Energy Conservation Planning

November 16, 2009
John Stoll – Director
Andy Wendell – Dept. Manager

Board Action Today:

- Hearing PURPA Standards #16 & #17

- 10 year Conservation Plan & 2 year target

- Conservation Incentive Policy
Integrated Resource Planning (16)
Each electric utility shall-
(A) Integrate energy efficiency resources into utility, State, and regional plans; and
(B) Adopt policies establishing cost-effective energy efficiency as a priority resource.

Rate Design Modifications to Promote Energy Efficiency Investments (17)
(A) In General - the rates allowed to be charged by any electric utility shall:
   i. Align utility incentives with the delivery of cost effective energy efficiency; and
   ii. Promote energy efficiency investments
(B) Policy Options
Integrated Resource Planning (16)

Each electric utility shall-

(A) Integrate energy efficiency resources into utility, State, and regional plans; and

(B) Adopt policies establishing cost-effective energy efficiency as a priority resource
Integrated Resource Planning (16)

Existing District Compliance-

- Mandates an IRP update every two years

Key related sections:

a) An assessment of commercially available conservation/efficiency resources

e) An evaluation of all resources that meets the need of the utility at the lowest reasonable cost and risk to the utility and its ratepayers

Rate Design Modifications to Promote Energy Efficiency Investments (17)

(A) In General - the rates allowed to be charged by any electric utility shall:
   i. Align utility incentives with the delivery of cost effective energy efficiency; and
   ii. Promote energy efficiency investments

   Yes – In general CCPUD conservation rates are designed to work with utility incentives to be cost effective and promote energy efficiency investments

(B) Policy Options
(B) Policy options –

i. Remove energy efficiency disincentive – (Yes, CCPUD utilizes a cost-effective conservation model)

ii. Providing utility incentives – (Yes, CCPUD provided energy efficiency/conservation incentives)

iii. Including energy efficiency as 1 of the goals of retail rate design – (Yes, CCPUD 2008 rate setting efforts included energy efficiency as a goal)

iv. Rate designs that encourage energy efficiency for each customer class - (Yes, CCPUD 2008 rate setting efforts included energy efficiency as a goal for each customer class)

v. Recovery of energy efficiency related costs – (Yes, CCPUD cost-effective conservation model recovers energy efficiency related costs)

vi. Specific programs - (Yes, CCPUD will be offering various programs designed at delivering cost-effective conservation, however local control and what’s appropriate will be determined by the Board of Commissioners under the 10 year conservation plan in compliance with RCW 19.285, Energy Independence Act)
Staff recommendation:

District staff acknowledges that many facets of PURPA standards (16 & 17) are already being addressed, however in maintaining District flexibility, setting rates and policies that are appropriate for local conditions and focus on compliance with State laws, staff will not recommend adopting as written.

Focus will be on compliance with:

PURPA Standards #16 & #17

First hearing

Public input:

Board Action:
• Voter initiative passed November 2006

• Commerce finalized rules March of 2008

• Staff has been active in understanding the rules
  • Participated with the other I937 utilities
  • Engaged the State Auditor

• Reprioritized conservation efforts
  • Change in Weatherization programs
  • Focus on conservation 10 year plan

• Developed a multi-disciplined team to review measures and incentives
Exhibit “A”

Chelan County PUD
(10 Year) Conservation Potential Plan

Source: 5th Power Plan Calculator Method Option No. 1

- Yearly Conservation Plan & 2 Year Target
Conservation Plan - “The Stack”

<table>
<thead>
<tr>
<th>Resource</th>
<th>Estimated aMW</th>
<th>Estimated Cost/Per aMW</th>
<th>Estimated % aMW Target</th>
<th>Estimated Budget</th>
<th>% of Budget</th>
</tr>
</thead>
<tbody>
<tr>
<td>Residential Incentives</td>
<td>~.30 - .40</td>
<td>~$ 680,000</td>
<td>~20%</td>
<td>~$ 250,000</td>
<td>~17%</td>
</tr>
<tr>
<td>Low Income Weatherization</td>
<td>~.05 - .10</td>
<td>~$ 1,230,000</td>
<td>~3%</td>
<td>~$ 65,000</td>
<td>~5%</td>
</tr>
<tr>
<td>Federal / State Stimulus RCM &amp; Clothes Washer</td>
<td>~.15 - .20</td>
<td>~$ 175,000</td>
<td>~10%</td>
<td>~$ 32,000</td>
<td>~2%</td>
</tr>
<tr>
<td>Distribution Efficiencies</td>
<td>~0.01 - .05</td>
<td>~$ 170,000</td>
<td>~2%</td>
<td>~$ 7,000</td>
<td>~1%</td>
</tr>
<tr>
<td>Resource$mart</td>
<td>~0.90 – 1.0</td>
<td>~$ 1,100,000</td>
<td>~65%</td>
<td>~$ 990,000</td>
<td>~75%</td>
</tr>
<tr>
<td><strong>Totals</strong></td>
<td>~ 1.50 – 1.75</td>
<td>~$ 815,000</td>
<td>100%</td>
<td>~$ 1,430,000</td>
<td>100%</td>
</tr>
</tbody>
</table>
By January 1, 2010, using methodologies consistent with those used by the Pacific Northwest Electric Power and Conservation Planning Council in its most recently published regional power plan, each qualifying utility shall identify its achievable cost-effective conservation potential through 2019. At least every two years thereafter, the qualifying utility shall review and update this assessment for the subsequent ten-year period.

**Staff recommendation:**

Approve the 10 Year conservation potential plan and 2 year targets shown on Exhibit “A”.
Second hearing

Public input:

Board Action:
Energy Conservation Incentive Policy

**Policy Purpose:**

- Consistent process establishing measures & incentives
- Ensures proper levels of authorization & controls
- Utilizes a Conservation Incentive Committee
- Establishes “Guiding Principles” for setting incentives
- Ensures proper reporting, documentation, & compliance

**Staff Recommendation:**

Adopt the proposed Energy Conservation Incentive Policy to assist staff in achieving compliance with RCW 19.285 (Energy Independence Act)