



2015-2019 Business Operating Plan and Funding

Introduction

This document describes the draft Regional Technical Forum's (RTF) 2015 work plan and the 2015-2019 Business Plan. The budget for 2015 is currently estimated at \$1,637,600 per year. The RTF staff will present the draft work plan and business plan to the RTF at their August meeting. After a month comment period, the RTF staff will present the proposed work plan and business plan to the RTF at its September 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 September 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 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 2015 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-quarter of which will require updating in 2015 due to approaching sunset dates. A few additional measures will

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

be updated to conform to the uniform methods and savings, costs, benefits, and life estimation standards outlined in the RTF's operative *Guidelines*².

- 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.

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

- Provide outreach, training support and presentations for RTF related matters.

2015 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, the RTF addressed most of the remaining UES measures identified in 2012 as requiring review for compliance with its *Guidelines*. Therefore, UES measure updates in 2015 will be focused on addressing those measures scheduled to sunset (24 measures).

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 2015. It includes components for Contract RFPs, RTF dedicated 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 2015 and the five-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 2015

| Category | Contract RFP 2015 | RTF Contract Analyst Team 2015 | RTF Manager 2015 | Subtotal Funders 2015 | Council In-Kind Contribution 2015 |
|---|--------------------------|---------------------------------------|-------------------------|------------------------------|--|
| Existing Measure Review & Updates | \$112,500 | \$428,000 | \$0 | \$540,500 | \$9,600 |
| New Measure Development & Review of Unsolicited Proposals | \$90,000 | \$310,000 | \$0 | \$400,000 | \$5,100 |
| Standardization of Technical Analysis | \$25,000 | \$84,000 | \$0 | \$109,000 | \$900 |
| Tool Development | \$10,500 | \$80,000 | \$0 | \$90,500 | \$15,000 |
| Research Projects & Data Development | \$0 | \$40,000 | \$0 | \$40,000 | \$20,000 |
| Regional Coordination | \$12,500 | \$125,000 | \$0 | \$137,500 | \$4,000 |
| Website, Database support, Conservation Tracking | \$20,000 | \$20,000 | \$0 | \$40,000 | \$55,000 |
| RTF Member Support & Administration | \$146,800 | \$0 | \$0 | \$146,800 | \$5,000 |
| RTF Management | \$8,300 | \$0 | \$125,000 | \$133,300 | \$87,000 |
| Subtotal New Work | \$425,600 | \$1,087,000 | \$125,000 | \$1,637,600 | \$201,000 |

Existing Measure Review & Standardization of Technical Analysis (\$649,500)

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 2014, much of this work was completed; therefore only a portion of the 2015 budget will be allocated to bringing the remaining handful of UES measures and Standard Protocols into compliance with these operative *Guidelines*. The remaining budget will be allocated to reviewing UES measures slated to sunset in 2014 and updating those, as necessarily, relative to measure viability, savings and cost estimates, baseline assumptions, lifetime, and other key factors.

In conjunction with this work, the RTF will work to standardize and streamline its technical analysis through improvements to the measure workbooks and the related Standard Information Workbook. The RTF will also continue to assess the relevance of the *Guidelines*, and make updates as necessary.

New Measure Development & Review of Unsolicited Proposals (\$400,000)

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 24 percent of the 2015 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 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 2015 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. Contract Analyst Team 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 (\$90,500)

The work of the RTF, its technical analysis, recommendations, and specifications require continued development of analytical tools and measure specifications used region-wide. The 2015 budget allocates funding for the development or enhancement of the economic analysis tool ProCost, including additional cleaning of the code, automation for workbooks, and tool documentation. Additionally, some budget is allocated to addressing the residential heat loss simulation model (SEEM). For 2015, the plan is to shift more of this work to the dedicated Contract Analyst Team to ensure a solid understanding of the impact any updates have on RTF analysis.

Research Projects & Data Development (\$40,000)

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 2015, approximately 2 percent of the budget has been allocated to this category for the Contract Analyst Team to assist with reviewing Power Plan inputs and supply curves as part of the early stages of the Seventh Power Plan development.

Regional Coordination (\$137,500)

Approximately 8 percent of the 2015 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 2015, this category has been increased to account for additional Contract Analyst time focused on review of regional research and evaluation plans.

RTF Member Support & Administration and RTF Management (\$320,100)

Support and administrative activities identified for 2015 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 the Contract Analyst Team. 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. Approximately \$125,000 is assigned to this sub-category.

In addition, there is another \$201,600 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 2015 budget of \$1.638 million. Over the next few years, the RTF plans to shift some work to the RTF Manager and expand its use of dedicated Contract Analysts to further relieve Council staff.

Organization and Staffing

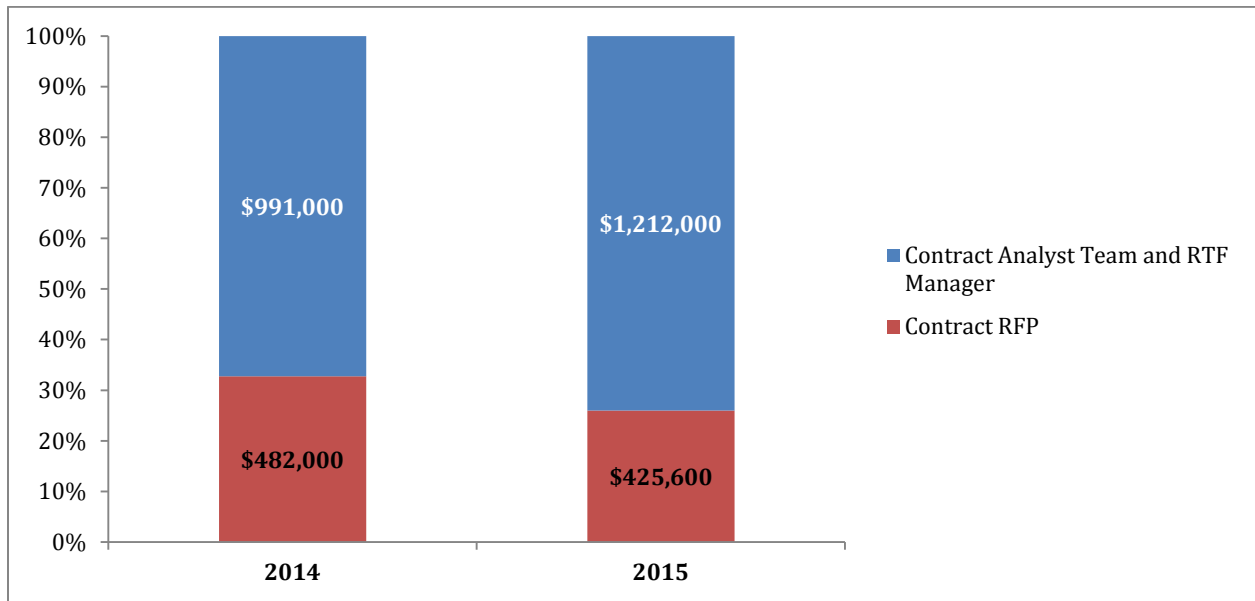
The full RTF meets at least once a month for an all-day meeting. As regional demand for its products and services increase, the RTF is constantly looking for ways to improve its operational efficiency and lessen the burden it places on its volunteer members.

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 and 2014 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 2015.

Similar to this business model adopted in 2013, the 2015 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 7.0 FTE dedicated to this work (1.0 FTE for the RTF Manager; 6.0 FTE for the Contract Analyst Team). For 2015, this represents a greater percentage of funding allocated to the Contract Analyst Team, relative to Contract RTP funds. The primary driver for this shift is the addition of a Contract Analyst focused on research and evaluation (part of this resource is captured in the Regional Coordination task, while the remainder is baked into the measure update and development tasks). Figure 1 represents this percent change in allocation Contract RFP and Contract Analysts Team (including the RTF Manager) between 2014 and 2015.

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, coordinate regional research efforts, and provide further support to the small and rural utilities work plan.

Figure 2: RTF Manager and Contract Analyst Team Allocation for 2013-2015

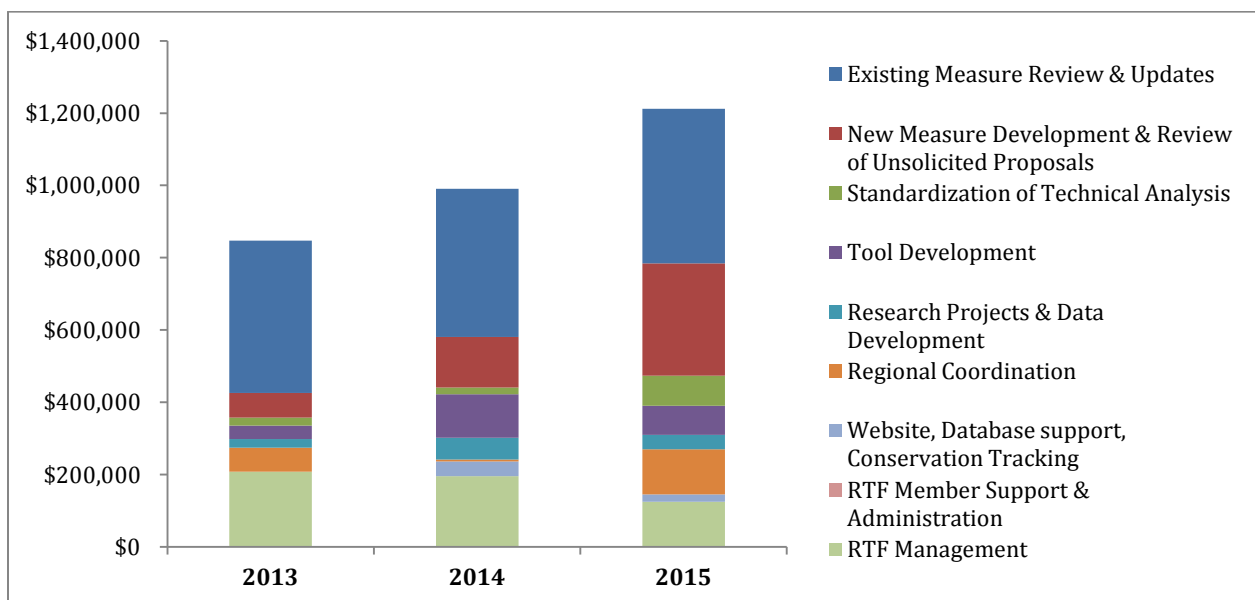
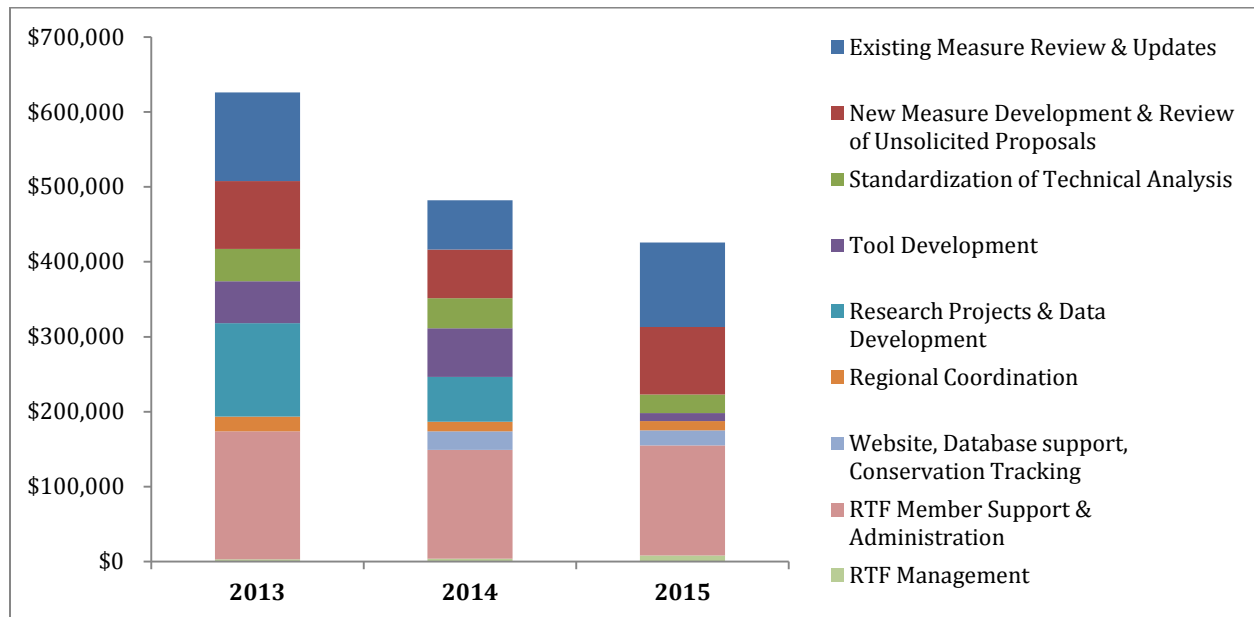


Figure 3: RTF Contract RFP Allocation for 2013-2015



2015 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 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 2015 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 \$1,637,600 for the starting year of 2015.

Table 2: 2015 Funding Shares

| Organization | NEEA Funding Allocation | Share of RTF Budget (rounded)** |
|---------------------------------|--------------------------------|--|
| Bonneville Power Administration | 36.04% | \$607,800 |
| Energy Trust of Oregon | 20.15% | \$339,700 |
| Puget Sound Energy | 14.14% | \$238,400 |
| Idaho Power Company | 8.97% | \$151,200 |
| Avista Corporation, Inc | 5.74% | \$96,800 |
| PacifiCorp (Washington) | 2.54% | \$42,900 |
| Northwestern Energy | 4.04% | \$35,700 |
| Seattle City Light | 3.66% | \$61,600 |
| PUD No 1 of Clark County | 1.31% | \$22,200 |
| Tacoma Power | 1.10% | \$18,500 |
| Snohomish County PUD | 0.65% | \$11,000 |
| Eugene Water and Electric | 0.32% | \$5,300 |
| PUD No 1 of Cowlitz County | 0.38% | \$6,500 |
| Total | 99.03% | \$1,637,600 |

* Northwestern's contribution adjusted to \$35,700 for 2015. 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 Work Plan & Regional Review 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 committed RTF funding for the 2015 calendar year under the current multi-year agreement, and projected funding for the 2016-2019 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 Committed Funding and 2016-2019 Projected Funding

| | Committed Funding | Projected Funding | | | |
|------------------------------------|--------------------------|--------------------------|----------------|----------------|----------------|
| | CY 2015 | CY 2016 | CY 2017 | CY 2018 | CY 2019 |
| Contracts | \$425,600 | \$429,500 | \$451,300 | \$465,600 | \$476,500 |
| Contract Analyst Team | \$1,087,000 | \$1,099,200 | \$1,193,700 | \$1,212,600 | \$1,239,700 |
| RTF Manager | \$125,000 | \$134,500 | \$144,800 | \$155,800 | \$158,900 |
| Subtotal Funders | \$1,637,600 | \$1,663,100 | \$1,789,600 | \$1,833,700 | \$1,874,700 |
| Council Staff In-Kind Contribution | \$201,600 | \$209,200 | \$219,600 | \$233,000 | \$238,000 |

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