2003 Operations Plan

Final: January 30, 2003

The Alliance has managed a number of successful projects over the last six years and has demonstrated the value of a regional organization to facilitate and deliver a segment of regional energy-efficiency efforts. There are new organizational challenges that are evolving from our prior success and from the meaningful work that lies ahead. These are reflected in the work for 2003 depicted in this Operations Plan. Based on our Strategic Plan, discussions with the Board and executive committee, the following strategies and activities are to be accomplished in 2003.

Strengthening Ties to Local Acquisition

This year's operating plan calls for increased efforts over 2002 to integrate with local utilities, administrators and state energy offices. This is in addition to increased efforts last year in this area, as well as in addition to our core business of understanding and working with market actors, such as suppliers, distributors, installers, etc.

The region's utilities and administrators are continuing a multi-year trend to expand their energy efficiency efforts. The Alliance and utilities/administrators will save the most electricity at the lowest cost if their programs are integrated. In addition, the Alliance is moving into further emphasis and depth in the commercial and industrial sectors, while a number of our largest initiatives in the past have been in the residential sector. Commercial and industrial market transformation approaches may require closer involvement between the Alliance and selected end-use customers than the residential sector approaches required. This is turn requires closer coordination and integration with local utilities and administrators who are deeply involved with those customers.

The best way to achieve integration with local acquisition efforts starts with the development process, and continues through implementation and ideally evaluation. As a result, this year's activities are extending the time to develop and scope the residential and industrial sector strategies so stakeholders can give meaningful input and we have a stronger chance of integration with local acquisition efforts over time.

Many of the key activities described by sector next reflect this increased level of work with local acquisition entities.

Residential Sector

Development: Development work in 2003 for the residential sector is primarily focused on defining our overall residential strategy including the use of Energy Star, and how efforts moving forward in lighting, appliances, and construction will be shaped.

Because we want to integrate with our local partners, we anticipate holding a sequence of meetings with utilities, administrators, energy offices, and trade allies through June to co-develop the strategy and specific implementation pieces. Board adoption of the strategy and the initial projects within the strategy is anticipated at the July Board meeting.

Implementing Existing Efforts: The largest current projects in this sector are the lighting and home appliance initiatives. These are on “maintenance” mode in 2003, while the full residential strategy is developed, but some key markers include:

- Increase the ratio of trade-ally investments to Alliance investments for cooperative advertising to greater than 2 for 1.
- Finish development and then offer the matching coupon for appliances region-wide. (It was pilot-tested in Tacoma’s territory in 2002.)
- Assemble and distribute the Habitat For Humanity’s turn-key promotional kit to utilities. (It was pilot-tested in Puget Sound Energy’s territory in 2002.)
- Encourage 15 of the 60 utilities offering rebates to tier their rebate to reflect super-efficient models.
- Leverage the national CEE partnership with the American Lighting Association to begin penetrating the NW regional lighting showroom channel.
- Continue our support of new lamp development; i.e. CFL R-lamps and recessed cans.

Contract Reviews: The following current contracts will be reviewed and possibly incorporated into the Residential Sector Strategy. All currently expire in December 2003.

- Home Products,
- Super Good Cents,
- Performance Tested Comfort Systems, and
- National Standards

Market Progress Evaluation Reports: MPERs that are anticipated in this sector include:

- ENERGYSTAR Home Products – April 2003
- Performance Tested Comfort Systems – June 2003
- ENERGYSTAR Residential Lighting -

Commercial Sector

Development: Three target markets within the commercial sector will likely be ready for Board adoption in January. These include new school construction, regional grocery stores and hospitals. The purpose of the Target Market effort is to be able to reach more deeply and thoroughly into the identified markets by developing a strong business case for energy efficiency (and other associated benefits), speaking the business language, carefully targeting marketing efforts for the most leverage, and crafting a strong technical approach. In addition, phase II of the small HVAC pilot will likely come before the Board in January.

Additional development activities include:
- Real Estate-vertical & property management – late 2003
- Chains and Franchise restaurants – mid 2003
- Program targeting small businesses – early 2004
- Full scale program for Small HVAC O & M Pilot - early 2004

Market research that is anticipated to be finished in 2003 includes:
- Commercial stock baseline assessment – November
- LED lighting market research – March

Implementing Existing Efforts: In the first year of the Commercial Building Initiative, a major emphasis was the development and initial implementation of the key pieces of the strategy. These ranged from assembling a staff and contractor/consultant team to developing and launching the new marketing strategy and website, as well as starting up new projects including Commercial Windows, Small HVAC Premium O & M test, EZConserve, and Building Performance Services (BPS). For 2003, a key emphasis of CBI will be on improving the market impact of the overall strategy.

The activities to improve market impact revolve around four key areas: 1) Launch the first target markets; 2) Develop additional information products, with an emphasis on well-documented case studies, technical guidelines, and financial tools, 3) full roll–out of new activities, including BPS, Small HVAC O&M Market Test, and Commercial Windows; and 4) Improve the integration of project components.

Target Markets: Assuming adoption in January, a significant effort will be made to focus marketing and implementation in the target market areas. This will also require a continued coordination with stakeholders and other key market actors.

Improved Information Products: While CBI has assembled a good set of initial information products, especially as part of BetterBricks.com®, there is still substantial work to do. Our strategic Advisory Committees continue to emphasize the need for detailed project examples (with well documented costs and savings), financial planning tools, and "nuts and bolts" technical information and guidelines.

The Alliance does not need to develop all of this information by itself; some excellent information already exists (that we can improve access to) and some information can be (or has been) developed on a nationally coordinated basis – which typically reduces the costs to the Alliance and improves the scope of the product.

- Create and publish 20 case studies, with emphasis on projects in the Northwest.
- Refresh the website with 4 major newsworthy quarterly updates in addition to on-going content additions.
- Develop and promote at least 2 tools or guidelines.
- Create and publish 4 technology updates.

Design Integration: A key aspect of CBI has been the emphasis on daylighting and the design support provided by the daylighting labs. In 2003, CBI will be more closely integrating other training and service opportunities with daylighting, to improve program impacts. Some specific steps include:

- Sponsoring training and support for eco-charrettes.
- Sponsoring a forum on utility new commercial construction program options.
- Coordinating nationally with the Lighting Research Center on the Daylighting Dividend project.
- Achieve better integration of daylighting services with other CBI supported services through the Lighting Design Lab and BetterBricks Advisors.

Integration of Program Components: The CBI strategy contains a wide variety of elements (training, labs, marketing, development) and a large number of program contractors. One of the reasons for the establishment of the CBI strategy was to enhance coordination among the various commercial program elements that had previously been funded by the Alliance, and to a substantial degree, that has happened. For example, it is now fairly routine to directly link the lighting labs into BetterBricks Advisor projects, and the EIC now provides a central point of contact for a wide variety of BetterBricks services.

However, improvements to the current coordination are certainly possible, and would enhance overall marketing and service delivery. Many of these coordination activities are currently underway, but will be expanded and extended in 2003. In addition, the possible roll-out of Target Markets provides an excellent opportunity to focus the coordination efforts around those specific activities. This is where the CBI strategy will start to achieve more quantifiable electricity savings.

Some examples of current and planned activities include the following:

- Expansion of the BetterBricks Advisors database to meet the needs of LDL and the daylighting labs.
- Monthly meetings between the 12 primary contract managers and key consultants.
- Development of consistent marketing messages and materials that all contractors and consultants can use to improve outreach.
- Better integration of the public relations strategy with BetterBricks services expertise.

- A central contact database of all training and services customers and other contacts linked to BetterBricks.com® e-mail marketing.
- Realignment of service offerings to fulfill Target Market needs as appropriate.

Outreach: The following are activities to integrate more closely with local acquisition.
- Sponsor at least eight Strategic Advisory Committee meetings
- Sponsor at least six Utility Coordination Meetings with larger utilities.
- Expand outreach to the "non I-5" utilities in 2003 so that services and lessons learned from BetterBricks are more available throughout the region by attending utility roundtables, personally visiting utilities, and participating in utility conferences or forums.

Contract Reviews: Reviews and possible renewals of a number of projects are scheduled for 2003:
- Commercial Buildings Initiative - October decision
- Lighting Design Lab – contract ends in December; anticipated to be incorporated into CBI decision in October
- Building Operator Certification – contract ends October
- Continuous commissioning – contract ends October
- Public Building Commissioning and Building Commissioning Association – contract ends December

Market Progress Evaluation Reports that are anticipated in this sector include:
- CBI Web Site April
- CBI Marketing April
- Daylighting Impacts May
- Public Commissioning May
- Commercial Windows July
- CBI Meta Evaluation July
- Simple HVAC October

Industrial & Agricultural Sectors

Development: The primary development task in the industrial sector will be the development of an Industrial Sector Strategy. This will be done cooperatively with the Portfolio Committee as well as with stakeholders and trade allies. An Advisory Group will be established consisting of multiple stakeholders to help with the development process. We anticipate coming to the Board in October with the overall Industrial Strategy.

In addition, Transmission and Distribution Efficiency (formerly Conservation Voltage Regulation) is in the final stages of development with the Portfolio Committee and could come before the Board as early as January. This project would be handled by staff in the industrial area.

There are also 3 projects in the "due diligence" phase of development, all of which have come through the Unsolicited Proposal website. Two are from private firms with new technologies in the earlier stages of commercialization, and the third is from Oregon State University proposing to test (both lab and in industrial applications) three new products in varying stages of commercialization.

- CAIT (Computer Assisted Infrared Thermography) – Target: Municipal Water Supply – New Product
- CORE Technologies (Super Efficient Motor) – New Product
- In-Situ Motor Testing: 3 non-invasive products – Oregon State University Motors Test Lab

Finally, we are anticipating market research into industrial decision-making, starting in the first quarter of 2003. The scope will be developed with input from the Advisory Group, and approved by the Portfolio Committee. The results of the small scale test of Envinta One to Five expected in February 2003.

<u>Implementing Existing Projects:</u> The largest current projects in this sector are Electric Motor Management (EMM - DrivePower Initiative), BacGen, ASiMI, MicroElectronics Special Projects, and Sub-surface Drip Irrigation project. While these projects are in varying stages of maturity, and only a subset of all the projects in these sectors, some of the key progress indicators for 2003 include:

- Trainings planned (coordinated by Electric Motor Management) include:
    - at least 3 Level One Compressed Air Challenge Courses,
    - at least 1 Level Two Compressed Air Challenge Courses,
    - at least 2 Pumping System optimization trainings, and
    - up to 6 electric motor management seminars.
- Add at least 6 motor service centers employing Motor Tracker, which is a comprehensive motor management service offering. In addition to this, we are exploring leveraging the national CEE partnership with NEMA and EASA to roll this out nationally.
- Early signs indicate the microelectronics Industry is ramping up, therefore, we anticipate the ASiMI project to fully develop a qualified cost competitive semiconductor grade product, and begin commercial production in 2003.
- Aketon's new exhaust abatement tool for the MicroElectronics Industry will be demonstrated at a minimum of 2 sites in region.
- Hold at least one regional Microelectronics Industry workshop to disseminate the findings from the fab design charrette, Design Guidelines, Aketon results, and HP chilled water optimization results.
- Leverage our CEE relationship with Motors Decision Matters to encompass the water and wastewater activities.
- Roll out the new sub-surface drip irrigation project.

Contract Reviews: Reviews and possible renewals of the following projects are scheduled for 2003:

- Refrigerated Warehouses – Evaporator Fan VFD Initiative – December
- Electric Motor Management (DrivePower) - December
- MagnaDrive - December
- BacGen -March, 2004

Future efforts, if any, in these areas will be incorporated into the industrial strategy, which is anticipated to be adopted by the Board at the October meeting.

Market Progress Evaluation Reports: The following MPERs are anticipated on industrial projects in 2003:

• Microelectronics	February and September
• Drivepower	March
• Envinta 1 to 5	March
• BacGen	June
• Savair	July
• VFDs in Warehouses	August
• EZconserve	August
• MagnaDrive	December

Education and Training/Miscellaneous

The only project scheduled for review in 2003 in this category is the local government association effort. The current contract ends in June and a review is anticipated in April.

Looking forward to early 2004, the Energy Ideas Clearinghouse (EIC) contract ends in March, 2004 so a decision on it will need to be made in January 2004.

Finally, our CEE membership will be up for review in October.

Market research evaluation reports in this area scheduled for 2003 include:

• Local Government Association	May
• Energy Ideas Clearinghouse	November

Organizational Work

The Alliance also has work to do in 2003 related to its role in Northwest energy efficiency efforts and to internal development. These are described next.

Retrospective
The Alliance Board of Directors has formed an ad hoc committee to commission an independent evaluation of market transformation accomplishments through Alliance efforts over its first six years. This work is anticipated to be presented to the Board in October.

Business Case
The Alliance Board and Executive Committee are working on a "Business Case" that will articulate the role the Alliance can continue to play through 2010 as a catalyst in the Northwest marketplace for energy efficient products and services. The Business Case is anticipated to be presented to the Board in April as a draft and in July for adoption.

Partner's Forum
A Partner's Forum is scheduled for March of 2003 to facilitate "cross-pollination" between utilities and Alliance contractors. This was an effort started in 2002 and is intended to make Alliance projects and development efforts more accessible to our stakeholders.

Desired outcomes include:
- An increased use of program tie-ins and opportunities currently available to utilities.
- Utility partners and key contractors go away with consistent Alliance "key messages" and an Alliance story that reinforces the value and understanding of the Alliance role in energy efficiency efforts. Provide tools that enable our partners to support the Alliance and talk about the organization in a succinct manner.
- Illustrate and educate each group about mutually beneficial connections that ultimately increase the utilization of Alliance programs and services.
- Both groups gain an enhanced understanding of the roles and activities of the other (in addition to the Alliance's role in facilitating that dialog).
- An increased awareness of the strength of these relationships as a force in the marketplace that is creating energy efficiency in the Northwest region.

Business-to-Business Outreach
The Alliance will continue its corporate marketing to key stakeholders. This will involve developing and then implementing comprehensive outreach plans to key stakeholders at multiple levels within the stakeholder's organization. This year we anticipate an increased effort in working with utilities and administrators on the development and integration of our projects.

AMW Tracking
Another goal in 2003 is to bring greater clarity to the tracking and long-term monitoring of savings from Alliance projects. The Cost-Effectiveness Committee will be working further on post-contract monitoring and the analysis of baseline and utility savings during the first half of the year.

Internal Alignment

- Staff retreat on 2003 operations plan and Business Case – February
- Board retreat – October
- Consolidation and updating of Committee Policies, especially for the Portfolio and Cost-Effectiveness Committees – October

Anticipated Resources

If the Board approves a 29-member staff and the 3 new FTE are hired by April, we anticipate spending $21,808,000 on projects, market research and evaluation in 2003 and $3,817,000 on staffing and operations. $1,845,000 of the operations budget is for administration, and $1,972,000 is for project-related staff costs. Administrative costs are estimated to remain at below 10%. This is detailed in the budget.