



## **2012 Business Operating Plan and Funding November 18, 2011**

### **Introduction**

The Regional Technical Forum (RTF) adopted its 2012 work plan and budget at its November 1, 2011 meeting, following two rounds of comments and revisions and consultation with the RTF Policy Advisory Committee. This document describes the 2012 work plan and the business plan for 2012 through 2014. The budget for 2012-2014 is \$1,500,000 per year.

### **Work Scope**

The RTF will continue to pursue the tasks adopted by the Council and its original charge from Congress and the Comprehensive Review. 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 2012 work plan includes, but is not limited, to:

- Review and update existing measures and maintain standardized protocols for verification and evaluation of energy savings. The RTF has a library of over 90 measures to maintain and many will need additional data or status changes to conform to the uniform standards in the RTF's operative "Guidelines for RTF Savings Estimation Methods, Release 6-1-11" (*Guidelines*).
- Develop new measures and review unsolicited proposals for new measures.
- Continue to standardize and implement guidelines for technical review of measures.
- Update and develop new tools for measure technical analysis, to include ProCost and

SEEM improvements.

- Research projects, develop 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.
- Develop, review, and revise as needed the cost, savings, and regional cost-effectiveness of new or existing energy efficiency measures, technologies, and practices.
- 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.

## **2012 Activities and Budget**

The RTF's specific work plan is largely dictated by the requests it receives from parties within the region, primarily utilities, Bonneville, 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 by staff from these entities or through the more formal "petition" process on the RTF Planning, Tracking and Reporting (PTR) web site (soon to be replaced by an online petition form located directly on the RTF website).

These two mechanisms allow the RTF to respond in a timely manner to emerging technical issues and questions. 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, petitions, and the pace of multi-year projects. The RTF notifies the Council of significant reallocation of resources or priorities.

In 2012, priority will be given to updating and developing measures identified as high and medium priority in 2011 by Bonneville, ETO, and the region's investor owned utilities, and

through the RTF’s 2011 measure review of 60 existing unit energy savings (UES) 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 2012. It includes components for contracts, 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 2012 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 2012**

| <b>Category</b>   | <b>Contract</b>    | <b>Contract RTF Staff</b> | <b>Subtotal Funders</b> | <b>Council Staff In-Kind Contribution</b> |
|---|--------------------|---------------------------|-------------------------|---|
| Existing Measure Review & Updates                         | \$244,000          | \$69,000                  | \$313,000               | \$47,500                                  |
| New Measure Development & Review of Unsolicited Proposals | \$203,000          | \$109,000                 | \$312,000               | \$34,000                                  |
| Standardization of Technical Analysis                     | \$134,000          | \$42,000                  | \$176,000               | \$24,500                                  |
| Tool Development  | \$86,000           | \$48,000                  | \$134,000               | \$12,000                                  |
| Research Projects & Data Development                      | \$180,000          | \$48,000                  | \$228,000               | \$24,000                                  |
| Regional Coordination                                     | \$0                | \$58,000                  | \$58,000                | \$12,000                                  |
| Website, Database Support, & Administration               | \$0                | \$0                       | \$0                     | \$50,000                                  |
| RTF Member Support & Administration                       | \$174,000          | \$0                       | \$174,000               | \$7,000                                   |
| RTF Management  | \$5,000            | \$100,000                 | \$105,000               | \$180,000                                 |
| <b>Total New Work</b>                                     | <b>\$1,026,000</b> | <b>\$474,000</b>          | <b>\$1,500,000</b>      | <b>\$391,000</b>                          |

**Existing Measure Review & Standardization of Technical Analysis (\$489,000)**

One major thrust of the 2010-2014 work plan for the RTF is the standardization of technical analysis of efficiency measures. In 2010, the RTF began projects to update, standardize, and strengthen its technical analyses and document the input assumptions used for energy efficiency measures approved by the RTF. This work includes the development of guidelines for estimating energy savings, measure costs, non-energy benefits, and measure life. In 2011, the RTF began a systematic process to conform its library of measures to its recently developed Guidelines.

The RTF will continue updating and standardizing work in 2012, expanding the number of measures reviewed for conformance to standardized guidelines, protocols, and measure specifications. 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, RTF-approved measures need to be revisited every two to three years to update measure viability, savings and cost estimates, baseline assumptions, lifetime, and other key factors.

The budget estimate for 2012-2014 includes updating about 20 UES measures per year for the next three years. The RTF will prioritize updates based on factors such as past and expected future frequency of use, annual savings rate, time since last updated, 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 20 measures per year for the next three years. Approximately one-third of the 2012 budget is intended for completion of this standardization activity and updating existing measures to the standards in the Guidelines.

### **New Measure Development & Review of Unsolicited Proposals (\$312,000)**

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. About 20 percent of the 2012 budget is set aside for new measure work. This estimate is based on the assumption that much of the development and research required for new measures is funded outside the RTF, with the RTF budget assuming only the costs of review. This outside development approach has typically been the case over recent years for high priority measures such as heat-pump water heaters and ductless heat pumps.

### **Tool Development (\$134,000)**

The work of the RTF, its technical analysis, recommendations, and specifications require continued development of analytical tools and measure specifications used region-wide. The 2012 budget estimates \$134,000 for 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. Less than 10 percent of the budget is allocated to tool development.

### **Research Projects & Data Development (\$228,000)**

Primary research has not been a key function of the RTF 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 2012, this category is focused on continuing regional cooperation to develop end-use load data and to develop hourly load shape data. The need for this data was recognized as a high priority in the 2009 Northwest Energy Efficiency Taskforce (NEET) process. Through the end of 2011 and into 2012, RTF efforts will focus on making the case for a large-scale regional effort to update critical end-use load data. In 2012, the RTF will work with regional interests to put together a multi-year research plan, develop appropriate funding for the research, and coordinate evaluation design, data storage, and analysis. There are also work elements to convert 1990 ELCAP data to a modern database and generate hourly load shapes from original data. In addition to \$166,000 for coordinating end-use load research, there is a \$62,000 placeholder in this category for small research projects that emerge during the year to be selected by the RTF.

### **Regional Coordination (\$58,000)**

Part of the 2012 budget is earmarked for regional coordination efforts. These efforts include collecting and summarizing regional evaluation activity and spending, facilitating collaborative regional evaluation of Performance Tested Comfort Systems (PTCS), developing and executing RTF evaluation work plan and coordinating an annual comparison of utility/SBC administrator technical resource manuals.

### **RTF Member Support & Administration and RTF Management (\$279,000)**

Support and administrative activities identified for 2012 include RTF member support, contract management, and 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. About \$280,000 in RTF contract staff work is in this category.

In addition, there is another \$247,000 of Council administrative staff work to support contracts, billing, web site development, annual conservation tracking report, data warehousing, meeting costs, phone, 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 proposed 2012 work plan and budget of \$1.5 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 ten to twelve times per year for an all-day meeting. In 2010, the RTF began to delegate a significant amount of work to its subcommittees. The use of subcommittees allows more decisions to be made by the full RTF at its regular monthly meetings. It allows subgroups comprised of RTF members, corresponding members, and interested parties with topic-specific expertise to focus on the details of issues that will come before the RTF. Subcommittees are primarily technical in scope and usually limited in duration. The process of using subcommittees has worked fairly well and the RTF plans to continue to use it. However, over the last year it has become apparent that the ability of RTF members to devote sufficient time to subcommittee work is limited. That limitation is one of the reasons that RTF contract staffing needs are increasing. Work that does not get sufficient subcommittee attention is left to RTF contract staff.

Since 2009, the RTF has relied on one half-time contract staff (0.5 FTE) to carry significant amounts of technical analysis as well as much of the technical management of RTF affairs. Beginning in spring 2011, a second half-time contract staff was added to assist with technical management and new measure reviews. The work includes development of the RTF agendas, developing scopes of work, reviewing contract work products, and documenting RTF decisions. This work is guided by Council staff serving the RTF and by the RTF operations subcommittee.

In order to handle the increased volume of RTF work and assure the high degree of integrity and independence that the RTF seeks, the 2012 budget includes the two half-time staff currently under contract with the RTF plus the addition of a full-time contract staff (1.0 FTE). For 2012, this brings the staffing of the RTF to 2.0 FTE from contract staff and about 2.4 FTE from Council staff. For 2013 and 2014, the budget anticipates an additional 0.5 FTE is added as contract staff.

## **Proposed 2012 Funding**

Prior to 2010, the RTF operated on a combination of funding for its core services and funding for special “subscription” projects. Beginning in 2010, the RTF moved to eliminate subscription projects to reduce the burden of seeking extra funding for specific efforts and reduce administrative overhead. The funding plan for 2012 continues to bundle all RTF activities together.

Funding shares are based on the formula developed for NEEA funding, with an adjustment for Northwestern Energy. 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 proposed 2012 funding shares and amounts by funder.

**Table 2: Proposed 2012 Funding Shares**

| <b>Organization</b>             | <b>NEEA Funding Shares<br/>(as of Jan 2010)</b> | <b>Share of RTF Budget</b> | <b>Proposed Contribution to RTF Budget (rounded)</b> |
|---------------------------------|---|----------------------------|--|
| 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  |
| <b>Total Funds</b>              | <b>100%</b>                                     | <b>\$1,500,000</b>         | <b>\$1,473,000*</b>                                  |

\* 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 developed an initial multi-year work plan and budget for 2010 through 2014 to aid in long-term budget planning. The budget has been updated for the 2012-2014 period. Annual work plan development is intended to provide flexibility to meet regional needs year to year and keep focused on high priority work. Table 3 shows anticipated RTF funding for the three-year period. This period coincides with the current NEEA funding cycle.

**Table 3: Proposed 2012-2014 RTF Budget**

|                                    | <b>CY 2012</b> | <b>CY 2013</b> | <b>CY 2014</b> |
|------------------------------------|----------------|----------------|----------------|
| Contracts                          | \$1,017,000    | \$922,000      | \$922,000      |
| RTF Staff                          | \$483,000      | \$578,000      | \$578,000      |
| Subtotal Funders                   | \$1,500,000    | \$1,500,000    | \$1,500,000    |
| Council Staff In-Kind Contribution | \$391,000      | \$318,150      | \$318,150      |

This three-year budget holds RTF funder commitments to approximately \$1.5 million per year. Additional staff work is shifted to RTF contractors in 2013 and 2014 to relieve Council staff. Contract work decreases slightly to accommodate the shift to more RTF staff.