2015 Program Plan

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OVERVIEW

Existing Multifamily will continue to sustain growth by focusing on the program's key strategies developed over the past four years: **build** strong market-based relationships with the key property management firms/owners; **innovate** program delivery by engaging the marketplace with newly designed initiatives; and **develop** cost- effective measures that create long-term market-based value.

In addition to the strategies and tactics related to achieving energy savings below, Existing Multifamily will solicit responses for the Program Management Contract (PMC) by releasing a Request for Proposal (RFP) in the second quarter of 2015.

2015 Themes and Key Directions

To connect program strategy to the Commercial Sector Objective and Energy Trust Strategic Plan Existing Multifamily plans to weave the three overarching themes below into each portion of the Program Plan.

- Broadening participation by underserved customers highlighted by MPower Oregon, equipment buy-downs and individual condo owner services
- Developing new measures and approaches to save energy such as water sub-metering and high efficiency zonal electric heater pilots
- Continuously improving program design and services through continued improvement in tablet delivered walkthrough survey and energy savings action plan

Savings Tracks

There are six primary tracks that are found in all six building use types in the budget.

1. Buy-Down Promotions – applying incentives mid-stream to distributors
2. Common Area Lighting – addressing lighting and controls in non-tenant spaces

3. Custom – includes both studies and incentives
4. Direct Install – installation of high efficiency light bulbs, showerheads and aerators in tenant controlled spaces
5. MPower Oregon Pilot – on-bill pilot targeted at owners of affordable housing
6. Prescriptive (Previously Included Buy-Down Promotions) – deemed and a la carte savings measures

The historical performance, proportion of savings and incentive run rate for these incentive tracks the primary variables that drive the total budget number. The expected average percentage of savings expected from each respective Track dimension by fuel type is shown below.

Track	Buy Down Promotions	Common Area Lighting	Custom	Direct Install	MPower Pilot	Prescriptive
Electric	1%	17%	8%	60%	6%	8%
Gas	1%	0%	20%	65%	1%	13%

The proportion of savings expected from Direct Install in 2015 is expected to drop for electric utilities, from 67 percent, and remain relatively constant for gas, from 61 percent compared to 2014 forecast. The proportion of electric savings from Common Area Lighting is expected to increase compared to the forecast contribution of 12 percent in 2014. On the gas side more savings are expected from the Custom savings track compared to the forecast contribution of 14 percent in 2014.

Market Segments

The multifamily housing market is composed of 6 types of ownership/use segments and the program is designed to reach each through a variety of program offerings.

1. Affordable – Low-income and subsidized housing including CDC's and housing authorities
2. Assisted Living – Retirement, assisted living and memory care developments
3. Attached Residential Owner - Individual Condominium and Townhouse Owners
4. Campus Living – Dormitories, transitional housing and Greek systems
5. Home Owners Associations (HOA) – Whole building or development improvements to condominiums
6. Market Rate – Unsubsidized multifamily properties

The affordable, assisted living and market rate segments are expected to produce more than 91 percent of program savings for electric and 87 percent of gas in 2015. Campus Living and HOA's represent another 7 percent of electric and 11 percent of gas program savings.

The program expects to serve over 25,000 units of multifamily housing representing over 2,000 different properties through strategic business development efforts that focus on bringing the appropriate incentive tracks to the market segments identified above.

Goals

The overall reportable savings summary for the 2015 budget is shown below.

Savings Goals	2014 Savings Goal	2014 Forecast (Sept)	2015 Savings Goal
PAC	6,713,919	6,851,503	8,459,413
PGE	18,117,327	15,918,584	15,710,339
CNG	20,974	22,746	23,526
NWN	180,617	364,412	277,615
Electric Total	24,831,246	22,770,087	24,169,753
Gas Total	201,591	387,158	301,142

The change in Savings Realization and Adjustment Factor (SRAF) over the past several years has influenced the trend of reportable savings over time. The Existing Multifamily program has seen the electric SRAF stay relatively constant over the past three years at .81. There has been a downward trend for gas since 2012 at .70 and dropping to .54 in 2015. The SRAF directly reduces the number of working savings claimed in all savings tracks with the exception of Direct Install which has a SRAF of 1.0 for both gas and electric measures.

Compared to 2014 savings goals the 2015 savings goal represents 26 percent growth in Pacific Power (PAC), 54 percent growth in NW Natural (NWN) and 12 percent growth in Cascade Natural Gas (CNG) service territories. Portland General Electric (PGE) will see a 13 percent reduction when compared to 2014 savings goals.

While the 2015 savings goals demonstrate the continued growth for Existing Multifamily in several utilities since it was moved from the residential to the commercial sector in 2010, the impact of the 2015 SRAF for gas utilities and the difficulty achieving savings in PGE service

territory over the past several years are also beginning to become visible and are expanded on below.

- The gas savings forecast in 2014 reflects a SRAF of .66 for all projects, excluding Direct Install, as compared to a SRAF of .54 for 2015. This drop in realization rate directly impacts the amount of reportable savings we can expect to claim in 2015 and is illustrated in the drop from 2014 forecast savings as compared to 2015 savings goals.
- The program has seen consistent growth in the achieved reportable savings in PAC, NWN and CNG over the past four years but has begun to seen a plateau in what is possible in PGE territory. Over the 15 year history of City of Portland and Energy Trust engagement with multifamily properties the primary focus has been in PGE service territory, especially in Direct Install. Taking into account the history of high engagement and saturation in this service territory the program believes that the best use of resources is to keep PGE savings targets consistent with 2014 forecast and focus on achieving more savings in PAC which still shows many signs of growth and opportunity.

Objectives:

- Increase program presence in all four utility service territories
- Increase savings per project
- Decrease Direct Install rate and increase amount of deemed savings per participating dwelling unit.
- Increase non-direct install projects over 35 percent of all savings in all service territories

Strategies:

- Provide offerings and services to appeal to a broad mix of multifamily owners/managers
- Collaborate with New Buildings, Homes and Existing Buildings to maximize program effectiveness and minimize confusion in the marketplace
- Implement and evaluate innovative pilots that achieve energy savings
- Continued measure development and modifications
- Improve and streamline program processes
- Maintain Direct Install opt out rate of less than 16 percent
- Continue to respond to key market indicators and changes in technology and federal standards
- Continued integration of the Enhanced Sales Approach for Multifamily

- Develop innovative marketing strategies by leveraging CoStar, Regenesis, GIS and other resources
- Further engage existing trade allies and contractors specializing in multifamily properties in order to include feedback into program design
- Support our partner organization, Network for Oregon Affordable Housing, to complete projects in the MPower Oregon pipeline of 53 project commitments. Follow up with any MPower projects that ultimately do not participate in the pilot and move them through our normal program engagement.
- Utilize benchmarking information available through Wegowise, our contracted third-party benchmarking service provider, to target the biggest energy users within our participating portfolios

Tactics:

Existing Multifamily has proposed enhancing the 2015 delivery plan to reflect the continued growth in Pacific Power, NW Natural Gas and Cascade Natural Gas savings goals. Existing Multifamily in 2015 will also continue to support the growing project volume and demand for program incentives through proactive engagement of Small Multifamily property managers and Attached Residential Owners. To address the program's growing resource needs, the Program Management Contractor (PMC) staffing was bolstered for business development, program marketing and program operations to support program awareness, processing and building relationships between the program and multifamily owners and managers. Included in the suite of offerings are:

- Expansion of streamlined of high efficiency (HE) appliance and equipment buy-downs
- Continued integration of tablet based Walkthrough Survey tool into Business Development outreach which allows for next steps to be delivered while still on-site and available for follow up questions
- Research and integrate low or no upfront cost retrofits for common area applications
- Develop and launch a water sub-metering pilot in partnership with the City of Portland in Q2 of 2015 that has potential for modest savings in a handful of market rate buildings.
- Enhance web presence and landing page as a technical resource to multifamily property owners
- Expansion of steam trap and thermostatic radiator valve (TRV) prescriptive offerings
- Evaluate of HE zonal electric heater pilot and potential launch of prescriptive measure

- Continuation and completion of MPower Oregon Pilot
- Continue Attached Residential Owner walkthrough surveys and direct install
- Adjust Ductless Heat Pump (DHP) offering and promotion (pending evaluation results)
- Launch LED through direct install
- Launch smart power strips through leave behinds both in tenant and common area spaces

Other tactics and actions include:

- Continuation of quarterly Multifamily newsletter, *Energy Portfolio*, targeted at decision makers and key influencers
- Expansion of new customer hero stories in order to provide our key accounts relatable and motivational information on projects their peers have completed
- Complete video library of efficiency minute vignettes focusing on key technologies and opportunities to save energy
- Utilize Direct Install opt-out survey results to craft improvements to the notice of entry with the goal of reducing the proportion of tenants that opt out of services
- Aggregate whole building usage through the expanded utility information database
- Develop new technology fact sheets
- Continue to develop lighting collateral and market offerings specific to multifamily applications
- Continue targeted mailings to individual condo owners using the Regenesis Report, the newsletter of a leading provider of reserve studies to HOA's in the NW
- Utilize GIS mapping and other databases to streamline lead generation and Direct Install scheduling
- Launch an integrated statewide marketing campaign for commercial and industrial markets to promote advanced lighting solutions, including LEDs, controls and lighting design.

Key Assumptions:

- OPUC Cost Effectiveness Ruling
    - Gas weatherization (except for ceiling insulation) are currently deemed not cost effective. They are offered through an OPUC-granted exception through April 30th, 2015

- 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.

- Changes to Avoided Costs
  - 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 outreach to identify cost-effective projects.
- Multifamily Vacancy Rates
  - It is expected that vacancy rates across the state will continue to stay at historical lows, with the Portland metro area expected to be close to 3% throughout 2015

Primary Risks

- Potential transition from incumbent PMC to new PMC for 2016 could create challenges in achieving 2015 Q4 savings and building long term pipeline of projects.
- Potential challenges from delays and additional implementation time resulting from Energy trust ISI Phase II transition could slow program implementation.