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November 7, 2017

### MEMORANDUM

**TO: Council Members**

**FROM: Ben Kujala**

**SUBJECT: Value of conservation white paper update**

#### **BACKGROUND:**

Presenters: Charlie Grist and Ben Kujala

Summary: In September and October, staff presented an outline for a white paper on the value of conservation. The goal of this white paper is to explore the impacts of conservation on different utilities with a focus on Bonneville customer utilities.

At this meeting, we will discuss a draft planned approach for drafting the white paper with the Power Committee. With feedback from the committee, staff will proceed with this approach to collect a draft for the committee's consideration.

Relevance: The 7<sup>th</sup> plan had several action items directed at understanding the value of conservation.

Workplan: A. Implement the 7<sup>th</sup> Power Plan and related Council priorities.

Background: The 7<sup>th</sup> Plan provides analysis of the value of conservation from a regional perspective. While this gives a good view of how conservation impacts the region as a whole, it can miss details about the impact on individual utilities or groups of utilities.

# Value of Conservation White Paper Project Work Flow

Last updated: 11/7/2017

Task	Details
<p>Section 2 – Background, and revised Outline ahead of paper</p> <ul style="list-style-type: none"> <li>• Updated Outline</li> <li>• Draft of background section</li> </ul>	<p>Bring any updates to Outline or Background section to Power Committee (P4) as needed</p>
<ul style="list-style-type: none"> <li>• Gather Data/Findings on BPA System (Section 3)</li> <li>• Identify sources and gather info – set up meeting w/BPA               <ul style="list-style-type: none"> <li>○ Description of BPA power rate structure</li> <li>○ Description of BPA Transmission rate structure</li> <li>○ Description/graphic representation of EEI funds administration                   <ul style="list-style-type: none"> <li>▪ Include historical background</li> </ul> </li> <li>○ Clear description of funding, cost-recovery, and impact on specific types of BPA customers</li> </ul> </li> </ul>	<p>Start by cataloging existing work and create a straw man summary that we can then show CRAC and affected stakeholders, then P4, for sections 3 and 4, that leads to revisions/final draft for those sections</p> <p>Steps for 3 and 4:</p> <ol style="list-style-type: none"> <li>1. Gather info and work with BPA on 3</li> <li>2. Create strawman</li> <li>3. Email to advisory folks ahead of meeting to discuss</li> <li>4. Have CRAC/Combo meeting and get feedback, revise, then send for final comments via email</li> <li>5. Present to P4 and revise based on their comment</li> </ol>
<ul style="list-style-type: none"> <li>• Value Stream of EE (Section 4)</li> <li>• Decide what data sources/7<sup>th</sup> plan material to use               <ul style="list-style-type: none"> <li>○ Value Stream definitions</li> <li>○ Value stream values/impacts                   <ul style="list-style-type: none"> <li>▪ Identify 7<sup>th</sup> Plan scenarios to use to give regional perspective on value</li> </ul> </li> <li>○ Regional revenue requirements if EE had not been achieved</li> </ul> </li> </ul>	
<ul style="list-style-type: none"> <li>• Utility Specific Value of EE (Section 5)               <ul style="list-style-type: none"> <li>○ Description of EE value related to utility position (graphic?)                   <ul style="list-style-type: none"> <li>▪ Specific generic examples (large urban utility, small rural, etc...)</li> </ul> </li> <li>○ Economic analysis for example utilities                   <ul style="list-style-type: none"> <li>▪ Review rate-impact model from BPA and decide if we wish to use it/enhance it</li> <li>▪ Update modeling rates and bills</li> <li>▪ Determine number and type of utility perspectives to include</li> <li>▪ Create profiles of the different utility economics</li> </ul> </li> </ul> </li> </ul>	<p>Steps</p> <ol style="list-style-type: none"> <li>1. Gather info and source material</li> <li>2. Create a qualitative analysis that informs impacts of utility specific values of EE</li> <li>3. Identify the value of developing a quantitative model to investigate impacts of utility specific value and present to P4</li> <li>4. With P4 approval have Navigant scope it for modeling</li> <li>5. Take all the results of that to advisory committee to get feedback</li> <li>6. Revise and take to P4</li> <li>7. Revise if needed, and run/develop economic analysis</li> </ol>
<ul style="list-style-type: none"> <li>• Barriers to EE (Section 6)</li> <li>• What unique challenges were revealed by analysis</li> <li>• Challenges specific to BPA customers               <ul style="list-style-type: none"> <li>○ Suggestions for BPA to update/change its program?</li> </ul> </li> </ul>	<p>Start after drafts of sections 3 – 5 done</p>
<ul style="list-style-type: none"> <li>• Write Exec Summary (Section 1) and Conclusion (Section 7)               <ul style="list-style-type: none"> <li>○ Macro/regional picture and learnings</li> <li>○ Utility specific learnings and drivers for EE value</li> <li>○ Summary of barriers and possible solutions</li> </ul> </li> </ul>	

## Value of Conservation White Paper Project Work Flow

### Developing Summary Sections: Sections 2, 3, and 4

- Section 2 is background and describing purpose of paper
- Background on BPA's rate structures and EEI fund administration (Section 3)
- Value Stream of EE Summary (Section 4)
  - Summary of 7<sup>th</sup> Plan and related findings

## Sections 3 and 4 Review Process

- Create drafts of sections
  - Review with CRAC/additional stakeholders
  
- Make revisions and then present to Power Committee
  - Revise based on committee feedback

## Developing Summary Sections: Section 5 - Analysis of Utility Specific Value of EE

- Description of how the values of EE flow back to utilities with different positions
  
- Use generic utility profiles to capture differences in size, BPA customer types, and other utility economics
  
- Different options for modeling/analysis

## Analytical Process

- Process:
  - Develop a qualitative analysis **first** that informs impacts of utility specific values of EE
  - Identify value of doing a quantitative model analysis and present to Power Comm.
    - **Power Comm decision** on whether to go forward with scoping for modeling (possible contract with Navigant)
- Work through scoping/analysis decided on and present to CRAC/Additional Stakeholders
  - Take back to Power Committee and summarize findings/comments
  - Develop final economic analysis
  - Review and revise after analysis complete

## Final Sections/Process

- After Sections 2-5 are complete:
  - Develop conclusions and executive summary
  - Get Advisory Committee feedback and revise if needed
  - Finalize Paper with Power Committee