UM1622 OPUC Incentive Cap Ruling and next steps

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Agenda

- Review of UM 1622
- Incentive Cap Criteria
- Incentive Cap Concepts
- July 1st Incentive Adjustments
- Next Steps

UM 1622 Review

2012

- Energy Trust requested exception for gas EE measures (August)
- OPUC approved exceptions for two year period (through October 18, 2014) (October)
- Implemented a pilot to test prescriptive duct sealing (Q4)

2013

- Energy Trust implemented efforts to improve cost effectiveness of Existing Homes gas program (ongoing)
- Removed incentives for PTCS duct sealing (January)
- Adjusted eligibility requirements for residential ceiling/attic and floor insulation (January)

UM 1622 Review

2014

- Ended prescriptive duct sealing pilot (Q1)
- Energy Trust reported to PUC on efforts made to improve cost effectiveness of gas programs (July)
- OPUC ruled on UM 1622, requested Energy Trust develop an incentive cap proposal (October)
- Redesign efforts began to adjust Existing Homes program delivery model to improve BCR, preparing for 2015 budget reductions (October-December)

2015

- Removed incentives for duct insulation (January)
- Submitted incentive cap concepts to OPUC (February)
- Removed incentives for air sealing (April)
- OPUC approves incentive cap concepts, extended measure exceptions for additional two months (April)
- Energy Trust revised gas insulation incentives, in alignment with incentive cap criteria (July)

Criteria for Incentive Cap

Develop “an incentive cap proposal – especially for moderate income and multi-family customers” with:

1. A meaningful reduction in incentives [relative to pre-UM1622]
2. Strong protocols to minimize free riders
3. A design that favors lowest cost, highest savings measures

Incentive Cap Concepts

<u>Concept 1</u>: weatherization exception for Moderate Income Customers, Multifamily, and Rental

<u>Concept 2</u>: weatherization exception for floor and wall insulation, when installed in conjunction with ceiling/attic insulation *(for those not eligible for concept 1)*

July 1st Insulation Incentive Adjustments

Ceiling Insulation

Gas or Electric Heat:

- R-12 or less = $0.25 per square foot
- R-13 to R-18 = $0.25 per square foot up to $100

Wall Insulation

Gas Heat:

- When installed with qualifying ceiling insulation = $0.30 per square foot up to $150

Electric Heat:

- $0.30 per square foot

Floor Insulation

Gas Heat:

- When installed with qualifying ceiling insulation = $0.30 per square foot up to $150

Electric Heat:

- $0.30 per square foot

Market Segments

Savings Within Reach (moderate income)

Gas or Electric Heat:

Ceiling Insulation:

- R-12 or less = $0. 50 per square foot
- R-13 to R-18 = $0.25 per square foot up to $100

Wall Insulation:

- $0.50 per square foot

Floor Insulation:

- $0.40 per square foot

Single Family Rental Homes

Gas or Electric Heat:

Ceiling Insulation:

- R-12 or less = $0. 50 per square foot
- R-13 to R-18 = $0.25 per square foot up to $100

Wall Insulation:

- $0.50 per square foot

Floor Insulation:

- $0.40 per square foot

Small Multifamily Properties

Details to be provided during June 3rd presentation

Self-Install

Gas Heat:

Attic Insulation

- If R-18 or less = $0.25 per square foot

Floor Insulation

- When installed with incentive qualifying ceiling insulation = $0.30 per square foot up to $150

Multiple Upgrade Incentive

Any combination of insulation = 1 measure

Must install two qualifying measures from the list below to receive Multiple Upgrade Incentive:

- Insulation
- Windows
- Ducted heat pump
- Ductless heat pump
- Gas fireplace
- Heat pump advanced controls
- Gas boiler
- Gas unit heater
- Gas tank water heater
- Heat Pump Water Heater

Other

Manufactured Homes

- Floor insulation in gas-heated manufactured homes will continue without cap or attic requirement

Knee Wall Insulation

- Only available as a standalone if existing ceiling insulation is R-19 or greater, otherwise must be performed as part of a complete attic insulation measure per the 2015 Specifications Manual

Next Steps

- Communicate incentive adjustments to trade allies
- Proactively monitor and adjust measures and program delivery approaches to improve BCRs
- Report back to OPUC if measures are in danger or fall below BCR of 1