17 Cooperative and Municipal Utilities' Approach to Field Aggressive Energy Efficiency Programs Across a Region

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ACEEE 5TH EFFICIENCY AS A RESOURCE CONFERENCE
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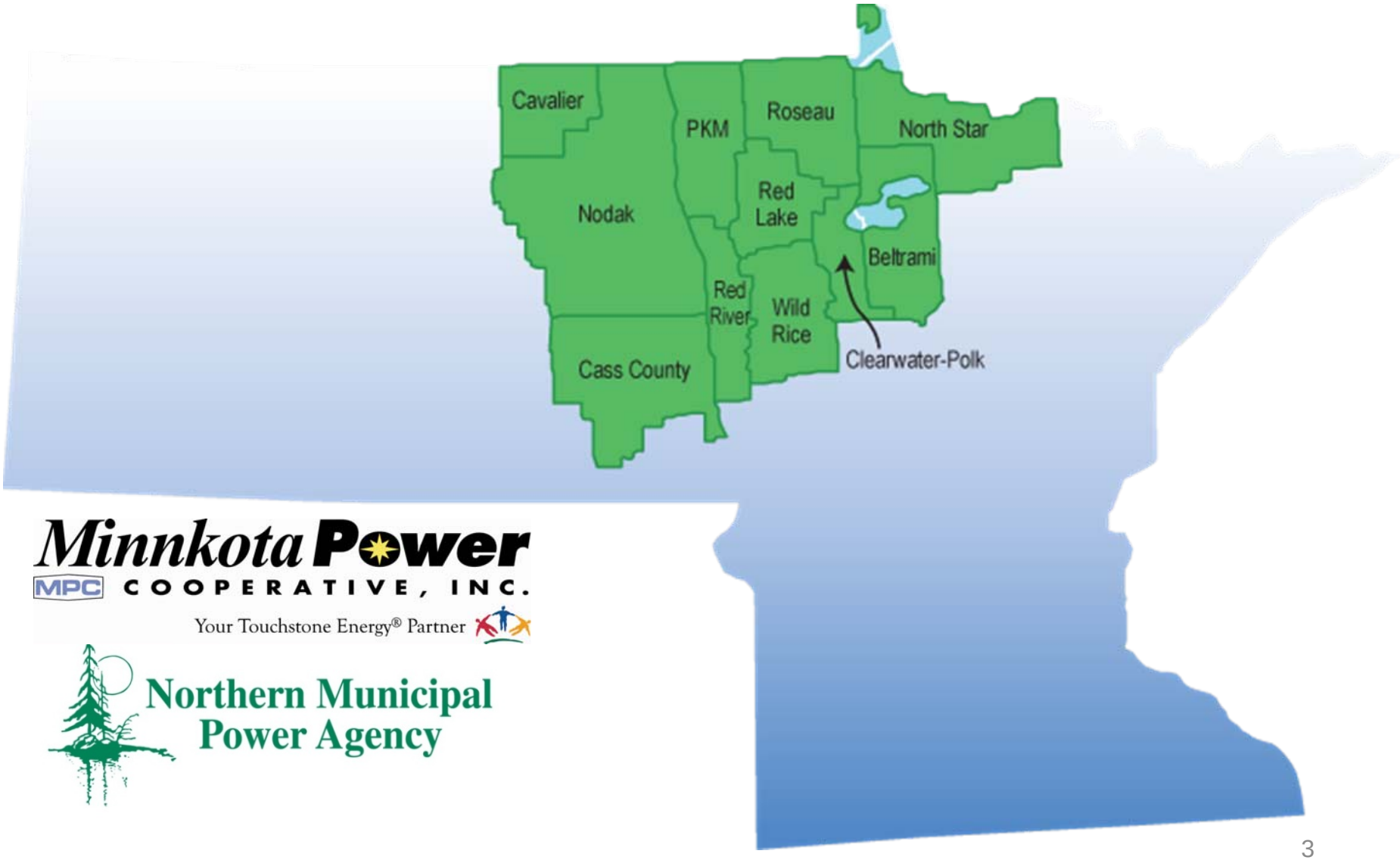
Our Objective Today

- Share practical information, and recommendations for designing and fielding common set of energy efficiency programs for cooperatives and municipal utilities

- Discuss some unique challenges to ramping up to more aggressive programs faced by small to mid sized utilities

- Share a model , be open to questions and discussion from other cooperative/municipal utilities and organizations as they plan for more aggressive energy efficiency programs

Overview of Region



Minnkota Power
MPC COOPERATIVE, INC.
Your Touchstone Energy® Partner

Northern Municipal Power Agency

Efficiency Programs Pre 2008

- 26 individual program offerings across cooperative utilities alone
- Driven by spending vs. saving result requirement
- No universal message or consistent outreach to trade allies
- Informal coordination…each utility ran own effort

Minnesota's "1.5%" Goal

- Next Generation Energy Act – law as of 2007, official start 2010
- Utility must save 1.5% of gross retail kWh sales annually
- Minimum of 1.0% from end use customers, once that is met, up to .5% from approved utility supply side projects
- Key change: spending to a savings result goal

Minnesota's "1.5%" Goal

- For Minnkota/NMPA system in Minnesota, result is a goal 3.5 times greater than annual savings achieved up to 2008
- Resulting goal is 25 million kWh first year savings annually for 2010, 2011 and 2012
- High degree of skepticism across many utility staff members that this aggressive goal could ever feasibly be met by individual utilities
- Doing more of the same (individual programs) would result in costly programs in terms of $/kWh saved

Approach to Tackle this Goal

- Assemble a Design Team – representative from each utility
- In depth, bottoms up planning process over 9 months
- Agree the 1.5% goal is a collective goal across all member utilities for planning and implementation flexibility
- Results vs. Spending Orientation – establish savings and budget goals to work to up front

Approach to Tackle this Goal

- Develop, and agree on common set of objectives to use as measuring stick
- Be positive and outline what utilities WANT beyond just meeting regulatory goals
- Compromise – economies can only be achieved by reaching agreement….”You can’t always get what you want…”

Common Top 5 Program Objectives

1. Consistent Programs - All Minnkota/NMPA Cooperative and Municipal member utilities working toward the same goal:
   - Simple programs
   - Clear goals
   - Something available to all customers
   - Ability to measure and verify activity and results

2. Solid, Effective Marketing
   - Consistency across members
   - Feedback on effectiveness

3. Build and Further Develop a Group of Business Allies to Support the Program
   - True allies for the member utilities to call on
   - Allies who are willing to accept training on installation practices and procedures

Common Top 5 Program Objectives

4. A Program to Affect Customers' Energy Use Behavior
   - New rate designs and offerings
   - TOU/Smart Meters
   - Solid advice to educate customers about what they can do to control energy use effectively

5. Energy Efficiency Education
   - For end use customers – what they should be looking for to substantially affect energy use now and in the future
   - Actual affect of programs
   - Realistic energy savings goal
   - Real dialogue with Legislators, MN Department of Commerce about where programs should go after 2012
   - *Track and present lifetime savings vs. only first year savings*

Unique Challenges

- Many members to try and get on the same page: 18 utilities in Minnesota, 3 in North Dakota without regulatory mandates

- Initially having 26 programs – recognizing, and letting go of some expensive, less effective programs, fewer programs, possibly more measures less familiar to members

- Balanced focus on business and residential – need large business customer “hits” balanced with residential service offerings to achieve competitive $/kWh saved target

Unique Challenges

- Load Management – making sure energy efficiency promotions don't undermine effective load management programs
- Consistency across region to gain Trade Ally attention – critical to really have allies push offerings, "carry some water"
- Perceived near term rate impacts and significance of dollars
- Staffing – many member utilities already staff – strapped….how to staff or contract for services to meet needed demand

Planning to Meet Aggressive Goals

- Joint Minnkota/NMPA Design Team worked from July 2008 to March 2009 to produce a cost effective joint plan to a) meet objectives the group agreed to up front, and b) meet CIP mandates 2010 - 2012
- Economics of immediate past, and future:
  - 2007 Minnkota/NMPA Program Spending: $.66/kWh first year saved
  - The Design Team's Joint Plan: $.14/kWh first year saved
  - Lifetime savings from Team's Joint Plan: 1.6 cents per kWh saved
- If executed, plan delivers a kWh at 1.6 cents per kWh

Result: Agreed Upon Portfolio

1. Business – Prescriptive Incentives
2. Business – Custom and Bidding
3. Business – Commissioning/Re Commissioning
4. Business - Small Commercial Direct Install / Limited Term Efforts
5. Residential – Prescriptive Incentives
6. Residential – New Construction
7. Residential – Existing Homes
8. Residential - Low Income
9. Residential – Direct Install/Limited Term Efforts
10. Residential – Energy Use Behavior Change
11. Supply Side Efficiency Projects

Important Information by Program

Key information to define each of the 10 end use customer programs

Example of a Summary for Business Customer Program

- Savings – 3,986,927 kWh/year (13% of projected portfolio)
- Number of projects – 30 – 40 projects/year
- Budget - $964,138/year
- $/kWh Saved - $.24
- FTE to support – 1.2
- Societal B/C - 2.1

Major Accomplishments to date

- Plan agreed upon, filed with regulators, started launch by priority in 2009
- Minnkota designated key staff member to oversee entire portfolio
- Great progress launching three critical programs including: 1. Business - Prescriptive, 2. Business - Custom, and 5. Residential - Prescriptive.
- The basic infrastructure is being established, members and allies are getting familiar with the programs, technologies, and processing incentives, etc. Very good participation from Trade Ally Roll Outs…2nd set in September
- Seeing some solid, initial success with projects that HELP CUSTOMERS:

Need to Show Tangible Value Quickly

Remaining Challenges

- Need to ramp up trade ally outreach activity to generate volume of projects needed to gain experience and meet planned kWh savings starting 2010.

- While the most important programs in terms of large kWh savings are in field now, remaining five (5) programs scheduled for launch in 2009 need attention and support.

- Per the plan, 2009 is the year to roll out these programs, try some models, and make adjustments so that come January 2010 the Minnkota/NMPA Team is clear regarding roles and responsibilities.

Remaining Challenges

- Staff to support these programs, ENSURE RESULTS, and volume of participating contractors, residential and business customers so we reach goals, support good customer service

- Combination of centralized support staffing from Minnkota to support member utility staff in field. Central staff for training and “surge” (if customer demand outstrips your ability to get the work done)

- Being sensitive to centralized vs. utility roles: For any centralized staff function, these people are behind the scenes. Local utility staff take the lead with local allies and customers. Staff is available as technical and administrative resources needed to get the work done

Key Lessons Learned

- Always paint the big picture and economics of programs throughout planning. Make sure all participants see clearly the economics of joint/coordinated offerings as opposed to running small scale efforts

- For new services, go into the field and step participating utilities through first hand what is involved rather than just talking conceptually about it

- Figure out and agree to plan exactly how large scale programs will be paid for at the start of the planning process. A solid plan will start with a budget target to work towards, use it to plan how the portfolio will be paid for up front

Key Lessons Learned

- Make sure to have an internal, centralized, well respected leader who LISTENS to members, and can work toward consensus. Management skills are paramount over technical skills for such a position

- Work with allies (wholesalers, retail stores and contractors) during the planning process, and during launch of the aggressive programs. Listen to them, and lean on them for their outreach and support

- Don't wait….start launching programs and trying things, make adjustments prior to being on hook for regulatory goals

- Next frontier … look to neighboring/overlapping utilities to partner with (e.g. natural gas utilities facing similar aggressive goals) Can this help you field more competitive $/kW or $/kWh programs?

Follow Up Questions, Discussion

Thank You for Your Participation!

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