A Revised Approach for Expressing IRP Energy Savings Targets

CAC Presentation

March 9, 2011

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Premise

Inconsistent interpretation of IRP targets and saving goals

At the Feb 3rd Strategic Utility Roundtable the Energy Trust Board and utility representatives reached agreement on a consistent way to characterize and report energy savings toward Energy Trust, integrated resource plan (IRP) and utility-Energy Trust funding agreement goals

We are now bringing forward for CAC consideration and subsequent OPUC action the revised approach for expressing IRP energy savings targets

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Background

- Energy Trust historical annual savings goals expressed as range
  - o Stretch (aggressive) goal
  - o Conservative (high-confidence) goal = 75% of the stretch goal

- Energy Trust reports “net” savings (i.e., savings corrected for free-riders and other evaluation factors)

- Renewable Energy Act (SB 838) allowed investor owned electric utilities to collect funding beyond the established 3% public purpose funds (SB 1149) to meet integrated resource plan (IRP) efficiency targets

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Background – Cont.d

- Energy Trust develops the energy efficiency resource potential for utilities IRP's
  - Delivers these savings through programs funded by the utilities

- Energy Trust has funding agreements with the utilities defining savings range and level of funding consistent with utility rate filings

- Process in place to review spending and savings achievements
  - Individual utilities and Energy Trust meet annually review and make tariff adjustments to maintain a targeted 5% cushion
  - Every two years, IRP targets are reviewed and adjusted if warranted

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Discussion

- Historically, IRP savings targets and utility-Energy Trust funding agreements both link to Energy Trust stretch goals
- Energy Trust budgets and utility-Energy Trust funding agreements use other savings ranges:
  - o Before 2011, utility-Energy Trust agreements had savings range of 90-100% of stretch goal (10% range)
  - o Board approved budgets used a savings range of 75-100% of stretch goal (25% range)
- In 2011, the Energy Trust Board of Directors adopted a budget that includes a savings range of 85-100% of stretch goal (15% range)
- For 2011, utility-Energy Trust agreements use a range of 85-100% of stretch goal (15% range)

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Discussion – Cont.d

- Differences in how utilities convey IRP targets:
  - o PGE views the IRP savings as a multi-year average and expressed in net savings terms (comparable to ETO stretch goal)
  - o Pacific Power views the IRP savings as gross savings with high confidence that the savings will be achieved, (comparable to ETO conservative goal)

- Energy Trust proposes a single, consistent way to formulate and report savings:
  - o Expressed in net terms (on request, Energy Trust can continue to provide saving in gross terms)
  - o IRP target equals 85% of the stretch goal

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Recommendation

Align IRP target with conservative goal

- Energy Trust staff , Utility Roundtable and Board members agree that 85% of stretch goal provides a better planning figure
  - o Utilities can rely on it to meet demand,
  - o 100% of the stretch goal may or may not achieve annual IRP targets
- Over the next five years, Energy Trust's conservative goals are projected to slightly exceed (by two average megawatts) the goals of the Northwest Power and Conservation Council's 6th Power Plan
- Funding agreements and Energy Trust program management will continue to aim at 100% of stretch goals

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Next Steps

1. Seek Conservation Advisory Council endorsement.
2. Present recommendation to the Energy Trust board
3. Present board recommendation to OPUC for action.

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