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Washington

July 15, 2014

Richard G nec   
Vice President, Energy Efficiency  
Bonneville Power Administration  
P.O. Box 3621  
Portland, OR 97208-3621

Dear Richard:

Thank you for the opportunity to comment on proposed revisions to Bonneville's Post-2011 Energy Efficiency Implementation Program.

Bonneville's regional energy efficiency success to date has been exemplary, exceeding energy efficiency targets at very low cost. These savings benefit participating end users directly and reduce electric system costs for all customers. The Council supports Bonneville's continued use of the full range of its authorities under the Northwest Power Act to assure acquisition of all cost-effective conservation among its customer utilities.

The Council congratulates Bonneville, its utility customers and stakeholders on successful resolution of most of the issues raised in the Post-2011 Efficiency Implementation Review. The Council is supportive of the revisions. The following comments underscore the Council's recommendations on the issues that have been most troublesome to resolve. Overall the Council supports the use of Bonneville's regional scope and responsibility to provide implementation flexibility for its utility customers, to reduce overall program costs and to assure conservation acquisition of regional energy efficiency targets as described in the Council's power plans.

The Council has comments on the following areas:

- Utility Self-Management of Incentives through the use of Billing Credits
- Bonneville's Backstop Role
- Large Project Fund
- Inter-Rate Period Budget Flexibility
- Low-Income Energy Efficiency

*Utility Self-Management of Incentives* – Bonneville proposes to consider customer requests for Billing Credits in exchange for conservation acquired independently by customer utilities for the FY2016-17 rate period. The Billing Credit proposal appears to provide a viable option for utilities wishing to minimize debt financing of conservation incentives, while remaining rate-neutral for non-participating utilities. The Council supports the Billing Credit approach provided it retains Bonneville's backstop authority, through Energy Conservation Agreements and the option to suspend the Billing Credit in the event of a shortfall. We recommend timely evaluation of participating utilities' progress toward the savings contracted through Billing Credits.

*Bonneville's Backstop Role* - The Council appreciates Bonneville's enduring commitment to ensuring public power meets its share of the regional energy efficiency targets. The Post-2011 review leaves unchanged Bonneville's backstop role which is to develop new programs and look at and explore other avenues should efforts be insufficient to achieve the necessary level of savings. To date, conservation acquisitions have met or exceeded Council targets and backstop remedies have not been needed.

Given the increase in regional conservation targets identified in the Sixth Plan and relatively flat budgets outlined by Bonneville, the Council recommends that Bonneville now assess its ability to meet targets going forward. If the assessment indicates a significant potential shortfall, Bonneville should evaluate the necessity for any backstop remedies along with the timing and structure of implementing any needed backstop mechanisms.

*Large Project Fund and Inter-Rate Period Budget Flexibility* - The Council is very supportive of the Large Project Program. This mechanism will allow regional utilities greater opportunities to capture large but perhaps unanticipated savings that may not have been pursued, or might have been acquired later, in the absence of the LPP. The Council also supports the Inter-Rate Period Budget Flexibility proposal because it expands on the existing tools available to utilities for acquiring conservation that does not fall neatly into rate period timelines.

Low-Income Energy Efficiency – Bonneville proposed to create an ongoing work group to collaboratively explore options to address challenges specific to acquiring low-income energy efficiency. However the agency did not propose to adopt the work group recommendation to institute a process for utilities to set aside some portion of their energy efficiency incentive budgets to fund low-income energy efficiency investments. The Council recommends that Bonneville review whether low-income customers in some areas are receiving their share of the benefits of energy efficiency. Bonneville should revisit the Post-2011 Low-Income Work Group's recommendation and ensure that sufficient funds are available through EEI and Low Income Weatherization to avoid any disadvantage to low income customers.

Sincerely,

A handwritten signature in black ink, appearing to read "Bill Bradbury", with a long horizontal flourish extending to the right.

Bill Bradbury, Council Chair