Evaluation Committee Report

April 13, 2007

Evaluation Committee Notes

The Evaluation Committee met on April 13, 2007, with Debbie Kitchin, chair; Alan Meyer, board member; Margie Harris, Executive Director; Fred Gordon, Director of Planning and Evaluation; Philipp Degens, Evaluation Manager; Phillip Kelsven, Evaluation Analyst; Steve Lacey, Director of Energy Efficiency; Jill Steiner, Manager of Planning and Economic Analysis; Spencer Moersfelder, Business Sector Manager; Kacia Brockman, Solar Program Manager, Ken Keating, Bonneville Power Administration; Don Dohrmann, ADM Associates; Margie Gardner, NEEA; The meeting began at 10:00 AM with an overview of the meeting's agenda.

Margie Gardner, Executive Director of Northwest Energy Efficiency Alliance (NEEA) gave a presentation on the activities of NEEA. She informed the committee about how NEEA promotes energy efficiency in the Northwest through market transformation. Main points of her presentation are:

- A significant portion of NEEA's electric savings are not immediately realized after effort and funding has been spent. This is especially true in the commercial and industrial sectors.
- Market transformation for a product or sector is slow to take off, followed by a rapid transformation process, ending in a mature transformed stage.
- NEEA has changed its strategy in the industrial sector away from energy efficient products to business practice change. Energy should be a day to day priority for industrial managers.
- NEEA is targeting pulp & paper mills and food processing in industrial sector, and hospitals, grocery, and real estate in the commercial sector.

Discussion about the topic included:

- Energy Trust is successful in commercial and industrial sectors, perhaps Energy Trust funding should go just to NEEA residential projects.
- NEEA's Board of Directors is considering the proper sector mix in upcoming discussions and decision making.

Phil Degens presented the results of the 2004 New Buildings Efficiency Impact Evaluation. Results of the evaluation included:

- There were 18 sites (16 electric, 2 gas) in 2004, all were evaluated.
- The program achieved 3,259,592 kWh savings, 108% of expected kWh savings.
- The program achieved 25,759 therm savings, 101% of expected therm savings.
- It should be noted that the small sample of buildings allows for limited conclusions, especially for gas measures. Results of the soon to be completed 2005 NBE evaluation are needed for strong conclusions about the program.
- Due to the small number of sites evaluated, net-to-gross savings estimates were not presented, and will be combined with the results of the 2005 NBE evaluation net-to-gross estimates.

Discussion about the results included:

- The building shell measures have a low realization rate at 33.5%
- Variation in realization rates among sites varied from -2.1% to 986.8%
- Given the large variation in realization rates, may want to include something more about what was learned from evaluation in the conclusions and recommendations.

Phil Degens presented the results of the Solar Photovoltaic Impact Evaluation. Results of the evaluation included:

- Meter readings from the PV systems agree reasonably with expected energy production.
- The average electricity production of participants PV systems is 3,176 kWh. This is 99% of the expected kWh production.
- Net kWh production as estimated from billing analysis reveals that there is no difference between climate zones. It was expected that the sunnier southwestern Oregon climate would result in greater solar energy production.
- Billing analysis reveals less reduction in total energy consumption than expected. The average reduction in electricity from the grid was 2,409 kWh, 73% of the expected reduction.

Discussion about the results included:

- The 27% "take back" may have occurred even if the PV system was not installed
- PV participants may have been remodeling or adding on to their houses at the same time they installed the PV system
- PV participants may have changed their consumption behavior by adding energy intensive appliances to their appliance stock
- PV participants are "innovators," fundamentally different from the average household
- Energy Trust is going to survey PV participants in the future to find out more about the "take back"
- Energy Trust should not commit a lot of funds to resolve unanswered questions about PV, as this is not yet a large resource

Phil Degens presented preliminary results of the Energy Trust Delivery Model Evaluation. Findings and recommendations of the evaluation included:

- Program delivery models used by the Energy Trust and comparable organizations around the country fall into a wide range from those that are run primarily by internal staff, those run by staff and contractors and those that are for the most part outsourced.
- There was no direct evidence pointing to, or consensus on, which type of program delivery model was the most cost effective
- Competitive procurement was viewed as being the main feature that led to cost effective programs
- All of the different program delivery models from internal to outsourced were viewed to depend to some extent on competitive procurement
- Energy Trust programs were viewed as being successful in reaching energy savings goals and developing vendor partnerships
- PMC delivery model was viewed as good at bringing in needed expertise and jump-starting programs
- Major issues identified with PMC model were alignment of goals, development of long-term customer and vendor relationships, and communications

- Anticipated changes in the Oregon energy efficiency market were not viewed as requiring Energy Trust to make a major changes in program delivery
- A major benefit with the outsourcing program delivery is that Energy Trust is perceived as administering public funds in an efficient and effective manner with minimal overhead
- PMC model was being applied the same way across all current programs and sectors
- Energy Trust would be more able to respond to market changes if delivery model was determined by market needs
- Any changes to delivery models should be based on in-depth market analysis
- Recommendations included:
    - Communicating importance of competitive procurement and not specific delivery model and that the delivery model should be driven by market conditions
    - Energy Trust should consider how to develop other delivery models
    - Energy Trust should perform market assessments to support program design when rebidding programs

Discussion about results included:

- Having a small staff and spending too much on contractors is not cost effective
- Energy Trust staff may step on the toes of PMC's by interacting too much with customers, on the other hand Energy Trust needs to know if PMC is doing a good job by interacting with customers
- It is hard to establish a long term relationship with customers using only two year contracts
- It is hard to imagine which factors would change the delivery mechanisms. New legislation, increased budget, new service area, or market conditions will not change delivery mechanisms, but may change delivery management needs
- There is a limited amount of qualified people that can perform PMC tasks. There are occasions where reputable national firms hire people locally that do not do meet expectations
- Changes will require continued dialogue with stakeholders (RAC, CAC, Board etc.) which may take considerable time
- PMC opportunities for competitive procurement
- How PMC approach meets the goal of competitive procurement

The next evaluation committee will be a discussion about the market effects methodology employed by the Energy Trust and held at 10:00-1:00 PM on May 11, 2007.

The Evaluation Committee meeting concluded at 1:30 PM.