

# Post-2011 Review

## Workgroup 4: Flexibility Mechanisms

February 13, 2014



# Agenda

- Introductions
- Purpose and Objectives of Post-2011 Review Process
- Operational Excellence
- Desired Outcomes for WG4
- Post-2011 Facts & Figures
- Issue Identification
- Prioritization of Issues
- Discussion of Issues (time permitting)
- Scheduling
- Next steps - 2:45 pm
- Adjourn – 3:00 pm

## Quick Overview on the “Post-2011” Process

- EE’s framework aligns with the implementation of BPA’s Regional Dialogue power sales contracts
- *Prior Post-2011 public process*: conducted from January 2009 to March 2011
- *Then*: BPA committed to public review process after sufficient experience had been gained
- ***Today***: undertaking that process to review and consider improvements to the BPA energy efficiency policy framework and associated implementation elements put in place on October 1, 2011

# Proposed Timeline

## Plan for the Post-2011 Review

DRAFT: 1/7/2014

OPEN TO REVISION

	Fiscal Year 2014								
	Q2			Q3			Q4		
	Jan	Feb	Mar	Apr	May	Jun	July	Aug	Sep
Formal stakeholder meetings to work out solutions to the "issues of importance" identified in the updated scoping document (regional meetings and workgroups)	■	■	■	■	■	■			
Develop "Draft Proposal" based on feedback from regional meetings and workgroups					■	■			
Public comment period on "Draft Proposal"						■	■		
Develop final "Post-2011 Review" based on public comments							■	■	■
Prepare for any agreed upon changes, i.e., draft necessary IM language								■	■

# Big Tent Meetings

## Four Regional “Big Tent” Meetings Scheduled

- Meeting #1 Tacoma, WA (Tacoma Power to host)  
February 26 9:00 a.m.-3:00 p.m.
- Meeting #2 Eugene, OR (Emerald People’s Utility District to host)  
March 20 9:00 a.m.-3:00 p.m.
- Meeting #3 Kennewick, WA (Benton PUD to host)  
May 8 2:00 p.m.-5:00 p.m. (Efficiency Exchange Conference)
- Tentative Meeting #4 Portland, OR June 17 1:00-4:00 p.m.
- Tentative Meeting #5 Kalispell (Flathead Electric Cooperative to host) June 25 9:00 a.m.-3:00 p.m.

# Workgroups

<p><b>Workgroup One: Model for Achieving Programmatic Savings</b></p> <ul style="list-style-type: none"> <li>• EEI Allocation Methodology Using TOCAs</li> <li>• Utility Self-Funding</li> <li>• Two-Year EEI Budgets</li> <li>• BPA Redirect of EEI Funds</li> <li>• BPA's Backstop Role</li> <li>• Regional Program Administration</li> <li>• Limitations of the Post-2011 Framework</li> <li>• Performance Payments for Regional Programs</li> </ul>	<p>Margaret Lewis and Doug Brawley (PNGC) Proposing First and Third Wednesday</p> <p>Seven Meetings Tentatively Scheduled: 1/16, 1/29, 2/19, 3/5, 3/26, 4/9, 4/23</p>
<p><b>Workgroup Two: Implementation Manual</b></p> <ul style="list-style-type: none"> <li>• Frequency of Changes to the Implementation Manual</li> </ul>	<p>Dan Villalobos and Ross Holter (Flathead)</p>
<p><b>Workgroup Three: Low Income</b></p> <ul style="list-style-type: none"> <li>• Funding Low-Income Residential Energy Efficiency</li> </ul>	<p>Boyd Wilson and Eugene Rosolie (Cowlitz)</p>
<p><b>Workgroup Four: Flexibility Mechanisms</b></p> <ul style="list-style-type: none"> <li>• Large Project Fund</li> <li>• Unassigned Account Allocation Methodology</li> </ul>	<p><b>Melissa Podeszwa and Ray Grinberg (Pen Light)</b> Tentatively scheduled meetings include: <b>Monday, March 10 (1-3pm minimum)</b> <b>Thursday, April 10 (1-3pm minimum)</b> <b>May and June TBD</b></p>
<p><b>Workgroup Five: Reporting and Verification of Savings</b></p> <ul style="list-style-type: none"> <li>• BPA Role in Verifying Self-funded Savings</li> <li>• Timing of Utility Reporting to BPA</li> <li>• Reporting and Consistency of Utility Self-funded Savings</li> </ul>	<p>Mark Ralston and Mary Smith (Snohomish)</p>

# OPERATIONAL EXCELLENCE

- Group Norms/Courtesies
- Communications
  - calendar invites – helpful?
  - materials to you in advance
  - dedicated note takers
  - meeting summaries/strive to have notes available within a week
  - Materials posted on BPA's Post-2011 website
- Discussions
  - Meetings need to progress; try not to get bogged down on a topic
  - Questions/Comments/Thoughts/Suggestions
    - Please post your comments/questions and we will capture them

# Workgroup Goal

Arrive at consensus-based\*  
recommendations that address the issue(s)  
outlined in the scoping document

\***Consensus decision-making** is a [group decision making](#) process that seeks the consent of all participants. Consensus may be defined professionally as an acceptable resolution, one that can be supported, even if not the "favorite" of each individual.



# BPA Working Assumptions

- BPA must fulfill its statutory obligations, e.g., BPA must “acquire” conservation (defined in BPA policy as an exchange of funds)
- Any proposal must work within the existing Regional Dialogue policy and contracts
- Decisions need to be made in the context of other dynamic agency drivers (e.g., CIR, IPR, Access to Capital)
- Funding levels will be decided in the CIR and IPR processes
- Any proposal must be consistent with BPA’s financial and procedures and reviewed by BPA finance for consistency with sound business principles
- Any proposal should not adversely impact customers that choose not to pursue a particular alternative
- Any proposal should not consider customer “a la carte” funding of EE costs/services (i.e., picking which EE costs to pay for)

# What does 'success' look like to you?

# Facts & Figures

## Comments on the Document....

# ISSUE IDENTIFICATION REVIEW

**Outcome:** At the conclusion of this review, you will have enough information to assist you in voting on the prioritization of the issues this workgroup will undertake.

# Issue #1 – Unassigned Account Allocation Methodology (Scoping Doc. Item 5)

Problem statement – The current pro-rata methodology for allocating funds in the Unassigned Account potentially causes:

- A customer to *request* the entire amount of funds available even though it may not need/want the entire amount as a means to receive the largest allocation amount possible, which leads to a perception of “gaming,” and,
- A customer to *receive* more allocated funds than it can use.

As part of this conversation, what is best means to allocate BPA-managed capital that BPA determines it does not need; should these funds be treated the same way as funds put in by customers?

# Issue #1 – Unassigned Account Allocation Methodology (Scoping Doc. Item 5)

## Options –

- 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).
- F. Other:** BPA is open to and welcomes other ideas that are not listed in the above.

## Issue #2 – Large Project Fund (LPF) (Scoping Doc. Item 6)

Problem Statement – The LPF is administratively burdensome for BPA (i.e., difficulties with internal budgeting and tracking LPF repayments) and there has been limited demand to date for the funding mechanism given a utility's requirement to pay back any funds received. On the other hand, some customers would like modify the qualifying criteria for the fund (i.e., a project's reimbursement must be at least 50% of the utility's rate period EEI budget) to make it easier to access funds and, therefore, increase demand for the fund.

## Issue #2 – Large Project Fund (LPF) (Scoping Doc. Item 6)

Options –(from Scoping Document)

**A. Status quo:** the LPF remains as-is.

**B. Termination:** the LPF as a funding mechanism is terminated; those utilities with outstanding repayments are still required to repay.

**C. Requirements modification:** the requirements for accessing the LPF are modified, such as the 50% of rate period EEI budget threshold requirement is lowered or removed to allow more qualifying projects; the repayment requirement is removed; etc.

**D. Other:** BPA is open to and welcomes other ideas that are not listed in the above.



## Issue #2A: Other Ways to Capture Large Projects (Workgroup #1)

It was determined through early discussions in Workgroup #1, that an overarching issue is finding other ways to capture large projects. Not just projects that are “large” regionally, but projects that are large in relation to an individual utility's EEI budget. Although the Large Project Fund was an attempt to address this problem, it may not be the sole mechanism to do so going forward.

### Questions:

**Is this part of the LPF issue or a separate and distinct question? What are the barriers that prevent projects currently? Initial thoughts on other ways to capture large projects?**

In consult with Workgroup 1, we have been tasked with addressing this question and are open to other suggestions, outside of adjusting the current LPF policy.

# Issue Prioritization - Which shall we tackle first?

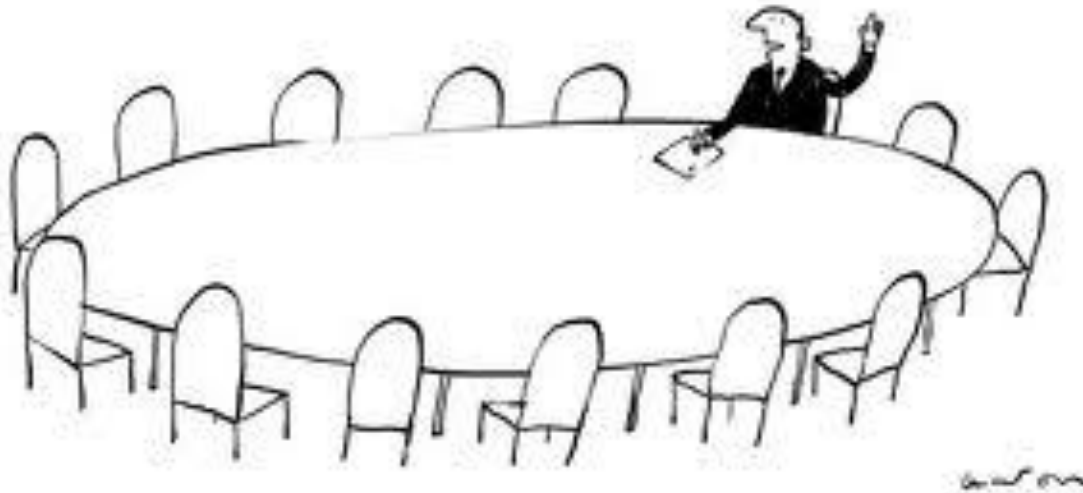
1. Unassigned Account Methodology
  - A. Definitions: “Least cost” and/or “need”
  - B. Timing—how does the timing/availability of UA funds impact the value? For FY12-13, was only 6-7 months to expend.
  - C. Equity and opportunity
2. Large Project Fund
  - A. Workgroup 1 topics: Budget roll over, redirect of EEI funds, etc...
  - B. Process for applications (both utility and BPA Internal process)
  - C. Qualification criteria—changes needed?
- 2A. Other ways to capture large projects

# Prioritization of Issues

# Workgroup #4 Scheduling

- Proposed scheduled meeting dates--feedback?
  - ❖ Tentative Work Group Dates: Mar 10, Apr 10, May TBD
  - ❖ Scheduled Big Tent Dates: Feb 26, Mar 20, May 8, June 25
  
- Check-in and coordination with WG #1/Possibility of a joint discussion on topics that span both WGs
  
- Do we have enough time? Need more frequent and/or in person discussion?

Alfred P. Sloan, the chairman of General Motors during its heyday, once adjourned a board meeting soon after it began. “Gentlemen,” Sloan said, “I take it we are all in complete agreement on the decision here...Then I propose we postpone further discussion of this matter until our next meeting to give ourselves some time to develop disagreement and perhaps gain some understanding of what the decision is all about.”



“It looks like we have a consensus.”