

## **SB-1149 School Initiative**

July 14, 2004

---

### **Background**

- SB-1149 allocates 10% of the 3% public purposes charge for public K-12 school buildings in the Oregon service territories of Portland General Electric and Pacific Power.
- SB-1149 required school districts to do energy audits for all schools before implementing any energy efficiency measures.
- Audits identified approximately a \$50 million gap between available SB-1149 funding for schools and the identified energy efficiency upgrades.
- The result is a backlog of potential projects that is decades long.
- However, financial survival of public schools is a key public issue for Oregon, and the Energy Trust has not yet fully committed its 2004 budget.

### **What Energy Trust is Already Doing for Schools**

- Existing schools are not currently eligible for electric services from either the Building Efficiency or New Building Efficiency programs.
- New schools and additions to existing schools are currently eligible for Energy Trust assistance through the New Buildings Efficiency program.
- Retrofits and major renovations of non-educational buildings (e.g. administration) are eligible for services from the Building Efficiency and New Building Efficiency programs.
- All school buildings are eligible for natural gas efficiency funding so long as they are on commercial or residential (not industrial) meters.

### **Proposed Enhancement**

Allow the Buildings Efficiency and New Buildings Efficiency programs to offer services and incentives to measures in existing schools with the following stipulations:

- Building Efficiency and New Building Efficiency will each be allowed to offer up to \$500,000 of incentives for the remainder of 2004 for commitments and installation of measures in existing schools.
- The \$500,000 available from each program will come out of existing incentive budgets. No new funding is being added to the programs. The funds aren't being reserved for schools. The programs are just being allowed to offer services and incentives to existing schools up to the cap. Incentive funds will continue to be available on a first-come, first-served basis to all participants.
- All program rules apply (i.e. Oregon service territories of PGE, Pacific Power and NW Natural, measures must pass the Energy Trust cost-effectiveness test, fuel switching, etc.).
- No double-dipping. Measure can't receive funding from both the Energy Trust and the SB-1149 School Funds.
- Energy savings estimates, measures costs and other data identified in the school district audits will be accepted by the Building Efficiency and New Building Efficiency programs.
- No new commitments will be accepted after December 31, 2004.
- For 2005, Energy Trust will review budgets and adjust policies and funding for existing schools based on revenue and committed funds.

- In future years the demand for Energy Trust funds will likely exceed available funds so the Energy Trust reserves the right to change policies and funding for existing schools.

**Analysis**

Measures for 10 schools were reviewed to estimate costs and savings.

- 31 out of 73 proposed measures passed the Energy Trust cost-effectiveness test. The proportion varies considerably from school to school.
- 8 out of 10 schools had measures that pass the test.
- 8 out of 10 schools had electric measures that pass the test.
- 3 out of 10 schools had gas measures that pass the test.
- Cost/kWh may be higher for schools than for other buildings, but are well within cost-effectiveness guidelines.
- Cost/therm for schools may be comparable or lower than costs for other buildings.

<b>Summary of Cost-effectiveness Statistics for Measures that Pass*</b>	
Average Measure Life	15 years
Levelized Cost per annual Therm for Cost-effective Measures	\$0.074
Levelized Cost per annual kWh for Cost-effective Measures	\$0.013

<b>\$ Millions/AMW</b>	
School	\$1.39
Non-school (for comparison)	\$1.00 (audit costs not included)

<b>\$/Annual Therm</b>	
School	\$0.89
Non-school (for comparison)	\$1.02 (audit costs not included)

Utility System Benefit/Cost Ratio for Cost-effective School Measures**	5.0
Societal Benefit/Cost Ratio for Cost-effective Measures**	1.6

\*Pre-evaluation. Typically, evaluated savings are about 20% lower, and all the unit costs would go up and B/C ratios would go down accordingly.

\*\*Based on measure cost only, since this is a decision regarding whether to invest in measures like these.