



# 2005 Operations Plan

## Background

The Alliance has a Strategic Plan that lays out the vision and mission of the Alliance for the next 20 years plus. The organization also has a five-year business case that projects likely projects and operations through 2008. This document is a one-year operations plan for 2005.

The last twelve months of work has culminated in a number of important initiatives led by the Board of Directors. These have included:

- Instituting a new system for coordinating with utilities. This system covers all functional areas in all sectors and is typically conducted via teleconference. We have received positive support for the increased coordination from utilities throughout the region.
- Adopting an input mechanism for utilities to give us information about how coordination is going. We started with a survey in spring of 2004 and anticipate following-up with another survey this year.
- Developing and adopting a new industrial sector initiative. This completes the final sector specific planning effort that began with the commercial sector in 2001.
- Adjusting the Board's work in its committees to accommodate our changing business. This meant revising the Portfolio Committee to have that Committee look at all work in all sectors (new and existing projects), as well as expanding its membership.

## Theme for 2005: Building on Success

The Alliance is in a unique position entering 2005, partially because of the policy environment developing in the region. The organization is recognized as accomplishing a significant amount over its short life, it is positioned to deliver valuable benefits for the next five years, and it is part of a regional discussion about potentially expanding conservation efforts.

The following are characteristics of the Alliance at this point:

- The organization is entering a new phase where 80%+ of the work is already initiated through sector strategies.
- Projects already in the queue could exceed the annual budget of \$20 million
- Limited funds are available for unsolicited proposals/market research, other than those already processing in the Portfolio Committee

Significant areas of work for 2005 include:

- We will be taking an in-depth look at the Commercial Sector Initiative and determining the direction for the next three years. This will mean strengthening the commercial sector's goals, bringing more integration to the variety of activities performed and potentially limiting its budget compared to the last three years.
- We will be developing a short-term renewal plan for the Residential Sector Initiative, which would cover a one-year period. Residential and commercial renewals this year will set the stage for in-depth reviews of sector strategies staged across three years: commercial in 2005; residential in 2006; and industrial in 2007.
- At the same time, the draft Power Plan is calling for the immediate development of 700 aMW of energy efficiency over 5 years including increased market transformation and regional coordination activity. The Alliance will need to determine what role it should play in this intensified regional conservation activity.
- Staff will be focusing on the two key beacons for internal development: improving communications and focusing on excellence.

It's going to be a lively year!

## **Residential Sector**

### Overall Status for 2005

The 2005 focus for the residential sector will be on full implementation of the current projects of the Residential Sector Initiative—ENERGY STAR Homes Northwest and Consumer Products. The Board adopted both of these projects in 2003 with funding through 2005. To align the RSI projects for a three-year sector renewal, staff will be working with the Board to request a one-year interim funding extension in January of 2005. An in-depth three-year renewal will then be reviewed in July of 2006.

### Planning of market transformation projects

In addition to supporting the renewal for RSI, planning for 2005 will be split into two general directions: expansion of existing RSI project components and development of new project opportunities.

Expansion of existing projects include:

- Investigating the opportunities to expand Energy Star Homes NW into the multifamily market
- Planning for the emerging technologies demonstration component of Energy Star Homes NW
- Investigating opportunities for a “new channel” for delivery of energy efficient products that would supplement the existing channels especially in more rural geographic areas and as a potential delivery mechanism for new technologies.

Development of new project opportunities include:

- Completion of the heat pump market research project.

- Strategy development for a market transformation effort targeted at heat pump water heaters
- Strategy development for white LEDs

#### In-market Development of market transformation projects

As needed, in-market development will provide support for the emerging technologies work in the new construction component of the Residential Sector Initiative.

#### Implementation of market transformation projects

As part of the overall Residential Sector Initiative, there are two current project areas for implementation—ENERGY STAR Homes Northwest and Consumer Products. They have integrated marketing elements in common, and are largely managed by one implementation team.

The newest of the projects, ENERGY STAR Homes Northwest, will have been active in the market for one year by July 2005. However, evaluation and market information for Board to review will cover only a portion of the yearlong period. As such, staff will be reporting on progress of the residential new construction project with a recommendation for interim one-year funding through 2006. The Consumer Products will focus on improving CFL quality and promoting higher efficiency standards for clothes washers.

- Key 2005 goals for ENERGY STAR Homes Northwest:
  - Recruit and sign 20 volume builders (as defined by building 100 homes per year)
  - Recruit and sign 170 non-volume builders
  - Verify 3,865 ENERGY STAR homes
  - Gain commitments to 5,000 ENERGY STAR homes (as defined by builder committing to complete the home and have it certified by the end of 2006)
  - 46 utility partners support the ENERGY STAR Homes Northwest program (support can range from marketing, mention in their newsletters, to offering incentives).
  - Certify 62 performance testing technicians
  - Enlist support from 10 manufacturers
- Key 2005 goals for Consumer Products:
  - Encourage full industry participation in an independent, nationally managed quality assurance program for ENERGY STAR qualified CFLs and fixtures.
  - Encourage development of ENERGY STAR specification that addresses reducing mercury content in CFLs.
  - Increase sales of ENERGY STAR CFLs by 750,000 to 1 million from 2004 sales (estimated to be 5 million in 2004)
  - Leverage market and utility resources to jointly promote benefits of ENERGY STAR lighting and clothes washer products
  - 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

- Encourage broad utility support for two-tiered clothes washer rebates (goal to have 30 utilities implementing CW rebates that emphasize higher MEF levels)

**2005 Total Residential Sector Budget: \$4,145,991**

<b>Planning Budget:</b>	<b>\$65,000</b>
ENERGY STAR Homes in Multifamily	\$35,000
ID Emerging Tech in New Construction <sup>1</sup>	
New Channel Development <sup>1</sup>	
Heat Pump Water Heaters <sup>2</sup>	\$30,000
ENERGY STAR Manufactured Housing	\$unknown
White LEDs	\$unknown

**In-Market Development Budget:**  
 Test emerging technologies – new construction<sup>3</sup>

<b>Project Implementation Budget:</b>	<b>\$3,860,991</b>
Prime Management Contractor	\$3,298,500
(Consumer Products & New Homes)	
Homes Verification, Certification, Tech support	\$300,000
Support for codes, standards and demo projects	\$262,491

**Evaluation Budget: \$220,000**

Contract Reviews

Contract	Completion/review date
All RSI Contracts	January decision

Market Progress Evaluation Reports

Evaluation Reports that are anticipated in this sector include:

Project	Due Date
Consumer Products MPER #1	2Q05
ENERGY STAR Homes MPER #2	3Q05

<sup>1</sup> The budget is accounted for in implementation.

<sup>2</sup>The Board has not yet adopted this budget.

<sup>3</sup> The budget is accounted for in implementation.

## Commercial Sector

### Overall Status for 2005:

The first half of 2005 will be focused on the development of a three-year renewal proposal for the Commercial Sector Initiative (CSI), and the second half implementing any transition plans. In addition, the continued development/definition of integrated design products and services, implementation of the Hospitals and Grocery Target Markets, along with a larger scale test of Building Performance Services will be key activities in 2005. And finally, sharpening our focus and the integration of the many CSI elements will be a major theme for the coming year.

### Planning of market transformation projects

A major planning activity for 2005 is support of the CSI renewal. In addition, planning will focus on the following activities:

- Market research and strategy development into the vertically integrated real estate market is anticipated in the first two quarters of 2005. This work will be integrated into the CSI renewal process.
- Market strategy development for natural ventilation systems.
- Completion of due-diligence process and Board approval (if appropriate) for UP 168 Desert CoolAire evaporative cooling unit

Additional potential projects include:

- High efficiency ventilation systems market research and performance assessment
- Fume hood market research project

### In-Market Development of market transformation projects

- Target Markets
  - Hospitals: Test EnVinta, example new construction design standard, equipment procurement standards, hospital specific Building Performance Services enhancements, refine the business case
  - Grocery: Test the business and technical approach with select regional grocery chains
  - Real estate: Business case, market specific integrated design and Building Performance Services follow-on elements
- Building Performance Services
  - Finish Building Performance Services test
  - Design and launch a larger scale test of Building Performance Services
  - Develop Business case for service providers
  - Implement Training for service providers, utility personnel, building/facility personnel
  - Begin to investigate positioning with others for the longer term (EPA ENERGY Star, etc.)
- Integrated Design
  - Better define integrated energy design/advanced practices
  - Sharpen focus for tangible or measurable impact
  - Develop a deliberate strategy to impact A&E business practices

- Technology Options
  - Desert CoolAire: the first phase of the effort will be focused on early product testing (new product)
  - Complete at least two new tools and guidelines for design professionals

Implementation of market transformation projects

- Key 2005 goals: BetterBricks Market Support Services
  - Continue to support design community outreach capabilities in Idaho, Montana and Eastern Washington, and integrate this resource into CSI.
  - Develop and begin implementation BetterBricks awareness and influence strategy for Seattle and Northern Washington.
  - Maintain and build market awareness of BetterBricks with the current targeted professional audiences (i.e. architects and design engineers). Use this as a platform to increase awareness with a defined focused on Integrated Design (see section above).
  - Align outreach, training and advisory services in support of the Hospitals and Grocery Target Markets
  - Implement the 80+ Computer Power Supply Project
  - Begin planning relevant strategies for reaching and influencing the owner/ developer target audience.

**2005 Total Commercial Sector Budget: \$8,048,000**

<b>Planning Budget</b>	<b>\$90,000</b>
Real Estate/Property Manager Target Market	\$35,000
MT strategy development for natural ventilation	\$unknown
High Efficiency Ventilation	\$30,000
Fume Hood Market Research	\$unknown
Commercial O & M <sup>4</sup>	\$25,000
<b>In-Market Development Budget</b>	<b>\$1,361,000</b>
Hospitals Target Market	\$50,000
Real Estate Target Market	\$150,000
Building Performance Services Test & Expansion	\$711,000
Integrated Design	\$50,000
Desert CoolAire Test	\$400,000 <sup>5</sup>
<b>Project Implementation</b>	<b>\$5,979,000</b>
New Product & Service Development	\$ 1,536,000
BetterBricks Market Support Services	\$3,521,000
Target Markets (Hospitals & Grocery)	\$922,000
<b>Evaluation:</b>	<b>\$618,000</b>

<sup>4</sup> This market research was started in 2004.

<sup>5</sup> The Board has not approved this budget.

Contract Reviews: Reviews and possible renewals of the following projects are scheduled for 2005:

Contract	Completion/review date
Commercial Sector Initiative Contracts	Spring review for July 2005 three year renewal
Target Markets (Hospitals and Groceries)	Decision date: July 2005

Market Research and Market Progress Evaluation (MPER) reports:

BetterBricks MPER	1Q05
Groceries Baseline	TBD
Hospital Baseline	2Q05
Daylighting MPER	2Q05
Commercial Real Estate Market Research	2Q05
Commercial O&M Market Research	2Q05
Packaged Rooftop HVAC Market Research	2Q05
Building Performance Services Test Evaluation	3Q05
Hospitals MPER	4Q05
Groceries MPER	4Q05
CWI MPER #2	4Q05
80 Plus Power Supply MPER #1	4Q05

Contracts Ending:      Commercial Windows Initiative (August 2005)  
                                  Public Sector Commissioning Project (end of 2004)  
                                  Commercial Sector Initiative (December 2005)

## **Industrial & Agricultural Sectors**

### Overall Status for 2005

Implementation of the Industrial Sector Initiative (ISI) will be the primary focus for 2005, as well as the Distribution Efficiency Initiative. AgriMet is currently the only project specific to the agricultural sector.

### Planning of market transformation projects

With the completion and adoption of the ISI, much of the planning for this sector is completed. Planning activity will focus on supporting the remainder of the start-up activities for the ISI.

### In-Market Development of market transformation projects

- Business Practices
  - Finalize business case, including potential EnVinta role
  - Customize secondary products/services, such as corporate policies, procurement standards, and operating procedures for Food Processing and Pulp and Paper target markets
- Food Processing
  - Further refine technical products/services
  - Further refine the business case, business practices
- Pulp & Paper
  - Further refinement of technical products/services
  - Further refinement of the business case, business practices

### Implementation of market transformation projects

Implementation will focus on the Industrial Sector Initiative, which includes six major areas. They include Pulp and Paper and Food Processing vertical markets and the targeted cross cutting markets, which include Motors, Pumps, Industrial Refrigeration and Compressed Air Systems. Each of these areas will promote the business case for energy efficient business practices, training to improve the awareness of energy opportunities and operating costs, technical support and demonstration projects. We will also continue the Distribution Efficiency Initiative pilot and load research to determine the electrical savings due to voltage regulation.

- Key 2005 goals for Industrial Sector Initiative
  - Pulp and Paper
    - Communicate to and build awareness/program interest with NW mills.
    - 2 mills participate with corporate commitment in business practices training and implementation activities that result in 1.7% savings of the facilities electric load.

- Utilities serving 25% of the pulp and paper market load actively participate in promoting education/training/outreach to pulp and paper customers.
- Food Processing
  - 15% (by market size) of NWFPA members and 5% non-members in systems and food processing participate in training/education/outreach with expected average savings of 5% of the non-refrigerated motor load.
  - 4 demonstration projects with large food processing plants that will save 10% of their motor load.
  - 3 demonstration projects on refrigeration systems at large food processing plants.
  - 10% (by market size) of NWFPA members and 5% non-members participate in a business practices initiative.
  - 25 individual end-users and 10 trade allies participate in refrigeration system operation training. 20 participants receive certification.
  - Distribute Refrigeration Best Practices Manuals and training that lead to 15% savings of the participating refrigeration systems.
  - Utilities serving 25% of the food processing refrigeration load specify a uniform systems approach for analysis of refrigeration efficiency opportunities.
- Systems (Motors, Pumps, Compressed Air)
  - 10% (cumulative by load) of the Food Processing market participates in training activities resulting in 5% motor load savings for 40% of the participants.
  - 5% of the Pulp and Paper market participates in training activities resulting in 5% motor load savings for 40% of the participants.
  - 10% (cumulative by market share) of the motor, pump and compressed air trade allies (by market share) participate in training activities.
  - 10% (cumulative by market share) of the motor and pump trade allies (by market share) and 15% of the compressed air trade allies participate in joint marketing activities.
  - 3 utility or other organizations agree to adopt standards in product and services.
- Key 2005 goals for Distribution Efficiency Initiative:
  - Begin the 12 month metered data collection for the load research study.
  - Complete the remaining In-house customer survey for 500 homes throughout the Northwest
  - Installation of 500 Home Voltage Regulators and meters. This was moved to 2005 due to a delay in the UL Listing for the Home Voltage Regulator.
  - Complete the equipment installation and begin data collection from the pilot projects with 10 Northwest utilities to demonstrate energy savings by voltage regulation.

**Total Industrial and Agriculture Sector Budget: \$4,162,498**

<b>Planning Budget</b>	<b>\$0</b>
<b>In-Market Development Budget</b>	<b>\$0</b>
Budget accounted for in planning	
<b>Project Implementation Budget</b>	<b>\$3,892,498</b>
Agricultural	\$ 80,748
Industrial Sector Initiative	\$2,960,000
DEI	\$ 851,750
<b>Evaluation Budget</b>	<b>\$270,000</b>

Contract Reviews

Contract	Decision Date

Market Research and Market Progress Evaluation (MPER) Reports

Evaluation Reports that are anticipated in this sector include:

Project	Due Date
Drive Power Final Memo	1Q05
MagnaDrive Final MPER #3	1Q05
Microelectronics MPER #3	1Q05
Irrigation Market Research	1Q05
Irrigation Scheduling Evaluation	1Q05
Distribution Efficiency Initiative MPER #2	4Q05

## Codes and Standards

### Overall Status for 2005

All four states have adopted new codes within the past few years. No new adoptions are expected in 2005.

### Key goals for 2005:

- Maintain technical support and training efforts in all four states
- Expand Idaho's jurisdiction visits pilot project within Idaho and introduce it in the other states to increase compliance throughout the region.
- Increase the presence and influence of the NW in the national code adoption process with the goal of producing national codes more aligned with the existing state codes in Washington and Oregon

### Implementation

Codes and standards activities will be focused on increasing compliance through continuing technical support and training for building officials, builders and designers. The Northwest will be represented by Alliance contractors at national code adoption hearings. It will also have an influence on national events by continued participation on ASHRAE and NFRC committees.

### **Total Codes and Standards Budget: \$745,500**

Implementation	\$705,500
Evaluation	\$ 40,000

### Contract Reviews

<b>Contract</b>	<b>Decision Date</b>
All State Codes work	Spring review for July 2005 three year renewal

### Market Research and Market Progress Evaluation (MPER) Reports

Evaluation Reports that are anticipated in this sector include:

Codes MPER	1Q05
------------	------

## Information Resources/Miscellaneous

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

<b>Total Budget:</b>		<b>\$954,828</b>
LGA:	\$257,828	
ConWeb:	\$153,000	
EIC/ Information Service	\$459,000	
CEE:	\$ 85,000	

### Contract Reviews

<b>Contract</b>	<b>Decision Date</b>
LGA's	January 2005

## Marketing

In 2005 the marketing function at the Alliance will continue to support corporate and sector objectives. In the past year, there has been an increasing need for internal marketing expertise to assist within the sectors. In addition, due to the sectors playing a larger role in communicating and collaborating directly with our utility and public benefits administrators on projects and sector strategies, the responsibilities once held by a specific utility communications staff has been distributed. Instead, those responsibilities have been expanded and are held by all staff.

Lastly, because electronic communications have proven to be both cost effective and more responsive to organizational communication and information needs, we have placed an increased emphasis on this area. The marketing team will be actively involved in insuring that corporate and sector level and communication, database, and information sharing needs are met in the most efficient and reliable manner possible.

Examples of this increased involvement include the continued development of database platforms for both the Industrial Sector Initiative and the Commercial Sector Initiative. By unifying database systems for internal use and external reference, our communication, project tracking, and contact management efforts can be streamlined freeing up time and resources to be used on substantive sector deliverables in the marketplace. This technical management of this cross-sector database will be held within the marketing group allowing the sectors to do the work of the initiative itself.

### Primary Corporate Marketing Goals

1. Support the Executive Director in efforts to:
  - a. **Participate in regional policy forums**
  - b. Develop a **closer relationship with senior executive management** to build support for the Alliance.
  - c. General regional outreach to stakeholders
2. Publish **three newsletters** on the web; the **market activities report (MAR)** and the Alliance **Annual Report**.
3. Publish four Directors Updates
4. Execute Renewal Plan and Provide local PR and marketing support to utility and systems benefits administrator stakeholders.
5. Continue to evolve the Alliance web site to meet the growing needs of the organization and its stakeholders.
6. Conduct a **survey of utilities** to assess and react to the changing needs of that stakeholder group.

### Primary Sector Level Marketing Goals

1. Participate in each sector's plan to meet its program goals for the year by providing marketing expertise and strategy input. Create and manage an effective sector marketing plan in Commercial and Industrial.

2. Provide web site support to each sector and their programs to build consistency and maintain quality.
3. Support the development of Commercial and Industrial database systems that link to existing systems. Plan for further expansion and integration of all Alliance database networks and provide a proposal to be considered for 2006 implementation.

Marketing costs are included in either project or organizational budgets for 2005, as appropriate.

## **Organizational Work**

- **Participate in regional policy forums**, such as the Council's Strategic Conservation Plan. This will mean working with the Board to develop positions for the Alliance and then conveying those positions in various forums.
- Continue to develop a **closer relationship with senior executive management** to build support for the Alliance.
- Develop a **fair and defensible methodology** for Alliance funding shares.
- **Support the Board of Directors and its Committees.**
- **Follow-up on recommendations** from "Taking the Pulse" of Alliance staff, which should be finished in late December 2004 or early January 2005.
- Conduct staff and Board **retreats/trainings**.
- Review and update the **Employee Manual**.
- Facilitate **trainings in employment areas** such as sexual harassment, time management, human behavior.
- Develop **increased staff proficiency with WennSoft** and the use of Crystal Reports.
- Finish Portfolio Committee policies and procedures.
- Implement the Human Resource Information System (HRIS).

# **Attachment 1**

## **Planned Committee Work 2005**

### **Board Development Committee**

- Develop recommendations for consumer representatives by January.
- Review consumer representative nomination for seat currently occupied by Norm Beckert.

The following board seat terms will expire in October 2005 and will need reconfirmation:

- Jeff Bumgarner, Pacificorp
- Jon Powell, Avista Utilities
- Mark Kendall, Oregon Department of Energy
- Joelle Steward, Washington Utilities and Transportation Commission
- Steve Hatcher, Tacoma Power

### **Executive Committee**

- Preview policies on the Alliance role in market transformation and regional coordination work.
- Develop the annual operations budget – October-December.
- Review changes to the 2005 operations plan quarterly.
- Guide the organization in the ongoing discussions on integrating more closely with senior executive management.
- Conduct the Executive Director’s annual review and if needed, finish the contract with the Executive Director.
- Conduct the annual survey of the Board of Directors on organizational health.
- Develop desired outcomes for the October retreat of the Board of Directors.
- Review and guide the organization given comments from the utility survey.
- Develop and implement follow-up activities from “Taking the Organizational Pulse”, which should be completed late in 2004.

### **Portfolio Committee**

- Develop recommendations on Commercial Sector Renewal by July.
- Develop recommendation on Residential Sector extension by January 2005.
- Review market transformation measures as depicted by the Power Planning and Conservation Council in the draft Plan.
- Develop clarity with staff on the Board’s oversight vs. operations role on all the work in the sectors.
- Develop recommendations for the Board on any needed adjustments to work in the sector, including potential revisions due to unsolicited proposals.

### **Ad Hoc Committee to Review Market Transformation Measures and Services Recommended in the Council’s Power Plan**

- Is there a reasonable market transformation hypothesis that can be envisioned for Plan measures recommended for market transformation? If so what are they and how might the Alliance serve those needs?

### **Ad Hoc Funding Allocation Committee**

- Develop a methodology for fair and defensible shares of Alliance costs.

### **Finance/Audit Committee**

- Review quarterly financials
- Direct and manage the audit – Spring

### **Cost-effectiveness and average megawatt committee**

- Review and approve numbers to be published in the Market Activities Report and Annual Report for 2004 accomplishments – April
- Long term tracking Report will evaluate and report on projects that are no longer receiving funds from the Alliance, but are assumed to be producing aMW savings.

### **Planned Board meetings for 2005**

<b>DATE</b>	<b>LOCATION</b>
January 20 and 21	Seattle, Washington
April 25 and 26	Portland, Oregon
July 18 and 19	Montana
October 24 and 25	Sun Valley, Idaho