



**Final Report to the BPA
Business Operations Board
On
Energy Efficiency Contract and Program Administration
By
The Energy Efficiency Process Improvement and
EE Management Teams
and
PBL Executive Sponsors
(Paul Norman, PBL Sr. VP)
(Mike Weedall, EE VP)
May 18, 2005**

This information is being released externally by BPA on March 1, 2006, as analysis generated for BPA's Enterprise Process Improvement Program (EPIP) studies. Although baselines were sourced from the Financial System, they do not track directly back to official financial statements. In some instances subsequent analysis was performed to better represent the particular scope of the process being reviewed. Projections of savings should be considered as initial targets and may or may not convert to future budgets.



Table of Contents



Volume I:

- Section 1: Executive Summary**
- Section 2: Energy Efficiency Teams**
- Section 3: Current State Process Discussion**
- Section 4: Methodology**
- Section 5: Process Analysis**
- Section 6: Future State**
- Section 7: Implementation**
- Section 8: Interaction with Other Processes**



Table of Contents



Volume II:

Appendix A:	EE EPIP Team Charter
Appendix B:	Current EE Matrix Organization
Appendix C:	Process Flow Diagrams
Appendix D:	Individuals Interviewed
Appendix E:	Focus Group Findings
Appendix F:	Selected Benchmarking Data
Appendix G:	Detailed Financial Data
Appendix H:	Post-2006 Proposal



1. Executive Summary

Future State.

Energy Efficiency's (EE) current set of Strategic Objectives are:

PF S7: BPA's lowest firm power rates to public preference customers reflect the cost of undiluted FBS, are below market for comparable products, and are kept low through achievement of all BPA objectives at the lowest practical cost.

PF F2: Strategic objectives are achieved at or below expense levels established in power rates.

PF I1: Effective cost management (with emphasis on best practices, innovation and simplicity) throughout systems and processes.

The Agency's Strategic Direction for EE is:

Strategic Objective S3:

Ensure development of all cost-effective energy efficiency in the loads BPA serves, facilitates development of regional renewable resources, and adopts cost-effective non-construction alternatives to transmission expansion.



EE's preliminary vision for Energy Efficiency (EE) for the post-2006 period is to:

- Lead the region in insuring the cost effective, sustainable, efficient, and reliable use of energy efficiency as a resource.
- To work collaboratively with all Stakeholders to continue to promote BPA's environmental stewardship
- To operate cost effective, aligned and efficient programs where all stakeholders are proud to be part of the PNW Team
- To ensure that in 5 years Conservation/Demand Side Management (e.g. non-wires solutions) is an essential element in making the PNW electric system more reliable, keeping rates low, and protecting/improving the environment.

The proposed future state for EE has two major components: 1) a revised organizational structure and, 2) revised business processes in the bilateral contracts area. Additional savings may occur over time as staff retires or are re-deployed. Demands on the EE staff are projected to increase in the post-2006 period. Goals are currently anticipated to be 52 aMW per year (up from 40) and verification and monitoring is anticipated to significantly increase. The programs and processes for post-2006 are still under negotiation and are not anticipated to be final until June - August 2005.



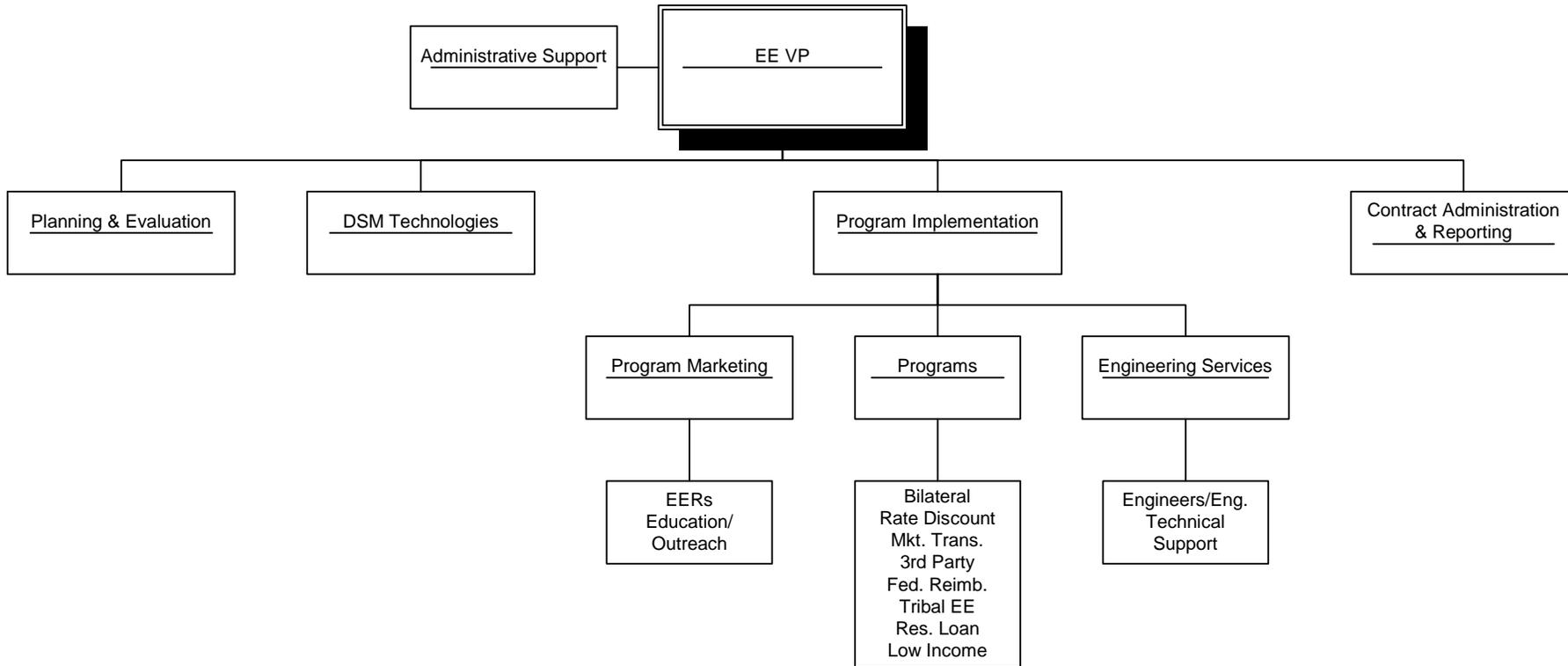
Future Organizational Structure

The future organizational structure is a line organization that is based on functional groups. This is a significant change from the existing matrix structure. The key functional areas of the new organization are: program Planning and Evaluation, Demand Side Management (DSM) Technologies, Program Implementation, and Contract Administration and Reporting. The new organizational structure will provide for much clearer roles and responsibilities within the organization. The new organizational structure is presented in Figure 1.1.

The new organization was designed to improve on inefficiencies of the old matrix structure. The EE EPIP Team confirmed that the current EE matrix structure has deviated from its original intent over the last ten years. To be sure, market conditions and the very mission of the then Energy Services Business Line have evolved and changed since 1995-6. The matrix organization was well suited for the extreme flexibility needed when it was put in place in 1996. Now the proposed line structure is better suited to current and organizational and process challenges. It will also more clearly align resources and targets for better structural accountability in the post-2006 era where targets will be increasing. This will provide savings from both grade changes over time, and ultimately in the longer run from more efficient resource usage that this line organization can provide.



Figure 1.1
Proposed Energy Efficiency Organization





Future Contracting Process

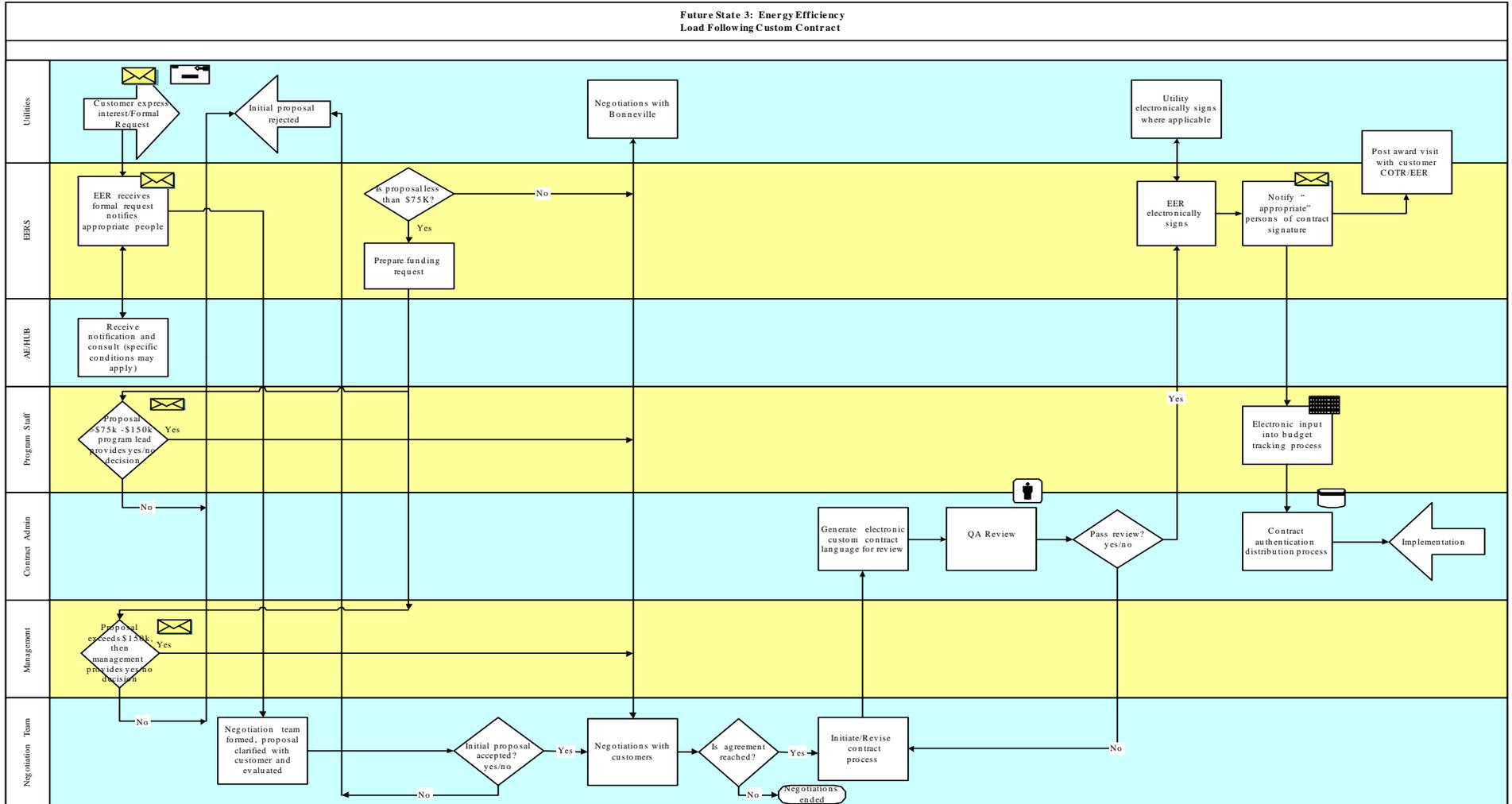
The redesigned processes will ensure that EE contracts are more effectively managed over time and hence reduce the overall costs of managing those contracts. Some of the key features of the new processes include:

- Pushing decision making further down in the organization
- Energy Efficiency Representatives (EER's) will have more authority to approve funding requests
- Defined link between type of customer power contract and EE contract
- Standardization of forms, terms and conditions and processes
- Elimination of duplicate approvals and processes
- Clear roles and responsibilities for all staff
- Web- based processing of contracts
- Consistent measures of savings for bilateral and rate discount programs
- Same terms and conditions for East and West hubs
- Budget changes to be handled without requiring a contract change (currently contracts require modification when budget funding changes occur)

The proposed processes are treated as a package and should not be viewed as separate recommendations. It is critical that the new EE organization be in place first to ensure there is an owner for the new processes. A sample of one of the Future State process diagrams (bilateral load following custom contracts), is shown in Figure 1.2. The proposed processes are described in more detail in Section 6 and all process diagrams are described in Appendix C. The team and KEMA identified additional improvements that should also be implemented by the EE organization. These are presented in Section 6.



Figure 1.2



6 or so contracts a year with a duration of 2 to 4 months each



Key Drivers.

The Energy Efficiency organization will be facing much more aggressive energy savings targets in the post -2006 period, yet must achieve these targets more efficiently and with greater consistency. Energy savings targets will be increased by over 30 percent. The current program designs for post -2006 also call for more monitoring of results of the rate discount program, which is a significant increase in workload for EE.

Other drivers include:

- Maintaining energy efficiency as part of BPA's environmental stewardship
- Maintaining the trust of BPA's constituency
- Aging demographics of the EE workforce (30% eligible retirements next 2 years, 50% eligible next 5 years)
- Continuing to be customer focused
- Improving coordination and consistency with the Hub staff
- Institutionalizing non-wires as an integral part of BPA planning
- Be as efficient and effective as possible

Financials and Metrics.

Current and Future baseline information for the EE organization is presented below on Tables 1.1 and 1.2, respectively.



Table 1.1
EE Process Efficiency Project
Current State Base Line Costs and FTE – FY 2004

	(a)	(b)	(c)	(d)	(e)	(f)
Category	Capital	Expense	IT to "J"	Grand Total	BFTE	CFTE without "J"
General Contracts	0	1,205,296	(236,719)	968,577		6.00 *
Materials & Equipment		16,240		16,240		
Personnel Compensation		6,029,894	(53,153)	5,976,741	61.00 *	60.00 *
Rents Utilities and Land		1,125		1,125		
Grand Total	0	7,252,554	(289,872)	6,962,683	67.00	64.00

Table 1.2
EE Process Efficiency Project
Future State Base Line Costs and FTE – (relative to FY 2004 Baseline)

	(a)	(b)	(c)	(d)	(e)	(f)
Category	Capital	Expense	IT to "J"	Grand Total	BFTE	CFTE without "J"
General Contracts	0	955,296	(236,719)	718,577		4.00 *
Materials & Equipment		16,240		16,240		
Personnel Compensation		5,179,894	(53,153)	5,126,741	56.00 *	55.00 *
Rents Utilities and Land		1,125		1,125		
Grand Total	0	6,152,555	(289,872)	5,862,683	60.00	57.00

*The Current and Future State baselines are snapshots based on FY 2004 actual costs. Current BFTE is 63.0 with a 97% burn rate, and CFTE is 7.0 [since FY 2004, two (2) GS-14s, one (1) GS-12, and three (3) Ciber CFTE engineers have been hired - these data do not reflect those additional BFTE/CFTE]



**EE savings are estimated based on three major recommendations,
and are shown on Table 1.3**

- 1) Implement the proposed reorganization and BFTE re-grading changes (Level 1 on Table 1.3)
- 2) Implement the contract-related process changes (Level 2 on Table 1.3)
- 3) Reduce the scope of the Federal Reimbursable program (Level 3 on Table 1.3)

The revised EE organizational structure and improved contracting processes (Levels 1 and 2), should achieve up to 15 percent in savings when fully implemented (numbers are rounded.) Achieving the additional 3+ to 4 percent in savings from Level 3 (16% - 19% cumulative as shown on Table 1.3), will depend on a combination of factors: scaling back the Federal Reimbursables out-of-region program, and post-2006 workload demands on EE (e.g., additional measurement and verification, and program assistance - see also Section 6 for risk factors affecting EE.)



**Table 1.3
EE Efficiency Improvement Costs and Savings
(Over 5 year Implementation Period)**



Level	Description	Incremental Annual Savings	Incremental Percentage Savings	Cumulative Percentage Savings	Costs
1 Re-organization Re-grading Reduction in Field Administrative Support	Re-grade positions through attrition under reorganization Implement reorganized Customer Service Centers in field with appropriate staff mix Share field admin/support staff and budgets with other power offices	\$600,000 - \$700,000	8% - 10%	8% - 10%	\$2500 – one time (training)
2 Contracting Improvements	Implement Web-based contracting automation, central administration in EE, fewer layers of review, etc. Reduce BPA contract administration positions through attrition Reduce BPA program position(s) through attrition	\$250,000 - \$350,000	3+%- 5%	11%- 15%	\$2500- one time (training) \$80,000 - \$100,000 (one time Web development) \$20,000 (annual maintenance)
3 Reduction of Reimbursable program	Reduce Engineering positions through attrition and/or Reimbursable Program contract support	\$250,000 - \$300,000	3+%- 4%	16% - 19%	Will reduce scope or Reimbursable program
Total:		\$1.1 M - \$1.35 M of \$7 M Baseline		16% - 19% of \$7 M Baseline	\$85,000-\$105,000 one time (1.5 % of Baseline) \$20,000 annual (<.3 % of Baseline)



Key Metrics

Benchmarking indicates BPA EE programs operate at above the average efficiency of the utilities benchmarked (see Appendix F).

Key future metrics for the EE group for the post-2006 period are:

- Produce 52 aMW programmatic savings per year at 14 mills per kWh
- Customer satisfaction in the highest quartile
- Develop a baseline for and measure the percent of BFTE/CFTE costs as a percent of budget and track annually
- Develop a baseline for and measure the average time from start to finish for all bilateral contracts

Gap Summary.

The organization will transition from a matrix organization to a line organization. In the current state, managerial staff manage people, not functions. In the future state, managerial staff will manage people, functions, and results. It will be critical to ensure that the new management team has the right skill set to perform both functions.

There is also a need for knowledge transfer between the senior staff who will retire in the next 5 years to the junior staff who will replace them over time. This will require additional technical training.



Implementation Issues.

- The organizational changes are currently underway.
- The key process improvement efficiencies require a web-based contacts system. The implementation of this should not start until the post -2006 program designs are complete. It is anticipated this will be in late July, 2005. An initial requirements document has been developed for these changes.

Importantly, implementing both the reorganization and the process changes successfully will require strong and active leadership from both executive and EE management.

Prioritization.

Both of the recommendations are of equal priority. However, implementing the EE reorganization is critical to successfully implementing the process changes.



2. Team

Organization. The Energy Efficiency Process Improvement Team

Table 2.1 shows headquarters and field membership and organization affiliation of participants on the EE EPIP Team.

The Team devoted its time to EE contracting and process review and improvements. The EE EPIP Team's Charter is contained in Appendix A. Chuck Maichel (BPA) and Liz Hicks (KEMA) were co-leads of the team. Paul Norman (PBL Senior VP) was the Team's Executive Sponsor. Members participating on the Team represented the organizations of: Energy Efficiency, Power Requirements Marketing, Internal Audit, and Office of General Counsel.



Table 2.1 EE Enterprise Process Improvement Team

EE TEAM MEMBER	LOCATION	AFFILIATION/ROLE
Chuck Maichel	Portland	BPA, Team Co-Lead
Liz Hicks		KEMA, Team Co-Lead
John Pyrch	Portland	Energy Efficiency, Subject Matter Expert (SME) on Contracting & Program Administration
Mike Rose	Portland	Energy Efficiency, Subject Matter Expert (SME) on Contracting & Program Administration
Lloyd Meyer	Portland	Energy Efficiency, Subject Matter Expert (SME) on Contracting
Terry Regan	Portland	Energy Efficiency, Subject Matter Expert (SME) on Contracting
Chris Tash	Field (Walla Walla)	Energy Efficiency, Subject Matter Expert (SME) on Contracting



Table 2.1 Continues – EE Enterprise Process Improvement Team

EE Team Member	Location	Affiliation/Role
Elly Adelman	Portland	Power Requirement Marketing, Subject Matter Expert (SME) on Contracting and Customer Account Servicing
Kurt Runzler	Portland	General Counsel, Subject Matter Expert (SME) on legal authorities and related contracting issues
Krystal Villanueva	Portland	Energy Efficiency, Subject Matter Expert (SME) on Internal Operations
Phyllis Chamberlain	Field (Walla Walla)	Energy Efficiency, Subject Matter Expert (SME) on EE Costs and Budgets
Ann Marie Sherman	Portland	Internal Audit, Subject Matter Expert (SME) on Quality Assurance, Procedures and Controls



Organization. The Energy Efficiency Organization Structure Team

A second Team, the EE Management Team, was later formed and devoted its time to examining the EE matrix organization structure. Its membership and organization affiliation are shown in Table 2.2.

Table 2.2 EE Reorganization Management Team

EE Team Member	Location	Affiliation/Role
Mike Weedall	Portland	EE VP and Team Lead
John Pyrch	Portland	EE Implementation Manager
Joe Cade	Portland	EE Performance Manager
Tom Foeller	Portland	EE Performance Manager
Steve Fucile	Field (Spokane)	EE Performance Manager
Chuck Maichel	Portland	BPA, EE EPIP Team Co-Lead
Liz Hicks		KEMA, EE EPIP Team Co-Lead
Bill Kendrick	Portland	BPA, Human Resources Specialist
Anne Macron Fickes	Portland	BPA, Human Resources Specialist
Karen Meadows	Portland	EE Planning Lead



Training.

Three members of the EE EPIP Team received comprehensive training provided by KEMA on Business Process Modeling and Process Mapping (Maichel, Meyer and Hicks).



3. Current State Process Discussion

Current State Discussion - The Energy Efficiency Organization

Background.

The 1995 BPA Business plan provided a long-term strategy for growth. Rather than seeking growth and stability only in traditional areas, BPA's marketing strategy sought to increase revenues over the long term by expanding its business into new markets and new product lines. Accordingly, BPA restructured into three distinct business lines—Power, Transmission, and Energy Services (ESB), later to become the Energy Efficiency Group (EEG). The EEG was tasked with the responsibility to provide both utility and end-use customers with high value products and services that complemented the bundled and unbundled products offered by BPA's Power and Transmission business lines. One of EEG's first product lines was Demand Side Management services. The DSM product line supported new utility conservation programs with a range of planning and analytical services. Other EEG product lines included International Consulting, Transmission and Engineering Services, Power Quality Services, Environmental Services, and Federal Reimbursables.

The 1996 Matrix Organization Vision.

The original EE organization was structured into a “matrix” form in 1996 under a re-engineering exercise. The original matrix was designed to meet the needs of the BPA Business Plan and maximize the efficiencies and profitability of the Energy Services Business Line (see Energy Services Business: Stage 4 Re-Engineering



Report dated May 15, 1996).

At that time, EE designed a structure for an uncertain electricity marketplace that was beginning its first steps of de-regulation. Given the uncertainty in the market, its future mix of services and programs, and limited resource availability, EE believed that a flexible matrix structure would be best able to respond to that market and leverage the capability of private business partners. “Grow the Pie” for both BPA and business partners was the motto of the day. Often, in interviews with EE employees, the term “flexible” was used to describe the original intent of the EE matrix structure, where constrained employee resources could be quickly shifted to changing priorities in an unpredictable environment.

The Current Matrix Organization.

The current matrix organization that evolved from the structure created in 1996 is shown in Appendix B. Under the current matrix, EE is comprised of three Performance Managers whose responsibility is devoted to all facets of employee supervision, e.g., payroll approval, performance reviews, tracking and managing work load, allocating resources to projects.

The EE Performance Managers are not directly responsible for program content, policy, or management. For program responsibility the matrix uses 8 Program Managers and Leads, whose primary responsibility is to oversee and manage planning, implementation, and day-to-day activities of EE programs, e.g., ConAug, Non-Wires, C&RD. EE program responsibilities consumed 44.5 BFTE and 2.5 CFTE during FY 2004.



The EE organization had a relatively large number of additional employees devoted to “Program Support” during FY 2004 (15.5 BFTE and 1.5 CFTE). These numbers are based on interviews and the time charged to the timecard system. These resources supported the functions of information education/outreach, planning and budgeting, and indirect administration. The EE matrix structure operates under the direction of a single Vice-President, and a non-supervisory Implementation Manager. Recently, management in EE resurrected a Planning and Evaluation function to aid in current and future program development, assessment, and measurement.

The EE organization is facing a significant number of potential retirements in the near future. Through 2006, 18 BFTE, or 30 percent of the FY 2004 baseline EE employees are eligible to retire. During the next 5 years (through 2010), 30 BFTE, or 50 percent of employees are eligible to retire from the EE organization.

As Is Process Discussion – EE Contracting

Background

Energy Efficiency’s current primary strategic objective is to “ensure development of all cost-effective energy efficiency in the loads BPA serves, facilitate development of regional renewable resources, and adopt cost-effective non-construction alternatives to transmission expansion” (Agency Strategic Objective #3). The organization accomplishes this objective with funding to the local level through procurement contracts with vendors (e.g., Federal Reimbursable Program), bilateral Purchase of Conservation Agreements, or PCAs with utility customers (e.g., ConAug), and regional grants (e.g., Northwest Energy Efficiency Alliance.) Currently, EE



has entered into 71 bilateral utility contracts, approximately 140 procurement contracts, and 8 grants. Procurement and bi-lateral contracts are aimed at achieving BPA's share (approximately 40%) of the Northwest Power and Conservation Council's target of cost-effective conservation.

In January 2004, EE Management, in conjunction with Requirements Marketing, initiated a contract mapping process in anticipation of the Post-2006 conservation program, as well as to improve current operations. A major issue was quality control with EE contracts and associated correspondence. The focus of this process was the ConAug program, because several challenges were experienced in the preceding month's negatively impacting EE-Requirements Marketing relations and slowing the drafting and execution of ConAug agreements. Among the challenges to be addressed through this process were (1) clarification of roles, (2) reduction in duplicative processes (e.g. quality assurance reviews), (3) easing of tensions among staff working on contract revisions, and (4) standardization of contract structures and formats. These challenges absorb substantial effort as staff work through individual contract actions.

In December 2004, EE Enterprise Process Improvement Program (EPIP) Team was chartered to review all EE program development and contract administration processes. The EE EPIP Team evaluated all major program activities (ConAug, C&RD, Federal Reimbursable and Non-Wires) identifying key opportunities for efficiency improvements. The EE EPIP Team employed a variety of techniques as part of the assessment, including focus groups, process mapping, a utility benchmark survey, and an analysis of staff costs by program activity.



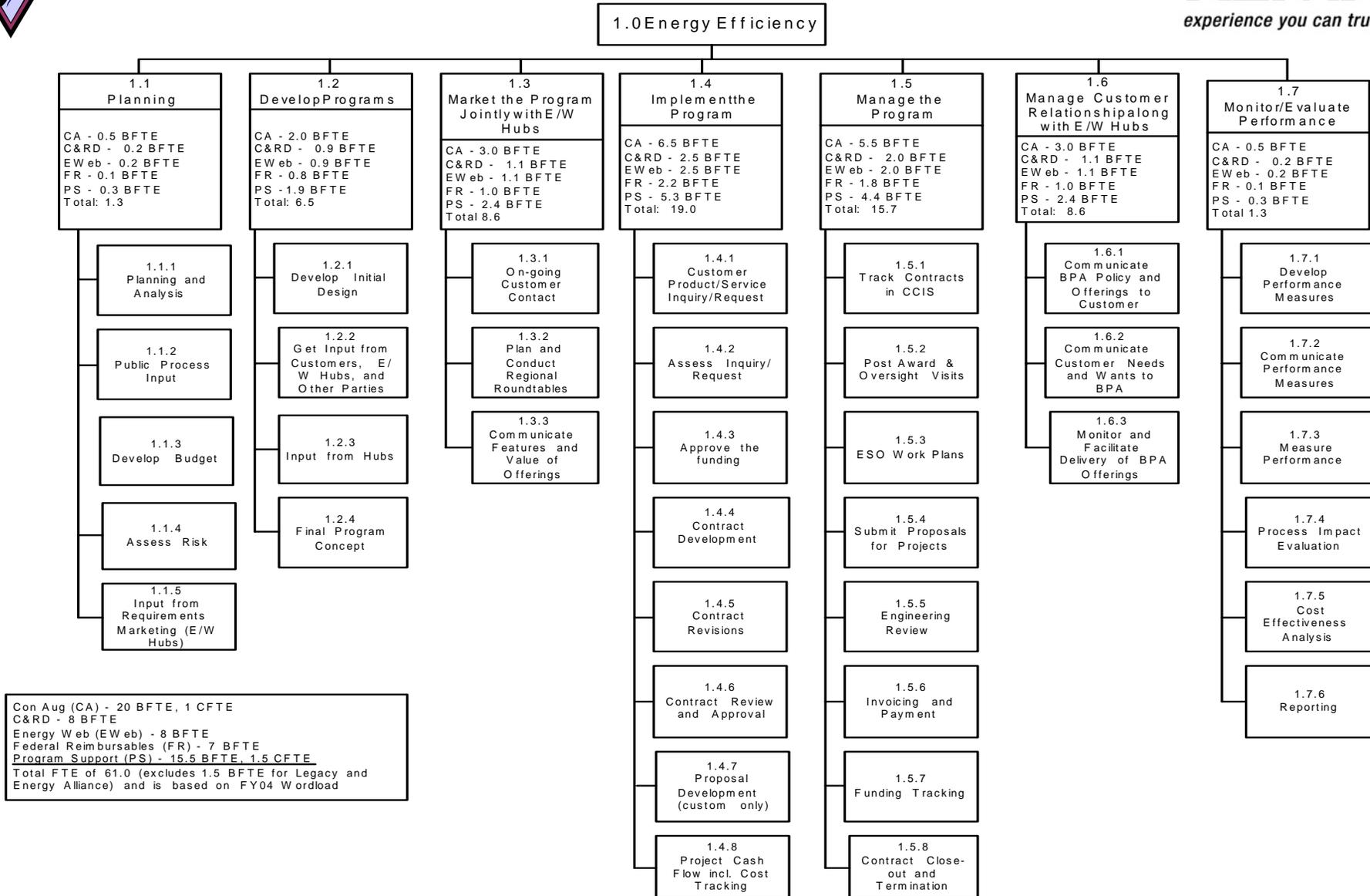
The EE EPIP Team elected to focus primarily on ConAug because this area of the program design and contract administration processes showed the most opportunity for efficiency improvements. While the EE EPIP Team evaluated all the program areas, a decision was made not to map recommended changes for non-ConAug program activities. Instead, recommendations for efficiency improvements EE-wide are detailed in the Improvement ideas in Section 6.

Overall Hierarchical Diagram of Energy Efficiency

This map, presented in Figure 3.1 shows the overall EE organization divided into categories defining seven major processes associated with program design and implementation. The seven processes are: Planning; Develop Programs; Market the Program; Implement the Program; Manage the Program; Manage Customer Relationship; and Monitor/Evaluate Performance. Inside each of these major process boxes are estimates of FTE by program activity. Below each major process are sub-process boxes further outlining activities within each major process area. It should be noted that this hierarchical diagram represents the current fiscal year assignment of staff. The current state is not static for this organization. Some changes would have occurred in EE post-2006 absent an EPIP process review, most notably increased planning, evaluation, monitoring and verification activities.



Figure 3. 1 EE Program Hierarchy





During the January – September 2004 period, process maps were also drawn that looked at specific processes as defined by EE Management. These processes included revising an existing contract (to add funds), revising an existing contract to add a new standard offer, implementing a commercial and industrial project, and the process associated with oversight. The EE EPIP Team expanded on this initial set of maps by adding a map showing the program design process, developing and executing a new contract in place and adding detail to a high level process map showing the overall process for planning, designing and implementing energy efficiency programs. The process maps described in summary below provide details of the steps necessary to design EE programs and develop, execute, and implement and oversee bilateral agreements (see Appendix C for work flow process diagram maps and additional map descriptions).



Work Flow Process Diagrams

The EE EPIP Team used classic work flow process diagrams (maps) that provide a chronological progression of specific and detailed activities required to accomplish the various processes in the Current State ConAug program (work flow process maps were also prepared for the Future State - see Section 6 and Appendix C.) Each map contains “swim lanes” that identify the individual or group responsible for that specific process. Provided in the list below are the typical individuals or groups involved in the majority of the process maps developed for the ConAug program.

- The utility
- The AE and the Hub staff
- The Energy Efficiency Representative (EER)
- The ConAug Coordinator (and ConAug Team)
- The COTRs
- BPA Management
- Other (legal and financial)
- Quality Assurance

Work flow process maps for the Current State are listed and described below (see Appendix C for additional map descriptions.)



Hierarchy 2.0, ConAug Inventory

This map shows the major activities associated with ConAug program development, marketing and implementation

Current State 1:

New Program Development

This map depicts the contract process required to develop a new ConAug program offering

Current State 2:

Putting a New Contract in Place

This map depicts the process for developing and executing a ConAug agreement that includes a standardized program offer

Current State 3:

Modify the ConAug Agreement (Map 3.7.1 Funding Change)

This map shows the steps required to obtain funds for and add them into an existing agreement



Current State 4:

Modify the ConAug Agreement (Map 3.7.2 New Proposal)

This map shows the steps required to modify a current ConAug contract

Current State 5:

Commercial & Industrial Implementation (Parts 1 & 2)

These two maps describe the processes for both putting a Commercial and and Industrial (C&I) Standard Offer contract action in place, and the process for the customer actually submitting a potential C&I project for approval

Current State 6:

Post Project Installation Oversight Process

This process map outlines the process used by EE COTRs when conducting oversight and verification. The customers, in the post-2006 Work Group process, supported the process and recommended this process be used for both bilateral and rate credit programs

Again, all of these process diagram maps are shown and described further in Appendix C



4. Methodology

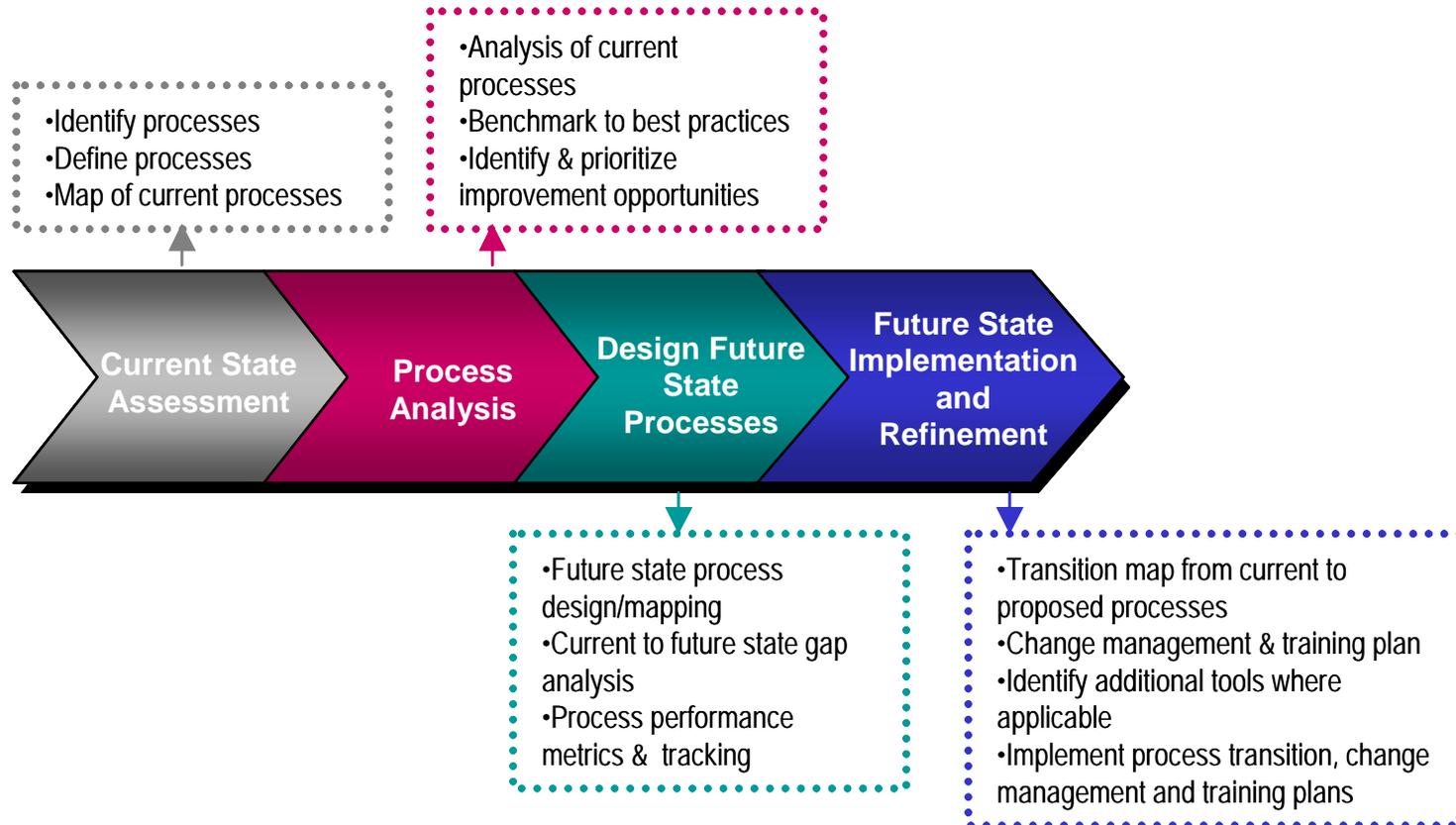
Scope:

The scope of the EE review was initially on the customer contracting processes and related program administration. As the process review was on-going it was clear that some changes to the organization might be beneficial, and this was added to the overall scope of the process review.

The review of the actual processes was accomplished using a slightly modified version of the standard KEMA methodology. An overview of this methodology is presented in Figure 4.1. This part of the review was conducted by the EE EPIP team.



Figure 4.1 Overview of KEMA Standard Process





One minor difference between the process used here and the standard KEMA process was that focus groups were used instead of surveys as one of the data collection instruments.

The processes selected for redesign were the customer contract processes in the bilateral program. They were selected based on the many layers of approval, many paper processes, and our interviews and focus groups discussions indicated that these processes could be improved. The staffing for the bilateral contracting process is significantly higher than in other EE programs.

KEMA staff and the EE EPIP team reviewed additional contract-related processes and determined that they were not currently in need of redesign (e.g., contract implementation and invoicing).

It was determined that the EE EPIP team was not the appropriate team to develop the organizational alternatives. Therefore, a second team was formed to work on the possible organizational structures. This team consisted of the VP of Energy Efficiency (Mike Weedall), his direct reports, HR representatives, and the EE EPIP team co-leads (Chuck Maichel and Liz Hicks.) This group developed criteria to rank a new organization structure, developed organizational alternatives, ranked them and selected the organizational structure presented in section 1. It was also the view of KEMA and the BPA lead at this point in time that a reorganization had the potential over time to save as much or as more than the process improvements. This was primarily due to the lack of accountability and authority created by the matrix, as well as unclear roles and responsibilities.



Data Gathering - The major data collection efforts of our team were:

- Interviews with key staff
- Discussion/review with the team
- Focus groups with the Energy Efficiency Representatives (EERs), the Account Executives (AEs), the Contracting Officer Technical representatives (COTRs) and EE Engineers
- Time as charged by task in the accounting system
- Review of program manuals
- Review of existing process diagrams review of data bases
- Review of contract documents
- Benchmarking data collected from other utilities and agencies, and
- Review of best practices for Energy Efficiency programs of other entities



5. Process Analysis

The EE EPIP Team conducted 20 individual interviews with program leads and managers involved in the Energy Efficiency contract and program administration process. Based on these interviews we developed the following observations. A listing of the individuals that were interviewed and/or participated in the focus groups are provided in Appendix D.

Initial Observations

- EE is a very team-oriented organization and viewed as a good working environment
- Program management functions were being performed both in headquarters and in the field offices
- The matrix structure was viewed very favorably by some employees and very unfavorably by others
- Efforts were already underway to improve the contracting processes of the ConAug program
- Some staff were involved in a very large number of projects
- The EE programs are cost effective by industry standards
- BPA provides a significant amount of support to smaller customers
- The evaluation function has been somewhat limited in the recent time frame
- ConAug program processes were viewed as most cumbersome
- Coordination between East /West Hubs and EE could be improved
- Quality control issues existed with EE contracts and related correspondence
- Limited performance baseline results and metrics were used for program development and delivery

These findings helped to shape the interview guides that were used from the focus groups.



Focus Group Topics and Scope

The focus group findings are presented in detail in Appendix E. The focus groups were conducted in January and were done for the following groups:

- AE's and East/West Hub contracting staff
- The EERs and COTRs
- EE Engineers

The topics for the focus groups were similar. The emphasis was on the contracting processes associated with the EE programs, especially Conservation Augmentation (ConAug), C&RD, and Federal Reimbursables.

Specific areas that were discussed included:

- Quality control on contracts and correspondence
- Roles and responsibilities
- Interactions with other staff/ functions
- Roles in contracting process
- Level and quality of verification files



- Level and quality of documentation, automation and written procedures
- Barriers to getting the job done
- Things that were working well
- Suggestions for process improvements
- Views on the matrix organization

Key Findings from the Focus Groups:

Findings on the programs overall included:

- C&RD is generally viewed as working well
- Reimbursables generally viewed as working well
- ConAug went through growing pains during the 2001 energy crisis
- ConAug contracting has become more standardized
- Smaller customers require much more direct technical assistance

Key findings related to the contracting process included:

- Most participants thought that approval of individual projects went through too many layers of approval
- Most participants felt they were more empowered to make decisions prior to the financial crisis
- Role of AE versus EER/COTR varied slightly by location



- Some contract differences with ConAug arose from the type of underlying power contract
- Quarterly program/measure changes can create some confusion
- Some differences in processes between East versus West Hub
- Updating the budget for a customer was generally viewed by EE as something that could be done without a contract modification (but was not a team consensus)
- Concerns about quality control in EE contracts
- Contract issues that arose in 2001-2002 have been fixed – but those were not viewed by some as being adequately tested by volume
- All wanted a transition plan for the post-2006 period
- Recent attempts to involve the AEs more in program design viewed favorably

The views on the matrix structure were mixed.

A sample of observations on the matrix structure are shown below:

- Most staff felt strongly one way or the other about the matrix – not much middle ground existed
- The matrix was generally viewed as a flexible way to use staff efficiently
- Viewed by supporters as a way to “avoid micro management”
- At times, accountability for who and how decisions were made was unclear
- To work well, the matrix required significant communication, and respect for functional roles
- The matrix appears to work best for the more senior staff



As of today, the layering and duplication issues that exist in the Energy Efficiency contracting processes are linked to overall PBL Account Executive oversight and review, and quality control of contracts and related correspondence. EE and Requirements Marketing have sought and made improvements. To date, agreements have been reached as to: (1) standardize both the contract format and style; (2) develop “customer friendly” methods to make contract revisions; (3) reduce the number and variation of standard offer agreements, thereby reducing the probably of quality assurance errors and (4) work out informal agreements for EE and Contract Specialist reviews of contract actions and increase quality control. These efforts, while still in a developmental process, are expected to have the effect of reducing contract errors and improving relations between the organizations.

Tracking and Management Reporting of ConAug Progress and Results

Many tracking devices and spreadsheets have been developed over the course of the ConAug program. Some documents have had a temporary, or short-term life, while others have been of a more permanent nature in order to track overall program progress and accomplishments. The ConAug Purchase of Conservation Agreement (PCA) COTR staff, who are the individuals primarily responsible for filling out such tracking sheets, have complained about both the multiplicity and duplication of these processes. Among the improvement ideas listed is a recommendation to review all program reporting needs and to design a system that provides staff and managers the information they need to effectively manage program operations.



Findings from the Benchmarking Data

Data on energy efficiency programs from other utilities and agencies was collected to compare BPA on key ratios such as FTE per aMW saved, percentage of administrative costs and spending per aMW saved. The results for EE were found to be “very efficient “ relative to some of the comparison utilities particularly as it related to staffing per unit of output (FTE/aMW) and cost per unit of output (FTE/\$M budget.) Detailed information on the benchmarking data can be found in Appendix F.

In addition, BPA’s EE program was reviewed against a sample of program best practices and was found to include many “best practices” with the exception of making most customer interactions web-based. Examples of best practices in which the EE organization currently engages are: linking the mix of program features to policy objectives and resource constraints, developing a sound program plan, using well-qualified engineering staff, and tying staff performance to independently verified results. A sample of the best practices reviewed can also be found in Appendix F.

(Note: The benchmarking data should be used for high-level comparisons of direction only.)



Findings from Review of Documents and Database

Contracting Authority and Contract Management

A little over a year ago, an independent review initiated by PBL management found the following problems existed in the ConAug PCA contracting processes. Some of the problems included:

- West Hub and EE both want to improve teamwork between each other on contract issues.
- Quality control on contracts was haphazard at best.
- Trust and understanding between EE and the Hub organizations needed to be improved on contract issues.

Current State Discussion- The Energy Efficiency Organization

The EE EPIP Team confirmed that the current EE matrix structure had deviated from its original intent over the last ten years. To be sure, market conditions and the very mission of the then Energy Services Business Line have evolved and changed since 1995-1996.

During interviews and focus groups with EE employees and management, a clear bimodal preference about the matrix structure emerged – it either seemed to work well, or it did not work well for employees and management in executing their job responsibilities. There was virtually no middle ground in preference for or against the matrix structure.



Some EE employees believed the matrix eliminated “silos” and hoarding of talent, and that it afforded employees opportunities to experience new project assignments and, as a result, grow professionally. Still others felt the matrix as it currently operates avoided “micro-management” of employees and thereby gave them a greater sense of self-empowerment. On the other hand, attributes perceived as positive for the matrix were viewed by many others as detriments and barriers to efficiently accomplishing the work of EE.

The EE organization analysis included individual interview and focus group results, discussions of the EE Management Team and EE EPIP Team, and examination of alternative structures of EE organizations across the nation (see Appendix E for interview/focus group results). Five significant findings emerged during analysis of the matrix structure and are described below.

Accountability

Increasing individual and team accountability is a hallmark objective of the EE reorganization and the implementation of the recommended process improvements. At times in the recent past, accountability requirements lagged behind or were less specific under the matrix structure than needed for optimal efficiency and effectiveness. Strong individual and team accountability are traits that should be engrained and broadly shared under the new EE culture. With strong leadership from EE managers and senior lead employees, the organization should be better positioned to focus on the strategic and programmatic objectives that will define success for energy efficiency currently and during the post-2006 period.



Roles and Responsibilities

Many employees were often unclear as to who the “boss” is in making decisions on issues affecting their work. Also, workload at times is unevenly spread across the organization, with some employees receiving additional assignments that do not specifically relate to the role for which they were formally classified. These EE employees end up wearing different “hats” outside their scope of responsibilities and are unable to concentrate on the job competency required by their specialty expertise. Fragmentation and confusion emerges over roles and associated responsibilities. As a result, unnecessary time is spent assessing issues, shopping potential solutions, coordinating among the many, and briefing management for mediated outcomes.

Conflict and Decision Making

Conversely, confusion arises at times when too many individuals -- usually involving performance managers, program managers and leads – try to make decisions on the same program priority or personnel issues. Conflict may arise over disagreements about what constitutes priority workload and the resulting allocation of talented, scarce employee resources. When a conflict occurs, more time than necessary is required to sort out answers to and resolve the differing viewpoints.

The EE Mission

Lacking a clear, consistent and direct line to accountable decision making, employees at times are unclear about from whom that direction should emanate, e.g., the supervisor, a program manager, an AE, an EER, the EE VP. This promotes a lack of alignment and focused employee support of the EE mission, and ultimately a diminishment in efficiency.



Knowledge Transfer and Training

With EE employees spread across a wide array of demanding workload and conflicting priorities, and roles and responsibilities at times fragmented between performance and program managers/leads and others, less senior or new employees do not always receive the career or cross-training necessary to build their skills in a timely manner. At the same time, senior employees do not receive effective direction or tools to transfer program, technical or project management knowledge to less senior or new employees. Knowledge transfer and effective project management and contract administration cross- training will be crucial to sustaining the EE organization in the face of a large number of near-term retirements.

Analytical and Program Assumptions

Without effective, aligned management of day-to-day program development, implementation and oversight, a significant lack of consistency between analytical, policy and program assumptions has emerged under the matrix. The lack of consistent assumptions across the organization and their direct linkage to programs have resulted in the creation of different eligible measures, measure life's, and energy savings values for similar programs. Some of the differences are driven by the differing purposes between programs, but the underlying measures and savings values should be similar. Industry best practice would argue for a centralized group or function that could monitor and ensure analytical and program assumption consistency and a high level of quality control and procedures across programs. One of the goals of reinventing the EE planning function is to address this issue.



6. Future State

Alternatives Considered – Organizational Structure

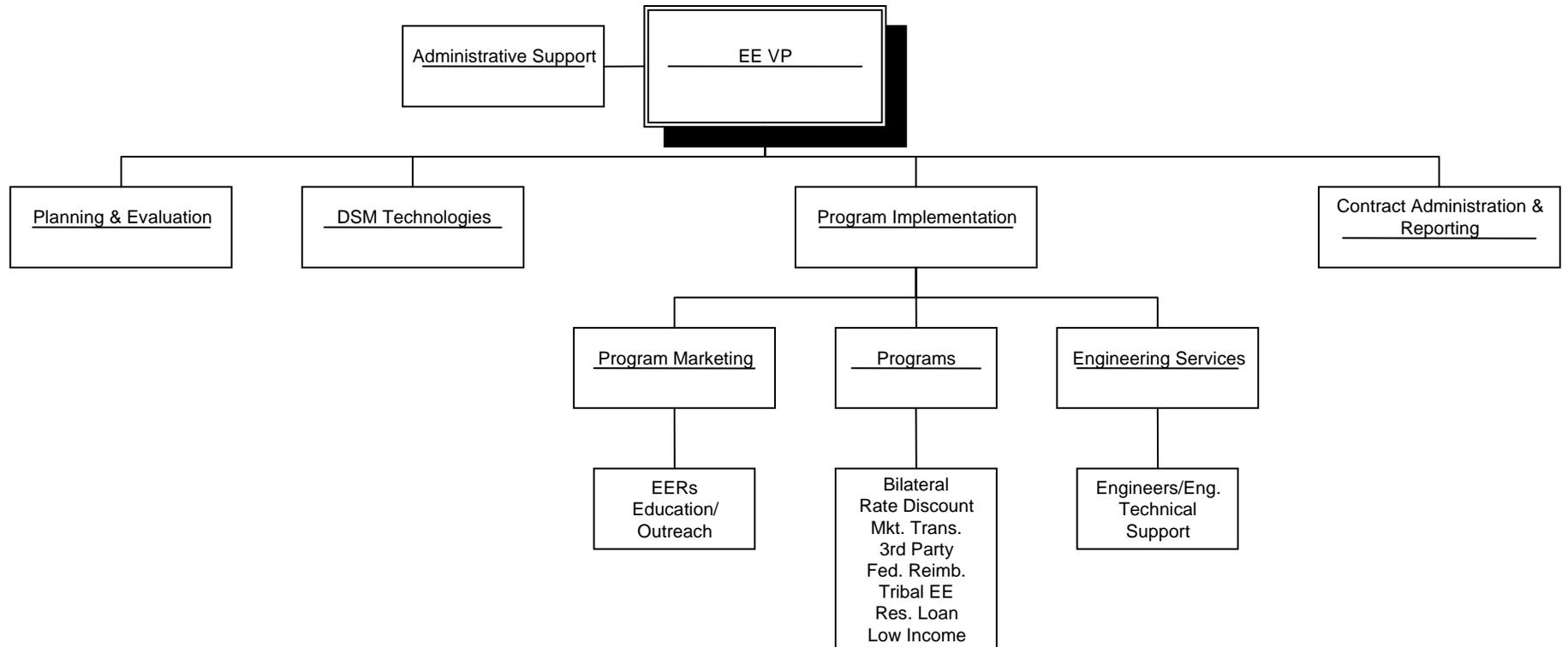
The EE Management Team first developed a set of criteria for the review of any new organizational structures. These criteria were:

- Improve efficiency over time
- Consistent level of supervisory oversight and coaching on core job elements
- Improve tie between strategic direction and day-to-day activities
- Clear lines of authority, responsibility, and accountability
- Specialized (narrow) focus of employees
- Improve overall teamwork / no silos
- Appropriate span of control

The group developed eight options that were then narrowed down to 3 options. The options included the existing matrix structure, revised matrix structures and several variations of line management. Most of the alternatives included separate planning and evaluation, implementation, DSM technologies and contracting functions. The final 3 options were scored by the group. The final organizational structure is presented in Figure 6.1. The organizational structure shown was ranked the highest across all criteria by all members of the group.



Figure 6.1
Proposed Energy Efficiency Organization





Alternatives Considered – Contracting Processes

As discussed in section 5, the group narrowed down the processes that were appropriate for re-design. The processes selected were those dealing specifically with bilateral contracting. As such, the revised processes presented here are the end product of this review and are viewed as a complementary group of changes and not individual process alternatives.

Other processes such as invoicing were not selected for process review/redesign as they appeared to be working. Some additional suggestions on monitoring and verification are presented later in this section.

Recommended Future State – Organization

The future state organization, as discussed previously is a functional line organization with functions located in Portland headquarters and in the field offices (Customer Service Centers). The group agreed to the following missions for the headquarters staff and the Customer Service Centers.



Mission of Headquarters

- Serve the customer
- Lead program design
- Provide program management
- Provide a feedback loop back to headquarters which in-turn leads to improvements in the efficiency and effectiveness of programs
- Provide on-site engineering services related to technical implementation, oversight, verification, metering, etc.
- Provide field inspections with appropriate authority to make field changes
- Lead contract design and planning
- Lead Non-Wires solutions and related R&D
- Provide finance and budgeting support
- Provide data management
- Lead EE policy development
- Lead EE planning and strategy development (Balanced Scorecard)
- Serve clients in external organizations, e.g., Power Council, NW Energy Alliance
- Serve clients in internal BPA organizations, e.g., Front Office, General Counsel, Office of Chief Financial Officer
- Provide administrative support, e.g., training, travel, etc.



- Provide engineering services related to program design, measurement, and limited on-site technical support
- Provide contract administration for both procurement and non-procurement contracts, i.e., COTR responsibilities involving invoicing, payments, records management and tracking, contract quality control, and customer oversight visits

Mission of Customer Service Centers (includes Field Functions located at Headquarters)

The key components of the mission of the field functions are:

- Serve the customer
- Market and deliver EE programs

It was decided by the EE Management Team that over time, all “program management functions” would be done in headquarters, rather than the duplicative fashion they are now performed (which is both in the field and in headquarters). The group also identified what an ideal field office would look like in the future. That vision is presented below. The “Ideal” field office or Customer Service Center may include the following functions (Seattle, Walla Walla, Spokane, and Portland HQ Field Functions; Idaho Falls and Missoula as noted under COTRs below.)



Ideal Field Office Roles

The following lists describe the functions of EE staff for the field offices:

EERs

- Point of contact with AE and customer
- Manage customer relationship on EE matters
- Negotiate and sign load following standard and custom contracts
- Lead negotiations for non-load following standard and custom contracts

Engineering Services

- Technical implementation, oversight, verification, metering, etc.
- Field inspections with appropriate authority to make field changes
- Support for utility customers in designing and implementing EE programs

COTRs

- Standard COTR function such as contract administration and oversight, with training and certification
- Small field offices in Missoula and Idaho Falls may have a COTR/EER/Engineer combo employee

Administrative/Clerical – may be a shared service concept, e.g., share resources and budget with other Power offices

The future state is a departure from the current matrix organization. It will provide for more accountability and authority.



Recommended Future State – Contracting Process for the Bilateral Program

Revised process descriptions – The revised processes for contracting of the bilateral program that were developed are presented in **Appendix C** (Future State process maps 1, 2, 3, and 4).

The following are some of the key features of these revised processes:

- Pushing specific decision-making guidelines and authority further down in the organization
- EERs would have authority to approve funding requests up to a pre-specified dollar limit
- Defined link between type of customer power contract and the EE contract
- Standardization of forms, terms and conditions, and processes
- Clear roles and responsibilities for AEs, EERs, COTRs and contract staff (EE and Hubs)
- Complete all required contract administration training (e.g., COTR certification)
- Elimination of duplicate approvals where ever possible
- Web-based processing of contracts
- As much consistency as possible in measure savings estimates for the bilateral program and the rate discount program
- Standard, defined processes for updating terms and conditions
- Same terms and conditions for East and West Hubs
- Budget changes to be handled outside of the contracting process (not requiring a contract change for a budget funding change)



The following were the Future State process maps the EE EPIP team developed:

(see Appendix C for process maps and further descriptions)

Future State 1: Load following standard contract

This map depicts the step involved in executing a standard bilateral contract for load following utility

Future State 2: Non-load following standard contract

This map depicts the steps involved in executing a standard bilateral contract for a non-load following utility

Future State 3: Load Following custom contract

This map depicts the steps involved in executing a custom bilateral contract for a load following utility

Future State 4: Non- Load Following Custom contract

This map depicts the steps involved in executing a custom bilateral contract in a non-load following utility

Other Improvements Identified

This section presents some additional actions that should be taken by the EE group to improve efficiencies. The first series of actions are items identified by the EE EPIP team as part of the team process. Additionally, the KEMA staff identified some areas that might also produce savings that were not necessarily a work product of the EE EPIP team and in some cases were outside the scope of the EE EPIP team.



Additional measures identified by the EE EPIP team

- 1) Use one dedicated attorney for all EE legal requirements
- 2) Consider more formalized program design teams including EER and AE staff going forward
- 3) Establish a set time each year for program revisions rather than doing them randomly throughout the year, and roll them out to customers just once a year
- 4) Map and centralize contract files, procedures, and documentation
- 5) Improve marketing materials
- 6) Standardize and automate forms for all programs
- 7) Develop standard criteria for new program development
- 8) Develop specific verification and monitoring standards based on the overall risk of the contract/measure
- 9) Use deemed measures for savings wherever possible
- 10) All EE program concepts must go through the EE organization (not independently in Marketing and Sales)
- 11) Use same impact estimates for energy savings across programs (i.e. between bilateral and rate discount programs)



KEMA Staff Suggestions

KEMA staff had a few observations that while not part of the Team effort or outside the scope of the team (Contract Administration and Program Administration) may be explored for future potential savings. These include:

- 1) Assess whether EE staff should be the administrator of the Energy 2020 model or whether it should be moved to the BPA Industry Restructuring organization, or whether some amount should be charged to the Industry Restructuring organization. (This recommendation was also adopted by the EE EPIP team at its final meeting.)
- 2) Assess the continuing role of the Federal reimbursable program. While this program is revenue generating, it may introduce contract risks and divert staff from core functions. One option may be to continue this program only in the Northwest and overtime discontinue the program out of the region.
- 3) The EE group has a talented and dedicated group of engineers. Staffing in this area seems high relative to other Energy Efficiency departments, particularly given the fact that these services are not for the most part provided to the Slice customers such as SCL and EWEB. This appears to be mostly due to the need to provide additional customer support / technical advice for smaller customers. The value of this versus the cost may need to be assessed overtime – this may be an area where hiring an engineering firm on an as needed basis may meet this needs more effectively to some degree.



- 4) Measurement, monitoring and verification have been an important part of the current bilateral program and will continue to be so post –2006. Additional requirements for the rate discount program will be added post 2006. Currently the processes in this area are “ad hoc.” KEMA suggests that some thought be given to have clearly defined measurement, monitoring and verification procedures going forward on an individual project and program basis. This might include:
 - a. Clear rules on when metering is required
 - b. Clear rules on when pre-inspection visits are required
 - c. Adding more measures to the deemed savings list in the bilateral program
 - d. Clear rules on where post- inspection visits are requires
 - e. More sampling for post inspection visits
- 5) Have an annual plan for the DSM technologies area. To provide the most value for BPA this area will need to be more focused in the future. The focus of this area should be on the new energy efficiency, load management and distributed generation technologies that will provide the most value for non-wires solutions in the future. (This recommendation was also adopted by the EE EPIP team at its final meeting.)
- 6) The Marketing and Sales organization needs to better coordinate with the EE function – Sales and Marketing has make decisions that should be jointly made with the EE group.
- 7) Assign a corporate communications staff employee who knows EE business and can work as a partner with EE.



Impact of Future State

The Future State is based on three areas of savings. The resulting costs and FTE for the Future State are shown on Table 6.1 below. The three areas of savings are:

- 1) Proposed reorganization and BFTE re-grading / reductions
- 2) Process changes in EE bilateral contracting
- 3) Reduction / re-deployment of staff overtime as additional efficiencies are introduced from line management, or reductions in the Federal Reimbursable program occur

Table 6.1
EE Process Efficiency Project
Future State Base Line Costs and FTE – FY 2004

Category	(a)	(b)	(c)	(d)	(e)	(f)	
	Capital	Expense	IT to "J"	Grand Total	BFTE	CFTE	without "J" BFTE CFTE
General Contracts	0	955,296	(236,719)	718,577		4.00 *	2.00 *
Materials & Equipment		16,240		16,240			
Personnel Compensation		5,179,894	(53,153)	5,126,741	56.00 *		55.00 *
Rents Utilities and Land		1,125		1,125			
Grand Total	0	6,152,555	(289,872)	5,862,683	60.00		57.00

*The Current and Future State baselines are snapshots based on FY 2004 actual costs. Current BFTE is 63.0 with a 97% burn rate, and CFTE is 7.0 [since FY 2004, two (2) GS-14s, one (1) GS-12, and three (3) Ciber CFTE engineers have been hired - these data do not reflect those additional BFTE/CFTE]



Revised Financials

- It was assumed that the organizational structure and re-grading changes would save 8 - 10% annually over time as retirements occur and jobs are redefined regarding skills and are filled at lower grade levels
- The process changes would save 3+ - 5% annually over time by reducing staff in the contract processes
- The role/scope change in the Federal Reimbursable program could save an additional 3+ - 4% annually
(As stated elsewhere, Federal Reimbursables is a revenue generating program - its future role/scope will also depend on how post-2006 workload demands are managed)
- The costs of developing the web-based contracting system were estimated to be \$80-\$100K one time, with \$20K of annual maintenance
- These savings are summarized on Table 6.2 (numbers are rounded.) Detailed financial data can be found in Appendix G



Table 6.2

**EE Efficiency Improvement Costs and Savings
(Over 5-year Implementation Period)**



Level	Description	Incremental Annual Savings	Incremental Percentage Savings	Cumulative Percentage Savings	Costs
1 Re-organization Re-grading Reduction in Field Administrative Support	Re-grade positions through attrition under reorganization Implement reorganized Customer Service Centers in field with appropriate staff mix Share field admin/support staff and budgets with other power offices	\$600,000 - \$700,000	8% - 10%	8% - 10%	\$2500 – one time (training)
2 Contracting Improvements	Implement Web-based contracting automation, central administration in EE, fewer layers of review, etc. Reduce BPA contract administration positions through attrition Reduce BPA program position(s) through attrition	\$250,000 - \$350,000	3%+ - 5%	11%- 15%	\$2500- one time (training) \$80,000 - \$100,000 (one time Web development) \$20,000 (annual maintenance)
3 Reduction of Reimbursable program	Reduce Engineering positions through attrition and/or Reimbursable Program contract support	\$250,000 - \$300,000	3+% - 4%	16% - 19%	Will reduce scope or Reimbursable program
Total:		\$1.1 M - \$1.35 M of \$7 M Baseline		16% - 19% of \$7 M Baseline	\$85,000-\$105,000 one time (1.5 % of Baseline) \$20,000 annual (<.3 % of Baseline)



The risk factors listed below were identified by the EE Management Team associated with EPIP implementation:

- Increased risk of not achieving the higher MW targets and/or not achieving the \$1.4M/aMW cost target post-2006.
- Increased risk of not being able to provide a sufficient level of measurement and verification (M&V) to ensure energy savings were real and funds were spent appropriately. New post-2006 EE workload includes additional:
 - ✓ M&V for 130 utilities participating in the rate discount program
 - ✓ M&V for six IOU utilities participating in the rate discount program
 - ✓ M&V for 14 utilities receiving the Irrigation Rate Discount who do not have a current requirement to implement cost-effective measures
 - ✓ Program design and implementation by BPA for about 45 small utilities (currently exempt from programs)
 - ✓ Program design and assistance for 12 pre-subscription customers eligible now for EE program participation
- Risk of not implementing the proposed IT/automated systems and reorganization changes in a timely manner that would impact EE's ability to offer post-2006 contracts by 10/1/05, and other support required for the new EE programs.
- Increased risk of political backlash due to potential underachievement of conservation targets and/or insufficient support for BPA's conservation efforts, and risk of future upward rate pressure if conservation targets are not achieved.



7. Implementation

Gap analysis and what else must change with it

The Force Field Analysis chart in table 7.1 below presents a representation of the forces that will impact the implementation of the new future state.



Table 7.1
Force Field Analysis
EE EPIP Report



Current State

Future State

Current State		Future State	
Driving Forces	Restraining Forces	Driving Forces	Restraining Forces
External Pressures for Cost Management	Lack of Shared Accountability	Executive Leadership	Natural Reluctance to Change
Desire for Agency to be Successful	Unclear Roles and Responsibilities	Need for Efficiencies	New or Different Supervisors Managing New Organizations
Skilled EE Workforce	Lack of Automated Processes	Skilled EE Workforce in Short-Run	New Training Needs
High Level of Teamwork	Multiple Layers of Review	High Level of Teamwork	Competing Workload, e.g., Higher Post-2006 Council Targets
Commitment to EE Mission	Fragmented and Duplicated Process Steps	Commitment to EE Mission	Sustaining Front Office Support
	Inadequate Management Oversight and Process Measurement		Ability to Execute Succession Plans



Training

Training will be required for COTR certification, and for the new web-based contracts system for COTRs, EERs, AEs, and headquarters staff.

IT systems

The new web-based system will need to interface with CCIS, BES and the Energy Efficiency Data Base. It will also need to be consistent with the current web-based system used for the rate discount program.



Schedule:

The following is an initial proposed EE Implementation Plan

**Table 7.2 Preliminary Implementation Plan for
 EE Efficiency Improvements and Reorganization Changes**

Action	Date	Who
1. EE EPIP Recommendations Received - Final BOB Approval	May-05	Business Operation Board (BOB)
2. EE Interim Reporting Structure Announced to Affected Employees	May/Jun-05	EE VP, EE Management Team, Labor Relations
3. Reorganization Team Prepares Formal Reorganization Proposal	May/Jun-05	Reorganization Implementation Team
4. EE Process Improvement Implementation Team Chartered	Jun-05	EE VP, EE Management Team, Labor
5. Formal Reorganization Proposal Endorsed by EE/Upper Management	May/Jun-05	EE VP, PBL Sr. VP, COO
6. Reorganization Proposal Package Routed for Concurrence Per Proposal of Personnel Letter 250-4	May/Jun-05	EE VP, HR
7. Reorganization Package Sent to Affected Unions for Review (unions)	May/Jun-05	Labor Relations
8. Web-Based Bilateral Contracting Requirements Plan Developed and Approved	Jun/Jul-05	EE Contract Administration & Reporting Process Implementation Team, IT



**Table 7.2 Preliminary Implementation Plan
Continued**

9. Final EE Reorganization Takes Effect	Jul or Oct-05	EE VP
10. Initiate New Bilateral Contract Development for Post 2006 Period	Jul/Aug-05	EE Contract Administration & Reporting
11. Vacancies Announced (if any)	Jul-05	EE VP, HR
12. Complete Phase 1, Web Based Bi-Lateral Contract System Alpha Test (using existing templates)	Jul-05	IT, EE Contract Administration & Reporting, Process Implementation Team
13. Process Improvements Implemented Consistent with New EE Organization	Aug-05	EE VP, EE Management Team
14. Vacancies filled	Sep-05	EE VP, HR
15. Web-Based Bilateral Contract System Tested and Implemented for Phases 1 and 2 (Phase 3 longer)	Mar-05	IT, EE Contract Administration Reporting
16. New BiLateral Contract Templates Developed post 2006 Period	Oct-05	EE Contract Administration & Reporting Group
17. New Contracting Procedures and Documentation Developed Consistent with Agency Standards	Mar-06	EE Contract Administration & Reporting
18. Quarterly Status Reports on Implementation Plan (eg. to Project Management Office)	Ongoing	EE Management



8. Relationship to Other Processes

There should be better coordination between EE management and the Marketing and Sales EPIP team related to the future potential organizational placement of the EE function. It is suggested the Marketing and Sales team work directly with EE management so EE can review and comment on issues prior to finalization.

There may be some limited interaction to any changes made to contracting in the Hubs from the Marketing and Sales EPIP team. In addition, coordination with Risk Management and the Supply Chain may be required as EE contracting process improvements are planned and implemented. Finally, it is suggested that Corporate Communications continue working with EE management and staff as an advocate for the conservation education needs of Energy Efficiency.