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April 5, 2016

MEMORANDUM

TO: Power Committee

FROM: Charlie Grist

SUBJECT: Bonneville Briefing on Energy Efficiency Listening Sessions

BACKGROUND:

Presenter: Allison Mace, Planning & Evaluation Manager, Bonneville

Summary: Bonneville has conducted a series of meetings and listening sessions as part of its Focus 2028 project. The sessions discussed Bonneville's role in energy efficiency and the structure and funding of its programs. Allison Mace will brief the Council on the major themes Bonneville heard at the meetings.

Relevance: Bonneville's approach to energy efficiency has direct impact on the Seventh Plan conservation goals and action items. Findings from these discussions may influence Bonneville's upcoming proposal for its Integrated Program Review (IPR) leading up to the rate case for 2018.

Workplan: A. 1. Conservation

Background: Most of the discussions to date have focused on energy efficiency. Customer utilities of Bonneville and Public Power Council were the primary participants. At this point Bonneville is seeking input and potential solutions to the following topics:

1. How to align efficiency incentives with tiered rates?
2. Improving how BPA accounts for the benefits of efficiency, not just the cost
3. Should BPA consider alternative needs-based methods for determining its share of the Council's target?
4. Should BPA increase the self-funding percentage from 25% and, if so, should BPA revisit its backstop role?
5. How can BPA improve program design and efficiencies?

More Info: Bonneville's web page includes materials and meeting notes from these sessions. <https://www.bpa.gov/EE/Policy/Pages/Focus-2028-Energy-Efficiency.aspx>

Bonneville Power Administration Focus 2028 – Energy Efficiency

Briefing to the Power Committee

Allison Mace

Energy Efficiency Planning & Evaluation Manager

April 12, 2016

Agenda

- Goals of briefing
- Summary of process to-date
- What have we heard
 - Listening sessions
 - Public comment
- Where do we go from here

Process to Date

Kick Off

- Broad engagement on all Focus 2028 areas
Feb. 11 BPA Rates Hearing Room

Follow Up Meeting

- Follow up engagement to kick of the EE process
Feb. 29 BPA Rates Hearing Room

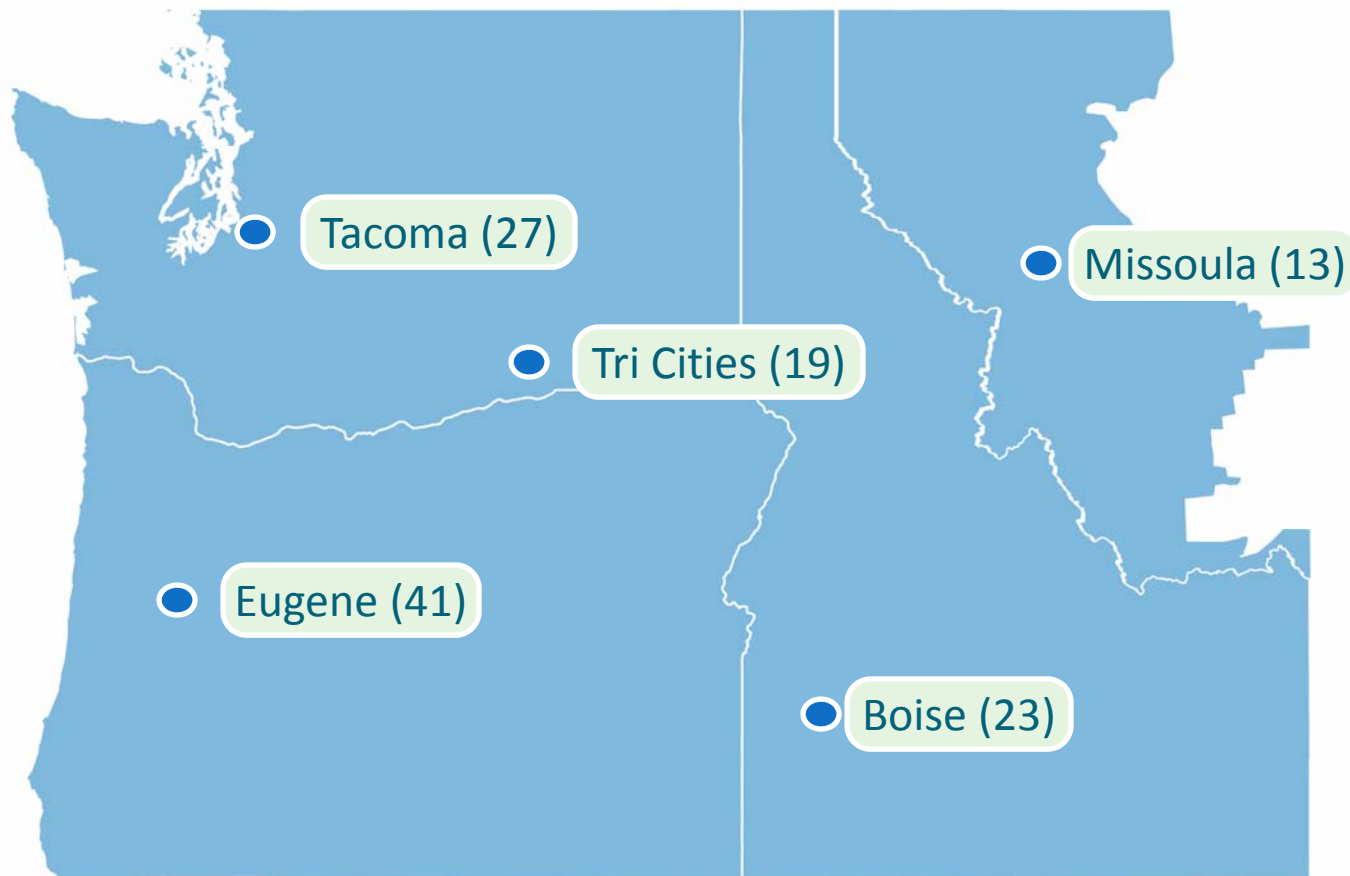
Listening Sessions

- Regional meetings to discuss specific issues
March throughout the region

Initial Public Comment

- Open public comment seeking specific input
March 21 – April 4

Listening Sessions



What have we heard?

High Level Themes

Customers:

- Flat or shrinking load and challenging economic conditions for many customers
- Customer support for a three-pronged “public power proposal”

Constituents:

- Concern about making near-term changes to Bonneville’s EE program in the context of a long term (2028) effort

What Have We Heard: Incentives for Utility Investment



Specific Input

Incentives for Utility Investment

Customers:

- BPA should not provide incentives for utilities to acquire resources they do not need
- Providing incentives to one group of customers may create an imbalance and cost shift

Constituents:

- Yes, BPA should look at innovative ways to encourage conservation
- Acquiring EE still makes sense for all customers as it reduces end user bills, even if rates increase

What Have We Heard: Improving the Accounting for EE



Specific Input

Improving the Accounting for EE

Customers:

- Full costs and benefits exploration could be included in future needs analysis

Constituents:

- BPA should compare the costs of today's system to costs the region would have faced in absence of conservation

What Have We Heard: Target Setting



Specific Input

Target Setting

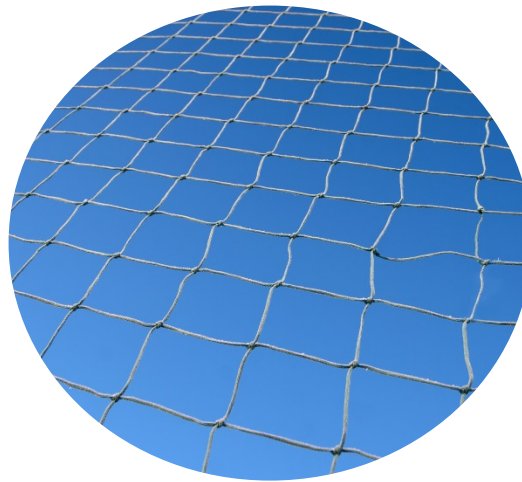
Customers:

- BPA should develop a target through an open “analytically rigorous process” to assess BPA and customer needs

Constituents:

- BPA should adopt 42% of the Seventh Power Plan goals as its target

What Have We Heard: Self-funding and BPA's Backstop



Specific Input

Self-funding and BPA's Backstop

Customer perspectives:

- BPA should examine increasing the self-funding percentage
- Some customers would likely do a high level of self-funding, others may do less

Constituent perspectives:

- BPA should fund 100% of the defined target (no self funding)

What Have We Heard: Program Efficiencies



Program Efficiencies

Specific Input

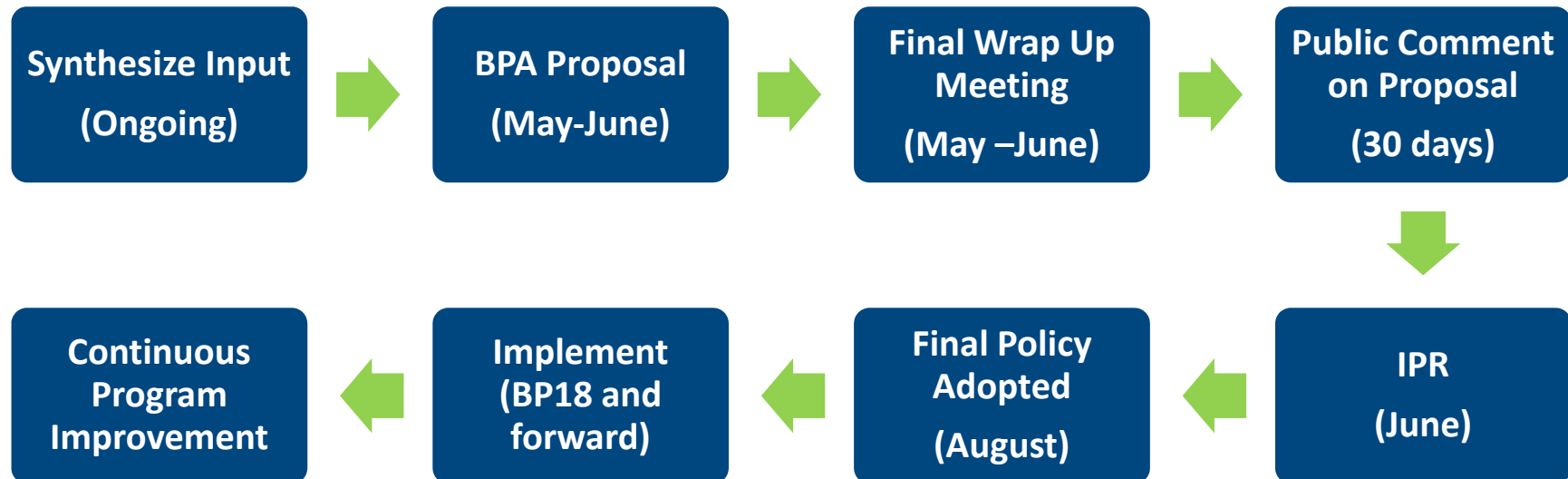
Customer Perspectives:

- Focus on market lag in many areas
- Seek efficiencies in transactional nature of program
- Serving the moderate income population
- Establish mechanisms for trading of EE and incentives

Constituent Perspectives:

- BPA should undertake the Seventh Power Plan action items before changing implementation structure
- Establish mechanisms for energy efficiency trades

Next Steps (Dates tentative)



Questions