



Fact Sheet

October 2014

Conservation billing credits

Background

During the Bonneville Power Administration's Energy Efficiency Post-2011 Review, some of BPA's utility customers expressed an interest in pursuing independent conservation activities through an optional new funding model. To address this desire, BPA proposes to offer conservation billing credits consistent with section 6(h) of the Pacific Northwest Electric Power Planning and Conservation Act of 1980. The program would focus on independent conservation activities by BPA customers and their potential to reduce BPA's need to acquire other conservation resources. BPA plans to begin offering billing credits in October 2015.

What would be needed for BPA to offer billing credits?

Modify the billing credit policy

To offer billing credits under Regional Dialogue contracts, BPA would need to modify its 1993 billing credit policy. The revised policy would create an option for customers that prefer to fund independent conservation activities directly rather than with BPA's Energy Conservation Agreement implementation budget funding, otherwise known as EEI. Customers that chose billing credits would be credited an amount equivalent to BPA's cost if it had borrowed the funds it would have provided under the EEI.

Establish billing credit contract language

Customers that chose conservation billing credits would require revisions to their Regional Dialogue contracts. The revisions would establish the amount of the credit for each customer, the corresponding funding for their independent conservation activity and the expected conservation savings from such activity.

Customers pursuing conservation billing credits would continue to follow BPA's Energy Efficiency Implementation Manual.

Questions and answers

Why would a customer be interested in billing credits?

Customers that want to fund energy efficiency programs at the outset, rather than have BPA spread those costs over time, may prefer billing credits. Up-front funding would affect a customer's retail rates in the near term but would avoid interest costs later, creating financial flexibility for the utility in the future.

What would the rate effects be of billing credits on customers that don't participate in the program?

Billing credits would be designed so that customers are neither harmed nor benefit financially by another utility's choice to take billing credits.

How long would billing credits last?

The billing credit would be provided in equal monthly amounts for the same period of time that BPA would have financed the EEI funding. This is currently 12 years.

What would happen if a customer's conservation efforts did not meet the minimum spending and acquisition levels agreed to in the contract?

The amounts of the billing credit would be reduced if a customer failed to meet the financial and energy savings minimum established in the language of the billing credit contract.



How would minimum spending and acquisition levels be established?

Minimum spending levels would be based on the Tier One Cost Allocator EEI allocation for the rate period. The acquisition levels would be based on the customer's status quo EEI budget divided by the average programmatic incentive costs used by BPA in its energy efficiency action plan for the rate period in question.

Would there be financial incentives for a customer to exceed the minimum savings expected under the contract?

No. Billing credits would mimic the cost of the EEI and savings would vary depending on the energy efficiency measures a customer undertook. BPA is not offering to provide additional incentives beyond the billing credit because it would be contrary to the directive under the Northwest Power Act that the rate impact on other customers be no greater than if BPA acquired resources in an amount equal to that actually saved by the customer's energy efficiency measures.

How would implementation verification under billing credits differ from the EEI?

It wouldn't. All energy efficiency activities would have to meet the rules established in BPA's Energy Efficiency Implementation Manual, including the oversight review process, under either approach.

What benefit would BPA get from billing credits?

In addition to creating a funding model for utilities that prefer not to capitalize energy efficiency incentives, as requested by some customers, billing credits would reduce the amount of money that BPA must borrow to meet its energy efficiency goals.

How would billing credits and third-party financing work together?

Both billing credits and third-party financing would relieve pressure on BPA's limited Treasury borrowing authority. The forgone EEI amount from each billing credit customer would reduce related third-party borrowing by a like amount. Third-party conservation financing is intended to be BPA's main financing tool

with the start of fiscal year 2016. If customers do not sign a billing credit agreement, the only other option BPA intends to offer for conservation funding is third-party energy savings agreements, also known as ESAs.

Key dates

- **Oct. 10 – Nov. 14, 2014**
Public comment period on proposed billing credit policy.
- **Oct. 24, 2014**
Public Meeting, 9–11 a.m., BPA Rates Hearing Room, 1201 Lloyd Blvd., Suite 200, Portland, Ore.
- **December 2014**
BPA to issue final billing credit policy and record of decision.
- **January 2015**
Final billing credit contract language established.
- **March 2015**
Billing credit contract language executed.
- **April 2015**
Billing credit decisions reflected in BP-16 rate case.
- **October 2015**
Implementation of billing credit policy begins.

How to comment

BPA is accepting comments about the proposed change to the billing credit policy and the proposed billing credit contract language until Nov. 14, 2014.

Comments can be submitted online at: www.bpa.gov/comment; faxed to 503-230-4019; mailed to BPA's Public Affairs Office, DKE-7, P.O. Box 14428, Portland, OR, 97293-4428; or submitted via telephone toll-free at 800-622-4519. We will post a link to all comments we receive on the comment website.

For more information

Please contact Scott Wilson, senior customer account executive, Bonneville Power Administration, PSW-6, P.O. Box 3621, Portland, OR 97208-3621; toll-free telephone 800-282-3713; direct telephone 503-230-7638 or e-mail skwilson@bpa.gov.