**RTF PAC Meeting Notes**
Nov. 22nd, 2013
9:30am to 2:30pm

**Meeting Attendees:**

**On-Site:** Jim West (Snohomish PUD), Susan Stratton (NEEA), Danielle Gidding (BPA), Sam Walker (Clark PUD), Chris Robinson (Tacoma Power), Fred Gordon (ETO), Bruce Folsom (Avista), Steve Johnson (Washington UTC), and Council staff Tom Eckman, Charlie Grist, Pat Smith, Nick O’Neil, Charlie Black, Brian Dekiep and Gillian Charles

**Via Webinar:** Sara Patton (NW Energy Coalition), Bob Stolarski (Puget Sound Energy), Ralph Goode (Mission Valley Power), Bill Thompson (Northwestern Energy), Stacy Donahue (Idaho PUC), Juliet Johnson (Oregon PUC), Pete Pengilly (Idaho Power Co.), Norma Elizondo (Showerstart), Adam Hadley (Hadley Energy), Lauren Gage (BPA)

**Introduce Co-Chair Pat Smith, Introductions**

RTF PAC chair Jim West called the meeting to order at 9:30am introducing the attendees and welcoming the new co-chair of the PAC, Pat Smith, Council member from Montana. He updated the PAC at the November Council meeting the Council has adopted the RTF budget per the PAC’s recommendations. West asked if there were changes to the July meeting minutes. Bruce Folsom made a motion to adopt the minutes. Susan Stratton seconded the motion which passed unanimously.

**Extension or re-bid for Quality Control contract with Ener**NOC

O’Neil reviewed the process that led to the hiring of a QC contractor. After RTF hired in-house staff for the 2013 calendar year, all staff developed work products were to be reviewed by a third party QC reviewer. After competitively bidding on the RFP, EnerNOC was selected to review the RTF work products through 2013.

The RTF recommends extending the existing contract with EnerNOC through 2014 as their work product review has been thorough, and since RTF is towards the end of its legacy measure review that haven’t gone through guidelines compliance, it will make sense to use the same contractor to help finish up the work rather than bringing a new contractor up to speed.

RTF asks the PAC for approval of the contract to be extended through 2014, with the same scope of work, rate, and budget not to exceed 100k. Susan Stratton moved to extend the contract to EnerNOC and Steve Johnson seconded the motion. The motion was approved unanimously.

**Discussion of Work Scope & Budget development for 2015-2019**

West: The next RTF funding cycle of 2015 to 2019 coincides and follows the same percentage allocation as NEEA funding and mirrors the power planning cycle. On the first half of 2014 we will need to come to decision to commit to a funding. Ideally we will commit to a five year commitment so the funders who are on a similar schedule with NEEA funding will have time making those commitments as they plan thir budget.

O’Neil continued the discussion addressing past questions received from the PAC and summarizing what the RTF has done in the past few years under the funding agreement and what staff’s perception is going forward.

* In the past the majority of RTF’s workload was focused on standardizing the guidelines and measure assessments, updating and categorizing the 90 or so UES measures and standard protocols, and transitioning the old deemed calculators to confirm to the guidelines.
* We have formed a new research and evaluation subcommittee to standardize and bring transparency to RTF work.
* In the past, half of RTF budget was spent on UES measure reviews and guidelines. With a similar structure and workload less time will need to be spent on UES updates. The RTF will also continue deactivating measures that are less important to the region.
* Going forward because the region requires more site based saving estimates, more staff time will likely be dedicated to development of standard protocols vs. UES measures.

Recapping on the PAC questions from the work plan meeting, O’Neil addressed a question from Fred Gordon on how the RTF might be able to function on a highly dynamic retail environment.

There are a number of directions the RTF can address this in the future, if we are talking about high savings or emerging tech measures that are important to the region, the RTF can start taking the role of increased market research and shorter review period to adopt to the market quicker. Having the RTF be more involved in the planning process and less on specific RTF measure development are some ways we can address this sort of questions.

On a question from Chris Robinson on flexibility and customization of approved and non-approved measures to specific utility territories rather than the regional approach:

The measure workbook structure the RTF is developing is at a level where utilities can customize based on the methodology that has been laid out. If the RTF takes on a role of approving granular saving levels, and for utilities to come forward with what they propose to have the RTF take the task on themselves, it might mean every utility wanting something different which could quickly exhaust our funds and time.

Folsom: Asked if the funding for specific utilities measure development comes from Utility or RTF.

 Eckman: Currently we have a core funding and no subscription basis. What we hope to do is for the utility staff or contractors to do the measure development and bring it to RTF for review, and we can move it forward as a regional value.

One question was whether the 2014 budget is based on the same 2012-2013 activities for impact evaluation from the outside entities going to the RTF library, or if the RTF is assuming more utility support.

O’Neil replied that when the RTF brought in the contract staff it envisioned providing more support to utilities that are bringing measures forward. We have an increase in support for new measures and protocols, and on existing measures our team is collecting impact evaluations that have been done and measures that are sunsetting. In 2013 and 2014 a lot of staff time will be dedicated to collecting this information.

Folsom added Avista has heard from the WTC they would like RTF approval for any variance.

Stratton: If the issue is whether the RTF should create those different variances or to create a singular one and put the responsibilities on other utilities to bring forward their own variance.

Gidding commented we should think carefully on what the scope of variance utilities can ask for and what we mean by variances and what is included.

Juliet Johnson: Asked if there is coordination between the utilities that are doing their own evaluations.

O’Neil: The research and evaluation committee that includes a lot of the utility evaluators is the RTF’s first take to talk through research plans for UES specific measures that are being developed. And to try to get an idea of what evaluations are coming through to help inform future measure creations.

Eckman: From an oversight perspective we had occasions where we produced the provisional research plan that needed to be implemented to keep the measure alive but it doesn’t get checked against the research because the research wasn’t done or it was deactivated for lack of research.

West: Asked how the 7th power plan impacts the work of the RTF and if we should think about the capacity component of measures in addition to energy efficiency component.

Eckman: From technical perspective the work done by RTF is fed into the power plan. There is a direct transference that has implications with respect to the policies, methodologies and guidelines that make sure the RTF and the planning framework are consistent. On capacity we are modifying our ProCost evaluation tool to do 8760 analysis of all the measures.

Grist: In terms of actual impact on RTF budget work, in 2014 we will rely more on RTF for the 7th power plan input assumptions on supply curves. The capacity work is not an extra add-on unless there is a requirement of formatting the outputs in different ways. There is a big gap between what the energy efficiency analysts and the utilities do and how they talk to the power system planners.

West: Does it have any impact for scope and dollars for the next funding cycle?

Stratton: People are talking about capacity but we don’t really have any direction on how to collectively understand it as part of the power plan or to have a version of a plan where the objective function is to minimize capacity growth.

Juliet Johnson: In terms of integrated resource planning, it is imperative to understand peak contribution of efficiency when we are looking at efficiency on par with other resources.

Grist: We can put this in the 7th plan queue, it is not going to require much from the RTF.

O’Neil: Continuing on the future funding presentation of the timeline for the funding decision, the RTF work plan process starts in earnest in July of the following year. Looking at the new funding year and commitment, a July timeframe for a final ok from the PAC would be ideal. From today’s meeting we will solicit feedback from the PAC and will create a future work plan looking at the three year look back what we have done and will try to project a future work plan for the next meeting.

Gidding: Given how the RTF is currently structured, when you are putting together the 3-5 year look, are you looking at ways to restructure anything so we can absorb more. I feel we are at capacity.

O’Neil: Agree. The RTF at a full day meeting is at capacity with what it can absorb. What we see down the road is a lot of the heavy lifting done by the subcommittees.

Eckman: From the budget standpoint, we do a high level regional funded progress tracking and the regional charter of the RTF is set up to do tracking and reporting of conservation progress in the region. There is a lot of value in knowing the measure level or the bundles on an annual basis but this has implications on budget and staff time.

Sara Patton: Craig Smith, former assistant general manager for Power Operations at Snohomish PUD said the RTF and NEEA are the gold standard in California.

West: Suggested in getting the forward look on how the investment level will look like for the coming cycle in January and have a deeper conversation in the April meeting.

O’Neil: We will setup a comment link for the PAC members to comment on possible funding ideas that will be incorporated into future work plans.

**YTD financials update**:

Charles: With the PAC’s assistance we have a 2012-2014 funding agreement of 1.473 million each year. The funding share of the RTF is based on NEEA funding shares and while we have the letter of agreement in place for three years, we collect the funding each year.

In November of 2011, the Council has developed a new reconciliation and carry forward strategy for RTF funding based on the workflow. Funds that are obligated but not spent on contracts at the end of the calendar year will be credited back to the funding contributions of the following year.

**Discussion on Wood Smoke**

Grist: Gave a background of the decision that led to the wood smoke study. During discussion of the ductless heat pump analysis we were asked by the RTF members to consider the monetary effects of reduced wood smoke from installing ductless heat pumps. The general picture is utilities operate energy efficiency programs and a lot of these energy efficiency gains are measures that save electric heat in homes that are predominantly heated with electricity. For houses that are heated with supplemental fuels such as wood, two studies have just been finished. One looked at billing data from the ductless heat pump study in electric baseboard heated houses by climate zone and the amount of supplemental space heat provided in those homes. The findings showed a reduction in supplemental heat use after the ductless heat pump was installed.

The regional act establishes directly attributable and quantifiable environmental costs ought to be considered in the total resource cost test. Looking at what has happened in the emissions regulation world in the last 15 years there are a number of tools that the Environmental Protection Agency uses to answer how quantifiable and directly attributable these benefits are. One of the most significant monitizable benefits is smoke particulate matter.

With the help of a wood smoke subcommittee the RTF looked at a series of tools available to quantify and monetize the health benefits from wood smoke. We hired Abt, the primary contractor for EPA to do a first cut analysis on the wood smoke and scale it to county level data.

This is a new area for the Council. The Council has never engaged in health impacts other than Radon gas from the foundation of houses. This study did not monetize the health benefits but has helped in the standards of how houses get weatherized.

The question is, what is the paradigm for environment impact analysis on generating resources in the environmental analysis that is undertaken as part of the power plan?

Black: The wood smoke has been discussed at the RTF, the Conservation Resources Advisory Committee, and presentations to the power committee and the Council members. The scope of the presentations addressed the wood stoves only, the issue of power plan redispatch has not been vetted with the power committee or the Council. If we start to quantify and monetize the health impacts of incremental power plant dispatch to make electricity for ductless heat pumps, it is a small logical step to then quantify the health impacts from all dispatch of power plants.

This may or may not be a policy directive the Council adopts but it runs straight into the broader topic of the overall environmental methodology that we are going to use for the 7th power plan.

Most people are familiar with how, in the wake of the 6th plan, the Council was sued in the ninth circuit court over issues of incorporation of the BPA share of Fish and Wildlife cost and the process of taking public comments on environmental methodology for the 6th plan. Through an oversight, the methodology was not included in the draft 6th plan. The court supported the plaintiff’s claim the Council did not provide adequate comment time. A discussion will be held at the Council meeting on how to remedy on the 6th power plan methodology.

Meanwhile, there is enough interest now on cost and benefits of environmental impacts from resources that merit a deliberate and comprehensive process to determine the methodology for use in the 7th plan. We will be going back to the foundation established by the NW Power Act that includes what the methodology should address, the minimum requirements, and the choices the Council may make beyond the minimum requirements.

For the question of what is quantifiable, my personal perspective is there are a lot of things that are quantifiable especially if we have unlimited time, staff and budget. There are probably more things that could be quantified with a lack of constraints on resources. What I will be proposing as part of this development of environmental methodology of what we identify to be quantifiable is to prioritize in terms of the relative importance and interest. The most prominent areas of interest seem to be green house gas emissions.

Process-wise what we are going to propose is talk to the power committee and the Council about how we will fit this methodology into the overall 7th power plan process.

To recap, the plan for now is to go ahead with the wood smoke analysis, looking at the direct impacts on health and quantification from the wood stoves that are displaced by ductless heat pumps, and hold open for later determination whether we would look into incremental impact on power plan dispatch.

Johnson: I spoke with UTC commissioners on wood stove study on reduced emission and they were enthusiastic as they see this as an issue and the concept as important and unavoidable work for the power industry and the health of the region.

Robinson: I would categorize this as indirect social costs and it gets broader when we also start considering renewables that are in a form of subsidies from the government.

Steve Johnson: Washington department of Ecology is working with communities facing serious economic consequences from near non-attainment or out of attainment in enforcement of well established health impacts of non-attainments. If we hit those non-attainments we will have the same kind of problem California had ten years ago when air permits were not allowed and they were having rolling blackouts. This issue cannot be avoided.

Robinson: We also have non-attainment areas in Tacoma, the question is when you go back to the act what is the intention of the act and whether this is the Council’s purview.

Black: Asked if this is an issue the Commission is requiring of its jurisdiction to address for integrated resource plans.

Robinson: There are regulations impacting our utilities and we are pushing our utilities to examine those impacts and reflect those risks and costs in their planning.

Black: Has the commission required Avista to look at the health impacts of wood smoke when it evaluated the cost-effectiveness of ductless heat pumps.

Folsom: We would be asking the regulatory question of which cost-effectiveness test is primary and if this is a definition of prudence, or if this could be a tax issue rather than a customer issue.

Donahue: I appreciate seeing the wood smoke study discussed in the RTF and Bruce has outlined this issue well whether these are utility issues or if this issue is for tax payers.

Patton: We have been wrestling with these issues for longer than 30 years. There are no easy answers. In my view the total resource cost test is about the societal point of view and the prudence is about the utility cost test. Both should be taken into account as we think about whose money is getting spent. Also appreciate what Charlie Black said that there is a limit on how much of Council staff resources can be spent.

Smith: On follow-up on Charlie’s comment on the 7th power plan implications, the wood smoke issue is occurring at the same time as the ninth circuit remand. It was in the words in the statue that the ninth circuit court found procedural error, and we need to correct on remand. There will be more focus on this with the 7th plan.

West: Asked what the right frequency to have a conversation with the PAC should be as the Council meets with the power committee and the Council members.

 Black: There are two directions we will be taking, one is on the wood smoke study as the work proceeds reporting on progress to the PAC and as this is a policy call the Council members will be making the decision.

**Measure Status Updates**

 Referring to the dashboard O’Neil gave a snapshot of measure status, comparing 2012 and 2013:

* In 2012 we had about 26 out-of compliance measures. As of November we are down to 13. These are measures we needed to either move to a category of small saver, proven, come up with a research plan to bring them back into compliance, or deactivate if there is no interest in the region. Roughly 10 measures out of the 13 were deactivated. Before we deactivated these measures we polled the region’s utilities to ask if research was being done or if not, was it ok to deactivate.
* On Under Review measures, RTF has done 10 this year and will do another 10 next year.
* On total Active measures that are linked to Under Reviews, we had 35 active measures at the beginning of the year and moved up to 52 at the end of this year. This number will change next year when new measures come up for sunsetting.
* We had 92 total measures in the database at the end of last year and 96 this year.
* On RTF members voting records, 97% of members voted yes. Although one could assume by looking at this high percentage that members are simply voting yes, a lot of the work that comes before the RTF is now more fully baked and members feel confident what they are voting on meets their standard of approval. This record doesn’t necessarily show how many times a measure came to the RTF.
* About half of what we do is applicable to small & rural utilities. Every UES measure that gets approved by RTF gets a checklist done by RTF staff on its applicability and potential barriers to implementing in the small rural territories and the small rural subcommittee will give the final say on whether the measure should be modified.
* RTF staff are doing most of the UES and protocol development and provide most of the method analysis. For the measurement data it is clear that the RTF relies on utilities, consultants, BPA and NEEA.
* We had 47 subcommittee meetings with total of 90 hours outside of the monthly RTF meeting.
* We monitor who participated in the small rural subcommittee meetings to see if we are meeting the needs of the subcommittee by engaging the right utilities.

One of the core objectives of the RTF is to help coordinate research needs for the measures and protocols. The Evaluation & Research subcommittee was formed to help facilitate bringing research plans forward for out of compliance measures. Since we started, only two measures that required research plan have been designed and implemented. As we talk about future funding, we need to keep in mind for measures that already exist we will need research to keep those going. Our first take is there are some hiccups in getting the necessary research done through the region.

**Head's up on what should savings estimates represent**

Eckman: Started the discussion by looking at what savings estimates mean to the RTF and the utility process. Traditional evaluation reports first year savings, which are used for cost-effectiveness evaluation. There are a lot of reasons why the first year savings may not represent the long term savings. What we measure typically is the first year, we rarely measure things over their life. From the Council’s perspective for numbers that go into the plan, we do a cost-effectiveness evaluation over the expected life.

West: How can this come to some conclusion?

Eckman: We have a guidelines subcommittee that is going to take this up and make a recommendation. We will bring back the results to the PAC when the committee has done its work.

**RTF Process Refinements California Copy of RTF**

Eckman: Met with Commissioner McAllister of the California Energy Commission and there seems to be a considerable appeal to have a California equivalent of the RTF. We have been giving long distance advice on how we operate. O’Neil will be going to California in January for the Consortium for Energy Efficiency winter program meeting to talk about the process of the RTF and what we do.

Gage: Added she will be giving the utility perspective and perspective of the regulated utility at the CEE meeting.

**Updates on Regional Conservation Report**

Eckman: Update on 2012 Regional Conservation Report, with 85% of the utilities reporting to the Council and RTF, and 11% of data coming from BPA, sum total saving was 248MW with the regional target this year being 240MW. 11MW from BPA is reported on the same form for 2012 and 2013, and until this is sorted out we don’t know the total savings for 2012.

Concerned with how we will do the power plan’s long term target, PNUCC board has asked us to request projections three years out. As most of the utilities were in the process of finishing their IRP report; we received fewer than 50 of the utilities reporting projections for 2012.

On the three year projection we may have 60% of the region’s load instead of 85-90%. Quick take looking at the data we collected, the cost per average megawatt is about the same as it was in 2011. The total budget expenditures reported is low. 440 million dollars in 2012, and 414 million in 2012. This is less money but roughly the same price of 1.7 million dollars per average megawatt in the first year while in 2011 it was 1.67 million. Until we settle this with Bonneville and some of the utilities about whether line losses are included, these numbers are preliminary.

West: We will discuss in depth the RTF Process Refinement topic in January and if there are other issues that warrant more consideration in terms of improved deficiencies, for example, we will set aside time in the next meeting.

Smith: New member to the PAC, Bob Lake, Commission member from Montana will be participating in future meetings.

Stratton: On questions that are coming to us from RTF for our decision, is it the RTF PAC that makes the decision to recommend to the Council members?

West: Our task is to advise the Council. Procedurally to let the Council know we recommend they go along with the extension of the contract to EnerNOC.

After setting the next meeting tentatively for January, the meeting adjourned at 2:30pm.