



2016 Business and Operating Plan 2015-2019 Funding Period

Introduction

This document describes the draft Regional Technical Forum's (RTF) 2016 work plan and the 2015-2019 Funding Period. The budget for 2016 is currently estimated at \$1,663,000 per year. The RTF staff presented the draft work plan and business plan to the RTF at their July meeting. After a stakeholder comment period, the RTF staff will present the proposed work plan and business plan to the RTF at its August meeting for potential adoption, and forward that recommendation to the Council for approval. The RTF Policy Advisory Committee (PAC) will also review the proposed work plan, budget, and business plan at its August meeting and send their recommendation to the Council. The work plan and business plan will be brought to the Council at their October meeting for consideration.

Work Scope

The RTF will continue to pursue the tasks adopted by the Council and its original charge from Congress and the Comprehensive Review.¹ These are:

1. Develop and maintain standardized protocols for verification and evaluation of energy savings.
2. Conduct periodic reviews of the region's progress toward meeting its conservation resource goals, acknowledging changes in the market for energy services, and the potential availability of cost-effective conservation opportunities.
3. Provide feedback and suggestions for improving the effectiveness of the conservation resource development programs and activities in the region.

Consistent with these tasks, the RTF will continue to provide recommendations to Bonneville Power Administration (Bonneville), the region's utilities, and system benefit charge administrators to facilitate the operation of their conservation resource acquisition programs. The 2016 work plan includes, but is not limited, to:

- Review and update existing measures and standardized protocols for verification and evaluation of energy savings. The RTF maintains and continually updates a library of over one hundred measures and protocols, approximately one-fifth of which will require

¹ See the RTF Charter at http://rtf.nwcouncil.org/Revised_RTf_Charter_and_Bylaws.pdf

updating in 2016 due to approaching sunset dates.

- Develop and maintain protocols by which the savings and the regional cost-effectiveness for energy efficiency measures, technologies, or practices not specifically evaluated by the RTF can be estimated.
- Coordinate with regional research entities to identify opportunities for improving understanding of various measures and protocols, and work to advanced these measures that require additional research to inform reliable estimates by identifying potential research sponsors or using data collected by sponsors
- Develop new measures and protocols and review proposals for new measures and protocols.
- Continue to standardize and update the *Guidelines* for technical review of measures, protocols, and impact evaluations.
- As required for measure development and maintenance, update and develop new tools for measure analysis, including updates to ProCost and SEEM.
- Upon request of program sponsors, review measurement and verification and program impact evaluation plans and results to assess their suitability for use supporting studies for RTF-related measure evaluations.
- Provide support and outreach to small and rural utilities to ensure the unique circumstances and barriers of their service territories are being taken into account when developing RTF technical measures and specifications.
- Review efficiency-related technical analysis developed for the Council's Power Plan.
- Provide outreach, training support and presentations for RTF related matters.
- Maintain a process through which Bonneville, the region's utilities, and system benefit charge administrators may demonstrate that different cost, savings, and cost-effectiveness findings should apply to their specific programs or service territories.

2016 Activities and Budget

The RTF's specific work plan is largely driven by the requests it receives from parties within the region, primarily utilities, Bonneville Power Administration (BPA), Energy Trust of Oregon (ETO), Northwest Energy Efficiency Alliance (NEEA), and state energy agencies (SEO). To facilitate the submittal of proposals by parties in the region for review by the RTF, the RTF established an online proposal form. This proposal form is designed to collect the minimum data that is required for a measure to be considered for RTF approval. This new proposal process allows the RTF to respond in a timely manner to emerging technical issues and questions, and prioritize incoming requests. In addition, the RTF will issue an annual request to Bonneville, the

region’s utilities, ETO, NEEA, and SEOs asking these entities to identify specific technical research and evaluation issues that they believe should be addressed during the coming year.

During its operating year, the RTF typically adjusts allocation of resources among the categories in its work plan based on requests received, proposals, and the pace of multi-year projects. Specifically, the RTF reviews the budgets allocated to the review of existing and new measures and, within those budget categories, the allocation of funding between Unit Energy Savings (UES) measures and Standard Protocols. The RTF notifies the Council and its funders of all significant reallocation of resources or priorities.

The RTF divides its work into five categories of elective work and three categories for management and administration. Table 1 presents a summary of these categories for 2016. It includes components for Contract RFPs, a RTF contract analyst team, the RTF Manager, and Council staff in-kind contributions. The component labeled “Subtotal Funders” represents the amount of funding required from the RTF’s voluntary funders. A detailed budget for 2016 and the five year funding period budget forecast are in the accompanying Excel workbook. Each category of work is briefly discussed in the sections following Table 1.

Table 1: Planned RTF Activities for 2016

Category	Contract RFP 2016	RTF Contract Analyst Team 2016	RTF Manager 2016	Subtotal Funders 2016	Council In-Kind Contribution 2016
Existing Measure Review & Updates	\$127,500	\$325,000	\$0	\$452,500	\$8,400
New Measure Development & Review of Unsolicited Proposals	\$88,000	\$240,000	\$0	\$328,000	\$2,700
Standardization of Technical Analysis	\$23,000	\$175,000	\$0	\$205,000	\$500
Tool Development	\$10,000	\$60,000	\$0	\$70,000	\$7,000
Regional Coordination (Research and Data Development)	\$15,000	\$135,000	\$0	\$150,000	\$9,000
Website, Database support, Conservation Tracking	\$60,000	\$20,000	\$0	\$80,000	\$18,000
RTF Member Support & Administration	\$169,200	\$65,000	\$0	\$234,200	\$25,000
RTF Management	\$8,300	\$0	\$135,000	\$143,300	\$77,500
Subtotal New Work	\$508,000	\$1,020,000	\$135,000	\$1,663,000	\$148,100

Existing Measure Review & Standardization of Technical Analysis (\$657,500)

In 2010, the RTF began the task of updating, standardizing, and strengthening its technical analyses and more thoroughly documenting the input assumptions used for energy efficiency measures approved by the RTF. This work included the initial development of guidelines for estimating energy savings, measure costs, non-energy benefits, and measure life. In 2011, the RTF began a systematic process of conformance for its library of measures to the recently

developed *Guidelines*. In 2015, this work is mostly complete, with only three Standard Protocols requiring review for compliance with the *Guidelines*. Therefore, the 2016 budget will be focused on addressing those outstanding Standard Protocols, as well as addressing both UES and Standard Protocol measures that are set to sunset in 2016. As part of this work, the RTF will continue to work to standardize and streamline its analysis, ensuring consistency across measures. This might also include updates to the operative *Guidelines* to reflect refinements to the RTF decision making.

New Measure Development & Review of Unsolicited Proposals (\$328,000)

Typically the RTF sets aside funding for review of specific high-priority new measures as well as unanticipated new measures or protocols proposed during the year. Approximately 20 percent of the 2016 budget is set aside for new measure work. This estimate is based on prior experience where much of the development and research required for new measures is done outside the RTF, with the RTF budget assuming the costs of review and assistance by the contract analyst team and quality control review of new measures. This development approach has typically been the case over recent years for high priority measures such as heat-pump water heaters and residential clothes dryers.

As with past years, the RTF has allocated a portion of its 2016 budget for the review and development of measures specifically targeted at small and rural utilities in recognition of their limited resources and the unique circumstances of their service territories. For 2015, the RTF plans on allocating \$40,000 towards the development of measures identified by the small/rural subcommittee.

Tool Development (\$70,000)

Over the past couple of years, the RTF has invested significant resources in both its ProCost tool and residential heat loss simulation model (SEEM). The RTF expects the level of effort required for these tools will drop in 2016, but has allocated some resource for continued maintenance. In particular, with the roll out of ProCost v3.0, the RTF anticipates that some maintenance will be required based on user experience. The majority of this work is anticipated to be completed by the contract analyst team.

Regional Coordination - Research and Data Development (\$150,000)

The RTF does not conduct primary research, but rather relies on the region to provide data in support of RTF measure development. Therefore, approximately 9 percent of the 2016 budget is earmarked for regional coordination efforts around these activities. These include a portion of contract analyst time to support dedicated outreach to these parties. Additionally, the RTF anticipates coordination with end use load data research efforts, baseline and momentum savings efforts, and coordination with Power Plan activities.

RTF Member Support & Administration and RTF Management (\$457,500)

Support and administrative activities identified for 2016 include RTF member support, contract analyst travel and time at RTF meetings, contract management, and general meeting costs. Member support includes compensating RTF members when they are asked to devote significant additional time to RTF work tasks and/or when they would not otherwise be compensated by their employer for participation in RTF work. The category also includes RTF management to develop agendas, schedule and manage RTF work flow, refine procedures, and provide analytical support to the contract analyst team.

In addition, there is another \$120,500 of Council administrative staff work required to support contracts, billing, web site development, annual conservation tracking report, data warehousing, meeting costs, web conference, scheduling and other business functions that are best retained at the Council. These are treated as in-kind contributions from the Council and are not included in the 2016 budget of \$1.663 million. Over the past few years, the RTF has worked to reduce this contribution by shifting more work to the RTF manager and contract analyst team. The anticipated Council in-kind support for 2016 reflects a reduction from previous years.

Organization and Staffing

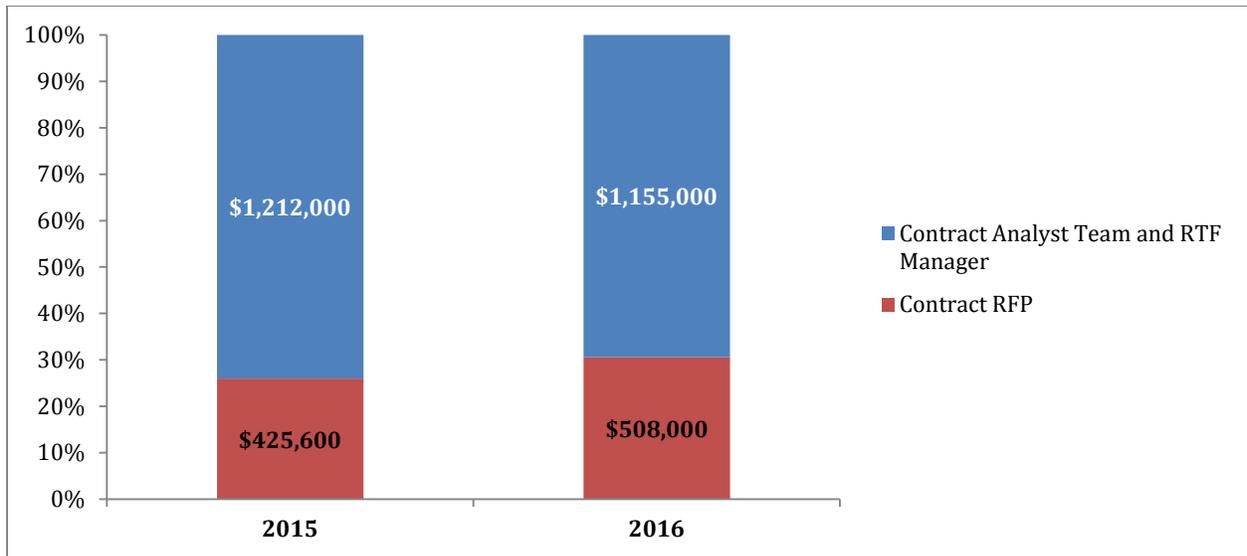
The full RTF meets at least once a month for an all-day meeting. As regional demand for its products and services increase, the RTF is constantly looking for ways to improve its operational efficiency and lessen the burden it places on its volunteer members.

In prior years, the work plan was constructed to bid out the majority of technical analyses and research projects to third-party contractors to develop work products and lead subcommittee discussions. Under that model, the RTF staff focused primarily on developing contract scope, managing contractors, and reviewing deliverables. This level of contract management included considerable technical assistance to contractors and extensive review of work products to ensure consistency with RTF standards. For 2013, the RTF shifted the majority of its technical analysis to a dedicated contract analyst team. The strategy with this shift was to gain and retain technical knowledge within the team during the contract duration. This is expected to help with the long-term technical capability of the organization, as well as decrease the overall obligations of its volunteer members. Moreover, effective subcommittees are important to allow for increased throughput at one-day RTF meetings and the RTF Manager and contract analyst team are typically better equipped to facilitate subcommittee efforts and follow-up on action items when they are closer to the analysis.

Furthermore, in an effort to lend credibility to work products developed by Contract Analyst Team, the 2013 through 2015 work plans also made provisions to contract out-third party reviews of all RTF staff work products throughout the year. This had the added benefit of keeping the measure development knowledge in-house while assuring a credible review of the work is done by an impartial third party. This approach will continue in 2016.

Similar to this business model adopted in 2013, the 2016 RTF work plan will continue to implement this strategy by allocating the majority of its budget towards the contract analyst team time and less towards third-party contract RFPs for technical analysis. Under this model, the RTF will have the equivalent of 6.0 FTE dedicated to this work (1.0 FTE for the RTF Manager; 5.0 FTE for the contract analyst team). For 2016, this represents a greater reliance on contract RFP money to support specific projects than in the past couple of years, while the majority of work continues to be with the contract analyst team.

Figure 1: Percentage of Budget Allocated to RTF Manager/Contract Analyst Team vs. Contract RFP for 2014-2015



Figures 2 and 3 below show the change in allocation for the contract analyst team and contract RFP over the past three years, respectively. The RTF Manager will continue to oversee the work of a dedicated contract analyst team to provide subcommittee support, review research projects, develop technical work related to new and existing measure development, and work with external stakeholders on bringing measures through the RTF process. Funding set aside for outside contracts will be used to review RTF Manager and contract analyst team work products, conduct research projects as outlined in the work plan, aid in tool development, support *Guidelines* review, and provide further support to the small and rural utilities work plan.

Figure 2: Contract Analyst Team Allocation for 2014-2016

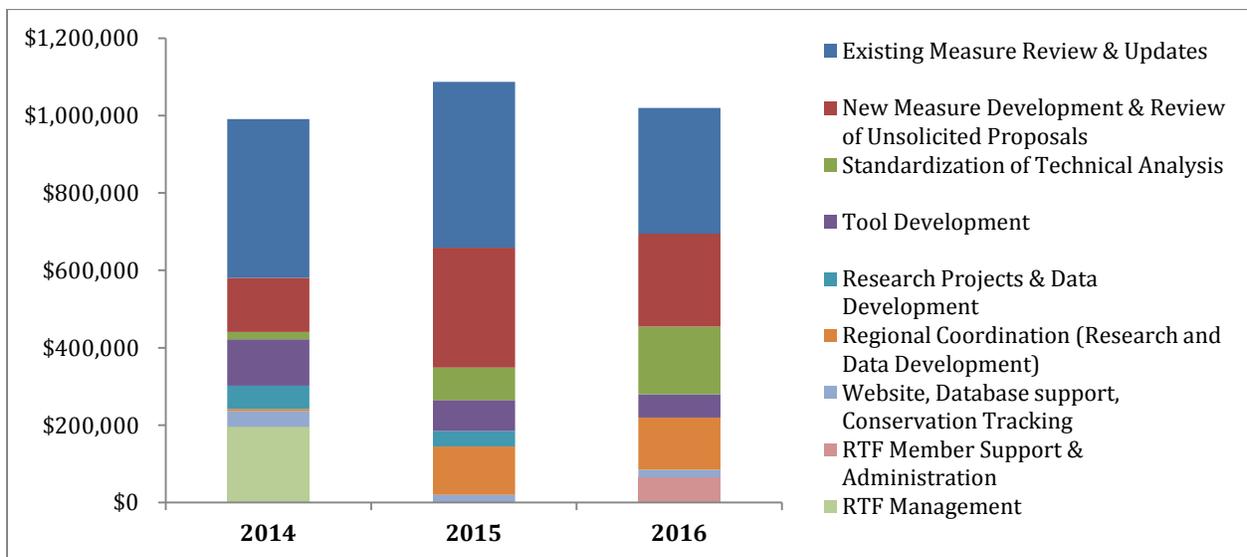
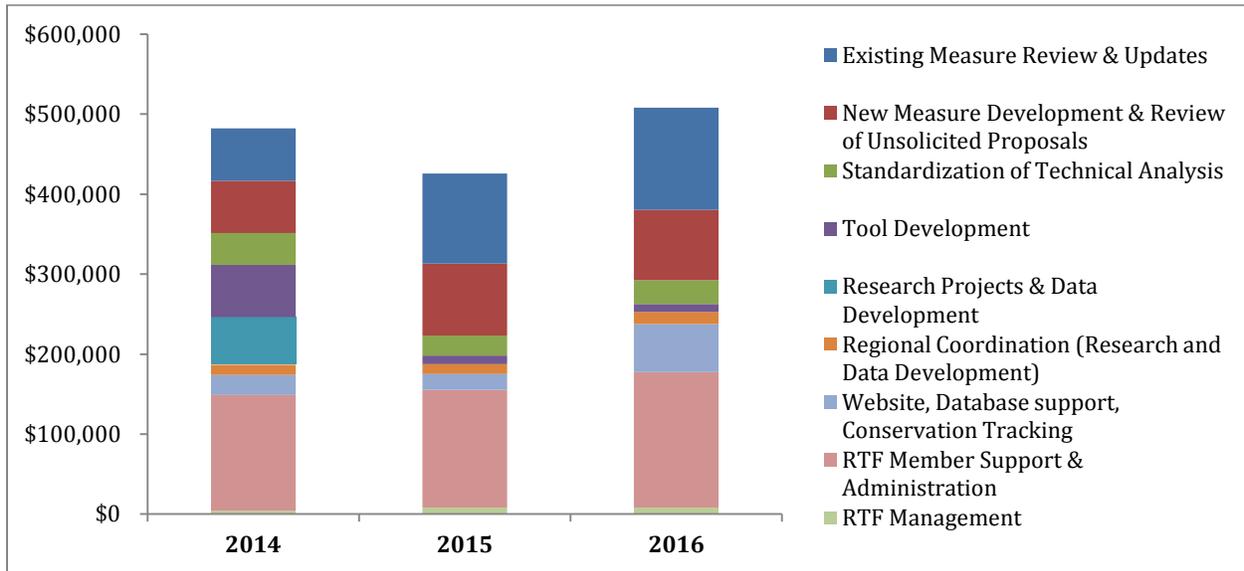


Figure 3: RTF Contract RFP Allocation for 2014-2016



2016 Funding

Funding for the RTF is developed through advice from the RTF Policy Advisory Committee (RTF PAC). In 2014, the RTF PAC recommended a five-year funding level of starting at \$1.67 million per year with an annual increase of 2.5 percent for wage and inflation rates over the following years. The RTF PAC also recommended that funding shares should follow the allocation method developed for NEEA funding, with an adjustment for Northwestern Energy².

This approach solicits funding from Bonneville, several of the large generating public utilities, and all six investor-owned utilities in the region. Table 2 shows the 2016 funding shares and contributions by funder.

² NorthWestern Energy's NEEA share is based on the entire state of Montana, while the RTF share is only western Montana. This equates to a total RTF funding amount of \$1,637,600 for the starting year of 2015.

Table 2: 2016 Funding Shares

Organization	NEEA Funding Allocation	Share of RTF Budget (rounded)**
Bonneville Power Administration	36.04%	\$617,200
Energy Trust of Oregon	20.15%	\$345,000
Puget Sound Energy	14.14%	\$242,100
Idaho Power Company	8.97%	\$153,500
Avista Corporation, Inc	5.74%	\$98,300
PacifiCorp (Washington)	2.54%	\$43,600
Northwestern Energy	4.04%	\$36,200
Seattle City Light	3.66%	\$62,600
PUD No 1 of Clark County	1.31%	\$22,500
Tacoma Power	1.10%	\$18,800
Snohomish County PUD	0.65%	\$11,200
Eugene Water and Electric	0.32%	\$5,400
PUD No 1 of Cowlitz County	0.38%	\$6,600
Total	99.03%	\$1,663,000

* Northwestern's contribution adjusted to \$36,200 for 2016. The RTF will adjust its work plan accordingly.

** All funding shares adjusted by 100%/99.03% because Chelan County is present in NEEA funding, but not RTF funding.

Multi-Year Funding Period of the RTF

The RTF PAC approved a RTF developed multi-year work plan and budget for 2015-2019 to aid in long-term work plan development. This 5-year period coincided with the current NEEA funding cycle, and may vary in the upcoming years depending on future NEEA funding cycle changes. Annual work plan development is intended to provide flexibility to meet regional needs year to year and keep focus on high priority work. Table 3 shows RTF funding for the 2015 calendar year, committed 2016 funding, and projected funding for the 2017-2019 calendar years based on work plan priorities in the future, and a forecasted 2.5% inflation rate (wage plus inflation) each year.

Table 3: 2015-2019 Funding Plan

	Previously Funded	Committed Funding	Projected Funding		
	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Contracts	\$425,600	\$508,000	\$542,500	\$565,400	\$581,400
Contract Analyst Team	\$1,087,000	\$1,020,000	\$1,106,900	\$1,121,900	\$1,140,900
RTF Manager	\$125,000	\$135,000	\$140,700	\$146,700	\$153,400
Subtotal Funders	\$1,637,600	\$1,663,000	\$1,789,000	\$1,833,700	\$1,875,200
Council Staff In-Kind Contribution	\$201,600	\$148,100	\$158,600	\$161,100	\$167,400