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July 2, 2009

MEMORANDUM

TO: Council Members

FROM: Gillian Charles

SUBJECT: Update on the Northwest Energy Efficiency Taskforce (NEET)

It has been just over a year since the Executive Committee (Committee) of the Northwest Energy Efficiency Taskforce (NEET) initiated a collaborative energy efficiency effort in the region. Since then, hundreds of volunteers from public utilities, investor-owned utilities, co-ops, government and regulatory entities, consultants, and private citizens have participated in six work groups, producing recommendations and actionable strategies for the region in a draft report for the Committee.

As a result, the Committee identified ten specific tasks that represented the biggest gaps in advancing energy efficiency. These tasks were assigned "host entities," Committee liaisons, and work groups to provide follow through on the actions and deliverables. For a list of the actions, please see attachment.

After receiving updates on progress made at its May 21 meeting, the Committee decided to extend the duration of NEET until early 2010 in order to avoid a premature conclusion. The work groups and host entities will continue work on the actions and report back to the Committee next year.

The NEET process has been well-received by the region and several of its recommendations will be included in the conservation section of the Sixth Plan Action Plan.

Attachment

VIII. Executive Committee Recommendations and Next Steps

The NEET Executive Committee built on the work groups' analytical and deliberative efforts to formulate its strategy and recommendations for action. The Executive Committee consolidated the work group recommendations, weaving in the overarching themes and incorporating recent developments on energy efficiency to create a set of policy-level recommendations. The recommendations highlight the many opportunities available to bolster and enhance energy efficiency efforts in the region at all phases of delivery.

The Executive Committee recommended that a management structure and resources be committed to ensuring the NEET recommendations are fully developed and implemented. This would eliminate the risk that the recommendations would stall from lack of an organized and committed follow-through plan.

In January 2009, NEEA, BPA and the Council were asked to "host" specific activities that evolved from the recommendations and create business/implementation plans for them. Each of the hosts provided an initial scoping document in early February, outlining the work and resources needed to develop 10 business/implementation plans, as requested by the Executive Committee. The reports revealed that a number of the assignments are already under way in the region. As a result, the Executive Committee decided to refine NEET's approach by acknowledging ongoing efforts while moving forward with a number of near-term actions to advance energy efficiency.

The recommendations focus on gaps identified by the NEET work groups in the region's energy efficiency infrastructure and they avoid duplicating efforts currently under way in the Northwest.

The NEET assignments proceeded under a two-part strategy:

- For assignments that were already under way, had been initiated or refined during NEET's operation, the entity carrying out the assignment was asked to meet with the appropriate NEET work group to outline a report that covered:
 - The activities undertaken to address the assignment
 - How those activities corresponded with the recommendations put forward by the relevant work group
 - The gaps that still exist between the work group recommendations and actual planned and funded activities.
- For other high-priority activity areas, there was a need for requests for proposal (RFPs) to be developed and put out for bid. The entities responsible for these activities met with the appropriate work groups to discuss their approach and to seek input and background from the work group members.

At the conclusion of this process the work groups' responsibilities were concluded. To ensure a smooth handoff from the work groups to the Executive Committee for each of the action items, a member of the NEET Executive Committee volunteered to be an liaison for each work group. The Executive Committee Liaison has played a valuable role in providing guidance and follow through on each of the ten different actions.

Actions to Enhance Energy Efficiency Achievement in the Northwest

ACTION 1 – Prepare an independent evaluation of the Regional Technical Forum (RTF) to determine how it can best meet the region's needs in data collection, analysis, evaluation and dissemination of finding.

The activities of Work Group 1, *Measuring What Matters*, co-chaired by Mary Smith, John Kaufman and Massoud Jourabchi, generated two NEET actions. Action 1 was to create an RFP and retain an independent contractor to analyze the role, scope, charter, function and funding of the RTF.

The RTF was formed in 1999, and its charter and activities have evolved to accommodate the changing needs of the region. This evaluation will aid the region in understanding how the RTF can best meet the region's need in data collection, analysis, evaluation and dissemination of findings. NEEA is hosting the administrative duties of managing the RFP process. A review committee, consisting of those funding the RFP and other interested Work Group 1 participants, will manage the selection process and will provide oversight during the evaluation process.

The work group participants reviewed a draft RFP seeking professional services to conduct an evaluation of the RTF. The RFP was released to the public May 8 and proposals are due May 29, with contractor selection to follow shortly thereafter. A final RTF evaluation report is due in October 2009.

The evaluation to be conducted will describe/assess the RTF's governance and staffing and the RTF's charter and current activities. It will gather regional feedback on the perceptions of the RTF's current and future role, function and value; assess the implications (a balanced assessment of benefits and risks) of expanding the RTF's mission; and provide insights/ideas for consideration. The budget for the evaluation is \$75,000, and the RFP funding will be coordinated through NEET and is supplemental to NEEA's budget.

ACTION 2 – Compare how NEEA data collection efforts activities mesh with NEET report recommendations and determine gaps for future regional attention.

Work Group 1 participants received and discussed a report from NEEA which compared the recommended Work Group 1 data collection efforts to those data collection activities contained in NEEA's 2010 - 2014 Business Plan. There was also considerable discussion regarding the gaps that still exist in the region's data collection and evaluation capabilities.

The work group concluded that gaps still exist in market characterization research, cost/saving data, and program best practices and activities throughout the region. It was agreed that there is a need for a clearinghouse function that would incorporate a comprehensive and coordinated reference capability for research. As currently configured, neither the RTF nor NEEA would necessarily be the right entity to manage such a function.

The work group identified the following priorities for further regional attention:

- Coordination of utility program information
- End-use energy consumption data for all sectors

- Residential regional load shape data
- Commercial/Industrial/Agricultural segmentation and market characteristics
- The impact of behavioral information

ACTION 3 – Create a plan for how NEEA, BPA and other regional entities can best coordinate emerging technology activities to keep the pipeline full to meet future energy efficiency needs.

Work Group 2, *Emerging Solutions and Technologies*, was co-chaired by Bob Balzar and Susan Hermet. Action 3 evolved from the work group’s effort to develop a clear understanding of how NEEA, BPA and others plan to coordinate the region’s emerging technology activities and collaboratively refill and maintain the region’s emerging technology pipeline for the future. Coordination and collaboration is intended to avoid duplication, identify synergies and enhance future emerging technology activities.

The Work Group 2 participants reviewed the recommendations they initially forwarded to the NEET Executive Committee. These included:

- Updating and revising existing regional energy efficiency technology roadmaps
- Creating a common definition for RD&D for the Northwest and test it with key regional entities for acceptance.
- Creating a business/implementation plan for the development of an RD&D coordinating council to create combined activity for the Northwest, including recommendations for a voluntary and staged pooling of funds and activities.
- Issues to be reviewed include recommended staff size and budget, along with scope and tasks. The plan should outline the development of separate funding efforts for electricity and gas activities, as well as demand-side management and Smart Grid activity.
- Engaging with entities outside the Northwest utility environment (such as DOE, the California PIER project, EPRI and the private sector) to gain a broader sense of what is currently in the RD&D pipeline and the status of those activities. Seek synergies for Northwest activities and co-funding opportunities where appropriate.
- Developing a standard screening criteria and process to select high-priority innovative technologies (fuel neutral) for the Northwest.
- Developing recommendations for a volunteer technical oversight board to provide advice on project selection, marketing and coordination. Include recommendations for budget support for technical consulting experts.
- Developing a business/implementation plan for a web-based information and communication platform on innovative technologies and RD&D.

BPA and NEEA made presentations on their energy efficiency emerging technology activities to the work group. The work group participants noted some potential areas of overlap and requested that BPA and NEEA work together to develop a document that outlines how BPA and NEEA would collaboratively operate their energy efficiency emerging technology activities. There was a strong interest in incorporating other interested entities in this process. BPA and NEEA developed several documents that demonstrate how these activities will mesh together and how BPA and NEEA’s activities will substantially address the initial recommendations of Work Group 2.

There is one area where the BPA/NEEA approach varies from that of Work Group 2. The NEET Work Group 2 report to the Executive Committee identified a need for a regional body to manage/coordinate emerging efficiency technologies, solutions activities, and portfolios with “dedicated funding and staff” governed by a regional board. As a practical matter, there are already multiple organizations with independent emerging technologies efforts under way in the region.

While BPA and NEEA may be the two most visible efforts, there are other organizations with ongoing emerging technology activities, including but not limited to the national laboratories (e.g., Pacific Northwest National Laboratories), universities (e.g., WSU Energy Program), private companies (e.g., PECL, Ecos) and others.

Almost by definition, any full-fledged emerging technology effort will have a common need for project screening, selection and management functions. While this may appear to be redundant, each of the current efforts has unique objectives and criteria and the process must ensure emerging technology efforts address the specific needs of the stakeholders. When these efforts are coordinated effectively, they can accomplish much more than any of the efforts individually.

The joint report from NEEA and BPA focuses on the coordination of emerging technology efforts in a way that enhances these activities while minimizing duplication of efforts.

ACTION 4 – Create a forum within an existing regional entity to increase regional collaboration and help move forward new and expanded energy efficiency efforts.

Action 4 evolved from the work of Work Group 3, *High Impact Energy Efficiency Initiatives*, co-chaired by John Savage and Stan Price. Using a sector-based approach, Work Group 3 developed more than 30 ideas for new or expanded energy efficiency efforts. Among these, the work group chose the development of a regional energy efficiency forum as its top priority. Such a forum was seen as a critical mechanism to not only improve current programs, but also to move forward collaboratively on the many ideas for new or expanded energy efficiency efforts.

Action 4 aims to facilitate the creation of a regional energy efficiency forum that would be housed at NEEA for the benefit of the region. This forum would exist to facilitate energy efficiency program best practices, identify and develop potential regional initiatives, improve the design and delivery of existing programs and explore alternative delivery and implementation approaches. The forum would facilitate sharing information and experiences among the staffs from utilities, energy efficiency organizations, state and local governments, BPA and interested stakeholders. The success of the forum would depend on having dedicated funding and staff resources.

NEEA staff worked with Work Group 3 co-chairs and others to draft a plan for a long-term Regional Energy Efficiency Forum. There was strong support from the work group for the concepts outlined in the draft plan.

Several critical concepts underlie the NEEA proposal. First, while NEEA will administer the forum, achieving the forum’s mission will depend on the active participation of interested stakeholders. The participants will guide the mission, structure, goals, agenda and communications. Second, NEEA’s willingness to assign staff to this function and to provide

funding for event and communication expenses is seen as critical to the success of this endeavor. (Note: The funding proposed for this activity is part of NEEA's recently approved business plan and securing funding for the business plan is not yet complete.)

Work Group 3 participants had a lively discussion about the numerous opportunities such a forum would provide. While the initial focus has been on designing programs and identifying best practices, the work group also endorsed the use of the forum for facilitating collaboration on functional activities (e.g., marketing) that support energy efficiency programs. The work group discussed but did not agree on the appropriate mechanism to provide sustained technical support.

The creation and operation of the energy efficiency forum would also support other key recommendations from Work Group 3 including:

- Creating work groups focused on residential, commercial, industrial and other markets to examine strategies and opportunities, including how to follow up with program proposals for the areas highlighted in Work Group 3 sector reports.
- Outlining specific strategies for the development of high-profile demonstration projects for high-priority best practice opportunities, including but not limited to: a regional plug-load project, a commercial/industrial building operation and maintenance project, and an expansion of efforts similar to that being undertaken by the Northwest Food Processors Association.
- Developing a regional approach to evaluating the energy benefit of setting building codes based on current avoided costs and at a specified percentage above the national code level.
- Creating a subgroup which would develop a forum for state/local officials to discuss how to best implement and enforce building codes and incentives.
- Working with other West Coast entities to establish regional standards for electrical products that are more stringent than Minimum Energy Performance Standards and Energy Star.

ACTION 5 – Conduct secondary research focused on behavior change initiatives specific to consumer energy efficiency.

Action 5 came about as a result of the activities of Work Group 4, *Marketing and Public Awareness*, co-chaired by Erin Holland and Teri Duncan. There was strong support in Work Group 4 for moving forward to fund research on customer behavior to make energy efficiency a normal everyday activity, like recycling. Action 5 was to create an RFP to retain an independent contractor to review existing marketing/behavioral research associated with energy efficiency efforts.

To address Action 5, the work group participants reviewed and approved an RFP seeking professional services to conduct secondary research focused on behavior change initiatives specific to consumer energy efficiency. Key objectives of this research are:

1. Identify relevant current research, evaluations and behavior change initiatives:
 - Within the Northwest region
 - Outside the Northwest region
 - Specific to consumer energy efficiency behavior

- That could be transferable from non-energy behavior change initiatives (e.g., water conservation; recycling; health-related).
2. Summarize insights from the above studies, such as:
 - Consumer beliefs surrounding conservation vs. energy efficiency attitudes and behavior
 - Potential motivators that trigger energy efficient behavior among consumers
 - Characteristics of various demographic segments in the Northwest.
 3. Identify gaps in existing research/knowledge pertaining to:
 - What we need to know to effect a change in Northwest consumers' energy efficiency behavior to reduce energy use?
 4. Provide recommendations for next steps.
 5. Compile lessons learned and determine what additional new research (if any) is needed to help the region collaborate on promoting energy efficiency behavior.

NEEA will administer the RFP process. The RFP was released to the public May 8 and proposals are due June 2, with contractor selection to follow shortly thereafter. A final report is due in the fall of 2009. The funding for the proposed \$75,000 RFP budget is being coordinated through NEET and is supplemental to NEEA's budget.

Work Group 4 members have taken the initiative to form a regional marketing professional coordinating council. The formation of the council was the other high-priority recommendation of Work Group 4. It is expected the council will operate through the regional forum function that NEEA is forming in response to Work Group 3's recommendation.

ACTION 6 – Define and segment energy efficiency jobs from other green economy jobs, establish skill standards and identify job classifications that can be used throughout the Northwest. In addition, create a regional clearinghouse for energy-efficiency job openings.

Action 6 and Action 7 resulted from the activities of Work Group 5, *Building the Energy Efficiency Work Force of the Future*, co-chaired by Cal Shirley, Pat Egan and Phil Jones. A key challenge faced by the co-chairs is the lack of a natural hosting entity for the work-force challenges addressed by Work Group 5.

Action 6 calls for the creation of an assessment to define and segment energy efficiency jobs from other green economy jobs, establish skill standards and identify job classifications that can be used throughout the Northwest. A secondary element of Action 6 is to either identify or create a clearinghouse to share study data, best practices in recruitment and retention, and regional energy efficiency-related job openings. Action 7 is to fund the development, expansion and coordination of training programs and curriculum to meet the needs of the regional energy efficiency industry.

Action 6 is composed of two related elements: to accomplish an energy efficiency jobs assessment, there is a proposal to retain a contractor to lead a collaborative effort to manage a third-person professional assessment that will define and segment energy efficiency from other

green economy jobs, establish skill standards and identify job classifications that will be referenced and used across the region. The second element is to use the energy efficiency jobs assessment as the basis for creating a clearinghouse that will make the results and findings of the assessment and other information (skill standards, defined energy efficiency job classifications, recruitment and retention best practices, and other key related information) available in the region.

ACTION 7 – Create a strategic coordinating body to partner with energy efficiency entities to increase regional coordination on energy efficiency training, educational programs, curriculum and skill standards.

Action 7 calls for creating a strategic coordinating body and governance structure to partner with other energy efficiency entities in the region to advise training and education institutions on energy efficiency skill standards and needs. This coordinating body will provide resources and information to aid the region’s training and educational institutions in developing and implementing curriculum to assure quality programs are put in place to support the region’s energy efficiency industry.

The co-chairs have already secured commitments of 65 percent of the estimated \$125,000 budget for Action 6 and Action 7 and have developed an aggressive implementation schedule for 2009/2010.

ACTION 8 – Review regional cost effectiveness policies and create a guide to increase understanding of how cost-effectiveness rules and regulations are currently applied.

Action 8 through 10 resulted from the activities of Work Group 6, *Rethinking Governance and Energy Efficiency Policies*, co-chaired by Sara Patton and Michael Early.

Action 8 is currently being addressed by the Northwest Power Planning and Conservation’s Conservation Resources Advisory Committee. At several meetings, discussions occurred on the NEET recommendations relating to cost effectiveness policies and the need for a “Guide to Cost-Effectiveness Calculations.” The guide would explain cost-effectiveness for non-technical policy makers, trade allies, program participants and utility managers, as a way to increase understanding on how cost-effectiveness rules and regulations are currently applied. The consensus from the group was that many utilities and other program operators already have the flexibility to make the changes recommended by Work Group 6. There was a strong consensus that a guide would be valuable and should clearly explain:

- The statutory and economic-theory-based cost-effectiveness calculations used to produce the regional power and conservation plans.
- The general framework used by utilities and other program operators to determine cost-effectiveness of their programs and specific energy efficiency opportunities in homes, businesses, factories and farms.
- The impact of the project level bundling recommendations from the work group (for non-cost-effective, but desired energy efficiency measures, for repair measure in low-income households and for direct application renewables). This impact analysis would specify

the advantages and disadvantages of bundling at the project level and, insofar as possible, suggest mechanisms that optimize advantages and/or mitigate disadvantages.

The guide could be used by utilities and other program operators that are not using all of the flexibility they have to decide whether and to what extent bundling at the project level is appropriate for their use. Utilities and other program operators that do not have the flexibility could use the guide to decide whether they want the flexibility and, if so, give them information to take to their decision makers to consider.

Production of the guide would be a one-time expenditure. It would involve hiring a contractor to work with Council staff to prepare a guide or adapt one from the National Energy Action Plan's recently developed handbook on energy efficiency cost-effectiveness, if it adequately addresses the topics to be covered. Work is under way to identify \$25,000 in funding to develop the guide.

ACTION 9 – Increase regional collaboration on current programs addressing Smart Grid, load management, distribution efficiency and conservation voltage regulation.

Work Group 6 made a series of recommendations on Smart Grid and load management. The Executive Committee raised the issue of utility system efficiency and especially conservation voltage reduction. To follow up on these topics, Work Group 6 members met with BPA to understand and comment on efforts that are under way at the agency to launch a regional Smart Grid project; distribution efficiency and CVR efforts; and demand response pilots in the Northwest. BPA intends these to be collaborative efforts in the region and is actively seeking utility and vendor partners for them.

ACTION 10 – Develop a decoupling pilot program for a public power utility.

Ralph Cavanagh is in discussions with public power utilities concerning the development of a decoupling pilot project for public power. He will provide an update at the May 21 Executive Committee meeting.

Status of Action Items

- Action 1** (NEEA administration of RFP on Regional Technical Forum) – ongoing, evaluation to be complete October 2009
- Action 2** (NEEA update on data activities) – complete, gaps identified
- Action 3** (BPA/NEEA emerging technology coordination plan) – ongoing
- Action 4** (NEEA conceptual develop of regional forum function) – ongoing
- Action 5** (NEEA administration of RFP on marketing research) – ongoing, evaluation to be complete October 2009
- Action 6** (Develop jobs assessment, clearinghouse) – ongoing
- Action 7** (Develop structure to support training/education curriculum) – ongoing
- Action 8** (Council cost effectiveness policy review/guidebook) – ongoing
- Action 9** (BPA/utility Smart Grid, load management, distribution efficiency program development) – ongoing
- Action 10** (Identification of public power utility decoupling volunteer) – ongoing

Northwest Energy Efficiency Taskforce

The NEET Executive Committee should continue to monitor progress on the 10 actions that are ongoing or under development.