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September 5, 2018

MEMORANDUM

TO: Council Members

FROM: Charlie Grist

SUBJECT: Northwest Energy Efficiency Alliance Five-Year Business Plan

BACKGROUND:

Presenter: Susan Stratton, Executive Director

Summary: The Northwest Energy Efficiency Alliance (NEEA) operates on five-year plans and is now preparing for the next funding cycle which begins in 2020. NEEA's Board of Directors is in the process of refreshing its Strategic Plan and developing a draft Business Plan for the period 2020-2024 which it plans to release for public comment mid-September. Susan Stratton will brief the Council on development of the draft business plan.

Relevance: Establishing the appropriate scope and scale of NEEA activities over the 2020-2024-time frame is critical to accomplishing regional energy efficiency goals in both the short and long term. The Council's Seventh Power Plan calls on the region to provide continued support for NEEA and highlighted nine specific action items for the alliance. The Plan called on Bonneville, the utilities and Energy Trust of Oregon to consider additional support for NEEA to provide regional leadership on new opportunities where NEEA's core competencies, economies of scale and risk mitigation provide maximum value to the region.

Workplan: A.1.1 Coordinate with regional entities (e.g. NEEA, BPA, utilities, regulators) to ensure the regional goal for cost-effective conservation is achieved.

Background: In 1996, the Council called for the creation of a regional organization to encourage energy efficiency practices in the wake of a steep drop in utility program funding and activity in the mid-1990s. NEEA was incorporated as a non-profit corporation in the fall of 1996 with voluntary funding from all investor-owned utilities in the region and the Bonneville Power Administration. Its expressed purpose was to improve efficiency of electric use and reduce the cost of efficiency to Northwest consumers through market transformation.

Since then NEEA has evolved to provide essential services to the region in five broad areas; scanning for new efficiency opportunities, providing market research and analysis, developing and executing strategies to bring promising technology and practices to market, ensuring that high levels of savings are locked in via codes and standards, and coordinating regional collaboration on energy efficiency.

Much of NEEA work is long range – getting new measures and practices ready for large scale adoption. NEEA helps to produce a robust pipeline of emerging technologies that eventually become the next low-hanging fruit for programs, codes and standards. NEEA and its partners have tallied up co-created savings of over 730 aMW since 1997. NEEA's 2017 budget was \$36 million about 7 percent of total regional expenditures on energy efficiency that year.

Council member Tom Karier is currently on the NEEA board of directors and has been participating in the strategic planning and business plan development.

More Info: NEEA 2017 Annual Report:
<https://neea.org/annual-report/2017>

September 11, 2018

Alliance 2020-2024 Draft Strategic and Business Plans

Presentation to Northwest
Power and Conservation
Council

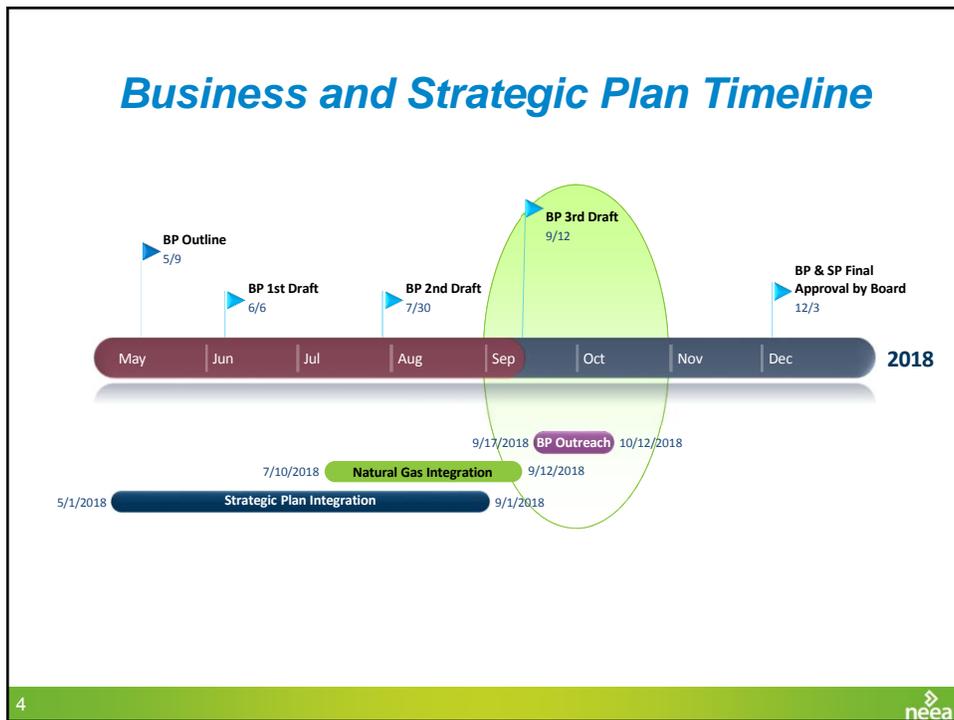


Today's Agenda

- Introduction
- 2020-24 Strategic Plan
- 2020-24 Business Plan
- Regional Outreach
- Next Steps
- Q + A

The Alliance

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Key Themes from Strategic Plan

- Anticipating a new utility business model
- Rapidly changing business environment
- Importance of customer engagement
- Other trends (changing workforce, EV's, cost-effectiveness of efficiency programs)

Purpose of the Alliance (new)

NEEA is an alliance of utilities that **pool resources** and **share risks** to **transform the market for energy efficiency** to the benefit of consumers in the Northwest.

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Strategic Goals for 2020-2024

- **Transformation Goal:** Sustain a **portfolio of initiatives and support functions that enable more cost-effective efficiency to occur sooner**, in larger amounts, and/or at lower cost than otherwise expected.
- **Operations Goal:** Continuously **improve organizational culture and performance efficacy, ensure accountability and transparency**, and strive for innovation in service to the benefit of all stakeholders.

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Primary Strategies: Transformation

- 1. Emerging Technology**
- 2. Effective Portfolio Execution**
- 3. Codes and Standards**
- 4. Convene and Collaborate**
- 5. Market Intelligence**

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Primary Strategies: Operations

- 1. Optimized Resource Allocation**
- 2. Prioritization Standards**

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Boundary Conditions

Established **boundary conditions** for each primary strategy to:

- Reduce uncertainty
- Improve operating focus and efficiency
- Clarify roles and accountabilities for the Board, NEEA staff, and advisors in technical and analytic guidance

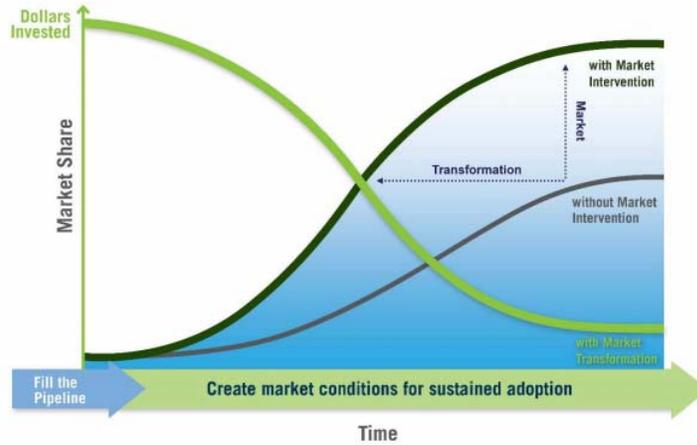
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Business Planning

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Introduction: Market Transformation Approach



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Complementary Skills and Competencies

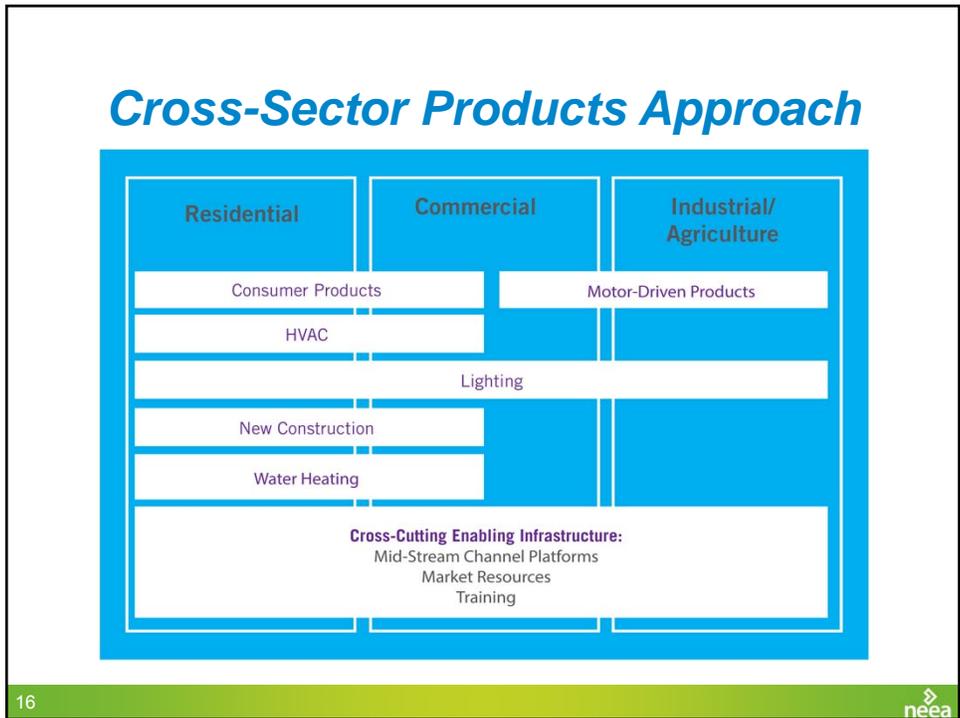
- **Aggregation** of market resources
- **Risk-pooling**
- **Long-term** orientation

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Key Criteria for Portfolio

Focus on market transformation activities that:

- Maximize long-term energy savings
- Support new opportunity identification/testing
- Support a diversified portfolio
- Deliver equitable value across the region
- Support efficient operations
- Align with strategies outlined in Strategic Plan

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What's New ?



- Integration of electric and natural gas planning and operations
- Dual-fuel funded programs
- Adding carbon and capacity metrics to scorecard
- Explore EV charging and opportunities to enable DM functionality for efficient products (efficiency is still primary driver)

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Key Proposed Changes



- Transitioning some mature programs to market
- Scope and timeline of building stock assessments
- Scaling back on some program activities and new initiative investment
- Eliminating Conduit
- Making Efficiency Exchange biannual

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Budget Trends & Draft 2020-2024 Budget

Cycle	Electric Budget	% Change from Previous Cycle Core + Optional	Natural Gas Budget	% Change from Previous Cycle
Cycle 5 (2015-2019)	\$155,354 core \$12,887 optional	-14%	\$18,335	N/A
Cycle 6 (2020-2024)	\$155,700 core \$6,508 optional	-3.6%	\$18,561	1.5%

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Optional Programs

- Strategic Energy Management Program
- Industrial Technical Training
- Multi-Family Stock Assessment

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Value Metrics

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Estimated Total Regional Energy Savings from 2020-2024 Investment

TOTAL REGIONAL SAVINGS	2015-2019 Savings Range (aMW)	2020-2024 Savings Range (aMW)	2020-2029 Savings Range (aMW)
Cycles C1-C4	510-525	n/a (1)	n/a (1)
Cycle 5	140-150	300-400	500-700
Cycle 6	n/a	60-100	150-230
All Investments	650-670	360-500	650-930

Estimated Co-Created Energy Savings from 2020-2024 Investment

CO-CREATED SAVINGS	2015-2019 Savings Range (aMW)	2020-2024 Savings Range (aMW)	2020-2029 Savings Range (aMW)
Cycles C1-C4	120-130	n/a (1)	n/a (1)
Cycle 5	60-65	75-90	100-125
Cycle 6	n/a	40-62	110-175
All Investments	180-195	115-152	210-300

(1) past cycle savings for 2020+ are imbedded in the C5 line (small amount)

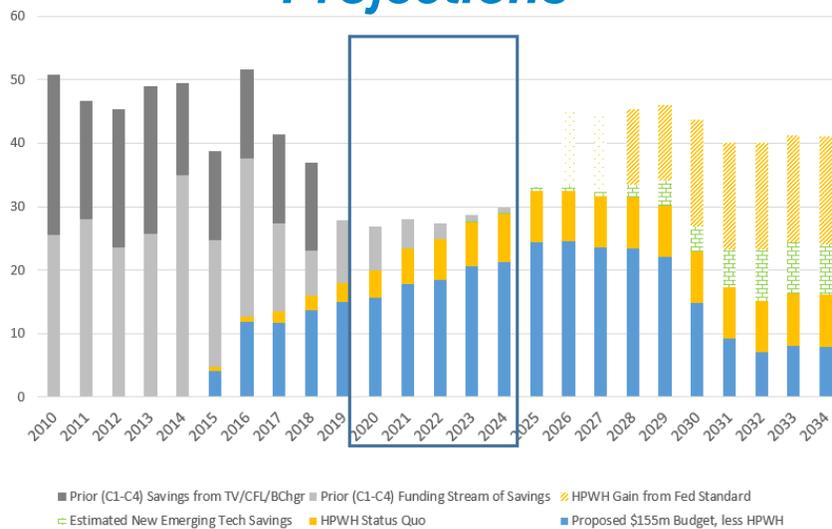
Additional Success Metrics

- Benefit – Cost Ratio
- Regional Market Data Collection and Analysis
- Codes and Standards
- Power Plan Alignment
- Capacity Metric
- Carbon metric
- Operational Metrics

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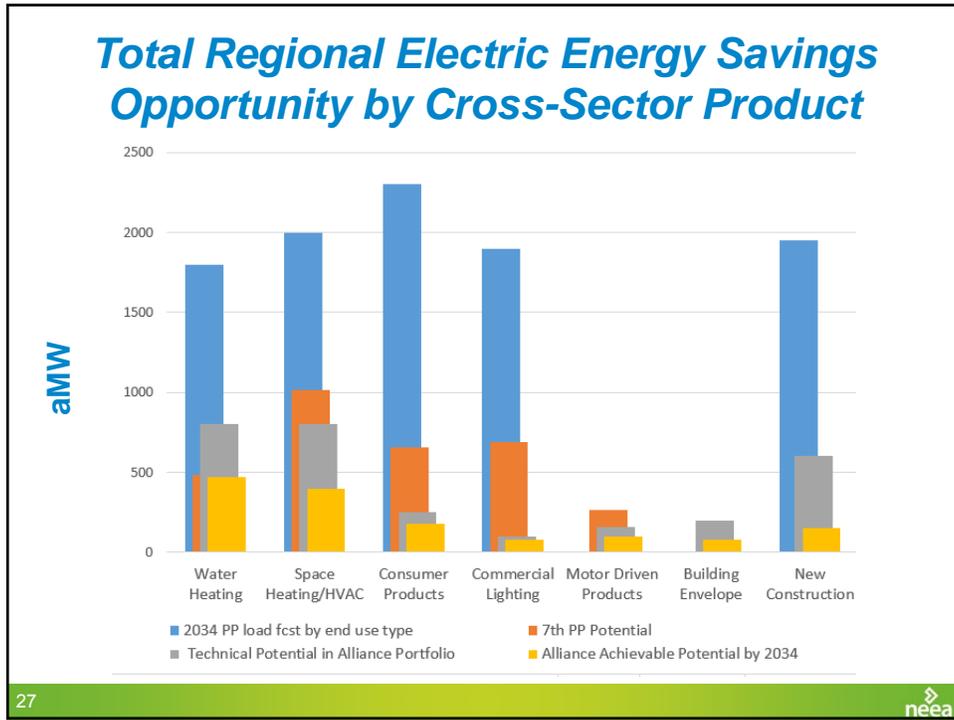


Regional Co-Created Savings Projections



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- ## Next Steps
- **September/October:** Regional Outreach
 - **November:** Review feedback, finalize Plans
 - **December:** Board approval of Plans
 - **2019:** Contracts with individual funders
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