

Conservation Advisory Council Meeting Notes

September 20, 2023

Attending from the council:

Jeff Bissonnette, NW Energy Coalition
Jonathon Belmont (for Margaret Lewis),
Bonneville Power Administration
Andy Cameron, Oregon Department of
Energy
Kari Greer, Pacific Power
Tina Jayaweera, Northwest Power and
Conservation Council

Peter Kernan, OPUC
Lisa McGarity, Avista
Noemi Ortiz, Cascade Natural Gas
Laney Ralph, NW Natural
Jake Wise, Portland General Electric
Kerry Meade, Northwest Energy Efficiency
Council
Becky Walker, NEEA

Attending from Energy Trust:

Hannah Cruz
Elaine Dado
Tom Beverly
Tracy Scott
Alex Novie
Patrick Urain
Ansley Guzynski
Chris Dunning
Kenji Spielman
Natalia Ojeda
Jake Kennedy
Maddy Otto
Cody Kleinsmith
Maddie Norman
Thad Roth
Michael Hoch
Chris Lyons
Sue Fletcher
Cory Hertog
Emily Findley
Michael Colgrove
Elaine Prause
Jeni Hall

Elizabeth Fox
Marshall Johnson
Kate Wellington
Amber Cole
Amanda Thompson
Megan Greenauer
Spencer Moersfelder
Shelly Carlton
Amanda Zuniga
Julianne Thacher
Greg Stokes
Themba Mutepfa
Fred Gordon
Alanna Hoyman-Browe
Amanda Potter
Lidia Garcia
Adam Bartini
Sarah Castor
Janelle St. Pierre
Sletsy Dlamini
Dan Rubado

Others attending:

Brooke Landon, CLEAResult
Alma Pinto, NW Energy Coalition
William Gehrke, Citizens Utility Board
Jenny Sorich, CLEAResult
Bendikt Springer, Community Action
Partnership of Oregon
Peter Therkelsen, Energy Trust board
Brooke Landon, CLEAResult
John Molnar, Rogers Machinery

Steve Lacey
Eric Olson, Northwest Energy Efficiency
Alliance
Henry Lorenzen, Energy Trust board
Jane Peters, Energy Trust board
Brian Lynch, AESC
Eric Koch, CLEAResult

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/how-we-operate/public-meetings/conservation-advisory-council-meetings/.

2. Community agreements

Topic Summary

Hannah Cruz summarized the community agreements for council members, meetings and attendees. Agreements are:

- Stay engaged
- Share the stage
- Listen to each other to learn and understand
- Assume best intent and attend to impact
- Address actions that marginalize or harm another person

Discussion

None

Next Steps

None

3. Short Organizational Updates

Hannah Cruz provided a process update on the board's revision to the organization's fuel-switching policy. Council members provided feedback in July; after which, the board reviewed the draft changes to the policy and stakeholder feedback received. After the August board meeting, minor revisions were made by the board Nominating and Governance Committee. The revised policy is scheduled for board discussion again at the October 11 board meeting.

Staff is preparing the full draft 2024 budget and 2024-2025 action plan. An in-depth budget presentation is scheduled for October 11 during the public board meeting. Council members are welcome to attend. The public comment period for the draft budget is October 4 – October 18.

The October 12 combined Conservation Advisory Council, Diversity Advisory Council and Renewable Energy Advisory Council meeting will focus on the draft 2024 organizational goals and a recap of how council feedback was incorporated into the draft 2024 budget.

Energy Trust's Q2 2023 report to the Oregon Public Utility Commission and Energy Trust's board was published on August 15. Since that report, the organization's year-end savings forecast has improved. More information will be available in November, along with a preview of savings at the board workshop on October 11.

Discussion

None

Next Steps

None

4. 2023 Legislative Session Outcomes

Topic summary

Staff provided a 2023 legislative recap report and presentation highlighting the more influential bills intersecting with Energy Trust's programs and mission. House Bill 2531 prohibits the sale and distribution of certain compact fluorescent lamps and linear fluorescent light bulbs over the next two years impacting the Business Lighting initiative. Other near-term impacts include additional funding added to existing programs, including the Oregon Department of Energy (ODOE) Solar+Storage rebate program, ODOE's Community Renewable Energy Program, the Oregon Housing and Community Services Manufactured Home Replacement program, as well as an extension to the ODOE heat pump rebate program. In addition, ODOE has been designated as the lead agency to receive and prepare programs for distributing federal Inflation Reduction Act (IRA) funds. There will be long-term impacts from a to-be-developed commercial building performance standard, county energy planning grants, resilience hubs/networks, irrigation modernization grants, heat pump alignment across Oregon's state agencies and building code updates.

Discussion

Council members asked if Energy Trust knows what role it will play in helping implement building performance standards (Lisa McGarity). Staff responded that ODOE will conduct rulemaking starting in Q1 2024 and Energy Trust will provide technical assistance in that process. Members added that the program will likely reside in a new section of ODOE with about six to seven full-time employees with some focused on development and others on enforcement. Rulemaking will begin in early 2024 and needs to be finalized by the end of the year. ODOE is likely to lean heavily on partners like Energy Trust, and is working with Department of Administrative Services and Oregon Department of Education.

Next Steps

None

5. Residential Incentive Changes for 2023-2024 Heating Season

Topic Summary

Marshall Johnson, senior residential program manager, updated the council on planned incentive increases going into effect on October 1. Heating and cooling equipment incentive increases will align with what Energy Trust already offers and aim to address inflation, increase investment for priority customer groups and increase promotion of extended capacity heat pumps. Energy Trust will also increase gas furnace incentives in rentals for low- and moderate-income customers. The importance of heat pumps to the organization's long-term strategy will be emphasized during the Trade Ally Forums in October.

Extended capacity heat pumps (ECHPs) are a growing part of the program, primarily in the Portland area and Willamette Valley. Energy Trust wants to emphasize the connection with tax credits and support outreach and training in Q4 2023 to prioritize distribution of this equipment in areas where it hasn't been promoted as broadly. Energy Trust is working with distributors to assist trades and make them aware of available incentives and tax credits.

Discussion

Council members asked if heat pumps still have a benefit cost ratio of 1:1, other than those for which cost-effectiveness exceptions were sought (Henry Lorenzen). Staff responded that incentives will increase to the maximum allowable under cost effectiveness rules. Council members asked if extended capacity heat pumps are overkill for areas west of the Cascades, and if they should be promoted in that situation (Lisa McGarity). Staff explained that Energy Trust has chosen a specification that's not quite as aggressive because of the cost of operating in extremely cold temperatures. The specification is great for west of the Cascades and going beyond Energy Trust specs would work in the colder climate east of the Cascades. Staff also

added that not all extended capacity heat pumps meeting Energy Trust specifications will qualify for IRA tax credits.

Council members asked if trade ally training includes installation and controls, since system setup and controls drive savings. Members also asked what the annual fuel utilization efficiency (AFUE) delta is for gas furnaces and whether Energy Trust is only offering the incentives to customers in lower-income or rental properties (Tina Jayaweera). Staff responded that updated analysis on furnaces shows that over 95% of the condensing equipment has a 95% AFUE. Previously it was 90%, but that has shifted. Energy Trust created its extended capacity heat pumps specifications based on distributors having equipment and manufacturers getting equipment into the supply chain. It has benefits in areas of the state that haven't been as active. Controls are generally proprietary, and Energy Trust requires controls to meet manufacturers' requirements. Energy Trust is aware of the importance of locking out the compressor if there is backup heat. The highest levels of incentives are available to customers and given through community partners who work with priority communities. Energy Trust monitors the customers who are participating and can see that the targeted groups are receiving assistance through partners. Energy Trust receives demographic data on about 70% of these customers so it's possible to see whether the intended customers are participating.

Next Steps

None

6. 2024 Budget and Action Plan – Budget Development Assumptions

Topic Summary

Michael Colgrove, executive director, shared background and context behind budget development for the next two-year cycle, as a number of unique circumstances make it helpful to discuss in advance of the combined council meeting in October.

Oregon has established aggressive energy decarbonization goals and Energy Trust can support these goals through its acquisition of cost-effective energy efficiency. The OPUC and Portland General Electric inquired about Energy Trust obtaining additional savings beyond the targets identified in the integrated resource plans (IRPs). Getting as much least-cost resource through efficiency and renewable energy as possible means accelerating Energy Trust activities, resulting in a change in how Energy Trust operates. Instead of nudging the market forward, it will be necessary to make a more compelling case for those who haven't been reached.

Discussion

The council stated that it's standard practice to remove federal incentives from the cost of measures when doing cost effectiveness tests and asked if Energy Trust has done so. Council members also asked if Energy Trust has spoken with the OPUC about resource framework under the National Standard Practice Manual that considers cost-effectiveness based on state-driven priorities which might be broader than the Total Resource Cost test framework (Tina Jayaweera). Energy Trust has conversations with the OPUC about other resource frameworks but cannot advocate for one over the other. Staff added that it is up to stakeholders, like the council, to pursue changes in policy, adding that Energy Trust pays attention to what other jurisdictions are doing. It comes down to appetite and interest of the commission in revisiting it. They have opened the door to measuring the cost-effectiveness the full portfolio instead of individual measures and continue to use the measure cost-effectiveness exception process. Energy Trust also recognizes that there are other ways of achieving the same outcome, including avoided cost levels.

Council members stated that given the legislative action in Oregon, there's a reasonable path to reevaluate the way values are determined (Tina Jayaweera). Other members stated that it's encouraging to see Energy Trust recognizing this in communications with the OPUC and

utilities, and they encourage Energy Trust to continue moving in that direction. Reducing emissions is a big job. Members added that there has been an ongoing discussion about cost effectiveness and avoided costs, so the different way of thinking is encouraging to hear, and that they hope to see a substantial increase in the budget. Members also asked if staff could provide a sense of the scale of the budget increase (Jeff Bissonnette). Staff responded that the budget isn't fully vetted, but Energy Trust is signaling that it may be about a 25% increase.

The council asked if Energy Trust has looked at offering more midstream incentives to reduce costs, as it could expand reach by working with distributors who could reach target areas (Lisa McGarity). Staff answered that there are efforts now in residential and industrial and Energy Trust is working to centralize them under its Communities and New Initiatives team. Staff also added that Energy Trust has seen success with distributors in the Business Lighting offer and will develop similar non-lighting efforts. The residential program is starting to see more interest from HVAC manufacturers with this approach. The challenge is how Energy Trust engages with the distributors and engages manufacturers to work with distributors.

Other attendees asked how Energy Trust determines the amount of avoided costs causally attributed to Energy Trust programs when measures are co-funded (Benedikt Springer). Staff responded that one distinction is whether it's ratepayer funding or other funding. Energy Trust's agreement with the OPUC for things that are funded elsewhere, is to look at the benefit of energy efficiency and who claims the savings. If it's public purpose charge funding from OHCS and Energy Trust, it's part of ratepayer cost. We assume that non-public purpose charge funding that has yet to be deployed in the market may impact the total resource cost test for some measures at some point in the future, but not necessarily for 2024-2025. We currently do not factor emerging but not yet established funding sources into Energy Trust project costs in the draft 2024 - 2025 budget, nor in benefit/c cost analyses.

The council commented that the Northwest Energy Efficiency Alliance (NEEA) supports longer planning cycles, and does the same, as it will help with the investments needed to reach goals (Becky Walker).

Next Steps

Combined advisory council meeting discussing the draft 2024 organizational goals will be held on October 12. The full draft budget will be presented at the board meeting on October 11.

7. Planned 2024 Measure Updates

Topic Summary

Michael Hoch, measure development manager, discussed cost-effectiveness, how it is measured and why. Michael explained how Energy Trust designs programs and develops measures, and covered new measures, initiatives and other upcoming incentive changes.

Discussion

None

Next Steps

None

8. Guest Speaker: Northwest Energy Efficiency Alliance and Emerging Technologies

Topic Summary

Eric Olson, manager, emerging technology and product management at NEEA, provided an overview of emerging technologies. Eric detailed NEEA's measure development process and initiative life cycle.

Discussion

Council members asked what the timeline is on most of these emerging technologies and whether they will be ready for market in a year or two, or if timelines are longer (Lisa McGarity). Eric responded that it varies. Gas heat pumps are starting to hit the market after a lot of work to get them ready. There are things that manufacturers can easily do that don't need help from Energy Trust. For example, television standby power levels can easily be reduced by manufacturers. These require less work from Energy Trust and more front-end research from NEEA. There is also interest in gas heat pump water heaters.

Next Steps

None

9. Member Announcements, Suggestions for Future Meetings and Public Comment

There was no additional public comment.

10. Adjournment

Upcoming anti-racist and DEI training on Friday, September 29, 10 a.m. – 3 p.m.

The meeting adjourned at 3:52 p.m. The next meeting is a hybrid meeting discussing the 2024 draft budget goals on Thursday, October 12, 1-3 p.m. after an Energy Trust-provided lunch for council members only from 12-1 p.m. This is a combined meeting with the Renewable Energy Advisory Council and Diversity Advisory Council. The in-person location is Energy Trust's office at 421 SW Oak St, Suite 300, Portland, OR.

Reminder, council members are invited to the Oct. 11 board meeting for the full 2024 draft budget presentation.