Energy Efficiency

CIR Workshop

March 13, 2014

Energy Efficiency Asset Strategy

Objective

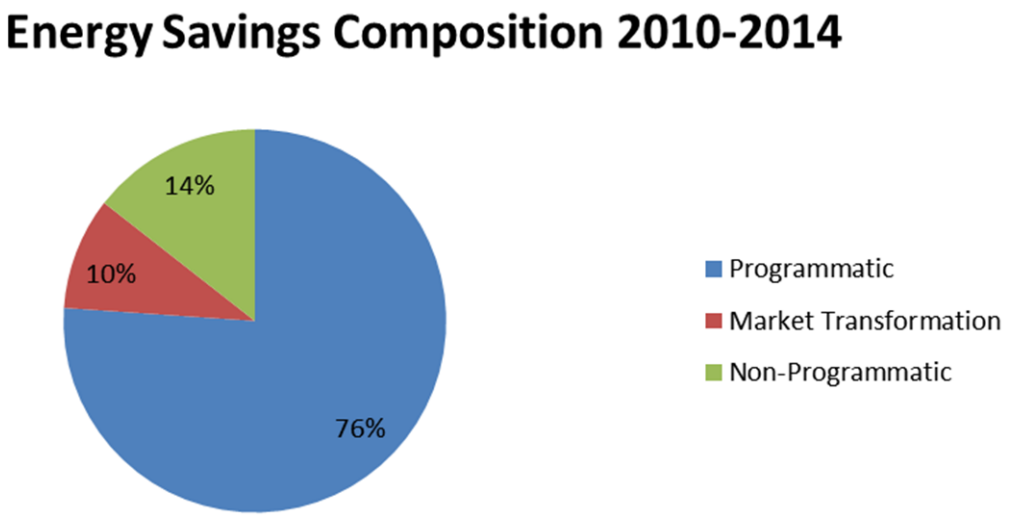
- BPA will pursue conservation equivalent to all cost-effective conservation in the service territories of those public utilities served by BPA
- BPA looks to the power plans of the Northwest Power and Conservation Council (Council) to determine the amount of energy savings that constitutes “all cost-effective conservation”

Energy Efficiency Asset Strategy

Three categories of energy savings:

1) programmatic savings
2) market transformation savings
3) non-programmatic savings

Capital budget funds the programmatic savings category.



Energy Efficiency Asset Strategy

Energy efficiency capital is used for two purposes:

1) payments to utility customers for savings achieved (Energy Efficiency Incentive) (≥ 70% of capital budget)

2) the costs relating to BPA-managed program implementation (≤ 30% of capital budget)

Energy Efficiency Asset Strategy

Budget Setting Amid Uncertainties

- Multiple factors interplay:
  - Goals ↔ Program design (e.g. funding model) ↔ Funding levels
- Where to start?
  - Goals drive budgets? Budget drives goals?
  - Program design drives budgets?
- Timing of interrelated processes
  - CIR
  - 7th Plan Development
  - Post-2011 Review
- In advance of specific targets, programmatic sizing, and program design, capital budget is proposed to be *consistent* with funding level under 6th Plan
- Latitude to make adjustments as appropriate

Energy Efficiency Asset Strategy

Budget Methodology

- Assumptions: Past informs the future
  - Capital intensity of energy efficiency remains similar to capital investments from 6th Plan.
  - Programmatic targets remain roughly on-par with 2010-2014 achievements.
  - Funding model remains stable (75% BPA funded, 25% utility funded programmatic savings)
- Approach: Average capital investment from 2010-2014, apply to future funding period, with nominal inflation factor.

Energy Efficiency Asset Strategy

Uncertainties

- Future targets will be established through 7th Plan, under development.
  - New baselines, technologies, codes/standards
  - May shift mix of programmatic, non-programmatic and overall level of target
- Funding model – Under discussion as part of Post-2011 Review
  - May adjust capital intensity of BPA's target achievement (e.g. shift proportion that is utility funded)

Energy Efficiency Asset Strategy

Capital Targets

EE BPA Capital targets ($millions)						
FY10	FY11	FY12	FY13	FY14	Total	Avg.
58	162	89	75	75	**459**	91.8

		Proposed Capital Spending Levels										
	($ millions)	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	Total
1	EE Incentive (EEI)	52.6	64.4	66.3	68.3	70.4	72.5	74.7	76.9	79.2	81.4	706.7
2	BPA-Managed	22.6	27.6	28.4	29.3	30.2	31.1	32.0	33.0	33.9	34.9	303.0
3	**Total**	**75.2**	**92.0**	**94.8**	**97.6**	**100.5**	**103.6**	**106.7**	**109.9**	**113.1**	**116.3**	**1,009.7**

*This is from the Energy Efficiency strategy

Energy Efficiency Asset Strategy

Questions

1. Provide a detailed description of the methodology used to calculate energy efficiency budget numbers for FY2016 – 2017 included in the initial CIR publication.
2. Provide an estimation of the expected annual energy efficiency achievements associated with the capital budget expenditures outlined in the initial CIR materials.
3. What are the expected yearly energy efficiency non-programmatic savings achievements for 2010 – 2019?

Financial Disclosure

This information has been made publicly available by BPA March 13, 2014 and contains information not reported in agency financial statements.