



Integrated Program Review

Energy Efficiency

July 17, 2012

1:00-3:00 pm

BPA Rates Hearing Room, 911 NE 11th Ave Portland, OR
To participate via phone dial 503-230-5566, when prompted enter
access code 4433#



Discussion Request #1

We would like a briefing on BPA's planned Energy Efficiency expenditures, given that some of the Energy Efficiency expenditures may be put back into expenses. We would like to know whether BPA is still planning to manage to a five-year budget of \$458 million, and whether BPA still intends to reduce its EE expenditures in FY 2014 to offset BPA's prior overspending on Energy Efficiency.

--Public Power Council

Discussion Request #2

A briefing and additional information on Energy Efficiency expenditures, including a more detailed breakdown on the items included in conservation acquisition, energy efficiency development and market transformation. For example, BPA recently stopped work on EE Central and has begun a new effort on reporting, tracking and invoicing. What is the budget for this work and does any of the EE Central work have retained value? In addition, if BPA is considering a return to expensing conservation incentives, could you provide some analysis on that potential cost effect?

-- PNGC

Overview

- EE Action Plan
- EE IPR Initial Spending Levels
- EE Acquisition Capitalization
- EE Central & Savings Tracking
- Demand Response (DR) Budget

EE Action Plan Update

1,200 aMW = Council 5-year target

504 aMW = Public Power (BPA) Share (42%)

- BPA's 2012 Action Plan focuses on best-available information to achieve the 5-year target (2010-2014).
 - 2012 Update adjusts for higher-than-expected savings achievements in 2010-2011.

EE Action Plan Update: Public Power Share - 6th Plan Savings Summary (aMW)

Savings by funding source	2010 Actual	2011 Estimated	2012 Projected	2013 Projected	2014 Projected	Total Savings
BPA Funded Programmatic Savings	57	105	46	42	39	289
Utility Self Funded Savings	23	2	16	14	13	68
Norpac	0	1	6	0	5	12
Market Transformation (NEEA)	11	11	8	8	8	46
Non-Programmatic	15	14	14	14	13	70
Carryover	0	0	11	11	11	34
Total Annual Savings	106	132	102	89	89	518
Total Reported 6th Plan Savings*	103	128	98	86	89	504

*Savings toward the 6th Plan targets count one-year measure life savings once, in 2014, though savings are achieved annually and counted toward annual targets (e.g. SIS).

EE Action Plan Update: BPA Conservation Acquisition (\$ millions)

- Savings from 2010-2011 include both capital and Conservation Rate Credit (CRC) funding.
- With CRC funding, total 5 year spending is \$512 million dollars.

	2010	2011	2012	2013	2014	Total
(\$ millions)	Actuals	Actuals	Estimate	Estimate	Estimate	
CRC*	\$ 41	\$ 12	\$ -	\$ -	\$ -	\$ 53
Capital	\$ 58	\$ 162	\$ 89	\$ 75	\$ 75	\$ 459
Total	\$ 99	\$ 174	\$ 89	\$ 75	\$ 75	\$ 512

*CRC actuals reflect when invoices were received by BPA for completed projects whereas the amounts reported on BPA's official financial statements are based on when credits were provided to the utility.

EE Action Plan Update: Average Costs (programmatic)

- BPA-funded programmatic average costs:
 - 2010: \$1.7 M/aMW
 - 2011: \$1.7 M/aMW

- Based on the 2012 Update of the EE Action Plan, BPA is projecting the following average costs:
 - 5-year average: \$1.8 M/aMW
 - 2012-2014: \$1.9 M/aMW

EE Action Plan Update

- Overall conclusion:
 - BPA and public power can achieve the 504 aMW target with the allocated capital budget and with 25% self-funding from utilities in FY 2012 –14.

BPA Integrated Program Review (IPR) EE Initial Proposed Spending Levels (expense)

(\$ thousands)	2011			2012			2013			2014			2015		
	Start of Year	Actuals	Delta	Rate Case	Start of Year	Delta	Rate Case	Proposed IPR	Delta	IPR Target	Proposed IPR	Delta	IPR Target	Proposed IPR	Delta
DSM Technologies	-	(9)	(9)	-	-	-	-	-	-	-	-	-	-	-	-
Conservation Acquisition	16,200	12,042	(4,158)	15,950	15,950	-	15,950	15,950	-	16,444	16,444	-	16,754	16,754	-
Low-Income Weatherization & Tribal	5,000	3,046	(1,954)	5,000	5,000	-	5,000	5,000	-	5,155	5,155	-	5,252	5,252	-
Energy Efficiency Development	11,500	5,330	(6,170)	11,500	11,500	-	11,500	11,500	-	11,859	11,859	-	12,083	12,083	-
Legacy Programs	1,000	624	(376)	1,000	1,000	-	900	900	-	1,031	1,031	-	1,050	1,050	-
Market Transformation	13,000	10,807	(2,193)	13,500	13,500	-	14,500	14,500	-	13,919	13,919	-	14,180	14,180	-
Conservation Rate Credit	29,500	27,636	(1,864)	-	-	-	-	-	-	-	-	-	-	-	-
Total	76,200	59,476	(16,724)	46,950	46,950		47,850	47,850		48,408	48,408		49,320	49,320	

- Conservation Acquisition: Program infrastructure support
 - Technical support, research, data collection, evaluation, quantification of non-programmatic savings, marketing, demand response, etc.
- Low income and tribal grants
- EE Development: Reimbursable conservation program with other federal agencies (rate neutral)
- Costs associated with legacy conservation projects
- Market Transformation: Northwest Energy Efficiency Alliance (NEEA) funding

EE Acquisition Capitalized

At this time, BPA is not proposing to shift any of the energy efficiency capital investments to expense. Furthermore, a thorough review of energy efficiency's ability to be capitalized was conducted prior to the last IPR during which it was determined the capital investments had a 12 year useful life.

EE Central & savings tracking

- BPA has cancelled development of EE Central.
 - Despite significant effort, the software system was not on a path to deliver a high-quality, long-term solution for BPA and its customers.
- BPA has begun work to create an interim solution to collect detailed data with support of BPA's IT Project Management Office.

EE Central & savings tracking, cont.

- Current: Interim Invoice process (IS 1.0)
 - Allows customers to invoice BPA.
 - No detailed data submitted.
- Mid-term: Interim Reporting system (IS 2.0)
 - Allows customers to invoice BPA; provides a bridge to the permanent system.
 - Captures detailed measure level data.
 - Expected in Q1 Fiscal Year 2013.
- Long-term: Permanent reporting system
 - BPA IT & EE partnering to design long-term solution.
 - Decision whether to develop internally or seek a new vendor forthcoming.

EE Central & savings tracking, cont.

- Costs for EE Central Work to date: \$1.5 million
- Estimated costs for Interim System in FY 2012: \$625 thousand

Demand Response

- No costs for Demand Response are currently in IPR budgets.
- The agency is conducting a cross-agency vetting of a business case and developing an FY 2013-14 strategy and workplan this summer.
- Pending the outcome of the strategy, BPA may add budget for demand response.

Additional Questions?

Integrated Program Review

Financial Disclosure

This information has been made publicly available by BPA on July 16, 2012 and contains information not reported in agency financial statements.