

Conservation Advisory Council Meeting Notes

September 15, 2021

Attending from the council:

Jeff Bissonnette, NW Energy Coalition
Roger Kainu, Oregon Department of Energy
Matthew Tidwell (for Jason Klotz), Portland General Electric
Kari Greer, Pacific Power
Rick Hodges, NW Natural
Tina Jayaweera, NW Power and Conservation Council
Kerry Meade, Northwest Energy Efficiency Council
Lisa McGarity, Avista
Anna Kim, Oregon Public Utility Commission
Tyler Pepple, Alliance for Western Energy Consumers
Peter Christeleit (for Becky Walker), NEEA

Attending from Energy Trust:

Hannah Cruz	Tracy Scott
Tom Beverly	Elizabeth Fox
Elaine Dado	Wendy Gibson
Gina Saraswati	Fred Gordon
Alexis Jenkins	Ian Bryson Pagatpatan
Michael Colgrove	Melanie Bissonnette
Kirstin Pinit	Amanda Potter
Jessica Kramer	Emily Estrada
Oliver Kesting	Dan Rubado
Thad Roth	Quinn Cherf
Marshall Johnson	Mark Wyman
Steve Lacey	Jay Ward
Alex Novie	Cameron Starr
Jackie Goss	Eric Braddock
Tyrone Henry	MacKenzie Kurtzner
Scott Leonard	Adam Bartini
Julianne Thacher	Kenji Spielman
Amber Cole	
Sletsy Dlamini	
Greg Stokes	

Others attending:

John Molnar, Rogers Machinery	Lindsey Hardy, Energy Trust board
Brooke Landon, CLEAResult	Ross Finney, RHT Energy
Alan Meyer, Energy Trust board	Keith Barrow, NW Natural
Beth Glynn, Cascade Energy	Martin Lott, Energy Infrapartners
Clark Fisher, Energy350	Scott Scheuneman, RHT Energy
Cynthia Kinney, Cascade Energy	Diane Henkels, Utility Advocates
Andy Cameron, Oregon Department of Energy	Brian Lynch, AESC
Chris Smith, Energy350	Harvey Dhillon, CLEAResult

1. Welcome

Hannah Cruz, senior communications manager, convened the meeting at 1:30 p.m. via Zoom. The agenda, notes and presentation materials are available at www.energytrust.org/about/public-meetings/conservation-advisory-council-meetings.

Hannah Cruz opened with a summary of the agenda and led a round of introductions among the Conservation Advisory Council and board members. Hannah Cruz invited feedback on notes from the August meeting, and they were approved with no changes.

2. Energy savings year-end forecast

Topic summary

Tracy Scott, director of energy programs, covered progress toward year-end savings goals. Energy Trust is forecasted to reach 101% of electric and 119% of gas savings goals. These are the board-revised goals approved in May 2021. Overall, the market is still unpredictable due to COVID-19 recovery.

Energy Trust is expected to reach 104% of goal for PGE, 97% for Pacific Power, 118% for NW Natural in Oregon, 138% for NW Natural in Washington, 115% for Cascade Natural Gas and 106% for Avista. Forecasting frequency has been increased from quarterly to monthly to more closely manage the budget through year-end. More information is available in the Q2 report.

Discussion

Attendees asked why the industrial program is performing in double digits below goal (Diane Henkels). Staff explained that Business Lighting caps had reduced lighting participation among industrial customers and that there was an abundance of caution in this year's budget due to high uptake last year (Tracy Scott, Amanda Potter). Staff clarified the bulk of any savings or data on small commercial customers would be in Existing Buildings or New Buildings. Council members asked if there are any insights from NEEA or elsewhere about how much commercial and industrial lighting is happening, regardless of incentives (Tina Jayaweera). Staff responded that those types of questions will be addressed in the follow up evaluations in future years as this data is not available in real time (Oliver Kesting). Staff added that more information will come from evaluations, but distributors will also capture some of the information in the midstream offer (Jessica Kramer).

Next steps

None.

3. Preview of draft 2022 action plans

Topic summary

Tracy Scott explained that the draft budget for 2022 will be released on October 6 and a workshop will be held on October 13. The draft action plans are partially shaped by budget management strategies, market volatility, engagement with community-based organizations (CBOs), supply chain issues, pent up demand due to incentive caps and implementation of clean energy laws and programs. Incentive caps will be reviewed for possible modification in 2022. Implementation planning of HB 3141, the law modernizing the public purpose charge, is also ongoing.

The following presentations referenced in-progress, draft action plans, which could change before the Draft 2021 Budget is released on October 6.

Residential

Thad Roth, residential sector lead, discussed draft Residential action plans for 2022. The market is challenging to forecast. Continued strong demand for market-rate offers and services

for customers who have suffered job or income loss, labor shortages and supply chain slowdowns are assumed. More frequent forecasts will occur and focus on balancing strong demand against budget availability. The real issue is competition for products and labor.

Residential will expand community partner funding with CBOs, tribes and DEI areas of focus, continue market-rate offers that support customer interest in upgrading their homes, and expand opportunities for CBOs to help Energy Trust reach low income customers and diverse customers.

There will be two significant RFPs introduced in 2022. Both Industrial and Residential will be rebid. Energy Trust doesn't expect the Residential program structure to change significantly, but more feedback will be provided to the council at a later date.

Energy Trust is expanding co-funding to additional low-income agencies to assist with upgrades, expanding offers for new and existing manufactured homes, continuing support for lighting in small retailers and continuing fixed-price and targeted offers.

Discussion

Council members asked about utility-led targeted activities (Tina Jayaweera). Staff explained that Energy Trust has had a variety of discussions with Pacific Power about products and approaches (Thad Roth). Nothing formal has emerged, but Energy Trust has talked about electric vehicle charging and how it targets offers in new construction. Council members also asked if Energy Trust is targeting the low-income population, as it seems home energy scores would be a way to reach people. Tailoring a program that would tie those measures to the person or household, overlaid with an income-based approach, may work (Roger Kainu). Staff responded that those are great ideas and they are being considered internally (Thad Roth). Energy Trust is aware of CBOs that use home energy scoring resources and is working on how best to target the right customers by talking with CBOs to learn how to better reach their communities. These conversations are ongoing. Energy Trust is looking at home energy scoring to help identify customers who can benefit.

Commercial

Oliver Kesting, commercial sector lead, discussed the draft commercial action plans for 2022. The market continues to be dynamic and recovery is uneven across sectors. There are labor shortages and supply chain disruptions. Energy Trust is seeing an influx of federal COVID-19 funding for schools. Multifamily has been slower to recover. There is increased demand for data centers. Many grocery and foodservice measures are expiring in mid-2022 on the gas side and Energy Trust will continue to support them until incentives expire. Package terminal heat pumps are expiring on the electric side. New Buildings is adjusting to two code updates resulting in reduced savings for the program.

The commercial sector is looking to expand support for underserved markets. Energy Trust is planning on targeted marketing and working closely with community-based liaisons. It will also leverage regional outreach partners for community and location-specific efforts and introduce new Energy Performance Management offerings. The New Buildings program will be redesigned related to new codes. Energy Trust will continue virtual workshops, assessments and approaches learned during COVID-19 and continue the work started in community summits. Energy Trust will revise program caps, launch a small business offering, continue wildfire relief support and location-specific incentives and expand Strategic Energy Management (SEM) and Pay-for-Performance.

Diversity, equity and inclusion focus areas will include a small business offering focused on communities of color, supporting trade ally diversity through outreach, expanding SEM in non-metro areas, and an affordable multifamily cohort.

Discussion

Council members stated that with carbon rules being finalized at the end of this year, there are quite a few fryers that are more efficient than 50% of standard fryers. With a carbon adder, Energy Trust may want to push the market (Lisa McGarity). Council members asked if Energy Trust would consider doing an Oregon Public Utility Commission exception until the carbon rules are finalized before it exits the market (Lisa McGarity). Staff responded that Energy Trust looked at options for fryers that go beyond the new standards (Alex Novie). Aside from limited products, they were very expensive and not a good deal for the customer. Energy Trust is looking at options for specific small business customers in 2022 and didn't see a justification for an exception.

Attendees stated that they are glad Energy Trust is looking at small businesses and questioned whether the conversation has developed to the extent that Energy Trust is having to pick between small businesses, like areas hit by wildfire vs. a community that has fewer businesses owned by people of color (Diane Henkels). Staff responded that there are two efforts: small business and wildfire relief support, and communities of color exist in both efforts (Oliver Kesting). Staff added that the focus is on communities of color, but any small business can be included (Wendy Gibson). Rural businesses are another focus, which would cover businesses impacted by fires. Attendees expressed appreciation for Energy Trust's close look at restaurants and asked how it defines small businesses compared how the utilities define small commercial customers (Diane Henkels). Staff responded that the definitions are different, and Energy Trust has started a conversation with utilities to determine if there can be more intentional alignment (Wendy Gibson). The offer has to be implementable with trade ally contractors and a clear definition of a small business is necessary.

Business Lighting

Jessica Kramer, senior program manager for industry and agriculture, covered draft lighting plans for 2022. The program started combining commercial and industrial lighting under a single program delivery contractor in 2021. Energy Trust will have custom and prescriptive offers, midstream and no-cost direct install offers in 2022. Participation with trade allies will be rebuilt after the 2021 incentive caps reduced activity. COVID-19 has impacted small customers, as have labor and supply shortages. Focus will be on relationships, accessibility and community-led approaches in 2022. Energy Trust will update incentive caps, expand midstream and no-cost direct installs, rebuild trade ally relationships and launch the online Trade Ally Gateway for project submission and tracking. Energy Trust will also explore advanced lighting and controls.

Diversity, equity and inclusion efforts will focus on collaboration with commercial and industrial community outreach, outreach to women and minority-owned businesses, along with small and rural customers. Energy Trust will also recruit minority and women-owned trade allies and explore translation services.

Discussion

Council members asked what products will be offered midstream vs. downstream (Tina Jayaweera). Staff explained that the midstream offer is in development (Jessica Kramer). There hasn't been a decision on specific products, but they will be commodity-type products. Energy Trust will do a soft launch in 2021 and expand in 2022. Attendees asked how Energy Trust will decide on languages for translation (Diane Henkels). Staff responded that there are a few levels of development on this (Jessica Kramer). Energy Trust has great outreach staff that is providing suggestions. Some materials have been requested in Spanish, but Energy Trust is looking at a survey to find out what languages are needed.

Industry and Agriculture

Amanda Potter, industry and agriculture sector lead, discussed highlights for the draft industry and agriculture action plan 2022. Energy Trust expects a continued dynamic market, as sectors have been impacted very differently by the pandemic. There has been a strong pipeline in food storage and production, tech and nurseries. On the other hand, wood products have been too busy to focus on energy efficiency. There are delayed projects for airlines and their supply chains. Irrigators have been very interested due to drought conditions.

Energy Trust plans to re-engage with customers, vendors and trade allies in 2022. Standard track incentive limits will be increased, marketing will be restored to previous levels and there will be some incentive caps to help manage the budget. Support for small and medium customers with new prescriptive rebates is planned. Energy Trust will maintain the \$250,000 custom incentive cap and \$75,000 cap for Strategic Energy Management (SEM). It will also release an RFP for custom, SEM and standard tracks in 2022. Diversity, equity and inclusion efforts will include increased outreach and technical services to support small to medium and rural customers, along with minority and women-owned businesses. Relationships with community groups will be developed to help shape future outreach efforts.

Discussion

None.

Next steps

Staff will finalize the action plans, budgets and levelized costs. This will be packaged into a draft budget and action plan for October 6. There will be a combined board, Diversity Advisory Council, Renewable Energy Advisory Council and Conservation Advisory Council budget workshop on October 13 that is open to the public and interested stakeholders.

4. Draft energy efficiency measure and incentive changes

Topic summary

Alex Novie, measure development manager, discussed measure updates for the 2022 program. In 2021, staff analyzed more than 60 measures for changes in 2022 (*see slides for sunseting measures*). Standards for new appliances are changing in 2022. Fryers, gas ovens and gas measures for dishwashers will no longer be cost effective. Energy Trust will offer the existing fryer measures for the first six months of 2022 to allow for sell-through of fryers. The next higher efficiency tier of fryers is very expensive and not currently cost-effective.

A number of measures will also change due to updates to savings and costs, including: residential gas tank water heaters; residential air conditioning; residential new construction (2021 code); clothes washers and dryers; commercial foodservice measures, like steam cookers, gas and electric ovens; commercial water heating; commercial and multifamily steam traps; process hot water or steam boilers and various business lighting measures.

New measures include garage exhaust ventilation controls, ventilating bath exhaust fans in new multifamily, commercial gas condensing furnaces, Multifamily Market Solutions (2021 code) and a New Buildings interior lighting calculator (2021 code). Energy Trust plans to launch an expanded manufactured home replacement offer; Energy Saver Kits in select markets; full-cost ductless heat pump installation for low-income customers; EPS, an energy performance score, in Oregon communities rebuilding after wildfires; and Washington New Construction.

Cost-effectiveness exceptions include the full offer for the Manufactured Home Replacement initiative; ductless heat pumps in single family, manufactured homes and multifamily; and New Buildings whole building offers.

Discussion

Council members stated that when the Regional Technical Forum (RTF) looked at foodservice measures in the recent past, they heard that a lot of equipment is purchased on the secondary market. The standards may not apply in the same way for used equipment and asked if Energy Trust has considered this. RTF is looking at these dual markets and how to approach it in measure analysis (Tina Jayaweera). Staff responded that Energy Trust has looked at where customers are purchasing equipment and customer segments within foodservice measures and know that many customers purchase used equipment (Alex Novie). The RTF dual market development is important to Energy Trust as it currently does not factor the savings and costs of used equipment in the cost effectiveness analysis. Council members also asked what is driving the cost differential for fryers, whether it is oil filtration or something else (Lisa McGarity). Staff responded that it's the difference in costs and savings between ENERGY STAR 2.0 and the next tier (Alex Novie). Models in the higher tier are more expensive while offering fewer savings. Staff can follow up with advisors about the components of these costs as information from customers and trade allies becomes available. Constraints exist based on limited product availability for higher efficiency products and high cost.

Council members asked what the incremental cost is and added that a foodservice organization in California has a study on filtration features and oil savings (Lisa McGarity). Staff stated that the incremental cost is about \$4,000, which is not at all cost effective (Alex Novie). Members added that currently there is a carbon avoidance adder for cost-effectiveness and asked how Energy Trust sees that changing (Lisa McGarity). Staff responded that the adder is factored into Energy Trust's avoided costs (Alex Novie).

It is too early to tell what the impact will be from the Department of Environmental Quality's Climate Protection Program and gas utilities cost changes due to that program. The assumption is that the carbon cost of compliance would likely need to see a large increase in value to affect measure availability and incentive levels. Information likely won't be available until sometime in 2022 for implementation in 2023. Staff added that Energy Trust's current carbon value is the estimated carbon compliance value that the electric and gas companies provided (Fred Gordon). If it changes in 2023, that would require the utilities to submit it this year. Members also mentioned that there is a cap on non-energy benefits and asked whether carbon would be part of that (Lisa McGarity). Staff answered that if carbon is reduced through efficiency, reducing it in other ways is avoided (Fred Gordon). It's associated with the use of energy but could also be called a non-energy benefit.

Next steps

Final details will be available after programs set the individual measure levels through the budget process. Some follow-ups on the commercial foodservice products have also been noted.

5. Industrial and Agriculture program contract request for proposals

Topic summary

Adam Bartini, senior program manager, and Kirstin Pinit, program manager, discussed Energy Trust's plan for a Production Efficiency program RFP in 2022. Currently, there are four contracts for program delivery. The last standard track rebid occurred in 2016 and the last custom track rebid occurred in 2018, resulting in three program delivery contracts which end in 2022.

This RFP, to be released in 2022, will cover the non-lighting industrial program. For the custom track, the contractor develops long-term customer relationships, performs technical studies and administers Strategic Energy Management offers. For the standard track, the contractor recruits, trains and manages trade allies and vendors, develops new measures and administers rebates and calculated incentives. Electric savings come from a diverse mix of projects. Gas savings mostly come from custom projects. Energy Trust is looking to better reach customers it has not

served in the past, and will continue to expand program strategies for diversity, equity and inclusion.

The RFP will be designed to achieve energy savings targets, consolidate contracts to streamline program delivery, establish consistency, strengthen requirements and diversity, equity and inclusion priorities and evolve program offerings. Focus will be on creating fewer points of contact for customers and trade allies, streamlining management and operations, and more time for strategy, community engagement and other initiatives. There will be stronger diversity, equity and inclusion requirements and a request for more diversity within the implementer team.

Energy Trust will consider two proposal options: one contract for custom and SEM only and one for standard or, one contract for the entire program. The purpose is to streamline while allowing companies to bid on the areas where they have experience.

A webinar in January 2022 will provide information about Energy Trust and the Production Efficiency program. The RFP will be released in March 2022, with proposals due in April. Selection, board decision and contracting will occur in summer 2022, followed by a transition in late 2022. The new contract will begin in 2023.

Discussion

Members asked about the quality standards for custom qualifications and the customer service requirements (Lisa McGarity). Staff responded that there will be similar standards as in the past (Amanda Potter). Technical reviews will be completed in-house. Customer service will also be a key focus.

Council members suggested the Oregon Farm Bureau, Oregon State University Extension Services and chambers of commerce as organizations who can represent some customer perspectives. Members suggested that the motor and pump markets may be an area to look for new technologies or measures, since there is a lot of cost-effective efficiency available and a lot of activity in those areas (Tina Jayaweera). Energy Trust considers motors and pumps to be a consistent source of savings and will continue to watch this market for opportunities.

Next steps

When announcement communications are developed, they will be shared with the Conservation Advisory Council.

6. Public comment

There was no public comment.

7. Adjournment

The meeting adjourned at 4:09 p.m. The next meeting will be the joint budget workshop on Wednesday, October 13.