Gas Cost Effectiveness, UM1622 Update

Conservation Advisory Council – June 18, 2014

At the next CAC meeting, we will present an update to the OPUC docket UM1622 which addresses cost effectiveness of gas measures and programs. During this time we plan to share a preview of what we have been preparing in response to Order 13-256. This Order asks that Energy Trust submit a report to Commission Staff by July 1, 2014 containing gas measure and program utility and total resource cost (UCT and TRC) benefit/cost ratios in cases where they are less than or near 1.0.

Since this work is still in progress, we are planning to send more detailed materials on Monday, June 16. In the meantime, we wanted to share some high level findings with you now.

Measure level findings:

- TRCs for residential weatherization measures have declined slightly since our first exception filing in September 2012 due to lower avoided costs and higher total measure costs

- 18% of gas savings for the existing homes program in 2013 required a cost effectiveness exception. This largely consists of insulation measures in single family homes. Manufactured home measures, furnaces for moderate income customers, and hearths appear cost-effective.

- Select custom projects in existing buildings were most challenged by cost effectiveness, 6.5% of 2013 savings employed the cost effectiveness exception

- Five measures under the New Buildings Program will be removed or reworked and another six will request UM551 exceptions, all measures totaled 2.5% of 2013 program savings.

Program level findings:

- The 2013 Existing Home gas program TRC and UCT were both below 1.0. Our estimates for 2014 show a TRC of 1.5 but a UCT remaining at 0.7. The UCT's below 1 reflects an additional slight decrease in avoided cost forecasts, plus fewer saving per measure and project in relation to overall program costs than prior years. Overall costs include incentives, program management at Energy Trust and our contractors, and an allocated share of Energy Trust's administrative costs.

- We are working with the OPUC on next steps to maintain a healthy TRC and address the UCT in budgeting for 2015.

- All other gas program TRCs and UCTs for 2013 were above 1.0.

At the CAC meeting, OPUC staff will provide a brief introduction followed by an Energy Trust presentation of measure and program level results. This will leave some time to focus on group discussion and feedback as we finalize our report for a July 1, 2014 due date. After July 1, the OPUC comment period and workshops will follow through the summer and into early fall.