

Post-2011 Review

Workgroup 5: Reporting and Verification of Savings

April 22, 2014



Agenda

- Introductions
- Overview of Progress to Date
- Action Items
- Issues 12 and 13 – Updated Recommendations for Review
 - Reporting of savings
 - Forecasting of savings
 - Forecasting of expenditures
- Issue 10 Discussion
 - Non-reportables – Danielle Gidding, BPA
 - Requirements for self-funded savings
- Links to other Workgroups
- Next steps

Overview of Progress to Date

- Held meetings March 4th and April 1st
- Discussed issues 10, 12, and 13
- Grouped Issues 12 and 13, which both relate to timing of reporting, and addressed them first
- Developed draft recommendations for Issues 12 and 13 for reporting and forecasting of savings and expenditures

Overview of Progress to Date

- BPA suggested refinements to Workgroup recommendations for Issues 12 and 13
- Workgroup discussed BPA refinements and provided comments on them
- Began discussion of Issue 10 and non-reportables

Action Items

- BPA was asked to review the draft workgroup recommendations for Issues 12 and 13 and refine them before the April 1 meeting (completed)
- BPA was asked to do some analysis of the end-of-rate-period 'hockey stick' (completed, but of limited utility)
- BPA planned to do analysis of non-reportables (some analysis done)
- Other?

Review of Issues 12 and 13

- 12: Timing of Utility Reporting to BPA (BPA generated)
- 13: Reporting and Consistency of Utility Self-Funded Savings (BPA generated)

Review of Issues 12 and 13

- Summary:
 - BPA would like to receive regular reporting of BPA-funded and self-funded savings to allow tracking of progress toward its targets.
 - BPA would like to continue to receive regular forecasts of savings to also help with this tracking.
 - In addition, BPA would like to receive periodic forecasts of expenditures to satisfy BPA Finance needs and ensure EEI funds are fully utilized.

Review of Issues 12 and 13

- Options:
 - Status quo – utilities have flexibility to report when they want
 - More regular reporting of savings; regular forecasting of savings, expenditures

Recommendations from Workgroup on Issues 12 and 13

- Focused on three areas:
 - Reporting savings
 - Forecasting savings
 - Forecasting expenditures
- The following slides present updated recommendations for Workgroup review
- BPA also asked about potential reporting requirements if self-management adopted

Reporting Savings – Updated Recommendations for Review

- What's included: Actual EEI-funded (invoiced) savings and self-funded savings
- Frequency: At least quarterly
 - Utilities expressed some concerns about quarterly reporting, particularly near end of rate period
- Utilities affected: **All-20-largest customers initially**
 - Phase in reporting by smaller utilities when NED available
- How implemented: Via IS 2.0/NED
 - Interest expressed in being informed of roll-up of savings and progress toward target
- Reporting interval a requirement? No, it's a request -- except for EEI reporting at end of rate period, which is required.

Forecasting Savings – Updated Recommendations for Review

- What's included: EEI-funded and self-funded savings
- Frequency: Quarterly projections ~~for rate period~~ **fiscal year**
 - Utilities expressed concern about forecasting accurately beyond current fiscal year (e.g., for rate period)
- Utilities affected: 20-largest utilities currently but could be expanded
- How implemented: Through EERs currently, but may build this functionality into NED
- Forecasting a requirement?: No, it's a request

Side Note: Analysis of FY13 Savings Forecasts vs. Actuals

- 20 largest utilities (based on TOCAs) have provided savings forecasts from FY13 to present
- BPA compared utility forecasts for FY13 with actual reporting to IS 2.0
- Of 19 utilities providing forecasts in FY13:
 - Six had FY13 forecasts off by 25 to 100% (+/-)
 - Two had forecasts off by more than 100%
 - But aggregate forecast was off by only 5%
- Factors contributing to differences:
 - Unassigned Account distributions and bilateral transfers at end of rate period
 - Instructions on forecast templates could be more specific

Forecasting Expenditures – Updated Recommendations for Review

- What's included: EEI expenditures
- Frequency: ~~Periodic~~ 2nd quarter of each fiscal year covering the last 2 quarters of the fiscal year
 - Preference expressed for regularly-scheduled requests rather than informal periodic requests
- Utilities affected: All
- How implemented: Through EERs initially
 - Could potentially generate expenditure forecast from NED based on past history and utility could adjust it
- Forecasting a requirement?: No, a request

Self-Management and Reporting

- Question: If self-management of savings is adopted, how would utilities view a quarterly reporting requirement?
- Utility perspective:
 - Utilities may want to hold off on reporting near end of rate period to retain flexibility to utilize additional EEI funds that may become available (e.g., through Unassigned Account or bilateral transfer) and reduce use of utility funds

Self-Management and Reporting

- Utility perspective (cont'd):
 - Utilities don't currently have flexibility to change funding source from self-funded to EEI-funded after invoice approved by BPA – this would facilitate end-of-rate-period reporting
 - If utilities are holding off on reporting, BPA could use utility savings forecasts to provide visibility to their reporting plans
 - If quarterly reporting was required, utilities that weren't ready to report could just report zero savings

Self-Management and Reporting

- BPA perspective:
 - Self-management of funds is likely to reduce BPA visibility to savings accomplishments
 - Allowing a change to funding source after invoice approval creates issues for BPA related to design of reporting system, confidence in reporting results, estimating accruals, and avoiding improper payments
 - Only effective way for BPA to enforce a quarterly reporting requirement would be to make “late” reporting non-reportable; however, BPA would like to reduce non-reportables

Self-Management and Reporting

- Other Workgroup perspectives?

Review of Issue 10

- 10 (expanded): BPA Requirements for Implementing, Reporting, and Verifying Utility Self-funded Savings (utility generated)
- Summary: BPA has the same requirements in the Implementation Manual for implementing, reporting, and verifying self-funded savings as for BPA-funded savings. Can these requirements for self-funded savings be streamlined?

Review of Issue 10

- Options:
 - Status quo
 - Reduced requirements for self-funded savings

Sub-Issues

- Non-reportable savings
- Requirements for implementing, reporting, and verifying self-funded savings
- Terminology for describing self-funded savings

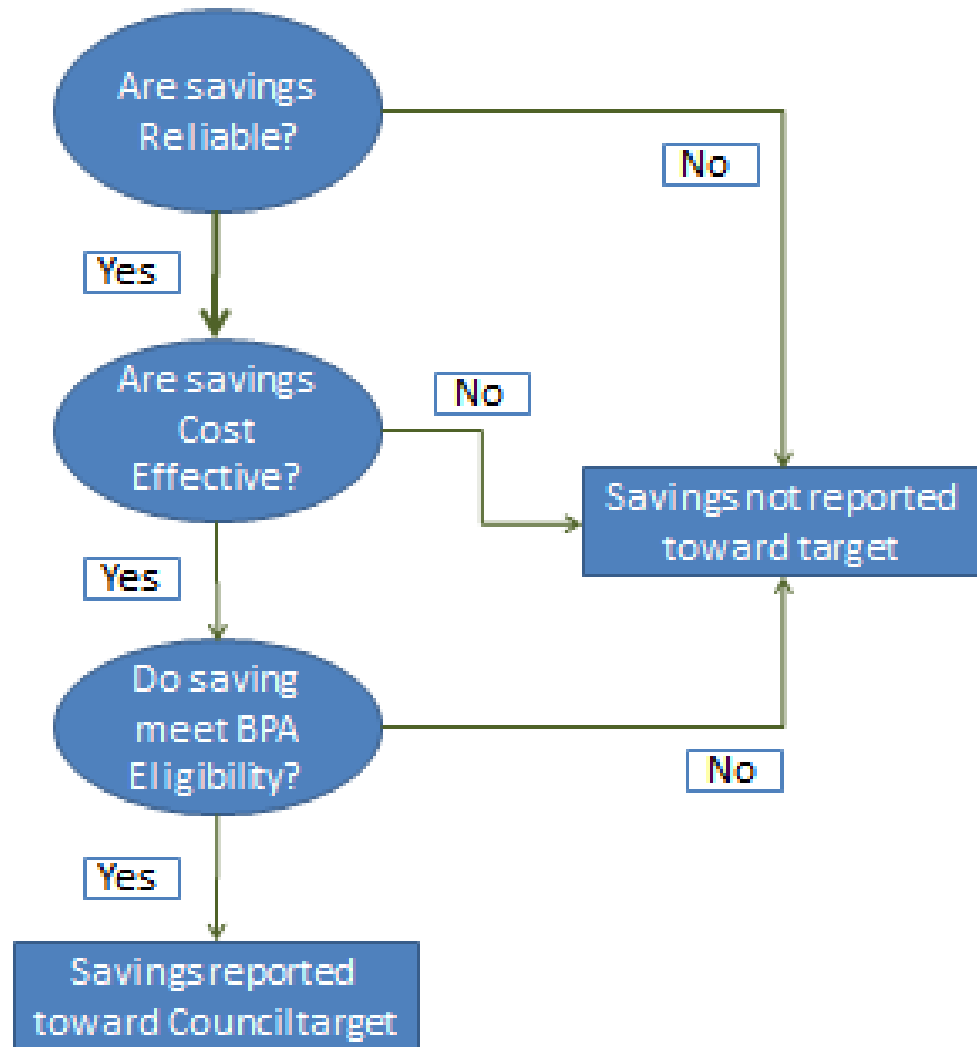
Reportable vs. Non-Reportable Savings

- Reportable Savings
 - BPA reports to the Council all reliable savings achievements that meet BPA's eligibility criteria and cost effectiveness requirements. These savings are considered to be reportable to the Council and towards the target
- Non-reportable Savings
 - Savings that are not reliable, do not meet BPA cost effectiveness requirements, or do not meet BPA's eligibility criteria are not reported by BPA to the Council and not counted towards BPA's achievement of the target

Definitions

- BPA Verified Reliable:
 - Measure/protocol is RTF approved or BPA Qualified
- Portfolio Cost Effective:
 - Deemed: Expected savings of measures bundled at the 'Technology/Activity/Practice' level have a TRC 1.0 or greater
 - Custom: projects > 200,000 kWh have TRC >.5
- Meets Eligibility Criteria:
 - Savings meet IM requirements

BPA criteria for reportable savings



Workgroup Non-Reportable Examples

Example	BPA Verified Reliable	Portfolio Cost Effective	Meets BPA Eligibility	Reportable or Non-Reportable?	Can Be Made Reportable in Short Run?
Deemed measure or custom project that is not RTF cost-effective but otherwise meets BPA requirements	Yes	No	Yes	Non-reportable	No
RTF-approved deemed measure that BPA hasn't yet adopted	Yes	Yes	No	Non-reportable	No
Deemed measure offered by the utility that is not RTF or BPA approved	No	?	No	Non-reportable	No
New construction projects where incremental costs are not easily calculated	Yes	Possibly	Yes	Either	Possibly

Non-Reportables in IS 2.0

- From FY2012-present:
 - 5 utilities have 'reported' non-reportable savings
 - Total of 4.8 aMW

Utility	Deemed Measure (kWh)	Custom Project (kWh)	% Deemed	% Custom
Utility A	21,144,699	-	50%	0%
Utility B	-	3,369,723	0%	8%
Utility C	604,208	2,500,239	1%	6%
Utility D	14,132,785	-	33%	0%
Utility E	-	868,455	0%	2%
Total	35,881,692	6,738,417	84%	16%

Non-Reportables in IS 2.0

Category	kWh	% of Total	Can Be Made Reportable in Short Run?
Deemed measure or custom project that is not RTF cost-effective but otherwise meets BPA requirements --- and--- New construction projects where incremental costs are not easily calculated	29,340,057	73%	Possibly - for portion that is new construction projects
RTF-approved deemed measure that BPA hasn't yet adopted	1,482,274	4%	No
Deemed measure offered by the utility that is not RTF or BPA approved	9,208,071	23%	No

Non-Reportables Status

- Much of non-reportable savings being 'reported' in IS 2.0 cannot be made reportable in short run
- BPA will continue to review its criteria for defining what is reportable and the non-reportable examples to determine whether more of savings could be made reportable

Requirements for Implementing, Reporting, and Verifying Self-Funded Savings

- Utility Perspective:
 - Having the same requirements for implementing, reporting, and verifying utility self-funded savings as for EEI-funded savings may be burdensome
 - BPA's role in self-funded energy efficiency is somewhat flexible since BPA does not have the same fiduciary interest in assuring proper expenditure as it does with federal funds
 - All parties want to ensure that public power's share of the Council's target is met

Requirements for Implementing, Reporting, and Verifying Self-Funded Savings

- BPA Perspective:
 - Energy savings must meet requirements under Regional Dialogue contracts, IM
 - Consistency in IM requirements between EEI-funded and self-funded savings ensures reliability and facilitates implementation
 - QSSI process has focused on reducing requirements for custom projects, including ones self-funded

Requirements for Implementing, Reporting, and Verifying Self-Funded Savings

- Discussion:
 - Does the workgroup support following IM requirements when implementing self-funded measures/projects and reporting savings?
 - Does the workgroup support following IM requirements for verification/oversight of self-funded savings?

Terminology for Describing Self-Funded Savings

- BPA adopted the terminology “self-funded savings” to refer to savings that met all of BPA’s program requirements
- Some utilities have suggested changing the terminology to “utility-funded savings”
- Discussion: How do utilities feel about this suggestion?

Links to Other Workgroups

- Workgroup 1, Model for Achieving Programmatic Savings:
 - Under self-management of incentives, would need mechanism to ensure regular reporting of savings
 - Can we clarify the terms “self-funded vs. self-managed?”
- Workgroup 2, Implementation Manual
 - How can we accelerate BPA adoption of new measures including non-reportables?

Next Steps

- Additional background or analytical work needed?
- Other recommendations?

Next Steps

- Prepare meeting notes
- Present Workgroup recommendations at May 8 big tent meeting
- Materials posted on BPA's [Post-2011 website](#)
- Other?

Questions?

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Extra slides

Self-Funded Savings Requirements in Regional Dialogue Contracts

Section 18.1.2.2: [Utility] shall verify and report all cost-effective (as defined by [section 3\(4\) of the Northwest Power Act](#)) non-BPA-funded conservation measures and projects savings achieved by [utility] through the Regional Technical Forum's Planning, Tracking and Reporting System or its successor tool. Verification protocols of conservation measures and projects, reporting timelines and documentation requirements shall comply with BPA's Energy Efficiency Implementation Manual or its successor.