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**2012 Business Operating Plan and Funding**

**Review Version**

**Review Version Note**

This document is a review version of the RTF Business Operating Plan and Funding. Its purpose is to set out an initial proposal and solicit comment on the workplan, operations and funding for the RTF going forward. Elements of the plan may change subject to regional input. Key elements subject to change are highlighted in yellow. The document is accompanied by a detailed draft workplan for 2012.

The RTF seeks input on the scope, pacing and structure of its future work. The review version was built assuming a relatively fixed budget over the next three years of about $1.5 million per year for funders. This is an increase of about $100,000 over the 2011 budget. Tradeoffs between scope and pacing of work can be made. For example, the initial draft assumes the RTF reviews existing measures at a pace of about 20 per year and adopts 8 to 10 new measures per year. However a faster review of existing measures could be traded off for fewer new measures reviews. Alternatively, an increased budget could allow faster-paced work, expanded scope or both. Similarly, a decrease in budget would need to be accompanied by adjustments to scope or pacing.

A second issue for consideration is related to RTF staffing. The RTF Business Operating Plan anticipates a gradual shift of RTF administrative and technical work to contract RTF staff or to expanded Council staff. The current contribution of Council staff time and resources to RTF activities is unsustainable. The proposal embedded in this review draft requires the addition of 1.0 FTE in 2012 as RTF contract staff to accomplish the work and retain necessary expertise, provide continuity of service and maintain the independence of the RTF. An additional 0.5 FTE is anticipated for RTF staff for 2013 and 2014 for a total of 2.5 contract staff FTE. This will require a doubling of RTF Staff funding from of about $240,000 in 2011 to $480,000 in 2012. A further increase to $600,000 is anticipated for 2013-2014. The 2012 increase of $240,000 in contract staff costs required a commensurate reduction in budget dedicated to RTF work products and an overall increase in budget over 2011.

Finally, the funding plan is a placeholder. The RTF Policy Advisory Committee (PAC) is considering funding alternatives which may be brought forward later. For now, the funding allocation is based on the NEEA formula for funding shares.

**Introduction**

The Regional Technical Forum (RTF) adopted its 2012 workplan and budget at the November 2011 meeting, following two rounds of comments and revisions. This document sets forth the final RTF general scope of work for calendar year 2012, consistent with the RTF’s long- term five-year work plan (2010-2014) that was approved in January 2010. The proposed 2012 operating plan budget is $1,500,000.

**Work Scope**

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

1. Develop and maintain standardized protocols for verification and evaluation of energy savings.
2. Track regional progress toward the achievement of the region’s conservation resource goals.
3. Provide feedback and suggestions for improving the effectiveness of the conservation resource development programs and activities in the region.
4. Conduct periodic reviews of the region’s progress toward meeting its conservation resource goals at least every 5 years, acknowledging changes in the market for energy services and the potential availability of cost-effective conservation opportunities.

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 2012 workplan includes, but is not limited, to:

* Review and update existing measures to develop and maintain standardized protocols for verification and evaluation of energy savings and the performance of renewable resources. The RTF has a library of over 90 measures to maintain and many will need additional data or status changes to conform to the uniform standards in the RTF’s operative “Guidelines for RTF Savings Estimation Methods, Release 6-1-11” (Guidelines)
* Develop new measures and review unsolicited proposals for new measures
* Continue to standardize and implement the guidelines for technical review of measures
* Update and develop new tools for measure technical analysis, to include ProCost and SEEM improvements
* Research projects, develop 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
* Develop, review, and revise as needed the cost, savings, and regional cost- effectiveness of new or existing energy efficiency measures, technologies and practices
* Maintain a process through which Bonneville, the region’s utilities, and system benefit charge administrators can 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 evaluation (M&V) plans and/or M&V results to assess their consistency with generally-accepted M&V practices
* 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

**2012 Activities and Budget**

The RTF’s specific workplan is largely dictated by the requests it receives from parties within the region, primarily utilities, Bonneville, 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 by staff from these entities or through the more formal “petition” process on the RTF Planning, Tracking and Reporting (PTR) web site.

These two mechanisms allow the RTF to respond in a timely manner to emerging technical issues and questions. 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. In 2012, priority will be given to updating and developing measures identified as high and medium priority in 2011 by Bonneville, ETO and the region’s investor owned utilities and through the RTF’s 2011 measure review of 60 existing unit energy savings (UES) measures.

The RTF divides its work into six categories of elective work and three categories for management and administration. Table 1 is a summary of these categories for 2012. It includes components for contracts, RTF contract staff and Council staff contributions. The component labeled “Subtotal Funders” represents the amount of funding required from the RTF’s voluntary funders. A detailed budget for 2012 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 2012**



**Standardization of Technical Analysis & Existing Measure Review**

One major thrust of the 2010-2014 workplan for the RTF is the standardization of technical analysis of efficiency measures. 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.

The RTF will continue updating and standardizing work in 2012, expanding the number of measures reviewed for conformance to standardized guidelines, protocols and measure specifications. 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. The budget estimate for 2012-2014 includes updating about 20 UES measures per year for the next three years. 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. Approximately 25 percent of the 2012 budget is intended for completion of this standardization activity and updating existing measures to the standards in the Guidelines.

**New Measure Development & Review of Unsolicited Proposals**

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 20 percent of the 2012 budget is set aside for new measure work. This estimate is based on the assumption that much of the development and research required for new measures is funded outside the RTF, with the RTF budget assuming only the costs of review. 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. If the RTF is called upon to undertake more direct development of new UES or standard protocols, either the budget would need to be increased , the number of new measure reviews would need to decrease, or the budget would need to be shifted from another category.

**Tool Development**

The work of the RTF, its technical analysis, recommendations and specifications require continued development of analytical tools and measure specifications used region-wide. The 2012 budget estimates $134,000 for 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. Less than 10 percent of the budget is allocated to tool development.

**Research Projects & Data Development**

Primary research has not been a key function of the RTF 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 2012, this category is focused on continuing regional cooperation to develop end-use load data and to develop hourly load shape data. The need for this data was recognized as a high priority in the 2009 Northwest Energy Efficiency Taskforce (NEET) process. Through the end of 2011 and into 2012, RTF efforts will focus on making the case for a large-scale regional effort to update critical end-use load data. In 2012, the RTF will work with regional interests to put together a multi-year research plan, develop appropriate funding for the research and coordinate evaluation design, data storage and analysis. There are also work elements to convert 1990 ELCAP data to a modern database and generate hourly load shapes from original data ($216,000). In addition to coordinating end-use load research, there is a $62,000 placeholder in this category for small research projects that emerge during the year to be selected by the RTF.

**Regional Coordination**

A small part of the 2012 budget ($58,000) is earmarked for regional coordination efforts. These include collecting and summarizing regional evaluation activity and spending, facilitating collaborative regional evaluation of Performance Tested Comfort Systems (PTCS), developing and executing RTF evaluation work plan and coordinating an annual comparison of utility/SBC administrator technical resource manuals.

**RTF Member Support & Administration and RTF Management**

Support and administrative activities identified for 2012 include RTF member support, contract management, and 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. About $280,000 in RTF contract staff work is in this category.

In addition, there is another $237,000 of Council administrative staff work to support contracts, billing, web site development, annual conservation tracking report, data warehousing, meeting costs, phone, 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 proposed 2012 workplan and budget of $1.5 million.

**Organization and Staffing**

The full RTF meets ten to twelve times per year for an all-day meeting. In 2010, the RTF began to delegate a significant amount of work to its subcommittees. The use of subcommittees allows more decisions to be made by the full RTF at its regular monthly meetings. It allows subgroups comprised of RTF members, corresponding members, and interested parties with topic-specific expertise to focus on the details of issues that will come before the RTF. Subcommittees are primarily technical in scope and usually limited in duration. The process of using subcommittees has worked fairly well and the RTF plans to continue to use it. However, over the last year it has become apparent that the ability of RTF members to devote sufficient time to subcommittee work is limited. That limitation is one of the reasons that RTF contract staffing needs are increasing. Work that does not get sufficient subcommittee attention is left to RTF contract staff.

For 2012, staffing of the RTF is comprised of about 2.4 FTE from Council staff and 2.0 FTE from contract staff. Since 2009, the RTF has relied on half-time contract staff to carry significant amounts of technical analysis as well as much of the technical management of RTF affairs. Beginning in spring 2011, another half-time staff was added to assist with technical management and new measure reviews. The work includes development of the RTF agendas, developing scopes of work, reviewing contract work products, and documenting RTF decisions. This work is guided by Council staff serving the RTF and by the RTF Operations Committee. The RTF budget for 2012 includes an additional 1.0 FTE contract staff to handle the increased volume of RTF work and assure the high degree of integrity and independence that the RTF seeks. The RTF anticipates using a third person or two half-time persons to act as RTF staff in addition to the two 0.5 FTEs currently under contract with the RTF. For 2013 and 2014, the budget anticipates an additional 0.5 FTE is added as contract staff to reduce Council staff contribution to about 2.0 FTE.

**Proposed 2012 Funding**

Prior to 2010, the RTF operated on a combination of funding for its core services and funding for special “subscription” projects. Beginning in 2010, the RTF moved to eliminate subscription projects to reduce the burden of seeking extra funding for specific efforts and reduce administrative overhead. The funding plan for 2012 continues to bundle all RTF activities together.

Funding shares are based on the formula developed for NEEA funding. 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 proposed 2012 funding shares and amounts by funder.

**Table 2: Proposed 2012 Funding Shares**



**Multi-Year Workplan & Regional Review of the RTF**

The RTF developed an initial multi-year workplan and budget for 2010 through 2014 to aid in long-term budget planning. The budget has been updated for the 2012-2014 period. Annual workplan development is intended to provide flexibility to meet regional needs year to year and keep focused on high priority work. Table 3 shows anticipated RTF funding for the three-year period. This period coincides with the current NEEA funding cycle. This multi-year budget is likely to be revised as the region determines exactly what it requires from the RTF.

**Table 3: Proposed 2012-2014 RTF Budget**



This three-year budget holds RTF funder commitments to approximately $1.5 million per year. Additional staff work is shifted to RTF contractors in 2013 and 2014 to relieve Council staff. Contract work decreases slightly to accommodate the shift to more RTF staff. Cost savings may be available if a mechanism can be established to augment Council staff instead of hiring outside contract staff. Council staff rates are approximately $160,000 per FTE on an all-in basis. Using contract staff for this function costs about $240,000 per FTE.

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