RESIDENTIAL PROGRAM PLAN 2015

Program: Products

Track: Products Program

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Overview

Management of Energy Trust's Products Program will be fully transitioned to Ecova by January 1, 2015. Through a combination of new and existing strategies, the program will continue to drive market transformation and encourage regional collaboration to reduce overall residential energy use in Energy Trust territory. The program will provide customers with upstream incentives on energy efficient lighting and showerheads and downstream incentives for energy efficient appliances, refrigerator and freezer recycling services, and new manufactured homes. Ecova will serve as PMC for the overall program, subcontracting with ARCA for the refrigerator and freezer recycling component and Earth Advantage for the new manufactured homes component.

Summary of Overall Savings and Incentives

The program is targeted to achieve 72,734,895 reportable kWh and 254,935 reportable therms of energy savings. The expected savings and incentive budget by utility, along with a comparison to 2014, is shown below:

2015 Budget				
Utility	Portland General Electric	Pacific Power	Northwest Natural	Cascade Natural Gas
Incentives	$5,612,172	$4,034,919	$354,401	$21,371
Electric Savings (kWh)	42,181,031	30,553,864		
Gas Savings (therms)			240,186	14,749
2014 Budget				
Utility	Portland General Electric	Pacific Power	Northwest Natural	Cascade Natural Gas
Incentives	$4,826,306	$3,012,421	$237,992	$14,213
Electric Savings (kWh)	41,398,560	28,095,180		
Gas Savings (therms)			200,856	14,298
Net Change				
Utility	Portland General Electric	Pacific Power	Northwest Natural	Cascade Natural Gas
Incentives	$785,866	$1,022,498	$116,409	$7,158
Electric Savings (kWh)	782,471	2,458,684		
Gas Savings (therms)			39,330	451

Electric incentives increased by 23.07% (14.00% for PGE and 25.34% for PAC) as a result of increased unit projections as well as higher retail incentives in underserved/rural locations.

While electric measure-level savings were reduced by approximately 3% as a result of changing realization rates for CFLs, LEDs, retail showerheads and refrigerator/freezer recycling, the overall electric goal increased by 4.66% (1.86% for PGE and 8.05% for PAC) as a result of increased unit projections.

Gas incentives increased by 48.99% (48.91% for NWN and 50.36% for CNG) as a result of increased unit projections as well as higher retail incentives in underserved / rural locations.

Gas savings were not impacted by changing realization rates and the overall gas goal increased by 18.49% (19.58% for NWN and 3.15% for CNG) as a result of increased unit projections.

Summary of Overall Delivery Improvements

Ecova will improve efficiencies, reduce delivery costs and broaden program participation through a variety of tactics, including:

- Apply a data-based approach to measure selection and promotions management in order to increases program flexibility and cost-effectiveness
- Power the approach by a data management platform which facilitates mobile data collection and near-real-time reporting, providing access to sales data, testing of new promotions, enhanced program presence in the store and more efficient administrative processes
- Drive marketing strategies by data, resulting in a customer engagement model which effectively increases program awareness, influences purchasing decisions, drives participation and inspires ongoing involvement
- Transition field services from Simple Steps/APT to PMC staff and expand the number of participating retailers through a competitive bidding process in order to reduce cost to Energy Trust
- Continue to foster regional collaboration by partnering with key industry partners such as NEEA, RTF and BPA

Summary of Overall Objectives

Broaden participation by underserved customers:

- Ensure that a range of retail types are captured through the program including big box, warehouse, discount, locally-owned, hardware, and grocery retailers

- Increase promotions and program presence in rural locations through attendance at local events/festivals and partnering with local businesses
- Customize lighting incentives by region to maximize uptake of lighting products in rural locations
- In areas where traditional retail options are limited, expand on ways to purchase energy efficient products such as “pop-up” retail events and online sales

Develop new measures and approaches to save energy:

- New measures and approaches may include: new energy efficient clothes dryers, new consumer electronics, recycled clothes washers, additional efficiency tiers for existing measures, increased incentives for lower price-point refrigerators, piloting mid-stream incentive models for appliances and/or testing alternative incentive fulfillment options
- Ecova will ensure that program funding is used wisely by coordinating with Energy Trust to identify the most promising pilots/initiatives and implementing data-based solutions

Continuously improve program design and services:

- Use Customer Engagement Mapping to identify opportunities to cross-promote offerings with other Energy Trust programs
- Use marketing tools, retailer education and word-of-mouth to encourage customers to apply for incentives via new methods and take advantage of new opportunities designed to streamline the incentive process
- Leverage retailer expertise in strategies to effectively drive customer purchases of energy efficient products
- Enhance web content, marketing and point-of-purchase materials to educate customers on the value of energy savings for efficient products
- Utilize new appliance recycling vendor in order to reduce cost to Energy Trust and increase program cost-effectiveness

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Lighting and Showerheads

Goals:

- Achieve 2,832,740 units to save 44,432,856 reportable kWh from CFLs
- Achieve 597,158 units to save 10,909,301 reportable kWh from LEDs
- Achieve 33,660 units to save 4,980,605 reportable kWh and 157,343 reportable therms from showerheads

- Achieve 43,000 units to save 3,071,031 reportable kWh and 83,190 reportable therms from kits and giveaways

Objectives:

- Drive a large volume of cost-effective electric savings through lighting
- Accelerate transformation of the lighting and showerhead market with a sophisticated promotions strategy
- Work collaboratively with market actors in the region to provide a seamless program to participants and retailers across multiple service territories
- Educate retailers and consumers in the benefits and features of energy efficient lighting and showerheads to drive uptake of the most efficient products

Strategies and Tactics:

Drive a large volume of cost-effective electric savings through lighting

- Offer discounted energy efficient lighting options at a broad number of retail locations
- Increase percentage of new LED technologies in the measure mix
- Utilize flexible processes and tools to quickly respond to the market as new products become available, prices drop, and new partnership opportunities are presented
- Hold “pop-up” events and provide an online avenue for purchasing energy efficient products in areas where retail options are limited

Accelerate transformation of the lighting and showerhead market with a sophisticated promotions strategy

- Use data analytics and forecasting to understand and respond to market needs
- Set incentives by region to maximize budget in urban areas and increase uptake in rural locations
- Monitor the market and adjust measure mix and incentive levels to maximize energy savings
- Utilize findings from ETO evaluation efforts to inform 2016 planning (ex: lighting shelf space survey, lighting sales data, residential awareness survey, etc.)

Provide a seamless program to participants and retailers across multiple service territories

- Use a scorecard to rate retailers and manufacturers for inclusion in the program
- Execute methodology for dividing retail locations in cross-over territories between Simple Steps and Energy Trust that supports Energy Trust's goals while also considering the goals of Simple Steps
- Continue to support a strong working relationship with the implementer of Simple Steps that will allow for close collaboration

Educate retailers and consumers in the benefits and features of energy efficient lighting and showerheads to drive uptake of the most energy efficient products

- Enhance lighting and showerhead retail marketing collateral and POP to leverage Energy Trust brand and increase customer awareness of energy efficient products
- Improve retail sales-staff understanding of lighting technologies and ability to help customers choose the correct bulbs for each task in their home by providing a Retailer Support Kit
- Cement retailer relationships by providing a high level of service, training and event support to encourage prominent display of qualified products

Key Assumptions:

- General service bulbs will continue to sell at a rate comparable to 2014
- CFL specialty bulbs will begin to see less shelf space, which will be taken over by LED specialty bulbs
- LED sales will continue to increase as prices decline
- More LED SKUs will become ENERGY STAR® certified
- Retailers will submit data as requested and on time

Risks and Challenges:

- IT systems integration is more technically difficult than anticipated
- The transition and/or coordination with BPA's Simple Steps program results in possible retailer confusion
- Holiday season makes it difficult to replace POP in stores or train retailer staff prior to January 1
- Simple Steps program is awarded to new implementer and/or program design changes make it incompatible with Energy Trust's program

- Number of participating manufacturers and retailers is not consistent with other lighting programs of this size
- TechniArt Pop Up events and online channels don't meet the program's outreach needs in the more rural areas

Appliances

Goals:

- Achieve 20,349 units (refrigerators, freezers and clothes washers) to save 1,688,398 reportable kWh and 13,202 reportable therms

Objectives:

- Continue to support the downstream tiered incentive approach to engage consumers and retailers in advancing the market for energy efficient appliances
- Explore innovative options to invigorate the program and streamline the application process

Strategy and Tactics:

- Propose a mid-stream incentive pilot which builds upon previous initiatives, engaging Energy Trust evaluation team to determine approprate protocols for measuring pilot success
- Support Energy Trust in a formal evaluation of the mid-stream incentive pilot in order to verify the effectiveness of a mid-stream model. If pilot evaluation results are positive, include this model as a compliment to the existing downstream incentive model in 2016
- Explore the opportunity to work with NEEA to pilot an incentive for energy efficient clothes dryers, utilizing subject matter expertise from Ecova's Research and Policy team
- Educate retail sales staff on the benefits of energy efficient dryer models
- If pilot evaluation results are positive, incorporate clothes dryer incentive into the Products Program portfolio
- Assist Energy Trust with locating the supply chain issue for refrigerators under $1,000 by leveraging existing relationships with manufacturers and retailers
- Explore offering an increased incentive for lower-cost refrigerators to encourage increased stocking of these models

Key Assumptions:

- Pilot business cases are approved by Energy Trust Planning and Evaluation team in time to implement pilots

Risks and Challenges:

- Available models of energy efficient appliances do not extend into the lower end of the price range, impacting the number of customers who will purchase an energy efficient model
- Pilots are wholly unsuccessful or consume more resources than anticipated

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Refrigerator and Freezer Recycling

Goal:

- Achieve 16,686 units to save 6,671,379 reportable kWh

Objectives:

- Continue to achieve significant energy savings by removing inefficient refrigerators and freezers from the grid and ensuring they are safely decommissioned and recycled
- Explore options to improve participation and customer satisfaction through innovative channels and incentive payment models

Strategies and Tactics:

- Subcontract with a new recycling vendor (ARCA) to improve customer call center service and lower delivery costs
- Explore the possibility of a streamlined incentive process that replaces paper checks with retailer-subsidized gift cards
- Target multifamily properties in order to cost-effectively serve multiple customers at a single location
- Promote the program through cost-effective marketing based on earned media generated by consumer ability to donate their incentive to a charitable organization
- Increase the number of charitable organizations to which incentives can be donated
- Streamline customer participation by coordinating old appliance pick-up at the point-of-purchase
- Increase retailer propensity to promote Energy Trust's recycling service, and as a result improve customer awareness of Energy Trust appliance recycling offering

- Explore the possibility of working with at least one retailer to have retailer's existing pick-up service collect old units at time of delivery and corral at distribution center for more cost-effective collection by ARCA
- Explore possibility of expanding appliance recycling to include clothes washers

Key Assumptions:

- ARCA can meet Energy Trust call center SLAs
- Older units (manufactured in 1993 or prior) make up approximately 45% of unit total

Risks and Challenges:

- Point-of-purchase sign-up may be hampered by existing agreement between retailer/s and other recycling vendor
- Systems integration between Energy Trust, ARCA and Ecova is more technically difficult and/or takes longer than anticipated

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New Manufactured Homes

Goals:

- Achieve 120 units to save 674,222 reportable kWh and 1,200 reportable therms

Objectives:

- Invigorate the new manufactured homes market and continue Energy Trust's commitment to market transformation
- Introduce Energy Trust's Energy Performance Score (EPS) into the manufactured homes market
- Increase awareness of the benefits of energy efficient homes among sales staff and consumers to drive uptake

Strategy and Tactics:

- Work collaboratively with NEEA and BPA to ensure industry stakeholders are agreeable and enthusiastic champions for market transformation through EPS
- Leverage Earth Advantage's statewide presence and industry relationships to educate retailers and align program operations with other regional efforts
- Recruit at least one flagship participating manufacturer to support Energy Performance Scoring and provide proof of concept

- Conduct energy modeling of participating manufacturers' standard product packages and assign EPS values to each (Earth Advantage)
- Develop marketing and educational materials to drive customers to purchase energy efficient models or select an energy efficient heat pump option

Key Assumptions:

- Scoring of a minimum number of models can be completed in time to affect 2015 program year

Risks:

- The case for energy efficiency is not enough to overcome the price barrier
- Sales of efficient models are lower than anticipated
- Manufactured homes market declines significantly
- Manufacturers are reluctant to provide home plans required for EPS scoring
- Energy efficient models do not score much higher than comparison home(s)
- Manufacturers do not participate at the level needed to make EPS an effective sales tool because there are not enough scores on base model homes to allow for adequate consumer comparison