

Conservation Advisory Council Meeting Notes
September 14, 2022

Attending from the council:

Jeff Bissonnette, NW Energy Coalition
Jake Wise, Portland General Electric
Kari Greer, Pacific Power
Monica Cowlshaw, Cascade Natural Gas
Andy Cameron, Oregon Department of Energy
Lisa McGarity, Avista

Tina Jayaweera, Northwest Power and Conservation Council
Anna Kim, Oregon Public Utility Commission
Becky Walker, Northwest Energy Efficiency Alliance
Laney Ralph, NW Natural
Tim Hendricks, BOMA

Attending from Energy Trust:

Hannah Cruz
Elizabeth Fox
Elaine Dado
Karen Chase
Tom Beverly
Julianne Thacher
Kirstin Pinit
Dan Rubado
Marshall Johnson
Kenji Spielman
Tracy Scott
Jackie Goss
Oliver Kesting
Greg Stokes
Sue Fletcher
Shelly Carlton
Amanda Potter
Alex Novie

Thad Roth
Amanda Thompson
Taylor Ford
Amber Cole
Mana Haeri
Caryn Appler
Andrew Shepard
Fred Gordon
Michael Colgrove
Jay Ward
Abby Spegman
Steve Lacey
Ryan Crews
Melanie Bissonnette
Betsy Kauffman
Adam Bartini
Jeni Hall

Others attending:

Dave Thomas, Royal Exteriors
Peter Therkelsen, Energy Trust board
Nicole Diaz, Kemp's Windows
Maria Robinson, CLEARResult
Ross Ferguson, ICF
Carrie Gooderham, Energyguard Windows
Mary Moerlins, NW Natural
Heather Salisbury, CLEARResult
Cindy Strecker, CLEARResult
Jesy Rodriguez, CLEARResult
Roger Kainu, Oregon Department of Energy
Brian Mayfield, CLEARResult
Brooke Landon, CLEARResult

Jenny Sorich, CLEARResult
Eric Koch, CLEARResult
Steph Berkland, TRC Companies
Guillermo Castillo, Utility Advocates
Erin Lauer
Eric McDaniel, GBD Architects
Liza Bell, Classic Sash
Colin Podelnyk, TRC Companies
Jeremy Anderson, Total Comfort
Kati Harper, Portland General Electric
Peter Schaffer, Pacific Power
Rick Hodges, NW Natural

1. Welcome and Announcements

Hannah Cruz, senior stakeholder relations and policy manager, convened the meeting at 1:30 p.m. via Zoom. The agenda, notes and presentation materials are available at www.energytrust.org/about/public-meetings/conservation-advisory-council-meetings.

Hannah opened with a summary of the agenda and led a round of introductions. Council members approved notes from the previous meeting with no changes.

Hannah noted that Energy Trust is offering the second round of funding for [Working Together grants](#), a small fund that helps expand participation for underserved customers. The initiative builds collaboration with community-based organizations. Applications close on October 14. The total fund is \$150,000 and grants are capped at \$10,000 each. Council members are encouraged to share the information with their contacts at nonprofits.

2. Field Report: Direct-install Lighting in Cave Junction

Topic summary

Karen Chase, senior Southern Oregon outreach manager, presented an overview of the Direct Install Lighting effort in Cave Junction, the community's role and results so far.

Cave Junction recently completed a community-led direct install lighting campaign with Energy Trust. The approach informed a second effort in Coos County. Cave Junction is one of two incorporated communities in Josephine County. It's very rural, with a population of 2,000 people. Many in the Illinois Valley heat with wood as an only or primary fuel source. The area also has many off-grid homes outside of town.

Compared to other parts of the state, Cave Junction is whiter, older and more impoverished. Self-generated economic and community wealth have declined since the 1980s due to loss of the timber industry and surrounding services. It is essentially frozen in time, lacking police and some other community services.

Collaboration considerations included mutual benefit to the community and Energy Trust. Partners need capacity, timing and staffing. There are about 300 commercial sites in the Illinois Valley, but only 16% have participated with Energy Trust. Direct-install lighting is a perfect gateway offer for the area since it's free. Many people didn't know of or trust Energy Trust, so community leadership was important to have on board. The mayor, the Illinois Valley Community Development Corporation and head of the local chamber of commerce were key drivers behind the success.

Energy Trust served 40 sites with \$75,000 in incentives during this short initiative, compared to 28 sites and \$201,000 worth of incentives over the previous 18 years. The effort served businesses who struggle to keep their doors open, created a new trade ally in the region, encouraged entry level electrical workers to continue to work toward becoming electricians, improved brand awareness and built relationships.

Some key takeaways included:

- Use gateway offers like this to build trust and interest in communities.
- Match offers to community needs and priorities.
- Attribute wins to the community, rather than taking credit.
- Presume progression and build on newly created relationships.
- Remember that each community is different and requires customization.

Discussion

The council members congratulated Karen Chase on a great story and update from the initiative (Becky Walker, Andy Cameron). Council members also noted that they see great value in more

targeted, community-informed Energy Trust "blitzes" like this. Portland General Electric would like to contribute to such an approach and would be in favor of identifying a handful of opportunities annually, given the level of effort (Jake Wise).

Next Steps
None.

3. Update on New Buildings Program Code Alignment

Topic Summary

The New Buildings program continues to operate with a cost-effectiveness exception for the Total Resource Cost (TRC) test for whole-building projects. Shelly Carlton, senior program manager and Alex Novie, measure development manager, provided an update on program design considerations.

The first code to be based on American Society of Heating, Refrigerating and Air-Conditioning Engineers (ASHRAE) 90.1 methodology was the 2019 Oregon commercial energy code that became mandatory January 2020. A subsequent code update occurred with the 2021 Oregon new construction code and came into effect in mid-2021. Before the ASHRAE code, the program consisted of prescriptive incentives, whole building offers and energy design and modeling services. The new code structure provides project teams and customers with a wide range of options to meet and exceed code, which makes it impractical to quantify the TRC cost effectiveness test that compares beyond code savings and costs to a hypothetical code-compliant building for whole building offers. As a result, Energy Trust operates under a TRC cost effectiveness exception for whole building projects through Q1 2024, an extension of an original TRC exception granted by the Oregon Public Utility Commission (OPUC) from 2020 to 2021. Under the TRC cost-effectiveness exception, Energy Trust analyzes whole building savings beyond code and sets New Buildings program incentives for whole building projects within the utility cost test (UCT).

In 2020, Energy Trust convened a cross-functional team and hired a commercial new construction cost consultant. The consultant explored ways to cost beyond-code whole building projects compared to a hypothetical code minimum baseline in order to explore approaches to determining TRC cost effectiveness. Results proved to be highly variable and inconclusive. Additional efforts since include launching the Market Solutions offer for new multifamily construction, convening a stakeholder group with Oregon Department of Energy, Northwest Energy Efficiency Alliance (NEEA), and OPUC, and continued engagement with national experts on new construction program designs. Throughout the public exceptions process and stakeholder presentations, customers and council members noted the need for ongoing reliable guidance and installation incentives to drive high performance designs and project outcomes.

Energy Trust's Evaluation team is currently fielding a concurrent market research effort focused on understanding how customers and the new construction design industry are adapting to the new ASHRAE-based code. The market research firm compared the last three years of program activity (2019-2021) to the previous three years (2016-2018). Most projects completed from 2019-2021 were pre-ASHRAE as it can take two to four years for a customer project to move from early design to installation incentives. Energy Trust New Buildings maintained or expanded market share in new construction projects overall. The number of multifamily participants increased, but market share decreased slightly due to the multifamily construction boom. Program resources for whole building projects are highly valued by customers, including early design and energy modeling assistance. Customers who couldn't follow a whole-building approach were left with prescriptive offers.

Energy Trust's proposed approach will expand whole building offers to more customers and expand the network of practitioners who are knowledgeable about high-performance whole

building design. Design teams will be supported in using the Simplified Performance Rating Method (S-PRM) from Pacific Northwest National Labs, based on the ASHRAE 90.1 Appendix G framework, for whole building modeling for projects that aren't complex enough to warrant a more detailed and time-intensive energy model. Staff are testing the method with modeling experts, and this work will focus on schools, office and retail projects.

Industry stakeholders agreed on Energy Trust's strategic program focus on beyond whole building designs supporting both individual projects and the broader new construction market. Training participation has increased by 30% in 2022 compared to 2021. At this stage, OPUC staff support Energy Trust's proposed program designs and approach to whole building cost effectiveness, along with expanding relationships with architects and engineers, and focus on training, which is seeing 30% greater participation in 2022 compared to 2021.

Discussion

Council members stated that NEEA supports the approach as it matches their direction also, adding that it's important to look at the whole building. NEEA has developed thoughts around it, including Better Bricks and training (Becky Walker).

Next steps

None.

4. Upcoming Key Dates in 2023 Budget Development

Topic Summary

Staff reviewed upcoming meetings and input opportunities for the Energy Trust 2023 Budget and 2023-2024 Action Plan.

The draft budget is posted online and the comment period begins on October 5. There is a board workshop on October 12, and public comments are due on October 19. There will be a combined Conservation Advisory Council, Renewable Energy Advisory Council and Diversity Advisory Council meeting on October 21, followed by an OPUC public meeting on November 3. The final budget is due on December 8, and final board action will take place on December 16.

The board workshop will be held separately from advisory councils, unlike in previous years. The board workshop on October 12 will cover the budget in detail, while the combined council meeting on October 21 will provide a high-level look at the budget and action plans, along with a networking session. If council members are interested in the details of the budget, they are encouraged to attend the October 12 board budget workshop. More information will be shared in early October on the October 21 meeting with all council members.

Discussion

No additional discussion.

Next Steps

Council members will receive an email with details.

5. Energy Savings Year-end Forecast

Topic Summary

Tracy Scott, director of energy programs, provided an overview of forecasted achievement to year-end savings goals, which is one input into 2023 planning and budgets. Now that the [Quarter 2 report to the OPUC and Board of Directors](#) has been published, staff will highlight progress and challenges to achieving the 2022 annual energy efficiency goals.

Energy Trust anticipates achieving 94% of electric savings and 84% of gas savings goals. Gas savings are for Oregon only. This reflects market challenges like labor and equipment shortages, inflation and high fuel prices. Energy Trust expects to exceed its renewable generation goals for 2022 and is focusing on creating pipelines for 2023. There is high demand for residential and small commercial solar projects.

Manufactured home replacement is lagging and there is limited uptake on fixed price heat pump promotions among Southern Oregon trade allies. Projects are being delayed due to problems with the supply of gas furnaces and windows. Staff turnover among both customers and trade allies is impacting projects and causing delays.

Discussion

Council members asked if the slowdown on smart thermostats may be due to market saturation related to last year's overachievements (Monica Cowlshaw). Staff responded that last year demand for these services was strong on the residential side for gas programs. It has flip-flopped since then. Early in 2021 Energy Trust reached out to gas utilities regarding the strong performance. Smart thermostats were paused at that time to balance demand against the budget which created a gap in the pipeline that would normally be seen early in the year. Pausing thermostats missed the demand that occurs around Black Friday types of promotions. Staff are working to rebuild that demand. Staff is also seeing some amount of saturation among early adopters so Energy Trust is looking at how it can reassess the marketing to the next phase of customers (Thad Roth).

A council member asked if Energy Trust can take advantage of Black Friday specials in 2022 (Monica Cowlshaw). Staff stated that it is working with utilities in promotion of thermostats to reestablish the pipeline and will include Black Friday promotional opportunities (Thad Roth),

The council mentioned customers attempting to finish projects before the end of the year. One customer was told by outreach staff that it would take 90 days for a study analysis and offer, impacting their ability to finish this year. The council questioned if staff had further information on the delays (Lisa McGarity). Staff responded that it is making exceptions when there are delays due to supply chain slowdowns. Energy Trust can also look at how to expedite the study. In general, 90 days is longer than normal (Oliver Kesting).

Next Steps

None

6. 2023 Measure Updates and Proposed Cost-effectiveness Exception Requests

Topic Summary

Staff provided an overview of measure updates for 2023, noting that final incentives will be set later in the fall and communicated to the market. Staff also reviewed proposed cost-effectiveness exception requests being prepared for three measures: residential and small multifamily windows, residential and small multifamily insulation, and heat pumps receiving enhanced incentives in manufactured homes.

There is unprecedented inflation pressure on project costs in 2022. Complementary funding may improve cost-effectiveness. Energy Trust is attempting to maintain a market presence to support customers with a focus on historically underserved customer groups. It expanded residential and small multifamily insulation, along with heat pumps in residential and small commercial buildings. There are new retrofit measures through community partners. Residential will sunset residential LED lighting and spa covers. Energy Trust will also drop commercial pool pumps.

Measures under a regulatory cost-effectiveness exception have historically been a small share of Energy Trust's work. To be considered a minor exception, the measure's total resource cost (TRC) benefit cost ratio (BCR) must be greater than or equal to 0.8 and account for less than 5% of the program's savings. OPUC staff can grant minor exceptions if both criteria for minor exceptions are met. If they account for more than 5% of program savings, or the TRC is below 0.8, then OPUC commissioners must decide on whether to grant the exception. Criteria for granting exceptions is defined under UM 551 and included in OPUC dockets related to measure exceptions.

Energy Trust has requested two minor exceptions for one extended capacity heat pump measure application and large multifamily window retrofits. Energy Trust is also requesting three major exceptions for several home insulation measure applications, enhanced incentives for ducted heat pumps in existing manufactured homes, and for residential window replacements. Insulation for electrically heated homes does not pass the TRC test. Wall and floor insulation in electrically heated homes are not passing the TRC in the updated analysis, but attic insulation passes. Insulation in gas-heated single-family homes, which were previously under a TRC exception, are now cost-effective. In existing manufactured homes, floor and attic insulation do not pass for either fuel.

With enhanced incentives for heat pumps in existing manufactured homes, contractors originally agreed to fixed price promotions, but now are declining to participate. Energy Trust is proposing an increased cost cap in 2023. Window upgrades in homes have very low savings and high costs. Staff plans to remove lowest efficiency window tier from the previous version and lower all incentives within the updated utility cost test (UCT) analysis.

Staff are anticipating lower labor and installation costs with thin triple-pane windows. Energy Trust will remove the incentive for U-value 0.28 - 0.30, decrease the incentive from \$4 to \$1 for U-value of 0.27 - 0.25, and decrease the incentive from \$6 to \$1.60 for U-value of 0.24 or less.

Discussion

Council members asked about the TRC for insulation in gas homes vs. electric (Laney Ralph). Staff explained that the benefit-cost ratios for gas-heated homes are all greater than 1. Gas measures currently require exceptions for wall and floor insulation, but that will change with the updated analysis (Marshall Johnson). The council also asked why windows are not offered at mid-stream to reduce program costs (Lisa McGarity). Staff replied that it's a great suggestion and is considering it. There are some challenges based on the fractured nature of the market (Marshall Johnson). Industry attendees asked if there are new window changes to promote, or if incentives are only being dropped (Nicole Diaz). Staff replied that it is working on an enhanced offer to deliver through community-based organizations and housing assistance partners for replacing single pane and double pane metal frame windows. The incentive may be greater than \$12 per square foot (Marshall Johnson).

The council pointed out that NEEA is developing a program for windows with U-values less than 0.22. There is a lot of national interest and collaboration to get to thin triple pane at reasonable prices. It is uncertain what NEEA interventions will be (Becky Walker). Council members also asked about the non-energy impacts of the extended capacity heat pump and how the measure will become cost effective (Lisa McGarity). Staff replied that they are unlikely to be quantified in a way that will move the needle but securing some complementary funding may help. The majority of extended capacity heat pump measures are cost effective, and Energy Trust is requesting a minor exception for one single extended capacity heat pump measure application. There is a need to be consistent and not exclude one measure application. There may be Inflation Reduction Act (IRA) funding to support heat pumps. They may not need a TRC exception if that happens (Marshall Johnson).

The council asked if Oregon Housing and Community Services (OHCS) is a source of co-funding for the three measures (Jake Wise). Staff stated that when it thinks of complementary funding, it is looking at what's outside of utility ratepayer funds. IRA or state funds are separate. OHCS Energy Conservation Helping Oregonians (ECHO) funds are ratepayer funds and Energy Trust has a protocol established with OPUC staff and OHCS to ensure savings are not double-counted in this scenario. Energy Trust coordinates with OHCS on quality assurance to ensure savings reported to the OPUC and legislature and remove double counting. Energy Trust can screen measures for complementary funding that improves the TRC (Alex Novie, Marshall Johnson).

Attendees from the window industry stated that after years of experience installing triple pane windows the incentive reduction is surprising and asked if Energy Trust would change with double and single pane. They also stated that there is little difference between existing and new windows in homes built after 2000. Replacing single pane wood windows gives the greatest benefit. They suggested a cutoff point for newer homes that might preserve existing incentives. They added that Energy Trust is cutting incentives by 80% at a time when energy bills are doubling. They also stated that it's difficult to reach U 0.22 or less other than fixed or casement windows (Dave Thomas, Royal Exteriors). Staff responded that it is working with community partners who help customers that have not been served well in the past. The single pane metal window is for projects facilitated by organizations that deliver window services to low-income or previously underserved customers. They are community nonprofits, housing orgs, city jurisdictions or others who bring money to the table, so Energy Trust can consider the measures differently (Marshall Johnson).

Attendees asked if the incentives would be finalized by the October trade ally forums. Staff responded that they would be presented at the forums (Marshall Johnson). Industry attendees mentioned long lead times on projects due to supply issues, asking if there would be exceptions for customers who were promised current incentives (Dave Thomas). Staff explained that Energy Trust plans to honor existing commitments through 2022. Trade allies can register a project with the Home Retrofit program but need to complete it by a certain time within 2023 (Marshall Johnson). Industry attendees also asked if this means U 0.28 - .30 windows will no longer be acceptable for incentives (Liza Bell). Staff stated that it is going in that direction. Savings compared to market baseline were low and the baseline has moved to more efficient windows. The US Department of Energy is releasing a new spec of 0.22 as a new target for manufacturers. Ideally, Energy Trust would have been able to manage through this, but the savings factor with the baseline and two tiers make the incentives necessary (Marshall Johnson). Industry attendees asked if Energy Trust has determined if, with new federal tax credits, window replacements would pass the TRC using the existing windows as baseline (Jeremy Anderson). Staff responded that it is actively tracking the new federal tax credits to understand how they might improve cost-effectiveness on the TRC. The full cost for window retrofits is very expensive compared to energy savings. Energy Trust is hoping to learn more with its new co-funded measure applications for existing condition retrofits (Alex Novie).

Next Steps

Final incentive levels will be presented at the Trade Ally Forums in October.

7. Conservation Advisory Council engagement on new concepts in development with utilities for the 2023 Energy Trust Utility-Specific Action Plans

Topic Summary

Energy Trust and each partner utility Portland General Electric, Pacific Power, NW Natural, Cascade Natural Gas and Avista have been collaborating to develop individual utility-specific action plans that will supplement the Energy Trust 2023 Budget and 2023-2024 Action Plan. This is the first year that utility-specific action plans are being created and this is in alignment with Energy Trust's House Bill 3141 requirements to *"jointly develop public utility-specific*

budgets, action plans and agreements that detail the entity's public utility-specific planned activities, resources and technologies pursuant to ORS 757.054 and 757.612 (3)(b)(B), including coordinated activities that require joint investment and deployment."

The process began with market intelligence and a deep dive discussion earlier in the year. Ongoing coordination is a theme throughout the action plans.

Discussion

Council members stated that it is glad to see Energy Trust exploring ways to serve gas transport customers. It cautioned that the hybrid HVAC pilot may be more about fuel substitution than efficiency and asked how Energy Trust is considering that in terms of the definition of efficiency (Tina Jayaweera). Staff responded that lower income customers will be served with a cooling measure in addition to natural gas savings, also pointing out that Energy Trust has a lot to learn about the costs and savings for hybrid systems. To the extent it is working with low-income customers and adding air conditioners, there is a non-energy benefit (Tracy Scott, Fred Gordon). The council stated that it can be viewed as more of a carbon compliance program, rather than efficiency, meaning it can be paid from a different funding source (Lisa McGarity). Council members also expressed interest in collaborating on design and evaluation of a new hybrid HVAC pilot (furnace + heat pumps) for existing buildings, while pointing out the long shadow of gas furnaces in new construction. Members also stated that they are curious to learn more about the scope and intent (Jake Wise).

Staff mentioned an interest in getting smart thermostats in place and analyzing them against a control group (Marshall Johnson). The council added that NEEA completed some research on known parameters but the results were inconclusive, adding that Energy Trust appears to be approaching this in the best way (Tina Jayaweera).

Council members stated that two areas piqued interest: Karen Chase's presentation on direct lighting installs and the area of reducing carbon burden on low- to moderate-income customers. What lower-cost gas measures could be done to get started in rural communities? Water saving devices in restaurants were discontinued, but there may be applications in rural settings. There will be more work with Energy Trust on more gas measures (Lisa McGarity). Another member added that NW Natural has aggressive decarbonization goals and is looking forward to discussing how these ideas can be incorporated into its plans. It will take different approaches to access new customer classes. NW Natural completed an internal resource assessment for transport customers, which came back lower than expected. Site audits will follow to see what potential is there. It is also looking at decarbonization partnerships (Laney Ralph).

Another council member added that the big takeaway from the House Bill 3141 process is how the jointly agreed upon action plans and budgets are moving forward. This year's has a different nuance to them. This council looks forward to how Energy Trust's efforts dovetail into utility plans, like targeted load management. There are some changes in collection and use of funds. Renewables are mostly unchanged, but there are changes allowing more funding to be added to Energy Trust efforts. The systems benefit charge is similar to energy conservation charges. Large (1 aMW) customers are no longer exempt, which brings new funding to Energy Trust, also meaning those customers can be served through industrial. New things include a low-income rate schedule. There will be a discount under a new tariff, which will come to Energy Trust as a new data point. That will mean better data starting on October 1. Environmental justice is also covered under House Bill 3141(Kari Greer).

A member stated agreement with Kari Greer's remarks as an advocate for House Bill 3141, also pointing out that this is ongoing work with a new emphasis on jointly coordinated plans. Everyone is working to develop the new action plans in accord with the new memorandum of understanding and both the spirit and letter of the new statute. There is a desire to continue

using Energy Trust's 20 years' of expertise and the expertise utilities have with their customers, which together will serve customers well (Jeff Bissonnette).

Next Steps

More budget activities will take place in upcoming meetings per the schedule announced at the beginning of meeting.

8. Results of Program Management Contract Re-bids

Topic Summary

Staff presented results of two recently completed requests for proposals (RFP) processes for program management of the Production Efficiency and Residential programs.

Production Efficiency currently works with three program delivery contractors in three territories. As a result of the RFP, Energy Trust will consolidate all three under a program management contract with Energy 350, which has been a program delivery contractor since 2014. Energy 350 has successfully reached goals and brought a strong team together. It will work together seamlessly to continue meeting Energy Trust's goals and advancing its diversity, equity and inclusion plans. Partners on the contract include RHT Energy, Burch Energy, SBW Consulting, Wy'East Consulting, Backen Consulting, ASC Energy and Lara Media. Energy 350 has exceeded Energy Trust's 20% requirement for diverse suppliers, reaching 30%. Customer and trade ally relationships will be transitioning in coming weeks.

Residential also issued an RFP for program management and program delivery services. Energy Trust sought a program management contractor (PMC) and two program delivery contractors (PDCs) for new construction and midstream/online products. The resulting contracts will largely continue current program structure. Energy Trust's supplier diversity program was included, which requires a minimum of 20% of contract value to come from Oregon Certification Office for Business Inclusion and Diversity (COBID) certified companies. Last week CLEAResult was recommended for the Home Retrofit and Midstream and Online Offers contracts. TRC Engineers will deliver the EPS New Construction program. New will be the group of 21 subcontractors, including 15 who are COBID certified. Most will be new to working with Energy Trust, giving them an opportunity to build their experience so they can bid on future RFPs.

Transition contracts are coming which will largely focus on onboarding subcontractors. The term will be two years with three potential one-year extensions. Services will be similar to current but will expand services to underserved customers.

Discussion

No additional discussion.

Next Steps

None.

9. Public comment

There was no additional public comment.

10. Adjournment

The meeting adjourned at 4:20 p.m. Meeting materials are available [online](#). The next meeting will take place October 21, 2022.