

ORDER NO. 23-442

ENTERED Nov 17 2023

**BEFORE THE PUBLIC UTILITY COMMISSION
OF OREGON**

UM 1696

In the Matter of

PUBLIC UTILITY COMMISSION OF
OREGON,

Request to Approve Use of the Utility Cost
Test for the Energy Trust New Buildings
Program.

ORDER

DISPOSITION: STAFF'S RECOMMENDATION ADOPTED

At its public meeting on November 16, 2023, the Public Utility Commission of Oregon adopted Staff's recommendation in this matter. The Staff Report with the recommendation is attached as Appendix A.

BY THE COMMISSION:



Nolan Moser

Chief Administrative Law Judge



A party may request rehearing or reconsideration of this order under ORS 756.561. A request for rehearing or reconsideration must be filed with the Commission within 60 days of the date of service of this order. The request must comply with the requirements in OAR 860-001-0720. A copy of the request must also be served on each party to the proceedings as provided in OAR 860-001-0180(2). A party may appeal this order by filing a petition for review with the Circuit Court for Marion County in compliance with ORS 183.484.

ITEM NO. RA1

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT**

PUBLIC MEETING DATE: November 16, 2023

REGULAR X **CONSENT** **EFFECTIVE DATE** November 17, 2023

DATE: November 6, 2023

TO: Public Utility Commission

FROM: Peter Kernan

THROUGH: JP Batmale and Sarah Hall **SIGNED**

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1696)
Energy Trust request for use of utility cost test for New Buildings Program
cost effectiveness.

STAFF RECOMMENDATION:

Adopt Staff's final recommendation to approve use of the utility cost test for the Energy Trust New Buildings Program.

DISCUSSION:

Issue

Whether the Commission should adopt Staff's final recommendation to approve the use of the utility cost test for the New Buildings Program.

Applicable Law

Order No. 94-590 in Docket No. UM 551 establishes guidelines for cost effectiveness of energy efficiency measures. The cost effectiveness test required under Order No. 94-590 is the Total Resource Cost Test (TRC).¹ Energy Trust has used this test since its inception to guide what measures can be offered by Energy Trust programs. Orders entered in Docket No. UM 551 also allow for the use of other cost effectiveness tests. Energy Trust uses the Utility Cost Test (UCT) to set the maximum allowable

¹ *In The Matter Of An Investigation Into The Calculation And Use Of Conservation Cost-effectiveness Levels*, Docket No. UM 551, Order No. 94-590 (April 6, 1994).

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incentive amount that can be offered to participants.

The grant agreement between the Oregon Public Utility Commission and Energy Trust states that, “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.”

Under ORS 757.613, Energy Trust may conduct whole building assessments for the energy efficiency of the building as authorized by the Commission by rule or order.

Analysis

Background

In September 2023, Energy Trust proposed a long-term solution for aligning Energy Trust’s New Buildings Program with Oregon’s 2019 Oregon Zero Energy Ready Commercial Code (“2019 Code”) by supporting a whole-building approach.² The request proposes to use the Utility Cost Test (UCT) as the primary method for assessing cost-effectiveness for New Buildings, which is a departure from standard practice of using the Total Resource Cost (TRC). In October 2023, Staff preliminarily supported Energy Trust’s request and opened a public comment period ending on November 1, 2023. This memo includes Staff’s final recommendation to support the use of the UCT for New Buildings.

As background, Energy Trust’s New Buildings Program delivers energy savings above a code baseline for commercial new construction projects. The Program goal is to transform the market such that most buildings are built beyond code. Energy Trust supports the market via engagement along the lifecycle of building design to encourage more efficient technologies. Per industry changes, New Buildings focuses on a whole building approach which considers the entire building as the efficiency measure.

In 2022, Energy Trust completed 313 projects, saving over 4.6 aMW and 346,000 therms with expenditures of \$14.4 million. This performance resulted in a program-level benefit/cost ratio of 2.5 per the UCT. The program contributed approximately 10 percent of total electric savings and 6 percent of total gas savings to Energy Trust in 2022.

² See Docket No. UM 1696, Order No. 23-374, *Appendix A: Energy Trust Proposal for Support of Whole Building Approach for New Buildings*, (Oct. 20, 2023), <https://apps.puc.state.or.us/orders/2023ords/23-374.pdf>.

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In February 2019, Oregon adopted the 2019 Code driven by Executive Order 17-20.³ While codes are expected to be updated periodically and often incrementally, the 2019 update resulted in more significant changes between versions than usual. The prior code was based off the 2012 International Building Code and the 2019 Code is based off American Society of Heating, Refrigerating and Air-Conditioning Engineers (“ASHRAE”) 90.1-2016 standards.⁴

Compliance with ASHRAE 90.1 allows a performance-based approach where prior codes relied solely on prescriptive pathways. Via a prescriptive standard, each building component has a specific baseline; energy savings and costs above that baseline are easily identified. A performance-based standard implies that there is no single baseline. In other words, there are more than one combination of building efficiency features to meet the minimum performance requirements.

The 2019 Code impeded the approach to calculating the TRC, where incremental costs are an essential input. Since compliance could be met with multiple equipment, control, lighting, and envelope combinations, there was diminished ability to understand savings and costs at the individual energy efficiency measure level.

The 2019 Code precipitated a paradigm change with a reorientation to focus on a whole building approach, which considers the entire building as the efficiency measure. A whole building approach enables flexibility for compliance while simultaneously driving toward deeper energy savings. Due to considering interactive effects of building components, whole building design strategies often identify efficiency that does not cost more.

Due to the 2019 Code, Energy Trust needed time to study and test ways to modify or redesign the Program to comply with measure-level testing of savings and costs. The Commission granted exceptions in Order No. 20-018 and Order No. 21-293.⁵ Energy Trust’s September 2023 request marks the culmination of the four year process to research and propose a long-term solution for assessing the New Buildings Program cost-effectiveness.

³ Executive Order 17-20 https://www.oregon.gov/gov/Documents/executive_orders/eo_17-20.pdf.

⁴ Oregon updated the code again in 2021, basing the energy efficiency specifications on the latest ASHRAE 90.1-2019 standards.

⁵ See, Docket No. UM 1696, Order No. 20-018, *Approval of Energy Trust of Oregon Cost Effectiveness Exception Requests for New Buildings*, (Jan. 21, 2020) <https://apps.puc.state.or.us/orders/2020ords/20-018.pdf>.

See, Docket No. Um 1696, Order No. 21-293, *Approval of Energy Trust of Oregon Cost Effectiveness Exception Requests for New Buildings*, (Sep. 10, 2021) <https://apps.puc.state.or.us/orders/2021ords/21-293.pdf>.

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Initial Staff Recommendation: October 2023

Staff analyzed Energy Trust's request for use of UCT for the New Buildings Program and presented initial recommendations at the October 17, 2023, Public Meeting. (Please see Attachment A below for a copy of Staff's memo.) Staff's analysis highlighted that Energy Trust's request is not a traditional cost effectiveness exception request. The issue is not whether to grant an exception from cost effectiveness due to forecasted deficiencies. Rather, the whole building approach in the New Buildings Program is cost effective via the UCT and likely would be via the TRC if there were a means for applying that test. Instead, this request considers how to treat a cost-effective program where the primary test for assessing cost effectiveness is not available.

Staff proposed that using the UCT plus monitoring Energy Trust's market engagements is a prudent method of ensuring cost effectiveness and maintaining the spirit of the TRC. Staff's October 2023 memo included additional analysis and based the proposed recommendation on the following points:

- A whole building approach does not enable calculation of incremental costs.
- The New Buildings Program design informs participants about costs and benefits.
- The New Buildings Program is cost effective and delivers meaningful savings.
- Updating cost effectiveness for New Buildings aligns with other energy efficiency planning and policy priorities.

In response, the Commission issued Order No. 23-374 on October 20, 2023, directing Staff to present final recommendations at the November 16, 2023, Public Meeting.⁶ This provided time for stakeholder comment in response to Staff's initial recommendations.

Stakeholder Comments

The comment deadline for inclusion in Staff's memo was November 1, 2023. Staff did not receive written comments or requests to discuss Energy Trust's proposal and Staff's recommendation. Staff confirmed that no comments were shared directly with Energy Trust.

Despite the lack of public comments during this open comment period, Energy Trust frequently and regularly engaged stakeholders on the New Buildings Program and use of the UCT since Oregon's adoption of the 2019 Code. As a result, Staff finds that Energy Trust's proposal reflects the collective views of many entities. Energy Trust's proposal to the Commission includes multiple pages documenting stakeholder

⁶ See Note 2, Order No. 23-374.

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feedback.⁷ This includes formal letters in support of Energy Trust's earlier exception requests that culminated in Order Nos. 20-018 and 21-293. Energy Trust also documented numerous presentations and discussions with the Conservation Advisory Council to update the group on the proposed long-term solution.

Final Staff Recommendation

Staff maintains its initial recommendation to allow Energy Trust to exclusively use the UCT for assessing whole building cost-effectiveness for the New Buildings Program. This direction includes no longer requiring measure-level cost-effectiveness testing for buildings using the whole building approach though Energy Trust will still report TRC for the remaining prescriptive measures. If approved, Energy Trust will no longer report a program-level TRC for the New Buildings Program. Staff's final recommendation also recognizes Energy Trust's efforts to use training and education as methods for informing participants about costs and benefits of certain efficiency decisions. These program elements support the spirit of the TRC to consider participants costs and benefits in addition to those of the utility system. Staff requests New Buildings Program reporting continually include discussion of activities that substantiate how participants are equipped by Energy Trust to make cost-informed energy efficiency decisions.

Conclusion

At the October 17, 2023, Public Meeting, Staff presented its initial recommendations. Staff proposed the Commission approve the use of the UCT for Energy Trust's New Buildings Program. Staff was ordered to return with final recommendations at the November 16, 2023, Public Meeting.

To date, no stakeholders raised objections to Staff's proposal. Based on this, Staff believes that its initial recommendations should be adopted by the Commission. Specifically, Staff recommends the Commission approve the exclusive use of the UCT for assessing whole building cost-effectiveness for the New Buildings Program. In regular reporting, Energy Trust will only provide a program-level UCT value for the New Buildings Program. Staff requests New Buildings Program reporting continually include discussion of activities that substantiate how participants are equipped by Energy Trust to make cost-informed energy efficiency decisions.

⁷ See Docket No. UM 1696, *Appendix A: Energy Trust Proposal for Support of Whole Building Approach for New Buildings*, p. 15-17 of Staff Memo, (Oct. 12, 2023), <https://edocs.puc.state.or.us/efdocs/HAU/um1696hau154732.pdf>.

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PROPOSED COMMISSION MOTION:

Adopt Staff's final recommendation to approve use of the utility cost test for the Energy Trust New Buildings Program.

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ITEM NO. CA5

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
PUBLIC MEETING DATE: October 17, 2023**

REGULAR _____ **CONSENT** X **EFFECTIVE DATE** October 18, 2023

DATE: October 9, 2023

TO: Public Utility Commission

FROM: Peter Kernan

THROUGH: JP Batmale and Sarah Hall

SUBJECT: OREGON PUBLIC UTILITY COMMISSION STAFF:
(Docket No. UM 1696)
Energy Trust request for use of utility cost test for New Buildings Program
cost effectiveness, and schedule for public comments.

STAFF RECOMMENDATION:

Adopt Staff's proposed schedule for submission of public comments and for Staff's final recommendation to approve use of the utility cost test for the Energy Trust New Buildings Program.

DISCUSSION:

Issue

Whether the Commission should adopt the schedule for public comment and Staff's presentation of its final recommendation to approve the use of the utility cost test for the New Buildings Program.

Applicable Law

Order No. 94-590 in Docket No. UM 551 establishes guidelines for cost effectiveness of energy efficiency measures. The cost effectiveness test required under Order

No. 94-590 is the Total Resource Cost Test (TRC).⁸ Energy Trust has used this test since its inception to guide what measures can be offered by Energy Trust programs. Orders entered in Docket No. UM 551 also allow for the use of other cost effectiveness tests. Energy Trust uses the Utility Cost Test (UCT) to set the maximum allowable incentive amount that can be offered to participants.

The grant agreement between the Oregon Public Utility Commission and Energy Trust states that, “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.”

Under ORS 757.613, Energy Trust may conduct whole building assessments for the energy efficiency of the building as authorized by the Commission by rule or order.

Analysis

Background

The Energy Trust’s New Buildings Program delivers energy savings above a code baseline for commercial new construction projects. The Program goal is to transform the market such that most buildings are built beyond code. Energy Trust supports the market via engagement along the lifecycle of building design to encourage more efficient technologies. Per industry changes discussed in this memo, New Buildings focuses on a whole building approach which considers the entire building as the efficiency measure.

In 2022, Energy Trust completed 313 projects, saving over 4.6 aMW and 346,000 therms with expenditures of \$14.4 million. This performance resulted in a program-level benefit/cost ratio of 2.5 per the UCT. The program contributed approximately 10 percent of total electric savings and 6 percent of total gas savings to Energy Trust in 2022.

In February 2019, Oregon adopted the 2019 Oregon Zero Energy Ready Commercial Code (“2019 Code”) as part of the 2019 Oregon Structural Specialty Code effective October 2019 and replacing the previous 2014 Oregon Energy Efficiency Specialty Code (“2014 Code”).⁹ This code update was driven by Executive Order 17-20¹⁰ and results in a significantly higher baseline of efficiency for new construction and major

⁸ *In The Matter Of An Investigation Into The Calculation And Use Of Conservation Cost-effectiveness Levels*, Docket No. UM 551, Order No. 94-590 (April 6, 1994).

⁹ See BCD comments at <https://www.oregon.gov/bcd/codes-stand/Pages/adopted-codes.aspx>.

¹⁰ Executive Order 17-20 https://www.oregon.gov/gov/Documents/executive_orders/eo_17-20.pdf.

retrofits. This will have lasting benefits, improving energy use for buildings permitted January 1, 2020, and later.¹¹

While codes are expected to be updated periodically and often incrementally, the 2019 update resulted in more significant changes between versions than usual. The 2014 Code was based off the 2012 International Building Code and the 2019 Code is based off American Society of Heating, Refrigerating and Air-Conditioning Engineers (“ASHRAE”) 90.1-2016 standards. Oregon updated the code again in 2021, basing the energy efficiency specifications on the latest ASHRAE 90.1-2019 standards.

Compliance with ASHRAE 90.1 allows a performance-based approach where prior codes relied solely on prescriptive pathways. Via a prescriptive standard, each building component had a specific baseline; energy savings and costs above that baseline could be easily identified. A performance-based standard implies that there is no single baseline. In other words, there are more than one combination of building efficiency features to meet the minimum performance requirements.

The 2019 Code changes impeded the approach to calculating the Total Resource Cost (TRC) cost effectiveness test. Since compliance could be met with multiple equipment, control, lighting, and envelope combinations, there was diminished ability to understand savings and costs at the individual energy efficiency measure level.

The 2019 Code precipitated a paradigm change with a reorientation to focus on a whole building approach, which considers the entire building as the efficiency measure. Often called integrated design, a whole building approach enables flexibility for compliance while simultaneously driving toward deeper energy savings. Due to considering interactive effects of building components, whole building design strategies often identify efficiency that does not cost more.

Due to the 2019 Code, OPUC Staff recommended a cost effectiveness exception for whole building tracks within the New Buildings Program. The exception was intended to give Energy Trust time to study and test ways to modify or redesign the Program to comply with measure-level testing of savings and costs. The Commission granted exceptions in Order No. 20-018 and Order No. 21-293.¹²

¹¹ 2019 Oregon Structural Specialty Code Adoption documentation is available here: <https://www.oregon.gov/bcd/codes-stand/code-adoption/Pages/2019-osscc-adoption.aspx>.

¹² See, Docket No. UM 1696, Order No. 20-018, *Approval of Energy Trust of Oregon Cost Effectiveness Exception Requests for New Buildings*, (Jan. 21, 2020) <https://apps.puc.state.or.us/orders/2020ords/20-018.pdf>.

See, Docket No. Um 1696, Order No. 21-293, *Approval of Energy Trust of Oregon Cost Effectiveness Exception Requests for New Buildings*, (Sep. 10, 2021) <https://apps.puc.state.or.us/orders/2021ords/21-293.pdf>.

Activities Under the Exceptions

Under the exception for New Buildings, Energy Trust was directed to:

1. Gather data and test cost effective re-design approaches for programs relying on a whole building approach.
2. Dialogue with experts in the field and with Energy Trust's Conservation Advisory Council (CAC) in considering program changes based on field observations.
3. Propose to the CAC and OPUC design changes to the program and/or changes to OPUC's cost effectiveness test(s) for programs relying on a whole building approach.¹³

In 2020 and 2021, Energy Trust hosted a series of workshops that included representatives from Oregon Department of Energy, Northwest Energy Efficiency Alliance, and OPUC Staff. Energy Trust also consulted with experts at Department of Consumer and Building Services, in industry, and the CAC.

Energy Trust workshops explored different design options, considered a range of alternatives, and attempted to pursue options that came closest to determining costs and savings at a measure level. The group concluded that the major challenge was determining the cost of the equipment that would be used in a building if the program did not exist. Energy Trust collected data as advised by stakeholders and tested a proxy approach on specific buildings. Energy Trust used prototype buildings and cost estimates from a third-party cost consultant but found results were too variable to support the use of this approach.

Recognizing the limitations of imputing incremental cost with incomplete information, Energy Trust redirected focus to modernizing the New Buildings Program. Energy Trust found that whole building projects currently make up 75 percent of New Building program savings, with that percentage increasing over time as the market adapts to a performance-based code.¹⁴ In its process evaluation of the 2019-2021 New Buildings Program, ADM Associates identified a 50 percent increase in enrolled projects compared to the prior three years, and that the Program reaches 80 percent of all new commercial construction projects.¹⁵ These results indicate that the New Buildings Program continues to have high visibility and influence in the market.

¹³ Order No. 20-018, note 7.

¹⁴ See Appendix A: Energy Trust Proposal for Support of Whole Building Approach for New Buildings.

¹⁵ ADM Associates, Inc. "Process Evaluation of Energy Trust of Oregon 2022-2023 New Buildings Program: Final Report." 2023, p. 1-2, https://www.energytrust.org/wp-content/uploads/2023/07/Process-Evaluation-of-Energy-Trust-2022-2023-New-Buildings-Program-FINAL_wSR.pdf.

In 2022, Energy Trust held three workshops with participants from Northwest Energy Efficiency Alliance, Oregon Department of Energy, and OPUC and discussed New Buildings during three CAC meetings in 2022 and 2023. During the four years since the 2019 Code was adopted, Energy Trust and stakeholders have collectively identified increasing value of taking a whole building approach. Appendix A, attached below, and the two Staff memos associated with Order Nos. 20-018 and 21-293 include additional documentation of activities pursued and stakeholder engagements to arrive at a final proposal.

Request

The exception window provided by Order No. 21-293 will end March 31, 2024. Anticipating that deadline and having further developed the New Buildings Program, Energy Trust proposes to use the UCT for the New Buildings Program and includes an expansion of tools and investments to increase access to and use of the whole building approach.

In a request, attached as Appendix A, Energy Trust asked the PUC to do the following:

- Allow Utility Cost Test as the only cost effectiveness metric for whole building projects in the New Buildings Program.
- Allow cost-effectiveness testing to be done at the building and program level but not the measure level for whole building projects.
- Continue to calculate Total Resource Cost at the measure-level for prescriptive measures only, with no TRC required for whole building projects and no reporting of program-level TRC.
- Recognize the market transformation impact of training and education to produce program savings through future projects.

Staff highlights that this is not a traditional cost effectiveness exception request. The issue is not whether to grant an exception from cost effectiveness due to forecasted deficiencies. Rather, the whole building approach in the New Buildings Program is cost effective via the UCT and likely would be via the TRC if there were a means for applying that test. Instead, this request considers how to treat a cost-effective program where the primary test for assessing cost effectiveness is not available.

Staff preliminarily finds using the UCT plus monitoring Energy Trust's market engagements is a prudent method of ensuring cost effectiveness and maintaining the spirit of the TRC. In this section, Staff outlines the rationale for arriving at this conclusion.

A whole building approach does not enable calculation of incremental costs. The purpose of the TRC as a cost effectiveness test is to include information about costs and benefits experienced by both program participants and the utility. A key input to calculation of the TRC is the incremental cost for participants of selecting the more efficient option over the baseline. With a whole building performance standard, such as ASHRAE 90.1, it is impractical, if not impossible, to calculate the incremental cost.

Energy Trust explored the viability of estimating or calculating incremental cost based on Staff guidance in Order No. 20-018. Energy Trust used prototype buildings and cost estimates from a third-party cost consultant but found results were too variable to support the use of this approach. This conclusion was corroborated by stakeholders who also identified the industry shift to a whole building approach limiting the ability and the need to understand measure level incremental cost.

Staff highlights that the New Buildings Program retains some prescriptive pathway measures. For participants using prescriptive measures, Energy Trust will continue to calculate a TRC. However, since the overall Program is a mixture of whole building and prescriptive measures, there is no way to calculate a program-wide incremental cost or TRC.

The New Buildings Program design informs participants about costs and benefits. The TRC can reasonably be perceived as an informational asset for consumer protection. By including participants costs, the TRC considers, in a combined utility and consumer view, whether the additional cost incurred by the consumer is recaptured via benefits. Without the ability to calculate a TRC, Staff directed the Energy Trust to consider how participants would weigh the costs and benefits of energy efficiency investments in their commercial new construction projects.

In the past four years, Energy Trust has further developed its New Buildings Program to use training, education, and new program offers to ensure participants are making good investments in energy-efficient buildings. Energy Trust empowers decision makers in the commercial new buildings space with valuable cost information and trusts customers to make sound decisions with that information.

Staff is confident that there are sophisticated entities in the commercial building space that will make cost-informed decisions about efficiency. Beyond those actors, Staff appreciates the efforts undertaken by Energy Trust to engage the entire market including smaller and more diverse participants. Energy Trust's program development has increased access to early design assistance and energy modeling services, receiving interest from both small and large firms.

Staff highlights these successes as identified in a recent process evaluation completed by ADM Associates in 2023, which can be found on Energy Trust's website.¹⁶ The evaluation found that early design and technical assistance were critical support to customers in identifying cost-effective energy efficiency. Early design and technical assistance also helped identify opportunities to pursue Net Zero designs including on-site solar opportunities. Energy Trust further benefits commercial new construction actors by connecting them with Energy Trust solar incentives and informing them of other funding sources. This is an increasingly valuable proposition with a variety of local, state, and federal programs and incentives now available.

Staff finds that Energy Trust has successfully built a program that provides the commercial new construction market with valuable information about costs and benefits of energy efficiency. Staff notes that use of the UCT and consumer education lends some additional benefits beyond reliance on the TRC. Inclusion of participant cost often reduces the TRC below a benefit/cost ratio of 1.0 before the UCT falls below that threshold. For such measures, Energy Trust's reliance on the TRC may preclude it from pursuing savings where the UCT remains above 1.0. Consumers may make different decisions when empowered with the same savings and cost information, which would then lead to greater overall cost savings to the utility system and all ratepayers.

The New Buildings Program is cost effective and delivers meaningful savings.

In 2022, New Buildings had a UCT of 2.5. Due to inability to calculate a TRC, Energy Trust is intending to ensure the New Buildings programs and incentives pass the UCT. This benefit/cost ratio greater than 1.0 indicates that from the utility perspective and subsequently that of all ratepayers, investments in efficiency from the New Buildings Program cost less than comparable investments in supply side assets.

A high UCT indicates that the New Buildings Program is putting long-term, downward pressure on rates by not having to pursue alternative, more expensive investments. As mentioned earlier, the New Buildings Program was 10 percent of electricity savings and six percent of gas savings in 2022. Staff finds that reducing or eliminating savings from New Buildings would not align with least cost utility planning, particularly in light of ambitious decarbonization requirements in House Bill 2021 for electric utilities and the Climate Protection Program (CPP) for gas utilities.

Discussion and alignment with energy efficiency planning. Staff finds Energy Trust's proposal balances cost effectiveness scrutiny with pursuit of valuable savings. While Staff is not proposing a typical exception pathway, Staff notes that the proposed

¹⁶ ADM Associates, Inc. "Process Evaluation of Energy Trust of Oregon 2022-2023 New Buildings Program: Final Report." 2023. https://www.energytrust.org/wp-content/uploads/2023/07/Process-Evaluation-of-Energy-Trust-2022-2023-New-Buildings-Program-FINAL_wSR.pdf.

approach aligns with Criteria D from Order No. 94-590. Inclusion of the measure helps to increase participation in a cost-effective program.

In several Commission dockets including utility integrated resource plans, Staff is highlighting opportunities to modernize energy efficiency valuation. In consideration of State decarbonization policies like House Bill 2021 and the CPP, Staff has been raising attention to how avoided costs may not be capturing the full value of energy efficiency in the new planning environment. Staff is currently working with Energy Trust to update the Grant Agreement which is the contractual obligation with the OPUC. This includes consideration of how cost effectiveness is determined, which tests should be used, when exceptions should be offered, and at what level (measure, program, portfolio) cost effectiveness should be considered.

Stakeholder Engagement

As referenced throughout this memo and in additional detail in Appendix A, Energy Trust has frequently and regularly engaged stakeholders on the New Building program and use of the UCT since Oregon's adoption of the 2019 Code. As a result, Staff finds that Energy Trust's proposal reflects the collective views of many entities. Staff looks forward to reviewing additional stakeholder feedback prior to presenting a final Staff position.

Staff's Recommendation

Staff preliminarily proposes allowing Energy Trust to exclusively use the UCT for assessing whole building cost effectiveness for the New Buildings Program. This direction includes no longer requiring measure-level cost effectiveness testing for buildings using the whole building approach. If approved, Energy Trust will no longer report TRC for the New Buildings Program as a whole.

Staff invites stakeholders to comment on the proposed changes and Staff's assessment. Staff proposes that the Commission adopt a schedule to allow the filing of public comment through November 1, 2023. This will allow stakeholders ten business days after the October 17, 2023, public meeting to review and respond to Energy Trust's request. If the Commission adopts the proposed schedule, Staff will receive and compile comments, and return at the November 16, 2023, public meeting with a final recommendation.

Proposed Schedule

Event	Date
Deadline to file written public comments in Docket No. UM 1696 or contact Staff on Staff's recommendation discussed herein	November 1, 2023
Staff's final recommendation at Commission Public Meeting	November 16, 2023

Conclusion

Staff's preliminary conclusion is the Commission should approve the use of the UCT for Energy Trust's New Buildings Program. Staff proposes that stakeholders have until November 1, 2023, to file comments or contact Staff regarding the recommended changes. Staff will present stakeholder comments and its final recommendations at the November 16, 2023, Public Meeting.

PROPOSED COMMISSION MOTION:

Adopt Staff's proposed schedule for submission of public comments and for Staff's final recommendation to approve use of the utility cost test for the Energy Trust New Buildings Program.

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