Conservation Advisory Council Meeting Notes

March 12, 2014

Attending from the Council:
Garret Harris, Portland General Electric
Warren Cook, Oregon Department of Energy
Don MacOdrum, Home Performance Guild of Oregon
Jim Abrahamson, Cascade Natural Gas
Juliet Johnson, Oregon Public Utility Commission
Don Jones, Jr., Pacific Power
John Frankel, NW Natural
Stan Price, Northwest Energy Efficiency Council
Karen Horkitz, Northwest Energy Efficiency Alliance
Charlie Grist, Northwest Power and Conservation Council
Wendy Gerlitz, Northwest Energy Coalition

Attending from Energy Trust:
Tom Beverly
Amber Cole
Kim Crossman
Diane Ferington
Sue Fletcher
Debbie Goldberg-Menashe
Fred Gordon
Jackie Goss
Margie Harris
Marshall Johnson
Oliver Kesting
Elaine Prause
Ed Wales
Mark Wyman
Peter West

Others attending:
Jeremy Anderson, WISE
Graham Brown, CLEAResult
Sheryl Bunn, CLEAResult
Christina Cabrales, Conservation Services Group
Scott Davidson, Clean Energy Works
Carolyn Farrar, NW Natural
Sarah Fredrickson, CLEAResult
Kelly Haines, Clean Energy Works
Mark Kendall, Energy Trust Board of Directors
Ron Lynch, ASC Engineers
Becky Walker, PECI

1. Welcome and introductions
Kim Crossman convened the meeting at 1:30 p.m. and reviewed the agenda. The agenda, notes and presentation materials are available on Energy Trust's website at www.energytrust.org/About/public-meetings/CACMeetings.aspx.

2. Minutes and operating principles
Kim: More background material will be available after the meeting. We discussed including minutes from past Conservation Advisory Council meetings, and we didn't make it for this time. We will include those later.

Kim: Should we have a formal acknowledgement of past notes?
Don Jones: I'm thinking of the Regional Technical Form approach, where you include them in the packet and everyone takes a minute to do a reality check and acknowledge that they are okay. It's good practice.

Kim: If we put them into packets the week before the Conservation Advisory Council meeting and ask everyone to review them for problems and took input to give back to the note takers, would it help?

Conservation Advisory Council members agreed it would be good practice, by show of hands.

Kim: Not much has changed in our Conservation Advisory Council operating principles. The main addition was providing a phone conference line. I didn't hear anything else that was really at the level of needing change. Are there any comments, concerns or questions?

> I need to mention that Holly suggested I shouldn't put 2014 on the document, because it implies that we will review them every year. I could take that out, but I believe it's a worthwhile exercise to look at the operating principles each year.

Jim Abrahamson: I like having the guidelines for timing of reviews.

The Conservation Advisory Council adopted the operating principles by show of hands with no additional concerns or comments.

Kim: I'll accept the redlined text and send the updated version out to everyone.

3. Northwest Energy Efficiency Alliance 2013 highlights and plans for the future
Karen Horkitz: Part of my role at NEEA is to oversee our market transformation programs. I'm presenting a basic overview of NEEA today. This presentation is posted at www.energytrust.org/library/meetings/cac/140312_CAC_Portfolio.pdf.

Kim: Last time we were here, we heard Peter West talk about great results from NEEA that contributed to our 2013 results. This was a great opportunity to put some context behind the numbers, which are a huge piece of our organization's success. A big chunk of the Energy Trust portfolio comes from NEEA's efforts.

Karen: NEEA is an alliance of northwest utilities and energy-efficiency organizations. We work on behalf of the region's 13 million ratepayers to accelerate investments in energy efficiency. We were founded in 1997 and receive funding from many organizations. When NEEA started, the idea was to focus on long-term sustainable solutions for the whole region. Many voices together carry more weight than a single energy-efficiency program or utility.

> NEEA's focus is different from that of Bonneville Power Administration, the utilities and Energy Trust. NEEA works regionally and upstream, instead of downstream. Working downstream means working with end-use customers. Upstream efforts are focused on distribution and manufacturers. In addition to end-use customer services, Energy Trust is closer to mid-stream because it represents all of Oregon and does market to distributors and retailers.

Don Jones: Pacific Power also operates upstream programs in a couple of states.

Karen: In my 11 years with NEEA, there has been a big change in the market and all utilities have ramped up their programs. There is a lot more going on in the market than previously. Multiple efforts may be working in the marketplace, so collaboration and coordination is key.

Working upstream and regionally, NEEA does three things. We fill the energy-efficiency pipeline by tracking on promising new technologies and techniques and championing the most promising ones. We work to accelerate market adoption of these new ideas. We also leverage the power of a larger regional voice.

We accelerate market adoption by doing market research, which means looking at why the market hasn't adopted already a promising technology or strategy and trying to understand the barriers. Is it about price, other costs, not enough availability or lack of installer know-how? We also look at related opportunities. We work collaboratively with the region to develop intervention strategies to accelerate and broaden market adoption.

The region has worked through NEEA collaboratively for some time, and I wanted to point out some successes from 2013. Strategic Energy Management and food processors are great examples of success. We have worked since 2004 to develop and define SEM, and there has been a lot of uptake at local utilities and at Energy Trust.

When we talk about market transformation, you can view it as an S curve (see slides). The chart shows market share over time. The gray line is the natural baseline adoption rate that indicates what would have happened without intervention. The dark green line is the adoption rate if we fulfill our plans. The dotted line shows accelerated and deeper adoption. Higher building codes or efficiency standards are where we want to go. The lighter green line is the dollar investment. We invest more in the beginning to get the market to move. Later, as things change, the need for investment drops off. That's a long-term investment we do as a region.

Market transformation results in energy savings. NEEA is funded in five-year cycles. If you look at savings over time in the slides, dark blue shows the oldest funding cycle, light blue is newer and orange is the most recent.

Juliet Johnson: So savings in 2012 are cumulative from what you did over time?
Karen: Yes. In 2013, the cumulative investment brought us 966 average megawatts of savings. The current investment, shown in orange, is small.

Scott Inman: Is the growth rate slowing over time?
Karen: Without exact numbers in front of me, I can't say. Looking at the chart, they might be slightly lower.

Scott: This shows that it's becoming harder to save energy, correct?
Karen: People use the low-hanging fruit metaphor, but there are still many opportunities. At the end of the 2009 cycle, NEEA's resources were so tapped that we couldn't do as much as we wanted. The region asked us to add beyond our portfolio at that time. TVs were one area where we were asked to add to our portfolio. We also invested less in emerging technologies at that time. Our current cycle included a theme of getting into emerging technologies. The pipeline went a little dry, and we didn't have the resources to completely fill it. Some of the trend comes from needing to fill the pipeline again, which is hard to do.

Don MacOdrum: Dark and light blue continue to grow after the initiatives are no longer funded. Are you measuring ongoing savings from something that stopped?
Karen: Early on, NEEA worked on high-efficiency clothes washers. Those models were manufactured and purchased, plus standards were changed. Those savings are still going because the washers are still in use.

Don Jones: So the savings are tied to measure lives?
Karen: Yes.

Mark Kendall: At what point are savings retired? When they have code changes and standards in place?
Karen: I can come back to that.

Charlie Grist: Ongoing savings are not just attributed to measure life. People who buy a clothes washer the year after you quit are still buying a more efficient washer. The continuing climb of savings includes market changes. If you are successful, you continue to get more market penetration.

Don MacOdrum: The increase in benefit has continued.
Don Jones: When the standards change, you stop doing the investment.
Charlie: You start to come back after that with the end of the S curve.

Karen: You eventually phase out the ability to book the savings. We have a tendency to be conservative.

> NEEA partners on many programs with Energy Trust. The first of three 2013 highlights are heat pump water heaters, which are still in infancy for market transformation programs. Heat pump water heaters have been very successful. The long-term goal is to influence federal standard enactment for all electric storage tanks that are 45 gallons. Everything is geared toward that outcome. In 2013, we left early stage testing to go to a full-scale program. That's a big deal in terms of our goals. Heat pump water heaters are high cost with limited consumer and installer awareness, maybe even negative awareness. The product wasn't integrated into the supply chain and ENERGY STAR not supporting a northern climate specification was also working against us, so we worked on a specification.
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> Jeff from NEEA has been working with manufacturers for a long period to convince them there is a market here. We are looking at specification adoption at the federal level, making heat pump water heaters available in retailer locations, creating installation questions and answers, and monitoring consumer satisfaction. We have gone from zero to five manufacturers that meet the northern climate specification. We influenced retailers and are working with utilities on joint promotions.

Scott: Do heat pump water heaters work east of the mountains?
Karen: Yes. Tests have been positive so far.
Charlie: The big push was the northern tier specification so heat pump water heaters could work in cold garages. The market may not have achieved this at all or as quickly on its own.

Karen: Energy-efficient TVs have also been successful. In 2009, the region came to NEEA because of digital conversion. The northwest retailers weren't selling as many efficient flat panel TVs as expected. There were many more plasma TVs than LED TVs. The region wanted to use retailers as a leverage point to influence what corporate buyers would purchase. If retailers got an incentive, it would change what manufacturers would make. That would be working to ratchet up the ENERGY STAR® standards. Energy efficiency wasn't a priority, and there was even some resistance. Consumers weren't considering buying energy-efficient TVs. Incentives were too low for consumers, but getting $12 per TV is more influential for a retailer. We partnered with California and ramped up our regional leverage to include them. Retailers were very positive about it.

Don MacOdrum: You tried to move people from plasma TVs, so LED TVs have taken off. Is NEEA's fingerprint on that?
Karen: We put midstream incentives in place for every unit sold that met our specifications from the top tier of ENERGY STAR. Based on this effort, ENERGY STAR increased its standards. The net energy-efficiency increase was about 55 percent since we started.
Don MacOdrum: LEDs comprised the majority of the energy-efficiency increase?
Karen: Yes. There's an article I can show you about what happened to plasma TVs, which speaks volumes.

Mark: When we do promotions with ENERGY STAR to phase in next generation technologies, what kind of spillover does the national market experience?
Karen: NEEA influenced this. We are careful to document this in third-party evaluations.
Warren Cook: It's the opposite of the standard dumping-ground argument. Once the standards come up here, you don't go to Kansas and find the worst TVs, for example.
Fred Gordon: The rest of the country seemed to build piecemeal programs to deal with retail chains. They don't have much influence that way, but they got swept up in our success.

Charlie: In order to influence LED TVs, you developed relationships with big corporate buyers. Now you have avenues for further influence because corporate buyers purchase more than TVs. It's a huge thing to have those relationships. A big region has more leverage. Retailers like to work with NEEA and the California alliance because the alternative is to be approached by many utilities separately.

Karen: NEEA is funded in five-year cycles and we are on the cusp of the next one. We have a draft strategic plan now. To maximize the region's return on investment, we target markets with the most potential for adoption. We have six now. NEEA also plans to work with the region on coordinated strategic plans for each market. We plan to work with utilities, Bonneville Power Administration, Energy Trust and others.

Mark: When working with others, like agricultural irrigators, water conservation laws cause them to lose if they conserve water because of water rights. Would working on that allow you to go after that policy problem?
Karen: We would have to get the right stakeholders at the table and identify the issue as a key push, but then find someone else to take it on. It's outside our scope.
Don MacOdrum: In that role, you won't do the advocacy, but one of your stakeholders would? Some of your funders may not want you to invest in coordinating advocacy.
Karen: I don't see any role for NEEA in making that work happen. Our planning has much more to do with the roles of stakeholders.

Don Jones: Part of the issue is intersecting markets. The market for water is not a basic one. Issues include scarcity and water rights, and people are smart about getting the right amount of water when they need it. You can probably stay clear of water rights.

Charlie: I think a more expanded role for NEEA in that coordination is important. Someone needs to do it. NEEA is doing some of the cost, utilities are doing others. What's falling through the cracks? We are doing pretty well. It has taken a lot of different actors working on different areas, including things in the private sector. The more we know about the markets and where we should act, the better. The Northwest Energy Efficiency Taskforce identified some needs for good intel and when to stop investing.

Karen: Commercial real estate is a good example. There are many resources out there, but we are being careful not to duplicate work.

> Our draft plan includes identified influence points. Infrastructure is part of it, and that's new for us. We're recognizing that there is an infrastructure of upstream relationships, facility energy databases and such. Multiple programs can access what we build. We have learned that building those is a better investment than losing them through inactivity.
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> In natural gas, our current business plan began in 2010. It identified that NEEA should be fuel neutral, and it allowed for the possibility that we might find a way to work with gas efficiency. Collaborative efforts are underway this year. If we work on gas efficiency, it will be funded by dual fuel utilities or other gas utilities.

Kim: You can view the Conservation Advisory Council meeting packet here, including a brief Q4 report from NEEA, which gets included in our reports to OPUC.

Don J: Is Energy Trust funding for NEEA second behind Bonneville Power Administration?
Karen: Yes.

Charlie: The business plan is out for public comment. It's open to anyone who is curious about it.

4. OPUC Gas Efficiency Cost-Effectiveness Exception Docket UM 1622
Juliet: This is an update about where we are with the OPUC Gas Efficiency Cost-Effectiveness Exception Docket UM 1622, how to comment on the docket and the process for providing input. We had a Conservation Advisory Council meeting a year ago about the context. The biggest takeaway today is to understand the next steps in the docket.

> The commission looks at total resource cost and utility tests. The utility test is the floor, and not where Energy Trust should be incenting. In quarterly and annual reporting to the OPUC, Energy Trust reports on both. Generally, the overarching test is the total resource cost. We have a set of guidelines we use with exceptions. In 1994, a docket was opened, UM 551, with the OPUC looking at seven exceptions, and all measures need to pass tests except for the seven exceptions. In the near term, Energy Trust has come to us with measures that didn't pass but fit within UM 551 exception criteria. These criteria included market acceptance, significant non-energy benefits, common practice in the region, whether the package will be cost-effective in the future, pilots and requirements by law or commission direction.
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> Energy Trust realized that low gas costs led to total resource cost problems. Weatherization measures didn't pass. Examples include air sealing and insulation. More current forecasts of future natural gas prices are down 45 percent from prior forecasts and installation costs were higher than expected. We opened a docket and included the measures that needed exceptions. The commission didn't want to dismantle the program with possible future gas cost changes. We wanted to see if we could find ways to reduce costs. We gave Energy Trust a two-year exception, and we added a few measures to the exception list. The commission decided to look holistically at the gas programs and come back in June with what would be left if things don't change.
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> At the end of June, Energy Trust will come back to OPUC staff with data and options to handle these issues. There could be ongoing exceptions or other actions. Our staff will

create a docket and bring in comments in July, and then make recommendations to the commissioners. We will set up a schedule and probably take two rounds of comments. We may do workshops. Parties will be able to comment on the recommendations. The process is open and transparent. The three commissioners will review the docket at a public meeting and make a decision before October 2014.

The feeling I get from the commission is that our current policy is very flexible. We look at both tests and there are times when exceptions are warranted. If you are interested in changing the tests themselves, the best way to frame your comments is to address what measures the tests should include that aren't in the exception policy. That's more important than arguments against the tests we use. We want to know what measures aren't happening under the current method, instead of, "we don't like the total resource cost test, and here's what we recommend instead."

Mark: Will the docket identify additional possible types of UM551 exceptions that would allow for consideration? That way the OPUC can consider it?
Juliet: If you think there should be a new criterion, you should say so. This won't be a wholesale review of cost-effectiveness, as we don't want to open UM 551. You can make that case, and the OPUC probably won't do it, but it's not impossible. Specific measures are more important.

Don Jones: It's great information to share their thinking. On the gas docket, you are inviting comments on gas measures. Is any party looking at electric measures? UM 551 has an electric background. Are the commissioners thinking of this?
Juliet: We are asking Energy Trust to apply separately for electric measures, and UM 1622 is just gas for right now. Addressing electric measures will be a separate process.

Kim: We did a thought exercise at the workshop last year to make a case for individual measures. It was a good setup for this discussion.

Don MacOdrum: I have concerns that the process won't yield good changes because we went through the exercise and came up with exceptions for the measures. If the measures pass under current exceptions, why haven't they already been applied?
Fred: There are law and rules, but also how they are applied. There may be more latitude in how UM 551 is applied. We have a standard where large but highly variable non-energy benefits, like the comfort benefits from weatherization, are currently not being applied. Because not every customer values them, we ask what we should do with these benefits. We may make a proposal. That's application of the rule. We have to work that out.

Kim: As you are preparing your report for the commission, can it be previewed here?
Fred: On the way to the OPUC, you'll have a working draft.

Kim: Elaine and Fred will go back through with a fine-tooth comb and look for the obvious exceptions we can lay out.

Don MacOdrum: In the context of a group reopening UM 551, they wouldn't want to do it before having a snapshot of how staff are looking at the exceptions and how they apply them. The forecast on the issue is most important.
Juliet: At any time, a party can ask for something to be investigated. More voices will carry more weight. I haven't seen that happen, but it can. Participating to suggest modifications to what's in place will be best.

Wendy Gerlitz: There's a concern about the way this is set up at the OPUC. It seems to put Energy Trust into a situation of having to come up with recommendations that border on the commission's job. Is it putting Energy Trust into a bad situation before the discussion at the commission? As a Conservation Advisory Council member, I want to be sure I protect Energy Trust's role, and boundaries should be clear about the roles of stakeholders, the commission and Energy Trust in that discussion. The Conservation Advisory Council needs to be sure we aren't involving Energy Trust in a debate they shouldn't participate in.
Charlie: Energy Trust can't be advocates of specifics?
Wendy: Does asking for their recommendations put them in the wrong place?
Margie Harris: I think it really means that we have to give the analysis and list options that should be out there. Is our report the beginning of the discussion or the limit of the discussion? It's better if we're at the beginning. If our report is the limit, it puts boundaries around things within our perspective regarding limited cost-effectiveness.
Juliet: It wouldn't be a limit. If people want to come in with more alternatives, that's great.

Wendy: Energy Trust is constrained by how they have to look at issues. Others aren't bound by that. Is this the beginning, or is Energy Trust going to make recommendations that put bounds around the discussion? That can be a problem for Energy Trust and all of us. I'm asking all of us to keep Energy Trust's role, the commission's role and stakeholder's role clear.

Jim Abrahamson: The worst outcome is a final decision from the commission that makes it harder for Energy Trust to implement natural gas efficiency in Oregon. That would stop everything, certainly on the residential side. It does appear to be constrained. The commission will end up being bounded by the studies and the OPUC's complaints. We aren't going to open up UM 551 or a philosophical discussion. What will bubble back up to the commission is whether they can stomach the loss of gas savings. If we find it not cost-effective, it shouldn't be in our Integrated Resource Plans. Does the commission want to own that?

Don Jones: You came forward with measure exceptions, but weren't they granted? UM 551 was applied, and is going forward. So, it seems like it's working.
Jim: We only have a program through October.

Peter West: We eliminated a ton of stuff. Measures with benefit/cost ratios of 0.7 and above were granted exceptions for two years, and the rest were case-by-case.
Juliet: Were those in discussion prior to bringing the exceptions?
Fred: They were things that got dropped along the way. If you didn't have plausible exceptions for other measures, you needed to look at keeping costs manageable. Duct sealing is mostly gone. Air sealing is under examination, and other measures have a tougher cutoff.
Peter: We increased the standards on every insulation measure.
Fred: The maximum level of existing ceiling insulation, where the home is eligible for additional insulation incentives, is lower, which knocks off 30 or 40 percent of potential projects. There have been responses already.

Juliet: It will be good for all of us to look at the numbers. We don't want to see gas programs go away. We should trust the process, get involved and look at the existing exception tools that seem to have been flexible. Some of the commissioners want to continue being flexible, but need to be good stewards.

Charlie: When the commissioners looked at UM 551, it seemed to be on solid ground with respect to their jobs. The exceptions are also consistent with that mission. Some may lead to more cost-effectiveness. It sounds like they are looking for more measures that fit within the existing paradigm. We're looking for the best measures to invest in. It sounds like you are giving

us a heads up about the commissioners' leaning and indicating that there is a lot of flexibility. The question is, what are we missing?

Don Jones: Will the OPUC entertain a threshold question when gas prices are low, such as could an entire program operate under UM 551 through an exception?
Juliet: We're considering it.

John: There is a lot at stake here and it's a good opportunity for dialog. The jeopardy is a blank page in the IRP, and the flip-side would be restoring some of the measures.

Don MacOdrum: If folks suggest exceptions that are missing, would adding those not require reopening UM 551?
Juliet: It's a fine line. How do you recommend different exceptions that wouldn't be reopening it? It's worth proposing.

Kelly Haines: If stakeholders want to influence things, is their best bet to be part of the docket and work on the report with Energy Trust?
Juliet: It's a fine idea to have a discussion with Energy Trust first, and then comment on the docket.

Carolyn Farrar: I work on promotional campaigns and am concerned about the October 18 timeline. When would decisions become effective? We plan way ahead with our programs.
Juliet: I don't know how that will play out, yet. As you make comments, make your constraints clear.
Carolyn: Fall is a big time for us.
Kim: Energy Trust has developed its budget and goals by then, so we have the same timing concerns.
Fred: In the past, we've had measures discontinued and have been able to do market transitions in an orderly way. The OPUC has listened, historically.

Steve Lacey: UM 1622 gives clear direction on what to present on measures, and there's an avenue to address that. That's not what the docket is about and what we're being asked to do. We aren't going to present an advocacy position in July.

Mark: Our measures that qualify under these exceptions are what we will advocate for. Looking at new exceptions, additions and interpretations is what the group will do.

Jim: In my comments, it's about how the commission views the Energy Trust report. Will they take your report as the corpus of the discussion? Will it end up being the roadmap?
Juliet: It will be the beginning of the discussion, but in a short timeline. The OPUC may extend the timeline. There is a solid understanding that as of July 1, the parties haven't had a lot of time to go through and comment. The whole open process is very important, and we'll ensure it happens.

Mark: To what extent have the conditions changed by then? If something is allowed under the flexible process, to what extent and basis will they have? They aren't going to rethink their application of exceptions, but they could?
Kim: As people think about what is excluded, and if it doesn't fit under current exceptions but is beneficial to consumers, that should be brought up as a new exception.

5. Energy Trust 2015-2019 Strategic Plan emerging topics

Elaine: At the last Conservation Advisory Council, I gave a process-focused presentation. Our goal is to have a reviewed and board-approved strategic plan in October of this year. We are at the strategic issues stage. Today we'll review the issues we have identified so far and gather your feedback.

> We have a board strategic planning committee meeting at the end of March, and want to have your thoughts on the strategic issues for that meeting. In the Conservation Advisory Council packet, we provided a paper with questions for you to consider. Are these the right questions? Is anything missing? What rises to the top for you, and what issues should we look into more deeply? We want you to focus on sections 1b and 2a.
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> If you don't get to mention something today, we invite comments. Email me at elaine.prause@energytrust.org.

Kim: What resources, references and examples should we consider? Some of you have a lot of these to offer. What are others doing, and what else have you seen?

Elaine: Issues included declining long-term resources. Savings have significantly impacted loads and it's harder to acquire resources. Our next plan will probably be different. The theme of the last plan was growth, but this time the emerging theme around energy efficiency is finding and acquiring savings beyond the base.

> How can we grow the energy efficiency resource? We have many ideas to build on the current successes of our efficiency programs, but we can't do everything and do everything well. Some element of the plan will be about making choices.
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> The focus of section 2A is broadening and lengthening Energy Trust's scope. Why would we do this? Typical plans have been for five years. What we've found through this information gathering section is that we may be limiting ourselves. Should we be thinking further out and then define the shorter-term strategies within this plan to help us achieve that longer-term vision? We operate within limits of SB 1149, SB 838 and the OPUC grant agreement. Our funding limits us. What are ways we can support other state goals within our bounds? What is Oregon likely to need in the next five years? These are questions we are asking within this strategic issues development phase. Section 2A defines three categories. The first is setting longer-term aspirational goals. California's net zero energy initiative is an example of this type of goal.

Fred: A lot was worked out between the energy commission and utility commission. Both commissioners at opposite ends decided to work together.

Elaine: Another category of goals is about going beyond efficiency and generation. Examples include reaching certain greenhouse gas reduction metrics and having specific goals around reaching underserved customers. Peak load management ideas are the third category. It's the evolving utility model we are thinking about here. Where do we play a role in the next five years?

Mark: Is there a role for Energy Trust that might apply in all of these categories? Is there an Energy Trust role in assisting, catalyzing and getting people together to align on these goals? One thing we find is that there isn't a relationship between climate and energy efficiency. Greenhouse gases don't show up in utility IRPs. Is the goal wrong or is the alignment off?

Kim: We have asked you to look at issues inside the box (page three) and a set of issues outside the box (page four). We're starting inside the box. What one thing here is really most compelling to you?

Stan Price: The notion of declining availability of resource because of historical success is important. It would be good to spend some time level-checking that idea. If that's true, it would seem to mean tighter relationships between building performance and distribution. As we look at data sets coming out of building performance, we're not seeing that. In areas where there are long-term programs, you would expect good performance, but some buildings are performing poorly. It's good to examine that question. What is a different approach to understanding savings potential?
Elaine: We are updating our resource potential studies.

Don Jones: Is there less potential in the updated resource potential studies?
Elaine: It's too early to say.

Kim: Conservation Advisory Council members who have a market presence are invaluable for this type of input, since reality may not match studies.

Warren: This is a familiar nexus. We added insulation to all the attics and did all the metal insulated doors. It's cyclical. We're really not seeing what's done in the field match what the resource assessments say, and that's always a challenge. The portfolio shows we've reached most of the savings, but we haven't when we look at individual buildings. At the state level, we are looking at agencies but not buildings. We don't know the answer, but looking at an R12 versus R18, you can look at a savings package to squeeze more savings out. Trying to look at individual maximization by building instead of the whole portfolio is most compelling.

Scott: Reaching underserved markets is most compelling for me. Look at multifamily and low-income customers. I know we haven't touched the window replacement market in Portland. Reaching people who haven't seen the value in spending the money to weatherize should be the real focus. People don't know they can do it. Even though you've been great at building awareness, there is a big untapped market.

Jeff Bissonnette: Building on what Stan, Warren and Scott said, I think you start with new technology and methods. An individual building approach is important. We tend to think in sectors and populations. Reductions in state buildings are a good distinction. We've thought of agencies and not buildings. Closely tied to that are underserved markets. They're hard to get to, but they represent a lot of savings.

Karen: I have to be biased toward number one: new technology, methods and program approaches we haven't taken before. What are new ways of approaching buildings, like performance metering technology?
Kim: Like SEM deployment?
Karen: Yes, there was a lot of skepticism about SEM, but pushing through that can lead to the next big opportunity. Gas is an area where it seems like a lot of market transformation opportunities exist with great benefits.

Charlie: Yes, plus finding better leverage. One is that there is a lot left to do. We need to figure out how to achieve savings. The markets are smaller, so you have to be creative. This might fit under the risk-budget concept. We keep those risks down through pilots, and Energy Trust has been great at pilots to see how things work. New technology and practices would be most compelling to me.

Don Jones: Number seven captures your dilemma. You wind up at the end of the day with clearly defined trade-offs. There aren't infinite trade-offs. Maybe there are two most important tests.

John: We're rolling together two and four and moving toward the conclusion that gas costs are too low and measures are too expensive. You could look at weatherization measures and costs of insulation and equipment. We need to look at how we justify those measures or reduce costs. Cost increases have raised questions. Also look at three, and entering certain markets, like multifamily. Look at Metro's plan for density and growth. NEEA shows that a huge amount of multifamily buildings have baseboard heat. If that's a growth area, we should look at it.

Wendy: I like risk premium development, and I support Charlie's thoughts. You have it on the electric side, but not gas. We could solve some issues with gas companies.

> The second most compelling issue is underserved markets, with the cost-effectiveness part of it. When you look at cost-effectiveness and how expensive some of the areas we need to go are, I think there are other partnerships and funding sources out there. It would be good for Energy Trust to explore that. Where you are getting water savings, you could partner with those organizations. Greenhouse gas regulations may give us ways to capture some value from them. You can find other funding sources and partners.
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> The last most compelling issue is number one: how you forecast your savings. The council has looked at this from power plan to power plan. Things have happened more quickly and more robustly. As the technology pace accelerates, you can't just look at what's new now. You need to look at next year's technologies and how they will develop. You have to anticipate and do more.

Don: You are doing a 20-year resource plan with a five-year deployment schedule.

Wendy: I think things are changing too quickly for us to plan for five years based on what's happening now, and we miss potential opportunities in our planning process. No one can predict the future, but there can be methods to put cost and risk bounds around what may happen by sector. We need to estimate what will come in to meet needs.
Elaine: We are moving toward that with the next resource assessment, and we'll bring that back to talk to utilities in planning.

Garret: Is there enough potential savings to meet 2015-2019 goals? UM 1622 is not just a gas issue. We see residential measures eliminating a large part of the market. Heat pumps, commercial lighting and the like may need more flexibility. Number one is compelling to me. New technology and methods may need Energy Trust and NEEA to coordinate even more to get new things into the market, so more collaboration is needed.

Juliet: Energy Trust needs to do more of what they are doing now. Number one seemed to cover that: new opportunities and flexible and new methods. I liked what Wendy said about new entities helping with measures and paying for them. Are there opportunities there? Numbers five and seven are also interesting about going into uncharted territory; as were the trade-offs in seven.

Jim: This does seem to be a more electric centered plan. Cost-effectiveness is the big one for me, but also reducing costs. You can't reduce measure costs enough to keep up with low

avoided costs. New technology from gas NEEA ad-hoc group is compelling, and but it will collide with electric technologies right away and NEEA will need to deal with it. The plan will be approved by the board before we have a cost-effectiveness docket decision.

Kim: Is there something you see as far-fetched in this plan, or can we go straight to out of the box comments and address anything?

Don Jones: Running electric demand response programs is great if you're a system operator and balancing the system. I don't see this as a role for Energy Trust, except maybe in joint outreach or marketing.

Jeff: Energy Trust should stay pretty close to its original purpose unless there are policy changes. The same is true with greenhouse gas goals. Should you have a goal of returning benefits to everyone who pays in? It's valid between specific customers and classes of customers. It's central to Energy Trust operations. Also peak load overall is important. You should stay within your mission unless the policy field changes.
Juliet: I agree with Jeff completely.

Scott: Greenhouse gas goals are a great aspiration, but you shouldn't address them. Energy Trust's role doesn't take in greenhouse gas reduction as the focus. Energy Trust is about saving energy and site versus source, and basically fuel neutral. You have to legislatively change the focus, or maybe the OPUC does it.

Warren: I'm thinking of buildings that aren't behaving as expected. Some buildings may have achieved LEED and have good equipment, but they may not be performing as well as expected. It would be good to revisit these buildings. That would expand to the homes that we weatherized in 1988. It may have been great then, but may need another visit. The homeowner may not know what to do next.

Jim: There are policy and philosophical issues that need to be addressed. Source versus site is one example and is not well received in some circles. One element to address now is the alternate framework for accountability of Energy Trust and page three is another piece. There was a mention at the last board meeting of seeking other funding besides the public purpose charge. There could be a striking difference between these two plans that needs to be addressed.

Juliet: I agree with Jeff, and we talked about this a little in the Renewable Energy Advisory Council meeting. Fred brought this up. These are ratepayer dollars and we need to stay within acquiring the most savings for the least cost. SB 844 needs to be the best box it can be, but be prepared to merge with the other boxes. We need to keep the line clear between other funding and ratepayer dollars. If there can be some synergies with other organizations, that's great. But we need to stay within your box to avoid risks.

> Every legislative session, we have to explain that this is not about carbon reduction, but about acting within the least-cost resource for saving energy. Stay within your box. It would be great to be flexible enough to attach to other boxes.

Garret: I agree with Don about demand response.

Wendy: I echo what Jeff said. I agree with Don about demand response. Understanding capacity is important, and how we can use that energy efficiency to more value and better use within the bounds of Energy Trust's role.

Don Jones: The IRP resources are modeled with their load shapes, and this influences their selection. The value of the demand reduction for efficiency resources are already taken into consideration.
Wendy: We need to work on the utility system load shape, and there are other things we can do. If your system has a capacity constraint, we should target that and work on it.

Don Jones: There are already estimates of the cost of greenhouse gases added into the IRPs. I wonder what additional values we need to consider.

Mark: Should you continue providing electric water heater incentives when gas uses three times less carbon?
Jeff: Should you do it because gas has lower carbon emissions? That's within the existing framework.

Charlie: I think steady as you is the best approach. All across the country, similar things are getting killed because they go too far. That goes for cost-effectiveness, too. If you keep doing things that aren't cost effective, it kills the golden goose. I have been bugged by California's net-zero energy goals. When you draw a boundary around a house or a building, you lose the big picture. California is doing too much solar, and you need to look at the system overall.

Elaine: The Renewable Energy Advisory Council members had a different conversation about distributed generation. Energy efficiency was well supported, but there is a need to work more closely with the utilities. It's not about us running demand response programs.
Charlie: If there are efficiencies to be gained in delivery, you have to work with the utilities.
Don Jones: In terms of adding controls and buttons and switches that line up with capacity, why shouldn't it be done? In terms of cooperative marketing and the like, that should happen.

Mark: This has been helpful. The strategic planning committee looked at the bounds and what's called for based on policy. This helped in terms of the thinking through new technology and methods and creativity. We'll take notes back from the staff perspective.

Kim: Your comments don't have to be formal, but please do send them.

6. Public comment
There were no additional public comments.

7. Meeting Adjournment
Kim thanked all council members for their participation and adjourned the meeting. The next full council meeting is on April 23, 2014.