Conservation Advisory Council Meeting Notes

August 1, 2018

Attending from the council:
JP Batmale, Oregon Public Utility Commission
Holly Braun, NW Natural
Will Gehrke, Citizens' Utility Board of Oregon
Danny Grady, City of Portland Bureau of Planning and Sustainability
Kari Greer, Pacific Power
Charlie Grist, NW Power and Conservation Council
Julia Harper, Northwest Energy Efficiency Alliance
Jason Klotz, Portland General Electric
Roger Kainu, Oregon Department of Energy (for Warren Cook)
Oriana Magnera, NW Energy Coalition (for Wendy Gerlitz)
Lisa McGarity, Avista
Kerry Meade, Northwest Energy Efficiency Council
Dave Moody, Bonneville Power Administration
Al Spector, Cascade Natural Gas

Attending from Energy Trust:
Kathleen Belkhayat
Mike Bailey
Quinn Cherf
Amber Cole
Mike Colgrove
Ryan Crews
Chris Crockett
Hannah Cruz
Becky Engel
Sue Fletcher
Fred Gordon
Jackie Goss
Oliver Kesting
Jessica Kramer
Steve Lacey
Scott Leonard
Spencer Moersfelder
Alex Novie
Jon Pauly
Amanda Potter
Thad Roth
Kate (Scott) Wellington
Kenji Spielman
Cameron Starr
John Volkman
Katie Wallace
Peter West
Mariah Wills
Mark Wyman

Others attending:
Jon Eicher, ICF
Beth Glynn, Cascade Energy
Lindsey Hardy, Energy Trust board
Karla Hendrickson, ICF
Rick Hodges, NW Natural
Anna Kim, OPUC
Joe Marcotte, LM Energy
Alan Meyer, Energy Trust board
John Molnar, Rogers
Lonny Peet, Nexant
Whitney Rideout, Evergreen
Susan Steward, BOMA
Josh Weissert, Energy350

RAC/CAC Joint Session: 2020-2024 Strategic Plan Development
Prior to the meeting, members of the Conservation Advisory Council and Renewable Energy Advisory Council met with staff working on development of the 2020-2024 Strategic Plan. The joint meeting included an interactive discussion on Energy Trust's unique strengths and value to the marketplace.

Facilitator Holly Valkama opened the session and John Volkman introduced the process for developing Energy Trust's 2020-2024 Strategic Plan. Compared with past plans, which have focused largely on quantitative energy goals, the strategic plan in development will consider qualitative goals as well. The planning process will incorporate a staged approach to develop various components of the plan.

RAC and CAC members contributed to the first stage of the strategic planning process by participating in an exercise to revise a draft "strengths and capabilities map" about Energy Trust. John reviewed a preliminary map of strengths with the group, which included scale, credibility, design and execution, and innovation. The members gathered in small groups to discuss the map and report feedback and recommended changes.

Some groups proposed additional strengths such as money management, nonprofit status, transparency, customer satisfaction and Energy Trust's key position in an ecosystem of other clean energy-focused organizations. Other groups wanted to qualify strengths or discuss how they might evolve over the course of the strategic plan. For example, a few groups called out innovation and credibility as characteristics that should be considered in context and may take on new meaning over time.

A revised map incorporating the members input will be provided to the councils before the October CAC and RAC meetings.

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1. Welcome, Old Business and Short Takes

Hannah Cruz convened the meeting at 1:44 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/.](www.energytrust.org/about/public-meetings/conservation-advisory-council-meetings/)

Tony Galluzzo from BOMA will step down from his role as a CAC member, and BOMA is identifying a replacement representative for staff to send to the board Policy Committee for approval. Hannah described Energy Trust's budget and action planning process underway for 2019. CAC members should expect to discuss the draft action plans at September's meeting. Hannah also updated CAC members about the findings of a performance audit conducted by the Oregon Secretary of State's office. The audit evaluated the Oregon Public Utility Commission's (OPUC) oversight of Energy Trust, with a focus on administrative costs. The auditors found that Energy Trust's administrative costs were reasonable.

2. Production Efficiency Program Delivery Contractor RFP Results

Production Efficiency Sector Lead Amanda Potter reviewed the results of a competitive request for proposals for three Production Efficiency program delivery contractors and the Energy Trust board decision to approve contracts with Energy 350, Cascade Energy and RHT Energy Solutions. Energy Trust received multiple proposals for each territory.

Holly Braun: What were the savings of the custom track?
Amanda Potter: The custom track contributes 50 percent of electric savings and 70 percent of gas savings.

Holly Braun: How did you differentiate the first criteria for selection, "energy and costs savings," from "strength of proposal"?
Amanda Potter: The first criteria was around price and our confidence in the contractor's ability to deliver energy savings.
Peter West: You can see more detail on our website about how we evaluated each category.

Amanda noted that all three contract winners presented strong industrial energy efficiency experience, cost-effective proposals, clear strategies to achieve energy savings and evolve the program, and new ideas on how to reach diverse and underserved customers.

Oriana Magnera: You said the proposers you chose had strengths in diversity, equity and inclusion. What did their proposals include?
Amanda Potter: The winning bidders demonstrated strong organizational commitments to diversity. They had set diversity goals and expanded their hiring practices to bring in diverse candidates. They also described their abilities and strategies to reach diverse customers. Small- to medium-sized businesses and rural customers have been a key focus for the Production Efficiency program, and was a focus in the proposals.

3. 2019 Measure Reviews: Introduction and Overview
Director of Energy Programs Peter West introduce the topic of measure reviews, and Engineering Manager Mike Bailey provided an overview of measures that staff are reviewing for 2019, including changing measures, expiring measures and new measures or pilots.

Peter noted that today's presentation contains preliminary analysis and therefore is still under development. However, staff wanted to bring this topic to CAC now in the spirit of providing information earlier. Mike shared an overview of the reviewed measures, and then identified two areas where trends are influencing measure decisions, specifically around lighting and water conservation. Peter said staff use this measure analysis process to know when to exit a market.

Dave Moody: What irrigation measures are being mentioned on the slides?
Jackie Goss: Previously we had cost-effectiveness exceptions for seven measures. With re-analysis, five measures are cost effective, one measure we are gathering more information about and one measure we're canceling. We're asking for an exception for drop tubes.

Jason Klotz: What's the total resource cost on direct install?
Mark Wyman: It's a moving target with variability.

Lisa McGarity: For some of these standard lighting measures that are expiring, could they move into custom, such as industrial lamps?
Mike: Possibly. For lamps, some may be included in other lighting measures.
Peter: In certain circumstances, the measure may work as custom, but not on a mass scale. For most customers looking at these it's not a cost-effective solution.

Mike explained the effects of the federal Energy Independence and Security Act (EISA) on lighting cost-effectiveness and the uncertainties around whether the law will be implemented in 2020 as currently written.

Holly Braun: Overall market trends seem bigger than the impact of EISA. The market is just moving to LEDs. Is EISA a secondary driver, not the catalyst for the market transformation?
Mike: Market adoption is why savings from lighting have declined the way they have been.

Holly: If EISA is capturing laggard adopters, discounting LEDs will only capture the last laggard portion of the market. Would the savings projected only capture laggards?
Mike: It's a different approach than that. We ideally would target those customers who have not yet switched to LEDs. But as part of our program design, we're offering LED lighting as a standard product for everyone going to Lowe's or Home Depot. It's a standard incentive, so as

savings decline, we decrease incentives. Price is also declining from the manufacturers, so it's compelling for someone to buy LEDs.
Peter: When you look at the future, you also have to consider what product options are available to people who have already adopted LEDs. They could revert back to halogen products in their future purchases. We have to consider what will early adopters do in their next round of purchases. So if they have adopted LEDs, and then EISA is in place, they're already going to be in the market.

JP Batmale: What's the magnitude of savings for the programs impacted?
Mike: EISA impacts residential lighting savings more than commercial.
Whitney Rideout: For the Existing Multifamily program, other than direct install, EISA-impacted lighting is 18 percent of total program lighting, and 10-12 percent for the Existing Buildings program.
Thad Roth: In 2017, the Residential program had 115 million kilowatt hours in savings from lighting; this year it's less than 30 million and 2020 will be less.
Ryan Crews: Mike is showing general purpose and reflector lights because those are the two big categories, which make up 75-80 percent of lighting sales but other categories are impacted as well. What it means is that in 2020 there is a chance we'll have no cost-effective lighting savings. Or it will be very small. Five million kilowatt hours might be optimistic.

Lisa: I read in a report that low-income households generally have at least 50 percent incandescent lighting in their homes. Is there a way that we can have equity in that market?
Mike: We do sell through Dollar Store and other outlets to provide efficient lighting options for low-income customers. Part of the challenge with studies like this is that there is a time lag between when items are installed in sockets and what's in the market. People across different incomes are buying LEDs, but if the federal standard goes in effect, no one will be able to buy incandescent or halogen. Incandescent bulbs have short life spans, so the market will replace those in a year or two. With incentives, the current costs are $1-$2 for an LED bulb. The price has been falling year over year. They now are more affordable.

Mike explained that for 2019 budgeting, Energy Trust will assume that EISA will be repealed or delayed based fn prior experience with implementation of other technology standards. If EISA remains in place in 2019, it will make planning for 2020 difficult. In the spring of 2019, staff will begin to formulate a plan for transitioning lighting support in 2020. Staff is talking to manufacturers as well as to retailers, which will have to plan for shelf stocking months in advance. Staff hopes to find out from retailers what they plan to stock, to give some indication of market demand.

Holly: It doesn't feel good as a CAC member to say that a law on the books will be delayed or repealed. It seems more prudent to assume it will stay in place. I understand you saying that your logic is that you hope the law gets repealed because the program has more value in that condition.
Fred Gordon: A few years ago, I advocated that we not assume that EISA would take effect. Our job is to make sure standards get passed because they're the most cost-effective way to get savings. If we had done work to slow down LEDs before now, we would have slowed down our impact on the market prematurely. If we and our peer organizations around the country did this, it might reduce market acceptance and thus reduce the chance that the standard would hold. We're saying our role is to walk up to the day that standards go into effect and we may influence what happens. The federal government has proved to be unpredictable with past standards. For example, we built plans around T8 standards that we helped promote, but the standard had a loophole that prevented it from being effective. We don't assume we're going to know what the federal government will do.

Alan Meyer: Would an alternative approach be to ask the OPUC for a cost-effectiveness exception that says that if EISA passes we're out of the game and we offer an incentive if given a cost-effectiveness exception?
Anna Kim: Why?
Alan: We're showing numbers that look good now but won't look good later. We're accelerating the pace of transformation.
Holly: I'm hearing there are impacts this year because when we do planning in 2018 for 2019 we have to make assumptions for 2020 for replacement. What happens in 2020 impacts today's cost-effectiveness. We need to have more transparency and integrity. It's not cost effective but it's the right thing to do in 2019.
Peter: Rather than an exception, we also could ask the OPUC if they are comfortable with the use of our assumption, and iterate on that assumption. We stay in this market, and it doesn't matter if EISA is repealed or not, because we've transformed the market. If we exit the market too early, like we did with CFLs, and then EISA is delayed, we would lose savings and relationships with retailers. When you're trying to guess timing and you're working with retailers, they have a memory and they won't forget the decisions we make.

Alan: We don't question whether we should get in the discussion, it's just the premise of the assumption.
Peter: We will talk with the OPUC to decide if there needs to be an exception, and if they're comfortable with our assumptions.
Holly: If we could get something on the books, it would make me feel more supportive.
Mike: This is some of the internal challenge we deal with. We're trying to predict the future, and we don't know.

JP: This would be a major cost-effectiveness exception, which must go in front of the commissioners. It would not be a staff decision. It is good to have a conversation with others at the OPUC to provide some assurance that OPUC staff are in alignment with the assumption. The flip side is you go through an official cost-effectiveness exception process, but I can't guarantee the outcome will be what you want.

Dave: There's risk involved. You have changing technologies and standards, and if Energy Trust couldn't operate until standards change, that upends the apple cart. This is a big example. The goal is standards. If the calculus is that programs operate only when they're standards, that's a big tranche of the portfolio that would be challenging.

[Post meeting note: Energy Trust met with OPUC staff on the assumption of EISA not going into effect as written. Energy Trust included a lighting trends appendix in its Quarter 2 report submitted to the OPUC on August 15, and presented on these trends as well as the EISA assumption to the commissioners in late August. The commissioners and staff supported the use of the assumption. The appendix can be found on Energy Trust's website at https://www.energytrust.org/wp-content/uploads/2018/08/ETO.Q2.18.Quarterly.Report.pdf.]

Mike discussed water-savings measures, trends and changes. Water conservation measures are some of Energy Trust's oldest measures. He shared various modeling assumptions and energy savings that come from faucet aerator measures.

Lisa: What is the market penetration for this measure?
Mike: We found 800,000 installs of aerators over the last 10 years. We know a portion of those were for new construction, and some for existing homes. We have changed specifications over

time. Because of that, we may have replaced aerators that we previously installed. I don't have a specific percentage of the market. We will send that after the meeting.

[Post meeting note: Staff estimate there are approximately 7 million faucets in Energy Trust service territory and program volume of 800,000 aerator installations is just over 11 percent of the market. There is some uncertainty in these numbers due to different estimates on the number of faucets per home and estimates of faucets in commercial buildings, and the market share range is estimated between 10 and 15 percent.]

Peter: You asked what the scenarios are. Mike focused on the most uncertain ones and tested out the range. One could argue that the Regional Technical Forum picked the most conservative end of the spectrum, but it's still cost-effective. Our proposal is to stick with the RTF if it stays cost-effective. We may be misunderstanding the range of savings, but it didn't change the answer that the measure is cost-effective. If it dips below the line, we'll have a conversation about what that assumption should be.

Mike expects that for 2019, water measures are expected to be cost-effective.

Holly: Back to the bulbs, since we are an advisory committee, I understand what you're saying is that if the EISA law stays, then 2019 isn't cost effective, and therefore something should be done. That doesn't feel good to say we hope it gets repealed because that way we'll be cost effective. I want to go on the record with that comment.

4. 2019 Measure Reviews: Existing Multifamily Program Market Research and Early Discussions

Existing Multifamily Program Manager Kate (Scott) Wellington reviewed findings from a market analysis and presented the early discussions staff are having about opportunities and impacts for the program. Kate described work underway to understand the total multifamily market in Oregon and current participation rates, using internal and external data sources to provide insights. Staff wanted to learn what Energy Trust has done well and where there is still participation opportunity, so the program can target outreach for identified customer groups. Findings indicate that both project type and customer targets are changing.

Kate described the makeup of Energy Trust's multifamily customers, including types of units most common in Energy Trust service territories (e.g. duplex, triplex, multiunit, etc.), the geographic breakdown of these units, building occupancy trends, and the breakdown of eligible customers in various market segments (e.g. market rate, affordable housing, etc.). Energy Trust used this market data to determine program participation across all types of program tracks – buy down, custom, direct install, lighting and prescriptive.

Al Spector: Are you presenting the percentage of housing that qualifies across the state, or is it 13 percent of available housing?
Kate: It's of those structures in those regions, how many have participated in the region.

Kerry Meade: Did you look at the ages of buildings, and is that data relevant?
Kate: We did look at ages, but I chose not to present it. It was fairly widespread. The largest stock is 1970s and 1980s. We can get the full breakdown together at another date for you.

Kate discussed direct-install trends for multifamily. This is the most common first offering multifamily customers take advantage of with Energy Trust. The average size of direct install projects has decreased over the last several years because Energy Trust has served many of the larger properties throughout the state, and has increased focus on serving smaller properties with fewer units. With uncertainties in lighting in 2020, staff will watch how this impacts multifamily measures.

Holly: Do overall savings go down or just the overall percent?
Kate: Overall percent.

Lisa: When you work on direct install for smaller units, will that increase your overall costs?
Kate: The average size of a direct install project has changed over time. In 2014, those projects averaged 25 units per site. In 2017 the average site size was 13 dwelling units. There has been a strong shift in reaching smaller units. The cost of acquisition increases with smaller units because there is a fixed cost to find these leads and go out to the sites.
Lisa: Will that put pressure on the program?
Kate: Yes.

Kate also described the overall Existing Multifamily program, its cost-effectiveness, and discussed considerations for 2019, including direct install measure savings reductions from aerators and lighting. Energy Trust plans to evaluate opportunities to redesign the direct install track for 2020, with an eye on how to stay cost effective in the face of savings decreases and rising cost of acquisition.

Kate mentioned the diversity, equity and inclusion lens that Energy Trust is applying for multifamily. Staff have evaluated affordable housing data, geographic data about participation and data about customers with low incomes. In its evaluation, staff found that participation rates were equal between low-income zip codes and overall zip codes; however, direct install and buy down was more popular for those low-income sites because the cost is lower, and larger projects were less common.

Peter: We anticipate hitting our goal because of targeted efforts in multifamily. The future of direct install is a focus. Aerators can't stand on their own as a direct install measure unless we change how we are doing them. We need to look at how we can rearrange the program in 2020 to reach customers that we haven't reached yet. Some customers may not be able to be reached in a cost-effective way, the way we're reaching them today.

JP: Residential was successful at restructuring based on market trends. Can that be done in multifamily in one year?
Peter: We don't know yet. We will do more analysis and see what we learn. It was a multiyear effort to restructure residential, culminating in a complete reorganization by the team. It might mean in 2020 we have to ask for a cost-effectiveness exception for the Existing Multifamily program. We've never done that. It is to be determined.

Charlie: Would it be helpful to think about where the remaining potential participation is? If you segmented based on what you could get for cost-effective participation, and which of those markets are lagging in participation currently, and then looked at how to go get that?

Lisa: On the direct install savings trends, it looks like gas was successful in converting customers over to prescriptive.
Kate: Yes, prescriptive has done well. There also was a showerhead flow rate study that had large showerhead savings reductions, which was applied to 2017 savings numbers, specifically gas. For electric, common-area lighting was a big driver for savings.

CAC took a break from 3:40 – 3:55 p.m.

5. 2019 Measure Reviews: Residential Heat Pump Water Heater Incentive Change

Residential Program Manager Ryan Crews provided information on midstream water heater results. He described how the water heater market has changed in 2018 and requested input on a proposed incentive increase for heat pump water heaters. Current participation rates are below forecast for both electric and gas water heaters.

Holly: Did retailers stock up in Q4?
Ryan: Yes, stocking could have been one variability.
Holly: The numbers are so much more dramatic in Q4. It would seem it would take time to work through the inventory. Is the drop in Q1 because retailers have to work through that inventory?
Ryan: These are actual sales, not stock.
Charlie: That makes it even more unbelievable. I question the data.
Ryan: The spike represents some reporting lag. Typically there are two data points reported in Q1 and Q4. While there were units sold in Q3, they weren't reported until Q4, so there is a lag in the data, which exaggerates the spike. However, there's still a clear drop-off in 2018.

Charlie: What's missing from this data is the whole market. This only shows us efficient water heater units. This chart would look different with that full market data.
Ryan: Yes, this is only efficient units coming through our program.

Ryan described that the drop-off could also be attributed to NEEA discontinuing its manufacturer incentive, as well as state and federal tax credits. Manufacturers also increased prices due to steel tariffs and cost of materials. All that happened in Q1 2018. Customers' price increased by $300 in this timeframe.

Holly: Why did NEEA drop the incentive?
Julia: The price had come down significantly on the units, and some utilities in the alliance wanted to put incentives on them. They have their own programs. Not so much in Oregon, but for utilities in the other states this was the case.
Holly: Were they able to pay the difference in incentive themselves?
Julia: Some of them are. Also, while we stopped paying a per-unit incentive, we are doing a marketing incentive to manufacturers.

Alan: If people knew incentives were going away, would it pull forward purchases in 2017?
Ryan: Yes, possibly. However, there are not a lot of people who replace a water heater before it breaks. Some customers may have had that foresight, but likely not the full number of people represented here.

Fred: How much did pricing changes affect overall market pricing? Was it a disproportionate cost increase for only efficient units?
Ryan: No, it impacted all units, but proportionally less impact on non-efficient units because they have a lower starting retail price and the price increases were typically done as percentages.

Holly: How does the installer fit in if I buy at Home Depot and choose the unit myself? Is that not the midstream segment of the chain?
Ryan: Distributors sell to contractors, and they stock based on demand. If you have demand you can pull distributors and retailers with you.
Holly: This installer comment is more for distributor not for retail?
Ryan: Yes.

Ryan described the program's proposed actions. These include marketing and direct mail efforts to reach customers and drive them to installers who are familiar with the technology and can install it. Energy Trust also could increase its incentive by $200.

Holly: How does that help the installer feel more motivated?
Ryan: It doesn't help that, but it makes it an easier sell. It's easier to sell an $800 unit versus a $1,000 unit.
Holly: The hurdle sounds like it is on the install margin?
Ryan: It is a mixed bag. It's harder to sell something that's more expensive. The other part is installation complications.

Will Gehrke: What about a payment direct to the installer?
Ryan: The way the incentive is structured, installers control how much of the incentive they pass through to customers. Once it hits installers, they could keep it all. In practice, most of the incentive usually does get passed down to the customer.

Jason: We looked at these numbers at PGE, and what we could put down for incentives. We can put $600 in incentives for demand response water heaters. We want to talk about how to work with you to make that work with NEEA and OPUC for direct install.
Fred: The question is whether the measure is cost effective. We're serious about giving it a shot to see different streams of install work. If we can make direct install fly, how do we pay for all of it? We don't know.
Peter: I appreciate it, but we have to figure it out.
Jason: We'd like to create a forum to discuss this.

Charlie: One of the things we've seen historically with industry manufacturers and incentive programs is manufacturers set their costs nationally, with regard for what's going on in incentives. If they see more incentives, they will increase cost. You indicated that prices have gone up because of materials costs. That's a big jump for that amount of materials.
Ryan: Manufacturers saw an opportunity to increase cost.
Charlie: There are incentives in efficiency so it's a wash. Until they start lowering prices themselves, we have some questions about incentives and the impact. I'm supportive of increasing incentives, but it's just a shift in cost. It'd be interesting to look at efficient unit sales but also what percentage of efficient sales are of total available market. I think it's in the 3 percent range. It's a long way away from where we should be from a planning process. We're in an early spot in the market. It may have been a premature retreat from the support by NEEA.

Holly: Are retailers losing interest because point of sale got tricky?
Ryan: I haven't heard that from retailers. They often make manufacturers do that work for them. An assumption is that retailers are motivated by demand and sales. If they don't see customers coming in for water heaters, or efficient water heaters, they're not using up the shelf space. Getting price down, and making it an easier decision, may motivate retailers to keep stock.

Holly: I would assume retailers are losing interest. Have we talked to them?
Ryan: More insight would be helpful. This is based on early talks with retailers.
Holly: More insight into what their perspective is would be good.
Julia: Retailers make money when they move volume. If the market has dropped off, that's a driver.
Dave Moody: Our conversations at BPA match these comments and insights. Price and volume play, and it takes a lot of shelf space for water heaters.

Ryan: Asking them is a wise decision, and we'll do that in September at the ENERGY STAR partner meeting. There could be other things on the retail side we can do, and on the install side, to create the demand we want to have.

Alan: Volume dropped off, but I don't see that. I see a spike.
Ryan: I worry that waiting to find out is bad. If we can be pre-emptive and fix it before it gets worse that'd be good.

Julia: NEEA is doing things to get installers over their resistance to change. We're giving them water heaters to install in their homes to get them experience with the benefits and how to install them.
Holly: Has that been working?
Julia: We've had early positive results.

Peter: I hear interest from the group to move forward but that we need to report back. We need to get more information from installers on their behavior.

6. 2019 Measure Reviews: Irrigation Measure Update
Industry and Agriculture Senior Program Manager Jessica Kramer provided an update on the status of irrigation measures. There are currently 15 irrigation measures ranging from gaskets to sprinklers to drains. Because of recent updated data, one measure in 2018 and four in 2019 have been deemed cost effective. One measure that was going to expire in 2018 is now above a 0.8 benefit/cost ratio, and Energy Trust staff understands that the OPUC exception for this measure will be approved.

These measures became cost effective for a variety of reasons. Analyses from both the Regional Technical Forum and Energy Trust found that operating hours changed dramatically from 1,000 hours to 1,600 hours for Western Oregon. Additionally, changes in flow rates and pump heads were influencers.

Two measures expire in 2018. As part of the exit strategy for those measures, staff is providing information to vendors about the expiration, and are working with them to ensure they have time to complete sales and encourage customers to submit paperwork by the end of year.

7. Pay for Performance Pilot Evaluation Findings
Commercial Program Manager Kathleen Belkhayat and ICF Engineering Manager Jon Eicher presented an overview of the commercial Pay for Performance pilot and evaluation. The pilot has seen no enrollment in 2018, because of lack of customer and contractor interest or building eligibility. In evaluating barriers to enrollment, staff discovered that contractors believe a wider audience could benefit from this, such as schools and government buildings, which were the not the original target market Energy Trust selected. Making the business case to participants was also a challenge, and differentiating it from other Energy Trust initiatives such as SEM was difficult. Staff also heard in the evaluation that the application process and timeline were more than contractors would have liked.

Anna: Do you have requirements for whether people could make dramatic changes to a building? Would regression modeling work in these cases?
Kathleen: The challenge is we want a well-behaved building. Is there such a thing? If we got buildings with less variability the regression modeling would work. We had thresholds on occupancy and changes in building operations.

Kathleen requested input from the CAC around the goal of the program, the value that Energy Trust can deliver to the customer, and what outcomes we want to get out of the pilot, considering redundancies with other programs. Target audience is also of consideration, as is payment structure and eligibility. Input will be sought from CAC at a later date due to meeting time constraints.

Kari Greer: You have no customers participating? Didn't we think there were customers who would do this?
Peter: Through legislative direction from the OPUC we did this offering. Presumably there were customers advocating to do this.
Oliver Kesting: One customer is done from the pilot and is paid out fully (phase I).

Julia: Was measure-level cost effectiveness a barrier?
Josh Weissert: Most buildings we approached were doing SEM so they weren't eligible. If they did SEM they couldn't do Pay for Performance because they can't do both.
Oliver: They're duplicative. SEM serves the same role but is just for larger customers.

Holly: What if we asked the SEM customers what else they'd want to do? In order to have a conversation [to help you make decisions], we [on CAC] might need to have some SEM information, so we understand how SEM and Pay for Performance are distinct and what else is left on the table.
Oliver: What's missing is an offering for smaller customers and a payment option over more than one year. SEM pays end of each year for savings we identified. For Pay for Performance, we're paying over time for those same savings. We heard that's what they wanted. We aren't seeing they want that, however.

JP: Does commercial SEM allow for capital measures?
Oliver: Yes.

8. Public Comment
There was no public comment.

9. Meeting Adjournment
Hannah noted Energy Trust's Quarter 2 report will be released August 15. The report will be distributed to CAC, and members are encouraged to read the report and pose questions at the next meeting.

There were no changes to the June notes.

The meeting adjourned at 4:58 p.m. The next Conservation Advisory Council meeting will be held Friday, September 14, 2018.