

CONSERVATION ADVISORY COUNCIL

Notes from meeting June 21, 2006

Attending from the Council:

Mat Northway, EWEB
Lauren Shapton, PGE
Marty Stipe, ODOE (for Suzanne Dillard)
Steve Weiss, NWECA

Attending from Energy Trust board:

John Reynolds

Attending from the Energy Trust of Oregon:

Phil Degens
Diane Ferington
Fred Gordon
Phillip Kelsven
Elaine Prause
Jan Schaeffer

Others attending:

None

1. Introductions and Announcements

Fred Gordon convened the meeting at 1:35 pm, welcomed attendees and introduced the agenda.

2. Board Strategic Plan Retreat report

Elaine Prause reviewed tentative priorities among issues discussed June 8-9 by the board at its strategic planning workshop.

Mat Northway asked what the current Energy Trust green tags policy is. Fred said we basically retire them on behalf of ratepayers. We acquire them for renewable energy investments in proportion to the share Energy Trust pays of the above-market costs.

3. Efficient New Homes Process Evaluation

Phil made a presentation on the results of this evaluation, which covers the period from April 2004 through December 2005. It was prepared by Opinion Dynamics Corporation. He noted the report will be used to improve the design, marketing and structure of the ENH program. He explained the ENH program is designed to expand the market share of ENERGY STAR[®], utilizes whole-house and stand-alone incentives to aid builders, and is managed for Energy Trust by Portland Energy Conservation Inc. (PECI).

Phil noted that in 2004 and 2005, PECI exceeded its contract goals: 7% over kWh goal and 60% over therm goal. The evaluator interviewed Energy Trust and PECI staff, active participating builders, inactive participating builders (signed up as trade ally but hadn't started a house yet), non-participant builders and participating trade ally builders.

The evaluation found:

- Program is meeting goals
- PECI, Energy Trust and subcontractors work well together
- Paperwork is a program headache for the PMC, program builders and trade allies
- Earth Advantage remains a large player in the new home market
- Program focus has been on the recruitment and retention of large home builders
- Perceived participant barrier: 50% CFL requirement (set by NW ENERGY STAR), ENERGY STAR not associated with high end housing, paperwork, value of program features, some difficulty in obtaining qualifying equipment
- Builders found value in the program's easy enrollment, education/training, third party verification, identifiable brand/differentiation from competition, marketing, increased customer demand for energy efficient homes/features

- Trade allies report being very involved in installation of energy efficient systems even outside the program (efficient gas furnaces and heat pumps are installed in over 50% of their jobs outside ENH; over 2/3 of HVAC systems outside ENH use ducts sealed with mastic)

Recommendations:

- Research effectiveness of marketing messages and collateral on educating customers
- Consider ways of addressing CFL issues (“performance path,” builder education on CFL options and sales techniques)
- Review ongoing program reporting requirements; automate and improve where possible
- Increase builder and trade ally awareness of existing marketing collateral
- Issues associated with moisture and CFLs should be further addressed training and moisture collateral
- If expansion is planned, the program should consider increasing the number of outreach specialists

Marty Stipes asked if training reaches out to customers, not just builders. Phil said the trainings are open to all, including non-trade allies. He said the Industrial Efficiency Alliance (NW Alliance initiative) has a calendar for posting trainings; this might reach non-trade allies.

John Reynolds asked how real the perceived problem of moisture in efficient new homes. Phil said there isn't really one. It was mentioned by only one of the builders. Fred said builders are squeamish about anything new as a result of past problems with moisture in new homes. Mat said old, inefficient furnaces sucked moisture out of the homes; new, efficient ones do not.

4. Gas Avoided Costs and Discount Rate

We use assumptions about discount rates in calculating cost effectiveness. Utilities use different rates. Should we use 5 different rates? (2 electric, 3 gas). At present we use 3% (approved by our board). All utility discount rates are higher, ranging from 4-5.5%. This may be an issue because some marginally cost effective measures may no longer prove cost effective.

Fred proposes continuing to use 3% until the board determines otherwise. In the short term, perhaps the board should pick a rate in the middle of the utility discount rates. In the long term, Fred would appreciate OPUC and the utilities agreeing to harmonize rates.

Assumptions about avoided cost also factor into cost effectiveness calculations. Utilities use different assumptions for these as well. For instance, NW Natural's costs are higher and more weighted toward winter than Avista or Cascade. NW Power and Conservation Council members are in the middle.

Fred proposes to use the NW Power and Conservation Council numbers in Energy Trust pre-screening and reports. If a utility needs to approve a program (or report) in a manner consistent with their IRP process, we could provide them the stream of costs and savings and let them screen the measure. He suggests updating the number based on results of the IRP processes through early 2007.

Mat expressed concern about how changes would affect trade allies. He said his utility uses the Council's rate when calculating cost effectiveness.

Steve said he likes Fred's approach, and suggests changing only if a new number is determined to have merit through the IRP process.

John said it will take some convincing to get him to move off 3%.

Fred said Lynn Kittilson, OPUC, and NW Natural are discussing these matters.

Marty and Lauren had no comment.

Summary: pick a number but don't move too quickly to change. Fred will talk with OPUC.

6. Adjourn

Fred adjourned the meeting at 2:50 pm.