Meeting Notes
Evaluation Committee Meeting
August 21, 2009, 9:00 AM – 12:40 PM

Attendees

- Phil Degens, Evaluation Manager
- Debbie Kitchin, Board Member and Committee Chair
- Alan Meyer, Board Member
- Dan Enloe, Board Member
- Ken Keating, Evaluation Expert
- Jennifer Barnes, Summit Blue (by phone)
- Matt Braman, Planning Program Manager
- Sarah Castor, Evaluation Project Manager
- Kim Crossman, Senior Industrial Sector Manager
- Theresa Gibney, OPUC Liaison
- Fred Gordon, Director of Planning and Evaluation
- Steve Lacey, Director of Support Programs
- Ted Light, Industrial Sector Coordinator
- Brien Sipe, Evaluation Project Manager
- Matthew Taylor, Evaluation Intern

Topics covered:

1. Production Efficiency 2007-2008 Process and Impact Evaluation
2. Existing Buildings 2006-2007 Process and Impact Evaluation
3. 2009 Trade Ally Survey
4. Gas Furnace Market Transformation Study

1. Production Efficiency 2007-2008 Process and Impact Evaluation

Evaluation Contractor: Summit Blue

The committee continued the review of the Production Efficiency (PE) evaluation, began at the last meeting in June.

Based on the discussion during the last meeting around treatment of sites operating at less than full capacity, Summit Blue revised the impact estimates for the 2007 program year. Final estimates took the midpoint of savings at full capacity and savings adjusted for the economy. Summit Blue also recommended performing a study of plant shutdowns in the next program evaluation to assess measure lives. Debbie expressed an interest in such a study and Phil said that he would like the study to be done separately from a program evaluation.

Key Findings:

- Program level realization rate of 92% for 2007 (2008 not available until next year)
- 2007 free ridership for custom projects: 27%
- 2008 free ridership for custom projects: 25%
- 2008 free ridership for small industrial projects: 24% (new track in 2008)

Estimates for 2005 and 2006 from previous studies were 17% and 18%, respectively. While free ridership may appear high, Fred noted that the numbers were typical of other programs around the country. Phil emphasized that we should also consider trends in partial free ridership and

Ken recommended looking at free ridership by measures to see which have become standard practice. Evaluation staff are now piloting the Fast Feedback Survey with commercial and industrial participants, to gather satisfaction and free ridership information within two months of project completion.

Additional recommendations from the impact evaluation were to:

- Standardize participant requirements
- Require improved quality of project documentation
- Make participants aware of evaluation activities earlier

Kim has updated the program process flow charts to include evaluation.

Recommendations from the process evaluation were to:

- Increase the ATAC pool
- Communicate the process for assigning ATACs to projects to avoid confusion
- Assist customers with BETC forms and keep vendors updated on BETC requirements
- Develop online application processes
- Continue quarterly PDC meetings and annual ATAC forum
- Develop an outline for PDC marketing plans
- Expand program communications to vendors

2. Existing Buildings 2006-2007 Impact Evaluation

Evaluation Contractor: Research Into Action (process), and The Cadmus Group (impact)

The committee reviewed the impact evaluation only; the process evaluation for these program years was covered in previous meetings. The impact evaluation utilized site visits, engineering analysis, and billing analysis.

Key Findings:

- Billing analysis produced measures realization rates of greater than 90% for all measure types with the exception of lighting-only sites in 2006, which had a realization rate of 44%.
- 2006 realization rates were 98% for gas and 90% for electric
- 2006 free ridership: 30%
- 2007 realization rates were 103% for gas and 94% for electric
- 2007 free ridership: 35%

Cadmus attempted to visit 119 and 149 sites from the 2006 and 2007 program years, respectively, accounting for around 95% of program savings. However, 36 sites representing about 15% of kWh savings and 20% of therm savings refused to allow the visits. Final realization rates were based on sites representing about 50% of program savings. Alan suggested that evaluation should be a clear part of the process flow diagrams for participants and that they should be reminded of their obligation to cooperate with evaluators. Debbie indicated that if refusals are a growing problem, it deserves more attention, but emphasized that we need to be careful about burdening participants with site visits.

The committee debated what to do about the low realization rate for lighting-only sites in 2006. Cadmus felt that the billing analysis model was strong, but Dan noted that businesses may change too much from year to year for billing analysis to be very accurate. Ken suggested that the initial hours of operation assumptions may have been inaccurate or the comparison group

used in the model may not have been appropriate. Visits to a small sample (10-20) of 2006 lighting-only sites to confirm savings were endorsed by the committee. In the future, Phil would like to move away from billing analysis for commercial participants, due to the heterogeneous nature of the sites.

Program level savings-weighted free ridership rates higher than in previous years; however, measure level rates varied greatly. Evaluation is not recommending any program design changes for the EB program, as the free ridership methodology used in this study is different from previous years and not comparable. The Faster Feedback pilot will provide insight on current free rider rates.

3. 2009 Trade Ally Survey

Prepared by Evaluation staff

Matthew Taylor, Evaluation Intern, presented the results from the 2009 Trade Ally Survey, covering the 2008 program year. The survey is now in its fifth year and aims to collect demographics, satisfaction, market activity and interest in various marketing and communication outreach activities from Energy Trust's Trade Ally network.

Study intent

- Assess demographics of trade allies
- Collect feedback on various marketing and communication efforts
- Collect data on market behavior (e.g., percent of equipment sales at various levels of efficiency)
    - Data helps to inform market transformation models
- Response rate of around 5% with ~1900 vendors invited to participate in an online survey
- Vendors who completed at least two projects in 2008 were invited to participate
    - Some of these vendors were not trade allies
        - Theresa raised the concern about vendors who are not truly trade allies, but represent themselves as such when meeting with potential customers. There should be a clear line about who is and is not a trained trade ally.
- Response rate stable across survey years

Key findings:

- 25% of respondents are new program participants.
    - Proportion of work stemming from Energy Trust projects fell.
        - May be due to the influx of new vendors.
        - Majority of respondents see themselves doing more Energy Trust projects next year (2009).

Satisfaction battery

- Efficiency programs
    - Overall, 67% of vendors indicated they were satisfied or very satisfied with their interactions with the agency
    - Despite slightly lower overall satisfaction rates, 30% indicated their relationship with the agency improved (7% felt it got worse).
        - Dan highlighted the satisfaction with payment and paperwork turnaround times as being low scores. He asked if the agency measures what the turnaround time to ensure quality and speed of processing time.

        - Teresa continued, does ETO have a primary metric for primary processing. If the agency does not have metrics, it makes it difficult to make process improvements.
        - Steve indicated there can be a number of iterations between Energy Trust, contractor and customer which may delay the process. He mentioned there are a number of paperwork improvements in the work such as web-forms which require data points to be filled out initially.
    - Teresa, metric should be turnaround time based on proper completion of paperwork
- Renewable programs
    - Slightly lower overall satisfaction with the exception of paperwork processing, with satisfaction increasing slightly

Residential measure specific vendor responses:

- Most respondents have been long term trade allies
- Around 40% see an increase in Energy Trust projects next year

Gas furnaces

- Vendors reported a slight drop in high efficiency furnace sales (~19% drop in market share)
- The group indicated this number is contrary to the market transformation report (see below), which showed a continuing upward trend in high efficiency sales
    - Debbie brought up the current market conditions and interactions between vendors, distributors and manufacturers and price drops could be resulting in a temporary divergence from longer term trends. Constrained budgets.
    - Phil brought up the $1500 federal tax credit which is 95%+
    - Matthew highlighted that 80% of vendors were aware of proposed changes to incentives, and indicated they would be adversely affected.
    - Teresa asked how quickly the data from the survey to program decision makers.
        - Sarah highlighted the need of incentive changes to go to the conservation advisory committee, as well as the tendency to change incentives outside of the heating season (e.g., furnaces)
    - Phil also indicated that the sample sizes may be indicative and may not always be statistically different year on year
- Dan asked if the current incentive structure is incenting people to move up.
    - Phil mentioned that evaluation reports find extremely high free rider rates. Also, indications of stocking practices have also lent credence to the movement in the market, as well as the code changes for new homes.
    - Ken highlighted that a small self selected group of vendors responded, and may have influenced results

Heat pumps

- Vendors reported more heat pump installations near or just above code HSPF, a slight fall from the previous year's survey.
- Vendors were very aware of changes to incentives, (requiring HSPF 9.0)
    - Many indicated they weren't sure how the changes would affect them
- Incremental cost from code to 9.0 averaged $1000
- Phil indicated Energy Trust is aligned with the residential energy tax credit at 9.0.
    - Teresa questioned how vendors could indicate they will have a hard time selling heat pumps when state and Energy Trust incentives total $800.

    - Matthew indicated ETO is also trying to bring ETO and RETC forms into alignment to simplify the application process

Windows

- Vendors reported a significant increase in .30 U values or less.
    - Dan indicated there are still a number of styles/applications for which it may be difficult to find efficient windows.
- Debbie concluded by indicating that there are a number of anecdotal comments which were included in the appendix and not the body of the report.

To make time for the market transformation study, the presentation stopped halfway through a discussion of residential windows vendor responses.

4. Gas Furnace Market Transformation model

Project contractor: Summit Blue

Matt Braman, Planning Program Manager, introduced the findings from the gas furnace market transformation model. The study's conservative case of transformation in the furnace market amount to roughly two million additional therms claimed from 2003-2016 due to Energy Trust's activity in the market place. In addition, the study assumes that the combined effort of DSM programs throughout the states have accelerated expected federal code change (in 2016). The study drew from vendor surveys and baseline comparisons of neighboring DSM programs with lower furnace volumes.

Matt posed two questions for the committee:

1. Is Energy Trust comfortable claiming market transformation savings in a similar way to the Northwest Energy Efficiency Alliance? Matt highlighted that the methodology used in the study is in line with those used by NEEA, whose activities yield savings claimed by Energy Trust.
2. What standard of evidence is needed to defend the claim of market transformation in the gas furnace market?

Key discussion points:

- Ken raised the concern about how accurate the market data is used to estimate the model
- Some questions were raised about whether the federal code would actually go into effect, and whether interest groups would be lobbying against the code change.
    - Fred and Ken both indicated that manufacturers were on board for the code change and it appears that it will go into effect as planned.
    - Dan expressed concern about the savings claimed at the end of the period before an assumed law change goes into place. Energy Trust staff need to carefully articulate the rationale for the savings claimed up till the code change. Dan also asked how the agency will monitor the baseline for claiming post-2009 savings.
        - Matt said NEEA will conduct baseline studies annually or bi-annually to re-visit the delta between the high efficiency and baseline unit sales.
- The question of when to pull a measure was discussed, going back to the question of 'what is the standard of evidence needed to pull out of a market.'
    - Ken asked whether the lost opportunity of the lagging customers was worth chasing given the amount of incentives paid out on free riders, rather than pulling the incentives and claiming savings through the market transformation model.

    - Fred re-iterated is the agency comfortable providing incentives for a large segment who indicated they would do the measure anyway. Given constrained budgets, there is also an interest in the agency to grow other measures, rather than to continue paying on furnaces.
        - To this point, Teresa indicated that the NW Natural programs in 06-08 are not as cost effective as in 05-06, which may be influenced by free rider rates.
- Committee board members raised the question of whether we have adequate alternatives to gas furnaces for the gas program
    - Fred highlighted that there are other high cost short run gas measures which may be key to future changes in codes and standards in the residential sector (duct and air sealing)
    - Dan emphasized that providing a proposal for the alternatives to the furnace will make it easier to get behind the removal of the incentives.
- Debbie asked when the incentive change would come to the board. Fred mentioned October. Debbie would like a heads up and separate presentation to the board to help inform the budgeting process given its political weight.
    - Fred re-iterated how many vendors have made the incentive a key part of their sales strategy, with the Energy Trust incentive perceived as an importance endorsement.
        - The group agreed that the rate payers are the customers and not the vendors.

The meeting adjourned at 12:40pm.
The next meeting date is yet to be determined.