

Conservation Advisory Council Meeting Notes

February 7, 2018

Attending from the council:

Brent Barclay, Bonneville Power
Administration
JP Batmale, Oregon Public Utility
Commission
Holly Braun, NW Natural
Tony Galuzzo, Building Owners and
Managers Association
Danny Grady, City of Portland Bureau of
Planning and Sustainability
Kari Greer, Pacific Power

Charlie Grist, NW Power Planning Council
Julia Harper, Northwest Energy Efficiency
Alliance
Garrett Harris, Portland General Electric
Roger Kainu (for Warren Cook), Oregon
Department of Energy
Lisa McGarity, Avista
Kerry Meade, Northwest Energy Efficiency
Council
Jim Abrahamson, Cascade Natural Gas

Attending from Energy Trust:

Gwen Barrow
Eric Braddock
Amber Cole
Mike Colgrove
Lindsey Dierksen
Becky Engel
Fred Gordon
Andy Griguhn

Jessica Iplikci
Oliver Kesting
Amanda Potter
Jay Olson
Peter Schaffer
Julianne Thacher
Peter West

Others attending:

Doug Findlay, Portland General Electric
Nicole Hillis, CLEAResult
Brian Lynch, AESC
Don MacOdum, TRC
Alan Meyer, Energy Trust board

John Molnar, Rogers Machinery
Lonnie Peet, Nexant
Scott Scheuneman, RH Energy
Jeffrey Tamburro, NW Natural

1. Welcome, Old Business and Short Takes

Peter West convened the meeting at 1:30 p.m. The agenda, notes and presentation materials are available on Energy Trust's website at www.energytrust.org/about/public-meetings/conservation-advisory-council-meetings/.

Peter introduced new council members Danny Grady, representing the City of Portland Bureau of Planning and Sustainability, and Kerry Meade, representing the Northwest Energy Efficiency Council. Kari Greer now permanently replaces Don Jones, Jr. for Pacific Power.

The council accepted the meeting notes from the November meeting.

2. 2017 Preliminary Annual Results

Peter West presented the preliminary annual results. Although the results are not final, preliminary findings show 2017 as another phenomenal year. In terms of electric savings, we again surpassed the previous year to make 2017 our best year ever. Contributing factors include a strong economy, a

strong pipeline of projects and a record number of LEDs installed through the residential sector—our zenith year for LEDs installed.

In gas, we equaled our savings levels from 2016, but fell short of overall goal. Most of the deviation from the overall goal was due to the midyear agreement with NWN to moderate the pace of commercial projects from customers under interruptible rates. The economy, a strong building market and the pipeline of industrial projects drove savings. We saw growth in industrial projects where we could provide more efficient means to control air emissions.

Lisa McGarity: Does waste heat recovery also mitigate carbon released into the atmosphere, or is it strictly an efficiency measure?

Peter West: The effect is less gas usage overall. Over-combusting particulate matter means emissions are more effectively scrubbed out or condensed into another form. To the extent that we use less gas to do this, there is savings and consequently less carbon emitted in the control processes.

3. Requests for Proposals for Production Efficiency and New Buildings Programs

Amanda Potter presented industrial savings projections, market trends that inform program design changes and the process for contract bidding. There are currently three pools of contractors supporting the Production Efficiency Program (Custom Program Delivery Contractors, Strategic Energy Management coaches and a pool of allied technical assistance contractors). The Industrial program will release a request for proposals (RFP) combining these three scopes of work.

JP Batmale: Are the territories the same?

Amanda Potter: Territories will stay the same. We're keeping the PDC model with separate savings and pricing for each territory. Bidders can bid on as many territories as they want, but we will only select one prime contractor for each territory.

Lisa McGarity: Are there different measures by territory?

Amanda Potter: No, we offer the same measures statewide. But there will be separate contracts for each PDC.

Holly Braun: Will you choose a different contractor for each territory?

Amanda Potter: Yes, we will choose a different prime contractor for each territory. Firms can be a subcontractor on multiple territories.

Holly Braun: I assume this follows the natural contracting cycle. Will new contracts take effect in 2019?

Amanda Potter: Yes.

JP Batmale: How does this change the design of the SEM program?

Amanda Potter: For large customers, this new design will facilitate better communications. Over time, the design will also enable streamlined processes for small- to medium-sized customers.

Jessica Iplikci presented an update on the contract bidding process for the New Buildings program. The New Buildings RFP will be released before the Industrial RFP.

Peter West: The structure of this program has been successful. There are some additional asks in this RFP, but these are within the existing structure. Bidders might have better ideas and proposals on structure and we will be open to them.

Don MacOdrum, HRC: When does the team aim to make a decision?

Peter West: We'll make a decision in early May to bring to the board in June.

Holly Braun: Is there overlay between these RFPs and the diversity, equity and inclusion efforts? Is that part of the criteria when choosing between vendors, or is the process more proactive than having a set of criteria?

Peter West: Diversity, equity and inclusion is a significant element in both RFPs. The New Buildings RFP will look for more affordable housing and a wider range of trade allies. Both RFPs will look for approaches to reaching more rural and diverse customers. We're asking bidders to describe how they will reach all customers. We'll highlight the diversity, equity and inclusion information more visibly than we have before.

JP Batmale: The New Buildings program spends time educating the building community. The last five years have been spent on a certain type of outreach to architects. Do you see this evolving over the next five years?

Peter West: I believe that is a question for the RFP respondents to answer. We want our respondents to tell us. We have ideas. These are available publicly in the 2018-2019 Action Plans. We'd like our ideas challenged through this RFP.

4. Action Plans: Planning and Evaluation and Northwest Energy Efficiency Alliance

Fred Gordon presented Planning and Evaluation's 2018 Action Plan. Planning is working to forecast goals with more accuracy, get smarter about market segments, and understand who has participated and why. They are working to make sure pilot programs answer researchable questions.

Holly Braun: Who runs the evaluation portion?

Fred Gordon: Phil Degens.

Charlie Grist: When is the white paper due out?

Fred Gordon: In two to three months. It should come to this group around May.

Brent Barclay: How does the Regional Technical Forum fit into your plans?

Fred Gordon: We co-fund the Regional Technical Forum, a volunteer board of experts. We only do analysis where they don't. We work around what they do to fill gaps. We use information from them when it's pertinent to the program.

Julia Harper presented Northwest Energy Efficiency Alliance's operation plan. A more detailed version of the operation plan is available on NEEA's website. All value streams in NEEA's operations are closely tied together. They are interrelated and important to the success of other elements. NEEA's portfolio is growing and becoming more complex. They are watching the market to see what takes off.

Holly Braun: One risk mentioned was about regional bandwidth to coordinate stakeholders. What about that is different? Why is there more risk now?

Julia Harper: First, we're managing a number of different concurrent programs. Second, in this business cycle, we made an intentional change to up the ante on collaboration and coordination. We're investing more time in collaboration than we had in prior cycles. We knew this would take more time, but there needs to be continued appetite and commitment.

Kerry Meade: Can you elaborate on the cost-effectiveness concerns you raised?

Julia Harper: One example is the ductless heat pump program. Regional utility programs support this with incentives at the consumer level. Normally, as the volume of products picks up, the cost of products will come down. We have not seen the cost coming down, and it's become a bigger concern.

Fred Gordon: Over the last few years, our forecast of the future price of power has been trending down.

5. Commercial and Industrial Lighting Strategy

Jay Olson presented on changes to commercial and industrial lighting market trends. Lighting is a large part of the electricity savings portfolio. We still expect to see savings from commercial and industrial lighting upgrades into 2019, but changing dynamics will push us beyond cost-effectiveness. We need to adapt to drive substantial savings through lighting. We're exploring a new approach to lighting incentives for business customers. It's in the conceptual phase now. It will be a deeper dive topic for future Conservation Advisory Council meetings.

Lindsey Dierksen presented midstream offerings for commercial and industrial customers. We now have 10 distributors for better coverage across the territory. For some of the measures, the program is using a market baseline, similar to the residential program.

Brent Barclay: On direct installation, how do you manage the selection process for installation contractors? Is there competition, or do they each have exclusive areas?

Jay Olson: It was a competitive process.

Brent Barclay: Bid? Rotational?

Jay Olson: The current program administrator is SmartWatt, but they don't conduct or perform the installation work. They bid competitively for the contract as a subconsultant to the PMC. Any trade ally contractor who wants to participate in the program is eligible to perform the work.

Brent Barclay: Do you use what's in the ceiling as a baseline for direct installation?

Jay Olson: Yes. We are lowering the incentive cap for 2018. It used to be a higher incentive. It may impact results.

Peter West: This is similar to the T12 bulbs that have been resistant to change. Customers don't want to give up on those bulbs.

JP Batmale: What trends are you seeing on direct installation?

Jay Olson: Trends are consistent. Thirty percent of the people who walk in the door actually participate in the program. Once they go through the energy audit, 60 percent participate.

Peter West: This offering is targeted at small industrial/commercial operations that haven't participated in our programs before.

Jay Olson: This launched not long ago. There aren't a lot of trends for us to look at yet.

JP Batmale: Is the entry point to the program to come back and do more lighting?

Lindsey Dierksen: Yes, we are using the midstream incentives to reach customers who we might have not worked with in other parts of the program, and we will use that touch point to try to do more comprehensive projects in the future at the site. In the future, we need to see how the offering fits strategically with other parts of the program as lighting continues to evolve, but we don't want to miss opportunities to move the market. We will continue working with NEEA and other regional stakeholders to understand how midstream incentives can help drive more savings for the programs.

Charlie Grist: How do you figure out which areas to target?

Jay Olson: We work with utilities to see what they're asking and where they're looking to promote more participation. Utilities have their own lighting representatives out there promoting this as well. We have historical information on how active the market is and how the region is served. We have participation studies.

Charlie Grist: Is this a comprehensive data analysis, or is it more anecdotal?

Jay Olson: SmartWatt is going out to determine customer usage. They bring this information back to us and to the PMC. We synthesize this information and work with utilities.

Danny Grady: Are there non-lighting measures that you're including in direct install?

Jay Olson: We offer plug strips as an engagement tools, but we don't claim savings from these.

Kerry Meade: When are you looking at a new conceptual program approaching? Will New Buildings use a meter-based or pay-for-performance approach?

Jay Olson: A systems approach is a better term. We're looking at load and the energy use of lighting as a whole, not measure-for-measure. We're looking at new technology, advanced technology and

design strategies to lower the energy use of lighting. We aspire to get the lighting load so low that a solar system could cover the load—achieving net zero energy use.

Lindsey Diercksen presented a new lighting tool concept. The tool is meant to streamline operations. The program is interviewing staff, utilities and trade allies on how they would use this tool. They will finish market research and release a request for proposals in 2018.

Jay Olson clarified the difference between the luminaire level lighting control pilot and the integrated advance control pilot.

Jay Olson: In the luminaire level lighting control pilot, controls are built into the luminaire itself.

Aaron Leatherwood: Yes, the lighting controls are a subset of advanced lighting controls. In the luminaire level lighting control pilot, we have control of each individual fixture. They are all connected by a network.

Brent Barclay: It looks like you're constraining research to just the Northwest region. You might want to look more broadly, even nationally.

Lindsey Diercksen: Yes. We were concerned the scope of this research would get too large. We still need to research other regions, like the Midwest and east coast to see if there is more information from other utilities and programs that can help inform our decisions.

Brent Barclay: You could look at vendor solutions. This would be more customized. It might help set requirements in the RFP.

Peter West: We'll be back with more discussion on this topic at later Conservation Advisory Council meetings.

6. New buildings penetration rate analysis

Jessica Iplikci presented on the results of the market saturation study and next steps in the 2018 action plan. Peter West and Andy Griguhn talked about the difficulties of working with secondary sources of data that are imperfect.

Alan Meyer: What share of the overall market is office buildings? Is the 20 percent in your slide a large or small portion of the overall market? Also, do you have any idea why the penetration rate is low?

Jessica Iplikci: This is a unique segment. There will be more information on this topic later in the slide deck.

Alan Meyer: So does this involve a different form of decision-making? Is it a large percentage of the total market?

Jessica Iplikci: The information can be difficult to find and explain. We think there are tenant improvement opportunities out there. We want to use this as a reference point and indicator. We'll pair it with what we already know in other analyses throughout the program, such as lighting analysis. We don't know if we'll be able to address this in a deep or holistic way.

Andy Griguhn: To answer your question about what share of those 3,200 buildings are office buildings, the percentage fluctuated between 2014 and 2016. In 2016, that category made up 20 percent of the building market. There was a dramatic increase in new construction in that market following this. The market grew by two times in one year.

Alan Meyer: So it's large enough to warrant our attention.

Andy Griguhn: Yes, and multifamily and stores/restaurants are the next two categories in terms of market share. Each makes up a substantial share of the market.

Peter West: As Jessica noted earlier, the structure of the office building market is more tenant-driven than owner-driven. That's a challenge for us. Decisions are made rapidly and it's difficult to keep our offerings in front of people, and we will need to address this in 2018 and 2019.

Brent: The number of buildings that participate in the program is an important metric, but we want the right buildings participating. The right square footage. Who has the biggest delta in influencing the energy index?

Jessica Iplikci: This analysis is one reference point. Additional analysis is needed to get at some of these questions. This particular analysis didn't look into that cross section. This analysis was designed to show what's happening overall, where we're hitting and what the major market segments are. The Path to Net Zero program is where we look at energy use intensity.

Jim Abrahamson: The service area map might need correction. In Central Oregon, it looks like Cascade Natural Gas covers Pacific Power territory from Warm Springs to Klamath County. It shows the same thing in Pendleton, the Hermiston area, Baker City and Ontario. We serve islands around each.

Peter West: Thank you for noticing that. We'll work with you to update our GPS.

Tony Galuzzo: Do you expect the new reporting structure for ENERGY STAR® in the Portland area to affect how commercial office buildings approach their building improvements?

Peter West: That's a good question we need to contemplate. We've been expecting more on existing buildings. By meeting the current building code, these new buildings come out favorably. We thought the real pressure was on older building stock. Is the roll out all on large buildings now?

Oliver Kesting: It's for buildings 20,000 square feet and above.

Peter West: When was that ratcheted down?

Oliver Kesting: It started at 50,000 square feet and rolled down to 20,000 square feet.

Tony Galuzzo: It's providing better focus on where they line up and where the performers are.

Peter West: We hit a record for commercial and industrial projects. Have you noticed the benchmarking driving anything specific?

Oliver Kesting: We're using benchmarking data to target, not to drive volume. We use it to see who are the worst performers, what's available to do, and how to reach out to those customers.

JP Batmale: What's the difference in barriers to participation? What are the major differences driving levels of participation by those market segments?

Jessica Iplikci: It's hard to say. Some of it depends on the building type. Multifamily is a straightforward building type. It scales easily. In efficiency, it scales well per square foot. In ground-up new construction, we work directly with the owner or developer. There are key differences when compared to the office building market.

Kari Greer: Has there been any formal work on why some buildings have or have not participated?

Jessica Iplikci: We do evaluations and get good information to use in planning. We make revisions to certain incentive packages planned for 2018. We're making sure our outreach efforts are robust and targeted. The reasons why some buildings do or do not participate could be baked into the research plans we have starting out this year. These will include further engagement with subsets or focus groups.

Don MacOdrum: Is the broader data that informed this slide deck available?

Jessica Iplikci: It's Dodge data, so it can be purchased. The analysis we've done here is available publicly and will be posted on our website. Program evaluations are also on our website.

7. Planning for the 2018 Conservation Advisory Council

Peter West introduced the annual discussion around topics to bring to the advisory council. In response to comments, we want to expand this discussion to also consider why topics come to the council and how they should be presented/discussed. Homework is required of Conservation Advisory Council members in order for us to continue this discussion at the next meeting in March. Peter asked council members to provide written responses to a series of questions in the power point. The questions will also be sent by email.

Alan Meyer: I like information presentations to be concise. This is an advisory council, not a listening council. Unless we hear from other council members, we're not getting the full value out of these meetings. This meeting was 95 percent informational.

Peter West: First, does what we're asking make sense?

Holly Braun: It makes sense, and the timing is ripe. Another question to consider is how the need for an advisory council has changed over time. This council was created around the same time that Energy Trust was starting out and had less expertise on staff. Over time, that has changed. There is so much embedded knowledge that these meetings now consist of updates presented back to us. There is value in that, but could the council be used for another purpose? Is the purpose more about transparency? Are these meetings more about raising the knowledge level of the community and less about advising you? I don't know that our advice is needed anymore. In 2017, were there places where changes happened as a direct result of our feedback? It would be helpful for us to see where we made a difference. If we only made a difference three times, it might be time to re-evaluate the purpose of the council. People want to be here. But are we here to help or to gain something for ourselves?

Peter West: That's a good idea. We still need your individual responses to these questions. In the meantime, we'll think about the most efficient way to answer your questions.

Holly Braun: The meeting structure might take the form of a workshop or world café. I wonder if this room is the right setting for a dynamic workshop. What does it mean to be on the council if meetings mean getting updates and getting smarter? We could be in the audience.

JP Batmale: The operating principles do envision more participation. The principles are broad, but do envision a feedback loop that doesn't seem to happen.

Peter West: It's true that a lot of what comes here is informational. Conservation Advisory Council members have policy expertise, program expertise and customer perspective. All of this is important. I'm hearing that this discussion is positive and you're willing to go forward with the homework. Do you have early thoughts on the list of topic categories?

Brent Barclay: You have some idea of what Energy Trust's needs are. Energy Trust has a constellation of engagements. If you take Conservation Advisory Council out, what's not being met through those other engagements? What's left is a candidate for what comes to this group. This group has a range of interests. From a governance standpoint, is this body an important piece of your public responsibility? Do you need this for transparency when disclosing budgets? We can do a lot of things, but we're broad and dispersed. If the feedback you need is about how to optimize program operations, that's a different conversation than reviewing policies.

Holly Braun: Yes, looking at what would be left if you removed Conservation Advisory Council is a helpful exercise. I love the idea of finding a way for us to help you while also benefiting, but it should start with identifying what you need. We could probably help more. This gets to the question about meeting format/structure and how things can be delivered to pull out the best value from us. I don't feel like we can answer the homework questions until we know the nature of what's been helpful.

Peter West: It's a good idea for us to come up with a list of where Conservation Advisory Council has influenced Energy Trust, but it would be wrong for us to start with that list. Feedback has been all over the map because people have different perspectives. There is overlap between our organizations out in the field. I have a notion of what I need from the Bonneville Power Administration, but it's better for you to say that so we can hear and contemplate as a group. The Conservation Advisory Council needs to be a representative body of interests of the stakeholders, funders and customers. That is fundamental to what you're providing to us.

Alan Meyer: The most impactful meeting in my memory took place when you presented new incentives, and the council came back and said that you don't understand the impact of those incentives. We broke into groups and came up with new incentives. This group provided a real service.

Garrett Harris: If our role is to support the board, I don't understand how the outcomes of this meeting are conveyed to the board.

Alan Meyer: Notes from advisory council meetings are included in the board packet. If there is something of significance, it may be called out for discussion. The council provides feedback for staff to refine things more than we provide feedback for the board to act on.

Peter West: Thank you. We'll send these questions out by email. We'll work on our part of the homework and send that out to everyone. That leaves plenty of time before the next meeting for sharing information back. We'll craft some participatory engagement that will drive a straw proposal.

8. Public Comment

There were no other public comments.

9. Meeting Adjournment

The meeting adjourned at 4:35 p.m. The next Conservation Advisory Council meeting is Tuesday, March 20, 2018.