

4.05.000-P Reliability Versus Risk Policy

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	February 27, 2002	Approved (R86)	February 2005
Policy Committee	March 5, 2005	No change	February 2008

Summary:

The Energy Trust Board needs to provide guidance to the staff on a number of issues that will be important in designing Trust programs. This decision memo addresses reliability versus risk. In their discussions, the Conservation Advisory Council and the Energy Policy Committee concluded that these guidelines are consistent with the PUC guidelines and advance Trust objectives.

Purpose:

Give Trust staff guidance on technical and policy issues as it develops new Energy Trust programs.

Background:

Energy Trust staff has developed a series of issue papers and reviewed them with the CAC and the Energy Policy Committee; here are summaries of these discussions:

Analysis:

RELIABILITY VERSUS RISK

Issue: How should the Energy Trust balance investments in proven technologies and programs with opportunities to invest in cutting edge, riskier technologies and programs?

The Energy Trust could focus all its resources for several years on reliable, proven efficiency opportunities. However, there may be a need over the ten-year period to increase the amount of available resources. Furthermore, some new technologies may reduce the cost of efficiency or provide better customer service along with efficiency. There are options for technology research, development, demonstration, and dissemination of new technologies. There are also opportunities to help develop and demonstrate new administrative and business models for efficiently delivering efficiency to customers. Some market transformation initiatives are higher-risk efforts to bring technologies or delivery systems into the market.

Recommendations

- Develop a portfolio approach. The Energy Trust should **target a modest share of resources (e.g., 20%), to higher-risk activities** that bring new efficiency opportunities or more effective delivery systems into the marketplace.
- As part of this commitment, **continue to support market transformation through funding for the Northwest Alliance.**
- Beyond funding for the Alliance, focus **investments in innovation primarily on better systems for delivering savings to customers.** Leave technology RD&D to others who specialize in this.
- Selectively consider opportunities for **demonstration of market-ready technology.**
- **Support resource assessments** to better understand what is already available.

The board approved the resolution to direct staff to use the policy recommendations on reliability versus risk at its February 27, 2002 board meeting.