Energy Trust of Oregon

Proposed Incentive Changes Production Efficiency Program

Conservation Advisory Committee

May 21, 2008

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Program Concerns

- Market downturn
  - Several wood products facilities have postponed projects
  - Project pipeline for 2008/2009 has not improved as expected since January 2008
  - Water/Wastewater committed projects on hold, incentives not enough to bring them to completion
- Not consistent with Existing Buildings program custom project offer
  - Increased potential for overlap with Small Industrial Initiative

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Changes to PE Program since 2003

- Reduction in custom incentive levels
  - 2003 – No per kWh cap, 50% of project cost
  - 2004 – 18-month payback criteria minimum
  - 2005 – 20c/kWh, 50% of project costs
  - 2006 – 12c/kWh, 50% of project costs
  - 2007 – 15c/kWh, 50% of project costs
- Minimum payback criteria
  - 18 months minimum set in 2004
- Creation of Small Industrial Initiative
  - Prescriptive plus semi-prescriptive measures, trade ally focused delivery

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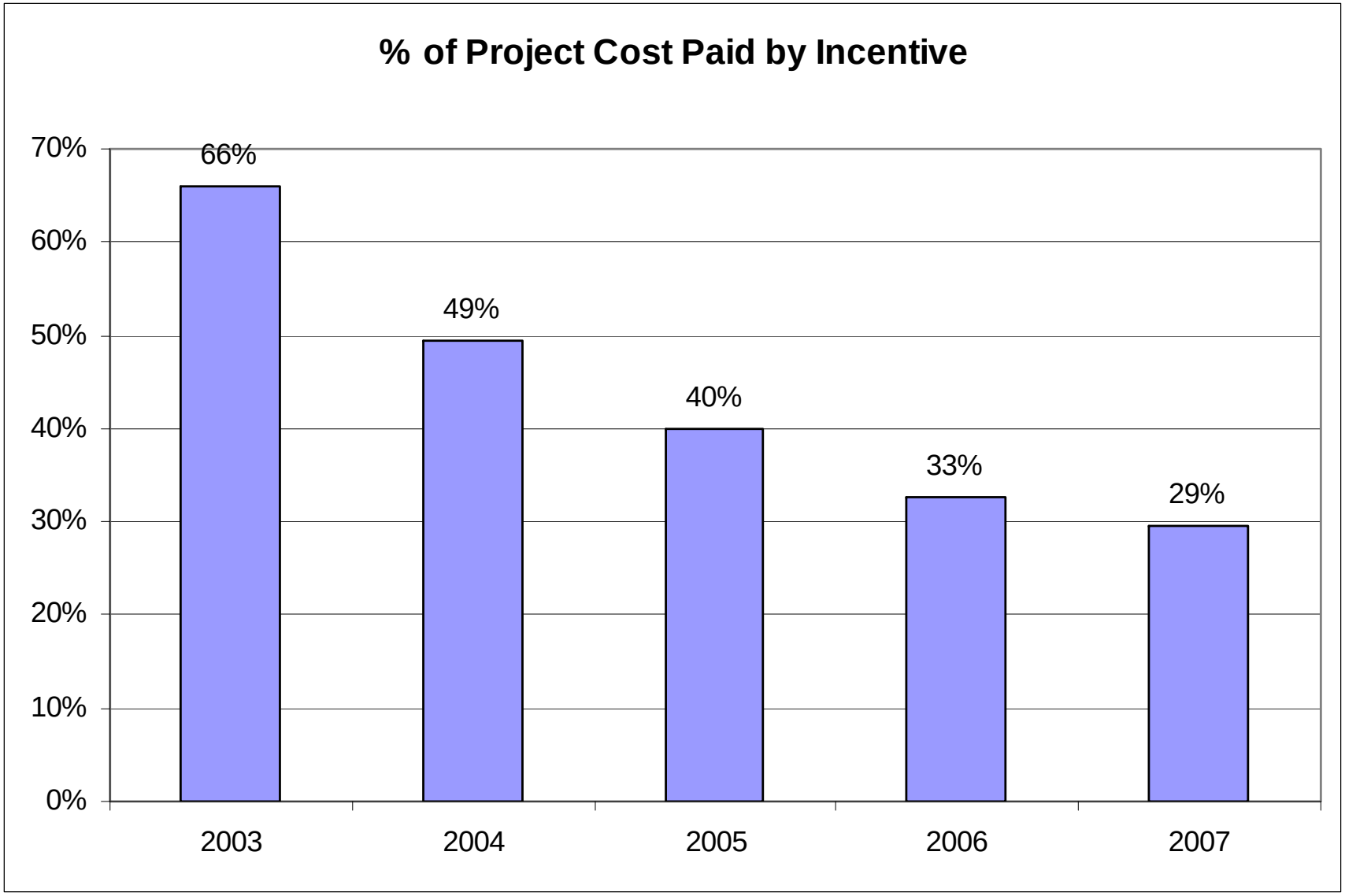
Reduction in % project cost covered over time



Custom Incentive Current Levels

- Lighting: 25% savings, up to 30% of project costs not to exceed $0.15/kWh
- Production/Process: $0.15/kWh ($1.00/therm) up to 50% of eligible project costs (10 yr measure life)
- Water and wastewater: $0.26/kWh up to 50% of eligible project costs (20 yr measure life)
- Per site per year incentives capped at $500,000
- 18 month minimum simple payback

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Custom Incentive Proposed Changes

- **Increase custom incentive caps to match Existing Buildings and provide long term stability to program**
  - Production/Process 20¢/kWh up to 50% eligible project cost
  - Water and wastewater 32¢/kWh up to 50% eligible project
  - Maintain $1/therm
- **Reduce minimum payback criteria to match BETC and Energy Trust commercial program criteria**
  - 12 months simple payback
- **Maintain custom lighting incentives at 15¢/kWh not to exceed 30% incremental cost**

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Expected Program Impacts

- Long term sustainable offer
  - Build 2009 pipeline in steady manner
  - Revive some projects that have dropped out of pipeline
- Consistency across Energy Trust programs
  - Reduces trade ally incentive confusion
  - Trade allies operate by technology not program
  - Consistent incentive message to participants
- Small increase to program cost
  - Many projects already cap at 50% project cost
  - Particular technology types will see higher incentives, encourage adoption of more diverse project types

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