



Regional Portfolio Advisory Committee

Q2 2023 Meeting Notes

May 18, 2023

9:30am – 3:15pm PST

Hybrid, Online and at NEEA Office

Meeting Attendees

Committee Members:

Whitney Jurenic, NorthWestern Energy

Jim White, Chelan PUD

Debbie DePetrus, Clark PUD

Bryan Russo, Tacoma Power

Quentin Nesbitt, Idaho Power Company

Phillip Kelsven, Bonneville Power Administration

Carolyn Beebe, Snohomish PUD

Fred Gordon, Energy Trust of Oregon

Jeff Feinberg, Snohomish County PUD

Kevin Smit, Northwest Power and Conservation Council

Jeff Tripp, Puget Sound Energy

Lori Moen, Seattle City Light

Jonathon Belmont, Bonneville Power Administration

Dan Adams, Avista

Alexa Bouvier, Idaho Governor's Office of Energy and

Mineral Resources

Laura James, PacifiCorp

NEEA Staff: Alisyn Maggiora, Becky Walker, Britt Cutsforth Dawkins, Brandon Lindquist, Emily Moore, Jeff Harris, Jonathan Belais, Mark Rehley, Suzi Asmus, Stephanie Rider

Resources

- Agenda Packet: [Northwest Energy Efficiency Alliance \(NEEA\) | Q2 2023 RPAC Agenda...](#)
- Slide Deck: [Northwest Energy Efficiency Alliance \(NEEA\) | Q2 2023 RPAC Slide Deck](#)
- Recordings:
 - Part 1: <https://attendee.gotowebinar.com/recording/5631194312869767936>
 - Part 2: <https://attendee.gotowebinar.com/recording/1274264039085858049>

Welcome, Introductions & Agenda Review

RPAC Round Robin

RPAC members shared the latest news and key programmatic updates for their respective organizations; focus topics include big changes (programs/personnel); big changes in programs/personnel, current challenges/lessons learned, and more.

- **Jeff Tripp, Puget Sound Energy:** Lots of planning happening. Figuring out how to deal with 2022 shortfall. Doing well for 2023 on targets but still showing in the penalty range for the biennium. RFP is out as of last week for all things energy efficiency for the next biennium. Equity is front and center. Puget Sound Energy is adopting forty percent dedicated labor within customer energy management team towards improving baseline participation in “named communities”. Dedicating forty percent of staff to those efforts is the aspirational goal. Have behavioral demand response program starting this

summer. Starting with a quarter million customers. Commercial and industrial demand response launching in November of 2023. Direct load control programs for thermostats and water heat are enrolling in August with November availability. Electric vehicles and batteries will begin enrolling in January.

- **Lori Moen, Seattle City Light:** Not looking good on 2023 resource acquisition targets. Looking to make up in incentives, new measures, and outreach but still not looking good. Launching a demand response pilot now for bring your own thermostats. Distributed energy resource strategy taking place right now that will hopefully result in a flexible load portfolio. A large program in that portfolio will be time of use rates. Resource acquisition is business as usual, trying to claim savings from code efforts for Seattle Energy Code. Their Energy Efficiency team pays for a lot of the code development work and staffing. Savings from code efforts may help makeup a shortfall. Building out transportation electrification efforts, just launched a multifamily charging program.
- **Phillip Kelsven, BPA:** Behind on savings as well. Hoping to get close. Have a new information, tracking system and that may be a part of the issue. Busy preparing for October implementation manual release. A lot of incentives are going up to help with targets, but also for inflation related increases. Looking to expand low-income residential program. Cost caps are going up in that and we're putting more people on it, will expand significantly. Performance Tested Comfort Systems (PTCS) program going away, and looking to replace with a medium and longer term HVAC strategy, as well as a multifamily strategy. Behavioral is a large part of residential strategy for savings and marketing. Looking at how to make that available for small and medium sized utilities to combine forces. Looking at heat pump water heaters. There are some interesting distributor models that are direct to consumer for heat pump water heaters, working on that. Commercial SEM is expanding. For agriculture, audits are available for federal funding and BPA wants to leverage that. Industrial SEM is humming along and is always a strong part of the portfolio.
- **Bryan Russo, Tacoma Power:** Clay Norris has retired as Power Manager and Ray Johnson was selected to replace Clay Norris. Julie Banerjee will be starting as Commercial & Industrial Manager. Have a posting for a residential program manager. On target to meet our savings target, but at a lower margin than we normally would be. Have invested time in better understanding the EIA rollover provisions as a risk mitigation to meet target this biennium and the next. In the middle of the CPA process, including a new-long term price forecast. In the middle of doing an atypical weather weatherization study to assess additional capacity value. This study is similar to a cold climate heat pump study from last year. Residential retail contract is about to expire. Last April we announced a substantial overhaul to loan offers, have increased the loan caps as the original loan structure was not able to cover the entire project cost for customers. Has been well-received according to anecdotal evidence from trade allies. Loan budget is around \$5 million. It's a zero interest loan now offered in five and ten year loan terms. The loan is attempting to manage affordability, so we need affordable monthly payments. We have also found that loans are often paid back ahead of schedule. Launched home energy savings report mailing. Actively participating in the Clean Buildings Performance standard rule making.
- **Debbie DePetrus, Clark PUD:** Raised loan interest rates. Lien fees are very high compared to Tacoma Power, \$725 versus \$325. The volume of loan program went down, had 86 loans last year. Loan servicing company no longer wants to do loan servicing anymore. Now retiring loan program, it has been ended by the board and if it was going to come back, it would need board approval. Working on CPA and DR potential assessment. Matt Babbitts has fully transitioned to the power supply side of Clark PUD. Trevor Frick has taken over for Matt Babbitts. Dan Bedbury may retire. DuWayne Dunham is retiring. Barely

met I-937 savings target. Do not anticipate having to dip into rollover for the biennium. Heat pump water heater rebate has gone up. Doing promotion on smart thermostats. New rebates for HVAC will begin October 1. Weatherization program still underway, a lot of window jobs coming through, not so much insulation. Just had annual contractor meeting, a full house, with around 50-person attendance.

- **Dan Adams, Avista:** Ryan Finesilver has left for another position within Avista, he has been backfilled with two new roles filled by Megan Pinch and Kim Boyton, who will do analytics. Missing targets and looking around for savings. Recently launched midstream program in April. Analyzing Cost-Benefit Ration data and will bring that forward. Looking at starting a contractor incentive program, starting with bonus period for first six months. One of the issues we are seeing a lot of, is customers and contractors just holding money. Dual fuel heat pump pilot is in an investigative phase, hoping to have in place by heating season. The pilot will be pretty small but want to look specifically at how dual fuel works in eastern Washington. Looking at doing a deferred maintenance pilot for low-income communities. Preparing for advisory committee next week.
- **Laura James, PacifiCorp:** Getting started on planning for next biennium in Washington. In California, had a behavioral program recently approved for residential focused on hard-to-reach communities and tribes. For demand response, have filed a residential water heater and bring your own thermostat programs in Oregon and Washington. Anticipating they will be approved and launched late in 2023 or 2024. Transportation electrification plan in Washington has been approved. In Oregon, electric vehicle charger rebate program is operational, anticipate overall plan being approved in July with additional programs.
- **Quentin Nesbitt, Idaho Power:** Did meet Integrated Resource Planning targets this year. 2023 has started slow primarily with industrial program which is usually the largest saver. Ending a multifamily direct install program largely related to lighting. Will be ending soon a commercial kit program largely related to lighting as well. Winding down residential lighting buy down program. Getting closer to starting a multifamily program targeted towards new construction. Many measures are justified by utility cost test view; can do incentives where it might not have passed a total resource cost test. Residential heating and cooling program will be expanding incentives and adding measures, we are able to because the utility cost test makes it possible. Filed prudence case, answering discovery questions. Will continue until late fall. In the midst of doing a 2023 IRP, originally planned to be filed with the commission at the end of June, but have asked for an extensions due to modeling issues. Modeling IRP futures have been a struggle in recent years. Looking towards a September timeframe for IRP filing. An effect of this is ESM avoided cost not being able to get captured and used as soon as we'd like, DR value is also determined from IRP analysis. Issued an RFP for DR and bring your own thermostat and commercial thermostat but won't be able to move on that until it is determined to be cost-effective. For DR, continuing to expand existing programs under last value calculation in the IRP and assume they will stay that way going forward. Did dramatically change DR programs last year to have later timeframes, targeting 3pm-11pm window of need and that has hurt participation from customers. Do have approximately 320 MWs signed up for the 2023 summer. Have been asked to do an evaluation of NEEA, working with a third party on that. Will be filing a report based on that evaluation.
- **James White, Chelan PUD:** Looking at cold-climate heat pump pilot program for testing, and looking at a \$2,500 dollar rebate in addition to a standard rebate. Looking at heat pumps for sidewalk snow melt systems. Have been looking closely at fans and supportive of NEEA's efforts there.
- **Jeff Feinberg, Snohomish County PUD:** Energy Independence Act goals are going well due to a robust year last year. Want to recover total BPA reimbursement, for the first time, have a larger reimbursement

than target. Working with BPA to get approval of energy design assistance custom program, which has been great with multifamily and commercial new construction. Have RFP out right now for residential new construction for a program that would be like what we have for the multifamily and commercial space. Launching cohort for commercial SEM. Asking a third-party evaluator to do a total portfolio review. Want to make sure legacy programs are meeting the needs and targets of customers.

- **Kevin Smit, Northwest Power and Conservation Council:** Regional conservation progress report survey is out. That will come together and be reported by fall 2023. RTF did a study on the resilience value of efficiency and have developed a methodology looking primarily at weatherization measures. Working on a study for flexibility that has morphed into the interaction of energy efficiency and demand response so there is now a methodology for that well. For whole building and deep retrofits, the RTF is working on a white paper, how low can you go retrofits and how can we model that as a region. 2021 plan has call out for region-wide databased for Energy Use Intensity. How can we take a deeper look at these deep retrofits. Doing research on the industrial sector on new measures and retiring old measures. Have begun conversations on load shape data for the industrial sector. The RTF is starting to use the end use load research data. Putting together a tool. The Council is developing some new adequacy metrics for the region, highlighting the value of energy efficiency in the adequacy assessment.
- **Whitney Jurenica, NorthWestern Energy:** Embarking on potential end-use study, first one in a while. Commercial started receiving surveys, residential will soon. Waiting for cost-effectiveness information to come through. Three new pilots that are coming off the ground currently, will share more information soon. In the middle of a rate review, should have findings within the next few months. Sunsetting LED buydown program in June. Doing more home shows and getting back into the community. Doing home energy audits, preferably virtual but live on some occasions.
- **Alexa Bouvier, Idaho Governor's Office of Energy:** Meeting with Department of Energy (DOE) on the Inflation Reduction Act (IRA). Expecting to get more guidance from DOE midsummer IRA. Researching potential programs to run under the Bipartisan Infrastructure law both rural and urban. Modified current EE award program to encourage small businesses to participate. State energy loan program is scheduled to open in July.

Housekeeping and Looking Ahead

- Proposed Heat Pump Water Heater Consideration Campaign
 - Moving from awareness to the next stage: consideration. Hoping to launch Q1 2024.
 - Campaign details will be proposed/voted upon at the 2024 Operations Planning webinar; date TBD, typically mid-late October.

In a follow-up question from BPA about the increase in HPWH installs in Montana, NEEA marketing staff confirmed the consumer awareness campaign last fall, largely targeted in rural areas of Montana, was a likely driver based on campaign engagement analytics.
- Business Planning for 2025-2029
 - Moving along through the process and expecting to have draft Business Plan that goes out for public comment summer of 2023. Funders are encouraged to attend regional webinars. Work with your board member to provide feedback.
- NW Federal Funding Coordination Work Group

- Kicked off on May 4. Had a good share out and identified places for further discussions, especially, around work force. Will be having interim deep dives on priorities identified and will reconvene in Q3 aligned with the planned Home Rebates Guidance.

Market Transformation 101

(Please refer to [slides](#) 18-49, the [packet](#) p.3, or the recording for additional detail)

Overview

Jeff Harris of NEEA refreshed the group on the basics of Market Transformation. The context for the presentation is that the Northwest is expecting load growth, especially from large industrial customers, but capacity to meet the load growth is diminishing. Energy Efficiency is driven by innovation, highlighted by the LED bulb's ability to produce light as well as the Edison bulb. The diffusion of innovation is a predictable pattern of adoption driven by the human behavior towards change. The diffusion of innovation theory identifies five sectors of adopters: innovators, early adopters, early majority, late majority, and laggards. The S-Curve is a key component of the diffusion of theory. The goal of Market Transformation is to increase the market baseline for the S-curve and accelerate adoption over time, leading to more affordable and available products on the market. Jeff then explained the steps involved in implementing market transformation. NEEA's process of Market Transformation has been developed into a stage-gate process, known as the Initiative Lifecycle (ILC). Ductless Heat Pumps is determined to be 20% higher than natural baseline.

Discussion

Committee members had a variety of questions around how the market is defined, whether and how NEEA engages with lagging markets (particularly when a market is slow to respond), impact of code changes on baseline, varying impacts of codes and standards on different territories, and the role of RTF measures in supporting lagging markets.

Portfolio Update

(Please refer to [slides](#) 52-54, the [packet](#) p.4-12, or the recording for additional detail)

Overview

Stephanie Rider, Director of Data, Planning, and Analytics, gave an overview of the current NEEA portfolio. Co-created savings forecast at/above baseline estimates. Forecast has not shifted much, at level of Business Plan estimates despite some turbulent years globally. 2020-2024 Co-created savings all and active investments. Co-created energy savings has saved almost 1 million tons of carbon. NEEA advanced five programs in 2022. Heat pump water heaters are in Washington code and have a 17% adoption across the region. Efficiency mix is at or above trend across Retail Product Portfolio (RPP). NEEA is watching trends in new construction and TVs.

Variable Speed Heat Pumps

(Please refer to [slides](#) 57-74, the [packet](#) p.13, or the recording for additional detail)

Overview

Emily Moore, Director of Portfolio, discussed the Variable Speed Heat Pumps program in anticipation of the ILC milestone vote for Program Advancement in August 2023. RPAC members should review milestone documents with team when they are distributed in July, and prepare feedback. Suzi Asmus, Program Manager, provided a program development update discussing current program activities, market transformation theory, market

barriers and opportunities, and why NEEA is the right organization to keep pushing energy efficiency forward in this market sector. Heat pump adoption is taking off and large investments are being made. Heat pump technology is evolving rapidly and NEEA wants to focus that evolution towards energy efficiency. NEEA is established as a thought leader for heat pumps, has valuable data and is the voice highlighting opportunity for improved efficiency in heat pumps.

Key Questions / clarifications offered in preparation for vote:

James White: In your proposal for marketing, are you going to address the issue of installers telling customers to switch to auxiliary heat when it gets cold, or the issues with the controls for switching to auxiliary heat?

Suzi Asmus: Yes, NEEA will be addressing this [issue of switching to auxiliary heat] and back-up heat controls. [NOTE: Although not through marketing or installer-facing training. It will be by pursuing out-of-the box product settings.]

Fred Gordon: Is low load efficient for both heating and cooling?

Suzi Asmus: It is expected to be applicable to both heating and cooling. It is about the behavior of the system at lower loads experienced during shoulder seasons.

Fred Gordon: Are you seeing manufacturers resistant to producing different heat pumps for different climates?

Suzi Asmus: There is market pressure for cold-climate solutions. Cold-climate heat pumps have demand outside of the four NEEA states, including internationally in Canada. Low-load efficient is also a climate-specific improvement but it looks to do well across the United States.

Philip Kelsven: This is more about equipment, which is a risk, because install, sizing and commissioning affects savings levels. Things like ducts will affect efficiency barring spending a lot of money. How are we going to evaluate the savings down the road? What is the risk level? Is there a role for utilities? What should we be doing? And is there a role for manufacturers to hold their installers accountable?

Suzi Asmus: This risk is highlighted in our program documentation [installation and commissioning issues] and is one of the big reasons we [the region] are not getting the savings we had hoped for - because of installation practices. Part of the goal of working with manufacturers is trying to hone in on what can be put in the product itself so that it is more resilient to differing installation scenarios. There is also a lot happening in the controls market. We want to work with manufacturers to focus on those controls that lock in efficiency, or make the default settings those that improve efficiency so that an installer has to make the choice and take the action to override it, for example.

Jeffrey Tripp: Are you focusing on controls with the heat pump OEMs or are you going to be looking at the control OEMs?

Suzi Asmus: Right now program is focused on the heat pump OEMs. The controls market is something that can't be ignored; however, it is not yet baked into our program. We will have to address that at some point.

Manufactured Homes

(Please refer to [slides](#) 77-99, the [packet](#) p.14, or the recording for additional detail)

Overview

Mark Rehley, Director of Codes and Standards at NEEA, presented a brief history and an update on the NEEA Manufactured Homes program. The program is likely to move into Long-Term Monitoring and Tracking in late

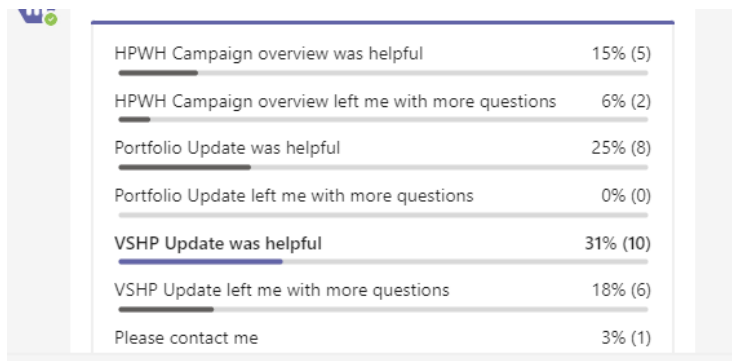
2023 or early 2024. The Northwest Energy Efficiency Manufactured Housing program (NEEM) is structured to continue to support the market and utility programs will remain. The federal standard and HUD code have been updated but delayed. ENERGY STAR 3.0 is active but likely to change. First cost is often driving policy decisions and there is a balance act happening between efficiency and low-income affordability. NEEA will continue to track due to the market uncertainty.

Discussion:

Committee members asked a couple of clarifying questions around points for heat pump water heaters and ducted versus ductless heat pumps in manufactured homes; ducted is still the cheaper and more efficient option in this application.

Meeting Wrap Up

➤ Topic Feedback Poll Results



➤ Action Item Summary

- ACTION: VSHP: Let Alisyn know ASAP if you/your team would like a 1:1 to discuss the upcoming vote. Confirmed in meeting that NorthWestern, Clark PUD, PSE, and Idaho Power would like to proceed with a 1:1; Energy Trust checking internally.
- MT 101 presentation to be continued at upcoming meeting(s).

- Public comment - None
- Meeting feedback - None
- Next meeting: August 29, 2023 (Q3) – virtual only