

3TIER Environmental Forecast Group
Advocates for the West
AirWorks, Inc.
Alaska Housing Finance Corporation
Alliance to Save Energy
Alternative Energy Resources Organization
American Rivers
The Apollo Alliance
Audubon Washington
Bonneville Environmental Foundation
Central Area Motivation Program
Citizens Utility Board of Oregon
City of Ashland
Clackamas County Weatherization
Climate Solutions
The Climate Trust
Community Action Partnership of Oregon
Community Action Partnership Assoc. of Idaho
Conservation Services Group
David Suzuki Foundation
Earth and Spirit Council
Earth Ministry
Ecova
eFormative Options, LLC
Emerald People's Utility District
The Energy Project
Energy Trust of Oregon, Inc.
enXco Development Corporation
Environment Oregon
Friends of the Earth
Environment Washington
Grasslands Renewable Energy
Home Performance Guild of Oregon
Home Performance Washington
Housing and Comm. Services Agency of Lane Co.
Human Resources Council, District XI
Iberdrola Renewables
Idaho Conservation League
Idaho Rivers United
Idaho Rural Council
Interfaith Network for Earth Concerns
Kootenai Environmental Alliance
Laborers International Union of North America, NW Region
League of Women Voters – ID, OR & WA
Local Energy Alliance of Washington
Metrocenter YMCA
Missoula Urban Demonstration Project
Montana Audubon
Montana Environmental Information Center
Montana Public Interest Research Group
Montana Renewable Energy Association
Montana River Action
Montana Trout Unlimited
Moontown Foundation
The Mountaineers
Multnomah County Weatherization
National Center for Appropriate Technology
Natural Resources Defense Council
New Buildings Institute
Northern Plains Resource Council
Northwest Energy Efficiency Alliance
Northwest Energy Efficiency Council
Northwest Renewable Energy Institute
Northwest Solar Center
NW Natural
NW SEED
Olympic Community Action Programs
Opportunities Industrialization Center of WA
Opportunity Council
One PacificCoast Bank
Oregon Action
Oregon Energy Coordinators Association
Oregon Environmental Council
Oregon HEAT
Oregonians for Renewable Energy Policy
Pacific Energy Innovation Association
Pacific NW Regional Council of Carpenters
Pacific Rivers Council
The Policy Institute
Portland Energy Conservation Inc.
Portland General Electric
Puget Sound Alliance for Retired Americans
Puget Sound Cooperative Credit Union
Puget Sound Energy
Renewable Northwest Project
River Network
Salmon for All
Save Our Wild Salmon
Seattle Audubon Society
Seattle City Light
Sierra Club
Sierra Club, Idaho Chapter
Sierra Club, Montana Chapter
Silicon Energy
Snake River Alliance
Solar Oregon
Solar Washington
South Central Community Action Partnership, Inc
Southeast Idaho Community Action Agency
Southern Alliance for Clean Energy
Spokane Neighborhood Action Programs
Smart Grid Oregon
Student Advocates for Valuing the Environment
SustainableWorks
Sustainable Bainbridge
Tahoma Audubon Society
Trout Unlimited
Union Of Concerned Scientists
United Steelworkers of America, District 11
Washington CAN!
Washington Environmental Council
Washington State Department of Commerce
Washington State University Energy Program



January 17, 2013

Via Electronic Filing and U.S. Mail

Re: UM 1565 – Investigation into Fuel Switching and Cross Fuel Efficiency Issues

Attention Filing Center:

Enclosed for filing in UM 1565 are an original and five copies of:
Comments of NW Energy Coalition

This document is being filed by electronic mail with the Filing Center.

This document is being served upon the UM 1565 Service List.

Sincerely,

Wendy Gerlitz
Senior Policy Associate

Enclosures
cc: Service List –UM 1565

BEFORE THE PUBLIC UTILITY COMMISSION OF OREGON

UM 1565

In the Matter of)
)
PUBLIC UTILITY COMMISSION OF) **COMMENTS OF**
OREGON) **NW ENERGY COALITION**
)
Investigation of Fuel Switching and)
Cross Fuel Energy Efficiency Issues)

NW Energy Coalition ("Coalition") offers the following comments in docket UM1565, an Investigation of Fuel Switching and Cross Fuel Energy Efficiency Issues.

The NW Energy Coalition is a coalition of more than 115 groups, including utilities, environmental, faith-based, consumer and low-income organizations, unions, and clean energy businesses working for a clean and affordable energy future.

The Coalition submits these comments to address the following issues list filed by the Law Judge on May 15, 2012.

Issue 1: What are the Energy Trust's policies and practices regarding residential fuel switching related to space conditioning? What outreach and messaging does the Energy Trust engage in related to this type of fuel switching?

Issue 2: Is fuel switching actually occurring?

Issue 3: Do the answers to Issues 1 and 2 indicate a need to modify Energy Trust policies or practices or ratepayer-funded messaging?

Issue 1

The Energy Trust (ETO) explains in detail their policies and practices regarding residential fuel switching related to space conditioning, as well as providing information about their outreach and messaging related to this issue in their joint opening testimony with Public Utility Commission staff (filed June 6, 2012). We find this filing to be an accurate and thorough answer to the questions posed in Issue 1.

Further, the Coalition supports the ETO's fuel switching policy, which states in part "Energy Trust should not advocate fuel-switching, but may provide fuel neutral

technical information on efficiency options.” The policy also states: “Energy Trust should not provide financial incentives for converting or replacing electric or gas equipment to another fuel.” Having heard no challenges to the existing policy through the course of this docket, it would appear that the support for this current policy is unanimous among the parties. However, there may be varying interpretations of the best way to implement this policy.

Issue 2

Yes, fuel switching in space heating applications is occurring. The aforementioned joint opening testimony of staff and Energy Trust provides a table in Exhibit 105 that reports the number of heat pump incentives provided by ETO to customers with a prior heating system of gas. The reported number for 2003-2011 is 1,384.

Issue 3

This particular incentive question is especially complicated. Highly efficient gas furnaces are available in the market and cost effective, however, the incentive for high efficiency furnaces throughout ETO’s Oregon territory is no longer available due to market transformation. Market transformation is not a commonly understood concept, nor does Energy Trust messaging attempt to explain this reasoning to its consumers. Currently, the only incentives offered for space heating are high efficiency electric heat pumps. In the absence of a corollary incentive for high efficiency gas furnaces, it is the Coalition’s position that the existing incentive for high efficiency heat pumps sends a message to the consumer that a high efficiency heat pump is a preferable way to heat your home.

Incentives drive customer behavior. Incentives are a powerful form of communication and messaging to the customer that express support for a particular option. In the absence of a space heating incentive for a high efficiency gas furnace, customers, even those with existing gas heated homes, are encouraged to purchase a high efficiency heat pump and consequently, to switch space heating fuel from gas to electric. In this way, we interpret the provision of an incentive for high efficiency heat pumps to customers currently heating their homes with gas to be contrary to current Energy Trust fuel switching policy.

It is not cost effective to reinstate the high efficiency furnace incentive. Consequently, the best way to influence consumer behavior in this instance is to limit the high efficiency heat pump incentive, along with clear messaging about the value of the high efficiency gas furnace.

The Coalition recommends:

- 1) Limit high efficiency heat pump incentives to customers not currently heating their homes with gas.
- 2) ETO should make decisions regarding the best methods to implement the incentive limitation and the messaging involving this incentive limitation.
- 3) ETO’s current efforts to clarify messaging around high efficiency gas furnaces, cooling, and the benefits of high efficiency heat pumps in homes currently heated

with electricity, oil and propane should be continued. Furthermore, we recommend exploring how to communicate market transformation concept to consumers, as this is a confusing issue, but perhaps one that would be useful to provide a fuller explanation regarding existing incentives and equipment choices.

Submitted this 17th day of January, 2013

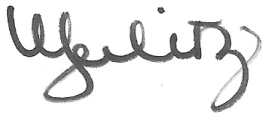


Wendy Gerlitz
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CERTIFICATE OF SERVICE

I hereby certify that I have this day caused **Initial Comments of NW Energy Coalition** to be served by electronic mail to those parties whose email addresses appear on the attached service list, and by First Class Mail, postage prepaid and properly addressed, to those parties on the service list who have not waived paper service from OPUC Docket No. UM 1565.

DATED this 17th day of January 2013.

A handwritten signature in black ink, appearing to read "W Gerlitz". The signature is written in a cursive, flowing style.

Wendy Gerlitz
Senior Policy Associate
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Summary Report

UM 1565 INVESTIGATION INTO FUEL SWITCHING AND CROSS FUEL EFFICIENCY ISSUES

Category: Miscellaneous

In the Matter of the PUBLIC UTILITY COMMISSION OF OREGON Investigation of Fuel Switching and Cross Fuel Energy Efficiency Issues.

Opened at the December 6, 2011 Public Meeting at request of Staff. Staff Report filed by Juliet Johnson.

Filing Date: 12/6/2011

Case JOHNSON, JULIET

Law Judge(s): HARDIE, LISA

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Summary Report

UM 1565 INVESTIGATION INTO FUEL SWITCHING AND CROSS FUEL EFFICIENCY ISSUES

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