Spencer Moersfelder

OVERVIEW

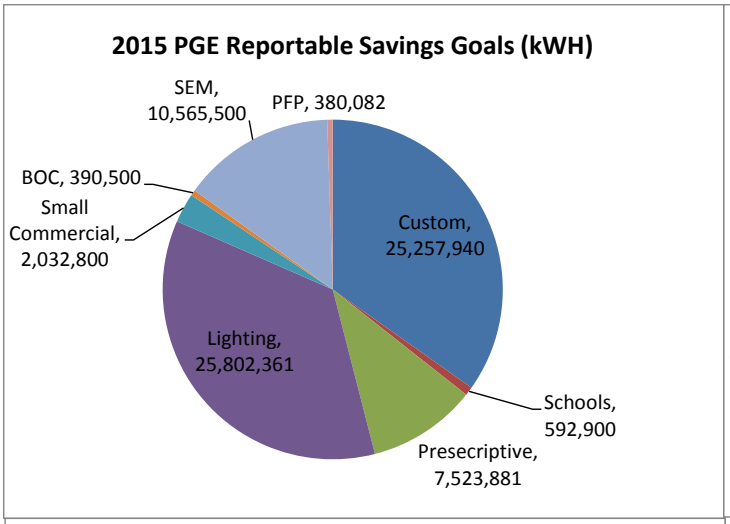
Existing Buildings program design for 2015 will make modifications to the current program structure to make up for changes in a maturing commercial building market. The program will continue PMC-delivered tracks for custom, prescriptive, lighting and schools and will expand efforts to engage more small and medium customers since there are fewer large custom projects available with large customers. These efforts include an expansion of the small commercial direct install and enhanced work with trade allies to reach out to expand their focus to reach smaller customer than tin the past. Energy Trust staff will continue to directly manage Strategic Energy Management and Building Operator Certification. Additional program emphases include continuing operations and maintenance offers, implementing solutions to prepare for the revised federal lighting standards, expanding the strategic energy management offering to commercial businesses across the state, increasing the focus on Trade Allies to cross-sell lighting and non-lighting efficiency projects and expanding program outreach to more actively serve outlying parts of Energy Trust service territory and smaller customers.

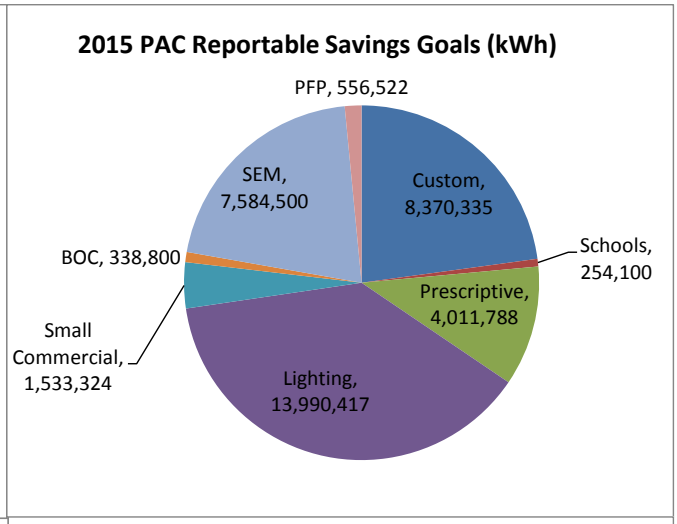
2015 SAVINGS GOALS

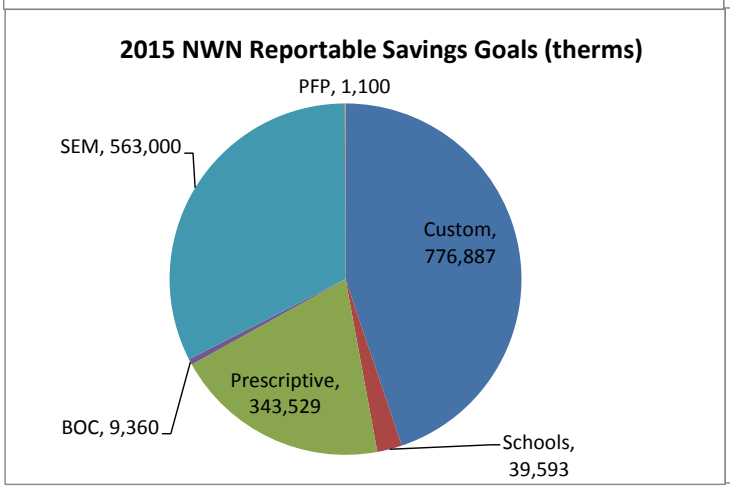
Utility	2014 Working Savings Goals	2014 Reportable Savings Goals	2015 Working Savings Goals	2015 Reportable Savings Goals
PGE (kWh)	81,358,140	78,318,684	82,572,213	72,545,963
PAC (kWh)	37,626,160	36,268,789	40,955,641	36,639,787
NWN (therms)	1,348,627	1,065,786	1,475,109	1,203,324
CNG (therms)	265,094	215,642	200,201	150,151
NWN DSM (therms)	395,603	298,959	644,930	530,145

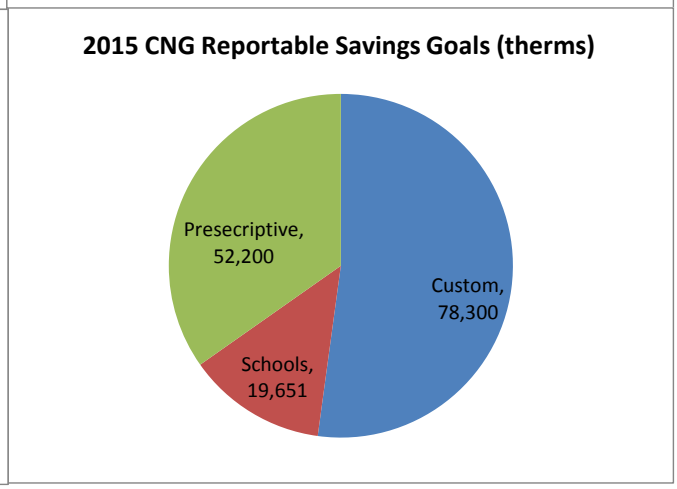
The reportable savings that can be achieved by the PMC-managed portion of the program (represented in the pie charts below by all savings except for SEM and BOC) are heavily influenced by the market effects multipliers, which are changing from 2014 to 2015:

- The electric working to reportable savings multiplier went from .86 in 2014 to .77 in 2015.
- The gas working to reportable savings multiplier went from .74 in 2014 to .75 in 2015.









OBJECTIVES

The primary objective of Existing Buildings is to make cost-effective investments in energy efficiency to meet savings goals in each utility territory. To achieve the goals in 2015 and lay the foundation for future savings in 2016 and beyond, Existing Buildings, like other commercial programs will focus efforts: will:

- Broaden participation of hard-to-reach customers, especially small commercial buildings. To increate market penetration in this market sector the program will expand the small commercial direct install effort launched in 2014, continue to expand the network of program-savvy trade allies to provide measures to this customer group and providing attractive prescriptive incentives and lighting buy-down opportunities.
- Develop new measures and approaches to save energy such as expanding the reach of the commercial SEM effort, increasing the scope of LED measures eligible for incentives, continuing to emphasize the added value of control measures, promoting more outdoor lighting technologies, and forging relationships between vendors to promote complementary energy efficiency technologies to customers.
- Continuously improve program design, marketing, outreach and technical services to make projects more financially attractive to customers including increasing the custom measure gas incentive from $1.50/therm to $2.00/therm and increasing the custom project cap to make a better business case for the project, providing a more comprehensive view of SEM and energy efficiency and renewable measure opportunities available from vendors, program staff and utility support staff, making program information more accessible and easier to act on with an emphasis on simplifying program, where possible, processes and paperwork.

The program Strategies and Tactics described below are specifically designed to these concepts.

STRATEGIES

Existing Buildings will continue to focus on strengthening existing relationships with key customers to help them maximize their savings potential, while simultaneously working to boost market penetration with small and medium-size customers.

- Enhance and expand offerings to hook customers to implement projects that haven't yet made their way through the program because they weren't financially attractive enough to the customer or because the customer hasn't yet been made aware of the opportunity:
    - Increase incentive offering for custom gas measures and raise custom project incentive cap to attract large custom projects that haven't been financially viable with previous incentive offerings.
    - Increase effort to serve small commercial customers by expanding the small commercial direct install effort and continuing to bolster the trade ally network to work as agents to sell projects to this customer base.
- Acquire more behavioral-based savings through Strategic Energy Management and drive longer term relationships and repeated activity with these customers.
- Provide a diverse selection of cost-effective program offerings and tools with an expanded focus on low/no-cost operations and maintenance enhancements for wide range of customers.
- Continue ductless heat pump pilot for buildings that heat with electricity to test the long-term viability of providing incentives for this technology

- Continue the Existing Buildings “Bring Us In” general awareness campaign and augment this effort with an overarching campaign to raise awareness of Energy Trust in the commercial market, centering around lighting.
- Develop new protocols of working with key customers to help them map out their long-term energy efficiency savings potential and understand the financial case for project implementation to achieve a deeper and sustained pipeline of savings.
- Support and leverage program efforts from partner organizations, including NEEA, ODOE and others.
- Collaborate with New Buildings, Multifamily and Production Efficiency programs to reduce confusion about which Energy Trust program serves their business.
- Leverage alliances with Trade Allies and other contractors selling and installing products and work with PMC Allied Technical Assistance Contractors to identify and study promising project opportunities. .
- Simplify the participation process and decrease the processing time for projects by more careful targeting of offers to customer and making the participation process and required forms less complex.

TACTICS

Lighting

- Continue to work with Trade Allies to sell energy efficient lighting projects to commercial customers.
- Expand incentive offerings for cost-effective measures with an emphasis on LED measures including LED streetlights, and others as market-ready technologies emerge.

- Coordinate with NEEA to: increase capacity for lighting contractors to provide comprehensive lighting design services, coordinate upstream with lighting manufacturers and distributors through training and project support and provide training for contractors to become more fluent in promoting advanced lighting project concepts, sales and how to use the Energy Trust program to sell efficient lighting projects.
- Expand and refine the LED Buy-down initiative to bring energy efficient lighting to small commercial customers that have not yet participated in the program.
- Adapt lighting offerings to changes in federal ballast standards and evolving baselines resulted from a high penetration of linear fluorescent products including continuing comprehensive lighting pilot and expanding training opportunities to better educate the market to adapt to the pending 2014 federal lighting standard.
- Promote even more efficient lighting systems at customer sites by promoting outdoor lighting, lighting controls and comprehensive lighting strategies through the Performance+ offering.
- Launch an integrated statewide marketing campaign for commercial and industrial markets to promote advanced lighting solutions, including LEDs, controls and lighting design.

Prescriptive Track

- Increase incentives for key measures to make them more financially attractive for customers.
- Work with key customers including large offices, national accounts and schools to help them plan for energy efficiency projects by enabling them to make reservations for prescriptive incentives.

- Use marketing campaigns and bonuses to promote targeted prescriptive measure categories such as foodservice equipment, grocery measures, insulation and boilers and steam systems.

Custom Track

- Work with PMC's group of ATAC subcontractors to identify, promote and analyze potential custom measures to determine whether they are cost-effective and then work with customers to identify the best options for installation.
- Analysis of past custom projects shows that gas incentives are too low to engage customers. In addition, feedback from key customers is that a higher project cap for custom projects would make them financially attractive. As a result the program will raise the custom gas incentive to $2.00/therm, up from $1.50, and to 60 percent of total eligible project cost, up from 50 percent.

Strategic Energy Management

- Transition from a Commercial Technical Service Provider (CTSP) work-order based model to a Program Delivery Contractor (PDC) model for a more integrated approach that will enhance Energy Trust messaging and improve administrative functions of SEM.
- Offer the following cohorts in 2015, with the expectation of participation from 8-10 customers per cohort:
    - Cohorts with savings occurring in 2015:
        - Portland based: Fall 2014-Fall 2015
        - Mid-Willamette Valley: January 2015-December 2015
        - Southern Oregon: January 2015-December 2015
    - Cohorts with costs accruing in 2015, but savings occurring in in 2016:

- TBD cohort: Fall 2015-Fall 2016
- Mid-Size Portland cohort (new offering created to expand SEM customer base): summer/fall of 2015 – 2016.

- Offer year-two "continuation" workshops and assistance to Cohorts 3 & 4, both of which are completing their first year of SEM in Q4 of 2014. Savings from additional activities will be claimed in 2015.
- Develop and launch new, standardized SEM curriculum for consistent delivery to SEM in 2015 cohorts.
- Work with NEEA for enhancement and development of energy management tools to support SEM curriculum.
- Begin offering quarterly informal workshops/breakfasts for current and past SEM customers for networking, learning concepts outside of the SEM curriculum and to keep the momentum of SEM activities going.
- Explore automated strategies and tools to make performance tracking practical for SEM customers after their engagement period.
- Using lessons learned from the SEM Introductory pilot in 2013, revise the program design and strategy to be more effective for smaller customers with a less developed energy management structure.

Small/Underserved Customers

- Expand effort to install energy specific savings measures for small commercial customers, at low cost to the customer with a 0% financing option provided by the installation contractor, under subcontract to the PMC.
- If the 0% financing option described above proves popular with customers, begin to collaborate with one or more utilities for on-bill financing for small/medium businesses.
- Expand the number of lending allies offering project financing alternative, including leasing.

Deeper/Wider

- Continue to support Pay-for Performance pilot that will provide incentives for verified savings performance.
- Provide service through three major project intake channels -- direct program outreach, lighting trade allies and non-lighting trade allies -- by fostering a more technically-driven outreach model that will sell more comprehensive projects.
- Incorporate the Building Performance Tracking and Control Systems pilot as a regular program offering for additional market penetration.
- Continue to develop and launch tools and resources to help customers understand the financial business case for continued investment in energy efficiency. Train contractors, ATACs and program staff to better communicate this with customers.
- Continue promoting and providing financial assistance to customers for the Building Operator Certification (BOC) course to help our customer's facilities staff learn how to operate their buildings more efficiently.
- Leverage financing through lending allies and through coordination with PACE, EEAST, and other external financing initiatives
- Capitalize on the success of enhanced outreached capabilities in the Northeastern and Central parts of Oregon and further expand outreach in Northeastern Oregon and Southern Oregon.

Collaborate

- Coordinate with ODOE on their Energy Incentive Program and leverage tax credits, as available, to provide additional funding and increase market penetration for targeted measures.

- Coordinate with electric utility 838 representatives and collaborate on marketing and outreach opportunities to small and medium size customers.
- Expand collaborative efforts with ODOE to achieve greater penetration into K-12 schools by continuing to help schools identify and study energy savings project opportunities that can be leveraged using the schools' ODOE managed 1149 money and Energy Trust incentives.

KEY ASSUMPTIONS

- Over time electric savings per project have been trending down with an increase in 2013 per the following table:

Electric Working kWH savings per project	Custom Electric Savings	Total Custom Electric Projects	Custom Electric Savings per project	Standard Electric Savings	Total Standard Electric Projects	Standard Electric Savings per project	Total Lighting Savings	Total Lighting Projects	Lighting Savings per project	Total Savings	Total Projects	Electric Total Savings per project
2010	34,663,742	558	62,121	8,978,240	461	19,476	40,578,708	1,171	34,653	84,220,690	2,190	38,457
2011	29,613,802	566	52,321	8,935,400	482	18,538	61,943,058	1,803	34,356	100,492,260	2,851	35,266
2012	34,944,939	591	59,128	9,373,747	517	18,131	48,090,430	1,866	25,772	92,409,116	2,974	30,836
2013	28,854,598	329	87,704	8,265,670	629	13,141	53,247,631	1,585	33,595	90,367,899	2,543	36,722
2014 through August	5,619,905	129	43,565	3,676,564	228	16,125	18,579,362	738	25,175	27,875,831	1,095	26,760

- Over time gas savings per project have been trending steadily down:

Gas Working therm savings per project	Custom Gas Savings	Total Custom Gas Projects	Custom Gas Savings per project	Standard Gas Savings	Total Standard Gas Projects	Standard Gas savings per project	Total Savings	Total Projects	Gas Total savings per project
2011	998,961	76	13,144	235,742	183	1,288	1,234,704	259	4,767
2012	983,538	76	12,941	333,061	289	1,152	1,316,599	365	3,607
2013	429,969	61	7,049	540,412	516	1,047	970,381	577	1,682
2014 through August	68,599	14	4,900	205,029	206	995	273,628	220	1,244

- The economy has continued to improve. Customers have more capital available to seize energy efficiency opportunities but they need assistance to understand energy efficiency opportunities and plan project implementation.

- Trade allies will continue to be instrumental in lighting project development. It will be possible to work with these trade allies to also promote non-lighting opportunities.
- Cost and effort per project will go up due to widespread market penetration and a need to recruit new harder-to reach customers like small businesses.
- In June 2014 the program estimated that falling electric Avoided Costs would collectively exclude 4% of the savings that would otherwise come in 2015 if the measure mix were to remain the same as 2014. However, staff anticipates that the difference can be made up by expanding the ductless heat pump pilot, generating more savings from Cool Schools activity with ODOE and expanding the small commercial direct install effort.
- Avoided costs for gas are expected to fall another 10% which is 50.5% percent lower than 2012, making it more difficult for both custom and prescriptive measures to pass the cost-effectiveness test. In addition, and partially due to lower gas avoided costs, electric avoided costs are also expected to fall by 5 to 10 percent. This will require that the program invest more in direct program outreach and coordination with trade allies and ATACs to recruit additional projects that are still cost-effective.

RISKS

- The market is maturing faster than we had anticipated, reducing the number of large custom projects yet to be completed. The loss of a few large custom projects can reduce progress to the savings goals by 10-20%, making it necessary to make up the difference with a higher number of smaller projects. This can drive up program delivery costs because of fixed costs required to acquiring and processing projects and the marginal cost of working with smaller and potentially less sophisticated customers.

- Low natural gas prices reduce market interest in gas efficiency, dual-fuel measures and energy efficiency in general.
- It continues to be a challenge to engage small commercial customers to participate in the program.