CONSERVATION ADVISORY COUNCIL
Notes from meeting Aug. 13, 2008

Attending from the Council:
Steve Bicker, NW Natural
Jeff Bissonnette, Fair and Clean Energy Coalition
Bruce Dobbs, BOMA
Lisa Espinosa, Cascade Natural Gas
Mat Northway, EWEB
Lauren Shapton, PGE
Lori Koho, OPUC

Attending from the Energy Trust of Oregon:
Pete Catching
Diane Ferington
Fred Gordon
Steve Lacey
Tricia McGuire
Spencer Moersfelder
John Reynolds, Board of Directors
Jan Schaeffer
Kendall Youngblood

Others attending;
Jeremy Anderson, WISE,
Alecia Dodd, CSG
Dick Edwards, Nexant
Carolyn Farrar, NW Natural
Will Miller, Lockheed Martin
Paul Notti, Honeywell
Andrew Ragen, Rogers Compressed Air
Marilyn Williamson, NW Natural
Todd Wynn, Cascade Policy Institute

1. Introductions

Steve Lacey reviewed the agenda and asked for self introductions. He, Margie and John Reynolds thanked Steve Bicker, NW Natural, for his years of working with Energy Trust.

2. Program recomplete announcements

*New buildings***.** Spencer Moersfelder reported he is very close to announcing the finalist for the New Buildings program recomplete.

Production Efficiency medium-large program delivery contractor selection. Trish McGuire announced the 2009 plan, which includes four geographically based contractors and four industry-specific contractors. RHT will serve Pacific Power's southern territory (Albany south), PGE Energy Services Group will serve its territory, Cascade Energy Engineering will serve Pacific Power's north territory (Astoria to Pendleton) and Nexant will serve Pacific Power in Central Oregon (Bend/Redmond). Industry-specific contractors include Cascade Energy Engineering (pulp and paper, food processing),

Nexant (one year pilot to work with the high tech industry) and Strategic Energy Group (two year pilot to work on continuous energy improvement).

3. Enhancements to new homes construction program

Kendall reported the new Oregon residential building code incorporates two-thirds of the ENERGY STAR upgrades the program previously required. Now the ENERGY STAR New Homes program requirements have been upgraded to being 15% above the new code. This presents a challenge to the program, and to builders. Kendall presented the Energy Performance Score label. She said this is a consumer education piece, the home's equivalent of an appliance energy rating or a miles per gallon sticker on a new car. She said it's also a continuous improvement tool for builders, showing how to build better and better homes. The label also offers a carbon footprint score. Mortgage companies are stepping forward to offer points off for homes with lower carbon footprints. She said the score will be an average of Oregon energy fuel mix. She noted the Existing Homes program is exploring how to apply this. She said there are efforts to get the score put on the realtor's RLMS system, and to offer an option to search by score.

Kendall explained the current program rewards only one level of performance: ENERGY STAR+. The "no savings left behind" approach recognizes there are homes that will be built that are above code but don't get all the way to ENERGY STAR. We want to work with those builders, make sure they do these upgrades correctly, and capture the savings. Some of the ratings include Oregon High Performance Home (qualifies for a state tax credit), Earth Advantage Silver, Federal tax credit, US DOE Builders Challenge. Most of these use a modeling tool called REMRate rather than build to the ENERGY STAR Builder Option Package prescriptive checklist. REMRate tracks well with the Regional Technical Forum calculator.

Program changes:

- No stand-alones (potential for gaming)
- Model each home using REMRate; program to offset the cost
- Pay for savings that come out of the modeling tool -- $50 for every point dropped
- Pay more for reaching milestones, such as reaching ENERGY STAR level, doing this plus putting ducts inside, etc.

Builder would pay a rater to model a home. The home would be built to that model and then tested. If the home achieves savings higher than code, they would get $150 to pay for the modeling plus incentives for measures. Lisa asked how REMRate would work in split territories (we serve gas and not electricity to a house or vice versa). Kendall said the model can be adjusted for this. Asked if such a home would get the full $150 or a partial payment; Kendall said the team has not worked on the approach to that level of detail. Asked how the model reflects the difference in fuel mix when calculating the carbon footprint, she said the model uses statewide averages. Lauren and Mat said this would need further discussion, as the fuel mixes differ widely from one company to another.

Kendall reviewed tasks remaining, including finalizing incentive levels and confirming cost effectiveness calculations, repeat presentation of REMRate as compared to the RTF calculator, updating forms and other program resources, revamping consumer marketing, rolling out EPS to builders through existing BOS/verifier/HBA network, and train verifiers and others to use REMRate.

John Reynolds asked if we have thought at all about rewarding actual use in the new home. Kendall loves the idea of keeping that in mind for future program design. Human behavior is a large variable that cannot be accurately modeled especially when the ultimate owner is unknown.

4. Winter heating season promotions

Gas measures. Diane Ferington noted 11 solar thermal water heating systems came in this week. She reviewed plans for additional incentives for gas in the 2008-9 heating season, recognizing significant fuel cost increases hitting the gas utilities. The gas furnace incentive will be increased to $200, and an additional $100 bonus for the second, third and fourth, etc., measure. Measures eligible for the bonus are 90+ gas furnaces, gas boilers, air sealing, duct sealing, windows, insulation (wall, floor, attic), tankless water heater, solar thermal water heater, direct vent gas unit heater, direct vent gas fireplace. The following measures will not be eligible for the bonus: gas water heaters (tanked), clothes washers, duct insulation, duct seal test, air seal test, boiler pipe insulation, knee wall insulation.

Applications must be submitted together, along with a coupon, as an "application bundle." One bonus bundle submission would be allowed per household. The participant will have 60 days after the April 30 deadline to have all measures installed and submitted.

Steve Lacey noted the promotional incentives will launch Sept. 1. NW Natural representatives asked when it will be public so they can inform their vendors. Diane said two weeks before Sept. 1 she believes any furnace installs to complete before then will already have been bid and committed, so letting vendors know about the new incentives and bonuses would not affect the market. She said formal notice to Energy Trust trade allies will not happen until the last week of August.

Marilyn Williamson asked when we will do the research on whether the furnace market has transformed to the point that incentives are not needed to move decisions to buy high efficiency furnaces. Fred said this will be considered toward the beginning of '09 in a collaborative process with the utilities.

Energy Efficiency and Solar Project Financing. Diane announced that Energy Trust is entering into an agreement with Umpqua Bank to offer financing to residential (including solar) customers. Later, the opportunity will be extended to small commercial. She noted Umpqua is an Oregon bank with 147 branch locations total, including 72 in the state. They have a strong community ethic. Their branch banks will stock Energy Trust collateral. Loans of $1,000-$50,000 will be offered, no loan fee, 5-year term, base rate 8.75%. For efficiency measures, homeowners would have the option to forgo incentives to obtain a loan buydown by Energy Trust to 5.75% (from 8.75%). Solar customers could get the buy-down plus a reduced incentive.

Jeremy Anderson asked if the value of the buydown equals the value of the incentives. He noted Energy Trust incentives seem to have higher value. Diane said there may be situations in which it would make more sense to take the incentives rather than the bought-down loan. Bruce noted if the customer purchased a $5,000 boiler, the 5.75% loan would be a much better deal.

Diane noted we hope to have commercial loans of $250,000 to $1 million by January 2009, as well as a secured loan option for 60/80 % of median income residential sector if the bank declines to lend because of poor credit. Fred noted we need to consider whether it's worth taking a risk on such loans versus buying the whole thing. She noted that non-Energy Trust utility ratepayers can choose to use Umpqua Bank loan product at 9.25% but will not qualify for Energy Trust incentives or buy down. Contractors will have to join the Trade Ally network to offer the loan and receive full program benefits (trainings, cooperative marketing benefits), although customers can go directly to Umpqua for the loan.

5. Energy Trust – Utility Data Sharing

John Volkman noted that a number of years ago Energy Trust and the utilities developed agreements, in concert with the OPUC, regarding sharing of data about customers. The procedures are quite cumbersome. With the advent of SB 838 and its supplemental efficiency funding, we need to work more closely with utilities. We think the current rule needs changes just to comply with SB 838. While doing this, we think there are aspects of the current agreements that could work better if cleaned up. For instance, each Energy Trust employee, contractor and subcontractor must sign four confidentiality agreements, one with each utility. We are going to explore with the OPUC, utilities and interest groups how to streamline some of this. He has had preliminary talks with PGE and informal talks with other utilities. He is going to begin talking in earnest with OPUC, utilities and others. Jeff Bissonnette asked Lori what her process will be; she said it depends on what Energy Trust proposes.

Meeting adjourned at 3:10 pm. Next meeting is not scheduled until October but Steve may schedule a special meeting Sept. 17. If so, he will let everyone know.