

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: August 20, 2013**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ N/A _____

DATE: August 13, 2013

TO: Public Utility Commission

FROM: Juliet Johnson 

THROUGH: Jason Eisdorfer, Maury Galbraith and Aster Adams 

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF: (Docket No. UM 1158) Staff reports on follow up items requested by the Commission related to Energy Trust of Oregon Performance Measures.

STAFF RECOMMENDATION:

Staff makes no recommendations at this time. If necessary, Staff will make recommendations on these items during development of the 2014 Energy Trust performance measures.

DISCUSSION:

In the February 27, 2013 Commission Order No.13-070, the Commission adopted Oregon Public Utility Commission Staff's (Staff) recommendations related to the 2013 Performance Measures for Energy Trust of Oregon (ETO or Energy Trust).

The Commission directed Staff to report back in six months on the following three issues:

1. Whether the levelized cost metric of 10 percent above the conservative levelized cost goal for electric and natural gas efficiency is appropriate or whether it should be adjusted to 15 percent;
2. The amount of funds projected to be provided to state mandated solar projects; and
3. Whether the \$40/allocated MWh for use with non-solar custom projects is appropriate or whether it should be reduced.

Below is Staff's update on the issues above:

1. *Whether the levelized cost metric of 10 percent above the conservative levelized cost goal for electric and natural gas efficiency is appropriate or whether it should be adjusted to 15 percent.*

Staff, Energy Trust, and utility representatives from Portland General Electric, Pacific Power, Cascade Natural Gas, and Northwest Natural Gas (collectively, the "parties") have been working together with the Energy Trust Board over the last few months to simplify Energy Trust's annual targets and to better align those targets with utility Integrated Resource Plans (IRP). Although the final proposal has not yet been approved by the Energy Trust Board, the parties agreed that the current convention of conservative and stretch goals should no longer be used. Rather, one figure for the Energy Trust goal would be used that is linked to utility IRP targets. This figure would emulate what was previously known as the stretch goal and the PUC performance measures for efficiency savings would be proposed at 85 percent of the utility IRP targets.

All parties agree that going forward in 2014 the levelized cost metric should be aligned with Energy Trust's annual savings target calculation. This would suggest that the current 10 percent above conservative metric should be discontinued and a 15 percent bandwidth, currently used to calculate the annual savings target, should be used instead. In practice, this is the same process for calculating Energy Trust's annual savings metric as is now in place under UM 1158 and will accordingly translate to the levelized cost metric.

Staff and Energy Trust agree there is value in aligning the savings target with the levelized cost target at 15 percent from the Energy Trust and IRP goals. Doing so will help address past confusion regarding Energy Trust's goals and how they relate to energy efficiency targets in utility IRPs.

In the development of the 2014 ETO Performance Measures, Staff will consider recommending that the levelized cost performance measure be changed from 10% above the current conservative goal to 15% above the future utility IRP efficiency targets

2. *The amount of funds projected to be provided to state mandated solar projects.*

ETO's 2013 Renewable Energy budget does not have funding budgeted for state mandated solar projects. As set forth in the Commission Order No.13-070, Docket UM 1158, state mandated solar projects can be funded once funding has been provided for a) project development assistance, b) standard solar program projects, and c) other custom projects. As of the date of this memo, Energy Trust indicates they have about \$1.2 million in unallocated non-solar custom funds for Pacific

Power. Energy Trust is currently evaluating market interest in a request for proposals (RFP) for non-solar custom projects in Pacific Power's service territory to allocate these funds. If these funds remain unallocated they could be available for state mandated solar projects in Pacific Power's territory.

Energy Trust is actively involved with Pacific Power in reviewing the results of its 2013 Solar RFP intended to meet the requirements of the state solar mandate. Participation in this process will allow Energy Trust to evaluate the eligibility of proposals received through Pacific Power's process. Energy Trust expects to have a clearer picture as to budget availability and the cost and quality of the projects that Pacific Power has received by the end of September 2013.

To reiterate, large state mandated solar projects will only be funded by Energy Trust if renewable funds are remaining after other standard and custom renewable energy projects have been funded.

3. *Whether the \$40/allocated MWh for use with non-solar custom projects is appropriate or whether it should be reduced.*

Since the approval of this benchmark in February of 2013, Energy Trust indicates that one custom project has become commercially operational and one custom project has been authorized for funding. The cost per allocated MWh for the commercially operational project is \$19.78 per allocated MWh. The cost per allocated MWh for the project for which funding has been authorized is \$17.32 per allocated MWh.

Energy Trust expects to bring additional renewable energy projects to its Board by the end of 2013. It appears that an adjustment may be needed to the dollars per allocated MWh cost cap when performance measures are revisited for 2014.

PROPOSED COMMISSION MOTION:

No Commission action is required at this time.