

Henry Lorenzen
Chair
Oregon

Bill Bradbury
Oregon

Guy Norman
Washington

Tom Karier
Washington



Northwest **Power** and **Conservation** Council

W. Bill Booth
Vice Chair
Idaho

James Yost
Idaho

Jennifer Anders
Montana

Tim Baker
Montana

September 6, 2017

DECISION MEMORANDUM

TO: Council members

FROM: Ben Kujala

SUBJECT: Authorization to enter into Regional Portfolio Model (RPM) software support contract for FY2018. Support contract tasks include scoping the development of a conservation value module for the RPM.

The software support contract will not commit the Council to developing a conservation value module. Rather, authorization is requested only for the scoping work which will assist the Council in deciding whether to proceed with development of the module.

PROPOSED ACTION: Council staff recommends authorization to contract with Navigant for technical support for the model on an as-needed basis. The scoping of a conservation value module for the RPM would also be included as part of the tasks covered by the software support contract with Navigant. The authorization is for a one year agreement upon expiration of the existing support contract on September 30, 2017.

SIGNIFICANCE: There is a need for continuing RPM software support to assist staff in troubleshooting issues that arise in running the RPM as well as to perform enhancement work to the model. There is also potential for the model to provide additional value to the Council and region by analyzing the impact on individual utilities of long-term conservation opportunities under varying assumptions about future load growth. Adding a conservation

value module to the RPM could improve the region's understanding of the impact of conservation programs on electricity rates and customer bills as well as the long-term investment value of conservation.

BUDGETARY/ECONOMIC IMPACTS

Not to Exceed \$75,000.

BACKGROUND

Navigant developed the RPM software currently used by the Council. Navigant is currently under contract with the Council through FY2017 to perform maintenance and enhancement work on the software on a task-order basis.

ANALYSIS

This contract would be similar to the FY2017 RPM support contract with the addition of the specific task of scoping the development of a conservation value module.

In the Seventh Power Plan, the Council set forth a regional goal for conservation that provides an adequate and economic regional power system at least cost. The Plan acknowledged that individual utilities have different positions on the value of conservation to their resource portfolio (RES-3, BPA-5). Utilities are concerned about whether they should be pursuing further load reductions through ongoing conservation programs when some are experiencing flat or declining load growth. Whether or not a module in the RPM could quantify the near-term impacts of conservation for individual utilities as well as the long-term investment value of conservation programs in a manner that is useful to the Council, individual utilities and the region overall is a question that the scoping task could assist the Council in deciding.

ALTERNATIVES

The alternative is to have Council staff perform the troubleshooting and any additional enhancement work on the model themselves. Such an approach may require utilization of staff time, however, that may be better suited to performing analytical work in preparation for the mid-term assessment and Eighth Power Plan. It is also possible that the need will still arise for outside expert assistance on an occasional basis even with staff doing most of the heavy lifting on the model going forward. It may be prudent to have a support contract already in place before the need for outside technical support arises.

The Council could also choose not to scope the development of a conservation value module for the RPM. However, the Council may lose out on an opportunity to better understand and the concerns of individual utilities and other stakeholders in the region with respect to the value of conservation. The Council may also lose an opportunity to try to quantify that value and analyze the impacts of investment in conservation programs on utility budgets in the near-term.