

Date: September 21, 2011

To: RTF Policy Advisory Committee

From: Council Staff

Subject: Sample RTF Budget Alternatives

At its August meeting, the RTF Policy Advisory Committee asked for some alternatives to help scope RTF work and budgets moving forward.

The RTF staff has drafted a review copy of its proposed workplan, budget, and business operating plan for 2012. The draft is being circulated for review by the RTF members and regional stakeholders. The RTF is scheduled to adopt a final workplan by the end of the year. Review of the workplan is an opportunity to guide the scope and pace of work of the RTF.

This memo identifies some tradeoffs between various elements of the workplan and provides examples to aid reviewers in estimating budget impacts of those tradeoffs. The memo is accompanied by the draft Business Operating Plan and an Excel workbook. The draft Business Operating Plan describes detailed work plan activities for 2012 and sets forth a less detailed workplan for 2013-2014. The Excel workbook contains the detailed contract and staffing cost estimates that form the workplan and budget.

The RTF divides its work into categories of elective work and required functions. The management and administration functions are required and relatively fixed. They include RTF member support, meeting costs, phone and web conference costs, the conservation tracking and reporting functions, website development, annual reporting, database management, and support from the Council’s billing, contracting, financial and legal divisions.

In addition to these administrative functions, the need for RTF technical and management staff continues to increase. The current dependence on Council staff is unsustainable. The ability to rely on RTF volunteers for detailed review is limited. Coordinated activities are required to develop a pragmatic schedule for the RTF meetings and manage work flow. The RTF meets ten to twelve times per year. That schedule demands strategic pacing of RTF decisions to allow thoughtful and timely RTF determinations, relatively steady deployment of resources, and avoid troublesome log jams. This requires understanding of the proposals under development by utilities and others which may come to the RTF for review. It also requires understanding of the urgency of any RTF determinations. Part of the increase in RTF staff requirements is to provide this coordination and planning to allow better RTF work flow as well as increased technical review capabilities.

The need to retain technical and management staff under Council guidance is important to assure continuity and the high degree of integrity and independence the RTF seeks. Increasing RTF staff needs, in the form of contract staff, will require a doubling of RTF contract staff funding from about $240,000 in 2011 to $480,000 under the draft 2012 workplan. A further increase to $600,000 is anticipated for 2013-2014. The 2012 increase of $240,000 will require an increase in RTF budget and/or a commensurate reduction in budget dedicated to other RTF work products.

The categories of elective work have some flexibility on pacing and scope which can be used to scale the RTF budget. These are briefly discussed below.

Development of unit energy savings estimates (UES) and standard protocols is the heart of much of the RTF’s work in recent years, and a relatively-expensive activity. For the most part, the proposed budget assumes most development is done outside the scope of the RTF, which is the status quo. Doing more development work inside the RTF, with RTF resources, will slow the pace or increase the cost of new development work. On the other hand, doing development work under the RTF workplan may reduce resources expended outside the RTF.

In addition, significant coordination is required for planning of evaluation work done outside the RTF. Results of program impact evaluations done outside the RTF are used by the RTF to adopt approved UES and standard protocols. Coordination can reduce duplicative efforts and help prioritize and schedule impact evaluation work outside the RTF. Similarly, consolidation of research needs held in common can provide regional benefits in the form of economies of scale. Coordination can be done inside or outside the RTF budget. The draft 2012 workplan has only a limited amount of evaluation coordination activity conducted by the RTF. A higher degree of RTF engagement would require shifting budget priorities.

Similar tradeoffs are available for elective work in the areas of research and data development and in tool development.

There is a table in the Excel document which identifies typical costs of a dozen common RTF activities. Those cost estimates can be used to gauge tradeoffs. To provide a sense of scale, the list below identifies changes in pace or scope each roughly equivalent to $120,000.

* Update 15 active UES measures & measure specifications
* Convert 6 simple calculators to Guideline-compliant standard protocols
* Review 6 new UES proposals developed outside RTF
* Develop 2 new UES proposals with RTF resources
* Review 24 evaluation plans
* Eliminate all tool development
* Cut research and data development efforts by half.

Finally, staff prepared some example budget tradeoffs for 2012. These are illustrative. These are summarized in the tables and charts below by activity and by agent.

* 2012 Proposed is the proposed review budget of $1.5 million for funders
* Option B reduces the budget to the 2011 level of $1.4 million for funders by cutting from research, data and tool development category.
* Option C reduces the budget to $1.0 million for funders by cutting existing & new measure review in half, and minimizing research, data and tool development.

|  |  |  |  |
| --- | --- | --- | --- |
| **RTF Activity by Category** | **2012 Proposed** | **Option B** | **Option C** |
| Measure Review & Technical Analysis | $853,000  | $853,000  | $594,000  |
| Tools, Research, Data & Regional Coordination | $518,000  | $418,000  | $224,000  |
| RTF Management | $516,000  | $516,000  | $516,000  |
| **Total** | **$1,887,000**  | **$1,787,000**  | **$1,334,000**  |
|  |  |  |  |
| **RTF Activity by Implementing Agent** | **2012 Proposed** | **Option B** | **Option C** |
| Contract | $1,017,000  | $932,000  | $643,000  |
| RTF Staff | $483,000  | $473,000  | $357,000  |
| **Subtotal Funders** | **$1,500,000**  | **$1,405,000**  | **$1,000,000**  |
| Council Staff In Kind | $387,000  | $382,000  | $334,000  |
| **Total** | **$1,887,000**  | **$1,787,000**  | **$1,334,000**  |
| Council Staff In Kind FTE | 2.4 | 2.4 | 2.1 |



\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

q:\cg\main\rtf\adminstuff\work plan 2012\rtf 2012 trade off.docx