Bonneville Power Administration Integrated Program Review - Energy Efficiency

2010 IPR Draft Close Out Report

Comments of the NW Energy Coalition, South Central Community Action Partnership (Twin Falls, ID), Natural Resources Defense Council

July 29, 2010

The Coalition, Partnership and NRDC appreciate the opportunity to submit these comments in support of BPA's proposed energy efficiency budget for FY 2012 and 2013. This proposed budget is consistent with the energy savings targets committed to in the Regional Dialogue policy and the Post-2011 efficiency plan.

BPA is responding appropriately to the fact that the Northwest Power and Conservation Council has identified more cost-effective energy efficiency opportunities than ever before. BPA's continued leadership and experience will be essential in delivering those potential benefits to all Northwest utility customers. The proposed IPR efficiency funding levels properly reflect the need for an even more robust coordinated regional and local delivery strategy.

We support BPA's decision to maintain funding in three categories: expense, capital and administrative support. Expensing investments in areas such as NEEA, RD&D, program design, marketing, evaluation and technical support is an effective and clear strategy. Except for NEEA, the benefits of these types of programs are measured not in long-term savings but in near-term capacity building, facilitation and education.

Using the capital budget as the tool to significantly increase efficiency investments is the right strategy for BPA and its customers at this time. Capitalizing investments that produce clear savings and have savings targets attached to them makes sense for BPA. Energy savings persist over time, just like supply-side generation or other infrastructure investments. Because efficiency measures have varied life expectances, a 5- to 10-year amortization period seems reasonable. Many measures with much longer useful lives merit 20- to 30-year amortization periods, but we recognize that extended depreciation periods lead to excessive interest payments and to accumulated debt that could make continued funding a challenge. One benefit of increased capital financing is increased involvement by the federal treasury -- a lender that recognizes the value of efficiency assets and can provide low-cost capital to help the region meet its savings and rate stability goals.

While we support BPA's general approach and budget levels, we do have two areas of concern:
1. The low-income and tribal weatherization program receives no funding increase despite the considerable increase in BPA's overall energy savings goal. The previous savings goal was 260 aMW over five years and now BPA's target is 504 aMW. BPA funding allows state and local community action agencies to leverage other funds to maximize the impact of low-income weatherization services. The need for these services has grown and increased funds for 2012-13 would reach state and local agencies just as their ARRA funding runs out. In fact, ARRA funds have caused local agencies to expand their delivery capacity and infrastructure and leaves them well-situated to take on additional funding that maintains important weatherization infrastructure and the pace of delivery. BPA should work with state and local agency staff to determine an appropriate increase in funding for this program, recognizing the increased capacity of the agencies to delivery more service.

2. Given the greater program savings goals and dollar investments, the proposed funding increase for energy efficiency staffing and overhead may be insufficient. While BPA should keep its administrative costs low, it must continue to operate an efficient and effective department. No customer utility should blame BPA’s administrative processing of support services for holding up its programs and delivery of services. BPA should consider increasing the internal operating costs for conservation support beyond the $10.4-10.7 million proposed.

Thank you again for the opportunity to comment. We congratulate BPA for its determined progress on energy efficiency. If you have any questions regarding these comments please contact Nancy Hirsh, NW Energy Coalition at 206-621-0094 or nancy@nwenergy.org.