

September 15, 2014



**Via Electronic Mail**  
Oregon Public Utility Commission  
**Attn: Filing Center**  
3930 Fairview Industrial Drive SE  
PO Box 1088  
Salem, Oregon 97308

Re: UM 1622: Comments on Commission Staff Recommendation regarding  
Energy Trust of Oregon Request for Approval of Exceptions to Cost-  
Effectiveness Guidelines

Attached to this letter and certificate of service, please find Energy Trust's  
comments regarding Staff's Recommendation dated August 13, 2014 in Docket  
No. UM 1622.

Thank you for your assistance with respect to this filing. If you have any  
questions, please do not hesitate to contact me.

A handwritten signature in black ink that reads "Debbie Menashe".

Debbie Menashe  
General Counsel  
503 445 7608  
[Debbie.menashe@energytrust.org](mailto:Debbie.menashe@energytrust.org)

cc: UM 1622 Service List

**CERTIFICATE OF SERVICE**

I HEREBY CERTIFY that I have this day served the foregoing Report to Commission Staff upon all parties in this proceeding by causing a copy to be sent via electronic mail to the following parties at the following addresses.

Dated at Portland, Oregon, this 15th day of September, 2014

A handwritten signature in cursive script, reading "Debbie Menashe", with a long horizontal flourish extending to the right.

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Debbie Goldberg Menashe, OSB No. 89050

## UM 1622 SERVICE LIST

**W=Waive Paper  
service**

**C=Confidential  
HC=Highly Confidential**

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September 15, 2014

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Re: Comments on OPUC Docket No. UM 1622

Dear Commissioners:

Thank you for this opportunity to comment on the Oregon Public Utility Commission (OPUC) Staff recommendation in response to Docket No. UM 1622 regarding exceptions to gas energy efficiency cost-effectiveness guidelines. Energy Trust continues to serve as a source of information and data to the OPUC and stakeholders participating in this Docket and looks forward to the Commission's guidance on these complex issues. The following comments offer additional information and considerations as OPUC Staff finalizes its recommendation for the Commission.

### Introduction

Energy Trust is committed to the cost-effective delivery of energy efficiency. The overwhelming majority of Energy Trust's gas savings—93.5 percent in 2013—come from measures and programs that pass OPUC required cost-effectiveness tests without employing exceptions, even as natural gas prices remain low.

In August 2012, Energy Trust requested and received a two-year exception to cost-effectiveness guidelines for gas efficiency measures from the OPUC. Over that time, Energy Trust worked to identify and implement changes aimed at improving individual measure and Existing Homes program cost effectiveness. We actively engaged stakeholders, providing information on factors affecting cost-effectiveness and inviting ideas and feedback. Over the two years, Energy Trust eliminated or significantly tightened eligibility for a number of measures, including:

- Performance Tested Comfort Systems (PTCS) Duct Sealing incentives for Existing Homes—eliminated in 2013
- Ceiling/attic and floor insulation for Existing Homes—revised eligibility criteria in 2013, eliminating the measure for customers with some insulation already installed
- Prescriptive duct sealing pilot for Existing Homes—eliminated in 2014
- Home Energy Reviews (audits) for Existing Homes customers—shifted marketing emphasis away from in-home reviews to less costly online and phone-based delivery methods in 2013, with additional shifts to limit qualification for in-home reviews in 2014

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- Custom commercial gas measures—eliminated those that have a Total Resource Cost (TRC) of less than 0.7 in 2013
- Rooftop HVAC unit tune ups—eliminated in 2014

In addition, Energy Trust designed a pilot to test a new approach integrating air sealing with ceiling insulation in Existing Homes to determine if the combined measure can be delivered cost-effectively under specific guidelines.

In light of the OPUC Staff recommendation dated August 13, 2014 which proposes elimination of some Existing Homes measures, and because Energy Trust's annual budget and action planning for 2015 is already underway, Energy Trust is developing budget scenarios that would allow us to proceed with the complex work of redesigning our Existing Homes program. Should the Staff recommendation, in its current state, be approved by the Commission, Energy Trust is prepared to modify and adjust our programs accordingly.

We understand these measures are important to customers, contractors and stakeholders. Eliminating measure incentive funding would have customer service and trade ally contractor implications, as well as implications for the overall design of the Existing Homes program. Energy Trust would expect to work closely with OPUC Staff, our Conservation Advisory Council, and stakeholders on a transition plan and schedule for measure and program changes.

### **Energy Trust Comments on Staff Recommendations**

Energy Trust appreciates the OPUC Staff recommendation for exceptions where provided, and in particular for single-family ceiling insulation for reasons cited by Staff.

#### Air Sealing with Ceiling Insulation Pilot

Energy Trust urges Staff to reconsider its recommendation regarding the exception for the air sealing/ceiling insulation pilot. Energy Trust makes this recommendation based on preliminary data, which indicates a promising level of gas savings at significantly lower cost, compared to whole house air sealing, when some limited air sealing is implemented at the time of a ceiling insulation installation.

Because the air sealing with ceiling insulation pilot is already underway, pilot contractors have been recruited and trained and some homes have been retrofitted. While we only have preliminary test data on six homes at this point, that data points to the possibility that we can achieve about 85 percent of the gas savings (~25 therms) typically achieved for whole house air sealing per home (~30 therms). The cost for the approach in this pilot is roughly a third of the cost of the whole house approach, and we expect costs to further moderate if the addition of air sealing to ceiling insulation becomes a standard program practice.

If the completed pilot shows equally promising results, the combined measure may achieve a higher TRC than for ceiling insulation alone, and the incremental cost and savings for

adding the air sealing measure may have a TRC of near or greater than 1.0. We will not know for sure unless we complete the pilot.

Whole-home air sealing through our moderate-income Savings Within Reach initiative provides further encouragement that air sealing costs can be reduced. The cost for the air sealing approach under that initiative is currently less than 25 percent of the costs from the standard whole house approach. We will further investigate the level of savings under this initiative.

### Core and Incentive Cap Approaches

Energy Trust has not undertaken a complete analysis of two approaches, "Core Program" and "Incentive Cap", identified by OPUC staff for consideration. Energy Trust offers no additional comments here on those portions of the OPUC staff recommendation, but will examine more fully if directed to do so by the OPUC.

### Program Cost Effectiveness Considered by Fuel or Combined for Gas and Electric

Energy Trust wishes to comment on the Staff recommendation to look at cost effectiveness of the Existing Homes program as a whole or separately by fuel type. Historically, Energy Trust has been required to calculate and report in our Annual Report program benefit/cost ratios for the entire, dual-fuel program.<sup>1</sup> Energy Trust delivers the Existing Homes program for electric and gas efficiency in a holistic manner, rather than as separate activities for each fuel. Changing this methodology to require separate reporting of the program's cost-effectiveness by fuel does not align with how programs are currently designed and implemented to serve customer needs across fuel types.

Energy Trust's program marketing, call center, website, and program management are all designed to serve electric and gas efficiency. The majority of customers are not exclusively gas or electric consumers; they are both. They approach home energy improvements holistically and Energy Trust provides services in that manner to help a customer take action and save energy. For example, while performing a Home Energy Review to identify energy-saving weatherization or equipment opportunities in a gas-heated home, Energy Trust may install efficient electric lights or provide an efficient showerhead. If the gas-heated home has electric water heat, that showerhead saves electricity.

The integration of the gas and electric portions of the Existing Homes program offers program delivery synergies and cost efficiencies leading to overall organization effectiveness as required by the Energy Trust/OPUC Grant Agreement. This is fundamental to Energy Trust's purpose as a cost-efficient program provider in lieu of separate utility-based programs with separate administrative and delivery costs to serve customers, many of whom have both electric and gas service.

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<sup>1</sup> Energy Trust does track costs separately, using accounting rules to separate costs by fuel.

Should the OPUC require separate benefit/cost determinations for the gas and electric portions of the Existing Homes program, this would lead to significant reductions in customer services on the gas side, which in turn would have impact on the electric side of the program. Alternatively, Energy Trust suggests that in addition to meeting or exceeding combined electric/gas program TRC and Utility Cost Test (UCT) benefit/cost ratios of 1.0 on an annual basis, Energy Trust could also provide fuel-specific benefit/cost ratio information annually to Staff, utilities, and stakeholders. This information could be considered in planning the next budget cycle.

### Streamlined Process for Custom Exceptions

Energy Trust also wishes to comment on the Staff recommendation that the Commission not move forward with Energy Trust's proposals for streamlining the approval process for custom measure exceptions. Energy Trust is concerned about the staff's recommendation to not delegate authority for custom project exceptions to Energy Trust planning staff. Within the New Buildings program, we are anticipating a higher volume of projects engaged in the program's early design assistance offer in 2015. When the building owner engages with Energy Trust during early stage design, they are investing in additional design analysis to identify how structural design features of the building, such as shading, daylighting, ventilation and massing, can be used to achieve their goals. However, it is difficult for customers and their technical teams to isolate costs and benefits because the efficiency measures in this integrated design approach often produce costs and savings in other parts of the building (e.g., downsizing space conditioning systems) as well as comfort benefits. It is difficult to quantify these other savings and benefits, but they are sometimes a relevant basis for exceptions under the exception criteria in UM-551, order 94-590, particularly:

- Criteria A- The measure produces significant non-quantifiable non-energy benefits
- Criteria D- Inclusion of the measure helps to increase participation in a cost-effective program

A streamlined process would be valuable in allowing Energy Trust to approve incentive payments where we can identify non-measure-specific costs and savings for integrated design projects. Program evaluations have highlighted that if custom incentive information can't be provided to customers in a timely manner, design decisions will stall and potentially valuable energy savings will be value-engineered out of projects. OPUC Staff currently respond to requests from Energy Trust for small exceptions based on UM-551 criteria within three days to two weeks. While we appreciate this timely response, we are concerned that the expected higher volume will produce delays and lost savings in 2015.

### Pilot Efforts

Finally, Energy Trust appreciates the Staff support for a streamlined approach to consideration of pilot efforts. As noted in the staff recommendation, the grant agreement does support treatment of these types of efforts differently as follows: "Individual conservation programs will be designed to be cost-effective and will be independently



evaluated on a regular basis. This guideline should not, however, restrict investment in pilot projects, educational programs, demonstrations, or similar endeavors." With this in mind, Energy Trust wishes to suggest that through this Docket the Commission consider a change to its program cost-effectiveness analysis with respect to measures covered in pilot efforts and for funding of Energy Trust work to bring emerging technologies to market.

As a first step, Energy Trust proposes identifying new, separate performance measures for 2015 for Energy Trust-funded NEEA emerging technology efforts (both electric and gas) and for pilots in the gas portion of the Existing Homes program. These performance measures would be established in the existing separate Docket on Energy Trust performance measures for the OPUC grant agreement. Energy Trust will propose definitions and criteria for pilot initiatives and a process for this new performance metric in comments to that Docket. The proposed action in the UM-1622 Docket would be for the OPUC to agree that where such separate performance metrics are established, those costs should be excluded from annual program benefit/cost calculations.

#### **Next Steps**

As mentioned above, Energy Trust's 2015 annual budget and 2015-16 action planning process is underway and will be responsive to the Commission decision expected September 30, 2014. Draft budget and action plan presentations will be made at public meetings of Energy Trust's Conservation and Renewable Advisory Councils in October and November, and at Energy Trust Board of Directors meetings in November and December. As always, we invite public participation in these meetings and stakeholder feedback on our draft budget and action plans. Public meeting agendas and presentation materials are posted in advance at [www.energytrust.org/about](http://www.energytrust.org/about).

Thank you for this opportunity to provide comment.

Sincerely,



Margie Harris  
Executive Director

