



September 9, 2014

Oregon Public Utility Commission
3930 Fairview Industrial Dr. SE
PO Box 1088
Salem, OR 97308

Re: Comments on UM 1622 PPM

Dear Commissioners,

The Northwest Energy Efficiency Council (NEEC) appreciates the careful consideration given by Commission staff to the complex issues surrounding cost effectiveness as covered by UM 1622. We understand the rationale for rejection of the idea of a “core program” approach as we recommended in our previous comments. While we continue to believe that Oregon residents in homes heated by natural gas benefit specifically in improved energy efficiency and that benefits accrue more generally to the state as a whole, we write here to encourage the Commission to employ maximum creativity to maintain natural gas energy efficiency effort while remaining consistent to its mandate to ensure prudence in the use of ratepayer dollars.

NEEC is especially persuaded by the arguments presented by the Citizens Utility Board in its recent op-ed to The Oregonian (September 7, 2014). CUB maintains, and NEEC agrees, that the use of a utility cost test is an appropriate first screen for assurance that ratepayer dollars are being prudently used to acquire the least cost resource for the utility and its customers. Of course, using the UCT is not without precedent for utility commissions in the United States. The utilization of such a test in Oregon as a first arbiter for the decision to acquire the resource importantly assures that system costs will follow a least cost – least risk path. The question as to whether this strategy optimizes the utility system is, in NEEC’s view, by and large settled by the application of the UCT.

We recognize that the exclusive use of the UCT in lieu of the more expansive total resource cost test (TRC) can call into question whether larger public or societal economic optimization is being achieved. In the infancy of energy efficiency in the State of Oregon, it was clearly helpful to assist end use customers by evaluating their financial contributions to project costs relative to the energy benefits received. Energy efficiency was not well understood by the general public. It may well be that some

safeguards in this area should remain in place. NEEC believes that some type of attendant education/information effort to consumers that assures their “eyes wide open” perspective prior to performing a set of efficiency measures that pass the UCT but have TRC values less than one and can provide two important results. First, it assures that actions that optimize the utility system can be promoted and implemented. Second, it uses a time honored mechanism for monetizing the total resource value of the transaction – the market itself. Market economies value products and services by the willingness of buyers to engage a transaction at a specific price point. In this instance, we believe a properly informed consumer can communicate a total resource value from an energy efficiency measure(s) in their home.

We are hopeful that such an approach satisfies the two key objectives discussed in this docket – how to maintain an energy efficiency program that meets Oregon’s goal of the least cost utility system now and in the future and that individual customers continue to have access to programs that assist their endeavors to improve energy efficiency in their buildings.

We will lastly say a brief word about the idea of an “incentive cap”. NEEC finds the idea to be an interesting and potentially creative approach to meeting the two objectives identified in the preceding paragraph. That said, we are apprehensive that an unspecified incentive cap, while offering degrees of flexibility, in fact obscure the real and quantifiable value that energy efficiency provides when implemented in homes across Oregon. Moreover, we are uncertain how the private companies that work diligently with customers in the state to analyze opportunity and actually implement improvements can clearly communicate how such a program might provide home dweller opportunity and benefit. Clearly, if there were more details associated with this idea we would have a better perspective on its merits.

Thank you for this opportunity to provide comment.

Sincerely,

A handwritten signature in black ink, appearing to read "S. Price", written in a cursive style.

Stan Price, Executive Director