



Northwest Power and Conservation Council

Meeting Notes
April 11-12, 2017
Missoula, Montana

The Council meeting in Missoula, Montana, began with an energetic panel of seven Bonneville preference customers, who each made a compelling case that the region’s broad-brush conservation mandates is exacerbating an unsustainable business model. The latest ruling from United States District Judge Michael Simon on spring spill and dam improvements were clarified, and the Northwest Energy Efficiency Alliance provided an update on its role in expanding the potential for demand response. In addition, the full Council heard a forecast on the electric vehicle market, a briefing on BPA’s recent oversupply curtailment actions, and an update on BPA’s energy-efficiency plan.

The next Council meeting is slated for May 16 and 17 in Boise, Idaho.

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The Agenda

Montana energy providers to Council –broad brush mandates not sustainable

Seven BPA preference customers in Montana beseeched the Council to take a different approach to applying conservation in the face of flat and declining loads. Ray Ellis, general manager at Lincoln Electric Cooperative, joined his fellow Montana energy providers in telling Council members that with flat loads, his customers can’t afford energy efficiency.

“Unfortunately, we’re taking it (the cost of energy efficiency) from the pocketbooks of people who can’t afford it,” Ellis continued. “Since 2011-17, we will have seen a 45 percent increase in our wholesale power bill. We have cut everywhere we can, including positions.”

Representatives of Missoula Electric Cooperative, Ravalli Electric Cooperative, Mission Valley Power, Vigilante Electric Cooperative, Glacier Electric Cooperative and Flathead Electric Cooperative joined Lincoln Electric in asking for a new approach.

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Ray Ellis, General Manager
Lincoln Electric Cooperative

“I appreciate the quandary you face,” said Council Chair Henry Lorenzen as he pointed to the advantages of the region’s conservation program and the significant savings achieved. “If that had not been accomplished,” he continued, “can you imagine the impact on having to build transmission, generation and the impact on present-day rates?”

Council Member Jim Yost countered, “I understand you, Mr. Chairman, but I don’t agree with you.” The costs are different and loom large in rural locations compared to more urban areas. “We need to find a different way to do it,” he said.

Another concern raised by the Co-ops is growing constraints on the region’s hydro-system. Flathead Electric’s Doug Grob said, “Public opinion wants to embrace anything that’s clean, renewable and carbon free; yet these same people are speaking out against the dams in our region. Hydro has powered our Northwest economy more than anything else and we need to champion this system,” he continued. “It firms wind, is carbon free, and brought electricity to rural areas.”

Judge’s ruling opens the door for spill experiments

You can’t always get what you want, is what both sides of the BiOp litigation might have said following U.S. District Judge Michael Simon’s March 27th ruling.

The Council’s General Counsel, John Shurts, said Judge Simon ruled in favor of increased spring spill at the lower Snake and Columbia projects beginning in 2018. In addition to increased spill, PIT-tag monitoring will also begin in 2018 according to the ruling.

Shurts said the Court fell short of ordering a new process for planning, implementing, monitoring and adaptive management of increased spill. Instead he instructed the parties to confer on the appropriate adaptive management system. Judge Simon is expected to stay engaged and look to the parties for periodic status conferences. He said the Court agreed with the plaintiffs that, in concept, the proposed capital improvements might bias the upcoming NEPA review. But the Court ruled that it would not curtail improvements related to safety or to immediate gains in fish survival.



The Corps was ordered to provide certain information to the plaintiffs. Leaving it open for the plaintiffs to file a new motion for injunction, and if the Court finds the project is not needed for safe operation of the dams and could “substantially bias the NEPA process,” Shurts continued, the judge could issue an injunction at that time.

Shurts outlined the implications for the Council which included life cycle survival studies, independent science reviews and financial impacts of increased spill. Shurts will continue to monitor the the litigation.

NEEA seeks market transformation prospects for demand response

Jeff Harris, Northwest Energy Efficiency Alliance (NEEA) chief transformation officer, told Council members that the development of demand response appliances is happening whether or not utilities are involved. He added that it could be done for a lot less money if they can get changes in appliances at the manufacturing stage. And NEEA is interested in working with appliance and equipment manufacturers who have demand response already built in to their products.

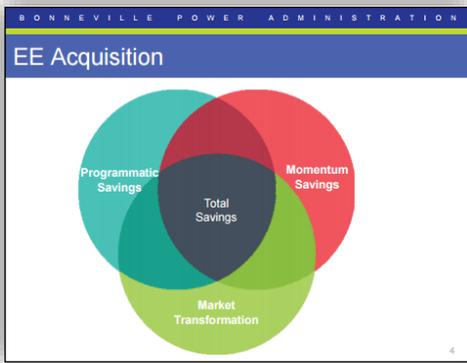
“The preliminary target is water heating, the single-largest electric user in the Northwest,” he said. NEEA has been working with manufacturers for 10 years on this product. Getting water heating off the grid in the morning and evening through heat pump water technology will be a game changer Harris said. Currently specifications are a hurdle, he continued each utility seems to want its own channel, while manufacturers want it standardized.

To create market transformation, they need scale — lots of orders, Harris added. For example, Rheem’s heat pump water heater is Wi-Fi enabled and can be integrated with the Nest thermostat. Getting the development off the ground, will require a “coalition of the willing” to approach manufacturers.

BPA’s shares game plan for capturing 581aMW of energy efficiency by 2021

After surpassing its Sixth Plan energy-efficiency goals, the Council is keen on gaining another 1,400 aMW of energy efficiency in its Seventh Plan. Bonneville, its utilities and NEEA are expected to account for 41 percent of that goal, or 581 aMW of energy efficiency through 2021. Allie Mace, BPA’s energy efficiency planning and evaluation manager, shared the agency’s plan of attack, which she called BPA’s “energy efficiency compass.”

Mace broke down the agency’s game plan: BPA is targeting 256 MW of programmatic savings, 200 MW of momentum savings, 29 MW of market transformation savings and almost 96 MW of customer self-funded savings.



Mace said that the commercial sector offers the greatest amount of programmatic savings, followed by industrial with residential coming in third. The total budget for the plan is \$454.6M. A slight decrease in 2018 when the energy efficiency incentive goes from \$77M to \$72M, reflecting the change in the self-funding –from 25 percent to 30 percent.

Member Booth, while lauding Bonneville’s thorough work, raised the pushback the Council gets from utilities outside the I-5 corridor. “Every time we meet, we hear (the utilities) can’t spend the efficiency dollars they’re allowed. We get it everywhere we go outside the I-5 corridor. It seems there should be a different formula. Can you address that?”

There are a couple of issues, Mace said. One is the basic structure around the funding. How the energy-efficiency incentives are allocated were set at a high policy level. And BPA and customers talked a lot about that in the 2028 process and the decision was made not to reopen it.

The other is making sure there are programs that customers can use, even in lower-income areas. We also hear from small rural utilities that the programs are tough to run, she continued. BPA continues to work with utilities to pinpoint where the issues are in implementing programs so we can address them.

“It’s a work in progress,” she continued, “but there’s a bigger policy element hasn’t changed.”

Council releases paper on marginal carbon production for public comment

The Council voted to release the draft of the Marginal Carbon Emissions Study for a 30-day public comment period. The study of marginal carbon dioxide production rates of the Northwest power system evaluates what resources are marginal in every hour of four years (2016, 2021, 2026 and 2031), and the implications for conservation replacing the need for that production.

Sensitivity	2016	2021	2026	2031
Existing Policy Scenario	<ul style="list-style-type: none"> 1 scenario Plan EE No new DR No new generation 	<ul style="list-style-type: none"> 2 scenarios Plan EE Minimum and Expected DR No new generation 	<ul style="list-style-type: none"> 1 scenario Expected EE Expected new DR Expected new generation (All from RPM: Existing Policy scenario results) 	<ul style="list-style-type: none"> 1 scenario Expected EE Expected new DR Expected new generation (All from RPM: Existing Policy scenario results)
Average Social Cost of Carbon Scenario	Same as above	Same as above	Same as above except buildout of resources from RPM: SCC-Mid Scenario results	Same as above except buildout of resources from RPM: SCC-Mid Scenario results

Comments are due June 30th.

Electrification of Northwest transportation systems remains a waiting game

There were only three electric vehicle (EV) models in 2010, said Massoud Jourabchi, manager of economic analysis for the Council, and the options grew to 32 electric vehicles in 2016. Today, there are about 34,000 EVs in the region –accounting for six percent of the nation’s total electric vehicles on the road.

Currently this represents about 8 MW of load –mostly off-peak, and a reduction of about 95,000 metric tons of carbon emissions in the region, he said. Important because the transportation system is a major contributor to

carbon emissions. Vehicle electrification is a way to increase electricity sales in the right place at the right time, he said.

Steve Simmons, senior economic analyst, said that as options increase and range anxiety is addressed, the region expects to see an increase in electric vehicles which will continue to lower carbon emissions. Going forward, the Council will consider the latest data when they begin developing their next regional plan.

Historic runoff spurs early spring renewable curtailments

In mid-March, Bonneville implemented its Oversupply Management Protocol (OMP) to curtail third-party generation in Bonneville's balancing authority said Power Division Director Ben Kujala. Earlier than previous events, this year's curtailment is on track to exceed 2011, he said. This year's water runoff already is among the top 10 years.

"We're seeing the curtailment of wind earlier this year than in other years," he said. The larger the number, the bigger the event and the more expensive it is for BPA — because they have to pay the wind generators to curtail. He reminded the Council that the protocols were established to address renewables in the Northwest and because California has solar in the middle of the day, this year is different. It will be something to watch, he said.