

Issue List from 5 March Conservation Sub Group

A few general observations.

- 1) How to determine what conservation efforts should be pursued with which acquisition approaches (local programs, regional programs, market transformation, RD&D, codes and standards)?

From the utility perspective all conservation is local; regional, market transformation, etc. assist in that local effort. We believe that there are mechanisms in place currently to address this question. First of all market transformation is currently handled by the Northwest Energy Efficiency Alliance and should continue. The Alliance at the same time runs regional programs, i.e. "Double Your Saving," to support their market transformation efforts. The Alliance is able to determine support for these programs through direct utility participation. Other regional programs should be proposed to an advisory group with representation from BPA customer; it may be possible that the Regional Technical Forum could perform this function. This process could also be followed for RD&D. In terms of codes and standards it should be left up to state agencies to determine.

- a) How to ensure a portfolio of approaches across the region to efficiently capture all cost-effective conservation?

See answer above.

- b) How to assure adequate funding for these approaches?

By the setting of targets either through aMWs or a discount/credit should assure adequate activity.

- c) Which of the approaches should be pursued under BPA-oriented mechanisms?

BPA has an important role in the implementation of conservation efforts. Its main focus going forward should be to enable its customers to develop or continue sustainable programs. This role should focus on RD&D and regional program development. BPA should continue in its efforts to support local efforts through engineering assistance and program development and where necessary upon request direct involvement.

- d) How to determine how much of the BPA- oriented effort should be under local control or BPA control?

We would refer to the current C&RD model where utilities have a broad range of discretion with oversight from BPA.

- e) Whether, and if so, how to establish guidelines for portion under BPA control?

Defining BPA's role upfront is a good idea.

- 2) What should be the treatment of conservation savings under tiered rates or an allocation of the system?
 - a) How should conservation savings be accounted for?
 - b) Do savings decrement an allocation? If so how?
 - c) How to avoid penalizing utilities for strong conservation performance?
 - d) How to structure and C&RD mechanism if rates are tiered or not?
 - e) How is the treatment applied to different types of customers, full requirements, partial requirements, slice, IOU exchange?

There should never be a penalty for doing conservation. All the conservation a utility does should be credited to that utility. Using a C&RD type mechanism will assist in this effort. A C&RD type mechanism that allows for a MW target or discount/credit is adoptable to any system, tier rates or allocation of system. Then the issue is the utility target. It is the position of the utilities that BPA has only direct involvement for the portion of load served by the agency.

- 3) Should any BPA-oriented approach be expanded to include combined heat and power. If so, how? If not, should there be a regional mechanism to fund combined heat and power efforts?

This is a technical issue and should be worked out at the RTF or similar forum.

- 4) How to design in cost-efficiency of acquisition? (This is different than cost-effectiveness of measures)

The cost paid for acquisition should be left to the local utilities. As long as there aren't any subsidies it should not be a problem.

Additional it needs to be recognized the effect that continuously changing measure credits have on programs. In moving forward we would recommend a more stable credit beyond the current one year, this standard would apply to both increases in credits as well as decreases.

- a) If so how and for which approaches?
- b) Should BPA adopt cost-efficiency as a goal in the local-utility efforts? And if so how?

NO!

- c) Should BPA adopt cost-efficiency as a goal in the regional efforts under its purview? And if so how?

Yes. As stated above if regional programs are brought to an advisory group, such as the RTF, than a budget should be included.

- 5) Whether and how to adopt local utility targets?

The Council will set the regional target and assign BPA's responsibility. BPA will then allocate to its customers based on their net requirements. This method would continue the current practice used by BPA for C&RD and could accommodate either the current discount allocation or a kWh allocation or both.

- 6) What should be the form of the BPA mechanism for local utility conservation?
 - a) MWa target with penalty later
 - b) Credit and discount
 - c) Some combination or at customer choice
 - d) How is the mechanism implemented in budget and rates?

It is hoped that a aMW target and discount/credit can be implemented with each customer able to choose which works best for them. While it is recognized that there is not much difference between the two and one always leads to the other; the preferred mechanism would be a discount/credit as is current practice under C&RD.

- 7) How are conservation targets set with respect to amounts real, verifiable, incremental?

First utilities should have a target that is set as outlined in answer to question 5. All the conservation that a utility does should count towards it target. The measures that a utility can take credit for are those defined by the RTF and approved by BPA. The accounting would be the same as currently is the practice under the C&RD program. There should not be any "incremental" standard.

- 8) Should there be individual utility targets or overall targets.

a) What are the consequences for not meeting the targets?

The consequences for not meeting a target would be having to pay BPA as is the current practice.

9) How to deal with the non-BPA served portions of the regional targets?

- a) Funding
- b) Budgets
- c) MWA

This should be left to individual states and their regulatory bodies where appropriate. For publics not subject to state regulation this should be left to their boards and customers. To assure that BPA money is not paying for non-BPA served load aMW targets could be mandatory for BPA targets.

10) Are conservation and renewable resource targets interchangeable

Utilities should have the option, as they do now, of investing in conservation or renewables.

11) How should the RTF be revised?

- a) Structure
- b) Duties
- c) Funding

The RTF should continue under its present structure for the next rate period while different structures and costs of such changes are investigated