



2014-2016 Business Operating Plan and Funding

Introduction

This document describes the Regional Technical Forum's 2014 work plan and the 2014-2016 business plan. The budget for 2014 is currently estimated at \$1,473,000 per year, although no agreements are yet in place for funding the RTF past the 2014 calendar year. RTF staff presented the proposed work plan, budget and business plan at its October 15th meeting where it was adopted by the RTF, and forwarded that recommendation to the Council for approval. The RTF Policy Advisory Committee (PAC) also reviewed the proposed work plan, budget and business plan at its October meeting and sent their recommendation to the Council. The Council then approved the 2014 work plan and the 2014-2016 business plan at its November 5th meeting.

Work Scope

The RTF will continue to pursue the tasks adopted by the Council and its original charge from Congress and the Comprehensive Review¹. 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 2014 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, almost one-third of which will require updating in 2014 to conform to the uniform methods and savings, cost, benefits, and life estimation standards outlined in the RTF's operative *Guidelines*².

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

² <http://rtf.nwcouncil.org/subcommittees/guidelines/>

- Review and aid in the development of research plans for measures of regional importance and interest found to be out-of-compliance with the RTF *Guidelines*.
- Develop new measures and protocols and review unsolicited proposals for new measures and protocols.
- Continue to standardize and update the *Guidelines* for technical review of measures, protocols and impact evaluations.
- Update and develop new tools for measure analysis, including updates to ProCost and SEEM.
- Conduct research projects, update data, and provide searchable access to data for analysis.
- Provide an inventory of regional evaluation spending and activities to aid in regional coordination of evaluation.
- 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.
- 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.
- Review measurement and verification and program impact evaluation plans and results to assess their suitability for use supporting studies for RTF-related measure evaluations.
- Upon request of program sponsors, review plans for measurement and verification or program impact evaluation.
- Develop, review, and revise as needed program technical specifications. Identify high-priority evaluations and research and demonstration activities that are needed to improve regional energy savings estimates or facilitate adoption of new and existing energy efficiency technologies, measures, or practices.
- 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 Seventh Power Plan.
- Provide outreach, training support and presentations for RTF related matters.

2014 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). Historically these requests have come to the RTF through informal requests from staff of these entities or through the more formal "petition" process on the RTF Planning, Tracking and Reporting (PTR) web site.

To facilitate the submittal of proposals by parties in the region for review by the RTF, and because the PTR system is no longer utilized by BPA for tracking and reporting purposes, the RTF established an online proposal form located directly on the RTF website as part of its 2013 Work Plan. 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.

In 2014, priority will again be given to further updating and developing measures identified by the RTF's 2012 measure review of 42 existing UES measures for compliance with its *Guidelines*.

The RTF divides its work into six categories of elective work and three categories for management and administration. Table 1 presents a summary of these categories for 2014. It includes components for Contract RFPs, RTF contract staff, 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 2014 and the three-year 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 2014

Category	Contract RFP 2014	RTF Contract Staff 2014	Subtotal Funders 2014	Council In-Kind Contribution 2014
Existing Measure Review & Updates	\$65,500	\$410,000	\$475,500	\$7,500
New Measure Development & Review of Unsolicited Proposals	\$65,000	\$140,000	\$205,000	\$3,000
Standardization of Technical Analysis	\$40,000	\$19,000	\$59,000	\$1,100
Tool Development	\$65,000	\$120,000	\$185,000	\$25,000
Research Projects & Data Development	\$60,000	\$60,000	\$120,000	\$42,500
Regional Coordination	\$12,500	\$6,000	\$18,500	\$6,000
Website, Database support, Conservation Tracking	\$25,000	\$40,000	\$65,000	\$75,000
RTF Member Support & Administration	\$145,000	\$0	\$145,000	\$5,000
RTF Management	\$4,000	\$196,000	\$200,000	\$112,000
Subtotal New Work	\$482,000	\$991,000	\$1,473,000	\$277,100

Existing Measure Review & Standardization of Technical Analysis (\$534,500)

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*. One major thrust of the 2014 work plan for the RTF is to finalize the update of existing measures to bring them into compliance with these operative *Guidelines*.

The RTF will continue updating and standardizing work in 2014, expanding the number of measures reviewed for conformance to the *Guidelines*. The goal is to implement a systematic process, using identified standards of quality, for all RTF technical analysis. The RTF intends to cycle through its library of existing measures by the end of 2014 and bring them all up to the quality standards specified in the *Guidelines*. In addition, measures that have previously been RTF-approved for meeting the quality and reliability requirements of the *Guidelines* need to be revisited every three to five years to update measure viability, savings and cost estimates, baseline assumptions, lifetime, and other key factors, which is included as part of the 2014 work plan.

The budget estimate for 2014-2016 includes updating about 40 UES measures. It is anticipated that some of these measures will be reclassified as either small savers or standard/provisional protocols because they do not satisfy the requirements of the *Guidelines*. Additionally, several of these measures will require more research to ensure the quality and reliability of the savings estimates are on par with expectations of the *Guidelines*. The RTF will prioritize updates based on factors such as past and expected future frequency of use, annual savings rate, time since last update, availability and quality of source data, and changes in baseline data. Given the large number of RTF-approved measures, this will continue to be an ongoing activity with a review of an estimated 15 measures per year for the next three years. Almost one-third of the 2014 budget is allocated for completion of this update activity.

New Measure Development & Review of Unsolicited Proposals (\$205,000)

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 14 percent of the 2014 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 Staff and occasional outside contract support. This development approach has typically been the case over recent years for high priority measures such as heat-pump water heaters and ductless heat pumps, although with the completion of the *Guidelines* in 2013, more utilities and 3rd party entities have been completing the majority of this research prior to submitting measures to the RTF for review.

As with past years, the RTF has allocated a portion of its 2014 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 2014, the RTF plans on allocating \$48,000 towards the development of measures identified by the small/rural subcommittee. Staff resources have been allocated to review and assist with the development of these work products and other measures that get adopted by the RTF and which may require modification to be applicable to small/rural utilities.

Tool Development (\$185,000)

The work of the RTF, its technical analysis, recommendations, and specifications require continued development of analytical tools and measure specifications used region-wide. The 2014 budget allocates funding for the development or enhancement of the economic analysis tool ProCost, the residential heat loss simulation model SEEM, and tools used by field practitioners to assure measure specifications are met. Approximately 13 percent of the budget is allocated to further tool development.

Research Projects & Data Development (\$120,000)

Primary research has not been a key function of the RTF in the past because primary data collection is expensive. However, on occasion it has been advantageous to use the RTF to sponsor primary research, or to coordinate secondary research where there is distinct region-wide value. For 2014, this category is focused on updating HVAC and lighting interaction factors which have become outdated, and providing continual maintenance and updates to the End-Use Load Library with additional ELCAP data developed under the 2013 work plan or through the addition of new data. In addition, budget has been allocated for Staff to assist with reviewing Power Plan inputs and supply curves as part of the early stages of the Seventh Power Plan development.

Regional Coordination (\$18,500)

Part of the 2014 budget is earmarked for regional coordination efforts. These efforts typically center on activities that are less measure specific and focus more on wider regional efforts that the RTF has identified as important issues to track. For 2014, this category consists mainly of conducting a comparison of utility/System Benefit Charge (SBC) administrator technical resource manuals from around the nation to search for gaps or potential new measures, and collating regional research activities to better aid in research plan development for measures that may require it.

RTF Member Support & Administration and RTF Management (\$410,000)

Support and administrative activities identified for 2014 include RTF member support, 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 RTF will require expanded technical capabilities to analyze measures, protocols, and measure specifications through RTF contract staff. The category also includes RTF contract staffing to develop agendas, schedule and manage RTF work flow, and refine procedures. Approximately \$196,000 of RTF contract staff work is assigned to this sub-category.

In addition, there is another \$112,000 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 2014 budget of \$1.473 million. Over the next three years, the RTF plans to expand its use of contract staff to further relieve Council staff.

Organization and Staffing

The full RTF meets at least once a month for an all-day meeting. In 2013, the RTF held a meeting each month, including a 2-day meeting in October to move through a large number of agenda items and deliverables from its 2013 work plan. 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, 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 back to RTF contract staff. The strategy with this shift was to gain and retain technical knowledge within the RTF staff which 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 staff is 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 RTF staff, the 2013 work plan 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, and this approach is planned to continue in 2014.

Similar to this business model adopted in 2013, the 2014 RTF work plan will continue to implement this strategy by allocating the majority of its budget towards RTF contract staff time and less towards third-party contract RFPs for technical analysis. Four full-time staff were added in 2013 to manage the RTF and provide technical analysis as needed, which increased the

RTF staff count to a total of six (one full time in-house Council staff person, fully funded by the RTF, and five contract staff). The 2014 work plan will effectively maintain this same level of staffing from the current level of six, with a slight increase in resources allocated to contract staff, as reflected in the allocation breakout shown in Figures 1 & 2 below. Existing RTF staff will continue 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 staff work products, conduct research projects as outlined in the work plan, aid in tool development, coordinate regional research efforts, and provide further support to the small and rural utilities work plan.

Figure 1: RTF Contract Staff Allocation for 2012-2014

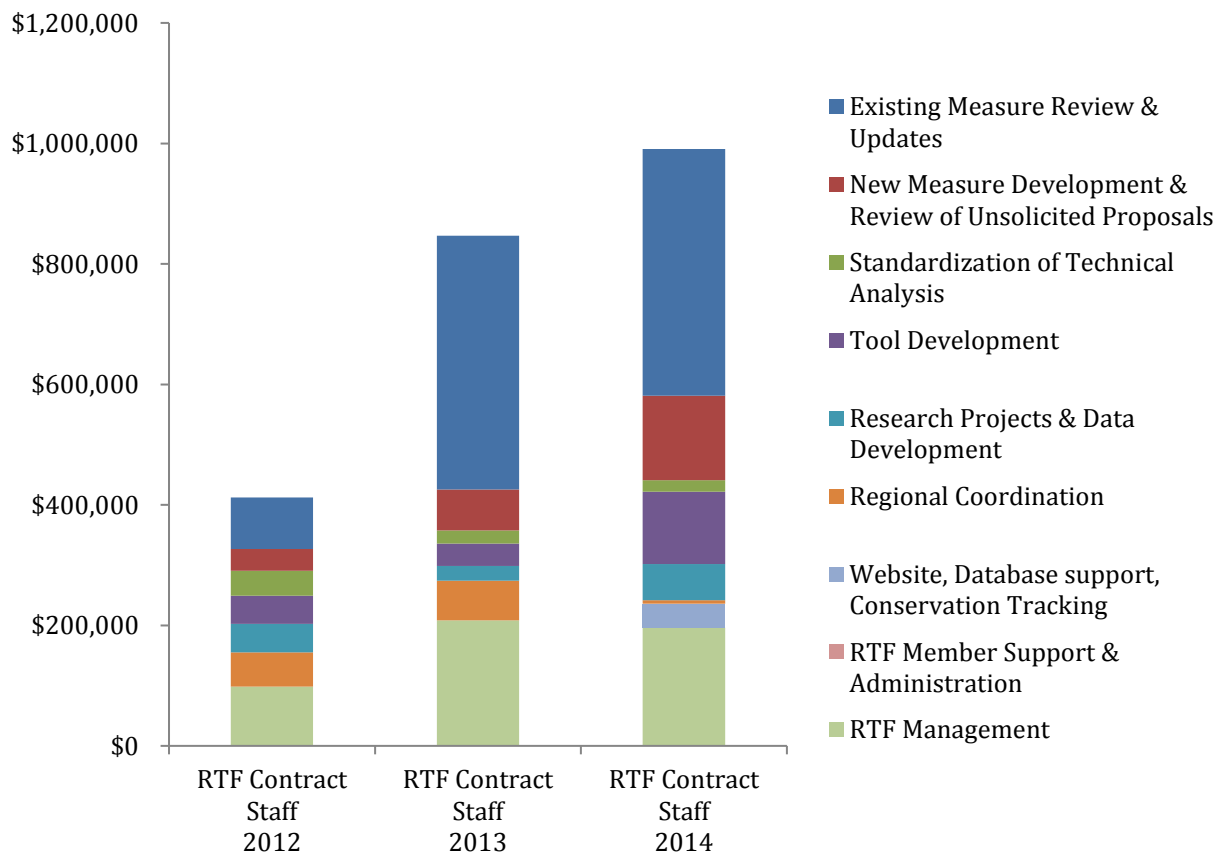
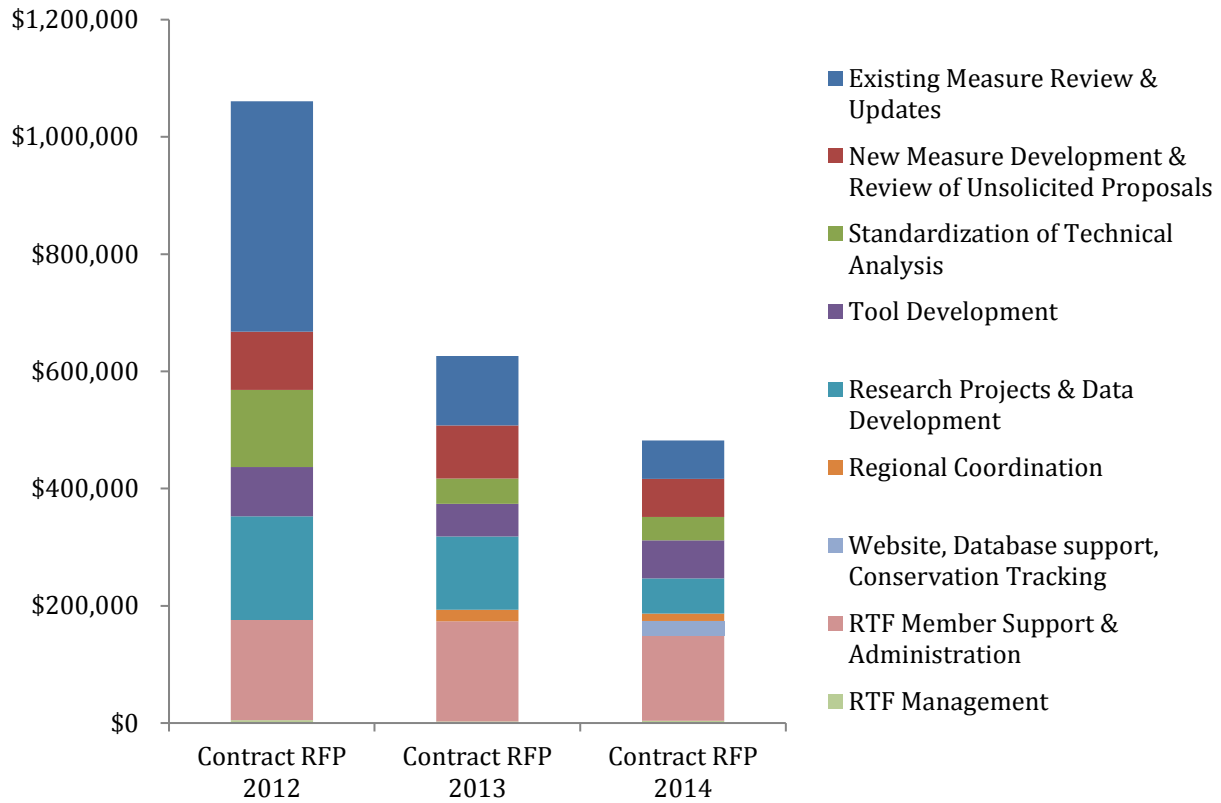


Figure 2: RTF Contract RFP Allocation for 2012-2014



2014 Funding

Funding for the RTF is developed through advice from the RTF Policy Advisory Committee (RTF PAC). In 2011, the RTF PAC recommended a three-year funding level of \$1.5 million per year for 2013-2015. The RTF PAC also recommended that funding shares should follow the allocation method developed for NEEA funding, with an adjustment for Northwestern Energy³.

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 2014 funding shares and contributions by funder.

³ 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 \$1,473,000 per year.

Table 2: 2014 Funding Shares

Organization	NEEA Funding Shares (as of Jan 2010)	Share of RTF Budget	Contribution to RTF Budget (rounded)
Bonneville Power Administration	35.5%	\$532,366	\$532,000
Energy Trust of Oregon	20.5%	\$307,889	\$308,000
Puget Sound Energy	13.7%	\$205,771	\$206,000
Idaho Power Company	8.6%	\$129,258	\$129,000
Avista Corporation, Inc.	5.5%	\$82,952	\$83,000
PacifiCorp	4.5%	\$67,619	\$68,000
Northwestern Energy	3.8%	\$57,193	\$30,000
Seattle City Light	3.7%	\$55,813	\$56,000
Clark Public Utilities	1.4%	\$20,395	\$20,000
Tacoma Power	1.1%	\$16,866	\$17,000
Snohomish PUD	0.8%	\$11,807	\$12,000
Eugene Water and Electric Board	0.5%	\$7,778	\$8,000
Cowlitz County PUD	0.3%	\$4,293	\$4,000
Total Funds	100.0%	\$1,500,000	\$1,473,000

* Northwestern’s contribution fixed at \$30,000. The RTF will adjust its work plan accordingly.

Multi-Year Work Plan & Regional Review of the RTF

The RTF PAC approved a RTF developed multi-year work plan and budget for 2012-2014 to aid in long-term work plan development. This 3-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 committed RTF funding for the 2014 calendar year under the current multi-year agreement, and projected funding for the 2015-2016 calendar years based on work plan priorities in the future, and a forecasted 2% inflation rate each year.

Table 3: 2014 Committed Funding and 2015-2016 Projected Funding

	Committed Funding	Projected Funding	
	CY 2014	CY 2015	CY 2016
Contracts	\$482,000	\$516,800	\$567,425
RTF Staff	\$991,000	\$1,099,611	\$1,208,935
Subtotal Funders	\$1,473,000	\$1,616,411	\$1,729,863
Council Staff In-Kind Contribution	\$277,100	\$268,269	\$269,204