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March 17, 2023

Jamae Hilliard Creecy
Vice President Energy Efficiency
Bonneville Power Administration

RE: Draft Bonneville 2022-2027 Energy Efficiency Action Plan

Dear Ms. Hilliard Creecy,

The Council takes the opportunity to provide comments on Bonneville's draft 2022-2027 Energy Efficiency Action Plan. For over 40 years, energy efficiency has been the primary resource recommended by the Council, helping the region achieve the vision of the NW Power Act of an adequate, affordable, and efficient energy supply. The Council's 2021 Power Plan identified the continued importance of energy efficiency for maintaining system adequacy, while recognizing new challenges impacting cost-effectiveness. Bonneville has a critical role in implementing the conservation program in the Council's 2021 Power Plan, which includes acquiring all cost-effective energy efficiency and supporting the region in achieving other important objectives. Collectively, these actions will extend the value of the Columbia River power system to help maintain resource adequacy and provide direct benefit to rate payers throughout the Pacific Northwest.

The Council appreciates the challenges the region faces in implementing a robust energy efficiency strategy, including the ongoing supply chain limitations and labor shortages, higher costs for raw materials and finished products, declining avoided costs of energy efficiency, and the rapidly evolving policy and legislative landscape. Bonneville's draft 2022-2027 Energy Efficiency Action Plan provides a path forward for achieving the conservation elements outlined in the 2021 Power Plan, despite these challenges. While the Council supports many of the strategies outlined in the draft Action Plan, we offer five recommendations for consideration as this Energy Efficiency Action Plan is finalized.

Create a More Explicit Connection to the 2021 Power Plan

The 2021 Power Plan calls on Bonneville to acquire between 270 and 360 average megawatts of cost-effective energy efficiency by the end of 2027, of which a minimum of 243 average megawatts should come from cost-effective Bonneville program and NEEA initiative savings. Additionally, the 2021 Power Plan identifies several areas of specific focus, requiring Bonneville and the region to capture energy efficiency above and beyond this cost-effective amount. This includes the efforts to support small and rural utilities with a robust portfolio of options, capture weatherization for unweatherized homes, and support states and other jurisdictions with decarbonization policies.

Under the Act, Bonneville is to acquire conservation and implement conservation measures as Bonneville determines to be consistent with the 2021 Power Plan. And the draft Energy Efficiency Action Plan does properly identify the 2021 Power Plan as one of the guiding principles driving the strategy. Yet the draft Energy Efficiency Action Plan fails to connect all of its elements to the 2021 Power Plan, with no explanation for the deviations from the Plan. The Council recommends this should be remedied before the Action Plan is finalized. Specifically, Bonneville should clearly identify the efficiency that is cost-effective per the Council methodology and parameters, as outlined in the 2021 Power Plan. For the energy efficiency that – while not cost-effective – is in support of broader regional goals, Bonneville should clearly connect those to plan elements as well.

The Council believes this would be an easy adjustment. For example, the draft Energy Efficiency Action Plan highlights the importance of residential HVAC measures, such as ductless heat pumps. These measures, while not cost-effective under the 2021 Power Plan, do meet other goals of the conservation program. Including these measures in the Bonneville portfolio helps to ensure a robust suite of options for all utilities, particularly those small and rural utilities that otherwise would be limited if Bonneville were to focus on just cost-effective efficiency. These same measures also provide significant value to customer utilities in those jurisdictions with new decarbonization policies that direct increased electrification of buildings. Explicitly connecting Bonneville's efforts to the 2021 Power Plan in this way provides a stronger justification for the pursuit of this efficiency.

Revisit Strategy for Cost-Effective Programmatic Savings in Advance of Setting Budgets for 2026-2027

The 2021 Power Plan calls on Bonneville to acquire a minimum of 243 average megawatts of cost-effective energy efficiency through its programs and NEEA initiatives. It appears that Bonneville is planning to acquire close to that minimum amount of cost-effective energy efficiency. While the Council supports the other elements of the draft Energy Efficiency Action Plan that relate to 2021 Power Plan goals, the Council wants to reiterate that achieving these other elements should not come at the expense of acquiring all cost-effective energy efficiency. Therefore, the Council urges Bonneville to closely monitor its cost-effective programmatic efforts to date and adjust the strategy, if needed, in advance of setting budgets for the 2026-2027 rate period. The Council looks

forward to working closely with Bonneville to understand the near-term achievements and other factors to help inform that strategy.

Additionally, the Council notes that new state and federal decarbonization policies are likely to result in new electric load for many of Bonneville's customer utilities. The 2021 Power Plan and recent 2027 Adequacy Assessment both identified that additional energy efficiency – as well as additional cost-effective generating resources – would be required to support regional adequacy under a high load future. Additionally, the 2021 Power Plan developed a model conservation standard targeted at those jurisdictions with decarbonization policies, which recognized electrification should be done efficiently and would likely justify increased conservation in those jurisdictions. To mitigate risks of rapid regional load growth, maintain high levels of resource adequacy, and better position the region in the face of uncertainties, Bonneville should target programs to deliver the higher end of the 2021 Power Plan range of programmatic efficiency, particularly in those jurisdictions with policies that drive growing resource needs. Leveraging existing mechanisms, such as the utility self-funded portion of Bonneville's energy efficiency program, will help to ensure that those jurisdictions that have the needs and policies pay a higher share of the cost of this additional efficiency.

Work with Council, NEEA, and Utilities to Identify Strategies for Achieving All Cost-Effective Energy Efficiency

The Council identified several areas of cost-effective energy efficiency potential that are not fully addressed by the draft Energy Efficiency Action Plan. We understand that some of these areas are not well suited to a programmatic approach and likely require a broader regional strategy to acquire the cost-effective potential – whether it be a market transformation initiative or other approach. The Council recommends that Bonneville work with NEEA, regional utilities, and the Council to (1) identify cost-effective energy efficiency potential that is not currently being captured through either utility programs or NEEA initiatives and (2) work collaboratively to develop strategies to ultimately acquire this cost-effective energy efficiency. These discussions are timely, as NEEA is currently working with funders to develop a scope and budget for their next business cycle. Finding solutions to acquire this low-cost energy efficiency are critical for ensuring both an adequate and affordable power system. Bonneville's leadership in these discussions is critical.

Continue to Explore Approaches for Addressing Long-Standing Barriers to Achieving Weatherization for All Northwest Consumers

Weatherization programs have been included in every Council power plan. While significant progress has been made, there continue to be pockets of the population with leaky homes that have little to no insulation. Many of these are lower income residents with higher energy burdens. Despite being a high-cost measure under today's avoided costs, the Council determined that addressing these remaining homes was critical and called on Bonneville and the region to continue to invest in weatherization programs focusing on those leaky and unweatherized homes. Bonneville's draft Energy

Efficiency Action Plan also recognizes the important role weatherization has for the region and aims to continue to invest in this space, but the Action Plan currently falls short of achieving all the potential weatherization in this space. The Council recognizes that there are ongoing infrastructure barriers to acquiring this conservation, many of which are outside of Bonneville's direct ability to address. In an effort to continue to make progress despite these challenges, the Council recommends that Bonneville continue to work with NEEA, utilities, state agencies, tribal agencies, the Council and others to identify and develop strategies to address these barriers. The Council looks forward to working with Bonneville and the region on these issues.

Develop a Strategy to Leverage the Efficiency Funding from the Bipartisan Infrastructure Law and the Inflation Reduction Act

The Bipartisan Infrastructure Law and the Inflation Reduction Act will provide significant funds for energy efficiency across the US. Bonneville should develop a strategy that ensures its energy efficiency program is complementary to, and ultimately leverages the benefits from, these federal funds for efficiency. In many cases, the most effective way to leverage these funds may be to help eligible customers identify opportunities and apply for funding or incentives. Small rural utilities and communities and tribal agencies in particular are eligible for significant incentives but may lack information or resources to help them gain access. The goal would be to ensure that the Bonneville program is supportive and not duplicative, focusing program efforts where more investment is needed, and leveraging Federal dollars where it can offset or support regional efforts. Bonneville should also work with NEEA and other regional partners to maximize the opportunity from these programs.

There is important work ahead, and the Council looks forward to working closely with Bonneville in its efforts to acquire all cost-effective conservation in the 2021 Power Plan, while also addressing these other important elements of the energy efficiency infrastructure.

Sincerely,

A handwritten signature in black ink, appearing to read "Jeff Allen", with a horizontal line extending to the right.

Jeff Allen
Chair