



2013-2015 Business Operating Plan and Funding

Introduction

This document describes the Regional Technical Forum's 2013 work plan and the 2013-2015 business plan. The budget for 2013-2015 is estimated at \$1,500,000 per year. The RTF adopted the draft work plan, budget and business plan at its October 23rd meeting and forwarded their recommendation to the Council for approval. The RTF Policy Advisory Committee (RTF PAC) also reviewed the draft work plan, budget and business plan at its October 25th meeting and sent their recommendation to the Council for approval. The Council then approved the 2013 RTF work plan, budget and the 2013-2015 business plan at its November 6th meeting.

Work Scope

The RTF will continue to pursue the tasks adopted by the Council and its original charge from Congress and the Comprehensive Review¹. These are:

1. Develop and maintain standardized protocols for verification and evaluation of energy savings.
2. Conduct periodic reviews of the region's progress toward meeting its conservation resource goals, acknowledging changes in the market for energy services, and the potential availability of cost-effective conservation opportunities.
3. Provide feedback and suggestions for improving the effectiveness of the conservation resource development programs and activities in the region.

Consistent with these tasks, the RTF will continue to provide recommendations to Bonneville Power Administration (Bonneville), the region's utilities, and system benefit charge administrators to facilitate the operation of their conservation resource acquisition programs. The 2013 work plan includes, but is not limited, to:

- Review and update existing measures and standardized protocols for verification and evaluation of energy savings. The RTF maintains and continually updates a library of over one hundred measures and protocols, almost two-thirds of which will require updating in 2013 to conform to the uniform standards in the RTF's operative "Guidelines for RTF Savings Estimation Methods, Release 6-1-11", "Guidelines for Measure Cost and Benefits, Release 3-19-12", and "Guidelines for the Development and Maintenance

¹ See the RTF Charter at <http://www.nwcouncil.org/energy/rtf/charter.pdf>

of Measure Lifetimes, Release 5-12-12” collectively referred to herein as the *Guidelines*².

- Review and aid in the development of research plans for measures of regional importance and interest found to be out-of-compliance with the RTF *Guidelines*.
- Develop new measures and protocols and review unsolicited proposals for new measures and protocols.
- Continue to standardize and update guidelines for technical review of measures, protocols and impact evaluations.
- Update and develop new tools for measure analysis, including updates to ProCost and SEEM.
- Conduct research projects, update data, and provide searchable access to data for analysis.
- Provide an inventory of regional evaluation spending and activities to aid in regional coordination of evaluation.
- Maintain a process through which Bonneville, the region’s utilities, and system benefit charge administrators may demonstrate that different cost, savings, and cost-effectiveness findings should apply to their specific programs or service territories.
- Develop and maintain protocols by which the savings and the regional cost- effectiveness for energy efficiency measures, technologies, or practices not specifically evaluated by the RTF can be estimated.
- Review measurement and verification and program impact evaluation plans and results to assess their suitability for use supporting studies for RTF-related measure evaluations.
- Upon request of program sponsors, review plans for measurement and verification or program impact evaluation.
- Develop, review, and revise as needed program technical specifications. Identify high-priority evaluations and research and demonstration activities that are needed to improve regional energy savings estimates or facilitate adoption of new and existing energy efficiency technologies, measures, or practices.
- Provide support and outreach to small and rural utilities to ensure the unique circumstances and barriers of their service territories are being taken into account when developing RTF technical measures and specifications.
- Review efficiency-related technical analysis developed for the Council’s Seventh Power Plan.

² <http://www.nwcouncil.org/energy/rtf/subcommittees/guidelines/>

- Provide outreach, training support and presentations for RTF related matters.

2013 Activities and Budget

The RTF's specific work plan is largely driven by the requests it receives from parties within the region, primarily utilities, Bonneville Power Administration (BPA), Energy Trust of Oregon (ETO), Northwest Energy Efficiency Alliance (NEEA), and state energy agencies (SEO). Historically these requests have come to the RTF through informal requests from staff of these entities or through the more formal "petition" process on the RTF Planning, Tracking and Reporting (PTR) web site.

To facilitate the submittal of proposals by parties in the region for review by the RTF, and because the PTR system is no longer utilized by BPA for tracking and reporting purposes, the RTF established an online petition form located directly on the RTF website as part of its 2012 Work Plan. This petition form is designed to collect the minimum data that is required for a measure to be considered for RTF approval. This new petition process allows the RTF to respond in a timely manner to emerging technical issues and questions, and prioritize incoming requests. In addition, the RTF will issue an annual request to Bonneville, the region's utilities, ETO, NEEA, and SEOs asking these entities to identify specific technical research and evaluation issues that they believe should be addressed during the coming year.

During its operating year, the RTF typically adjusts allocation of resources among the categories in its work plan based on requests received, petitions, and the pace of multi-year projects. Specifically, the RTF reviews the budgets allocated to the review of existing and new measures and, within those budget categories, the allocation of funding between Unit Energy Savings (UES) measures and Standard Protocols. The RTF notifies the Council and its funders of all significant reallocation of resources or priorities.

In 2013, priority will be given to updating and developing measures identified as high and medium priority by the RTF's 2012 measure review of 42 existing UES measures.

The RTF divides its work into six categories of elective work and three categories for management and administration. Table 1 presents a summary of these categories for 2013. It includes components for Contract RFPs, RTF contract staff, and Council staff in-kind contributions. The component labeled "Subtotal Funders" represents the amount of funding required from the RTF's voluntary funders. A detailed budget for 2013 and the three-year budget forecast are in the accompanying Excel workbook. Each category of work is briefly discussed in the sections following Table 1.

Table 1: Planned RTF Activities for 2013

| Category | Contract RFP 2013 | RTF Contract Staff 2013 | Subtotal Funders 2013 | Council In-Kind Contribution 2013 |
|---|-------------------|-------------------------|-----------------------|-----------------------------------|
| Existing Measure Review & Updates | \$120,500 | \$429,100 | \$549,600 | \$23,000 |
| New Measure Development & Review of Unsolicited Proposals | \$92,000 | \$69,000 | \$161,000 | \$4,500 |
| Standardization of Technical Analysis | \$44,000 | \$22,500 | \$66,500 | \$2,000 |
| Tool Development | \$57,000 | \$38,000 | \$95,000 | \$3,000 |
| Research Projects & Data Development | \$127,000 | \$24,900 | \$151,900 | \$12,450 |
| Regional Coordination | \$20,000 | \$67,000 | \$87,000 | \$16,000 |
| Website, Database support, Conservation Tracking | \$0 | \$0 | \$0 | \$65,000 |
| RTF Member Support & Administration | \$174,000 | \$0 | \$174,000 | \$7,000 |
| RTF Management | \$3,000 | \$212,000 | \$215,000 | \$131,000 |
| Subtotal New Work | \$637,500 | \$862,500 | \$1,500,000 | \$263,950 |

Existing Measure Review & Standardization of Technical Analysis (\$616,100)

In 2010, the RTF began projects to update, standardize, and strengthen its technical analyses and document the input assumptions used for energy efficiency measures approved by the RTF. This work includes the development of guidelines for estimating energy savings, measure costs, non-energy benefits, and measure life. In 2011, the RTF began a systematic process to conform its library of measures to its recently developed *Guidelines*. One major thrust of the 2013-2015 work plan for the RTF is to update existing measures to bring them into compliance with these operative *Guidelines*.

The RTF will continue updating and standardizing work in 2013, expanding the number of measures reviewed for conformance to the *Guidelines*. The goal is to implement a systematic process, using identified standards of quality, for all RTF technical analysis. The RTF intends to cycle through its library of existing measures by the end of 2014 and bring them all up to the quality standards specified in the *Guidelines*. In addition, RTF-approved measures need to be revisited every two to three years to update measure viability, savings and cost estimates, baseline assumptions, lifetime, and other key factors, which is included as part of the 2013 work plan.

The budget estimate for 2013-2015 includes updating about 40 UES measures. It is anticipated that some of these measures will be reclassified as either small savers or standard/provisional protocols because they do not satisfy the requirements of the *Guidelines*. Additionally, several of these measures will require more research to ensure the quality and reliability of the savings estimates are on par with expectations of the *Guidelines*. The RTF will prioritize updates based on factors such as past and expected future frequency of use, annual savings rate, time since last updated, availability and quality of source data, and changes in baseline data. Given the large number of RTF-approved measures, this will continue to be an ongoing activity with a review of an estimated 20 measures per year for the next three years. Over one-third of the 2013 budget is allocated for completion of this update activity.

New Measure Development & Review of Unsolicited Proposals (\$161,000)

Typically the RTF sets aside funding for review of specific high-priority new measures as well as unanticipated new measures or protocols proposed during the year. About 10 percent of the 2013 budget is set aside for new measure work. This estimate is based on prior experience where much of the development and research required for new measures is done outside the RTF, with the RTF budget assuming only the costs of review by Staff and occasional outside contract support. This outside development approach has typically been the case over recent years for high priority measures such as heat-pump water heaters and ductless heat pumps, although with the completion of the *Guidelines* in 2012, more utilities and 3rd party entities have been completing the majority this research prior to submitting measures to the RTF for review.

As with past years, the RTF has allocated a portion of its 2013 budget for the review and development of measures specifically targeted at small and rural utilities in recognition of their limited resources and the unique circumstances of their service territories. For 2013, the RTF plans on allocating \$55,000 towards the development of measures identified by the small/rural subcommittee. Staff resources have been allocated to review these work products and other UES measures that get adopted by the RTF which may require modification to be applicable to small/rural utilities.

Tool Development (\$95,000)

The work of the RTF, its technical analysis, recommendations, and specifications require continued development of analytical tools and measure specifications used region-wide. The 2013 budget allocates funding for the development or enhancement of the economic analysis tool ProCost, the residential heat loss simulation model SEEM, and tools used by field practitioners to assure measure specifications are met. Approximately six percent of the budget is allocated to further tool development.

Research Projects & Data Development (\$151,900)

Primary research has not been a key function of the RTF in the past because primary data collection is expensive. However, on occasion it has been advantageous to use the RTF to sponsor primary research, or to coordinate secondary research where there is distinct region-wide value. For 2013, this category is focused on updating HVAC and lighting interaction factors which have become outdated and continual maintenance and updates to the End-Use Load Library developed under the 2012 work plan. In addition there is a \$28,000 placeholder in this category for small research projects that may emerge during the year to be selected by the RTF.

Regional Coordination (\$87,000)

Part of the 2013 budget is earmarked for regional coordination efforts. These efforts include planning and modeling for upcoming code changes in the region, collecting and summarizing regional evaluation activity and spending, facilitating collaborative regional evaluation of Performance Tested Comfort Systems (PTCS), coordinating the data collection efforts for provisional measures and protocols, developing materials to aid in the funding solicitation for the End-Use Business Case recommendation, and conducting an annual comparison of utility/System Benefit Charge (SBC) administrator technical resource manuals. An additional placeholder of \$10,000 is also included for unforeseen coordination opportunities that may arise during the year to be selected by the RTF.

RTF Member Support & Administration and RTF Management (\$389,000)

Support and administrative activities identified for 2013 include RTF member support, contract management, and general meeting costs. Member support includes compensating RTF members when they are asked to devote significant additional time to RTF work tasks and/or when they would not otherwise be compensated by their employer for participation in RTF work. The RTF will require expanded technical capabilities to analyze measures, protocols, and measure specifications through RTF contract staff. The category also includes RTF contract staffing to develop agendas, schedule and manage RTF work flow, and refine procedures. Approximately \$215,000 of RTF contract staff work is assigned to this category.

In addition, there is another \$131,000 of Council administrative staff work to support contracts, billing, web site development, annual conservation tracking report, data warehousing, meeting costs, web conference, scheduling and other business functions that are best retained at the Council. These are treated as in-kind contributions from the Council and are not included in the 2013 budget of \$1.5 million. Over the next three years, the RTF plans to expand its use of contract staff to further relieve Council staff.

Organization and Staffing

The full RTF meets at least once a month for an all-day meeting. In 2012, the RTF held a meeting each month, including two 2-day meetings to move through a large number of agenda items and deliverables from its 2012 work plan. As regional demand for its products and services increase, the RTF seeks ways to improve its operational efficiency and lessen the burden it places on its volunteer members.

The 2012 work plan was constructed to bid out the majority of technical analyses and research projects to third-party contractors to develop work products and lead subcommittee discussions. In this model, staff focused primarily on developing contract scope, managing contractors, and reviewing deliverables. This level of contract management included considerable technical assistance to contractors and extensive review of work products to ensure consistency with RTF standards. For 2013, the RTF plans to shift the majority of its technical analysis back to RTF contract staff. The strategy with this shift is to gain and retain technical knowledge within the RTF staff which is expected to help with the long-term technical capability of the organization, as well as decrease the overall obligations of its volunteer members. Moreover, effective subcommittees are important to allow for increased throughput at one-day RTF meetings and staff is typically better equipped to facilitate subcommittee efforts and follow-up on action items when they are closer to the analysis.

In an effort to lend credibility to work products developed by RTF staff, the 2013 work plan makes provisions to contract out-third party reviews of its work products to one or more consulting firms throughout the year. This has the added benefit of keeping the measure development knowledge in-house while assuring a credible review of the work is done by an impartial third party.

To implement this strategy, the RTF plans to shift its budget to increase RTF contract staff time while decreasing third-party contract RFPs for technical analysis. One full-time staff was added in 2012 to manage the RTF and provide technical analysis as needed, which increased the RTF staff count to a total of three (one full time in-house Council-staff person, fully funded by the

RTF, and two contract staff). The 2013 contract shift will increase staffing from the current level of three staff to six staff during the 2013 budget cycle, which is reflected in the allocation breakout shown in Figures 1 & 2 below. Because a large share of work in 2012 was allocated towards developing recommendation memos for legacy measures, 2013 will allow opportunity for new RTF contract staff to become familiar with workbook structure and RTF processes while utilizing recommendation memos as a guideline to doing work. Existing RTF staff will continue to provide subcommittee support, review research projects, develop technical work related to new and existing measure development, and work with external stakeholders on bringing measures through the RTF process.

This strategy is dependent on recruiting technically qualified, capable individuals available to contract part-to full-time as RTF staff. Should response to this recruitment fall short, the RTF will continue to use third-party contractors as has done in the past.

Figure 1: RTF Staff Allocation – 2012 vs. 2013

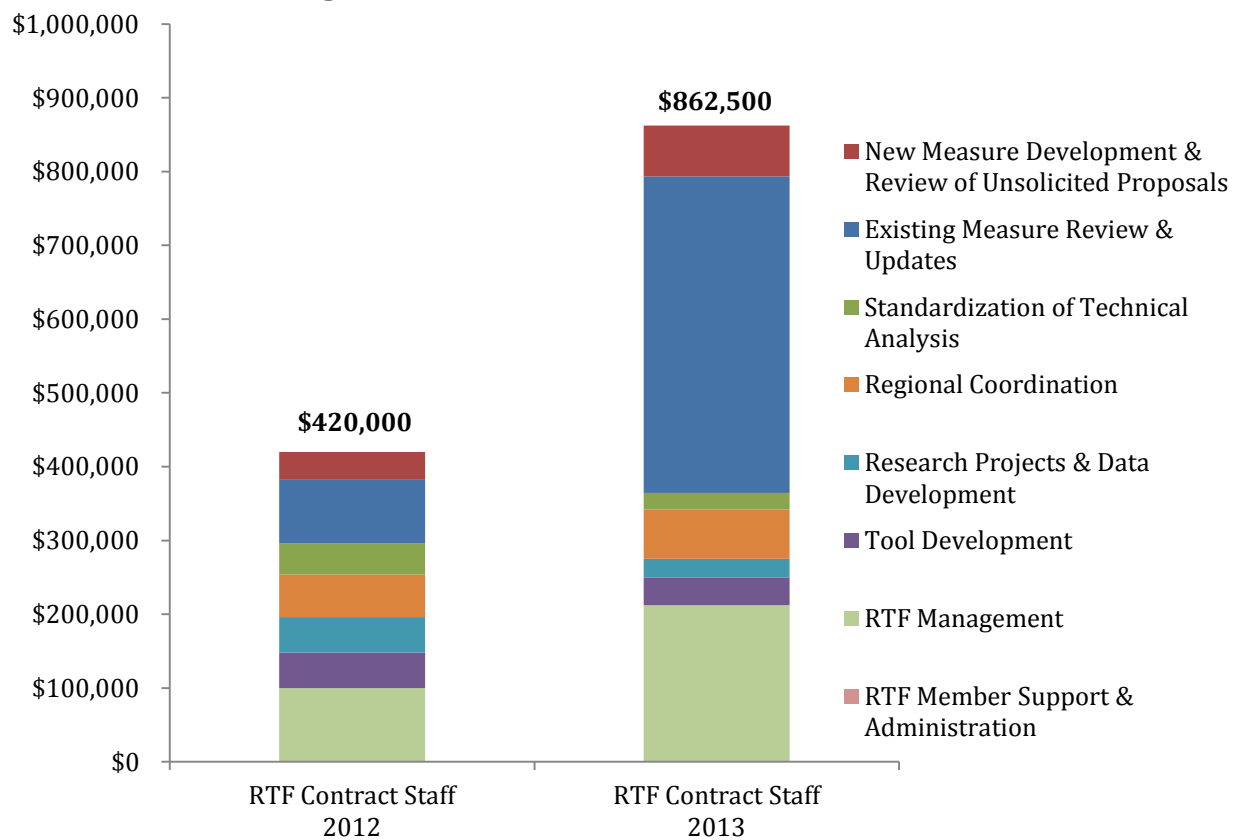
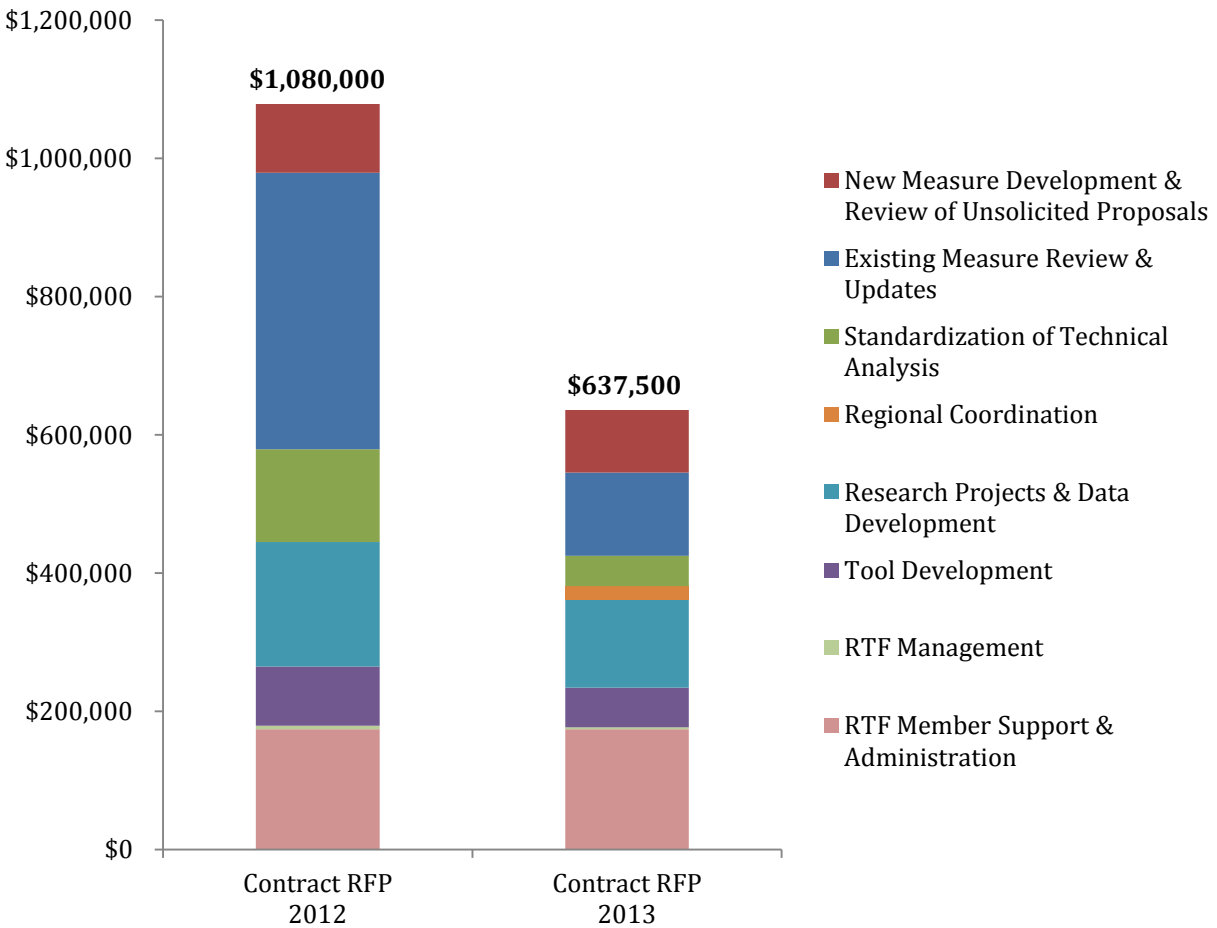


Figure 2: RTF Contract RFP Allocation – 2012 vs. 2013



2013 Funding

Funding for the RTF is developed through advise from the RTF Policy Advisory Committee (RTF PAC). In 2011, the RTF PAC recommended a three-year funding level of \$1.5 million per year for 2012-2014. The RTF PAC also recommended that funding shares should follow the allocation method developed for NEEA funding, with an adjustment for Northwestern Energy³.

This approach solicits funding from Bonneville, several of the large generating public utilities, and all six investor-owned utilities in the region. Table 2 shows the 2013 funding shares and contributions by funder.

³ NorthWestern Energy's NEEA share is based on the entire state of Montana, while the RTF share is only western Montana.

Table 2: 2013 Funding Shares

| Organization | NEEA Funding Shares (as of Jan 2010) | Share of RTF Budget | Contribution to RTF Budget (rounded) |
|---------------------------------|---|--------------------------------|---|
| Bonneville Power Administration | 35.5% | \$ 532,366 | \$ 532,000 |
| Energy Trust of Oregon | 20.5% | \$ 307,889 | \$ 308,000 |
| Puget Sound Energy | 13.7% | \$ 205,771 | \$ 206,000 |
| Idaho Power Company | 8.6% | \$ 129,258 | \$ 129,000 |
| Avista Corporation, Inc. | 5.5% | \$ 82,952 | \$ 83,000 |
| PacifiCorp | 4.5% | \$ 67,619 | \$ 68,000 |
| Northwestern Energy | 3.8% | \$ 57,193 | \$ 30,000 |
| Seattle City Light | 3.7% | \$ 55,813 | \$ 56,000 |
| Clark Public Utilities | 1.4% | \$ 20,395 | \$ 20,000 |
| Tacoma Power | 1.1% | \$ 16,866 | \$ 17,000 |
| Snohomish PUD | 0.8% | \$ 11,807 | \$ 12,000 |
| Eugene Water and Electric Board | 0.5% | \$ 7,778 | \$ 8,000 |
| Cowlitz County PUD | 0.3% | \$ 4,293 | \$ 4,000 |
| Total Funds | 100.0% | \$ 1,500,000 | \$ 1,473,000 |

* Northwestern's contribution fixed at \$30,000. The RTF will adjust its work plan accordingly.

Multi-Year Work Plan & Regional Review of the RTF

The RTF developed an initial multi-year work plan and budget for 2010 through 2014 to aid in long-term budget planning. The budget has been updated for the 2013-2015 period. Annual work plan development is intended to provide flexibility to meet regional needs year to year and keep focus on high priority work. Table 3 shows anticipated RTF funding for the three-year period. This period coincides with the current NEEA funding cycle.

Table 3: 2013-2015 RTF Budget

| | CY 2013 | CY 2014 | CY 2015 |
|------------------------------------|----------------|----------------|----------------|
| Contracts | \$637,500 | \$623,050 | \$667,300 |
| RTF Staff | \$862,500 | \$888,885 | \$856,250 |
| Subtotal Funders | \$1,500,000 | \$1,511,935 | \$1,523,550 |
| Council Staff In-Kind Contribution | \$263,950 | \$254,568 | \$256,385 |

Additional staff work is shifted to RTF contract staff in 2014 and 2015 to relieve Council staff. Contract RFP work fluctuates slightly to accommodate the shift to more RTF staff.