CONSERVATION ADVISORY COUNCIL
Notes from meeting Mar. 14, 2007

Attending from the Council:
Steve Bicker, NW Natural
Ann Grim (for Suzanne Dillard), ODOE
Andria Jacob, City of Portland Office of Sustainable Development
Ken Keating, BPA
Mat Northway, EWEB
Paul Olson, Oregon Remodeler's Association
Lauren Shapton, PGE

Attending from Energy Trust board:
Alan Meyer

Attending from the Energy Trust of Oregon:
Fred Gordon
Steve Lacey
Spencer Moersfelder
Jan Schaeffer
Jill Steiner
Kendall Youngblood
Pati Presnail
Phil Degens

Others attending;
Jeremy Anderson, WISE

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

2. Program delivery model update
Phil Degens reviewed the status of this study, intended to advise us regarding how to optimize the various Energy Trust's program delivery models. He said the contractor, Research Into Action, is engaged in interviews with Energy Trust staff, PMCs, PDCs, trade allies, stakeholders and other organizations. Findings are expected in April and will be presented to the board's evaluation committee and CAC/RAC then. Alan Meyer asked if they weren't going to interview clients. Phil said we thought we could get more out of the existing process and impact evaluations, which extensively interview participants, as opposed to interviewing a small sample of participants as part of this study. If further research is indicated, including a more detailed polling of our customer base, we will pursue this. A preliminary findings presentation will be made at the April 18th CAC meeting.

3. Budget reconciliation of 2006 carryover funds
Steve said we decided this year to distribute excess carryover funds from year end into programs, rather than keeping them unbudgeted, as happened in years past. Pati Presnail, Energy Trust controller, noted we had an additional $5.8 million in carryover at year end, plus $1.9 million we expect from conservation rate credits, minus $1.6 million in PGE revenue and minus $0.3 million in Avista revenues – for a net change in 2007 resources of $5.8 million. With these resources, we propose to increase efficiency incentives by $1.7 million, including $1.2 million into residential, $0.6 million to industrial, and reduced the new commercial building incentive budget by $143,000, representing projects that now are not expected to complete until 2008. We propose to add $1.2 million for energy efficiency program delivery, and to reallocate $716,000 to evaluation, program marketing, conservation rate credit staffing

and other miscellaneous purposes. She noted also the anticipated addition of $1.9 million to the 2008 budget -- $1.3 million in new commercial buildings and $0.6 million in Production Efficiency.

Andria Jacob asked why the overall carryover is so large. Fred noted much of this carryover represents renewable commitments. Paul Olson asked how the additional program marketing monies would be spent. Kendall said that $.5 million for BPA spring change-a-light campaign was added, along with other adds. Home Energy Solutions-Existing Homes added a refrigerator removal/replacement pilot with a community agency. Some funds were added to support a community energy project now in the planning stages. Paul Olson asked if recommissioning solar water heating systems is under consideration. Steve said this would be a custom program that needs a lot more detailed study. Mat Northway noted the problem is the difficulty of evaluating the degree of repair needed. Andria Jacob asked if Home Energy Reviewers might be engaged. Steve said this is a possibility. Fred said we'd need to develop a simple system for evaluating, train the reviewers to evaluate systems, then test the efficacy of repairs. It's a good idea but we haven't had time to work on this.

Steve said we are considering moving to a two-year budget cycle. This would simplify the outreach process. Alan Meyer said he thinks looking forward two years is important, and he assumes we would need to amend the budget at least annually. Steve Bicker agreed. Whether this would be a rolling two-year budget or not is under discussion.

4. Efficiency program savings potential forecast

Fred Gordon noted our work revisiting the program mix. He noted we are now somewhat more optimistic that we can meet the 300 average megawatt electric goal by 2012. To do this we would acquire more than half the available resource acquired in residential and industrial, but less in commercial. We may need to increase incentive amounts and levelized cost caps to meet gas goals. Market transformation is an important component of the program mix, including for gas. We concluded we would raise the gas goal to 21,000 therms and raise the levelized cost cap from 30 cents to 40 cents. Fred presented more detail comparing the electric and gas goals in 2002/3 vs 2006 strategic plan projections. He showed sector impact projections as a percent of achievable potential, Energy Trust 10-year goals as a percent of achievable potential and percent of residential impacts achieved through market transformation.

Alan Meyer asked why we aren't directing more money into the commercial sector, given our analysis that our savings projections for that sector are only 41% of achievable potential. Steve said we are working hard to develop new tracks within commercial programs targeting underserved market segments. We can't spend appreciable additional funds now as we develop delivery infrastructure but expect to gain momentum and pay significant incentives to customers in 2008.

Meeting participants continued to discuss possibilities for obtaining additional market share in the future, based on identifying new measures, marketing strategies and other factors. Fred outlined his interest in providing rebates for a new, efficient gas water heater that's not yet on the market but is expected to appear soon. He said we are inclined to support this new product even though at the outset, and for the next couple years or so, it may be priced too high to pass our societal cost effectiveness test. Our hope is that, as we did for washing machines, we could help create enough market demand that the cost would come down. Ken Keating noted the reason California is so interested in this product is that it is one of the few hopes they have there for significant gas saving. Fred said we may need to work separately because California will require a NOX control device that adds to the cost but will not be needed here. Steve Bicker thinks this is a good idea, so long as it doesn't block the niche market for tankless water heaters. Fred said we are doing an evaluation of that product and market. Andria agreed. Ken Keating supports this, as do Ann, Lauren and Paul.

The meeting adjourned at 3:05 pm.