**RTF PAC Meeting Notes**
May 23rd, 2014
9:30am to 12:00pm

**Meeting Attendees**

**On-site**: Jim West, Charlie Black, Richard Génecé, Eugene Rosolie, Jess Kincaid, Tom Eckman, Fred Gordon, Bruce Folsom, Susan Stratton, Charlie Grist, Nick O’Neil

**Via webinar**: Pat Smith, Bo Downen, Don Jones Jr., Steve Johnson, Jim Maunder, Stacy Donahue, Brian Dekiep, Bob Stolarski, Danielle Gidding, Pete Pengilly, Ralph Cavanagh, Erin Erben

**Review Agenda and Meeting Notes from** [**February 14, 2014**](http://rtf.nwcouncil.org/rtfpac/meetings/2014/05/RTF_PAC_Minutes_20140214.docx)

RTF PAC chair Jim West called the meeting to order at 9:30am, introduced the attendees, and reviewed the agenda with the group. No suggested changes were made to the Agenda and it was reviewed and approved. Minutes from February were also reviewed. A minor change from “chair” to “co-chair” for Jim West in the minutes was suggested.

Co-Chair West announced also two new PAC representatives. Craig Smith will replace Glenn Attwood for Seattle City Light and Kathryn Hymas will replace Carol Hunter for PacifiCorp. Both new members were approved by Council Chair Bradbury.

**Update on year-end close out on FY 2013 Financials**

Gillian Charles presented the 2013 financial closeout for the RTF. Charles stated that all 2013 contracts are closed as of now and recapped the agreed-upon methodology for carryover credits to the funders for budget dollars that ultimately went unspent. There are two parts of the credit: one which goes to 2014 funding based on any unallocated budget, and another that goes to 2015 funding based on the final unspent budget. Because the RTF allocated 100% of its 2013 funds to contracts, the only credit back to funders is for the unspent portion of the 2013 budget. The RTF under spent its budget of $1,473,000 by about $74,000 which is about 96% of its planned budget. Charles then went over the 2014 budget which is 90% allocated in contracts already.

Richard Génecé asked about the remarkable precision in executing the work plan and budget. Charles replied that having a dedicated manager for the RTF has helped tremendously with the process and tracking contracts and expenditures, and making sure dollars get spent. Additionally a lot of behind the scenes work t the Council has helped as well. Nick O’Neil added that switching business models to hire dedicated full time staff has also helped greatly, as the bulk of the budget is allocated in an annual contract rather than piecemeal ones. Ralph Cavanagh commented that this is what was anticipated when we made the business model switch, but it is very satisfying to actually see it work out this way. Fred Gordon suggested being careful about making sure the role of contract staff does not invite unnecessary audit reviews by the state. Charlie Black noted that this is a good issue to consider and will plan to discuss with Council legal staff in the near future to avoid potential audit problems.

**Update on** [**Draft Operations and Procedures Manual**](http://rtf.nwcouncil.org/rtfpac/meetings/2014/05/RTF%20Procedures-5-15-14.docx)

Nick O’Neil began a discussion of the draft RTF Operations manual. The manual is a living document put together by RTF staff to codify RTF operations and procedures, and is intended to fit underneath the RTF charter and bylaws. O’Neil highlighted several areas, including one for PAC consideration. The notion that currently contract staff operate on a one year budget, and there is no mechanism in place to renewal without re-opining solicitation. It would be good to provide more security to contract employees about future years work, and O’Neil made a suggestion that providing a mechanism, and detailing it in the operations manual, would be a good idea. Fred Gordon reiterated the warning about state audit requirements. Richard Génecé asked about what is the review process for contract staff. O’Neil explained the RTF members provided review through a survey put in place last year. The survey was an attempt to provide specific recommendations to individual staff on their progress and the satisfaction of the RTF with their work. Génecé suggested aiming at individual reviews but not crossing any line that pushes the relationship from contractor to staff.

O’Neil said he plans to send out the revised draft for PAC review after the Operations Subcommittee has accepted his changes to their comments. O’Neil will provide a comment date for the PAC, and mentioned that it’s more of an opportunity to review the document and not something that needs a formal vote of approval from the PAC.

**Update on California Technical Forum (Cal TF)**

Peter Miller briefed the PAC on the effort to develop an RTF-like entity in the state of California. The goal is to model the effort after the RTF. There has been a lot of support so far from local utilities, and 58 applicants have applied for the 30 voting member slots. The first meeting is scheduled to take place in June in San Francisco after the members have been selected.

Fred Gordon asked about conflicts of interest. Miller summarized a heightened level of concern about utility interests. He was hopeful that people will become familiar and comfortable with the model and thus dilute some of the level of concern.

Gordon asked about what they have learned that we might do better. Miller replied that it is hard to say. Several delegations have come from California to visit the RTF in process and were very impressed with the collaborative and open process here in the PNW.

Richard Génecé was delighted to see the undertaking in California. One of the beauties of the RTF is its regional focus and that it is not a state body, he remarked. Do you foresee any problems structurally in California? Miller did not have anything specific on that, but he suggested that there may be opportunities to work together and expand the model if it continues to be successful.

Susan Stratton asked what the CPUC indicated that its relationship would be to Cal TF determinations? Miller responded that the Cal TF will be fully independent and free of the utility regulators. The PUC will retain its authority and its ability to accept or reject any Cal TF results. We hope that the work of the Cal TF will be compelling enough to be useful in the regulatory arena.

Don Jones asked about how the Cal TF would relate to DEER. Miller replied that he thinks that will be a evolving relationship. The Cal TF will take up new measures as its first challenge. If that is successful there may be other tasks now done under the DEER contract that would move to the Cal TF. But the jury is still out.

Bruce Folsom asked about the contemplated budget. Miller said that it was modeled after the RTF and set expectations in the $1.5 to $2 M per year range to start. Mr. Folsom and Mr. Génecé both remarked that if possible, this amount is commendable given the costs of California compared to the PNW.

Don Jones Jr. asked about the source of the funding and Miller replied that it is from the IOU program administrators for now.

Génecé remarked that there is a lot more in the evaluation budget for California. Miller clarified that the Cal TF would not be doing evaluation work at this time.

Gordon: We look forward to you guys getting on your feet and then start to figure out how to shuttle data and findings back and forth between the Cal TF and the RTF. Cavanagh and Génecé agreed. Steve Johnson asked what is the funding driver in CA? What is the driver to get parties to fund RTF? Miller responded that about $45 million per year is spent in CA on efficiency. That has been a contentious process with room for improvement. The driver is to get a more effective and more efficient result. Is it a load-based contribution? Miller said initially it is solely proportional shares of IOUs and expand to one POU next year. Eventually it may be proportional to program funding.

**RTF Funding 2015-2019**

Jim West suggested we get to a vote today so that the PAC could make a recommendation on the five-year budget to the Council at the Council’s June meeting. Susan asked about voting. Jim responded that all PAC members vote, not just the funding entities. But there is an understanding that funders voting have the authority and requirement to represent the funding commitment of their organization. There is a separate process to contractually arrange funding mechanisms within each organization.

Nick O’Neil reviewed the proposed annual budgets for 2015-2019 by recapping what was presented at the March PAC webinar. He noted that as proposed previously, the funding levels jump up next year with the proposed addition of another staff person, and then level off for a yet. The second jump occurs in 2017 to account for the expected work increase of incorporating numerous federal appliance standards into the RTF database of UES measures. Then he moved to the funding allocation spreadsheet which is based on the proposed NEEA funding share allocations with two modifications: One is to account for the absence of Chelan PUD in the RTF funding, which is present in the NEEA funding. Jim west noted that he has a call into Chelan county to ask about potential funding for the RTF. The second is to account for Northwestern Energy’s contribution to the RTF which is meant to only represent western Montana. That allocation level to the RTF is approximately 52% of their NEEA funding share.

Susan Stratton commented that the draft NEEA proposal presented here was to keep the existing methodology and not to change it, so she doesn’t anticipate any pushback from the board.

Eugene Rosolie asked if we were going to approve the top line budget or the bottom line without Chelan? O’Neil responded that the top line is to be approved, with the NEEA methodology. That will result in the bottom line overall. Should Chelan county, or others, decide to fund the RTF at a later date, it would only help to push the final budget amount closer to the expected amount in the projections. It is important to note that these numbers reflect the RTF proceeding down its current path, and does not include added functions such as RTF for gas, or becoming a verification group for Section 111D of the clean air act.

Fred Gordon: When I took this to my internal management team they noted that the main value they see is for is more research coordination and pulling site studies from evaluations to understand measures better from ongoing research. But we also need measures, and therefore internally ETO found the proposed funding level acceptable so long as other funders were also on board. Génecé asked about the contract process and securing the funds with regard to BPA. Jim West noted that each entity has an individual funding contract, and that once the Council approves the budget, you would expect to see a letter of agreement tailored towards each funder. Charlie Grist also commented that what this really means is that we get a strong leaning commitment to a 5-year path which allows for a work plan to be developed each year without going out to solicit funding. Susan Stratton reminded the group that all the contracts have “out” provisions.

Gordon asked to clarify what that means exactly. ETO’s approval is ultimately subject to PUC approval. So what sort of authority are we conferring with this vote? Jim West stated that this is a recommendation to the Council on the five-year budget. Actual approval of any funder contribution will be made under contract one by one. Fred said a yes vote for a funder here means that you have a reasonable chance of selling it back home, if approved by the Council.

Charlie Black added that ultimately this is a recommendation to the Council. Jim West clarified that we are recommending to the Council the funding levels proposal by year and the funding formula.

Bruce Folsom remarked that he would like the discussion to reflect that there is more work to be done. This is an “up-to” budget.

Susan Stratton asked about whether the budget numbers reflect the credits that were discussed this morning. O’Neil replied that no, those credits have not yet been incorporated into the proposed funding levels.

Jim West called the vote to recommend approval of the 2015-2019 RTF funding commitment and the NEEA methodology for funding to the Council at the June meeting. The motion passed with all ayes, no opposed and no abstains.

**Transition Plan for RTF Manager**

Nick O’Neil announced that at the beginning of July, he will be leaving his position at the Council in pursuit of more focused engineering work. O’Neil said he enjoyed his time with the Council and getting the ability to interact with the PAC over the past two years. He noted that he plans to finalize several work items, such as finalizing the operations and procedures manual, securing the funding agreement for the RTF for 2015-2019 and the 2015 work plan and budget before he leaves. Jim West expressed his thanks on behalf of the PAC and the RTF for a job well done over the past two years. Charlie Grist noted that the job announcement has been reformatted to better describe the responsibilities that the RTF manager position has required. Instead of serving as an assistant role to Tom and Charlie at the Council, Nick has transformed the role to manage remote contract staff around the country and has done a great job of doing so. This position will require someone with those same talents. The job includes a lot of management and is a full time job that requires good people and technical skills to understand what is going on in the region. The announcement has been posted with applications accepted until June 5th.

**Update on Woodsmoke analysis**

Charlie Grist provided an update on the woodsmoke analysis, recapping that the genesis of this effort was through work done on the Ductless Heat Pump measure analysis where wood heat was found to be displaced by the electric measure. This is a big issue because the Council has not yet quantified health impacts, and so staff approached the Council and the Power Committee to inform them of the RTF looking into this issue in accordance with the NW Power Act of quantifying directly attributable and quantifiable impacts in the total resource cost test. Grist noted that the RTF contracted with one of the prime consultants with the EPA (Abt Consulting) to perform a high level screening using the Co-Benefits Risk Assessment Model (COBRA) tailored to the NW region to characterize the impacts of wood smoke reduction.

RTF staff has been working with Abt to understand the model and the inputs and assumptions, and will be producing a report to characterize the quantifiability of wood smoke reductions in the PNW. Grist walked through the presentation that was shown at the May 2014 RTF meeting which shows that 3 major components in determining the effect of wood smoke reduction. Those are quantifying changes in air quality, calculating the change in health outcomes, and calculating a monetary value. With those three components, outputs which indicate avoided deaths and the related economic value can be determined.

Staff has a few more items to do on the list, including modeling reductions in wood smoke at a more realistic level that could be expected by efficiency programs. In addition, reducing wood smoke on a county by county basis at different levels to simulate a more realistic program deployment scenario aimed at electrically heated homes which will vary county by county. The health impacts are not restricted to the county where the reductions occur and are more related to the density of population rather than the density of wood burning appliances.

The final report will be forward to the RTF PAC and to the Council as a summary of what the quantifiability of this health impact looks like.

Erin Erben asked if we have a sense of how the monetized impacts of health changes would turn into BPA incentives for programs. Grist noted that it does not, but whenever we do analysis at the council we include these in the total resource cost test, however each utility typically determines incentive levels based on the benefit to that utility only, usually trough a utility cost test based on their avoided costs.

Chris Robinson asked is these findings would be applied to other measures beyond ductless heat pumps? Grist replied that yes, any efficiency measure where a heating interaction occurred would take this into account. Robinson asked if it would affect measures that aren’t already cost-effective? Or is this more focused on the rural areas where the supplemental fuel is more of an issue. Tom Eckman replied that the policy call on that has not been made yet. At this point, we are looking only at whether we can quantify and monetize it.

Charlie Black reminded the PAC that the results of this can extend beyond the RTF and efficiency measures. If we find the results are quantifiable, then this goes straight to particulate emissions from other sources, including generation sources. Tom Eckman noted that the reason for bringing this up was not to make non cost-effective measures pass the TRC test. It was to follow the thread of finding that a large percent of wood heat was displaced when these measures were installed.

Charlie Black added that as a takeaway, the product from this is not a to produce a final value, but to look at whether the health impact is quantifiable and if so, further work would be needed to move beyond this screening level of analysis.

The next meeting is scheduled for September 2014. At that point the PAC will provide a recommendation on the 2015 Work Plan to the Council, and be provided with another update on the wood smoke analysis.

The meeting adjourned at 12:00 PM.