

**Tennessee Valley Authority
Integrated Resource Plan Stakeholder Review Group
Workshop on Energy Efficiency and Demand Response**

MEETING MINUTES

**September 24, 2009
Chattanooga, Tennessee**

Attendees

Members Present:

Dana Christensen, Oak Ridge National Laboratories
Ryan Gooch, State of Tennessee
Louise Gorenflo, The Sierra Club
Richard Holland, Packaging Corporation of America
George Kitchens, Joe Wheeler Electric Membership Corporation
Henry List, Commonwealth of Kentucky
David McKinney, Tennessee Wildlife Resource Agency
Jerry Paul, The Howard Baker Center for Public Policy
David Reister
Jack Simmons, Tennessee Valley Public Power Association
Stephen Smith, Southern Alliance for Clean Energy
Lloyd Webb, Tennessee Valley Industrial Committee
Deborah Woolley, Tennessee Chamber of Commerce and Industry

Members Absent:

Lance Brown, Partnership for Affordable Clean Energy
Jan Simek, The University of Tennessee

TVA:

Ken Breeden, Anda Ray, Joe Hoagland, Randy Johnson, Mike Hynes, Frank Rapley, Mike Ingram, Gary Brinksworth, Ed Colston, Chuck Nicholson, Michelle Martin, Cass Larsen, Janet Watts, Cindy Herron, Tommy Thompson, Patty West, Neil Placer, Ruth Maddigan, Sara Madugula, Cindy O'Reilly, Jeromy Cotton, Beth Creek, Beth Keel, Barbara Martocci, Alisha Mulkey, Betty Dyer, and Trudi Pullin

I. Welcome/Introduction/Business

Randy Johnson shared some external comments that have been received for the SRG's consideration:

- Magnolia Energy inquired about a distressed CT site that TVA has negotiated with over the years – no special action on comment.
- A person in Chattanooga asked about repowering Allen Fossil Plant with gas versus coal. FPG Fleet Strategy will do a study and will be considered in IRP.
- On a blog of one of distributors, the CEO commented about coal versus renewable.

Randy proposed when we receive comments, to forward for the group's information.

Additionally, one external membership has requested to make a presentation to the SRG. Should anyone be allowed to make presentations? How can we better involve the public; would like to discuss with the group how this can be accomplished – would like to be more

inclusive in inviting public participation with the SRG. Randy Johnson has also increased external communications on the IRP through presentations with rotary clubs and the Audubon society.

II. Role of Facilitator – Paul Long

Paul discussed his role and rules for workshops. His objective is to keep meetings moving along to stay with agenda as much as possible.

III. Overview of TVA Energy Efficiency and Demand Response Development

Ken Breeden – presentation

Ken gave an overview of EE & DR development.

The strategic plan was approved by the Board in May 2008 and the EE&DR staff is moving forward with programs to help decrease TVA's peak demand. While TVA's growth projection has declined from previous projections (due to economic recession), the peak demand continues to grow. To meet this additional capacity need – with less reliance on the market – gas plants have been added in recent years. In the long term, EE&DR is evaluating program options that could contribute towards this capacity gap.

Presentation notes sheet – questions after each presentation Paul Long

1. What are your ideas as to how TVA can increase the effectiveness of its (current) energy efficiency efforts?

Ideas given included model after Sweden (“TVA kingdom”), motivate consumer by showing how they will save money if they conserve, someone taking leadership role for total effort (TVA, TVPPA, state, etc.), define goals of the plan, make sure policies serve all areas.

LUNCH BREAK

IV. Establishment of Peak Demand Goal

Ed Colston – presentation

Discussed the gap between load growth and TVA owned generation and the draft plan for 1400 mw. Discussed the history towards establishing the goal and the consulting firm hired to complete a program design process in picking programs and launching a market test. Plan has to be able to adapt according to economy, etc (ex: energy right program – new homes have dropped)

A consulting group has also been hired to develop overall measurement & verification protocols and execute onsite verifications; legislation will determine reporting.

V. Strategic Approach for Energy Efficiency Program Design & Delivery

Frank Rapley – presentation

An initial 11 potential program concepts that provided a path to meet TVA's 1400 mw goal were developed, but to take programs from concepts to reality, TVA first had to identify the most promising designs for initial development; look at all designs and choose the best fit. TVA can't start all 11 programs in one year and do all effectively, but should pick the ones we can do and do well. In-home audits is one such program. TVA is working with major metro areas - goal is to add 50 in the next year; expect to be in the entire TVA region in 2010. 3 to 4 more programs to be fully developed and test marketed in FY 09.

Question: How much product (electricity) is delivered within TN?

Answer: 60% of the electricity produced by TVA is distributed within TN, the remaining 40% is delivered among the other six Valley states.

VI. Creating the Incentives for Energy Efficiency & Demand Response through Time-of-Use Rates

Mike Hynes - presentation

How can pricing incentives help TVA to reach its peak demand reduction goal? Pricing adjustments can't change all at once, but what are the proper incentives and how should they be structured?

Make sure when changing revenue there is a corresponding change in cost.

TVA mission – keep rates as low as feasible; facilitating economic development.

All distributors will be on TOU rates by Oct 2012.

Due to time constraints, two presentations will be held for a subsequent meeting:

Green Power Switch & Generation Partners – Susan Ross

Integration of Demand Response & Smart Grid Technologies – Mike Ingram

Action Items

- Complete a study to evaluate running the Allen fossil plant on gas vs. coal
- Develop a schedule that outlines future SRG meetings
- Assess the cost of webcasting open/public meetings
- What has the national experience been with time of use rates? And with rates that promote EE?
- Schedule an additional deep dive on energy efficiency
- Share the state energy plans within the service territory with the SRG
- Provide responses to questions posed in previous working sessions
- Discussion on lifeline rates - allocating a low cost block of electric use for a minimal kwh use to encourage energy efficiency and assist with lower income users.
- Description of various energy efficiency rates

Next meeting Oct 22 & 23 at Chattanooga Hotel, Ochs Room, beginning at 9 am on 22nd, 8 am on 23rd. This will be a regular working meeting.

The SRG approved another meeting (workshop) as voluntary for discussion of open items and the rest of EE presentations. Randy will send out an email to get input for possible dates.