

4.04.000-P Lost Opportunities Policy

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	February 27, 2002	Approved (R85)	February 2005
Policy Committee	March 5, 2005	No change	February 2008
Policy Committee	March 18, 2008	No change	March 2011
Policy Committee	March 8, 2011	No change	March 2014

Summary:

The Energy Trust Board needs to provide guidance to the staff on a number of issues that will be important in designing Trust programs. This decision memo addresses lost opportunities. In their discussions, the Conservation Advisory Council and the Energy Policy Committee concluded that these guidelines are consistent with the PUC guidelines and advance Trust objectives.

Purpose:

Give Trust staff guidance on technical and policy issues as it develops new Energy Trust programs.

Background:

Energy Trust staff has developed a series of issue papers and reviewed them with the CAC and the Energy Policy Committee; here are summaries of these discussions:

Analysis:

Lost Opportunities

Issue: To What Extent should the Energy Trust emphasize avoiding lost opportunities in their efficiency programs?

Lost Opportunities can occur if efficiency is not built in at times when new equipment is being selected and new facilities are constructed. At these times, efficiency features can be installed that are impractical or much more costly to install at other times. For example it is not often cost-effective to throw away a working air conditioner simply to replace it with a more efficient unit. However, when that air conditioner fails or is nearing failure, it may be cost-effective to pay for the incremental cost of purchasing the most efficient possible new unit instead of a standard new unit.

The Energy Trust, following the examples set by Oregon's utilities, may set up specialized programs and incentives to work with designers, developers, vendors and customers to assure that high-efficiency equipment and designs are selected and installed during these events.

The key question is the correct balance between Lost Opportunities and "retrofit" programs. Retrofit programs pay to replace or augment working equipment with more efficient

equipment. While there are situations where the Energy Trust can increase emphasis on Lost Opportunities, it is not clear that there are enough of these opportunities to completely utilities the Energy Trust efficiency budget. Furthermore, equity considerations argue that programs should be made available for some customers who rarely make capital investments on their own (e.g., small commercial customers and some public entities). Furthermore, given the high levels of Oregon building codes and national equipment standards, some Lost Opportunity savings are more expensive per kWh than some retrofit savings.

Recommendations:

- ***The Energy Trust should favor acquisition of Lost Opportunities*** and focus some of its budget and program design efforts in that direction.
- However, ***this should be considered a “decision-tipper”*** in setting priorities, considered in the context of other issues and values.
- ***The Energy Trust should encourage comprehensive treatment of an end-use where this is practical*** to avoid creating lost opportunities by doing half the job.
- ***Financial resources should also be reserved for retrofit programs,*** especially where these are low cost or serve customers who would not otherwise be served.
- ***Work with partners who have special resources*** to efficiently capture lost opportunities. E.G., Northwest Alliance, Consortium for Energy Efficiency, Oregon Office of Energy.

The board approved the resolution to direct staff to use the policy recommendations on lost opportunities at its February 27, 2002 board meeting.