

Ramping Up Energy Efficiency - Oregon Winter 2008 NARUC-ERE Committee Meeting

Since 2002, customers of Portland General Electric (PGE) and Pacific Power have funded energy efficiency through a 3% charge on their bills. About 57% of the charge is for energy efficiency, or 1.7% of the bill. The Energy Trust of Oregon, with oversight by the Commission, has responsibility for designing and running programs. In 2007, the Energy Trust acquired 33.7 Mwa in electricity savings.

The Oregon Renewable Energy Act, signed into law in June 2007, includes a provision to increase funding for cost-effective energy efficiency. The law allows the Public Utility Commission to approve a utility's request to include additional funding in rates for customers with loads up to 1 average megawatt.

The Energy Trust works with a consultant, the utilities, the Northwest Power and Conservation Council, and the Northwest Energy Efficiency Alliance to evaluate achievable energy efficiency by sector. The utilities estimate avoided costs using their integrated resource planning models. Following are high-level results of the recent assessment of achievable potential versus what can be acquired with public purpose funds alone. PGE and Pacific Power represent about three-quarters of the state's load.

Energy Trust of Oregon Assessment of Energy Efficiency (in Mwa¹) – 2007 to 2012 Based on Societal Cost Test at 6.5¢ per kWh, 5.2% discount rate

	Achievable Potential	Achievable With Public Purpose Funds	Gap
Pacific Power	144	91	53
PGE	210	108	102
TOTAL			155 Mwa²

¹ One average megawatt equals 8,760 MWh – the continuous output of 1 MW of capacity over a full year, or enough to supply 600 electrically heated homes for a year.

² Includes customers over 1 Mwa, who cannot be charged for incremental funding.

The Commission recently approved Pacific Power's filing to acquire an additional 36 Mwa of savings at an estimated cost of \$55 million over the next five years. This is the *full* amount of incremental, cost-effective energy efficiency from eligible customers. Pacific Power plans to spend \$8.5 million in each of the first two years, a 1.1% rate increase. The average residential customer using 1,000 kWh a month will see a monthly bill increase of approximately 89¢. The company plans to spend \$12.7 million per year from 2010 through 2012.

PGE has proposed to acquire 46 Mwa of additional energy efficiency over five years. The request for the first year is \$16.7 million, representing a 1.2% rate increase. PGE plans to include a decoupling proposal in its rate case to be filed in March.

Stakeholders generally have supported the avoided cost estimates, assessment of achievable potential and overall goals. Discussion has focused on which programs receive the additional funding and program structure. For both utilities, funding is primarily to increase core programs administered by the Energy Trust, add more services, improve incentives, and better target hard-to-reach sectors.