CONSERVATION ADVISORY COUNCIL
Notes from meeting June 20, 2007

Attending from the Council:
Steve Bicker, NW Natural
Suzanne Dillard, ODOE
Bruce Dobbs, BOMA
Andria Jacobs, City of Portland Office of Sustainable Development
Christine Kautzman, Cascade Natural Gas
Karen Meadows, BPA
Mathew Northway, EWEB
Lauren Shapton, PGE
Lori Koho, Oregon Public Utility Commission

Attending from Energy Trust board:
Debbie Kitchin
Alan Meyer
John Reynolds

Attending from the Energy Trust of Oregon:
Phil Degens
Fred Gordon
Diane Ferington
Steve Lacey
Brooke Nelson
Elaine Prause
Jan Schaeffer
Jill Steiner
Kendall Youngblood

Others attending;
Jeremy Anderson, WISE
Todd Antonelli, Milgard Windows
Dana Cofer, PECI
Betty Merrill, ODOE
Anthony Scales, Milgard Windows
Bob Stull, PECI

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

2. Residential code implications for New Homes program
Kendall Youngblood said in response to one of Gov. Kulongoski's Global Warming Advisory Committee's recommendations, the Oregon residential building code is proposed to increase 15%. A list of 9 options is provided for buildings to choose from to achieve the 15% increase, including high-e HVAC, duct sealing, building envelope, solar electric or water heating and others. There will be a public hearing on the code change proposal in late June/early July. The Building Code energy committee will review results of the hearing and make a decision in September/October. If passed, the new code goes into effect in April 2008.

If the code passes, we expect a small bump in homes permitted before April (permits expire after 180 days and cost around $1/sf). Kendall estimates 500 homes will be permitted after April 1 and completed before Dec. 31.

The proposed 2008 program focuses on support for non-participating builders, moving participating builders to the next level and supporting the next generation of design and practices. Building to Energy Star 2.0 will be required Jan. 2008. The new BOP will require high efficiency equipment and duct sealing, and new incentives for insulation grading, glazing, highest efficiency equipment, water heaters etc. For builders who want to go above and beyond, we are looking at offering pilot incentives for advanced framing, wall systems and insulation; duct-less homes; ducts inside conditioned space. We will offer training and support to improve design through passive solar and orientation, no AC design and neighborhood performance. She invited CAC comments on the proposal to keep incentives consistent throughout 2008 for clarity and simplicity in the marketplace, which entails "grandfathering in" approximately 500 homes that should be under the new code.

Alan Meyer said he thought NEEA was responsible for market transformation and therefore training builders on new codes. Kendall said her training on new Energy Star standards would cover code changes too, as Energy Star standards include much of what's in the code changes. Bob Stull amplified her comments. Even is someone meets the new code does not necessarily mean you'll meet existing Energy Star standards. Alan asked if we'll need to measure the cost effectiveness of the new BOP before rolling it out; Kendall said yes.

Debbie said she thinks it's good to keep the program stable throughout 2008, to avoid confusing builders too much. She asked how the LEED for new homes and LEED for neighborhoods is affected by the code change. Kendall said LEED requires Energy Star. As Energy Star moves up, LEED will too.

CAC saw no need for a second round of discussion on this presentation. Kendall will bring the 2009 BOP back to CAC. Steve said he'll keep the council updated about changes in Washington DC. Fred said that, with possible new funds coming into Energy Trust, we may need to fund technology development.

3. Residential trade ally exclusive network

Diane said she and Paul Berkowitz have retooled their proposal in light of CAC comments at the last meeting.

Paul Berkowitz presented new data, updated since his first study earlier this year. Before, he found that a small number of contractors do most of the work. This run shows non trade allies do a lot of single-measure work (furnaces, heat pumps) while trade allies do most of the air sealing, duct sealing and insulation work. As a percentage, trade allies install 2/3rds of the work of the program. In a sample April 06 through April 07, trade allies installed on average 64.77 measures while non trade allies installed on average 10.71 measures. 75% of measures installed by non trade allies are furnaces and heat pumps, typically a single measure; for trade allies, 45% of measures installed are furnaces and heat pumps. Approximately 65% of incentive applications are completed by a non trade ally. Proportion of applications with missing information (50% in all) are similar for trade allies and non trade allies.

Lauren asked if we've looked at forms that can be filled out on line. Paul said we're looking at making a form you can fill out on your computer, print out and mail in. We're trying to get information in one form to populate other forms. Steve said we are taking another look at on-line forms. We will have quality control procedures and standards contractors must meet. We would attempt to move non trade allies toward participating status. We propose to eliminate customer self installs, because of the high

quality control failure rate. Paul reviewed trade ally benefits, including coop advertising (not available to non trade allies), training opportunities (open to all) with larger reimbursements for trade allies, equipment discounts and financing. If we move to a trade ally only network, the shift would occur in 09.

Steve Bicker asked if Paul had any insights into why so many furnaces are installed by non trade allies, and why they don't do other measures. Paul said he thinks these installs are mostly from rural areas. Steve would like Corban to work closely with NW Natural to make sure gas customers are well served. Steve thinks possibly the reason is that many of the vendors have worked with NW Natural for years; he would like to work more closely with Energy Trust to be sure the vendors are acquainted with Energy Trust.

Lauren suggested requiring preapprovals on self installs rather than eliminating incentives altogether. Karen Meadows asked if there is a way to make forms easier to fill out for non participating trade allies. She noted BPA has an instructions manual for self installers. Steve asked for advice from CAC on how to reduce repeat inspections on the 50% failing QC tests. Mat Northway said all his projects need to be preapproved and also offer an instructions manual. Christine Kautzman said Cascade's approach has two opportunities to talk with self installers – before and after. Steve suggested that a checklist of to-do's for self installers be developed and required with incentive application submissions. Jeremy Anderson noted this would be a good idea and one specific to contractors be developed.

Steve asked if the CAC supports continuing to permit non trade allies to participate in 2008. Lauren said as the data shows no significant difference in performance, there are no grounds for disallowing them. Rest of CAC nodded agreement.

Debbie asked if we should survey contractors who don't sign up as trade allies to find out why, and possibly to find out why some who sign up as trade allies don't install measures. Debbie noted her company is a general contractor and hires subs who are trade allies to do some work but her company is not a trade ally. The owner never knows the name or cost of the sub's work.

Laurie would like to see a list of trade allies and their locations plotted in order to see if geography is a factor determining who participates and who doesn't. Paul said we can try to pull that data.

4. Board strategic planning workshop results

Production Efficiency program moving in house. Elaine Prause said CAC in May generally supported the move, with some cautions, such as sensitivity to adding staff, need to be assured industrial participants support the change, and make sure adequate technical staff could be acquired. She said options were presented to the board. Option 2, recommended by staff, would bring the administrative functions in house and have Energy Trust contract directly with Program Delivery Contractors. The board was uncomfortable with this change in the absence of more information about issues, noted above, needing to be addressed and how the change would address this issue. For the August 8 meeting, Elaine said we will survey more participants to more clearly delineate issues, survey support for the change and examine prospects for bringing technical staff in house.

Margie Harris noted we chose the PMC delivery model to quickly launch programs. The recent program delivery model evaluation suggested keeping the PMC model except possibly for the Production Efficiency model. She noted industrial customers seem to want long-term relationships and access to top Energy Trust staff. She noted typically this would be a management or operational issue, but because it would be a departure from how we have set up the programs, we wanted to involve the board.
Alan Meyer said he thinks there were three camps on the board: 1) it's not broken, so don't fix it; 2) go ahead with the change; and 3) in the middle. Debbie Kitchin said there were some issues, such as

multiple visits to participants, which bringing the program in house wouldn't necessarily fix. She noted the importance of finding someone with a technical background in industry and not just in energy program management. Steve Lacey said we've identified two potential candidates with the appropriate industrial engineering background.

Bruce Dobbs said the relative merits of one over the other are a bit squishy now. If the change went forward, we would want to make sure the transition worked as smoothly as possible for customers. Steve said we do not expect much impact at all to the customer. The persons having the relationships with the customers are the Program Delivery Contractors; we propose to continue their contracts through 2008 and then recompete the contracts as would any PMC.

Expansion into other states. Margie explained Cascade Natural Gas has formally asked Energy Trust to consider if Energy Trust is the appropriate party to deliver Cascade efficiency services to their customers in Washington. We are engaged in a study examining what it would take for us to operate in another state, and whether this is practicable. The board had a good discussion about this. A couple members noted we were created to serve Oregon, and others who thought expansion opportunities needed to be studied and assessed. We will bring findings to the board for discussion in August.

Debbie said a lot of questions were raised about our capacity to respond to legislative changes. People wanted to see results of the study. Christine said Cascade doesn't have staff in Washington to run the programs. It would be difficult for Cascade to get programs up and running in the expected time frame.

Andria Jacobs asked mechanically how Energy Trust could do this. Margie said we are an independent 501(c)(3) operating under a grant agreement with OPUC and separate agreements with NW Natural and Cascade. Our agreement with OPUC specifically permits us to raise funding from sources other than the public purpose fund.

Alan Meyer said he views the IOU ratepayers in Oregon as our core constituents. Anything we do should add benefit to them.

Margie said we are doing an IT architecture study of our systems, which initially served two utilities while now we have transactions with five to track. Answering whether the systems remain efficient is helpful and informative to the question of moving outside Oregon as well.

Renewable energy standard. Margie said the Renewable Energy Act (formerly bill, SB 838), provides the opportunity for PGE and Pacific Power to file integrated resource plans identifying energy efficiency they wish to acquire above that available through the public purpose funds. Some of the new funds would flow to Energy Trust to augment its programs or possibly add new ones. The renewable energy standard will change Energy Trust's renewable offerings substantially. Some 60% of Energy Trust renewables spending has been on utility scale (wind). Beginning 2008 the utilities will be responsible for such projects. Energy Trust will have the same percentage funding but it will be limited to projects up to 20 megawatts. Some legal questions came up about wording changes concerning project funding in SB 838 compared to SB 1149; we are seeking clarification of these through OPUC.

Andria Jacob noted the City of Portland just received notification that it has received a Solar City Partnership grant from US Department of Energy.

The meeting adjourned at 3:40 pm