

**Energy Efficiency Post-2011 Review  
Workgroup 1 Meeting Minutes  
Wednesday, March 17, 2014  
PNGC Board Room**

**Overview/Summary**

- This meeting was dedicated to the discussion of self-management of utility incentives. The options presented did not represent any particular viewpoint, nor are they embraced or endorsed by BPA. They are presented to initiate a discussion on the topic.

**Decision/Action Items**

- No decisions or outcomes.

**Welcome, Roll Call & Review of the Agenda**

**Co-Chairs (P=Phone)**

Doug Brawley, PNGC  
Margaret Lewis, BPA

Debbie Peters, Okanogan PUD, P

Eugene Rosolie, Cowlitz, P

Pam Sporborg, NRU

Margaret Ryan, PNGC

Bo Downen, PPC

Charlie Black, NWPCC, P

Mike Little, SCL, P

Doug Case, Columbia REA, P

Tim Lammers, Columbia River PUD, P

Jim Russell, Tacoma Power, P

J.H. Cristo, P

**Attendees (P= Phone):**

Tom Schumacher, Benton PUD

Eric Miller, Benton Rea, P

Jed Morrell, Monmouth, P

Sandi Edgemon, City of Richland, P

Dan Morehouse, EWEB

Hank James, Wells Rural Electric, P

Ryan Neal, WAPAG

Virginia Harman, Glacier, P

Debbie DePetris, Clark, P

Duffel Gray, Coos Curry, P

Mary Smith, SNO PUD, P

Rob Currier, EPUD, P

Nancy Hirsch, NWECC, P

Elizabeth Osborne, NWPCC, P

Tom Carrier, NWPCC, P

Kevin Smit, EEC, P

**BPA participants:**

Kyna Alders, P

Melissa Podeszwa, P

Kim Thompson, P

Mark Ralston

Summer Goodwin,

Darby Collins, P

Matt Tidwell, P

Dan Villalobos, P

**Notes<sup>1</sup>**

- Melissa Podeszwa, co-chair of WG 4 reported that they are leaning toward an opt-in TOCA-based allocation for unassigned account distribution, but would like to keep large projects as a possible use for funds that would go into the UA.
- Doug clarified that \$20 million increase would increase the priority firm rate by 1%.

<sup>1</sup> Out of respect for privacy, only attribution to comments from BPA staff and workgroup co-chairs is included in these meeting notes.

- Kyna – It is our desire to do third party funding for EE capital assuming it stays capital. It's one way where we can do third party funding.
- Person 1 – could capital be moved to expense all at once?
  - Kyna – if we hear during CIR or IPR that customers are interested. We could do it a couple of ways. But we haven't heard of customer interest yet.
  - Person 2 – at what point will finance look at the rate impact?
  - Kyna –when we went from expense to capital before we did it in one rate period. Customers can ask for this in public comments.
  - Doug - \$72M, it would be a 3% rate increase if you moved all of EEI back to expense. That gives you an idea of what the impact would be.
- Person 3 - NRU members are not interested in expensing EEI. They are already facing a 9% rate increase for power and transmission so it's not a good time.
- Person 4 – Cowlitz is interested in expensing.
- Person 5 – why is that you are interested?
- Person 6 – we will know more in the next week when we discuss with our group
- Kyna – not sure if we would move all of EE to third party or just part.
- Doug – it has to do with the length of the life of what you are financing. EE is shorter than a dam.
- Person 7 – we do not want to incur debt on behalf of our rate payers.
- Alternatives and pros and cons
  - First task is to add more detail to the pros and cons slides/document
- Person 8 – 12 years from 2009 is when the bow wave will hit but as EEI spending increases, the cost increases. So there is a risk that the longer we wait to decide, the worse it would be.
- Doug – for the revise down the 75/25 split cons, we should assume it is still a regional average for the self-funding number.
- Person 5 – might be good to see at a future meeting what all BPA would need if self-funding were increased.
- Kyna – for conservation prepay, BPA pays a premium on prepay
  - Person 1 – SNOPUD is not interested so we could remove this option maybe. Our concern is it raises the cost.
  - Doug – this probably doesn't create a long term solution, it's not sustainable.
  - Person 3 – sounds like we could cross it off.
  - Person 4 – ok let's remove it from the list.
  - Consensus to remove it from the list of self-management options
- Doug – expense rate credit assumes all EEI moves back to expense.
  - Person 4 – would there be rollover like before?
  - Margaret – we didn't have rollover but we did have early start.
  - Person 9 – why did we go away from CRC?
  - Doug – it moves the liability to the utility and if they don't achieve all of the savings in that period then you have to give it back.
  - Person 8 – could you invoice for it (as an expense)

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- Matt – we have been assuming this is a 75/25 split still
- Person 10 – how did reporting CRC work?
- Kim – CRC reporting was every six months. TOCA didn't exist back then. Utilities had to provide sufficient reporting to show they had implemented as much conservation as their rate credit and pay it back if they didn't.
- Matt - expense rate credit is meant as a model for all but capital rate credit is meant for those that want 100% utility self management of incentives.
  - Person 8 – would not change the cost structure for those who stay in.
  - Person 2 - how complicated would this be for BPA?
  - Person 8 – if all customers have to make a decision by a certain date.
  - Matt - yes that detail would make things easier for BPA
  - Person 11 – it has negative cash flows.
  - Person 1 – by self-managing you are getting more back then you are paying in but in the long run you will have to pay it back. BPA would have to borrow less and lowers long term cost of conservation.
  - Person 12 – for those that are interested in self-management, is this intriguing?
  - Person 1 – yes
  - Person 3 – what is the IT implication? I think it would require billing system changes and would incur costs and those who choose it should pay.
  - Person 2 – where did this one come from and what is the driving force? Or an easier way to do this?
- Matt – Rate adder might address this
  - Person 13 – is the adder entirely opt-in?
  - Matt – yes
  - Person 5 - utility activity could be very different from year to year.
  - Doug – how would BPA deal with budget shortfall or not hitting the target?
  - Matt – you could use TOCA for budgeting. The default could be” this is how much you get in EEI, if you want, let us know. “
  - Person 4 – If utility says they need more then the expected EEI then they are likely to spend it.
- **Next Steps**
  - Please send your top three choices of alternatives to Margaret Lewis or Summer Goodwin.

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