



## Public Power Council

1500 NE Irving, Suite 200  
Portland, Oregon 97232  
503.232.2427  
Fax 503.239.5959

June 16, 2004

Michael J. Weedall  
Vice President for Energy Efficiency  
Bonneville Power Administration  
P.O. Box 3621  
Portland, Oregon 97208

RE: Public Power Council's Comments on BPA's Conservation &  
Renewables Discount (C&RD) Program

Dear Mike,

I wish to take this opportunity to highlight some reasons why BPA's C&RD program has been so successful from the customers' perspective. I am aware that BPA is considering potential changes to the program for the FY07-11 as part of the Regional Dialogue, and hope that BPA will consider our observations in its decision.

The C&RD program is popular with many of PPC's members for the following reasons:

- **It is flexible.** It is one program in which a diverse array of utilities (small and large, rural and urban) can participate. Utilities may decide how and to what extent to participate (investing in conservation, renewable resources, or some combination) based on what their service area needs and can support. The extensive list of qualifying activities enhances this flexibility. As we look toward the FY07-11 period, retaining this flexibility is essential for our members.
- **It ensures local control and local investment.** Residential consumers in one public power utility's service area value seeing their dollars fund conservation and renewables investment in their own communities, and not in some other utility's service area. Utilities can tailor their conservation and/or renewables programs to fit what their area demands in order to make the most of the C&RD. Local control enables increased utility participation and is another essential element of the program. This has led to a broad level of utility support for the C&RD program that is not always found with respect to BPA's other conservation programs.

- **It funds utilities' program administration costs.** Our members appreciate the fact that the C&RD helps them administer cost-effective conservation and renewables programs. Some have found that the ConAug program, for example, did not work for them because it does not guarantee some funding for those utilities' program administration costs.
- **It is user-friendly.** Complying with the C&RD is relatively easy, for it does not require overly burdensome reporting on the utility's side or oversight on BPA's side. Reducing the costs of administering the C&RD improves the efficiency of the program for all parties.

For the purposes of the next 5-year period, or until BPA's power supply is allocated, PPC recommends that BPA change neither the level of the C&RD (*i.e.*, 0.5 mills/MWh) nor the targeted cost-effectiveness threshold associated with the C&RD. Owing to the control over C&RD spending that local utilities have, utilities generally view the C&RD charge not as part of BPA rates, but as a directive to spend a certain amount of money on conservation and renewables. (In other words, we accept the C&RD's current cost-effectiveness because it provides other value.) If BPA places additional requirements on the C&RD program by forcing utilities to pick up more of the costs than they do now, BPA risks losing the broad base of political support that the C&RD program enjoys. Furthermore, some are skeptical that a reduction in the C&RD amount would be translated into an equivalent reduction in BPA rates.

Much time and energy has gone into designing, implementing and refining the C&RD program, and these efforts have been met with much success thus far. The Council has set an aggressive cost-effective conservation target for the next 20 years. Substantially altering the C&RD will make attaining that target much more difficult for the myriad utilities BPA serves. Looking toward the future, the C&RD is one of many tools the region can use to spur investment in conservation and renewable resource development. Some of our members have suggested minor ways the C&RD might be improved, and we urge BPA to work with its customers and the Regional Technical Forum to refine the program further.

Sincerely,

A handwritten signature in black ink, appearing to read "C. Clark Leone", is centered on a light gray rectangular background.

C. Clark Leone  
Manager