

# Conservation Advisory Council Meeting Notes



July 15, 2015

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## Attending from the council:

Jim Abrahamson, Cascade Natural Gas  
Warren Cook, Oregon Department of  
Energy  
Julia Harper, Northwest Energy Efficiency  
Alliance  
Garrett Harris, Portland General Electric  
Scott Inman, Oregon Remodelers  
Association  
Don Jones, Jr., Pacific Power  
Don MacOdrum, Home Performance Guild  
of Oregon  
Holly Meyer, NW Natural  
Elaine Prause, Oregon Public Utility  
Commission  
Stan Price, Northwest Energy Efficiency  
Council

## Attending from Energy Trust:

Tom Beverly  
Nicole Brown  
Shelly Carlton  
Amber Cole  
Kim Crossman  
Mike Feely  
Sue Fletcher

Fred Gordon

Ally Hoffman  
Susan Jamison  
Marshall Johnson  
Susan Jowaiszas  
Adam Shick  
Jay Ward  
Peter West  
Mark Wyman

## Others attending:

Jeremy Anderson, WISE  
Susan Brodahl, Energy Trust Board  
Christina Cabrales, Conservation Services  
Group  
Scot Davidson, Clean Energy Works  
Alicia Dodd, Ecova  
Mark Duty, Rogers Machinery  
Sara Fredrickson, CLEAResult  
Cameron Gallagher, Nexant  
Alan Meyer, Energy Trust board  
Barbara Moday, Pacific Power  
John Molnar, Rogers Machinery  
Tom Phillips, Honeywell  
Greg Stiles, Ecova

## 1. Welcome and introductions

Kim Crossman convened the meeting at 1:30 p.m. and reviewed the agenda. The agenda, notes and presentation materials are available on Energy Trust's website at: [www.energytrust.org/About/public-meetings/CACMeetings.aspx](http://www.energytrust.org/About/public-meetings/CACMeetings.aspx).

## 2. Old business

The council approved June meeting notes without comments or changes.

## 3. Preliminary results through Q2

Peter West presented Q2 dashboards, which show a snapshot of Energy Trust's savings by sector through June 30, 2015.

Peter: We are on track with expectations this time of year. We are forecasting that we will achieve 94 percent of goal in Portland General Electric territory, 103 percent of goal in Pacific Power territory, 117 percent of goal in NW Natural territory and 111 percent of goal in Cascade Natural Gas territory. These are unofficial and unaudited results.

For commercial gas-only projects in NW Natural territory, we believe we may be setting the overall incentive level too low. We saw strong performance from industrial customers in gas territories. Savings from Strategic Energy Management is strong, as well. Results so far indicate positive trends for the rest of the year.

We have spent more on incentives than we budgeted, but we have plenty of reserves to spend if the trend continues. Much of the higher spending rate is attributed to New Buildings, with projects completed sooner than expected as mild weather accelerated construction. We forecast using no more than 20 percent of reserves in 2015.

Savings from Northwest Energy Efficiency Alliance are not included in these numbers. They are on a different reporting cycle. NEEA has a gas initiative, but we don't expect savings in 2015. NEEA savings are on track as far as we know.

Don Jones: Are the mid-year goals for contractors resulting in savings?

Peter: We are close to those goals. Market strategies and contract terms are helping us achieve more savings earlier in the year. These may also be creating extra momentum to exceed goals.

#### **4. Legislative update**

Jay Ward, senior community outreach manager, provided an overview of legislative activity from the past session. Energy Trust tracks and reports on a wide variety of energy issues and responds to many information requests. Energy Trust does not lobby or take positions on legislative issues.

Warren Cook: To clarify, HB 2281 would have redirected funding from school districts, not from the Oregon Department of Energy.

#### **5. My Business Marketing campaign**

Susan Jowaiszas provided an update on the My Business marketing campaign.

Susan Jowaiszas: This is our first, and by far largest, business-to-business marketing effort. My Business uses lighting as a hook to engage business customers, especially smaller businesses. LEDs are still incredibly cool but now more affordable to more businesses.

Using traditional marketing channels including TV and radio, the campaign directs viewers to a special campaign website that promotes trade allies. The site has a customer side and trade ally side. It features our TV spot. The approach that has proven effective is to focus on success stories. We have featured a number of successful customer stories from all over our service territory.

Holly Meyer: What is the box in the picture?

Susan Jowaiszas: It's a sampler box with an explanatory sheet on top. It includes trinkets and items from successful customers. It includes an LED light, a press release about adoption of LEDs and more info about success stories.

Shelly Carlton: The customers are getting involved, too. Grand Central Baking and Stanley's will provide items for the boxes.

Susan Jowaiszas: We are also using social media to support the campaign. We encouraged trade allies to engage through cooperative marketing and co-branded ads. We provided marketing support for small companies through a user's guide and general instruction. A number of trade allies participated with us. One of them will have 2.7 million impressions. We will look at data and do evaluation for trade ally engagement. We see this as something we can potentially offer longer term.

Alan Meyer: Seems like you could see spillover from business to homes. Will the evaluation look at that? The thought is that you may get residential results that come from this.

Holly: This looks fantastic to me.

Scott Inman: What's the cost to Energy Trust?

Shelly: We built this for use over two to three years, so costs are amortized over that period. Creative was a little over \$100,000. The ad buy was \$190,000. From that we got 10,000 visits. That's less than \$20 per visit to the site.

Susan Jowaiszas: We are watching activity trends also.

Don MacOdrum: Coming from the residential perspective with CLEAResult, we are exploring creative ways of marketing. This is a great way to leverage trade allies. Kudos to the group.

## **6. Residential Sector 2015-2019 Strategic Plan**

Peter: Last fall, we finished our 2015-2019 Strategic Plan for the entire organization. This residential sector strategic plan, as with the ones you reviewed for the commercial and industrial sectors, is designed to make sure there aren't any anomalies or contradictions between the organization's overall direction and sector goals, and to make the plans real so we can incorporate them into our budget planning process. We start thinking about budgets this month.

Thad Roth, residential sector lead, presented on the residential strategic plan.

Thad: The current residential program model has been very successful. The residential sector provides about one-third of the organization's savings. Challenges require changes to how we implement the program. The residential plan is based on resource assessments from our Planning team that indicate lighting and water heating will provide savings in the future. New construction is relevant, particularly on the gas side. We have dabbled in behavioral change and think there's more opportunity.

Alan Meyer: What are whole homes?

Marshall Johnson: A package of new construction improvements above the code baseline.

Mark Wyman: We also track individual improvements for New Homes.

Don MacOdrum: It seems that there's six or seven times the potential for savings through residential weatherization than what's already been acquired. That's not what I've heard.

Marshall: This is only for electric and doesn't tell where the resources lie. They could be in rentals and low-income situations, also.

Mark: Savings potential may also be with new window tiers and other measures that aren't available in the market now.

Marshall: Cost-effectiveness limits us. It looks like costs will be greater than benefits for weatherization measures as the efficiency baseline increases, but there are still some savings.

Adam Shick: This shows only the cost-effective savings potential.

Fred Gordon: We currently offer ductless heat pumps under a time-limited exception. We are quantifying the costs and savings and considering alternative strategies to see if we can get the cost-effectiveness ratio above one.

Garrett Harris: What kind of baseline and code update assumptions are we making?

Adam: We are looking at the current technology and taking federal standards that we expect in the future into account.

Thad: What about controls?

Adam: For lighting, some multifamily common area controls are included in the resource assessment. That's the extent of the controls.

Susan Brodahl: Only one line refers to new homes. Are the rest existing single-family homes?

Adam: New Homes shows packages, but we can also do standalone measures. We limit the New Homes package measures based on limiting both stacks and combining.

Thad: We still need to deliver these offerings in a more cost-effective way. With weatherization, we've already seen the impacts of cost-effectiveness challenges. We will have more of a sense of how effective we can be later this year. Behavioral offerings will continue to be an opportunity, but we need to continue evaluating that.

We have engaged 440,000 residences so far. Looking at the map, we have served between one-quarter and one-third of the potential in our service territories.

Don MacOdrum: What counts as serving the customer?

Adam: We either provided an incentive or they saved energy.

Marshall: Energy Saver Kits and appliances are the highest volume measures.

Adam: A Home Energy Review would count as well, but the customer didn't pay for it.

Fred: We reach the most residential customer through retail lighting, which we currently can't map by geography.

Thad: Low avoided costs are a big challenge and require us to rethink our delivery models. Driving costs down and supply chains are areas of focus. Measure saturation is another area of focus. Lighting was two-thirds of our 2014 electric savings. We have fewer measures than we did five or six years ago. We have urgency in developing new measures. Will need more discipline in how we develop things. We are partnering more with regional efforts like NEEA. We are looking at behavior changes. We'll consider more opportunities to integrate with other things that aren't traditionally in the energy sector. Home automation is a great example. We've expanded participation, but are faced with the challenge of how to expand our geographic reach more cheaply.

Holly: The slides show gas savings, but low avoided costs and measure saturation. Are the gas slides based on what's hopefully cost-effective if we figure things out?

Thad: Some savings for new homes come from cost-effectiveness exceptions. We need to address those exceptions and improve delivery costs to capture those savings.

Adam: New construction and water heater replacements aren't yet available but will start coming up.

Mark: Cost-effectiveness is a spectrum. Incentives and uptake can sometimes drop. We've mitigated with appliances.

Holly: It's surprising to see so much weatherization potential when cost-effectiveness is hard to crack. The slide shows cost-effective savings, but that doesn't jive with what we know about measure being hardly cost-effective.

Marshall: You are balancing out a number of savings categories. For water heating, where there is a clear supply chain, you may be able to influence the supply chain at lower costs than compared to weatherization. Retrofits are more costly to facilitate and collect information about. There are fewer dollars and volumes won't be as large.

Elaine Prause: There is a lot of resource potential for windows compared to wall and ceiling insulation. It depends where the potential is focused.

Scott Inman: Every window that is now failing from 20 years ago is counted based on the incremental savings above code. Maybe insulation was up to a higher standard based on code for a while.

Fred: Windows offer a lot of savings but may be on a 50- to 100-year cycle for replacement. Contractors may persuade people to replace things they wouldn't otherwise replace, but given the limited incentive Energy Trust can cost-effectively offer, we can only persuade them to buy a better window when they are already buying windows.

Peter: I see the point of the comments. The data is not fully representative. We'll need to add more detail to the next draft. If you assume a lot of new incoming technology, it confuses things. We have measure saturation for weatherization but with windows you assume new technology. The potential is different.

Warren Cook: Maybe extend out the graph to show what happens in the future if we continue doing things the same way.

Thad: We think we need to refocus our design, contracting and delivery around technologies instead of market channels. This would allow for a more holistic pursuit of technologies. Heating systems are in all homes, but we can focus on the technology instead of whether the technology is in new or existing homes. That's a key change in our thinking.

We are seeing duplication of services in our contracts and there are opportunities to reduce redundancies between our Program Management Contractors. We will continue pilots to drive new measure opportunities and work with NEEA and others to develop new measures. We will move upstream with some strategies, such as appliances. We can work with suppliers. It may mean more interaction with distributors or manufacturers and less focus on consumers.

We will have to develop new, lower-cost opportunities to reach new customers and re-engage with past customers. We may need to develop relationships with new market actors. For example, Nest has motivated customers to replace their thermostats for reasons other than energy savings.

Alan: Would that mean that there isn't a New Homes or Existing Homes program? There would be lighting or water heating programs instead?

Mark: Water heating is a big part of our future. Water heating is worked on through Existing Homes, but it's not part of the Products program. There are New Homes opportunities as well, but the different PMCs aren't communicating with each other.

Alan: What would that look like if it was perfected?

Mark: We are looking at engaging the supply chain instead.

Scot Davidson: Do you assume a static regulatory environment? Interest in carbon and transportation will increase. That will have an impact on our work.

Mark: Being nimble is a priority. Change will come and we know what some of it will be. We have not been nimble enough to reorient our strategies.

Thad: Focusing on the cost of delivery give will us a better chance of reducing impacts of risks. In a carbon-constrained environment, these investments are more attractive.

Warren: We are enthused about restructuring programs around technology. Contractors and suppliers have overlap. Water heaters don't know what house they will go into.

Elaine: The idea of mitigating shrinking savings made the NEEA discussion rise to the top. It was helpful to talk about the potential of weatherization. I agree that seeing the savings potential of windows compared to insulation helped. I'm surprised behavior didn't rise.

Marshall: We see behavioral measures as a savings channel to explore. We are a utility intermediary, and residential behavior has a utility component. We need the right level of collaboration with utilities.

Mark: Where does behavior end and controls optimization begin?

Don Jones: If you put all of your eggs in the behavior basket, you present some risk to the infrastructure necessary to have a broader portfolio.

Alan: We were excited about the first bullet. It's time to do things differently as things change.

Don MacOdrum: It's a dynamic environment and building nimbleness is very important.

Mark: We see opportunities for market leaders. Maybe there's an opportunity to work more closely with industry leaders.

Marshall: What if there was a combined application process for Energy Trust incentives and tax credits with the Oregon Department of Energy? We both impact the same customers. That's a great example of how channels can be leveraged.

Holly: This feels like pre-strategic planning. There's directionality to it, but it's not ready to execute. I'm curious about next steps.

Kim Crossman: Our annual budget and action plans will help make next steps more clear. The rubber hits the road in those action plans. You'll see the first look at the budget in October. Comments today have an effect on what shows up in those plans.

Thad: There is work to be done to make these ideas more concrete. We want your participation. These are challenging questions, and we're open to receiving help.

Mark: Next year won't look that different, but you will see more changes showing up. You will see more technology-focused approaches.

Susan Brodahl: Expanding customer participation includes extra costs. What will we see in the budget to address this?

Marshall: We plan to leverage market actors that already exist.

Susan Brodahl: I wouldn't want to constrain expanded customer participation. It will cost more. We need to keep that in mind.

Thad: It's a challenge that we recognize. We think we have strategic solutions.

Susan Brodahl: I don't want to be too hard on expanding participation by making cost paramount.

Peter: We're under a cost-effective requirement for whole programs. It doesn't mean that everybody in every sector has to be treated the same. To expand participation, we are going to

focus more expense in some areas. But we also have to get savings to hit a benefit/cost ratio of one. We are challenged not to do it the way we have in the past.

Stan Price: It's clear that there is concern and need for improvement in the PMC structure. I couldn't get the directional intent of how to reform that. Is that an open question?

Marshall: The residential sector has a precedent of using the PMC model. However, Energy Trust uses Program Delivery Contractors in other sectors. There are opportunities for different channels. Potentially there are actors who can contribute value that we're not including right now. PMCs are engaging those actors, but we think there is a more coordinated way to structure this.

Mark: The two aren't mutually exclusive. Our challenge is to get innovators with niche expertise while unleashing the ability of our PMCs. Our solicitations shape the sorting rules and programs. We need to start asking different questions and posing different challenges. You'll see us eliminate redundancies and open space up for different ways to engage consumers.

Peter: If the next five years are characterized by different ways of going to market, do we have the structure today to do it? We don't think so. The more you go upstream, the more you need a different kind of approach.

Stan: How will we see those decisions play out as you make them?

Peter: You'll see it in annual plans and RFPs.

Holly: How long are the current PMC contracts?

Marshall: The Existing Homes PMC contract is through 2017 and the Products contract is through 2019, both with optional extensions. These are maximum contract lengths, so there is flexibility to adjust the current contract structures.

Julia Harper: We've had conversations that could synergize in the mid-stream space. We have a growing number of good programs but not the resources to execute them. There are opportunities for partnering with others organizations.

Holly: Your ideas about innovation and ways of working with various stakeholders, beyond PMCs, doesn't seem to show up in the plan.

Mark: This is the first pass to engage stakeholders and get their thoughts on going this direction. We didn't want to presume the outcomes.

Holly: It sounds like you are saying this needs to be more of a collaborative process. Maybe the collaborative approach is how you are going to determine the specifics?

Kim: That's more the process than the content. It's the how. There will be conversations here at Conservation Advisory Council meetings that are part of the process. There was a lot of stakeholder involvement from early on as we developed our first programs.

Jeremy Anderson: These are very vague generalities so it's hard to give a reaction. We'll be able to comment more as things become more specific.

Fred: We are doing work this year to learn more about who isn't participating in what. Our participation in residential programs is robust, but participation is lower outside the Portland metro area. What's the supply chain out there? What are the barriers and reasons for lesser participation outside the metro area? We are trying to look at that more closely.

Sara Fredrickson: This is an exciting change. Something major does need to happen and this is great to hear.

Julia: We've been working on regional market strategies with NEEA's Regional Portfolio Advisory Committee. Fred has been involved in commercial lighting. We are doing initial work on consumer products this year. Some of you can have opportunities to think about this and how we address some of these things.

**7. Public Comment**

There were no additional comments.

**8. Meeting adjournment**

The meeting adjourned at 4:00 p.m. **The next scheduled meeting of the Conservation Advisory Council will be on September 9, 2015, from 1:30 p.m. – 5:00 p.m.**