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April 4, 2017

DECISION MEMORANDUM

TO: Council members

FROM: Ben Kujala, Charles Grist, Kevin Smit

SUBJECT: Selection of winning bid(s) and authorization to enter into contract(s) for FY 2017 work on industrial load and efficiency assessments.

PROPOSED ACTION

Council staff recommends the Council select the winning bid(s) and authorize entering into a contract(s) with the winning bidder(s) to update information on the Northwest industrial sector.

SIGNIFICANCE

These industry-specific assessments will provide important data for near-term load forecasting needs and will serve as the foundation for an updated Eighth Power Plan conservation assessment. This is a continuation of the work initiated in 2016 with the goal of completing research on the remaining six (out of 20) industrial segments.

BUDGETARY/ECONOMIC IMPACTS

Not to Exceed \$100,000.

BACKGROUND AND ANALYSIS

Staff issued a Request for Proposals (RFP) for energy load and efficiency research on the industrial sector in the Pacific Northwest. The research will be used to improve annual load forecasting and to update baseline data for the Eighth Power Plan energy efficiency assessment.

Twenty industrial segments (including pulp, paper, frozen food, lumber, refinery, cold storage, etc.) make up the majority of the Northwest industrial sector in the Seventh Power Plan. The RFP is seeking updated information on four components of select industry segments: 1) Industry description and detailed definition 2) estimate of total annual energy use, 3) disaggregated electric end-use, i.e. lighting, motors, and 4) energy efficiency and demand response information. The RFP is seeking experts to conduct the research and provide the most recent data for each remaining industrial segment. In 2016, Council staff through a similar RFP process, completed work on 14 of the 20 industrial segments, and this RFP solicited experts to complete the remaining six segments.

The last fully updated Industrial energy efficiency assessment was completed in preparation of the Sixth Power Plan in 2008. For the Seventh Plan, staff relied on results from the Industrial Facility Site Assessment (IFSA) and numerous other sources to update and refresh the Sixth Plan industrial assessment. The load forecast also relies on the data from this industrial assessment. A variety of metrics and sources (e.g., employment data) are used to develop the end-use level load forecast for each industrial segment.

The RFP was released on March 10, 2017 and proposals are due by Wednesday, April 5, 2017. By Friday, April 7, Staff will update the Council with recommended contractor selection(s). The Council shall select the winning bid(s) at the April 2016 Council Meeting and enter into a contract(s) with the selected bidder(s) in a timely manner so that work can begin as soon after the April Council meeting as possible.

The work is to be completed by the end of fiscal year (September 31, 2017). Depending on the proposals received, the Council may choose to divide up the work between several contractors who have expertise in various segments of the industrial sector. The total amount of the combined contract(s) is not anticipated to exceed \$100,000 in 2017.

ALTERNATIVES

One alternative includes relying on NEEA to fund and develop this research directly. But NEEA has not included this research in its current business plan. The previous assessment (2009) was funded largely by Bonneville, but the agency does not have similar funding available for a new study. Another alternative would be to delay the research, but initial research would be valuable now and our internal plans indicate that future contract budgets may be fully allocated for other work.