Existing Homes 2016 DRAFT Action Plan, October 2015

Program Description

The Existing Homes program provides customer service, technical assistance and financial incentives for residents of single-family and manufactured homes. The program encourages efficient space heating, water heating, weatherization, lighting, water conservation and behavioral actions through incentives, education, trade ally support and market interventions through the following program tracks or key initiatives:

1. **Single Family Prescriptive** acts as the foundation for Existing Homes program tracks. The availability of cash incentives allows customers to have an à la carte option for energy-efficiency upgrades and provides trade allies with a basis for helping customers who do not qualify for or are not interested in multiple improvements. Available incentives must be cost-effective with both Utility and Societal Benefit Cost Ratios over 1.0. Incentive levels are adjusted in response to market conditions, which in some cases include the desire to stimulate the market to install energy-efficient measures and encourage market transformation for certain measures.
2. **Home Performance with ENERGY STAR®** is a residential whole-house energy-efficiency program for the existing homes market, delivered exclusively by contractor firms employing Building Performance Institute-certified field staff. Home Performance with ENERGY STAR is founded on the “house as a system” approach to building functionality, which integrates progressive concepts of building science and places a strong emphasis on health and safety as well as building durability. The U.S. Department of Energy began to administer the Home Performance with ENERGY STAR program in October 2011 and works in conjunction with the U.S. Environmental Protection Agency to support local program sponsors. Energy Trust is Oregon’s statewide sponsor and manages trade ally involvement, program promotion, project verification, incentive processing and reporting. The incentives and measures within the Single Family Prescriptive track are the basis of the measures implemented through Home Performance with ENERGY STAR.
   - Enhabit (formerly Clean Energy Works) is a nonprofit that provides customers with a comprehensive list of energy-savingsmeasures and opportunities to finance selected upgrades. Enhabit began as a pilot program with Energy Trust and the City of Portland, and evolved within the Home Performance with ENERGY STAR track. In April 2010, the U.S. Department of Energy invested in the pilot to advance the model statewide. Now, Enhabit functions as an independent nonprofit and maintains strong partnerships with utility companies, local lenders, local governments, Energy Trust, the Oregon Department of Energy and the U.S. Department of Energy.
   - Enhabit provides eligible customers with free home energy assessments and dedicated Energy Advisors to help homeowners through every step of the energy-efficiency retrofit process, including coordinating contractor involvement and choosing financing and upgrade options. The program offers no-money-down financing to customers, reducing the financial barriers to investing in energy-efficiency upgrades.
3. **Savings Within Reach** addresses barriers to moderate-income households by providing higher incentives paid directly to the contractor, lowering costs and reducing out-of-pocket expenses for particpants. This incentive track is not a program, but rather a set of enhanced incentives designed

to improve accessibility and affordability of home energy improvements. An on-bill loan repayment product has been available for Savings Within Reach customers of Portland General Electric, Pacific Power and NW Natural gas since 2014.

4. The **Existing Manufactured Homes track** promotes energy savings in the manufactured housing sector by offering select single-family prescriptive measures and Savings Within Reach incentives to income-eligible occupants and providing no-cost air sealing, duct sealing and repair, and direct installation of light bulbs, faucet aerators and showerheads. The no-cost weatherization services are designed to provide accessibility of home energy improvements for a demographic that may be underserved due to supposition of lower income level association. The PMC creates and maintains relationships with participating contractors, Oregon Department of Housing and Community Services, community action programs and other relevant stakeholders to identify outreach opportunities, key communities and eligible customers unaware of program benefits.
5. **Energy Saver Kits** and **LivingWise Kits** deliver savings for the Existing Homes program through two pathways:
    - Energy Saver Kits, including energy-saving water and lighting products, are offered at no cost to homeowners and renters. They can be ordered online and shipped to the recipient's home. Each kit contains a combination of LED light bulbs, bathroom and kitchen faucet aerators and showerheads determined by the customer's responses to an online questionnaire. The PMC contracted with Energy Federation, Inc. in 2015 to provide customer service for the Energy Saver Kit phone line, manage and order the kit inventory, and assemble and ship Energy Saver Kits.
    - The LivingWise Kit curriculum focuses on energy education opportunities aimed at 6th grade students and their families. Students are provided with energy- and water-saving devices, which are taken home and installed with family members. Students and teachers work to understand and appreciate the value of natural resources in everyday life. The PMC contracts with Resource Action Programs for implementation and delivery of LivingWise curriculum through Oregon schools.

2016 Strategic Focus

1. Deliver program through PMC CLEAResult, subcontractors, trade allies and market actors.
2. Redesign program offers to further cost-effective delivery approaches and maximize returns for participating customers and the utility customer base as a whole.
3. Establish thresholds of portfolio savings achieved through instant savings measures while continuing to grow savings from heating and water heating equipment.
4. Streamline program touch points and guide customers to relevant resources and support, based on customer disposition, utility consumption and housing characteristics.
5. Maintain statewide program reach while seeking out opportunities to partner with jurisdictions and market actors to reach customers in under-participating areas.
6. Develop new market interventions aimed at leveraging opportunities within existing supply chains and market actors.
7. Implement targeted and cross-sector marketing strategies to support equipment installations and promote offerings for residential customers, ensuring that eligible customers continue to see

incentives and offers available to them as program designs change.

2016 Activities

1. Accelerate adoption of efficient gas and electric water heaters, leveraging the results of 2015 market research, education of trade allies and participation within the distribution chain. Expand on agreements with distributors and supply chain actors to increase market share of efficient heating and water heating equipment.
2. Improve customer and trade ally experiences through continued focus on ease of participation and offering instant incentives.
3. Deliver instant savings measures savings through LivingWise Kit curriculum in schools, capturing site data to re-engage participating parents with energy-saving opportunities.
4. Collaborate with the Products program to increase customer adoption and installation of self-installed, web-enabled smart thermostat controls.
5. Drive customer awareness of home energy use by integrating EPS™ into customer engagement pathways.
6. Expand and streamline financing options for homeowners to broaden eligible measures in the market-rate and moderate-income tracks and improve pre-approval and application processes.
7. Continue to evolve program quality assurance processes to reduce administrative impacts and leverage technology innovations, program partners and available data resources.
8. Implement pilots to discover new cost-effective electric savings drivers in anticipation of reduced savings from lighting measures and lower electric avoided costs.
9. Expand on program efforts to promote gas furnaces in single-family rental homes and electric heating system retrofits in manufactured homes.
10. Offer weatherization incentives to gas and electric customers, with specific efforts to target resource achievement in moderate-income homes and single-family rental properties.
11. Evaluate existing manufactured homes free service track and provide recommendations for 2017 program design.

<u>New Delivery Concepts</u>

1. Drive an increase above the 2 percent of domestic water heater savings in the portfolio. The program will restructure contractor-installed domestic water heater incentives to an upstream model and collaborate with Products to incorporate self-installed domestic water heaters to the Products program through retailer strategies—final design based on domestic water heater market research.
2. Offer program incentive to maintain gas hearth baseline for electronic ignition paired with a Market Actor Performance Incentive allocated across New and Existing Homes to drive gas hearth savings across residential sector.
3. Explore option to extend the kit ordering process to include a partial pay option to maximize savings and ease of participation with each customer touch point. This could include products like advanced power strips and smart thermostats with a bulk buy-down reduced rate and instant incentive, which would add value for customers and increase administrative efficiencies. This

supports diversification of kit savings in anticipation of LED cost-effectiveness constraints in 2017.

4. As an outcome of the 2015 EPS™ concept map project, transition focus from building a network that delivers scores to driving awareness and demand for EPS with our customers. This will integrate with program customer engagement platforms and create a streamlined, comprehensive customer engagement approach.
5. Collaborate with the Portland General Electric behavioral demand response pilot to evolve crossover and impact of energy savings and implement a behavior energy-efficiency pilot to leverage PGE pilot components to test behavioral energy efficiency savings opportunity.
6. Explore opportunity to collaborate with regional community action agency service delivery channels to support HVAC installations and acquire heating savings.
7. Support the NW Natural Clean Heat initiative to ensure installation of-high efficiency gas furnaces through the targeted offering.

<u>Program Enhancements</u>

- Customer Experience
    - Support systems enhancements to improve customer experience and application processing based on identified business systems priorities including web form enhancements, improved email communication, on-bill repayment processing and the Trade Ally Portal.
    - Continue to implement customer engagement strategies and reduce barriers to participation by simplifying messaging, streamlining customer engagement touchpoints and aligning customer-facing promotional channels.
    - Reduce processing timeline per project with streamlined processes, upstream designs, trade ally-based incentives and bulk processes.
- Regional Delivery
    - Regional account managers will collaborate to represent Energy Trust across New Homes, Existing Homes and New Buildings programs based on specific initiatives and market actor relationships across programs.
    - Support region-specific initiatives, including, but not limited to, NW Natural Clean Heat, wood stove replacement programs with South Central Oregon Economic Development District in Southern Oregon and Washington county, and local coordination with community action agencies.
    - Support the Georgetown Energy Prize projects through direct installation of energy-efficient products and community engagement.
    - Focus promotional Energy Trust offers to moderate-income residents and rental property owners in under-participating regions.
- Market Engagement
    - Continue account manager customized outreach and relationship development with key trade ally and market actors to drive participation and regional savings.
    - Continue to increase participation and impact of distributor SPIFs.

  - Collaborate with utilities to drive program participation with trade allies and customers.
  - Design a media plan that focuses on customer benefits of working with trade allies, supporting the customer call to action of hiring a trusted trade ally.
  - Use business development funds to design a campaign ally model to drive core measure savings for Existing Homes.
  - Collaborate with Products to align retail and targeted marketing to residential customers with products that cross over both programs.
  - Collaborate with regional initiatives including NEEA Hot Water Solutions and NW Ductless Heat Pump Project to support cost-effective program delivery and savings acquisition.

- Analysis and Evaluation
  - Conduct new measure research supported by CLEAResult in 2016, including Low-E storm windows for electrically heated manufactured homes.
  - Define analytics and baselines to measure impact of program design changes over time prior to the launch of new initiatives.
  - Support the sorting of residential savings across multiple programs/channels (Nest, advanced power strips, hearths, domestic water heating).

<u>Marketing Activities</u>

- Drive conversion rates from Energy Saver Kits and online Home Energy Reviews to core measures through tailored communications and targeted marketing efforts.
- Design and implement a campaign ally marketing effort for 3-star trade allies to promote specific core measures using lessons learned from the success of the Existing Buildings effort in 2015.
- Continue to build customer awareness of Energy Trust offerings and energy-saving opportunities as the program works upstream with market actors to drive savings.
- Reduce focus on broad marketing, and design targeted marketing campaigns and refined media buys that drive core measure savings.

<u>2016 Pilots</u>

- Pilot concepts are under review for 2016 and will be selected in collaboration with Energy Trust residential team and Planning.

2016 Assumptions

1. Staff will manage budget to comply with program-level cost-effectiveness goals.
2. Hearth distributors and manufacturers will support strategies and share data as part of a transition of hearth incentives to both consumers and retailers/distributors.
3. Opportunities exist to partner with utilities to promote data-driven behavior messaging.
4. Gas avoided costs will remain consistent with 2015 levels.
5. There will be new water heater upstream incentives designed to support stocking of qualifying products and recognize savings at time of install.
6. LED A-Lamp incentives will decrease in 2016, reducing the Energy Saver Kit incentive expenditure

by approximately $500,000, and the savings per A-Lamp bulb will decrease from 15 to 10 kilowatt hours.

7. An increase in electric equipment projects will offset a significant reduction in domestic water heating savings and implementation of a minimum 9.0 HSPF requirement.
8. Inclusion of Nest thermostats across fuel types will result from two past pilots. Nest savings and incentive spending are conservative in the budget, as the measure is new. However, the program sees high potential for heating savings through this channel.
9. Reduction in weatherization savings, including reduced project volume from Enhabit.

2017 Strategic Focus

1. Further refinement and development of 2016 strategic focus areas, with a goal of increasing portfolio Benefit Cost Ratios while continuing to acquire cost-effective efficiency resources.
2. Build on mid-stream designs established for lighting and showerheads to encourage the adoption of efficient technologies by residential ratepayers.
3. Facilitate sector sorting and redesign of program delivery approaches to further cost-effective investments among the residential sector as a whole.