CONSERVATION ADVISORY COUNCIL
Notes from meeting April 15, 2009

Attending from the Council:
Jim Abrahamson, Cascade Natural Gas
Paul Case, Oregon Remodelers Association
Suzanne Dillard, ODOE
Joe Esmonde, IBEW #48
Andria Jacob, City of Portland
Brent Barclay, for Karen Meadows, BPA
Lauren Shapton, PGE
Bill Welch, EWEB
Holly Meyer, NW Natural
Bruce Dobbs, NW Natural

Attending from the Energy Trust of Oregon:
Kim Crossman
Diane Ferington
Fred Gordon
Steve Lacey
Leana Mathews
John Reynolds, board of directors
Peter West
Jan Schaeffer,

Others attending:
Jeremy Anderson, WISE
Tom Bonk
Mark Borg, D&R Heating + Cooling
Eric Breon, Oregon Green Solutions
Jonathan Cohen, HP Contractors' Guild
Jim Cole, OIS Distribution
Zach Erdmann, Premium Efficiency, Inc
Carolyn Farrar, NW Natural
Mark Gagle, Gagle's Heating
Stephanie Gray, CSG
Kari Greer, Pacific Power
Bruce Knight, Service Partners
Jason Lane, Ecoheat, Inc.
Berenice Lopez, Move-in Ready LLC + H.E.L.P. Group, Inc
Clyde Manchester, H.E.L.P. Group Inc
Mary Mann, Goose Hollow Windows
Greg Olson, Olson & Jones Const., Inc.
Jerry Page, Total Comfort
Rob Ruedy, Energy Transition Corp + GeoSolar
Steve Rubbert, Abacus Resource Management Co
Buck Sheppard, AAA Heating + Cooling/ORACCA
Marty Smit, Affordable Home Remodeling
Derek Smith, City of Portland

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

2. Home Energy Review Customer Interface Enhancement
Diane Ferington reviewed why we want to improve the customer experience:

- Get more measure installs & savings
- 69% presently don't follow through in 2 yrs
- Those who act wait 4 months or more
- Want to improve customer experience and customer service

She passed around copies of a draft new HER form with recommended home improvements. They are ordered by which measures are more cost effective – starting with shell measures, leading up to heating and cooling.

Diane described a streamlined packet of materials:

- Welcome, including help accessing online resources, top five common improvements by quickest payback, and benefits of energy efficiency improvements to home
- HER report
- Next steps with easy to follow action-oriented steps and financing options
- Incentive grid and with energy-saving tips on backside
- Trade ally list

Diane described additional components:

- "Energy advisor" training, including customer service, building science and "technical sales"
- Continued customer contact via leave behind business cards; Energy Advisor acts as resource to participant throughout measure installation process
- Enhanced education on Energy Trust website – with "next steps" information and additional resources

Diane reviewed trade ally feedback received:

- Focus on what is not working / needs fixing – we are doing this
- Provide customer FAQ – will do, in part, through on line "next steps" info
- Change name to Home Information Review – not implementing at this time
- Don't provide price estimates – we won't
- Give information about program and resources – will do
- Identify priorities for homeowners – will do
- Reinforce that contractors provide more accurate assessments of energy-saving opportunities and cost information – will do

Discussion:

- How will we provide payback numbers without contractor estimate? Diane: we'll use averages from our data base
- Will payback be specific to areas of Oregon? Steve: no, we'll use a broad range for indicative savings in the region
- How many HERs in '08? Diane: 8,000 or 9,000; 6,000 in '07
- Jerry Page: appreciate that you listened to the industry; commend you for recognizing that there's a tremendous fall off due to time delay; suggests sending caller directly to trade ally and asks if that's even an option presently? Diane: she'll ask CSG; Steve: we don't want to do HERs for the sake of doing them. We will refer customers if they know what they want.
- How long does it take to have an HER after you call in? Diane: trying to get them done within 3 weeks of call
- Why do delays happen? Steve: when demand exceeds supply temporarily. CSG has trained reviewers to accommodate the average demand so as not to lay off or idle in summer and not get too backlogged in winter
- Is the HER scheduled on first call? Diane: usually.
- Consider additional incentive for customer who didn't want an HER? Diane: good suggestion, if leads to HP; Steve: something to consider; noted that we get savings from CFLs that offset the cost of the HER so we do get savings for the HER visit
- Contractors willing to install bulbs so we get savings that happen in HER.

- Put a value (cost) on HER to get more follow through? Steve: we'll test this improvement first
- Instead of having a three-month delay, test a bonus if homeowner implements a measure within 3 weeks?
- How does PUC rank you on customer satisfaction? Diane: evaluations of satisfaction
- How did you rank this year? Jan: 87% very or very highly satisfied in 2008
- The more quickly you get the customer to a contractor, by offering an incentive, the better the results
- HER should equal HP assessment? Steve: no
- If HER gives you the recommendation form, why would you want a HP test? Homeowner thinks the HER is enough?
- Make clear the benefits and need for diagnostic testing on HER recommendation form?
- Do homes who have had a HP and ask for a HER get told they don't need it? Diane: we'd keep the copy of the new form to be better able to do this Steve: HER's are performed before HP and not vice versa
- Is there a "firewall" between HER advisor and trade allies? Diane: advisor would leave card; homeowners would have option to recontact
- Advisor shouldn't give out contractor names?
- Home performance testers shouldn't provide contractor services – "fox in henhouse?" Group: considerable discussion about whether/how HP testers could provide enough information to secondary contractor to install measures; whether doing this would raise the cost of HP higher than homeowner would bear
- Bump up "comprehensive solution" section of recommendation sheet?

Steve asked council members for their thoughts:

- Bruce Dobbs: conceptually this is the right thing to do.
- Paul Case: concept is good. Appreciates that we listened to contractors. Has suggestions for minor things on form.
- Jim Abrahamson: comfortable with this now. Still some work needs to be done but looks as if it's going in the right direction.
- Suzanne Dillard: agrees with Jim that this will be helpful in getting more action.
- Brent Barclay: likes the follow up and thinks bonus for quick response is a good idea.
- Lauren Shapton: this is an improvement; hope it helps. Thinks scheduling timing/performance issues should be brought to CAC for further discussion.
- Kari Greer: likes the sheet. Suggests asking more about benefit of moving onto HP. Agrees the response rate at CSG scheduling free HERs should come back to CAC.
- Holly Meyer: likes the improvement. Agrees with making home performance more prominent.
- Andria Jacobs: thinks we're on the right track.

3. 2009 Production Efficiency Proposed Incentive Changes

Kim Crossman said she's been on the job just under 3 months. She presented proposed incentive changes for CAC consideration. She said proposed changes are based on:

- Alignment with Existing Buildings custom incentives
- Effect of the recession in delaying/cancelling projects

- Lack of economic stimulus delivered to this sector

Kim outlined proposed changes:

- Raise custom incentive to 25 cents/kwh (from 20 cents)
- Temporary special raising cap to 60% of project costs for commitments in 2009, completions in 2010 (current cap is 50%)
- Applies to all PE custom electric efficiency measures except lighting (not to pilots or other special offerings)
- Cap will apply to eligible gas measures
- Effective May 15

Kim noted key findings addressed by the changes, including:

- Average turnkey costs for industrial efficiency projects have risen significantly since 2006
- Currently 45% of incentives are capped by the 20 cents/kWh cap
- Incentive change is designed to motivate underserved customers, increase kWh savings by going after higher cost measures

Kim noted overall costs are going up, which directly tracks with the cost of materials. Meanwhile, our incentives have remained constant.

Kim noted that on Feb 1 the Existing Buildings, Multifamily and Production Efficiency custom incentives changed from 30% to 35% of installed cost. Custom incentive cap was raised from 15 cents/kWh to 17 cents/kWh for lighting projects. The proposed change to 25 cents/kWh is in alignment with the EB custom mechanical change which became effective Feb 2009.

Kim noted the recession is directly affecting especially large industrial customers, which is the traditional source of PE low cost, large efficiency projects. Some large projects have been cancelled or delayed, offsetting new commitments and flat-lining the PE program forecast in Feb and Mar 2009. We will have trouble meeting goals if savings forecasts don't go up.

Discussion:

- Impact on budget? Kim: we can still squeak under the budget meeting our stretch goal within budget assuming new projects take the higher incentive
- Why do projects not move forward? Kim: hear different things from different companies
- Why not raise the percent of project cost rather than cost per kWh? Kim: by running a special based on % of project cost we hope to enroll some larger projects sooner.
- How will people know this is available? Kim: press release, PDCs beating bushes – most projects get delivered one-on-one
- How do you treat customers already in the pipeline – do they get the better incentive? Kim: if you've already committed at a certain incentive level, typically that's what you get; Steve: if these are in the pipeline and they've ordered equipment and we have a contract with them, we're not inclined to change the terms

- Bruce Dobbs: as people may not understand energy savings go directly to the bottom line, it's important to get to CEOs and CFOs, who are more attuned to bottom line issues
- Kim: we are working on a pilot focusing on helping building process managers talk to their CEOs/CFOs.

Steve, asks council members if OK to move forward without a second hearing:

- Bruce Dobbs: supports it; likes that there's a sunset on the 60%
- Paul Case: having an extra incentive to get people to take action is a good idea; wonders if the time for commitment should be shorter than 6 months
- Jim Abrahamson: he represents a residential program and isn't well positioned to comment on a commercial strategy, but he thinks the proposal looks good.
- Joe Esmonde: agrees
- Bill Welch: this is cool, will get a bump, thinks the cap might be raised even more; doesn't like "fire sales" in the industrial sector but due to economic issues now maybe that's OK
- Brent Barclay: Supports
- Lauren Shapton: proposal makes sense; evidence makes me wonder whether issue is driven by economic downturn or rising costs of equipment
- Kari Greer: ditto; supports; suggest Energy Trust work with utility reps
- Holly Meyer: also represents residential program; she has to assume the projects are cost effective at 60%
- Andria Jacobs: supports

4. Portland Clean Energy Investment Fund Pilot Update

Steve introduced Derek Smith from City of Portland. He presented information on the pilot:

- Enables homeowners to access low-interest long-term financing for quick, easy and affordable investments in energy efficiency and renewable energy – initially funded with stimulus money
- Policy context: 80% reduction in carbon emissions by 2050; workforce development and green jobs; transferability statewide (EEAST legislation) and nationally
- Players: City of Portland and Multnomah County; service delivery by Energy Trust; on-bill repayment through utilities (PGE, PacifiCorp, NW Natural all on board with concept; a lot of details to work out); fund management by Shorebank Enterprise Cascadia (aggregate capital, pay contractors, work with utilities to collect repayments, replenish funds going forward)

Andria Jacob provided more information on how the pilot will look/work, noting we are in the design phase. She noted the intent for the pilot to:

- Serve 500 single-family homes throughout Portland (mostly owner occupied)
- Enrollment begins May
- Intent to scale countywide in 2010
- Intent to test viability of financial model, attractiveness of "deal sweeteners" like cost-neutrality, enhanced service delivery
- Measures: focus on lower cost measures that keep bills neutral; at scale windows, solar would be included somehow – suitable for LID/property tax route? May require legislative solutions; would include commercial

- Fund structure: start with stimulus dollars (other sources for full rollout); loans bundled and sold to secondary market; $3 million capitalization for 500 homes
- Outreach: for pilot, mine Energy Trust data base of homes with HERs who haven't converted; pool 2,500 homes; each utility service area and low-income populations would be represented; messaging and materials currently in development
- Participant experience: invitation from mayor and county commissioner; sign up for Home Energy Assessment; homeowner gets summary of measures, costs and financing options; Energy Advocate supports participant decisionmaking
- Service delivery: highest quality work product, best possible data from field, highly positive experience for participant
- More service delivery: Home Energy Assessment new path; Energy Advocate from Existing Homes program; establishes BPI-certified project contractor pool (RFQ); EA teams with contractor to conduct assessment; TBD how EA and contractor work together to manage subcontractors doing improvements that prime contractor does not perform
- Next steps: work groups meeting (outreach, service delivery, systems integration, workforce development, fund management); working toward mid- to late-May launch

Discussion:

- Who makes up Service Delivery subgroup? Andria: utilities, Energy Trust, city/county, fund manager
- Are HP contractors represented? Diane: through CSG and in separate meetings
- Status of stimulus fund? Derek: full details somewhat unknown and becoming more clear; Steve: 180% of minimum wage for residential.
- Interest rate? Derek: 2-6 percent; haven't worked out details.
- You'll buy down rate? Derek: we're looking at this, especially as more expensive capital comes in.
- How much extra cost per kwh for Energy Advocate, higher wage, etc? Derek: it's all influenced by the interest rate and amortization period; in other parts of the country, payback will be quicker because of their higher energy costs; we have a pretty robust financial model; we think it can work
- Steve: the loan's cost is outside of our benefit/cost calculation; we'll evaluate the pilot to see if we get greater penetration and more measures that makes the added cost worth while
- Holly: nets out, as some of incentive covers assessment cost
- How are you advising on fuel source? Steve: will be fuel neutral
- What about the contractor – brand options, price points? Fixed prices? Steve: customer has choice of participating in pilot, with on-bill repayment, and measures installed by HP contractor OR homeowner could go down Energy Trust's current path, choosing their own contractor
- How do you choose contractors? Steve: through RFQ process, selecting contractors able to meet requirements, provide services at given costs with flexibility for unforeseen circumstances
- Derek: this is a pilot and will inform what will happen later; city is looking to scale this with ensuring private sector innovation
- In RFQ process, you will ask contractors to agree to certain prices for equipment? Steve: yes, a range, with flexibility for meeting unexpected circumstances

- How does this tie to HB 2626? Steve: 2626 hasn't determined what the delivery mechanism is; this pilot informs just one path; Energy Trust will be tasked to look at many forms
- Relationship of cost of loan to payback term? Derek: we looked at three combinations of work ranging from $2,000-$10,000, built in averages and saw paybacks look like 10-12 years or longer; objective is keeping bill level
- What are savings per home? Steve: modeled this; savings varies but cost on average per home is $4,000; will make clear to end user that estimate assumes given level of energy consumption
- Will Energy Advocate be BPI-certified? Diane: yes
- Will some of the stimulus money be designated for small businesses? Derek: desire on the workforce development side to put money toward this effort; we will make sure the monies support women and minority enterprises
- What do you have in mind for workforce development? Derek: a little too early to tell; Workforce Systems is helping on this and we are creating a working group; at the national level there are discussions around shared curricula for community-based organizations and creating a clear pathway up the scale from residential to commercial; rules still need to be written on a lot of these buckets of money
- Who's the representative on that workforce development group? Derek: the group hasn't met yet
- How do we have representation in that process? Derek: I'm not heading up that process but can give your information to those who are
- How can I bring my clients to participate in the pilot? Steve: good idea we will solicit input from HP contractors
- Brent: I have run programs like this in the past and know there are a lot of details to consider, such as criteria for loan worthiness, short-paying bills and relationship to shutoff; payoff when account closed; suggest soft-pedalling notion that bills will stay same
- Steve: fund manager will service loan, utilities a repayment conduit
- Jim: curious about short-paying bill, and whether payment goes first to power part? Lauren: yes; Andria: built into fund model
- Is loan secured? Andria: this is what Shorebank proposes
- Jim: would most of the 500 homes come from Energy Trust's 2,500 pool? Steve: big emphasis on tapping this pool but other sources of qualified leads will be leveraged
- Jim: how get representation from low income population? Andria: low income served outside pilot; pilot would serve 60-80% of median income; in conversation about how to work with the low income stimulus funding and make the service seamless
- Will HP contractors have mechanism for putting forward their own clients? Steve: perhaps; we want to get good, qualified participants; if you can bring us qualified participants we would seriously consider this
- Is there Energy Trust money in this? Steve: about $800,000 out of HES program; is within the current HES budget – representing about 4%
- Isn't this a big hit on the incentive budget in a cash-constrained year? Steve: we'll also get savings out of this pilot
- Paul: if we spend the money on this and have to tell homeowners we're out of money, is there a process for taking money from other programs? Steve: we can

do this; and we have a process with the PUC and utilities that if we see we may need more funds for cost effective work, we can seek more funding

- Re 80% carbon reduction goal, how can we get this much from homes? Andria: that goal assumes other sectors contribute to this reduction goal
- Derek: many jurisdictions in this region also are getting stimulus money; City has had many inquiries about possibly partnering
- What is the definition of success/failure? Derek: we want to know if this model gets to a higher conversion rate, given all the elements of it, and if it applies to scalability
- Derek: what we're doing here is absolutely on the national radar; we're fairly unique inasmuch as how collaborative this is in terms of utility and customer engagement; in this room we are all part of a huge opportunity to grow jobs for all of us
- Steve: Energy Trust is interested in testing whether we will get more savings in a shorter timeframe
- Diane: as the pilot develops, the role of HP contractor may grow
- Paul: good to prequalify potential customers; Steve: we want very few "dry holes"
- Derek: we are not doing 500 homes in May; looking to do 10 homes in June and ideally 500 by end of year – may or may not happen
- Steve: all the systems need to be in place and working before the pilot gets up to full speed
- Whom do I contact once the system is in place to learn how to participate? Steve: CSG

The meeting adjourned at 4:07 pm. Next meeting is May 20, 2009.