

## **Utility Sounding Board (USB) Meeting Summary February 13, 2008**

### **USB members in attendance:**

- Larry Blaufus – Clark Public Utilities
- Todd Blackman for Darroll Clark in a.m.; Darroll Clark in p.m.. – Franklin Co. PUD
- Kevin Howerton – Grays Harbor PUD
- Theresa Lackey – Midstate Electric Co-op
- Joe Savage – Emerald PUD
- Dawn Senger – Richland Energy Services
- Randy Thorn – Idaho Power Company
- Dan Villalobos – Inland Power & Light
- Jim Wellcome – Cowlitz County PUD

### **BPA staff in attendance at various times:**

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| <ul style="list-style-type: none"><li>• Becky Clark</li><li>• Teri Duncan</li><li>• Jennifer Eskil</li><li>• Sheila Gardner</li><li>• Adam Hadley</li><li>• Mark Johnson</li></ul> | <ul style="list-style-type: none"><li>• Karen Meadows</li><li>• Jean Oates</li><li>• Mark Ralston</li><li>• Tim Scanlon</li><li>• Pam Sporborg</li><li>• Mira Vowles</li></ul> |
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### **Performance Tested Comfort Systems™ (Mark Johnson)**

Mark Johnson, Residential Sector Lead, stated that the PTCS numbers aren't coming in as BPA expected; Central Electric and Eugene have several to report.

Do utilities need more money? BPA increased the incentive, but the rate period's halfway over. BPA is considering ways to fix the situation, and would like USB feedback.

- PTCS causes additional work for contractors
- We do mostly loans without duct sealing. Everyone contracts with the same contractor. It's a sell-through, so they don't push it.
- The Heating Season Performance Factor (HSPF) and SEER rating changed, too; it's not just the PTCS, but a combination of issues.
- Contractors tell end-users it [PTCS] will cost them more. No one takes the offer. A Sales Promotion Incentive Fund (SPIF) to the sales person might help.
- Contractors are not sure of the cost going in, so they don't know what to do. Installers don't want to spend a lot of time in the attic or crawlspace.
- The contractor wants to leave the house with a sale.
- Customers have to be convinced it works, or they won't pay the extra \$1,000.
- Call backs and service has to be an issue. ENERGY STAR® Homes have forced contractors to take a closer look. Green Built, which is driven by the Homebuilders Association, has an ENERGY STAR component.

What about a different way to categorize? What about a heat pump credit with a duct sealing credit, if applicable?

- We were never able to satisfactorily explain to contractors – just do a rebate; it's too confusing to customers.
- It doesn't make a lot of sense to a contractor to separate them.
- Our duct sealers are separate from installers.
- All houses have to be sealed.
- A separate incentive would help contractors. The average duct sealing cost is \$500 per home.
- Maybe we have more competition; our duct sealing is half of that [of the \$500]
- Our duct sealing runs \$400-\$500 per home -our contractors bump the price up.

- Our contractors do both, but we're not doing any heat pumps

What about a \$50 incentive for duct testing?

- Our test cost is \$150 from contractors
- No
- It's too costly
- With smaller systems, for manufacture housing, it's too expensive
- We're seeing more 2 ton units available. Many contractors don't look at units less than 2.5 tons, e.g., Goodman, Carrier, Maytag
- Contractors have a lot more to do; reporting, borrowing testing equipment, etc. The technicians struggle to do the paperwork.

What are the solutions, rather than the problems? The incremental cost of commissioning and sealing is \$275.

- The big issue is the amount homeowners pay. Incentives need to cover most of the cost for the homeowner.
- Incentives need to be \$750 to 1,000.
- What was the C&RD incentive [Typically \$1,500]
- Increase the incentives.
- Installers are establishing themselves with E-STAR, Green Build.
- Solution is not to add \$100. Have to get the contractors back. [SPIF to sales person? More awareness on the part of end-users?]
- A lot of programs don't work well in as rural area.
- Contractor can't call themselves "PUD contractors".
- Installation affects the savings.
- We're not going to get contractors who specialize in low-cost units to install more expensive units.
- With a \$650 incentive, we're starting to see an increase; increase the incentive to \$750, and we'll see more interested people. Don't lower the standards – the market will be glutted with guys on the lower end. Don't want to deal with related complaints. Liked it when you could increase the HSPF and reduce the SEER; no manufactured homes.
- What about the method of sizing the unit?
- NWPPA offers sizing training.
- For folks that can't afford high-end heat pumps, underwriting costs ensures a better install.

What about an incentive for commissioning and controls?

- Oregon has a tax credit.
- Having an incentive would be good.
- Won't cause low-end installers to do the work.
- We did 200 at \$1,000 during the last rate period in Heating Zone 2. In this rate period with the decreased incentive, we've done 16. We've seen the first ENERGY STAR homes coming through. A \$750 incentive would work for installers; \$1,000 is better. Sales people would promote a \$1,000 program.

The old program (C&RD) was very different. We went from paying for conversions to paying for upgrades. More savings were associate with the old program than we get now.

- Is the average overall \$1.5 million per aMW? [Yes]
- If you put CFLs in homes with electric resistance heating, the heat will have to run more to make up for lost heat from incandescent lights.

Would a reasonable rebate for heat pump controls and incentives be positive?

- It won't help a lot because we won't be able to put a lot of effort into it.

What will make heat pumps work, given BPA constraints, e.g., cost-effectiveness, etc.?

- It still needs market transformation; vendors won't do the PTCS - think about the value of market transformation.
- Won't that happen when prices increase and the avoided cost goes up? [More marginal measures will become cost-effective. Power is \$5 million/kWh; conservation is cheap at \$1.5 million/kWh.]
- We need to get general managers more involved [Yes. Short term hit on rates for a long-term investment; that should be part of the discussion.]
- Poll the general managers; if GMs say no, we won't raise the incentive.
- I-937 is an issue

On March 4, there's a meeting of conservation and environmental people to gather public input on long-term conservation, i.e., what to pay, etc. A public process can't start until January or February 2009. Some utilities feel BPA should be out of conservation. The more the conservation budget increases, the more people complain.

- There's discussion going at the Public Power Council about who will ultimately set the parameters. [The Northwest Power and Conservation Council (Council) is the ultimate arbitrator for Wash.; BPA follows the Council's standards.]
- How did BPA choose 70 percent of incremental cost? [Somewhat arbitrary. We could pay 80 percent.]
- Would like to claim savings on heat pumps; give an incentive at 8.5, financing 8.2. Can put into annual report (8.2) but can't include for the High Water Mark (HWM).
- What do we need to do to stop the drumbeat? Increase the incentives.
- Bring market transformation into the equation; vendors are pushing higher incentives; value is not there at \$650 to push the program.
- What else? Separate them; prioritize what's important.
- Rural areas have no qualified contractors.

What about three incentive options regionwide and utilities can pick and choose? Will that stop the drumbeat?

- There's a problem getting the credit approved by the Regional Technical Forum (RTF).
- Three options would stop the drumbeat right now; vendors complain that it's forced down their throats.
- Pay half of the cost of commissioning/controls for end-users.
- Provide something to help sell the program. [The ETO offers training that teaches vendors what's in it for them; ETO says it's successful.]
- Let's do it.

Does anyone object to these options?

- Would rather keep the incentive for high-efficiency units.
- What if it is structured with separate incentives for duct sealing, duct commissioning and controls?
- Need to protect installers who encourage duct sealing.
- During C&RD, we had 30 contractors participating – all electric; now there are eight contractors.
- Quality control is important – third party verification.
- It's the utility's call, whether they hire a third party or do it themselves.
- The third party confuses end users. Ecos needs to communicate better. [We will remind Ecos to notify utilities when they are in the area.]

### **Ductless Heat Pump Marketing Materials (Mark Ralston)**

Mark Ralston, Energy Efficiency Representative, talked to the USB about marketing materials they need for the program and ideas he has. He circulated some draft materials for comments on the content. At the January USB meeting, the USB talked about changing the screen from 18,000 kWh to 15,000 kWh. Multifamily was added, the screen still applies and duplexes qualify as multifamily.

- Manufacturer's representatives say DHP's work well in Japan.
- They are promoting them as working extremely well? [Yes. Major manufacturers are involved. It's a real product available world wide.]
- Will you introduce DHP at the Utility Workshop? [Yes. We're researching it now; there's a lot of risk, so we'll likely do a pilot.]
- We've done a couple of pilots, including a low-income project at Moses Lake, Washington and ten units in Monmouth, Oregon.
- We have three contractors trained by one of the manufacturers.

Utilities should line up the contractors. Most contractors have done a few of these working with the Northwest Energy Efficiency Alliance (NEEA).

- Offer contractor training.
- Tap into manufacturers; they know the vendors.
- What about a ratio/sliding scale for incentives and savings? [Assuming DHP is approved, BPA will evaluate/adjust after two years.]
- Offer to all and evaluate; too many issues with picking and choosing.
- What if the utility mitigates some of the risk? Look at savings on the lower end to see what the risk is to the utility.

In order to save electricity, the DHP wouldn't be used to heat and cool the whole house. Part of the pilot is to see how end-users use the units. Marketing materials need to include examples of how to save energy and be comfortable, and explain that DHP is not intended for use as a whole-house heating system.

- Good for smaller homes.
- Utilities want to do DHP.
- It's more complex than I thought; it would take more screening on the utility part. [The goal of the 15,000 kWh was to have an easy screen.]
- In one USB territory only one home passed the 18,000 kWh screen, and only eight homes in another USB territory.

The screen won't work with contractor-driven programs.

- We need to come up with a way to do this quickly.
- Take it to the end of the rate period.

Comments are due on the DHP marketing materials in one week. Do these materials meet utility needs?

- What kind of floor plans does this work in best? Don't want to have poor installations and unhappy end-users. We need to know what the best applications are. [Even contractors need to know how, when consumers save energy.]
- Heating load savings for won't necessarily make up for new cooling load in homes that previously didn't have A/C.

### **I-937 Brown Bag (Mark Ralston)**

As a federal agency, BPA can't lobby or influence state issues. Would a USB Brown Bag session be a good format for a discussion of Washington I-937? It could include Jay Himlie, Mason Co. PUD 3, the Washington State Department of Community, Trade and Economic Development (CTED) and the Council.

Is one hour enough for this Brown Bag, with 10-15 minutes for each representative plus time for discussion? Or, have two sessions where Part 1 is CTED background and Council ideas; Part 2 Jay Himlie analysis of the law and what he sees.

- One hour is not enough, even just with Jay. Talking with CTED at some point would be beneficial, not as a presenter, just to “listen in” on the discussion.
- I-937 is still in rulemaking through February. The builders’ issues include a conflict with I-937 and participating in BPA programs. [The Brown Bag would be after the Utility Workshop, when the rulemaking is final, possibly March 27.]
- The rulemaking is mainly to set the parameters for implementing I-937. The annual true-up is due January 1, 2010.
- Utilities are required to acquire all cost-effective conservation and renewables per the Council’s Plan.
- Do Washington utilities see a rate increase? Yes. We’ll have a 4 percent public purpose charge.

Utilities could use their own avoided cost for customer projects; they would have to use Pro-Cost.

### **Early Project ID (Mira Vowles)**

Mira led a discussion of the New Commercial Construction Energy Smart Design™ – Office Early Project ID and Reed Construction data (<http://www.reedconstructiondata.com/>). The projects to date are mainly for Washington utilities.

Do utilities need a briefing from their Energy Efficiency Representative (EER)?

- At the Workshop is fine. E-mails need to have an identifying subject line to separate them from other e-mails.
- Need to find out if the leads turn into projects. Maybe the utilities could track?
- Offer training for utilities that don’t currently have big commercial programs.

Clark Public Utilities will present at the Workshop what they’re doing with the Early Project Identification leads.

### **Draft Summary of Utility Activity (Becky Clark)**

Becky Clark circulated a matrix of utility activities from the 2000 Energy Efficiency New Ideas Notebook. The matrix lists utilities with an “X” in the matrix under columns such as Web, Rebates, ENERGY STAR, etc., to indicate they offer something in those areas.

Would utilities find an updated matrix useful? EERs could fill out the matrix for utility review. Should it contain utility contract information?

- Is it updated frequently?
- There’s a more comprehensive list; Randy will send the link to Becky to distribute.
- I feel uncomfortable with Mark’s recommendation that the EERs could fill out the information for utility review.
- A first contact with EERs is good; compile before the Workshop.
- Provide the list both by utility and by program/activity. [Leave some blank lines for unique programs.]

### **CEO-level Task Force (Karen Meadows)**

Steve Wright and Tom Karrier are sponsoring a CEO-level task force that will work together for about six or seven months with the goal of answering the question, “Given everything that’s happening in the market, what can we do to get energy savings at the right cost?” Ken Canon is facilitating this discussion at the regional level. More to come.

### **Industrial Sector Update (Jennifer Eskil)**

Jennifer Eskil, Industrial Sector Lead, briefed the USB on what's new or coming up in the industrial sector, including:

1. Cost-sharing Technical Service project costs.
2. Energy Trust of Oregon program delivery contractor (PDC) model. Cascade Engineering and RHT Energy Solutions are working in the industrial sector; BPA is trying to set up something similar, which will go through the agency decision framework.
3. BPA is stepping back and taking a look at industrial. An industrial sector review, led by Energy Efficiency Vice-President Mike Weedall is seeking feedback on potential ideas. The Weedall review will include in-person and phone interviews to learn what utilities are doing and what components make an industrial program strong or weak.
4. The Council set targets of 6.9 to 10 average-megawatts (aMW). There's a major effort at the Council to re-examine industrial supply curves. A market characterization study is also underway.

The Council's 5<sup>th</sup> Power Plan uses very crude savings projections. The information is not as detailed as what BPA needs.

- Utilities consider customer details confidential. BPA is trying to characterize the market using old data; primary data would be helpful.
- Strategic Energy Group (SEG) is currently updating supply curves for the Council. [Could SEG work be used for driving I-937 targets?]
- I-937 targets are based on the 5<sup>th</sup> Power Plan.
- The bottom line of "Whatever the [Council?] says goes," concerns me. The Council wants data immediately for forming their targets; it's not possible.
- Could the USB act as a sounding board for the industrial review – maybe as simple as reviewing a report and participating in a conference call? Yes.

#### **Utility Workshop Update (Becky Clark)**

Becky Clark updated the USB on the Utility Workshop and asked for feedback. Karen Meadows asked if the workshop has the correct sessions, speakers, etc.

- Add more description of the sessions on the agenda. [Becky will send a list to the Workshop moderators to contact their speakers for information. She'll send the draft agenda out this week.]

There are five to six people in the roundtable sessions, and **no** PowerPoint shows are allowed. PowerPoint shows **are** allowed in the panel sessions, and these must be turned in to Becky one week in advance of the workshop. New leaders Teri Duncan, BPA EE Program Marketing Manager, Bob Balzar, Seattle City Light Conservation Director and Mary Smith, Sr. Manager, Energy Efficiency Services, Snohomish Co. PUD will have a session and may have visual examples.

Timekeepers will keep sessions on track.

- Need contact information for the speakers in my session.
- We would like 10 minutes of speaker presentation, followed by five minutes of Q&A. [Becky will call panel moderators and ask them to follow this format.]

#### **Brown Bag on Ductless Heat Pumps (Mira Vowles)**

There will be a Brown Bag on ductless heat pumps in the next two weeks before Adam Hadley leaves the agency. [The Brown Bag will focus on DHP technology, rather than program specifics, since it hasn't been approved by EE management.]

#### **Next Meetings**

• March 12	Conference call, 8:30 a.m. to 10:30 a.m.
• April 9	Face-to-face meeting, 8:30 a.m. to 3:30 p.m.