Conservation Advisory Council Meeting Notes

March 11, 2015

Attending from the council:
Jim Abrahamson, Cascade Natural Gas
Shanna Brownstein, NW Natural
Warren Cook, Oregon Department of Energy
Joe Esmonde, International Brotherhood of Electrical Workers
Garrett Harris, Portland General Electric
Scott Inman, Oregon Remodelers Association
Andria Jacob, City of Portland Bureau of Planning and Sustainability
Don Jones, Jr., PacifiCorp
Jason Salmi Klotz, Oregon Public Utility Commission
Don MacOdrum, Home Performance Guild of Oregon
Stan Price, Northwest Energy Efficiency Council

Attending from Energy Trust:
Sarah Castor
Sue Fletcher
Fred Gordon
Hannah Hacker
Mia Hart
Marshall Johnson
Oliver Kesting
Jessica Rose
Sam Walker
Jay Ward
Peter West

Others attending:
Scot Davidson, Clean Energy Works
Mark Duty, RMC
Sarah Fredrickson, CLEAResult
Alan Meyer, Energy Trust board
Todd Poehlman, Conservation Services Group
Chris Smith, Energy 350
Cindy Strecker, CLEAResult
Bob Stull, CLEAResult
Becky Walker, CLEAResult

1. Welcome and introductions

Oliver Kesting convened the meeting at 1:30 p.m and reviewed the agenda. The agenda, notes and presentation materials are available on Energy Trust's website at: www.energytrust.org/About/public-meetings/CACMeetings.aspx.

2. Old business

Oliver asked the council if there were any changes to the February 2015 Conservation Advisory Council notes.

Don Jones: In the Natural Gas Combined Heat and Power, CHP, discussion notes, move the comment, "Don Jones: At this point, Pacific Power will abstain until we consult with some internal folks," up to page 10, following: "The Conservation Advisory Council was tentatively supportive of an incentive increase when polled."

Oliver announced that a request for proposals for a Program Management Contractor for Energy Trust's multifamily offering will be released on March 23.

3. Expected topics for 2015 Conservation Advisory Council meetings

Oliver reviewed the draft annual schedule for potential and known agenda items for Conservation Advisory Council meetings in 2015. He asked members for input and suggestions.

Don Jones: It's nice to know ahead of time when there are guest speakers. How much notice should members give when suggesting guest speakers or agenda items?
Peter West: Agendas are developed four weeks prior to meetings. About two meetings ahead is an ideal time to suggest topics.

4. Residential weatherization incentive cap update

Fred Gordon provided an update about two residential incentive concepts sent to the Oregon Public Utility Commission in response to a request for ideas for offering non-cost-effective weatherization incentives under an incentive cap. The first concept is to continue providing non-cost-effective weatherization incentives for selected audiences, such as for renters, moderate-income homeowners and multifamily properties. The second concept is to continue offering these incentives for a broader audience with lower incentive amounts. The OPUC is considering both incentive concepts.

Jason Salmi Klotz: There have been a few challenges at the OPUC delaying our consideration. It took time to come up to speed and understand the logic of both proposals after Juliet Johnson left. A draft decision is circulating for OPUC management, and we expect a final draft by end of next week. The decision will be announced before April 30, 2015.

Fred: On a related issue, there is a gas Integrated Resource Plan, IRP, order. The OPUC is looking at gas pipeline restraints in Salem. The OPUC is looking at demand-side alternatives to reduce loads. The commission ordered that the current efficiency program be available in the Salem area. This is another area where the decision to eliminate certain measures might be modified.
Jason: Language was requested to be inserted in the NW Natural IRP about continuing weatherization programs in the Salem area. Whether or not the incentive caps are approved, UM 1622 will not affect offerings in Salem. We are looking to NW Natural to pick up the discussion about what offerings will be available in the Salem area.
Fred: The measures in question will likely be offered in the Salem area in some form.

Jim: This could also shine some light on the issue of gas avoided costs from an infrastructure standpoint. The Bonneville Power Administration Non-Wires program is a good example. There are avenues for looking at natural gas energy efficiency rather than purchasing additional pipeline.
Shanna Brownstein: Should I bring this back to Holly?
Fred: NW Natural is already aware.
Jason: The main contact for NW Natural should stay the same.

Fred: To clarify, the value of the pipeline is $25 million. A delay produces a value of about a few million dollars. Demand-side management options are not restricted to efficiency, so this is unlikely to have a huge impact on our overall program.

Jim: Are these discussions just between Energy Trust and the OPUC staff?
Jason: We are looking at how to address the issue now, and then we will come up with a procedure.
Jim: This could be very positive.

5. New Buildings market strategies

Jessica Rose provided an overview of two new market solutions incentives packages, focusing on driving deeper savings in small commercial projects. Jessica summarized a new market solutions offering for large multifamily buildings.

Alan Meyer: It seems this offering would provide value to residents. Do we offer a sticker for units to display to demonstrate their participation?
Jessica: The “Hey Buildings” campaign makes the connection between the building and tenant, exhibiting the “Hey Buildings” sticker and creating the association with Energy Trust. Construction signs are posted sometimes, setting the standard for building energy efficiency. Uptake is better than expected with out-of-state developers and early engagement with owners.

Alan: What is the incentive for achieving a higher savings tier from good, better to best? Does participation in market solutions allow owners to increase rent or attract tenants?
Jessica: There is a lot of traction in the marketplace for energy efficiency. People see the value in achieving the “better” building requirements, and it conveys comfort for tenants.
Oliver: There are so many labels and awards in the market already. It’s not the best fit for the program to introduce a new award. The good, better and best tiers primarily help the customers and design teams in setting targets and understanding what we can provide with design assistance and incentives.
Warren Cook: We could use this as an opportunity for disclosure when new construction buildings are 30 percent above baseline.

Garrett Harris: Are ductless heat pumps eligible for market solutions incentives?
Cindy Strecker: Ductless heat pumps are not eligible. Market solutions offerings only apply to dwelling areas, not common spaces.

Jessica: The new, large multifamily offering is similar to current market solutions packages. This new offering could have a big impact in the large multifamily market, which is not easily addressed through modeling solutions.

Stan Price: What is the size threshold for large multifamily?
Jessica: Eligible buildings can be from 20,000 to 70,000 square feet, about four to twelve stories.

Jessica summarized the new office tenant improvement market solutions offering, and presented on enhanced market engagement strategies and a revised offering for data centers. Since the launch of the data center offering in 2011, the program saved a total of 107 million kilowatt hours through data center projects. Many past projects were at enterprise level, and we are expecting large to mid-size data centers in the future. Incentive caps are changing for early design, technical assistance and installation.

Alan: What is the reason for limiting installation incentives to $499,999?
Oliver: The $499,999 incentive is within the authority of the program. A customer could still pursue more incentives, but we would bring that project to the Energy Trust board for approval.
Alan: With the service incentives, the project could qualify for incentives above the $500,000 mark?
Oliver: Service incentives are not included in the cap since they are targeted for the service providers.
Alan: It would be good to communicate to the board about how the cap is being handled, for full disclosure.

Don Jones: Are there standard energy-efficiency practices for data centers? I expect that they would be fast tracking sales shares.
Jessica: Yes, IT equipment changes frequently.

Garrett: Are there any past data center participants who later made additional upgrades?

Jessica: No, we're not aware of any overlap between the two.

Jessica provided an overview of the two upstream strategies for uninterrupted power supplies, UPS: a midstream incentive influencing purchasing decisions and a calculated incentive to the owner.

Alan: UPS came up at the last board meeting. Can it only be used if the power is interrupted? Is the power running all the time?
Cindy: UPS is not regulated by code, so we use standard practice as the baseline for UPS units, with efficiencies depending on the type of unit. Power runs continuously through the UPS units, thus the energy savings is the difference between the baseline efficiency compared to the proposed efficiency.
Alan: The power is running all the time and there are losses due to the power transformations?
Cindy: Yes.

Don Jones: What is the size of midstream incentive? .
Jessica: 25 cents per kWh for midsize UPS.

Jason: Is the midstream incentive only effective in Energy Trust territory?
Jessica: I have to figure this out. We would have to capture information about the site and how we are qualifying that incentive.
Jason: Would that fall under Northwest Energy Efficiency Alliance's work?
Jessica: There is a coordination opportunity with NEEA here. NEEA is looking at other data-type strategies, but not necessary the co-location strategies.
Fred: NEEA has a few market transformation focuses. New construction is in the early planning stages. There are no big initiatives for data centers right now.

6. EPS and solar electric valuation study

Sarah Castor presented on preliminary results from a study estimating the contributory market value of solar electric systems and EPS™ in residential home sales in the Portland and Bend areas.

Results show that the average contributory market value of solar electric systems is almost $14,000, or 3.6 percent of the average home value, based on the 14 homes analyzed. In Portland, the value of a certification for a new home, such as ENERGY STAR® or Earth Advantage, is about $9,000, or 3 percent of the average home value.

Don MacOdrum: Is there data on installed costs of solar electric systems?
Sarah: The final version of the report will include a table with the total installed costs, tax credits and incentives for each system. We will be able to see the out-of-pocket system costs as well.

Garrett: Were the solar electric systems owned or leased?
Sarah: All systems were owned, except for two third-party owned systems that were discovered after the fact. We may pull them from the study.

Warren: How were there Home Performance with ENERGY STAR® certified homes that did not have an EPS? How could you tell the home did not have an EPS?
Sarah: All new homes that go through the Energy Trust program have an EPS. New homes that do not go through the program do not have an EPS. So homes could have a certification, including ENERGY STAR, and not receive an EPS, although most ENERGY STAR homes also have an EPS.

Stan: The end game is interesting. As you are quantifying the non-energy benefits of EPS? Is that a strategy or is the focus to encourage adoption of EPS?
Fred: EPS allows us to encourage builders to construct homes that are more efficient than the ENERGY STAR specification. It allows us to recognize the value and help drive sales. If homeowners pay more for an EPS home, that does not necessarily mean there are non-energy benefits. Buyers may be paying for future energy savings. If you can find a value for the non-energy benefits, that would be worth considering. This is about creating a market to drive non-energy programs.

Peter: We plan to move EPS deeper into the existing homes market in 2015. We experimented with doing this through the Home Performance with ENERGY STAR track to good effect. We are looking for evidence that the investments result in a higher value for the house. There is not enough statistical evidence here yet, but we are moving in the right direction. We can work with real estate agents and builders and try to increase visibility.

Andria Jacob: The format of the Regional Multiple Listing Service, RMLS, does not provide a lot of context for EPS and may generate confusion. Many people could assume the score is out of 100.
Warren: There is potential for confusion in the market between a certification and a metric. An existing home can receive an EPS, but the score does not necessarily indicate any improvements were made. Certifications are for improvements. This is a challenge to be worked out regarding EPS as a certification or a metric.
Peter: There are still opportunities for education about EPS. A positive outcome of this study was the strong feedback that people are willing to receive more education about EPS.

Don MacOdrum: One of the biggest takeaways from the study was that we need volume, more EPS, and to have it listed correctly in the RLS. We need a standardized method for displaying information.
Fred: If there continues to be multiple green brands for new homes, it is going to be confusing for a study to try and put a value on an EPS.
Alan: The value of a certification is determined by people. The value of EPS will grow as people become more sophisticated. Since most people do not buy homes often, new homebuyers are not going to have that level of sophisticated knowledge of EPS. Training and context are needed.

7. Legislative update

Hannah Hacker provided an overview of energy bills before the state legislature. Energy Trust does not lobby or take a position on potential or proposed legislation, but does track and monitor legislation that may intersect with program offerings. So far in the 2015 state legislative session, staff is tracking on about 80 of the 2,600 bills introduced. Hannah gave an overview of those bills, including bills related to the public purpose charge, state tax credits, energy efficiency, greenhouse gas emissions regulation and studies, the return on investment of state energy efficiency, renewable energy and carbon reduction programs, and renewable energy.

Jason: SB 456 does not allow utilities to propose additional incentives for emissions reductions programs. It clarifies the original intent of SB 844 by giving the OPUC the authority to incentivize utilities to invest in projects that reduce greenhouse gas emissions.
Hannah: Thank you for that clarification.

Don Jones: Which bill is most concerning to you?
Hannah: We pay close attention to any bill that relates to public purpose charge funding.

8. Public comment

Sarah Fredrickson: The EPS expansion plan is scheduled to be discussed at the Conservation Advisory Council meeting in June.

9. Meeting adjournment

The meeting adjourned at 3:30 p.m. The next Conservation Advisory Council meeting is scheduled on April 29, 2015.