CONSERVATION ADVISORY COUNCIL
Notes from meeting December 3, 2008

Attending from the Council:
Suzanne Dillard, ODOE
Bruce Dobbs, BOMA
Joe Esmonde, IBEW
Kari Greer, Pacific Power
Andrea Jacob, Portland OSD
Holly Meyer, NW Natural
Mat Northway and Bill Welch, EWEB
Allison Spector, Cascade Natural Gas (participating by telephone)
Lauren Shapton, PGE
Karen Meadows, BPA
Lori Koho, OPUC

Attending from the Energy Trust of Oregon:
Matt Braman
Sarah Castor
Pete Catching
Phil Degens
Diane Ferington
Fred Gordon
Margie Harris
Steve Lacey
John Reynolds, board of directors
Jan Schaeffer
Brien Sipe
Greg Stiles
John Volkman

Others attending;
Gerald Daily, Winzler & Kelly
Clark Fisher, Nexant
Emily Moore, PECI
Doug Oppendal, Evergreen Consulting
Steve Rubbert, Enertia Energy Inc.
Ravi Simha, Choice Solar and Clean Energy SIG
Roger Spring, Evergreen Consulting
Marilyn Williamson, NW Natural
Michael Yablonski, MY Energy Consulting

1. Introductions

Steve Lacey reviewed the agenda and asked for self introductions. He introduced Allison Spector, the CAC representative from Cascade Natural Gas. Allison is the new conservation director at Cascade. She has a background in low income weatherization.

Mat Northway explained this will be his last CAC meeting. He retired last week from EWEB. Bill Welch will subsequently represent EWEB. Margie led a round of applause thanking Mat for his support. He has served on CAC and lent his expertise since the beginning of Energy Trust.

Steve reviewed the schedule of 2009 CAC meetings, monthly except June, September and December. Dates are:

January 21
February 18
March 11
April 15
May 20
July 8
August 12
October 14
November 18

2. **Revised proposed 2009 Energy Trust budget**

Margie presented. She noted themes, including:

- Greater penetration within existing markets, emphasizing the commercial sector
- More emphasis on marketing and outreach, along with customer focus
- Introduce more new efficient gas and electric technologies
- Completing integration of renewable and efficiency program delivery
- Continuing capacity building to capture expanded opportunities
- Expanding Trade Ally effort
- Collaboration and leveraging initiatives such as NEEA and NEET

Going further, she commented on:

- Diving deeper into existing markets
- More outreach to existing small businesses and new commercial construction
- Pursue zero net energy new commercial building design
- Focus outreach to small industrial and gas customers
- Add near-low income residential initiative (60-80% of median income)
- Explore behavior change strategies (Blue Line energy monitors, Living Wise boxes, Energy Performance Score)

Margie noted the revised, proposed final budget adds $1.7 million in efficiency, including $1.9 million back into the multifamily program. Some of the revised funding resulted from some reductions in other parts of the budget, including a reduction in the new commercial budget, a reflection of the economic downturn. Some other additional funds reflect projects not completing in 2008 and being carried over into 2009. Levelized costs have gone up, reflecting the shift of more funds into higher cost existing residential, and where we think the savings will be.

She reviewed details for the efficiency budget by program for 2009. She noted the budget for 2010 does not reflect additional funds that might be needed to acquire the potential projected savings in that year. She said the uncertainties in the economy might result in lower spending in ’09 and consequently more funds available for ’10.

She showed a table comparing savings by sector from 2005-2010. If megaprojects in ’05 and ’07 are removed, the trend line is linear. She showed a similar table for gas.

She reviewed communications and outreach themes, drawing attention to the Solutions campaign landing page. She noted we have results of our first market segmentation work. She highlighted cross-program initiatives, including GreenStreet Lending with Umpqua Bank, Energy Performance Score, Better Living shows, strategic ad buys.

Margie noted comments on the proposed budget are due tomorrow. We summarize comments received and show changes to the board Dec. 19.

Comments included:

- Karen Meadows asked if we are dropping the CFL program in '09, and wondered if the increase in levelized costs reflects that. Fred said we are doing a modest drop in CFLs as compared to 2008 and that CFLs are not the driver for the levelized cost increase. New Homes savings are more expensive because of the code change.
- Bruce Dobbs mentioned the opportunity to use waste heat from the US Bank datacenter to heat the apartment across the street, and asked if Energy Trust is set up to support this type of improvement. Steve thinks this is the example of a custom measure that we could entertain.
- Andria thinks the Bureau of Planning is investigating district heating downtown and could identify additional opportunities for use of waste heat such as the one Bruce noted.
- Lori asked if the changes affect the text of the action plan. Margie said there are minor changes on the one-pagers.
- Lauren asked what suggestions prompted the increase in the multifamily budget. Margie said the argument was made that interest and opportunity in multifamily remain strong, especially so in the challenged economy.
- Bruce noted the advantage of supporting separate gas metering for apartments, which would tend to encourage tenants to conserve.
- Holly asked if the programs are in place or will be designed based on the budgets. Steve said the programs are in place and have evolved based on available funding from year to year. Margie noted when we change programs and incentives we bring these to the CAC for discussion. She suggested Holly look at the budget one-pagers in the action plan.
- Bill asked how we intend to integrate the renewable and efficiency programs. Margie responded we incorporate simple solar assessments into Home Energy Reviews. The Production Efficiency program is linked to our BioPower program. Incentives and dollars are separate.
- Marilyn Williamson asked if we will trace whether reducing furnace incentives results in more sales of less efficient furnaces. Fred said we will track this. He expects a federal requirement for high efficiency furnaces to be in place within a few years.

3. 2009 program incentive changes

Greg Stiles presented changes recommended for the Business Energy Solutions-Existing Buildings program. Changes are based on review of installs, conversations with lighting trade allies and a review of regional incentives. The changes are designed to result in the installation of more efficient, more appropriate equipment, acquire persistent kWh and therm savings, and gain more market knowledge.

The first change is to increase incentives for 8 ft. fluorescent lighting retrofits, due to the fact that high efficiency T8 lighting fixtures are 4' (compared to 8'), and more fixtures are needed per unit of space. Another incentive change recognizes high performance 8' T8s, a niche product.

He noted addition of an incentive for upgrading an incandescent down light to LED (solid state). The incentive amount is still being determined. He said we will reference a solid state lighting spec and require a "Lighting Facts" label on the product. John Reynolds suggested a dot on the label showing the color temperature of an incandescent fixture to give the consumer a frame of reference to incandescent lighting. Greg noted that products with these labels are not available on a retail basis; only lighting designers have access to them. He will float John's idea to the appropriate entity.

Greg reviewed pilot incentives for high bay fixtures on over 5,000 hours/year. We're looking at 45%-50% of cost, because of the added cost of changing out these sorts of lamps in hard to reach applications. Another proposal is to increase the custom incentive from 30% to 35% of installed cost. This is consistent with BETC. The custom lighting incentive cap would be increased from $0.15/kWh to $0.17/kWh. Karen asked how much our incentive is combined with BETC. Greg said the incentive is separate and that the total is 70% of installed cost, although it's important to remember tax credits for projects over $20,000 are taken over five years, reducing the cash value of the credit.

Greg noted potential mechanical equipment incentive changes, including increasing the incentive for condensing boilers from $4 to $6, if the hours of operation justify this. Steve Rubbert asked when the incentive changes will be implemented; Greg said Feb. 1. Steve asked how we handle projects in the works. Greg said we grant the new incentive to projects filing applications after the date the new incentive is posted.

Greg proposes to change the spec to offer an incentive for a building that upgrades from a low level of insulation; currently we offer incentives only if the building starts with no insulation. We are reviewing installs of radiant heating and may adjust incentives. We are reviewing code requirements for packaged rooftop units. Because the code doesn't require economizers, we are considering incenting these.

The existing buildings team is proposing a short term kicker to raise the current custom incentive of $0.20/kWh and $1/therm, up to 35% of incremental cost. For the first six months of '09 the incentive would be raised to $0.25/kWh (therm incentive would remain $1/therm) up to 50% of incremental cost. Projects must be completed by the end of '09. Greg said we haven't seen a major slowdown in existing building projects to date but some projects have been downsized. We will exceed our goals this year but have set bigger goals for '09 and are uncertain about what it's going to take to achieve them.

Greg noted some general program changes for '09 in the existing building program, including seamless integration with solar electric and solar thermal. We will launch two new initiatives in Q2, one around data centers/IT/computers and the other on operations and maintenance. Umpqua Bank's GreenStreet product likely will expand in '09 beyond the current $100,000 loan limit.

Lori asked if the incentive changes drive the change from the initial to the proposed final '09 budget; Greg said they aren't linked. However, prescriptive lighting incentives do apply for multifamily and commercial new construction and industrial lighting projects.

Steve Lacey noted several board members asked staff to explore lifting project incentive caps. Production efficiency has a $500k/project cap and $1 million/site/year. Existing and new buildings have $500k caps. The multifamily program does not have caps. He noted lifting the caps would effectively eliminate the megaproject board waiver process, which allows larger incentives with board review and approval. Retaining caps reduces pressure from influential customers to take large percentages of the incentive budget.

Bruce believes project costs exceeding the cap should be funded by owners. Holly wondered if explaining you can request more funding beyond the caps would be helpful.

Steve asked for comments on incentive changes and caps.

- Bruce supports the incentive changes but suggests keeping the caps.
- Allison thinks that, as a newbie, she doesn't have enough information to weigh in.

- Joe supports raising the caps and the incentives.

- Lori supports the incentive changes. It is good for the Trust to be fluid as the economy turns. She wishes there were a fixed date for incentive changes. She is ambivalent about the merits of raising the caps. Steve said most incentive changes usually occur in February or March.

- Karen supports lifting the caps and changing the incentives.

- Mat supports the incentive changes. He'd leave the caps as if unless as time goes on we see more requests for added funds. Bill added that if we are losing projects because of the caps, they should be changed.

- Holly supports the incentive changes. She supports keeping the caps but communicating the process for negotiating for more funds.

- Lauren supports the incentive changes and keeping the caps. She urges Energy Trust to pay more attention to strategies for supporting businesses that go beyond incentives.

- Kari agrees with the incentive changes and keeping the caps.

4. Planning & evaluation update

Resource assessment. Matt Braman presented. The assessment shows potential technical and achievable cost-effective efficiency over 20 years, using updated utility data; updated baseline, specifications and costs; adding benefit/cost ratios and addressing emerging technologies. New measures include home energy monitors, refrigerator recycling, minisplit heat pumps, new Energy Star homes, heat pump water heater, low power mode appliances and high efficiency gas water heater.

He showed a table of technical potential by utility and sector for 2008-2027. He projects a total 769 aMW of technical potential at $0.095/kWh levelized cost, of which 25% is residential, 36% commercial and 39% industrial. This is somewhat higher than the potential identified in a report released in 2006. Total therm resource is 149 million therms, 65% in residential, 27% in commercial and 8% in small commercial.

At 4:05 pm, Steve asked if the group would like to stay on for the agenda item on the consumer awareness study or reschedule that presentation for the January meeting. Consensus was to wait; Sarah Castor will send out the report when it is available at the end of the week.

Meeting adjourned at 4:06 pm. Next meeting is January 21.