

September 15, 2014



***Via Electronic Mail***

Oregon Public Utility Commission  
**Attn: Filing Center**  
3930 Fairview Industrial Dr. SE  
PO Box 1088  
Salem, OR 97308

Re: Comments of Home Performance Guild of Oregon on UMC 1622

Dear Commissioners,

The Home Performance Guild of Oregon (Guild) offers the following comments on the issues associated with UMC 1622 in advance of the Oregon Public Utility Commission (OPUC/Commission) public meeting and ruling. Thank you for this opportunity and for advancing this important discussion in the State of Oregon.

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The OPUC is to be commended for taking seriously their role as regulator of Energy Trust of Oregon. Through this docket OPUC staff have demonstrated a tenacious commitment to fulfilling their role as protectors of ratepayer funds. As an organization who's members have come to respect and collaborate with Energy Trust of Oregon, we are equally committed to OPUC cost effectiveness policy that serves and protects ratepayers - if for no other reason than to help ensure that Energy Trust maintains the trust of the public that it serves.

That said, it appears that staff's commitment to ratepayer protection has caused them to miss the forest for the trees. Specifically, the reasoning provided for eliminating most weatherization measures while keeping 1 other, falls short of their role as managers of ratepayers funds aimed largely at keeping rates low through the acquisition of least-cost energy efficiency. They have also demonstrated an over-cautiousness in their interpretation of the Commissions' latitude in overseeing exceptions for measures with TRC BCR's less than 1.0.

Before going into the why's and the what to do's - a step back to share a little about who we are and the role that some of our members play in this industry. As the industry association that represents the Home performance industry in Oregon, our membership makes up the entire supply chain of a high-functioning Home Performance industry. It includes banks that lend to



consumers to make upgrades. It includes manufacturers of HVAC equipment and (local) storm window inserts. And of course it includes Home Performance contractors that are committed to delivering energy efficiency to their customers, with a heaping side of health, safety, indoor air quality, durability and comfort.

Our contractors are under constant pressure, being pulled in many different directions at once while trying to be the best small business owners and employers that they can be. Programs that are constantly changing their expectations and support of them as trade allies; materials and equipment that are constantly changing in price, availability, and utility incentives; consumers that are pulled in too many directions while they try to wrestle with making their largest investment safe and healthy for their families. These examples represent a small window into world of the largely value-driven business owners who are trying to help improve our housing stock and make our world a little better, one home at-a-time. To be clear, none of our members are planning their IPO. This is not a big-margin industry.

That is who our contractor members are. They know their role in the industry and they apply flexibility and patience while the rest of the industry shifts around them. But some shifts are easier to adapt to than others. The OPUC staff's draft public meeting memo for the September 30, 2014 Public Meeting outlines a shift that will likely be too much to absorb without drastic re-evaluation of their business model, staffing and relationship with Energy Trust of Oregon.

The most concerning part about such a shift is that by all accounts such a shift is not necessary. The OPUC has the tools and latitude in UM551 to maintain incentives for all weatherization measures that pass the Utility Cost Test (UCT) with a Benefit Cost Ratio (BCR) greater than or equal to 1.0, no matter the BCR of the Total Resource Cost test (TRC). The OPUC should feel confident that as it exercises its authority to do so, that it is very much fulfilling its role as protector of ratepayer funds and guard against increases in utility rates.

### **OUR POSITION:**

Assuming that the measures are passing the UCT, the Commission should feel confident that it is fulfilling its responsibilities while:

1. Maintaining incentives for ceiling, wall, floor and duct insulation (both gas & electric).
2. Maintaining incentives for performance air sealing.
3. Restoring incentives for duct air sealing.

### **OUR REASONING:**

1. Utility Cost Test - if it passes the UCT it's good for the utility system:



Cutting cost-effective energy efficiency investment will raise bills for Oregon families and businesses. The Utility Cost Test looks at the cost to utilities of providing energy efficiency incentives to determine whether they are worth it to ratepayers. All of these incentives pass the Utility Cost Test and accordingly are cheaper to the utility (and its customers) than purchasing gas to serve its customers. Eliminating these programs will increase the utility's costs and its rates. This type of least-cost procurement should be supported and encouraged. If a homeowner is willing to spend their own money to procure energy efficiency, they are contributing to keeping all of our rates lower and they should be applauded.

Any measure with a UCT of 1.0 or greater is a good investment. When applying exceptions, there is no regulated requirement to assign a value to that exception such that it can bring the TRC BCR up to 1.0. Such practice should not be employed. UCT's of 1.0 or greater and exception justifications should stand on their own to justify the continuation of incentives.

2. Maintaining the Market - market can't be maintained while eliminating this much: The draft staff report called for keeping ceiling insulation at least partly to "maintain the market", presumably until gas prices increase and we again have an un-deniable need for their participation in Energy Trust programs. Keeping incentives for ceiling insulation, while eliminating incentives for wall insulation, floor insulation, duct insulation, duct sealing, and performance air sealing, will not be sufficient to maintain the weatherization and home performance markets until such time as gas prices rise again and the cost effectiveness of these incentives swings back into the obvious. Eliminating most or all of those incentives will result in Trade Ally's losing interest in working with Energy Trust which could ultimately result in projected program savings from the existing homes program collapsing.

### 3. Cross Fuel Benefits

Show me a gas home without an electric customer in it. I presume they are nearly impossible to find. All gas homes and thus gas incentives, are leads for electric savings and yet the gas program doesn't get credit for helping secure those savings.

### 5. Non-Energy Benefits

The Guild agrees with the Energy Trust report in that participant non-energy benefits are widely acknowledged for insulation, which include thermal comfort and noise reduction. We would add improved indoor air-quality (particularly in the homes of asthma sufferers) to that short list of non-energy benefits worthy of special mention; while there are many more worth considering. Please take time to review the long list of reported non-energy benefits that other submissions will lay out better than I do here.



## 6. Customer Mobility

The Guild feels it is important to note that we live in an increasingly mobile population. Someone living in a house heated by one fuel type has a strong possibility of re-locating within a few short years to another home with a different source of home heating. A good quality home weatherization and insulation practice across the entire building stock is the best way to ensure that a mobile population enjoys the benefits of lower energy costs and good occupant comfort.

The Home Performance Guild of Oregon appreciates the complexity of this issue now before the Oregon Public Utilities Commission. We offer these comments in hopes that the Commission and its staff will identify (in these comments and in the many others submitted) the reasoning it seems to be looking for to justify maintaining weatherization measures with UCT's of 1.0 or greater. The Commission should feel confident in doing so while fulfilling its responsibilities and honoring its role as defined in UM551. Only then will the public and ratepayers be able to know that they are being protected as necessary, while having their expected access to incentives that allow them to improve their homes and contribute to keeping all of our rates low.

Sincerely,

*/s/ Don MacOdrum*

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## CERTIFICATE OF SERVICE

I HEREBY CERTIFY that I have this day served the foregoing Comments of Home Performance Guild of Oregon upon all parties of record in the UM 1622 proceeding by electronic mail.

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DATED at Portland, Oregon this 15th day of September, 2014.

/S/ Don MacOdrum

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