



Operations Plan for 2004

We have a Strategic Plan that lays out the vision and mission of the Alliance for the next 20 years plus. In October, the board adopted the Business Case that looks ahead for the next five years. This is a one-year operations plan for 2004.

Background

The last twelve months of work has culminated in a number of important initiatives led by the Board of Directors such as:

- The adoption of a five-year business case.
- The publication of an independent review of Alliance accomplishments over the past five years.
- A retreat where issues were reviewed regarding the basic role and operations of the Alliance, and
- The review and adoption of new residential and commercial project implementation initiatives.
- The launch of the Alliance 5-year renewal.

The 2004 Operations Plan embodies the strategic direction and programmatic directions set by from each of these initiatives.

Partnerships Produce Results

As a continuing theme, the Alliance will work to improve its partnerships with utilities. This is especially important for those initiatives that are just developing (Industrial Sector), are new to our partners (residential new construction), or have a piece of the market transformation effort that touches customers. A forum for utility input and response will be designed for major initiatives in each sector. The Executive Committee will have the opportunity to track how these input/response sessions are going and to make further adjustments over the year.

It is essential to coordinate effectively with utilities in order to develop projects that operate well in the marketplace, as both utilities and the Alliance want to see energy efficiency become standard practice. As partners, it is important that utilities are apprised of what's going on and can influence projects before the tactical details are fixed. This will augment the effectiveness of both party's projects and deliver greater value to ratepayers and the region.

Renewal Funding

The Alliance is a voluntary collaboration among key energy-efficiency stakeholders in the NW. In the past, funding has been received in multiple year cycles from utilities, administrators and BPA. In 2004, a primary task of the Board, Executive Committee, and Executive Director is to secure renewed funding commitments so the organization and its partners are able to accomplish the regional mission of catalyzing the northwest marketplace to embrace energy efficient products and services.

Residential Sector

Overall Status for 2004

The 2004 focus for the residential sector will be on transitioning from current residential projects and launching two new components of the Residential Sector Initiative—ENERGY STAR Homes Northwest and Consumer Products—adopted in 2003 for implementation starting in 2004.

Planning (development of market transformation projects)

The majority of the development effort for the Residential Sector Initiative (RSI) is complete. The remaining activities initially will be research-oriented and include: a “New Channels” component targeted at facilitating wider availability and affordability of existing efficient products; establishing a channel for introduction of new technology to the market; and specific technology development activities focused on following the current efforts in heat pump water heaters, heat pump dryers and next generation high-performance window systems. The third major RSI component focused on “services” is not currently slated for development until 2005.

Implementation (of market transformation projects)

As part of the overall RSI, there are three project areas for implementation—Buildings, Products and Services. The largest current projects in this sector are ENERGY STAR Homes Northwest and Consumer Products. They have integrated marketing elements in common, and will be largely managed by one implementation team.

The ENERGY STAR Homes Northwest project is a completely new project for the Alliance and will be in “start-up” mode in 2004. The Consumer Products project has elements of past Alliance projects—Residential Lighting and Home Products. Implementation will focus on residential lighting and super high-efficient clothes washers. The third project area of Services has not been developed, and therefore will not have any activity associated with it in 2004.

- Key 2004 outcomes for ENERGY STAR Homes Northwest:
 - Sign and execute and new program management contract
 - Recruit at least six volume builders to participate
 - Recruit at least 100 non-volume builders to participate

- Develop builder technician access to HVAC commissioning and duct sealing training and certification process
 - Achieve RTF qualification for C&RD credits on ENERGY STAR Homes BOP
 - Develop cooperative marketing opportunities for builders
 - Establish stakeholder advisory process
 - Certify at least 950 new ENERGY STAR homes
 - Finalize the ENERGY STAR specification for manufactured homes
- Key 2004 outcomes for Consumer Products:
 - Sign and execute a new program management contract
 - Expand PEARL membership/funding to include lighting manufacturers
 - Provide targeted support for low-mercury CFLs (dependent on assessment and results from testing of mercury levels in CFLs)
 - Increase sales of ENERGY STAR CFLs by 1 million from 2003 sales (estimated to be 4 million in 2003)
 - Leverage market and utility resources to jointly promote benefits of ENERGY STAR lighting and clothes washer products
 - Achieve RTF assignment of higher values for 1.8 MEF levels on clothes washers
 - Coordinate with at least 15 new utilities to provide tiered rebates that reflect ultra high efficient clothes washer models.
 - Leverage national partnerships to support CEE in leading a process to establish Tier 4 (1.8 MEF) as the new ENERGY STAR level in 2007.
- Key 2004 outcomes for Services:
 - There is no implementation project developed for this segment, therefore no outcomes are projected in 2004.

2004 Total Residential Sector Budget: \$4,255,000

Project Development/Market Research Total	\$30,000
Monitor heat pump water heaters/heat pump dryers	\$10,000
Research new delivery channels	\$20,000
Research new opportunities in services	\$-
Project Implementation Total	\$3,875,000
Big Top	\$2,135,000
Consumer Products	\$740,000
New Construction	\$1,000,000
Evaluation Total	\$350,000

Contract Reviews

Contract	Completion/review date
PTCS training & certification for quick-start phase	April
Project management of quick-start phase of ENERGY STAR Homes NW	June

Market Progress Evaluation Reports

Evaluation Reports that are anticipated in this sector include:

Project	Due Date
Lighting Final MPER	1Q04
Home Products Final MPER	2Q04
PTCS Final memo	1Q04
Super Good Cents Final memo	1Q04
RSI: New Construction Quick Start	4Q04
RSI: New Construction Mkt. Research and Baseline Supplement	4Q04

Commercial Sector

Overall Status for 2004

The 2004 focus for the commercial sector will be continued development of new products and services, including Building Performance Services and Commercial Windows projects and the rollout of the targeted markets work in both hospitals, and grocery stores.

Planning (development of market transformation projects) and Market Research

Much of the development work for a number of CSI projects are already or will soon be integrated into implementation in 2004. The primary activity will be developing the next phase of the Small HVAC O&M project (if warranted based on results from the current market test) in spring of 2004.

Preliminary work on the next targeted market, real estate and property managers is anticipated late in 2004. Initial exploration/research into the following topics is expected in 2004: new developments in continuous commissioning; market transformation opportunities in commercial HVAC and refrigeration equipment; cost-effective daylighting integration for simple buildings and market transformation strategies for natural ventilation.

Implementation (of market transformation projects)

- *Key 2004 outcomes: New Product & Service Development*
 - Complete BPS test; Initiate BPS pilot
 - Develop market-based Small HVAC business plan should pilot be successful
 - Complete business & technical strategy for Hospitals & Health Care Target Market in mid - 2004
 - Complete two new tools and guidelines for design professionals
 - Complete business and technical strategy for Groceries
 - Develop and fund the High Performance Workplace, slated to open in 2005
 - Develop an operable definition of Integrated Design to guide BetterBricks design support
- *Key 2004 outcomes: BetterBricks Market Support Services*
 - Establish and initiate design community outreach capabilities in Idaho and Montana
 - Create and publish 12 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.
 - Provide 80 brown bag presentations and 15 classroom training sessions for design professionals

- Provide technical assistance to 150 projects through the Daylighting Labs
 - Provide technical assistance to 250 projects through the Lighting Design Lab
 - Serve 40 projects through the BetterBricks Advisors
 - Sponsor at least six CSI Utility Coordination Meetings with larger utilities.
 - Develop operational protocols for customer contacts associated with Hospitals and Grocery store Target Market efforts.
- *Key 2004 outcomes: Codes & Standards*
 - Support training and implementation of new codes in ID, WA and OR
 - Work with national partners to define advanced code options
 - Work with USGBC to enhance energy efficiency features of LEEDS
- *Key 2004 outcomes: Integration of Program Components*
 - Expand the BetterBricks Advisors database to meet the needs of LDL (and all other BetterBricks service providers).
 - Finish a central contact database of all training and services customers linked to BetterBricks.com[®] e-mail marketing.
 - Realign service offerings to fulfill Target Market needs as appropriate, including adding new web site landing pages and advertising and collateral material.

2004 Total Commercial Sector Budget: \$7,947,625

Project Development/Market Research:	\$145,000
Real Estate/Property Manager Target Market	\$15,000
MR on Continuous Commissioning	\$25,000
MT opps assessment for HVAC & Refrigeration Equip	\$20,000
MR on daylighting integration in simple buildings	\$50,000
MT strategy development for natural ventilation	\$35,000
Project Implementation:	\$7,024,625
New Product & Service Development	\$2,202,625
BetterBricks Market Support Services	\$3,774,000
Codes & Standards	\$1,048,000
 Evaluation:	 \$778,000

Contract Reviews

Contract	Completion/review date
Small HVAC O & M—Continued efforts in the Small HVAC area are contingent on market response and evaluation findings from the current effort.	April/July

Market Progress Evaluation Reports

Evaluation Reports that are anticipated in this sector include:

Project	Due Date
BPS Memo	1Q04
Cx in Public Buildings MPER - Final	1Q04
CSI: Windows Baseline MPER	2Q04
CSI: Codes and Standards	4Q04
CSI: Web Site and Marketing memo	2Q04
CSI: High Performance Workplace, BIDS, and Integrated Design Development Report	2Q04
CSI: Architects Baseline report	1Q04
CSI: Engineers Baseline report	1Q04
EZ Conserve MPER	1Q04
CSI: Groceries Baseline report	3Q04
CSI: Hospitals Baseline report	3Q04
CSI: BPS Market Research report	2Q04
CSI: Lighting Controls report	2Q04
CSI: Market Support Services (cross-cutting) MPER	4Q04
CSI: kWh savings measurement report	2Q04
CSI: Schools TM memo	3Q04
CSI: Hospitals TM memo	3Q04
CSI: Groceries TM memo	3Q04
CSI: Education and Training report	3Q04
CSI: Database memo	2Q04

Industrial & Agricultural Sectors

Overall Status for 2004

The 2004 focus for the industrial sector will be development and approval of the Industrial Sector Strategy. We will also be adapting the DrivePower Initiative market plan to effectively merge with the industrial strategy and hosting the Microelectronics Workshop.

Planning (development of market transformation projects)

The process to develop the sector strategy known as the Industrial Sector Framework (ISF) will dominate activities in the industrial sector. Currently, the ISF is anticipated to go to the Board for adoption in either July or October of 2004. Other potential development activities, that will be discussed with the Portfolio Committee, include a second phase of the Non-Intrusive In-Situ Motor Efficiency Estimator Tools Assessment project; a project to demonstrate a new technology in controls for paper producing equipment and a new special project in the microelectronics industry focused on an efficient laboratory fume-hood that is applicable to both industrial and commercial uses.

Implementation (of market transformation projects)

The largest project for 2004 is the Distribution Efficiency Initiative followed by DrivePower Initiative, Energy Ideas Clearing House, Exhaust Abatement Tool and Subsurface Drip Irrigation.

- Key 2004 outcomes for Distribution Efficiency Initiative:
 - Agreement with 10 Northwest utilities to participate in the load research study.
 - In-house customer survey for 500 homes throughout the Northwest
 - Installation of 500 Home Voltage Regulators and meters
 - Active pilot projects with 6 Northwest utilities to demonstrate energy savings by voltage regulation.
- Key 2004 outcomes for Drive Power Initiative:
 - Establish an Industrial Sector database, which will provide the framework for a sector baseline and then tracking and reporting progress of all Industrial projects.
 - Complete and implement revised marketing plan for project.
 - Increased use of EM2 (or other motor inventory software) by plants and Motor Service Centers.
 - Industrial customers implement (or outsource) improved motor management practices, such as use preventative/predictive maintenance, repair/replace plan, motor inventory, use of efficient repair specs, motor testing, inclusion of operating costs in purchase decisions use and analysis of a motor inventory.
 - Increase the number of customers and/or shops familiar with and using DrivePower repair spec.

- An increasing number of service providers (e.g. consultants and service centers) offer motor management services and products to industrial customers.
- Ongoing collaboration with manufacturers and EASA in Motor Decisions Matter campaign that promotes a common national message.
- Incorporate program into the Industrial Sector Initiative.
- Continue to offer training including:
 - 2 Level One or Level Two Compressed Air Challenge Courses
 - 2 Pump System Assessment Tool Seminars
 - 6 Electric Motor Management Seminars
- Key 2004 outcomes for Microelectronics:
 - Demonstrate Aketon’s exhaust abatement technology at 2 sites within the region.
 - Hold 1 Microelectronics workshop to disseminate the findings from HP chilled water optimization, fab design charrette, ASiMI project and design guidelines.
- Key 2004 outcomes for Agriculture
 - Sign agreement for one 30-50 acre subsurface irrigation site.
 - Increase sales for the AM400 soil moisture analyzer.
- Key 2004 outcome for Energy Ideas Clearing House:
 - Review project with Board
 - Evaluate and direct technical services to align with industrial strategy.
 - Leverage contacts with Office of Industrial Technologies and Industries of the Future.

Total Industrial and Agriculture Sector Budget: \$2,566,748

Project Development/Market Research:	\$455,000
Industrial Sector Framework Development	\$45,000
Non-Intrusive Motor Testing Phase II	\$30,000
Efficient Paper controls Demo	\$250,000
Industrial Plant Database	\$30,000
Efficient Fume Hood demo	\$100,000
 Project Implementation:	 \$1,917,748
Agricultural	\$245,748
 Industrial	 \$1,672,000
 Evaluation:	 \$194,000

Contract Reviews

Contract	Decision Date
Energy Ideas Clearing House	January

Market Progress Evaluation Reports

Evaluation Reports that are anticipated in this sector include:

Project	Due Date
EIC MPER	1Q04
Microelectronics	1Q04
SavAir Final Memo	1Q04
Magna Drive Final Memo	1Q04
Drive Power Market Research	1Q04
Drive Power MPER #6	1Q04
Drive Power MPER #7	4Q04
DEI MPER #1 Market Characterization Baseline	1Q04
DEI MPER #2	4Q04
AM400/AgriMet	4Q04

Information Resources/Miscellaneous

The activities covered in this section cut across all sectors and include the Local Governments Association (LGA), ConWeb and Consortium for Energy Efficiency (CEE) membership.

Total Budget: \$488,226

LGA:	\$248,226
ConWeb:	\$160,000
CEE:	\$80,000

Contract Reviews

Contract	Decision Date
ConWeb	April

Organizational Work

Unsolicited Proposals: The Innovation Group at the Alliance will continue to operate the unsolicited proposal process in 2004. In 2003, two to three proposals per month were submitted via the Alliance's web site. Given the workload in development in 2004, no additional marketing activities for the UP are anticipated and so the number of proposals processed is anticipated to be roughly the same as in 2003. In 2003, two of the proposals turned into actual projects of one sort or the other and it is anticipated that a similar number would be developed in 2004. Given the unique nature of each proposal, it is impossible to estimate the budget for these projects.

Market Progress/Evaluation: In addition to completing the 37 evaluation reports detailed in the 2004 Operations Plan document, a major focus of the evaluation team will be to clearly define and communicate the role of the evaluation function at the Alliance. This will help set the future direction of the evaluation function within the context of the Alliance's overall goals and objectives. In addition to issues raised by the Retrospective, the paper on the role of evaluation will include:

- Overall goals and purpose
- Role of evaluation at various points in the project lifecycle
- Evaluation Work Products
- Appropriate role of evaluation during "in-market" development of phase of projects
- Sector-Level Evaluation
- Post-Project Market Tracking
- Accounting for savings when multiple parties are active

This effort will include working closely with Alliance managers and staffs from other functional areas to formalize processes that ensure evaluation resources, tools, and expertise are integrated throughout the sector strategy development and project implementation processes. The primary goals of this effort are to optimize decision-making, empower adaptive management, and maximize project effectiveness through the objective observation of market changes and the application of these findings in a relevant manner.

Renewal Plan: Establish an appropriate activity calendar and value campaign taking into consideration financial realities of our utility stakeholders, sensitivities to customer touch, and the organizational persona we want to convey.

Operational Improvements Review: Review the Retrospective and outcomes from the Board retreat in 2003 to prioritize activities and track improvements with the Executive Committee.

Partnering

Enhance local connections between utilities, Alliance programs and services, and market actors. Get measurable indicators from discussion with Executive Committee regarding partnering.

Corporate materials: Continue the production of the newsletter, market activities report and annual report. Support Board members and staff in presenting information on the Alliance. Revise these materials as necessary given results of a stakeholder survey due late in 2003 and discussions ensuing from the Retrospective.

Human Resources: Quarterly in house trainings will be offered to managers. The goal is to bring a greater understanding of both the law and good business practices now that we

have reached a larger size in staffing which requires us to follow a greater number of complex federal and state laws. Due to the laws that are now applicable and the business practice of annual policy review, this will be an active area of Administration in 2004.

It is important to manage our staff by supporting professional development. In addition, a well thought out plan to support employee morale is important so that employees feel recognized and proud of working at the Alliance.

Information Systems: The main project for 2004 is the implementation of a Project module in the software arena and the proposed research and implementation of a remote access tool to facilitate staff working from remote locations.

Finance: The largest change that will occur in 2004 is the final implementation phase of the Project module. This add-on software will bring to the Alliance the next level of tracking and reporting on our projects. The Accounting team will be working on writing or refining the operational aspect of the internal controls and training our staff in the use of the new system.

Contract Management: 2003 saw a significant amount of activity. The contract boilerplates have been reviewed and updated as deemed appropriate by our external counsel. A major piece of work in contracting will be settling all the contracts with funders. A target date of July, 2004 has been set for finalizing all the funder's contracts for cycle 3 and settling how each party wants to handle funds on deposit.

Internal Alignment

Consolidation and updating of Committee Policies, especially for the Portfolio and Cost-Effectiveness Committees