Commercial Sector Overview

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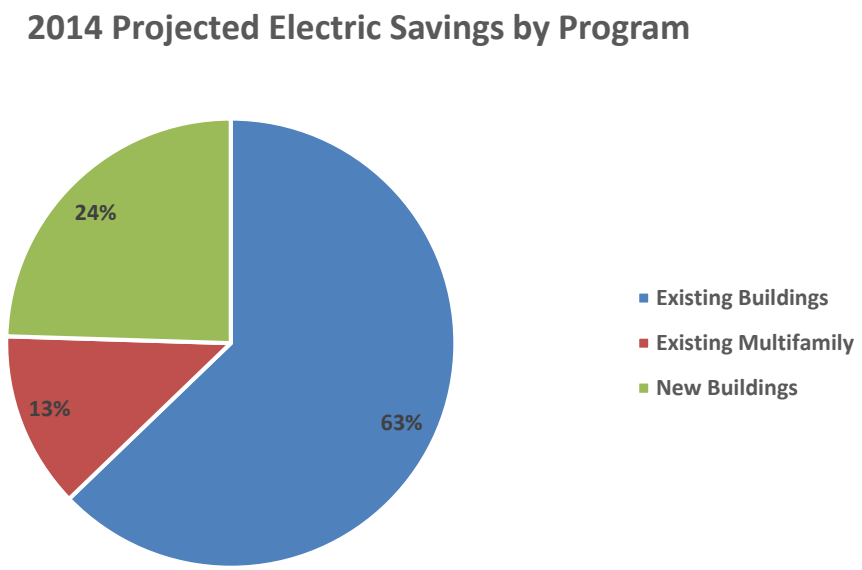
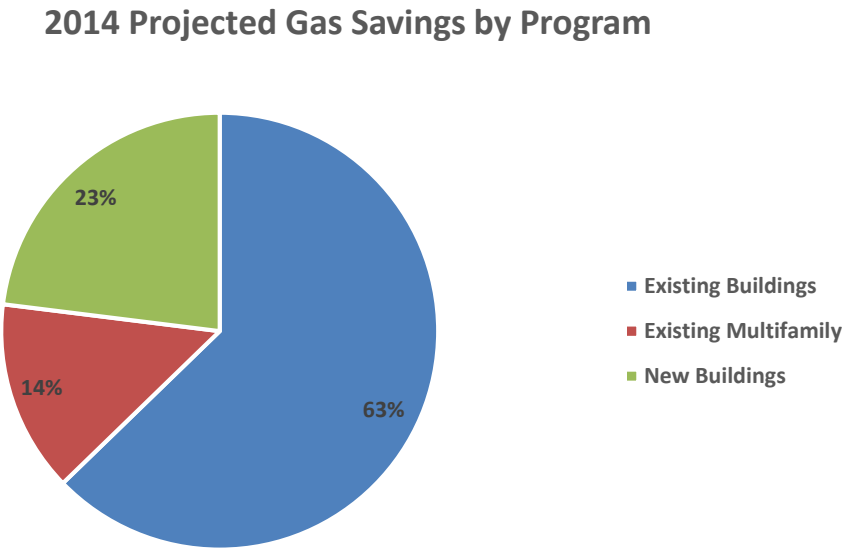
OVERVIEW

Energy Trust's Commercial Sector provides energy efficiency services and incentives for Commercial, Institutional and Multifamily properties. Primary sector activity is accomplished through three Program Management Contracts: Existing Buildings, New Buildings and Multifamily. In addition, some program activities are managed in-house. These include: Strategic Energy Management, Lighting Design Lab and Building Operator Certification.

Sector staff oversees program implementation contracts, drives program strategy and design, manages relationships with stakeholders and provides strategic direction to PMCs for marketing and outreach activities.





2015 SAVINGS GOALS

2015 savings goals for the Commercial Sector are targeted at 19.36 aMw and 2.58 million annual therms. Compared to 2014 this is an overall increase in goals for gas and a decrease in electric. Goals for Northwest Natural, and Pacific Power are higher than 2014 while PGE and Cascade goals have decreased. Reductions for PGE are driven by lower multifamily potential because of market saturation, lower potential in existing buildings from changes in evaluation factors and a smaller New Buildings pipeline due to the absence of data center projects. Reductions for Cascade are driven primarily by leveling off in Strategic Energy Management after a strong 2014. Cascade goals increased for New Buildings to reflect the project pipeline, and in Multifamily due to increased outreach plans in Cascade territory. Increased goals for Pacific Power reflect large opportunities in the New Buildings pipeline. Increases in Northwest Natural are driven primarily by higher expectation in Multifamily and by large opportunities in the Strategic Energy Management pipeline.

Utility	2014 Goals	2014 Projection	2015 Goals
CNG (Therms)	293,098	319,956	243,842
NWN (Therms)	2,049,588	2,022,259	2,337,005
PGE (kWh)	128,264,931	116,757,885	107,392,740
PAC (kWh)	55,715,706	60,451,099	62,216,884

OBJECTIVES

The primary objective of the commercial sector is to make cost-effective investments in energy efficiency to meet IRP goals. To achieve 2015 and lay the foundation for 2016 and beyond, the commercial programs will focus on:

- Expanding customer participation
- Replenishing energy efficiency resources through development of new measures and approaches to save energy
- Continuously improving program design and services to engage new and past participants

STRATEGIES

In 2015, the commercial sector will continue successful strategies from 2014 and introduce new approaches to meet savings goals.

The sector will emphasize **expanding customer participation** through improvements that enable customers to do more and help hard-to-reach customers to better access our incentives and services:

- Develop financing opportunities where they can encourage additional program participation and drive cost-effective savings.
- Develop new prescriptive incentives to support greater market adoption of new cost-effective technologies such as LEDs, which would be particularly attractive for smaller business customers.

- Implement delivery methods to provide service to small commercial customers including hassle-free direct installations of energy efficient equipment.
- Develop Strategic Energy Management offerings to cost-effectively bring benefits of SEM to smaller customers.
- Expand regional outreach strategies to engage and serve more customers in rural, non-metro areas.
- Launch an integrated statewide marketing campaign for commercial and industrial markets to promote advanced lighting solutions, including LEDs, controls and lighting design.

The commercial sector will continue to encourage savings through **developing new measures and approaches to save energy**:

- Develop additional prescriptive incentives and expand midstream buydowns to drive cost effective savings.
- Target O&M incentives to optimize building systems performance for customers of all sizes.
- Implement a pay-for-performance pilot to assess the market demand and feasibility of longer-term contracts to support capital and operational savings.
- Improve the presentation of the business case for deeper energy efficiency investment, with tools and services to assist customers with decision-making and setting priorities
- Provide point-of-sale financing opportunities to see how it could increase project decision-making.
- Coordinate with external organizations such as NEEA, ODOE, Network for Affordable Oregon Housing, City of Portland and Multnomah County to gather new ideas and develop new approaches.

Finally, the Sector will emphasize **continuous improvement of program design and services**:

- Streamline the application process and enhance online tools to make it easy for customers to participate
- Expand Strategic Energy Management and transitioning the SEM delivery contract structure to encourage innovation and expand the geographic area for the offering.
- Explore strategies to utilize data to for more targeted marketing and outreach activities as well as help customers better understand energy saving opportunities in their buildings.
- Improve processes for project and technical review; adopt systems to better identify multiple retrofit opportunities; and improve lead capture for future targeted marketing efforts.
- Consider incentive increases to motivate customers where current offerings don't provide adequate financial returns.
- Investigate ways to communicate the benefits of integrating solar, alongside efficiency projects, to create a comprehensive energy plan at customer sites.

KEY ASSUMPTIONS

- The economy continues to improve; and customer have more capital available to assess energy efficiency opportunities, but they still need direction.
- Cost and effort per project will increase due to widespread market penetration and a need to recruit new harder-to reach customers like small businesses.
- Gas and electric avoided costs remain low, and are expected to continue to fall by up to 10%. This will continue to impact the number of cost-effective projects available to the programs.

- Retail rate reductions will continue to negatively impact customer motivation for investing in efficiency projects, likely requiring additional outreach to identify and recruit projects.
- All measures currently utilizing the exception will not be promoted or advertised in 2015 but any outstanding applications for these measures completed before this deadline will be accepted.

RISKS

- Serving the needs of larger customers (>1 aMW) may become a challenge as we get closer to spending limits and the potential that Energy Trust would implement strategies to limit spending for these customers.
- Avoided cost reductions will limit the sector's ability to capture savings by reducing the cost-effectiveness of some measures. Potential measures impacted include: custom HVAC and control measures, market solutions, weatherization, water heating and boilers.
- A maturing retrofit market is resulting in limited savings opportunities per project and fewer large custom projects.
- Contract transition challenges SEM savings as the offer moves to a new delivery model.
- Timing of the completion of several large projects including data centers, lighting and custom projects could shift savings into 2016.
- Potential transition to a new Multifamily PMC for 2016 could create challenges in achieving 2015 Q4 savings and 2016 project pipeline.