CONSERVATION ADVISORY COUNCIL
Notes from meeting Feb. 20, 2008

Attending from the Council:
Steve Bicker, NW Natural
Jeff Bissonnette, Fair & Clean Energy Coalition
Christine Kautzman, Cascade Natural Gas
Suzanne Dillard, ODOE
Joe Esmonde, IBEW
Andrea Jacobs, Office of Sustainable Development
Don Jones, Jr. Pacific Power
Lori Koho, OPUC
Karen Meadows, BPA
Mathew Northway, EWEB
Lauren Shapton, PGE

Attending from the Energy Trust of Oregon:
Fred Gordon
Debbie Kitchin, Board of Directors
Steve Lacey
Spencer Moersfelder
John Reynolds, Board of Directors
Jan Schaeffer
Greg Stiles

Others attending;
Jeremy Anderson, WISE
Paul Berkowitz, CSG
Verlea Briggs, PGE
Nathan Pollard, GCS
Lisa Espinosa, Cascade Natural Gas
Liesl Karasaki, Lockheed Martin
Kathy Barnard, Cascade Natural Gas
Anna Larson, SAIC
Greg Nelson, PGE
Nick Parsons, Lockheed Martin
Jason Ping, Pacific Lamp Wholesale
Anne Wagner, SAIC
Paul Warila, Cascade Energy Engineering

1. Introductions
Steve Lacey reviewed the agenda and asked for self introductions. He introduced the agenda.

2. Administrative Logistics
Steve provided an update on Council membership. He contacted the three members who did not attend last year. Both Gary Curtis and Jeff Bissonnette would like to continue and plan to attend 1-2 meetings this year. Julie Brandis no longer works for AOI. Steve contacted AOI asking if they wished to replace Julie. He hopes to hear back by next meeting.

3. Major Renovations vs Retrofit – under which program should they fall?

Greg Stiles filled in for Spencer Moersfelder, who has laryngitis.

He explained this question is coming up now to be cleared up in time for rebidding the New Buildings NB) program in the summer of 2008. He said historically major renovations have been addressed by the NB program. He said there has been confusion about which project goes where. Existing Buildings (EB) works more with trade allies, although this is growing with NB and Production Efficiency (PE). The PE program works with Program Delivery Contractors. Architect/engineering teams work mostly with the NB program, and sometimes the EB program.

The issue for Energy Trust is how we identify the savings. On the NB side, the baseline is Oregon non-residential code. However, some replacement projects done under EB don't use code as a baseline; we can usually claim more savings in these cases if the project is treated as an upgraded piece of equipment, in which case we claim the difference between energy use of the old and replacement equipment. (An exception is lighting projects where the lumen output of the existing lighting system is so low that it doesn't meet the occupant's needs and the Lighting Power Density for the existing lighting system is well below code. Under these circumstances it is reasonable to use code to define the baseline.

He proposed new language for EB retrofits: 1 system where more than 50% of one system is being replaced and less than 50% of the other systems in the project are being replaced. For NB renovation: major renovation of 2 or more systems of which 50% or more of 2 systems are being replaced and structural modifications are occurring. PE is a retrofit and replacement program for existing industrial equipment. If a new manufacturing facility is being built, this involves a marriage between the PE and NB program; same is true for major renovations of an existing manufacturing facility.

What is retrofit? This involves changing out equipment before the end of its useful life. Replacement occurs when the equipment is at the end of its useful life, with the baseline established by common practice or code. A proposed definition for "end of useful life" is when 80% of the useful life of the equipment has expired. Incentive offers for replacement measures are based on the incremental cost of the high efficiency option. Should retrofit incentives be greater?

He tackled the definition of major renovation. Previous definition: 2or more systems are being replaced. Issue is that in major retrofit projects such as large lighting projects and downsizing HVAC are desirable but will move projects to NB and a different incentive structure. Staff is considering this definition: 2+ systems of which 50% or more of 2 systems are being replaced and structural modifications are being made to the facility.

He presented "options for 2009,"including:

1. Maintain status quo represented in updated rules
2. Rearrange offerings so that:

    - EB addresses all existing structures
    - NB deals exclusively with commercial new construction
    - PE addresses all measures for industrial facilities, including new construction shell and process or NB handles new construction shell measures and PE handles process-related measures.

Participants discussed the fact that many renovations occur when a building's occupancy changes. Further discussion centered on difficulties for trade allies to work with multiple programs. Jason Ping thinks status quo is great. He can work it out with Roger Spring or Anne Wagner.

Greg reviewed staff's thoughts about pros and cons. Nathan Pollard commented on the difference between level of knowledge on codes within the NB team compared to EB.

Don Jones said Pacific Power has had dealt with this issue several times over the years. They struggled. They came up with a definition for major renovation: when existing systems in an existing building do not meet the owner's current or projected needs, principally as a result in change of use. Major renovations are treated the same as new construction. The group discussed this further.

John Reynolds asked if we promote re-use of inefficient equipment that has not reached end of life. Steve said no. Jason Ping said clients auction old lighting equipment on Ebay. Don Jones said most old equipment is cut up and disposed of.

Greg Nelson commented on the need for incentive offerings across programs to make sense. Jason said some contractors aren't as smart as others. If smart ones see higher incentives in one program vs another, they will go for the larger package, yielding greater savings for his client, along with other benefits such as cleaner indoor air quality. He thinks lighting contractors should be trained on the different programs, which would result in identifying more measures.

Elaine Prause said her program delivery contractors (PDCs) think their strength is building relationships with larger customers over time, providing the potential to do multiple projects over years.

Anne Wagner said SAIC tries hard to get participants into the right programs. She said historically she hasn't worked closely with the PE program. She went on a joint visit to a site. The PDC and she agreed to keep the PDC as the primary rep to the customer; Anne will work through the PDC to serve lighting and shell needs.

Anna Larson thinks the programs work well together. She recognizes the need for clearer boundaries between the programs. She thinks the new definitions are a good start. Don Jones suggested distinguishing according to whether there is an energy code requirement.

Steve Lacey said one of staff's purposes is to assure efficient delivery of services, make operations customer friendly, and streamline our offerings.

Verlea Briggs said she and Greg have this conversation a lot. She thinks the piece about structural modifications is helpful.

Aaron Wines said he is very comfortable with the status quo and collaboration among programs. Nick Parsons said he thinks more clearly defined project tracks are a step in the right direction.

Steve said we will bring back recommendations looking at occupancy/change of use, equipment age, ease of participant services access, and incentive uniformity across programs.

2. Existing Homes program changes 2008

Paul Berkowitz reviewed what's new in the EH program for 2008. He noted:

- Collaboration with manufacturers, distributors, retailers on promotional activities
- Cross-marketing with the Products team (refrigerator replacements and recycle old ones)
- Remote area Home Energy Reviews with weatherization agencies (Pendleton, Grants Pass)

- Integrate existing home program training with Earth Advantage real estate professional green certification; create Energy Trust Real Estate Professional Trade Ally designation
- Low income solar initiative
- Energy performance certificate and carbon footprint calculator
- Deliver home solar energy assessments to participants
- Sales and marketing training for Energy Advisors; increase number of HER measure installations
- Spanish language HERs and bilingual contact center

2008 Home Performance Initiatives

- Goal of 1000 completed home performance jobs in '08 (560 in '07)
- Streamline home performance procedures
- Develop subcontractor network for Home Performance contractors
- Minimum 2 Home Performance trainings in '08
- Recruit home inspectors for BPI training and designation as Home Performance contractors
- Explore new loan options
- Develop Assisted Home Performance program component for lower income participants (60-80% median)

New multifamily program initiatives

- CSG assumes all multifamily program tasks from OSD in 2008 – outreach, administrative, BETC processing
- Multifamily building assessments
- Expand focus on lighting and clothes washers; target Laundromats
- Improve job depth with more measure savings captured
- Increase geographic diversity of projects

Energy Performance Certificate

- 2008 pilot "buildings approach to carbon mitigation" with couple of Portland neighborhoods – create program model, test efficacy, define tools, for use and market providers of service

Increased market involvement by leveraging market activities of:

- Manufacturers of EE equipment and products
- Equipment distributors
- Large retailers – Lowes, Home Depot, Sears Home Services, etc.
- Community-based organizations
- Corporate outreach (Nike, HP, Intel)
- Trade associations HBA, ACCA, NARI, WISE

Additional Pilot Initiatives

- Power Cost monitor
- 200 mini split heat pumps
- Refrigerator monitoring, replacement and recycling
- Heat pump early retirement program
- Low-income-focused refrigerator replacement

Special promotional efforts

- High efficiency water heater promotion in cooperation with PGE, Marathon and RotoRooter; $75 Energy Trust coupon and $100 RotoRooter incentive.

- High efficiency heat pumps -- $50 coupon
- Solar Home Energy assessments

Karen Meadows asked if we were going to evaluated results. Fred said there are many evaluations and other studies underway.

John Reynolds asked whether the team will push water heating or electric heaters. Paul said they would be handled evenly.

3. Biofuel efficiency projects

Steve explained he is picking up the discussion from last meeting about how to treat projects in which renewable fuels offset fossil fuels (which constitutes conservation, as opposed to generating electricity from a renewable fuel). Steve explained staff's suggestion that Energy Trust consider transport costs of biofuels to the site as part of cost effectiveness calculations. Regarding emissions, he proposes adhering to DEQ permits. Staff suggests not differentiating among biofuel sources on the basis of social, economic and ecosystem impacts, but to apply environmental and economic criteria to specific projects.

Members discussed additionality issues, and social impacts of diverting food stuffs to fuel production. Steve Bicker suggested a resource assessment of fuel types.

Steve discussed "rules of engagement," including these recommendations:

- CHP option should be explored before thermal-only
- New buildings should not be ruled out
- New construction projects must subsequently pay into the public purpose fund (excepting self directors, which can get 50% incentives)
- Energy Trust should require proof of biofuel supply through the incentive payback term (3 years); this aligns with the policy on incentives for self directors
- Energy Trust should use a verification provision to determine that, over XX years, the user is verified not to exceed a certain fossil fuel allowance; if so, the user compensates Energy Trust

He reviewed an example of a project path involving a participant proposing to replace current fuel electric or gas) with biofuel. We would perform a technical and economic feasibility assessment of the existing system and a high performance biofuel system. This would establish current fuel consumption, and determine high efficiency options in order to derive the incentive offering, and perform a societal cost-effectiveness screening using avoided fossil fuel as savings and project cost. We would offer the standard PE or EB program upgrade incentive toward the cost of the proposed biofuel system, if it passes societal cost effectiveness.

Steve Bicker said we wouldn't support lower quality mixed fuels, but only 100% biofuel. Steve agreed.

Christine Kautzman described a project proposed in Cascade service territory that doesn't make sense to her. It would require a $175,000+ upgrade to the gas system but anticipates running on gas only as a backup. If they don't use gas, then they violate the pay-to-play requirement. Following further discussion, Steve summarized there aren't going to be many, if any, of these projects that qualify for Energy Trust funds.

Steve Lacey outlined further considerations regarding site-wide efficiency assessments, whether the project could go forward without Energy Trust incentives, and that Energy Trust would not offer

equipment incentives where the participant moves to a transport rate and stops paying into the public purpose fund. The group concurred that the incentive should be restricted to commercial and industrial projects.

Steve asked if there are any glaring problems with staff's recommended course of action. Steve Bicker said no, other than those earlier noted. Mat Northway is concerned about draining millions of dollars out of the efficiency pool and ends up not creating efficiency but, rather, changing fuels. Fred thinks our contribution might be so small as to not influence the investment. Steve thinks our greatest contribution might be to conduct the study, rather than incent the equipment.

Steve Bicker repeated his suggestion from last meeting that this be approached as a pilot. He noted also that the approach will need to be restructured when cap and trade is established.

Lori asked how we estimate the cost of the biofuel. Fred said we draw upon analyses done by our renewables team.

Steve asked if the group supports going forward with this with the caveats. He would like to inform the board at the April meeting.

Christine Kautzman, with support from Kathy Bernard, said she can live with the caveats.

Steve Bicker would like to see a nice tight description with the caveats incorporated into it before proclaiming his support.

Lisa Espinosa agrees with Steve B.

Lori would like to check further into using waste materials to create the biofuels versus diverting foodstocks or land that could be used to grow foodstocks. She also thinks there should be minimum efficiency requirements.

Mat thinks the definition of energy efficiency talks about the reduction of electric or gas consumption, and a biofuel displacing a fossil fuel does not reduce the amount of fuel needed. Others said the amount of fossil fuel would be reduced.

Karen thinks there's a lot of complexity to this. If it isn't going to satisfy any goals, it might not be worth doing. If we put a lot of restrictions on it, we might not get any projects.

Joe thinks it would be worthwhile with all the caveats and characterized as a pilot this is worth doing.

Steve Lacey concluded we will come back at the next meeting with a process that includes all the caveats and take it to the board or not in April.

The meeting adjourned at 4:20 pm.