



## Department of Energy

Official File

Bonneville Power Administration  
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ENERGY EFFICIENCY

July 30, 2009

In reply refer to: KLH-1

Dear Utility Manager,

The Northwest Power and Conservation Council (Council) is expected to adopt the Sixth Northwest Electric Power and Conservation Plan (Sixth Power Plan) by no later than Dec. 31, 2009. Bonneville Power Administration (BPA) anticipates that many changes associated with the adoption of the plan will have implications for BPA Energy Efficiency program offerings. These implications will remain uncertain until the final plan is adopted.

The intention of this letter is to:

- provide BPA customer utilities with as much advance notice as possible that there may be changes to BPA program offerings and reimbursement levels as a result of the Sixth Power Plan; and
- serve as a six-month notice per the BPA Implementation Manual that BPA shall not provide reimbursements or allow conservation adjustment credit toward the Contract High Water Mark for energy savings excluded from the regional target under the Sixth Power Plan. This may impact, for example, lower-efficiency appliances or some Compact Fluorescent Light (CFL) measures.

### **How is BPA working with the Council and utilities?**

During the last several months, BPA Energy Efficiency planning, program and engineering staff has been reviewing and analyzing Demand Side Management (DSM) supply curves provided by the Council. Once the details of the supply curves were readily understood, BPA Energy Efficiency staff engaged a group of utility customers and regional stakeholders to assess the readiness of numerous technologies and discuss the many facets of an appropriate implementation strategy. From these collaborative discussions, BPA provided feedback to the Council for consideration in subsequent power plan revisions. BPA will continue to review and analyze information from the Council.

### **What is the approval schedule for the Sixth Power Plan?**

The Council has provided BPA with the following tentative schedule for adoption of the Sixth Power Plan:

- Draft plan released (August 2009)
- Public comment period (60 days)
- Revised draft plan based on public comment released (October or November 2009)
- Final plan adopted (November or December 2009)

### **What are the anticipated changes to the Planning, Tracking and Reporting (PTR) system, Oct. 1, 2009 - April 1, 2010?**

The Regional Technical Forum (RTF) determines the final measure set included in the PTR system. BPA establishes its reimbursement level for these measures. BPA is monitoring the Council's schedule for adoption of the Sixth Power Plan and the RTF schedule. Because those timetables are uncertain, BPA provides the following tentative schedule following adoption of the plan with the understanding that dates may change:

- ***For measures that are currently in the PTR system:***
  - The RTF reviews measures that are currently in the PTR system and updates for cost effectiveness, incremental costs and savings levels based on new assumptions and inputs from the Sixth Power Plan. Utilities can provide feedback through the RTF process. (December 2009 – March 2010)
  - BPA reviews and assigns incentives for the new measure set and updates specifications and requirements. If there is a reduction in reimbursement levels because savings or costs have been reduced by the RTF, six months' notification will be provided to customers. Measures excluded from the regional target under the Sixth Power Plan (such as some lower-efficiency appliances) will be removed Feb. 1, 2010. (January – March 2010).
  - BPA issues Implementation Manual (April 1, 2010)
- ***For new measures included in the Sixth Power Plan***

Many new measures defined in the Sixth Power Plan will require research and then review by the RTF and other regional stakeholders, including BPA. The time required for the RTF processes to verify cost effectiveness and approve savings for new measures varies depending upon the nature of the measure. For example, establishing deemed savings for measures where the region has little program experience could require substantial time – historically this has taken several months or longer. On the other hand, RTF verification of savings and cost-effectiveness for fully verified measures may be relatively quick. Once the RTF process is complete BPA will assign reimbursement levels and upload these measures into the PTR system.

#### **What kind of changes should utilities anticipate?**

While the Sixth Power Plan is still in pre-draft format, changes could include:

- Higher avoided cost assumptions underlying the plan's supply curves may mean that certain measures that were previously not considered cost effective may now pass the total resource cost test. This would expand the number of qualifying measures available in each sector (e.g., residential weatherization and HVAC).
- Some current energy efficiency savings may no longer be eligible for BPA funding because the market penetration has increased to a point where programmatic intervention is no longer needed or a state code or federal standard has been implemented (e.g. some lower-efficiency appliances or high-efficiency heat pumps installed to meet state energy codes).
- Savings from new technologies that were not included in the Fifth Power Plan, but are now viable due to technological advances (e.g. some types of solid-state lighting in the commercial sector).

#### **Future updates**

We will continue to provide updates regarding the BPA response to the Sixth Power Plan as they become available on the BPA Web site at [www.bpa.gov/go/6thplan](http://www.bpa.gov/go/6thplan). The Web site also contains priorities for new BPA energy efficiency efforts as a result of pre-draft versions of the plan.

Sincerely,



Michael J. Weedall  
Vice President, Energy Efficiency