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Chair
Idaho

James A. Yost
Idaho

Frank L. Cassidy Jr.
"Larry"
Washington

Tom Karier
Washington



Bruce A. Measure
Vice-Chair
Montana

Rhonda Whiting
Montana

Melinda S. Eden
Oregon

Joan M. Dukes
Oregon

January 30, 2008

MEMORANDUM

TO: Power Committee

FROM: Terry Morlan

SUBJECT: Update on Energy Efficiency Forum Planning

Staff briefed the Power Committee in January about plans for an Energy Efficiency Forum (sometimes referred to as a Summit). The memorandum from the January Council meeting is attached for your reference. This agenda item will provide a brief update on progress in defining and organizing this forum.

Most importantly, Ken Canon has agreed to be the facilitator for the Energy Efficiency Forum. He has begun working on the scope of the process and identifying participants.

Council staff had suggested that before the forum was started we needed to get together a group of regional efficiency practitioners to talk about what really is needed to increase the opportunities for conservation and accelerate its acquisition. That group was formed and met on January 17. I summarized the meeting from my notes and have attached the summary for your information. More detailed notes were compiled by Bonneville and are available on request.

One theme of the discussion was to focus efficiency programs on customers and developing stable, long-term, relationships. Funding and operation of efficiency programs need to be a stable long-term commitment in order to develop these customer relationships. Another theme of the discussion was the need for some form of regional coordination in critical areas. These areas might include developing and publicizing common messages, branding and certification activities, training programs, and other so-called infrastructure building efforts. These are activities that may be important, but the savings of which cannot easily be counted in megawatts. The regional coordination might take the form of an organization similar to NEEA, but with a broader scope.

Interest in climate change and sustainability is driving new efforts at efficiency at the business and personal level. Regional efforts to acquire efficiency need to find ways to coordinate with, encourage, and complement such efforts.

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January 4, 2008

MEMORANDUM

TO: Power Committee

FROM: Tom Eckman and Charles Grist

SUBJECT: Northwest Energy Efficiency Summit

BPA and the Council staff are currently exploring the idea of convening a group of key regional stakeholders to take a hard look at today's rapidly changing electricity marketplace and see what can be done to focus and accelerate cost-efficient energy efficiency development. The goals of this "summit on energy efficiency" are to develop a consensus-based action plan that identifies specific strategies to achieve the 5th Plan's energy efficiency goals, to identify roles and responsibilities, and to coordinate regional approaches that address barriers to achieving even higher energy efficiency goals.

Bonneville Administrator Steve Wright and Council Chair Tom Karier have prompted this effort and have offered to be co-chairs. The Council and Bonneville would convene a forum where senior executives from the region's utilities and other stakeholders could meet to discuss, and hopefully agree to collaborate on ways to accelerate the pace conservation acquisition. The spring of 2008 is being targeting for the summit.

Bonneville has assigned a staff person to facilitate the organization and management of the summit. This will free Council staff to focus on content of the summit as well as development of the Sixth Power Plan.

The first step in the process is to hold a brainstorming session to identify key issues to help accelerate cost-effective energy efficiency in the Northwest. The brainstorming session should produce elements of a straw proposal that will serve as a beginning point for discussions. This straw proposal will attempt to outline the major "untapped" opportunities for accelerating energy efficiency and the barriers that stand in the way of developing these conservation resources. It may propose potential solutions to overcoming these barriers, such as increased regional or local collaboration, joint political action on codes and standards, or revised market transformation strategies. Once a straw proposal is developed, it will be circulated for review by a larger cross-section of those in the region engaged in developing conservation resources. The draft straw proposal will be revised and prepared for presentation to the senior executives at a regional Energy Efficiency Summit to be held in the spring of 2008.

Thursday, January 17, 2008
Scoping meeting for Energy Efficiency Forum

I took five pages of notes during this meeting. There were many issues raised and discussed and I will try to summarize here.

We started by planning to go through the focusing questions posed by Darby. We got into the first one and never returned to the other questions, although we probably touched on many of them during the meeting.

The first question was “What are the elements of a good conservation program?” Discussion touched on qualified staff, financial incentives for all cost-effective measures, customers knowing about, understanding, and being reminded of the program. One item that was emphasized several times was stability of programs and funding. Businesses are about building long term relationships with clients, and the same applies to energy efficiency services. Programs that wax and wane, or are implemented to surge savings over a short time frustrate these relationships. Businesses especially will not participate in unstable/unpredictable programs. Another theme was that programs need to be designed from the customer’s perspective; what do they need? What is their primary business focus?

It wasn’t long before the group decided that program design and features wasn’t the key issue. Most thought the PNW is a leader in that area already. Throughout the discussion the idea that traditional utility programs may not be the only approach needed was voiced. There was discussion of corporate and utility commitment to conservation as a core value of the company, not just a separate side activity. Conservation needs to be linked to the basic or core business interests to be most successful in the business sector.

A common theme was the need for some regional coordination, although there were cautions about overdoing that due to cost and bureaucracy. But in the area of public education and awareness, regional marketing efforts, the identification and verification of actions and their savings, and funding of efforts like NEEA, ETO, etc., and helping determine funding allocations among infrastructure, market transformation, codes and standards support, utility programs, educational efforts and training of efficiency professionals. As one person put it, “selective coordinated marketing structure.”

A few times the point was made that efficiency efforts should be multifuel, not just electricity (some lack of enthusiasm from single source utilities).

There was discussion of how to get customers more involved in efficiency. Ideally, the programs should be customer driven, not utility driven, but customers typically don’t care very much. Some thought efficiency should be linked with the popular concepts of sustainability and green power. It was suggested that linking efficiency with economic development might increase its attractiveness and funding. Another suggestion was branding our efficiency efforts, such as “Oregon Green” or “Pacific Green” with certification and publicity.

More stability and increased uniformity of program offers came up a few times. In a world where energy service companies such as PECEI or PHT Energy are delivering services, a stable long-term relationship is critical. More uniformity of offers from various utilities and ETO etc. would be very helpful. The multitude of small public utility BPA customers, each with a different approach to efficiency programs is a particular problem for energy service companies trying to operate across utility boundaries. A common sustained message about efficiency and commitment to programs would help.

The issue of what I will call infrastructure programs came up a couple of times. These are things that make sense to do in many cases, but whose savings can't be quantified. An example would be a training program, such as EWEB Lane Community College energy program. These are things that cost money, but can't be counted against targets or counted as savings. For that reason, many utilities won't put a priority on funding them. Such actions could reduce a public utility's high water mark. There were more general concerns about high water marks and the incentive problems they present. Some noted regulatory barriers or utility commitment issues with funding infrastructure types of investments.

One of the infrastructure issues that came up a few times was training qualified efficiency professionals. Most knowledgeable people, like those in the room, are pretty old. Others are very young and there aren't many in the middle ages. That was viewed as a result of not having a stable ongoing emphasis on efficiency. Energy service companies are now deciding that they need to recruit and train their own staffs. We talked about how to get more people into the profession. There are some fairly successful programs out there. Scholarships were mentioned for energy professional training.

At the end of the meeting we went around the table and each person was to give one thing they suggested charging the Energy Efficiency Forum steering committee with. They are bulleted below, but reflect mostly things discussed above.

- A regional consumer education effort is needed, combined with some system of awards and recognition. (Stolarski)
- Fix the perverse incentives in high water mark approach. Utilities won't do anything that they can't credit because it might reduce their high water mark in 2010; may even try to build load. (Northway)
- Recognize the diversity of conditions in the region, especially rural areas. (Rosolie)
- Take advantage of climate change wave to get more money for conservation, training of efficiency professionals, education. Needs to come from legislature rather than utilities. (Weiss)
- Marketing across the spectrum of markets. (Folsom))
- How to fund and address the "soft savings", i.e. things that contribute indirectly and can't be readily measured in megawatts. (Folsom)
- Selective coordinated marketing structures; e.g. joint marketing program for chain restaurants. Targeted regional coordinated programs. (Gordon)
- Create the new energy efficiency economy, a consistent and stable business and consumer oriented approach. (Welker)
- Include applied R&D in the coordinated selective regional programs. (Eckman)

- Dedicate resource to the coordinated regional efforts on selective projects. (Grist)
- How to motivate, capture the hearts and purses, of CEO for energy efficiency economy idea. Show peers' actions that have succeeded. Identify and recognize market leaders. (Smith)
- Tie efficiency efforts to branded popular themes such as sustainability or greenness. Support for coordinated effort. Who to take role? NEEA? (Steve Lacy)
- Link efficiency programs to core business strategies. Foster corporate culture of efficiency from CEO to shop floor (include in performance assessment). New approaches, e.g. transmission surcharge to fund efficiency? (Harris)
- SCL has no lack of commitment, but problem achieving their goals. Crediting soft savings again. Council plan is critical this time around. (Little)
- Look at potential savings in transmission and distribution losses to credit toward efficiency savings. Branding and certification e.g. "Pacific Green" or some such. (Theilemann)
- (I asked if we needed in expand the steering committee to more than utility CEOs in light of the need for new approaches beyond just utility programs. All agreed.)