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January 8, 2019

### **MEMORANDUM**

**TO: Council Members**

**FROM: Jennifer Light, RTF Manager**

**SUBJECT: Potential Expansion of Regional Technical Forum Work into Natural Gas Efforts**

### **BACKGROUND:**

**Presenter:** Jennifer Light

**Summary:** The Regional Technical Forum (RTF) is entering its final year of a five-year funding agreement. The RTF Policy Advisory Committee (RTF PAC) has begun discussions around establishing new funding agreements starting in 2020. As part of these discussions, the RTF PAC is exploring potential expansions to the RTF portfolio. One potential area is the addition of analysis on natural gas efficiency measures. The RTF PAC recognizes potential synergies and values in expanding the RTF's existing scope in support of dual fuel and gas-only utilities, but also recognizes there are funding and organizational considerations to work through. Before exploring this further, staff is seeking direction from the Power Committee as to whether they see the value and are comfortable with staff continuing discussions with the RTF PAC and other stakeholders in developing a work plan.

**Relevance:** The RTF is an Advisory Committee to the Council that provides technical analysis on energy efficiency savings, costs/benefits, and lifetime assumptions. These estimates feed into Council power planning, as well

as into regional utility resource planning and efficiency program implementation.

Workplan: A.1.4. Conservation: Continue to lead the RTF and engage in the development and approval of measure savings estimates and protocols

Background: The RTF maintains a library of energy efficiency measures which contain estimates for savings, costs/benefits, and lifetimes. This work has increased the rigor and consistency in estimating energy savings across the Northwest. These estimates are used by many entities to inform their own resource planning, efficiency program implementation, and efficiency program evaluation. Based on the purview of the Council and the definition of conservation in the Power Act, this work has focused on quantifying the electric efficiency savings. There is no equivalent body to support natural gas efficiency savings estimation in the Northwest. Stakeholders have expressed interest in expanding the RTF analysis to include natural gas measures as a way of bringing the same rigor, consistency, and overall process to support natural gas savings estimation in the region.

For many measures where fuel choice is an option for consumers, the RTF has been required to estimate potential natural gas savings, as they inform the total cost-effectiveness for a measure. For example, an energy efficient clothes washer in a home can rely on either an electric or natural gas water heater to provide hot water. The efficiency savings for that clothes washer will vary depending on the fuel of the water heater. To provide reliable savings and cost-effectiveness estimates, the RTF is required to do analyze the savings for both fuels. Stakeholders see value in expanding the RTF to include natural gas measure development as a way of adding rigor to these types of analyses.

This work would also allow the RTF to consider additional gas-only technologies. Stakeholders have expressed interest in conducting a more rigorous assessment of these measures. This work is seen as a crucial input to any planning efforts exploring paths towards de-carbonization, while maintaining an economic and reliable power system.

Through stakeholder conversations to date, one of the key considerations that will need to be addressed before proceeding is funding. Currently, the RTF is funded by electric ratepayer dollars. It is obviously important to all entities that electric ratepayer dollars do not pay for work on natural gas efficiency, and vice versa. At the same time, there is recognition by some parties that there are significant synergies in existing work that would benefit from support by both funding entities. Should the Power Committee endorse continued exploration of this work, staff plans to work with a group of stakeholders to provide recommendations on funding, scope, and other considerations to support the next round of funding agreements for the RTF.

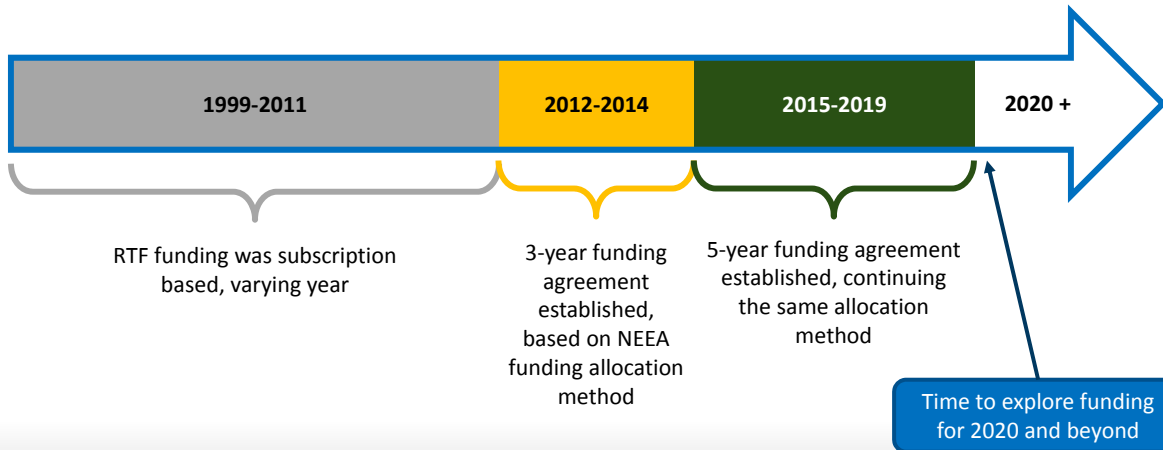
# Potential Expansion of RTF to Include Natural Gas Efficiency Measures

Jennifer Light  
January 15, 2019

## Presentation Overview

- Context on why we are asking this question
- RTF role on the electric side and the current overlap with natural gas efficiency opportunities
- Value of expansion to natural gas
- Feedback to date and key considerations moving forward
- Proposed next steps

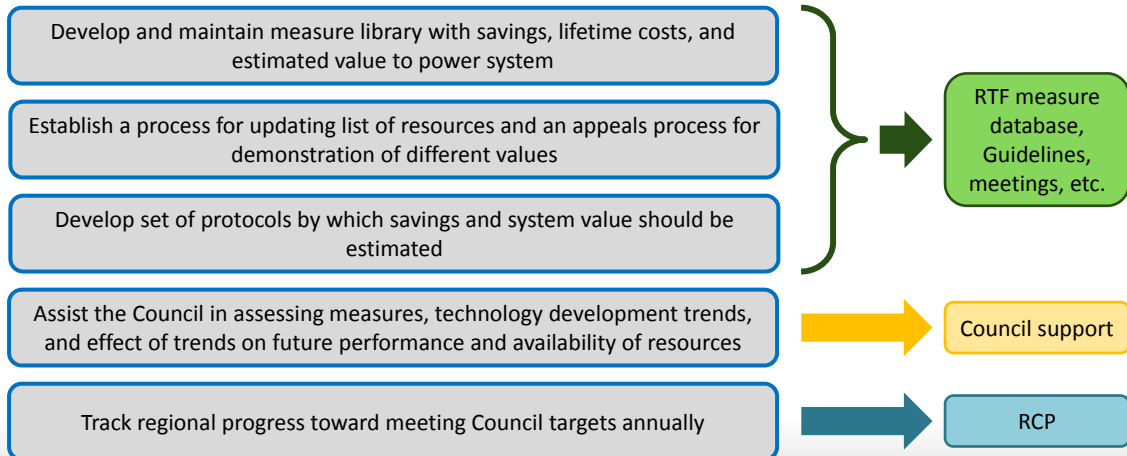
# History of RTF Funding



# Developing Funding Agreements



## Reminder of RTF Role



## Values of the RTF

- Leverages the work across the region to reduce the individual burden on any one utility
- Brings together thirty, unbiased, technical experts to analyze the data and provide recommendations
- Uses a public process to bring transparency, as well as additional ideas and expertise, to the analysis
- Removes some of the friction between utilities and regulators when estimating and claiming savings

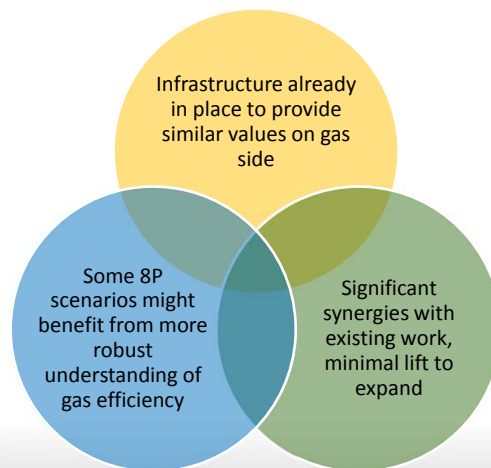
## Existing Synergies with Natural Gas

- RTF has several measures that result in both electric and gas savings
- For these measures, RTF estimates gas savings (and other fuel savings if present) to inform cost-effectiveness
- Analysis could be expanded to:
  - Provide more rigor to natural gas efficiency estimates
  - Estimate savings for measures that only save natural gas

### Measures that can have both electric and gas savings

- Clothes washers
- Commercial cooking equipment
- Showerheads
- Aerators
- Advanced rooftop controls
- Connected thermostats
- Weatherization
- Duct sealing
- New construction

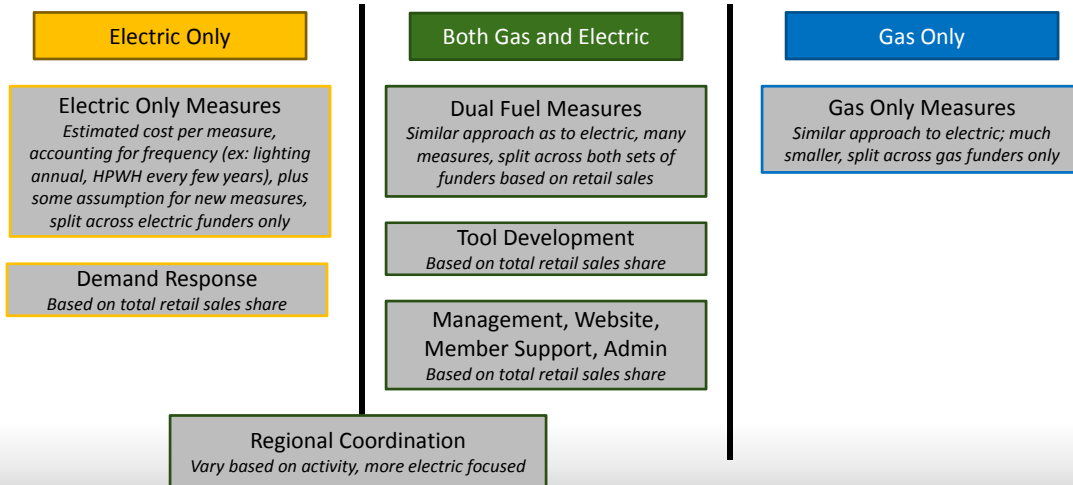
## Values of Expanding to Include Gas



# Feedback from Stakeholders

| Policy Advisory Committee  | State Regulatory Staff   | Natural Gas Utility Staff   |
|--|--|---|
| <ul style="list-style-type: none"> <li>• See value in expansion</li> <li>• Cautioned about:                             <ul style="list-style-type: none"> <li>• Expanding too quickly</li> <li>• Keeping funding clean</li> <li>• Staying out of policy</li> <li>• Avoiding overlap with others work</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• See value in consistency in assumptions, methodologies, and process, but need to show these outweigh costs</li> <li>• Recognize importance of gas and electric for identifying paths for CO2 reduction</li> <li>• Agree that funding will require consideration, and suggested:                             <ul style="list-style-type: none"> <li>• Practical approach</li> <li>• Ensuring shared funding where there are synergies</li> </ul> </li> </ul> | <ul style="list-style-type: none"> <li>• See potential value by:                             <ul style="list-style-type: none"> <li>• Providing more consistency</li> <li>• Filling existing data gaps</li> <li>• Helping move work through the commission</li> </ul> </li> <li>• Agree funding will require thought</li> <li>• Representation is important</li> <li>• Raised concerns about:                             <ul style="list-style-type: none"> <li>• Limiting utility flexibility in implementation</li> <li>• Changing things too quickly</li> </ul> </li> </ul> |

# Initial Thoughts on Funding



## Other Thoughts

- **Need a Working Group to think through the considerations and develop recommendations**
  - Dual fuel and gas only utility
  - Electric utility representative/PAC co-chair
  - Regulatory staff representatives (as appropriate)
- **Issues that we will need to work through include:**
  - Value – Identify incremental needs/values for gas
  - Funding – Develop a structure all can agree to
  - Representation – Bring in perspectives mid-term
  - Pace – Consider ways to move forward, without going too fast

## Proposed Next Steps





## Discussion

- **Is the Power Committee comfortable with staff continuing to explore adding natural gas efficiency measures to the RTF scope?**