Briefing Paper
Industrial Energy Efficiency Gap

June 11-12, 2010

Summary

The 2009 strategic plan noted that the plan's electric efficiency goals include a block of industrial energy savings for which there is no funding under current law. We have asked Michael Early, executive director of the Industrial Customers of Northwest Utilities, to address this issue.

Background

- The electric utilities' integrated resource plans (IRP) include energy savings for sites that use more than one average megawatt per year.
- The 2007 Oregon Renewable Energy Act prohibits the use of supplemental energy efficiency funding for these large energy users. In other words, Energy Trust is funded to achieve large-user energy efficiency under SB 1149 (the three-percent public purpose fund), but not under the 2007 law that authorized supplemental electric efficiency funding.
- To implement this provision, for projects at above-1 aMW sites, Energy Trust agreed to not increase annual funding above levels provided before 2007.
- While data available today do not allow precise analysis of this constraint (see below) it appears that with this limit, Energy Trust could fall short of IRP large-customer goals before long.

Discussion

- This issue has two aspects:
    - First, people have varying ideas of how large this problem is. As the 2009 strategic plan noted, because of restrictions in Oregon administrative rules, we do not currently have the data we need to "size" this problem with any precision. Nevertheless, even given the data limitations, we estimate that if we hold annual funding for above-1 aMW sites at pre-2007 levels, savings, by 2014 we would likely fall short of IRP goals by 15-45 average megawatts.
    - The second aspect is the primary focus of this agenda item: How should this constraint be approached? Is it a problem? If so, to what extent should Energy Trust be part of a solution? To what extent should it be addressed by other means?