CONSERVATION ADVISORY COUNCIL
Notes from meeting February 18, 2009

Attending from the Council:
Jeff Bissonnette, Fair and Clean Energy Coalition
Suzanne Dillard, Oregon Department of Energy
Bruce Dobbs, BOMA
Charlie Grist, NW Power Planning Council
Don Jones, Jr. PacifiCorp
Paul Case, Oregon Remodelers Association
Karen Meadows, Bonneville Power Administration
Holly Meyer, NW Natural
Lauren Shapton, Portland General Electric

Steve Weiss, Northwest Energy Coalition
Bill Welch, Eugene Water and Electric Board
Jim Abramson, Cascade Natural Gas
Steve Weiss, NWEC

Attending from the Energy Trust of Oregon:
Amber Cole
Phil Degens
Brian Sipe
Fred Gordon
Matt Braman
Pete Catching
John Reynolds, board of directors
Margie Harris
Steve Lacey

Others attending:
Paul Berkowitz, CSG
Stephanie Gray, CSG
Katharine Howard, CSG
Dan Cote, CSG
Kari Greer, Pacific Power
Brad Thomas, JB Insulation
Joe Frey, Oregon Green Solutions
Erin Brean Oregon Green Solutions
Courtney Dale, Oregon Green Solutions
Mark Powell, Climate Control
Andres Morrison, Ecos
Jeremy Auboson, Wise
Mark DeFrancisco, ORACCA
Jeff Branch, Gagle's Heating
Shauna D'Ambrosia, Sunset Heating
Tiffany Roderick, Sunset Heating
Dave, Tri-County Temp
Jerry Page, Total Comfort
Waylon White, Green Energy Specialists, Inc.
Paul Case, Home VisionsWest
Berenice Lopez, Move In Ready
Clyde Manchester PHD Construction
Steve Campbell, Home Comfort
Zach Erdmann, Premium Efficiency
Jeremy Prys, Rice Heating & A/C
Marshall Runkel, EcoTech

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

2. Steve stated that Energy Trust has closed the books and gave an update of 2008 results. For 2008, achieved 34.2 aMw, 300 megawatt hours of electric savings, 96% of stretch goal. Spent $50 million. For natural gas, Steve noted an outstanding job of coming in at 114% of stretch, 2.6 million therms. (goal was 2.3) $15 million spent. Q4 report out in 3-4 weeks and will be available on Web site. Industrial projects were postponed for an early start in the industrial sector in 2009.

***3.* 2009 Program Incentive Updates** *(Recommendation)*

Paul Berkowitz presented 2009 program changes for the Home Energy Savings program. New and revised changes take into account comments from the January CAC meeting, plus

other factors, including the economy. Changes to program incentives reflect that more carryover was spent in 2008, so there's less money available in 2009. This influences incentives for 2009. Need to accommodate revenues that are coming in and reflect this in incentives.

Paul congratulated trade allies for all their work in helping Energy Trust meet their goals. Paul noted the need to balance cost-effectiveness and available budget. About 40 new contractors are signing up to be trade allies each month.

A. Changes to heat pump/furnace incentives

- CONTRACTOR: Asked if the $150 Check Me! incentive is still available.
- CONTRACTOR: Did they figure in different sizes of heat pumps? It might be worth considering a tiered incentive structure based on the size of the unit.
- STEVE WEISS: Asked whether given the economy and rising prices, if the 60-80% income threshold was appropriate. Weiss suggested that Energy Trust should evaluate raising the threshold to a higher level.
- STEVE WEISS: Suggested looking at the range of the bracket for the stimulus package as a guide.
- BRUCE DOBBS: Asked if Energy Trust offers incentives for air conditioning. Dobbs wondered if the market would skew toward heat pumps because of the larger incentive for heat pumps vs. gas furnaces.
- PAUL B: Explained that the bigger incentive is for heat pumps replacing electric resistance heating.

B. Changes to Air/Duct Sealing incentives

- HOLLY MEYERS: Questioned about changing the incentives before reporting numbers for air sealing are in.
- FRED GORDON: Explained the challenges of measuring savings for air sealing and duct sealing and that using deemed savings was the best solution.
- PAUL CASE: From contractors' perspective, air sealing and duct sealing are the first measures recommended. Contractors don't understand why there's such a gap between what's deemed cost effective vs. what is recommended through training.
- JIM ABRAMSON: Wondered whether Energy Trust should lower incentives for duct sealing to provide more to other areas.
- PAUL B: gave examples of how they calculated these savings and per-therm rates.
- STEVE WEISS: Concerned that the incentive for air sealing (50% of costs) provides incentive to raise the cost of the project. His preference is to stick with performance-based incentive, rather than cost-based incentive.
- CONTRACTOR: How do the 26 deemed savings compare with RTF and other factors?
- MATT BRAMAN: Explained that RTF is an engineering estimate that uses a model. They will also review their estimates, but it's been difficult to estimate savings for the whole region. Tom Eckman, NWPPC, thinks that our savings are well grounded.
- CONTRACTOR: Asked whether home check software would be changed to reflect the difference in savings? Inquired about other states. 100% difference in deemed savings is significant.
- FRED GORDON: This measure is not as well researched as others. It's hard to nail down the numbers. This calculation might be the best we can do.
- CONTRACTOR/JERRY PAGE: When you visit a home, you might spend a lot of time to evaluate a home that would earn a very small incentive. The test for air and duct sealing is $25. Question: can we take the $25 out of the cost-effectiveness equation

and bump it to $75 to bring it to a break-even cost for the contractor? Could it be included in the marketing or outreach budget instead, for the contractor? This could result in the completion of more higher-savings jobs done and fewer low-savings jobs.

- FRED GORDON: Removing the cost of testing the job is hard to take out of the equation.
- CONTRACTOR: Asked about adding an additional incentive on top of "test only" to see whether it produces better projects. ($50 marketing allocation on top of $25)
- STEVE LACEY: This is a high-cost measure and adding more incentives only increases the total cost of a marginal measure.
- MARGIE HARRIS: Going back to training. Other savings have been greater in other areas. And the new study will provide more information. Trainers are working in a larger geographic area that changes the energy-savings from these measures.
- STEVE WEISS: Changing incentive doesn't change cost effectiveness.
- FRED GORDON: Concurred with Steve Weiss, that the utility cost-effectiveness test is the challenge and incentives drive that cost.
- CONTRACTOR: Is gas less cost-effective than electric? Electric with duct sealing only would be cost-effective by that measure alone. Throw in the other measures and the cost-effectiveness is less.
- FRED: Based on the utility cost-effectiveness test, the value of natural gas is less than electricity. The same measure may pass for electric and flunk for gas.

Several contractors asked whether there could or should there be different incentives for gas and electric.

- LACEY: in the past, contractors asked for one incentive level, not different by fuel.
- CONTRACTOR: It depends on the difference in incentives. If it's big, it's worth the complexity of having gas & electric incentives. For example in Southern Oregon, this could be the case.
- CONTRACTOR/OREGON GREEN SOLUTIONS: Raised concerns about duct sealing numbers. Claimed that other studies suggest savings are as high as 80 therms. Other estimates look really high. This doesn't also count free-rider rates.
- FRED GORDON: Explained Energy Trust knows there are some free-riders, but that we're also getting spill over. The challenge lies in measuring how much spillover is real.
- CONTRACTOR/OREGON GREEN SOLUTIONS: Asked if contractors have confidence in 21 therms.
- BRUCE DOBBS: Questioned the validity of the contractor's claim that savings were 80 therms.
- FRED GORDON: Credible regional experts on this issue are telling Energy Trust that the ETO savings estimates are valid.
- PAUL B: Asked for contractors to send/bring research that differs with ET estimates to the table.
- CONTRACTOR: Cuts to the program are too much, but you've cut the incentive in half with the 50% co-pay. By making homeowner participate, you've already done a lot. Proposed a compromise to leave the incentive at $1/CFM with $400 cap. Many homes really need air sealing so lowering incentives could reduce the number of homeowners who get the measure.
- DON JONES: Suggested that the gas/electric incentives be reintroduced. Likes the performance metric, rather than cost, with a cap.
- CONTRACTOR: PTCS is moving toward alternative qualification for tax credit in addition to 50% credit for 10% of floor area. Preferred is 10% of floor area; fallback is 50%.

- CONTRACTOR: As a contractor who completes a lot of mobile home projects he has some concerns about the incentive changes. Costs are making it difficult to even do the test. Asked if the incentives would be brought up to a higher level if the incentive was split between gas and electric.
- FRED GORDON: Noted that there are few gas-heated Mobile Homes.
- CONTRACTOR: If it was electric only, the numbers might show a higher incentive. The incentive looks the same to other single-family duct sealing incentives.
- STEVE WEISS: Mobile Homes should reflect that homeowners are low income, so the incentive should cover the whole cost. It doesn't make sense to have the 60-80 thresholds for this measure. If it's cost-effective and the homeowner is 60-80, we should pay for the job.
- CONTRACTOR: The program hasn't increased funds for contractors for Mobile Homes. As written, there's a big discrepancy between the actual contractor cost and the incentive.
- STEVE WEISS: If the job cost is $650 and the contractor gets $500.
- PAUL CASE: The program will die if the incentive can't cover the contractor cost.

C. Changes to window incentives

- CONTRACTOR: Tom Eckman says that largest potential savings are replacement windows, but our incentives are reduced. Asked how it is that BPA is increasing these incentives and Energy Trust is going down.
- FRED GORDON: Energy Trust studied window purchases and found that higher incentives didn't influence window replacement decision. Customers were influenced to go from a good window to a better window. But Energy Trust would need to pay a lot more to influence purchasing decision.
- FRED GORDON: Noted that multifamily is a different sales proposition because they have different considerations than single-family purchasers.

D: Cooperative Marketing Restructuring

- LAUREN SHAPTON: cooperative marketing program. Is there a floor on the cooperative marketing fund program?
- JIM ABRAMSON: Confirmed there is also a Quality Control requirement.
- STEPHANIE GRAY/CSG: Explained program to the group.
- CONTRACTOR: Asked if Energy Trust is spending all the coop dollars now.
- PAUL CASE: Questioned using QC as a cooperative marketing requirement, since it could be difficult for companies that are growing when QC can drop. Felt that contractors could be worried about the risk of losing marketing dollars.

Steve concluded that agreement seems to be there for furnaces. Program will have a revised recommendation for air/duct sealing. Windows and other measures, including cooperative marketing incentives are agreed to. Energy Trust will include separate incentives for gas and electric. Steve reiterated that these changes are due to limited funds. Gas revenues are limited. Energy Trust can't continue these types of incentives for these measures and continue to service the greater good here in Oregon. The question is what can we do with the revenues we have. We need to move ahead with what we know, even though conditions might change.

Final comments:

- CONTRACTOR/OREGON GREEN SOLUTIONS: Suggested reconsidering air/duct sealing for both rate and cap. Feels that passing on the cost, through the 50 percent

co-pay, to the customer could result in fewer customers asking for this service. Asked Energy Trust to consider going to 50 cents/CFM.

- STEVE WEISS: Noted that If the program needs more money, Energy Trust should go back to the gas companies and ask for money instead of eliminating programs or cutting them back.
- STEVE LACEY: Confirmed that Energy Trust is talking with NW Natural about this issue.
- CONTRACTOR: Stated that his customers pay into the Public Purpose Charge and he felt that electric was subsidizing gas savings.
- LACEY: Reiterated that gas and electric funds are kept separate.
- CHARLIE GRIST: If other utilities are performing window research it might provide new data that could be valuable.

4. **Consumer Awareness Survey results** *(information)*

Phil Degens presented the results of a consumer awareness study. The study was the first residential consumer awareness study conducted by Energy Trust.

- LAUREN SHAPTON: Asked if Energy Trust believes the cost issue is perceived or real. This would suggest different marketing.
- JOHN REYNOLDS: Asked about whether there was a conversation about using the phase climate change vs. global warming.
- PHIL: Responded that global warming was chosen because they could answer decisively. Asking about Climate Change could bring a response that could go different ways.
- PAUL CASE: Asked about the goals for awareness.
- FRED GORDON: Over 10-15 years we want to get everyone participating. Customers can't always identify who provided what services – ODOE, utilities, and other programs.
- BILL WELCH: Asked how Energy Trust could reach the awareness of ENERGY STAR, or isolate the awareness from other groups.
- FRED: Customers are acting based on faith that we're steering them right on making improvements.
- KAREN MEADOWS: Is there a difference in responses between rural-nonrural or renters-owners? In the Puget Sound area this was the case.
- JOHN REYNOLDS: Wondered if questions were open-ended.
- JIM ABRAMSON: Noted that weatherization was #2 measure by participants, but not recognized highly as a measure to combat global warming.
- BILL WELCH: Wondered if we're tying conservation to solar marketing.
- CHARLIE GRIST: Agreed that making the connection would be a good idea.
- KAREN MEADOWS: Asked how we intend to target these segmented consumers.
- PHIL: Hired a consultant to look at this segmentation study and others on the West Coast to do comparison and gap analysis.
- BILL WELCH: Talked about the challenges of reaching renters. In Eugene, they're working on a marketing strategy to reach this "struggler" segment.

Phil encouraged the group to read the full report, which is posted on the Web site. The next study will be out in April 2009.

5. Portland City On-Bill Finance Pilot (discussion)

Steve Lacey previewed a pilot program being implemented in collaboration with City of Portland Bureau of Planning and Sustainability, The Clean Energy Investment Fund. It's a central strategy for the City's greenhouse gas reduction plan.

- STEVE WEISS: Asked about what happens to the repayment when the house sells.

There were a variety of contractor questions related to the details of the Enhanced Home Energy Review, whether pilot homeowners would pay for the Energy Advocate, how contractors were selected and referred for the pilot.

- HOLLY MEYERS: Likes the flowchart presented, but there's a significant cost to update utility billing system. Suggested that NW Natural might have a role earlier in the process as a source of capital or involvement.
- CONTRACTOR: Asked about focusing on the utility vs. property tax.
- DEREK/CITY OF PORTLAND: Not possible due to legislative rules.
- STEVE LACEY: Noted that the pilot is an effort to test out mechanisms to help guide development of potential future legislation, such as seeing whether having the Energy Advocate model increases participation. Energy Trust expects significant uptake for the program and that economies of scale will come into play.
- STEVE WEISS: With full financing, we might be able to have smaller incentives. If it's on their bill and it doesn't raise their bill.
- STEVE LACEY: Reminded the group that a portion of the incentive pays for the facilitation, so it plays an important role.
- STEVE LACEY: Discussed that the goal is to make this into a net-neutral cash-flow scenario, and that it may also be applicable in the single family and up to four-plex multifamily rental market.
- JOHN REYNOLDS: Asked to what extent are we informing homeowners that they can decline the facilitation and do more by doing the project directly.
- STEVE LACEY: Stated that there will be a choice.
- CONTRACTOR/JERRY: Wondered whether windows are included in the pilot.
- CONTRACTOR/JERRY: Said that his business is successful because they bundle incentives. Customers call because they want windows but Jerry sells other insulation services, with incentives, so they get more for their money. "It's not a window, it's a door…to greater energy savings."
- CONTRACTOR: Asked about the extent of the enhanced Home Energy Review and how to make sure customer will understand that it's not a full Home Performance with Energy Star assessment.
- DON JONES: Understands cash-flow neutral appeal, but feels it needs to be clear that the loan payment can't be adjusted. He warned that calls would come to the utility. Financing options to be considered could include a shortened term. There are many variables on cash-neutral that can create challenges in the future.

Meeting adjourned at 4:18 pm. Next meeting is March 11, 2009.