



## **Northwest Power and Conservation Council Meeting Notes May 12 and 13, 2020 Portland, Oregon**

May’s Council Meeting was another virtual affair featuring presentations on the possible impacts of the pandemic to the economy and the energy industry. Staff reviewed their findings on loads, emissions, energy efficiency programs and electric vehicle sales. In addition, the Regional Technical Forum shared its annual report and Bonneville announced it will kick-off its Integrated Program Review process in June.

All Council Members called in for the May webinar: Chair Richard Devlin, Vice-Chair Bo Downen, and Council Members Jeffery Allen, Jennifer Anders, Ted Ferrioli, Guy Norman, Patrick Oshie and Jim Yost. The next meeting is likely to be another webinar, scheduled for June 16 and 17.

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### **The Agenda**

#### **Too early to tell regional impacts of COVID-19**

Despite the great deal of uncertainty over the load impacts of the COVID-19 virus, Council staff assembled some data that revealed regional contractions in some obvious areas and growth in others. And while estimating load usually lags a year behind, staff was on hand to share their preliminary review.

## **Net impact to Loads minimal according to Jourabchi**

Massoud Jourabchi, economic analysis manager, said that overall, the net impact from COVID-19 was not that great for March and April of 2020.

He recalled PNUCC's webinar in April, where utility forecasters were invited to discuss how they were evaluating the initial impacts of COVID-19 in the first weeks of the pandemic. Portland General had granular data from their automated meters that allowed them to see the impact on different customer classes. They reported significant load reduction in hotels, restaurants, lumber, education and commercial buildings.

Others did not have that level of data available, but reported residential loads increased and looked similar to a weekend load shape. And Jourabchi's said utilities saw some segments such as high tech, food manufacturing and construction seeing little impact.

## **Electric vehicle sales**

Steve Simmons, principal analyst, said we should expect a significant drop-off in sales of both electric and gasoline-powered vehicles. Electric vehicles are forecasted to drop by 43% due to the pandemic, based on a study of the market in China. The pandemic also has impacted the production of electric vehicles — battery factories in China and the U.S. (Tesla) have cut back or have temporarily closed. The big three automakers are resuming production again in the next three weeks and there is a lot of anxiety around reopening.

## **Natural gas**

Simmons reported that natural gas prices remain at historic lows in 2020. In 2019, production hit an all-time high, but demand fell due to the warm winter. The number of active natural gas rigs have dropped from 123 at the start of the year to 85 today. He said that gas futures are inching up — indicating that prices are expected to rise over the next 12 months.

## **Energy efficiency**

Jennifer Light, Regional Technical Forum manager, reported that the health emergency has presented utilities with the opportunity to do projects that have been on hold, such as working in closed schools. New approaches to doing things for customers remotely or through do-it-yourself programs are being tested. Among the challenges are direct-install programs and field research which have been slowed or halted. Light said that the 2019 Regional Conservation Progress Survey will be collecting more information to help inform potential impacts on programs.

## **Generating resources**

Gillian Charles, senior policy analyst, said it's too soon to know the full impacts of COVID-19. She said the International Energy Agency predicts that global energy-related carbon emissions will fall 8% in 2020. However, early indications are that as industries resume, they'll climb back to normal.

She said regional emissions may reflect a temporary decrease in load, however the effect will likely be minimal. She said a lower hydro year would have a much greater effect than the virus.

Charles added that it's too soon to forecast the extent of the pandemic's impact on regional utility-wide renewable construction, however developments at the rooftop and commercial level have slowed. PacifiCorp has a lot of proposals set to be released in July. This is a substantial amount of development the region could see, and the utility doesn't anticipate altering its schedule.

## RTF improves commercial building analysis

The Regional Technical Forum (RTF) shared its *2019 Annual Report* with the Council, highlighting the great strides toward evaluating savings for commercial buildings. The RTF serves as the Council's forum to develop standards for energy savings to improve program quality and reduce energy costs. RTF manager Jennifer Light said that historically, the RTF has had limited insight into developing savings for the commercial sector due to its complexity, and has struggled with reliable savings estimates for HVAC, shell measures and window upgrades/films. The investment in complex building models to evaluate 17 different types of commercial buildings has provided greater insight.

In 2019, the RTF updated and developed 23 different measures, including an emphasis on residential HVAC measures. Its cost-effective potential represents an important resource for utilities and Bonneville. The RTF works to make sure that the models used to estimate energy savings in a house represents real-world savings. It also worked on lifetime savings and cost assumptions for weatherization and equipment upgrades.

The RTF also updated its lighting savings estimates. In the Council's *Seventh Power Plan*, lighting accounted for over 20% of the cost-effective potential in the residential sector and 40% of the cost-effective potential in the commercial sector. Savings from more-efficient lighting is an important part of RTF's portfolio.

Currently Idaho Power is leading a work group to help research savings achieved through irrigation hardware measures, such as replacing worn nozzles on center pivot systems. After conducting a workshop and a series of webinars, a customer survey was sent out in early 2020, and the RTF looks forward to learning from the results.



## **BPA shares financial impacts and readies for IPR process**

Marcus Harris, Bonneville's budget officer and manager of financial planning and analysis, told Council Members that there is a lot of uncertainty on BPA's finances for the remainder of the year. All nonessential capital work has been delayed as they navigate the implications of COVID-19, he said, which shifts it from capital to expense.

On the revenue side, Harris said the scenario is close to 2008, with a 2% load reduction. On net, the agency is expecting a \$50 million hit to its bottom line by the end of this fiscal year. BPA remains financially healthy and they expect to have \$600 million in cash in the bank at the end of the year to buffer the impacts of this short-term situation. It's too soon to say how COVID-19 will impact rates for the 2022-2023 period, he added.

Bonneville is looking at payment relief options for customers on a case-by-case basis. Harris said they can use some of BPA's liquidity to spread out payments for customers in the most need.

Bonneville is planning to release its Integrated Program Review (IPR) on June 15 and will hold virtual workshops that go into detail on specific program areas. The process occurs every two years, or before each rate case and allows interested parties to see and comment on all relevant Federal Columbia River Power System capital and expense spending level estimates.

A key driver in the schedule is the need to set rates for 2022-23 for both power and transmission. They need a final rate decision July 2021, which means they need a rate case process to kick off this coming November.

"We committed to holding our IPR costs at or below the rate of inflation," Harris said. "We beat it and had a real reduction in cost. The driver was to maintain our power rate competitiveness. We need to stay on a disciplined track so we can ensure we're competitive and can re-subscribe power contracts in the coming years."

## **Council releases Fish and Wildlife Addendum for public review**

The Council approved the release of the revised draft of Part I of the 2020 Addendum of the 2014 Fish and Wildlife Program for public review. The comment period will end June 22, 2020.

Part I addresses program goals, objectives and measurements of progress. It also has more detail on the accomplishments in the 2014 program regarding hatcheries, habitat, passage, predator control and wildlife. Part II provides direction to the entities that implement the Council's Program. The Council approved Part II last January.

The Council agreed to delay adoption of Part I last December to solicit more feedback from the fish and wildlife managers, tribes and other stakeholders. Staff worked with NOAA to help set population goals. The Council has held eight meetings since December and, even in the Covid-19 emergency, there has been good virtual attendance. Following public review, the Council is scheduled to vote on the final version of Part I in August.

## Power Committee Briefs

- Power Committee Chair Pat Oshie reported on the *2021 Power Plan* timeline. They are aiming to have the draft *Plan* out for review by February 2021. In June, they'll be reviewing generation resources data, the emerging technology reference plant for scenario analysis, and BPA scenario supply curves. In July, they'll tackle system adequacy and the electricity price forecast.
- There was an update on the new version of GENESYS, which does a better job at simulating hourly hydro operations for assessing adequacy, and it looks in more detail at how power flows under different economic, weather and hydro conditions.
- Staff presented the final results of its assessment of regional conservation potential for the *Draft 2021 Power Plan*. In response to 1,500 comments received, they revised several inputs and added new measures. It appears the region has 2,000 aMW of technically achievable potential at less than \$40 per MWh of levelized cost, most of that potential is commercial sector savings, with residential savings falling in the \$40 - \$80 per MWh bin. HVAC represents the largest potential for savings going forward for commercial and residential.

### ***PNUCC Staff's 2021 Power Plan Watch***

*Over the course of the next several months you will see here observations, tidbits and/or concerns related to the Council's 2021 Power Plan development that you may find of interest.*

#### **CLIMATE CHANGE ADJUSTMENTS HAVE US FOCUSED ON LOADS**

- Currently, much of the modeling input for the plan is being solidified. Of key interest is how load forecasts and renewable generation (hydro, wind, solar) are being adjusted to reflect anticipated changes due to climate change.
- Initial load forecasts have our attention. We are digging into what is driving the changing shapes and magnitudes as compared to both historical and previous forecasts.
- There are implications for the energy efficiency and demand response supply curves relative to the load forecasts as well.
- Working with the PNUCC System Planning Committee we will determine if/when more formal engagement is warranted. STAY TUNED!