CONSERVATION ADVISORY COUNCIL
Notes from meeting October 13, 2010

Attending from the Council:
Jim Abrahamson, Cascade Natural Gas
Jeff Bissonette, Fair and Clean Energy Coalition
Paul Case, ORA
Bruce Dobbs, NW Natural
Andria Jacob, City of Portland
Don Jones, Pacific Power
Holly Meyer, NW Natural
Kip Pheil, Oregon Department of Energy
Lauren Shapton, Portland General Electric
Moshrek Sobhy, Oregon Public Utility Council
Steve Weiss, NWEC

Attending from Energy Trust:
Tom Beverly
Doug Boleyn
Kacia Brockman
Pete Catching
Amber Cole
Kim Crossman
Diane Ferington
Sue Fletcher
Fred Gordon
Hannah Hacker
Margie Harris
Susan Jamison
Marshall Johnson
Jed Jorgenson
Betsy Kauffman
Oliver Kesting
Steve Lacey
David McClelland
Sue Meyer Sample
Spencer Moersfelder
Elaine Prause
John Reynolds
Thad Roth
Jan Schaeffer
John Volkman
Peter West

Others attending:
Jeremy Anderson, WISE
David Barnes, NW Natural
Barbara Crinise, NW Natural
Phil Damiano, PECI
Kevin Duell, Nexant
Bill Edmonds, NW Natural
Theresa Gibney Corvallis Sustainability Coalition
Kari Greer, Pacific Power
Charlie Grist, NW Power Planning Council
John Karasaki, PGE
Paul Olson, Gale Contractor Services
Lee Rahr, City of Portland
Allie Robbins, PECI
Allison Specter, Cascade Natural Gas
Sandra Walden, OSEIA
Marilyn Williamson, NW Natural

1. Solar water heating presentation by NW Natural to CAC and RAC members

Kacia Brockman did introductions and explained that solar water heating is considered an energy-efficiency measure for Energy Trust purposes. SB 1149 defines solar electric projects as electrical producers and solar water heating as energy efficiency.

The Oregon Department of Energy treats both technologies equivalently in their rules. We measure solar water heating based on cost effectiveness rules, but it barely passes the guidelines. As a result, we haven't been driving the market very hard.

This year, we expect over 1,000 solar electric installations, but far fewer for solar water heating. The market for solar water heating has been flat, and maybe even declining. NW Natural staff has proposed some new ways to approach this in their presentation.

Bill Edmonds, Barbara Crinise and David Barnes presented NW Natural's proposed solar water heating pilot, and are discussing a new tariff with the Oregon Public Utility Commission, which also has been discussed with the Energy Trust board. NW Natural proposes to offer leased systems to customers at fixed monthly rates, reaching as much as 3,000 customers over the next three years. **See presentation slides.**

Additional notes from presentation:
Customers are extremely interested in this pilot, and some even called NW Natural and asked to reopen the test of interest survey after it was closed. About 50 percent may be interested in installing solar water heating through an offering like this.

NW Natural is testing a number of water heater technologies — integrated tanks, dual tanks and on-demand water heaters.

The plan is to target customers who can use the tangible benefits. This will be a service to heat water. The benefits are better if you're a larger household. It's a tariff service and NW Natural will own the systems.

One of the OPUC requests was to evaluate the pilot after two years, and NW Natural will budget accordingly.

Moshrak Soby: The OPUC requested an evaluation, informally?
A: Nothing has been officially proposed, but yes they requested it at the staff review level.

Q: So with the same usage, the customer will get solar heated water, but how much more will they pay?
A: There are two parts to the answer: one, a little more than what? You get a new water heater, and we're comparing things energy to energy, which is not apples to apples. Two, what is the installation cost? Based on those costs, you'll be paying, on average, about $20 more per month. For electric water heaters there could be more savings from solar.

Q: Will it be an on-demand water heater?
A: Not necessarily, we're testing a few things – dual tanks, on-demand, and integrated. We're trying to look at the right balance between cost and efficiency to meet the most customer needs.

Q: What percentage of your gas supply customers use electric water heating?
A: Slightly less than 50 percent. We don't build load behind the meter, so switching isn't a driver for this pilot.

Q: Is there any thought beyond Energy Trust incentives, specifically about the Residential Energy Tax Credit or the Business Energy Tax Credit? How do they figure into the plans?
A: The Residential Energy Tax Credit and the Business Energy Tax Credit sands are shifting under our feet. It will probably go to market as a Residential Energy Tax Credit, or at least at that level, even if it's really a Business Energy Tax Credit.

Sandra Walden: In selecting Imagine Energy for the delivery contractor, which was a good choice, there are other installers approved by SHUCO. Were they given consideration for the future?
A: For simplicity's sake, we're going with a single supplier in the beginning. But, as good as Imagine Energy is, they won't be able to do 3,000 systems. We'll work with OSEIA to get other SHUCO installers. The idea is to build the infrastructure.

Q: You're asking for an increased tariff for this. Will the funds be available for both this pilot and the regular incentives?
A: Yes, it will lead to a better incentive for customer-owned systems, too.

Q: Will that cause a problem for Energy Trust's energy efficiency budget?
Kacia: No, we're looking at this as part of the renewable budget. It won't cause competition with energy efficiency resources.

Q: How are you dealing with the differences between gas and electric incentives and costs?
A: We're looking at how to deal with discrepancies between gas and electric incentives for solar water heating. Without changing statute, we can't do much to change how we deal with the two.

Moshrek Sobhy: For the OPUC, how will this interact with the cost effectiveness test?
A: It will remove the cost effectiveness test and look at the above market costs as with other renewable energy technologies.

Q: Is there a parallel program with Cascade Natural Gas?
A: There is no other program like it that we know of.

Q: Will it fit well with Energy Trust if there is a parallel program?
A: We welcome it, but that's up to the utilities.

Q: When will it launch?
A: We would love to do it by next Earth Day, but it won't go to market until all the technology evaluations are done.
Bill Edmonds: The OPUC also controls that schedule, as they will have to approve it.

Q: On the mechanics side, the funding goes to Energy Trust, so will you write NW Natural a check every time there's an installation?
Kacia: Something like that. NW Natural is still looking at it, and trying to levelize it out over time to make sense. The tax credits would belong to NW Natural, but they'll be passed through.

Q: Does all the funding go to Energy Trust?
A: Platform costs go to NW Natural, incentive funding goes to Energy Trust.

Q: Would it be incentives for all 3,000 systems to Energy Trust out of the gate?
A: As customers come in on the service/pilot side, funds will come back to NW Natural. On the owner side, it would go back to the customer. It also depends on the tariff side when the money is collected and the flow of funds.

Q: On the ownership model, I could install something besides SHUCO?
A: It depends on Energy Trust's requirements. It's supposed to be for all NW Natural customers. If they are a gas customer, they will be eligible, even if they aren't a gas water heating customer.

Q: Will other people be able to use the utility mailers to advertise?
A: No.

Q: What happens to all of this at the time of sale of a home?
A: It's a contract for 10 years, so if you're a homeowner, you can transfer the service. NW Natural will take a fixture lean, and the homeowner will have to transfer equipment. The new owner will be notified, and with their approval, they can transfer it.

Q: After 10 years, who owns the equipment?
A: NW Natural. Even though the equipment is depreciated, there is a requirement to replace things after 10 years, so it still won't revert to the homeowner. This is a pilot, so we'll look at whether or not it makes sense to sell the equipment to them.

Q: Will there be an option for the homeowner to buy it after 10 years? It may be an interesting option.
A: We'll look at it, but we're not thinking that way right now. Tax laws may cause problems. Ownership issues will be addressed through the two models. You need to own these systems to have the credit available. A buyout looks like a leveraged lease and could be a tax problem.

Q: You would have the opportunity at 10 years to decide what to do with it? Renewal, removal, etc?
A: Yes, there will be options. If we go beyond pilot phase, it may turn into a perpetual service instead of having just a 10-year life.
Sandra: This encourages more quick movement. We learned from the feed-in tariff that people want renewable energy now, so it makes sense to move quickly. Thank you for leading on this.

Peter: What about fuel switching? How often do you expect people to switch?
A: We surveyed customers, and we don't have data to support anything. It would be dishonest to say they won't switch, but there's not enough information to quantify it. We expect it to be remedied by the electric utilities if they are interested. The electrics will have some installation cost advantages depending on the layout of the house and system. Venting gas water heaters is an example, where electric ones don't have to be vented.

Q: The tariff applies to which customer classes?
A: It's intended as a residential pilot, and we'll follow with a commercial pilot. It will be residential initially.

Q: You can do this through tariff vs. reopening SB 1149?
A: SB 1149 is an electric utility bill, so NW Natural can look at through the regular tariff process.

Kari Greer: Where will you do the pilot?
A: The focus is on the Portland metro area because of availability of contractors. Eventually it will be first come first served. We want to create a waiting list and get people signed up in advance. We'll schedule people and let them know when they're scheduled. Of course, this plan is subject to change.

2. Program updates

Peter West covered the dashboard presentation, showing where we are to date. **See presentation slides.**

Additional presentation notes:
We are ahead of pace in NW Natural and PGE territory, and slightly behind historic numbers in Cascade Natural Gas and Pacific Power territory. We are at 50 percent of where we expect to be in PGE territory, 45 percent in Pacific Power, 53 percent in NW Natural and 48 percent in Cascade Natural Gas. All numbers are booked savings.

We usually get one-half or more of our savings in the last quarter. One of our themes was to lower this hockey stick, but we haven't been able to do it. Short of putting a lot of money on the table

earlier in the year, we found no way to improve that trend. We tried different marketing, outreach and utility collaboration. You won't see this as a theme for 2011.

Cascade Natural Gas

Cascade Natural Gas is projected at 84 percent of stretch by year-end. The problem is that Cascade Natural Gas territory is the hardest hit by the economic downturn. It's difficult on the industrial side, particularly with our information sharing agreement. We don't hear until late in the game if we can work with industrial projects, and we run down many dry holes. Further, market transformation savings are down. We have been able to make things up in other areas. We are slightly down in the Existing Homes program.

In the handout packet, there is a new page on market transformation to review.

Allison Specter: What data don't you have at this point that's interfering with reaching customers?
Kim Crossman: Not knowing who is on transport and who isn't. We can't serve those on transport.

Allison: The data report lists rate schedules, so as long as you know which ones are which, you can sort through them. We can give you a key of rate schedules.
Kim: We can look at that. I will check in with our Planning department, and we'll talk to them and get back to you.
Allison: We can confirm whether or not a customer is on transport. I'll send you contact info for Monica Foster, monica.foster@cng.com. She should be able to help you.

Peter: Overall, Industrial and Existing Homes are reducing Cascade Natural Gas numbers. New Buildings and Products are way up. Market transformation savings forecasts are coming in at about one-half of what was expected. Also, there are problems due to a very slow housing market.

Jim: Is that lower number because of what was predicted in the housing market?
Fred: That's it.

Jim: Does the savings total include market transformation savings? The estimate includes transformation?
Peter: For the IRP we can count the market transformation savings.

Allison: What are you counting?
Peter: About 60,000 therms are associated with market transformation; about 20 percent.

Jim: Let's go on, but I want to revisit how much is included for market transformation, and we can talk later with Matt.

NW Natural

For NW Natural, we'll just meet our stretch goal for the year. **See graph.** We are successfully making up for the shift of OPOWER to 2011 from 2010. We haven't made up for all of it. Like cereal, the contents will settle, so don't completely bank on these numbers, yet.

Market transformation for NW Natural is down, also, as shown on the back page. New Homes is the same as for Cascade Natural Gas, but furnaces are not. Rather than 50 percent reduction, like Cascade Natural Gas, it's 25 percent for NW Natural.

Holly: Did the furnace piece do what you expected? Or was it New Homes?
Peter: Furnaces did what we expected. New Homes did not. Matt has the exact numbers.

PGE

PGE will be at 95 percent of stretch, and we've been mostly successful in making up for the shift of OPOWER; we are well past conservative goals. With PGE, we're strong in all sectors; much higher than expected in New Buildings and slightly lower in Existing Buildings. There could be more shifting of this. It could go up or down.

Pacific Power

For Pacific Power, we're at 104 percent of stretch, or 18.5 net average megawatts. There is a large pipeline of estimated projects. We have been here before with that amount of uncertain projects. It's the third year in a row. Many are on the cusp, and can shift to next year.

Barring problems we can still be within 90 percent of stretch. Increased light bulb sales, fridge recycling and energy saver kits have caused a big uptick.

Northwest Energy Efficiency Alliance

For market transformation in 2010 from NEEA, as far as we know at this moment we are on track to get what we forecasted. It's not the same story as with the gas companies.

Charlie Grist: I was going to suggest, again, that with new residential, you are reporting against targets you might not be able to control. You may want to report it in terms of market share; add something that expresses penetration rate.
Diane: Maybe report on permits pulled? We can get that information.
Peter: We're getting nearly 70 percent per square foot of new commercial buildings, The back page of the program-specific dashboards provides such detail by program. We can make sure we put that information there. We capture 16 percent on the New Homes side. Sixteen percent on New Homes is less than what we shot for, at 20 percent, but right now we're getting a larger share of single-built, custom homes, instead of the larger developments. It's 16 percent with this fractured market, which is a good achievement.

Holly: This may be out of order, but on New Homes, it shows that Pacific Power and PGE are both exceeding stretch and NW Natural is not reaching ours. What is the high level reason for that?
Diane: That's New Homes and Products together. Refrigerators and lighting are driving it up for the electrics, but not for gas companies.

3. Budget

Overall
Peter presented. This is a lot like last year's presentation, since people thought that worked. This is the first shot, so everybody gets a chance to comment on it. There is a series of write ups on the website to provide more specific detail by program, and we also made copies here.

This is part of the five-year strategic plan for Energy Trust. We're at year two. **See presentation slides.**

The budget includes more money for training and rating our trade allies. There is money for better web access, reaching people through social media, instant incentives, simpler forms and integrating delivery across programs. Our SB 838 partnerships have worked well, and our

partnerships with gas companies, also. Doing dual outreach plans seems to have worked. A lot of it has to do with existing utility relationships.

We will support efforts related to code changes for New Homes and New Buildings.

You'll see that our levelized costs are up. There are multiple reasons for this. Part of it is because there is a large NEEA change. Savings realization factors also lowered what we can count by 14-15 percent. Further, in 2011, there is no comparable Oregon State University mega-project. It was very cheap, and we don't have that this year to lower overall, net costs. There are larger Pacific Power projects, but not to that scale.

Residential Sector
Diane **(see presentation slides)**: There is also the program plan available and it is more detailed. We attempt to triage the customer and get them to the right best "next step" based on where they are and what their goals are. Other technologies are coming into the programs, like more efficient windows, water heaters and extensive energy saver kit distribution. Shorter lived measures are in the kits, and we'll maximize CFLs while they're an option. Next year we'll have results from OPOWER. Additionally, Clean Energy Works expansion will occur next year. We also intend to work with any community on their efforts. The Klamath Falls wood stove replacement is an example.

New construction is focusing on distributors, insurance companies, mortgage brokers, better products and homes that are designed better. We'll also work to promote consumer demand for EPS homes. We'll have to prove these efficient homes work to get the codes improved even further the next time around. It's fairly expensive to do. Appliances will include higher tiers, and we'll expand fridge recycling. We're over 25,000 fridges recycled thus far, and still expanding.

Our realtor network is over 400 strong, and provides a great resource to promoting program solutions and will be valuable in disseminating EPS awareness and understanding among consumers. We are looking at EPS for Existing Homes by spring. As always, trade ally support will figure prominently in our 2011 plans. We'll continue to work with them innovatively, and teach BPI concepts and expand to installation specific trainings.

Holly: You have over 400 realtors? What does that mean?
Diane: They have Earth Advantage® S.T.A.R. training, Energy Trust training, advertising support and our logo to use. They are technically a type of trade ally. The real estate network is helpful in sharing information with customers.

Moshrek Soby: With regards to mortgage and insurance, what is being done?
Phil Damiano: We have a dedicated resource looking for more green mortgage products. We are looking to buy down the rate for homes coming through the program and do credits at the time of closing. We're working on the appraiser market to help them recognize the value of efficient homes, too.

Business Sector
Oliver Kesting **(see presentation slides)**: Overall, the Business Sector is looking to streamline the application process, better incorporate solar offerings, and support market transformation savings through new codes and standards.

The new 2010 Oregon Energy Code is on the books right now and new federal lighting standards will go into effect in mid 2012. The Business Sector needs to make some program changes in 2010 and 2011 to be ready for the new baselines.

For Existing Buildings, we're looking towards expanding O&M and developing Strategic Planning pilots. We're also working with NEEA to ensure development of templates, lighting design tools and certification plans for lighting professionals to enable advanced design that exceeds the new baselines.

We also are looking at seasonal incentives and specific technologies like the T12 to T8 conversion pilot.

New Buildings is coordinating with NEEA on training and helping customers understand how to meet and exceed new buildings codes.

With Multifamily, we just finished the RFP process for services and are moving into negotiations on a new contract. We expect to expand the portfolio management approach, launch a new custom approach, expand partnerships and leverage existing funds.

Q: I noticed with new codes and standards, many things are changing. National energy codes, hydronic economizers, things we have incentivized in the past. Are we going to incentivize the incremental cost, the full cost or what?
Oliver: If it's required by code we wouldn't give an incentive. In Existing Buildings, if a retrofit triggers code, use the incremental savings from the code to calculate incentives.

Q: You mentioned R5 windows, are you going with that?
Oliver: We're working on that in negotiations for the contract.

Industry and Agriculture Sector
Kim Crossman **(see presentation slides)**: We'll follow the fie-year plan presented at the last CAC meeting (as shown on the slide). Basically, we have a custom track, prescriptive and calculated. We use technical services and studies, then incentives to drive implementation. Those two lumps are where most of our money goes.

We have four program delivery contractors, who reach out regionally and to assigned industries. We also have two other PDCs, one dedicated to the small industrial initiative with a trade ally delivery model and one working with trade allies on industrial lighting. As we move out of the pilot, they show up in overall estimates for next year. We'll continue with the Industrial Energy Improvement and Kaizen Blitz, but these are out of pilot stage and now being delivered through the normal program.

Average measure life drops really show in the industrial program; about 9.4 years in 2010 budget, down to 8.4 years in 2011 budget, on average, because O&M measures have a lifespan of about three years. We're hitting high goals, but there's an impact on levelized cost. We win out in the near term.

Overall
Peter: Here are the numbers **(see presentation slides)**: The overall budget is $106.8 million, but probably will be lower when all is said and done. It's $17 million above the 2010 budget, which is a 19 percent increase. Savings are down. NEEA is a big part of the drop. Other reasons are that we have no big OSU project and a lower IRP with Pacific Power, overall. Levelized costs are higher, and are close to our limit with the OPUC, so we'll have to discuss it with them.

There is more emphasis on the Business Sector going forward, as they were underserved based on what they put into the mix before.

With this budget, we meet the IRP goal for Pacific Power in 2011, making up for the loss from NEEA. There is significant growth in the residential sector. If you take out OSU and NEEA, the programs are growing by 15 percent.

In PGE, there is strong growth across all sectors, but we end up below IRP by 2.7 average megawatts. NEEA is 2.3 of that. We did expect some change in the IRP for PGE, but it turns out that it's not planned to be changed. We need to discuss it with PGE and the OPUC.

On the gas side, there is still a relatively large chunk of low-cost savings out there. Savings and budget will be about the same as last year, only about $400,000 higher. This doesn't include another $1 million that could go to a range of items currently being considered by NW Natural and Energy Trust. Between now and December, there will be more therms and funding on the NW Natural side. Overall, levelized cost is 13 percent higher.

Moshrek: On the revenue by customer class, that's from the OPUC? I think there may be more recent revenue breakdowns available; it may be on your report to the commission.
Peter: 2007 was the last one we had. If you have 2008, I would love to see it.
Sue Meyer Sample: Fred may have 2009, but it doesn't break out commercial and industrial, they are lumped together.

Overall for Cascade Natural Gas, it's slightly lower than 2010 forecasts, but walking back to actual achievements this year, it shows growth. 2011 is what we think we can get. There is a reduction in Existing Buildings, but it's up in New Buildings to offset it. New Homes and Products are up significantly. Market transformation is down. We're $38,000 in the red, and that can be fixed. Levelized cost is within the benchmark, but more expensive to serve Cascade Natural Gas service territory, particularly on the homes and products side.

Jim: I'm going back to the assumed budget from August that had 2011 goals. It showed overall savings at 515,000 therms. This is pretty substantial going into 2011, with a healthy increase in levelized cost. We'll need to drill down into this and follow up with the math offline. It's important given the timing of our regulatory work.
Peter: I don't recall the numbers you mentioned, but we do need to huddle and talk about it.
Jim: In anticipation of our filings, we had some proposed budgets in terms of expenditures and savings, and I want to come back to those.
Peter: Yes we'll do that, and this is the point of doing this preliminary round of presentations.

For NW Natural we are proposing growth in all sectors, except market transformation. 2010 numbers aren't there, and it carries forward. There is 28 percent growth for the base programs. Washington isn't included in these numbers. There are more therms and more costs to come.

Kim Crossman: Industrial firm and interruptible budget is a work in progress. We are assuming at this time that serving firm customers continues in 2011, and there isn't much resource potential at firm sites served by the Existing Buildings program, it's primarily industrial. Numbers are for firm only, and we're on hold about whether serving interruptible customers will continue. We'll hope to have word soon. The 2011 budget and goal for NW Natural Industrial DSM is related to firm customers unless that happens.

Peter: The program plans — words behind these numbers — are on the web for review.

See next steps slide for dates and review levels. The timing is very close to last year – just add two days to each step.

Charlie: If you look historically at NEEA market transformation savings, it's dominated by big projects that taper off. Keep in mind that they may have future lumps in their savings; if their TV work starts to produce, for example. There is a lumpiness to all of these, including what NEEA does. Look over a long timeframe to get a good sense.

Peter: If you look at anything like NEEA, it's the end of some things and beginning of new projects, and we're in a trough right now. That makes things tough to forecast. CFLs taking off were a good example. No one could have forecasted them taking off the way they did.

Charlie: The trend line is a good thing, but maybe it should be tracked separately.

Fred: NEEA has over-delivered for many years, and they can't always do it, so we have to hedge our predictions for IRP purposes. If you don't know when they'll hit the jackpot, and you are accountable for year by year delivery, you have to be careful.

Moshrek: Are you expecting the additional gas savings yet to be identified to come from all the sectors? The budget will be higher, but are you expecting a particular source?

Holly: We have some options, and we've been in communication about it. We may want to talk about it offline. Some projects like low income in Eugene and a possible EAAST pilot. The savings will map pretty easily to the existing lines.

4. New Buildings program enhancements

Jessica Rose presented. This is a recap of the New Buildings enhancements. We gave a broad overview last time we met, and looked at ways to support the market and address the needs. The council wanted more of a comparison between 2007 code (now) and 2010 code projects. **See presentation slides.**

The overall theme is to simplify processes, be flexible, scale the support to the project and reward projects that push beyond code. We want to help the customers depending on what they need to achieve aggressive savings by supporting complex projects and by providing simple off-the-shelf approaches. Today we're zeroing in on the key elements of the change by providing you with a side-by-side comparison of the program under the 2007 code and the 2010 code.

For the remaining set of slides I'll first address our standard incentives that we have prescriptive incentives for — there isn't much change here, some transition to a calculated savings approach for a couple of measures.

I'll first address our standard incentives that we have prescriptive incentives for. Right now we pay per unit and will continue to pay per unit with the exception of HVAC and lighting where we are transitioning to a calculated approach. For these we have developed calculators to help customers get there.

Now, on to modeled savings for projects undergoing building modeling. Our goal is to get in early in the design process where the costs of incorporating energy efficiency measures are at the lowest point and the opportunity for efficiency is greatest.

For projects that are aggressive and complex, we allow some flexibility through early design assistance and energy modeling assistance. The cap remains the same at $25,000, but we'll

provide at least 50 percent of the costs of modeling, based on estimated savings ($0.075/kWh and $0.40/therm). We pay a floor of 50 percent, with a cap of $25,000.

On to modeled incentives to support the early design and modeling. The goal with the new incentives is to provide incentives that motivate project owners to keep high-efficiency elements in the project because the reward for installing them is high. We're going from $0.10/kWh and $0.80/therm to $0.15/kWh. Modeled incentives have an additional 1 cent per kWh savings that kicks-in once they are 15 percent above code. A building that is 16 percent beyond code would receive $0.16/kWh on up to an overall per project cap that we have always had in place of $500,000.

Jim: Why doesn't the therm rate go up between before and after cases?
Jessica: We saw more of a need to increase it on the electric side, rather than the gas side. Code increase was a 15 percent whole building, 11 percent of that is electric baseline shift and the other four percent is gas.

Jim: If you're not increasing it on the gas side, does that mean you're not seeing any incremental gas savings? If you had $0.80 per therm before, and you went to $1 per therm after, are you saying you're not seeing any incremental savings?
Charlie: If your theory is that you want people to go deeper using synergies between fuels, and the bar has been raised, why don't you put more money in for both?
Several: The bar was raised more on the electric side and not so much on the gas side.

Fred: This is a hardware incentive after you model. Is the hardware going to cost more? People are saying that they would still do a lot of the measures they would have done last year.
Don Jones: I would suggest you raise the incentives for both fuels to get people to go deeper on both sides.

Peter: If you are still going to put in the same things, raising your incentive isn't raising the value proposition for that measure. However, we could go back to make sure this is not the case and will consider how to incent innovation on the gas side.
Don: It would send the signal to the design team to get more savings, especially for shell measures.

Charlie: If you could take us through windows, there are many gradations of savings.

Don: The design teams are peripheral to the project and they can get disconnected and ticked off at us as we adjust numbers.

Jessica: The question that I am hearing is you would like us to review and provide an explanation on is: Will more incentives for gas get us more savings?
Steve Weiss: With an extra penny per therm, you may be able to get people to go deeper.

Jim: If you are getting in early on in the design phase, it's important to show similarity between the fuels.
Jessica: We can look into it and look at in light of code and changes that are happening. We can look at the models.

Jim: When you're looking at making substantial changes, are you looking at the fuel sources in isolation, or are you looking at the best ways to meet the overall energy needs of the building?

Allie: When we're looking at the design phase, we are looking at the whole building, but savings are dictated by what is chosen, and avoiding fuel switching. We try to help them choose the best systems and reduce the overall usage for the building.

Jim: It is important to show some escalation in gas incentives if we increase electric.
Jessica: We'll look into it and get back to you. Let's move to the last significant piece and look at ENERGY STAR® next.

Right now we offer up to $30,000 in incentives for the ENERGY STAR track. We dropped to a $3,000 cap, which is very significant. The way it works is ENERGY STAR is a rating based on a nationwide data set of existing buildings, not new buildings, and it is therefore difficult to define where the Oregon code baseline would fall across all building types. We think it is valuable – especially as a post-occupancy tool.

As buildings are constructed and occupied it becomes really important from a savings standpoint that they operate as designed — even when loaded up with people and equipment. We use the Portfolio Manager in the Existing Buildings program as a tool without an incentive or savings attached and it is very popular for managing energy. We are working out ways to use ENERGY STAR across the commercial sector and don't want to claim savings through the New Buildings program but view it as an important step to continued energy management. Even at the new incentive levels, and we did research on the costs because the ENERGY STAR requires a professional engineer stamp, our incentive falls right in the range of costs that are typically between $3,500 and $8,000 so we're offering to cover a portion with incentives at $1,000 to $3,000.

Bruce Dobbs: We're benchmarking against like-buildings when we use it. Is that what you're saying with this system?
Jessica: Right, but we're not claiming savings, just encouraging energy management, because it's a little tough to verify.

Don: As you enter more buildings into the ENERGY STAR database, the data set changes?
Allie: They update the data set about every two years, so it's basically a static data set.

Oliver: This is also a good entry to hand projects off to Existing Buildings, to ensure buildings continue performing as designed and to identify new retrofit opportunities.

Bruce: We use it strictly as a benchmarking tool; we never claimed savings, but it allows people to compare against similar buildings and previous years.

Jessica: Costs for the PE stamp are from $3,500 to $8,000, and that's where we set the incentive.

Allison: This is a $1,000 to $3,000 investment to try to get deeper into the facility and try to get more measures. But there is really no savings from the investment?
Jessica: No additional savings because we can't verify it at this point.

Allison: You are seeing it as more of a marketing or outreach cost?
Jessica: We are using it as a tool to get people in touch with how their building is performing and the fluctuations so they can manage it.

Don: Is there are requirement to run it each year?
Allie: They do have to run it one additional time, right now. If past history is correct, they often don't perform as well as expected and go to the Existing Buildings program for more help.

Bruce: Anecdotally, everything can look great with the building, but if you don't run the building right, it won't save as much. This is a good tool to get people to pay attention to it.

Allison: This is a physical tool they put into place?
Jessica: This is an actual online tool that they use to load all their information and it benchmarks against similar buildings. If they achieve a 75 score, we have to verify it, they get a PE stamp and the ENERGY STAR label. Our incentive supports the cost of the engineer stamp.

Holly: It's not a cash incentive to the owner?
Jessica: We can cut the check either way and either way it reduces the cost of the stamp.

Bruce: Do you verify it with a copy of the invoice of the consulting engineer?
Jessica: Yes, we look at those costs. We interviewed a lot of people to decide on the new incentive design, so it's very well informed.

Charlie: We didn't talk much about major renovations. Are you doing modeling on them? Would they have to be on new code, and would the incentives be tiered?
Jessica: If they want early design and modeling assistance, yes, they would have to model their new building. The incentives for major renovation would be tiered based on the percentage beyond code just like new construction. The base incentive is $0.25/kWh and for tiering to kick-in the major renovation would have to achieve 25 percent beyond code.

Charlie: So there are paths for deeper renovations?
Peter: If you don't match the incentives for renovations, you don't get the deeper renovations.

Allison, Jim and Peter will get together for budget and revenue discussions.

5. Public comment

No public comments.

6. Meeting adjournment

Meeting adjourned at 3:50 p.m. with no further questions. The next meeting is November 17, 2010, which is also the last meeting of the year.