

BPA EE Post-2011 Review Update

Northwest Power and
Conservation Council Meeting
Portland, OR
July 8, 2014

Post-2011 Review Timeline



Post-2011 Review Issues

- ✓ WG1: EEI Allocation Methodology
- ✓ WG1: Two-Year EEI Budgets
- ✓ WG1: BPA Redirect of Unused EEI Funds
- ✓ WG1: BPA's Backstop Role
- ✓ WG1: Limitations of the Post-2011 Framework
- ✓ WG1: Performance Payments for Regional Programs
- ✓ WG1: Regional Program Administration
- ✓ WG1: Utility Self-Management of Incentives
- ✓ WG2: Frequency of Publishing the Implementation Manual
- ✓ WG3: Directing EEI to Low-Income EE
- ✓ WG4: Unassigned Account Allocation Methodology
- ✓ WG4: Capturing Savings from Large Projects and Large Project Fund
- ✓ WG5: Reporting and Verification of Self-funded SavingsWG5: Timing of Customer Reporting to BPA

Key Issues

- Utility Self-Management of Incentives
- Capturing Savings from Large Projects
- Inter-Rate Period Budget Flexibility
- Capturing Low-Income Savings

Utility Self-Management of Incentives

- Problem statement: the status quo funding model incurs capital borrowing costs for some customers that would otherwise expense conservation; and, requires customers to invoice BPA for payment
- Workgroup recommendations:
 1. move the EE capital program to expense (while mitigating the rate impact as much as possible); and,
 2. offer customers the option to request billing credits in exchange for “independent conservation”
- BPA proposal:
 1. moving to expense is being discussed in other BPA forums; and,
 2. consider customer requests for billing credits in exchange for independent conservation
 - Billing Credits are contingent upon BPA continuing to capitalize incentives

Billing Credits

- The goal of the proposal is to ensure rate neutrality by offsetting the amount collected in rates for incentives with a billing credit for customers that elect to take independent conservation actions
 - For example, if \$90K is collected in rates during a rate period, \$90K in billing credits would be provided (based on an assumed EEI budget of \$1M for the rate period)
- A contract would be signed, including a minimum amount of savings to report to BPA and a financial penalty for underperformance

Capturing Savings from Large Projects

- Problem statement: BPA's existing Large Project Fund (LPF) is not BPA or customer-friendly
- Workgroup recommendation: offer customers the ability to borrow more in order to fund large projects and pay back the amount borrowed
- **BPA proposal**: replace the LPF with a Large Project Program (LPP) that provides incentives to customers for "large" projects while recovering those costs from the participating customers
 - Contingent upon 3rd party financing
 - Rationale: supports BPA's policy to pursue all cost-effective conservation while maintaining "equity"

Inter-Rate Period Budget Flexibility

- Problem statement: Customer incentive budgets are allocated per rate period and cannot be “rolled over” to the next rate period (“use or lose”)
- Workgroup recommendation: allow customers to roll over unused incentives from one rate period to the next
- **BPA proposal**: BPA could roll over up to 5 percent of the start of rate period EEI budget; each customer could roll over up to 5 percent of its start of rate period EEI budget *irrespective of specific projects*
 - Contingent upon 3rd party financing
 - Rationale: the proposed revision allows for some flexibility and customer certainty without being administratively complex

Capturing Low Income Savings

- Problem statement: the current framework may not ensure adequate EEI funds (separate from other sources of BPA funds for low income energy efficiency) are dedicated to low-income residential energy efficiency.
- Workgroup recommendations:
 - BPA to adopt a low-income EE guiding principle
 - BPA to facilitate an ongoing workgroup for low-income collaboration and coordination
 - BPA to put in place a method or process to allow customers to designate to BPA some of their incentive funding for low income savings
- BPA proposal: sponsor an ongoing low-income workgroup
 - Bring parties together to explore best practices and find ways to overcome some of the barriers to serving low-income consumers
 - Continue to explore the proposed BPA-managed method or process

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July 1, 2014

MEMORANDUM

TO: Council Members

FROM: Charlie Grist

SUBJECT: Update on proposed revisions to Bonneville post 2011 energy efficiency program

Last month, Richard Genecé, Bonneville's Vice President of Energy Efficiency, described the process Bonneville has undertaken to review its energy efficiency implementation program. Since then, Bonneville has released its proposal and asked for comment by July 19, 2014.

Mr. Genecé will update the Council on proposed revisions at the July Council meeting. Council staff have reviewed Bonneville's proposal and prepared comments for the Council's consideration. The issues which have been most difficult to resolve and that may warrant Council comment are:

- Utility Self-Management of Incentives through the use of Billing Credits
- Bonneville's Backstop Role
- Large Project Fund
- Inter-Rate Period Budget Flexibility
- Low-Income Energy Efficiency