

Progress Report Workgroup #4: Flexibility Mechanisms

Background

- The initial scoping document focused on two main areas for this workgroup: Unassigned Account Allocation Methodology and Large Project Fund
 - Unassigned Account: Attempt to address concerns regarding the current pro-rata methodology of allocating EEI funds returned by customers or from BPA. Possible options include continuing the status quo, TOCA allocation, defined “least cost” or “need” considerations, or a combination of some of the above options (also called “Two Buckets”).
 - Large Project Fund: Attempt to address concerns regarding the administrative burden of the LPF and limited use during the FY12-13 rate period. Possible options include continuing the status quo, terminating the LPF, or adjusting the criteria/requirements.

Summary of Progress to Date

- Meetings held to date: February 13, 1-3pm: Kickoff held via phone and Live Meeting
- Unassigned Account Allocation Methodology (In Progress)
 - The issue was presented and it was suggested that this be the first issue the workgroup focus on during the next meeting.
 - Timing was brought up as a factor to be considered when thinking about the availability of unassigned account funds. When the funds are made available may impact the effectiveness of any possible solution.
 - Workgroup participants seemed to have less interest in pursuing options that had a “least cost” or “need” component that would need to be defined. The group expressed concern regarding these factors increasing the complexity of reallocation.
 - The group requested a straw poll before the next meeting to identify participants’ top three options for unassigned account allocation.
- Large Project Fund (On hold)
 - The issue was presented and it was suggested that it be discussed following the efforts on the unassigned account methodology described above.
 - It was determined that the overarching companion issue below was critical to discuss in coordination with Workgroup 1.
- Capturing Large Projects (Added—on hold): Workgroup 1 suggested Workgroup 4 tackle the overarching issue of capturing large projects in addition to the specific topic of the Large Project Fund as a mechanism. The workgroup felt it went hand in hand with the Large Project Fund discussion and we have added it to our list of issues and plan to tackle it along with the specifics of Large Project Fund.

What would the workgroup like input from all stakeholders on at this point in time?

- Feedback on the options suggested for Unassigned Account Allocation: We would like to ask attendees to review the options below and provide their top 3:
 - **A. Status quo:** allocation is based on a pro-rata allocation of the funds available with the ability for customers to request a “conditional” amount and receive the lesser of the pro-rata or conditional amount.
 - **B. Tier One Cost Allocator (TOCA):** allocation is based on TOCAs (much like initial rate period EEI budgets are proportionally allocated on a TOCA basis) of those customers requesting funding.
 - **C. Least cost:** allocation, or at least a portion of the funds, is based on “least cost” projects (to be defined). Customers would submit a form with project details and BPA or a group of BPA customers would select which customers receive funds based on least cost.
 - **D. Need:** allocation is based on a demonstration of “need” by customers. Customers would submit a form with project details and BPA or a group of BPA customers would select which customers receive funds based on “need” (to be defined).
 - **E. Two buckets:** BPA funds in the Unassigned Account are allocated on a TOCA basis and funds returned from utilities are allocated on pro-rata basis (or some other combination).

- Other ways to capture large projects

Next meeting: March 10, 1-3pm via phone and LiveMeeting

Please contact co-chairs directly for follow-up or your Energy Efficiency Representative

Melissa Podeszwa, Bonneville Power Administration, 206-220-6772, mjpodeszwa@bpa.gov

Ray Grinberg, Peninsula Light Company, 253-857-1548, ray@penlight.org