36,300	\$39,100	\$40,000	\$40,900	\$192,000
Seattle City Light	3.65%	\$61,600	\$62,500	\$67,300	\$68,900	\$70,500	\$330,800
PUD No 1 of Clark County	1.31%	\$22,100	\$22,400	\$24,100	\$24,700	\$25,300	\$118,600
Tacoma Power	1.09%	\$18,400	\$18,700	\$20,100	\$20,600	\$21,000	\$98,800
Snohomish County PUD	0.51%	\$8,600	\$8,700	\$9,400	\$9,600	\$9,800	\$46,100
Eugene Water and Electric	0.31%	\$5,200	\$5,300	\$5,700	\$5,900	\$6,000	\$28,100
PUD No 1 of Cowlitz County	0.38%	\$6,400	\$6,500	\$7,000	\$7,200	\$7,300	\$34,400
Total	99.01%	\$ 1,637,600	\$1,663,100	\$1,789,600	\$1,833,700	\$1,874,700	\$8,798,700
* Northwestern's contribution adjusted to reflect Western MT contributin to RTF only at 52% of NEEA Funding.							
** All funding shares adjusted by 100%/99.01% because Chelan county present in NEEA funding, but not RTF funding.							

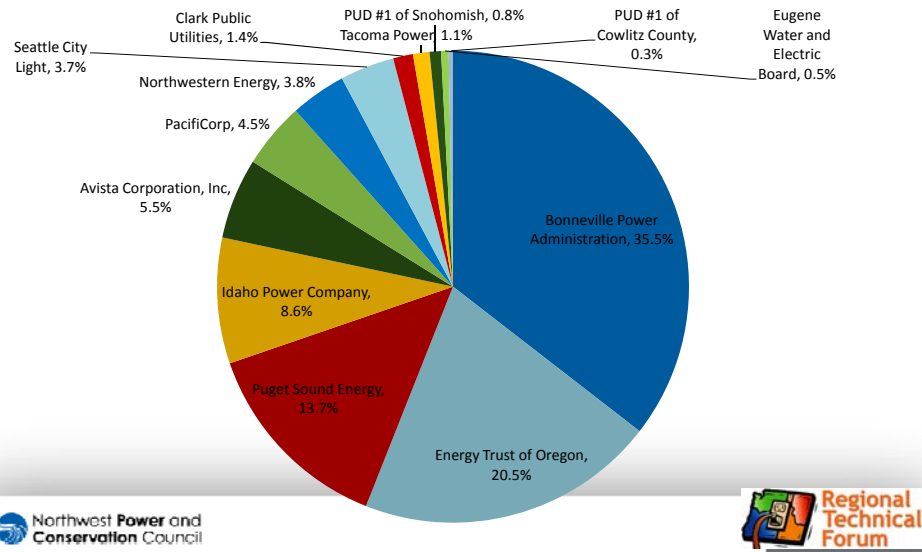
# Regional Technical Forum Update on 2015-2019 Funding

**June 2014 Power Committee Presentation  
Missoula, MT**

## RTF Funding Process

- RTF is subscription based
- Before the PAC funding was acquired on an annual basis
- In 2012 PAC agreed to fund the RTF at a constant level of \$1.5 million/year for 3 years
- Also proposed that RTF use NEEA funding allocation model

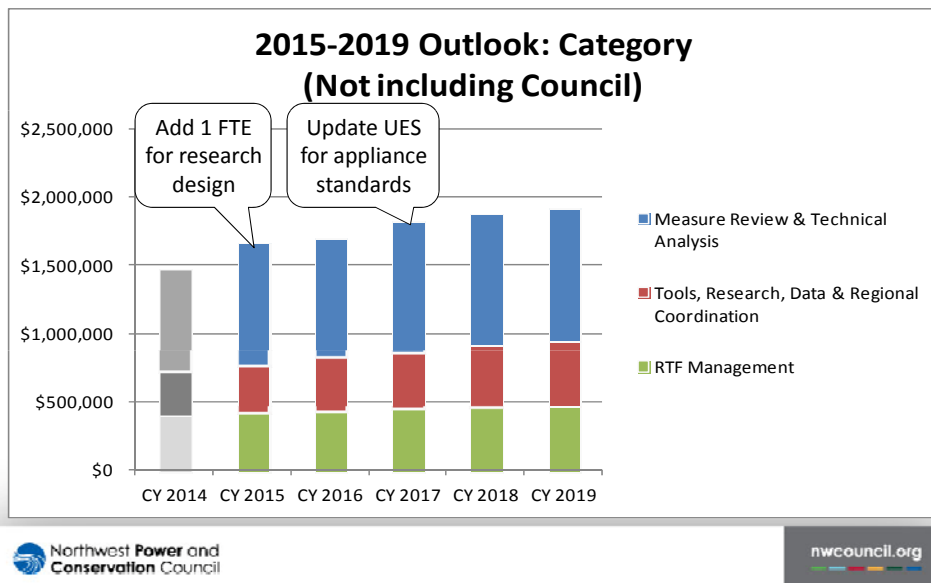
## RTF Funding makeup for 2012-2014



## RTF Funding 2015-2019

- Funding for the RTF will expire at the end of 2014
- RTF PAC has met to discuss 2015-2019 funding levels based on understanding of future workload
- Council is being updated on this progress
- No decision to be made at this time; Council decides RTF budget in November of each year

## Funding Projections



## Net Change (2015-2019)

Total Funding Increase		CY 2014	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Annual increase year to year			\$196,714	\$26,547	\$128,823	\$45,025	\$42,194
Annual increase from 2014 base year			\$196,714	\$223,261	\$352,084	\$397,110	\$439,303

Major RTF Functions	2014 Cost	2019 Cost	Net Change	Notes
Measure Updates and New Development	\$739,500	\$972,431	\$232,931	Add staff in 2015 to assist in research design related to measure development; Funding increase in 2017 to incorporate appliance standards
Tool Development	\$185,000	\$225,806	\$40,806	Minor fluctuations depending on updates to SEEM (potentially incorporating EnergyPlus engine) and further modifications to Procost over time
Regional Research Coordination	\$138,500	\$246,008	\$107,508	Add staff in 2015 to assist in research coordination and review; Expected additional function of coordinating market research efforts
RTF Base Operations	\$410,000	\$468,058	\$58,058	Increase for general meeting costs, management expenses (Manager wage + inflation, minutes taking, training) and updates to website and database structure
<b>Total</b>	<b>\$1,473,000</b>	<b>\$1,912,303</b>	<b>\$439,303</b>	

## RTF Funding 2015-2019

- RTF PAC recommends this level of funding for calendar years 2015-2019
- RTF PAC recommends using the most recent NEEA funding allocation model to assign funding shares for each utility organization