

Regional Portfolio Advisory Committee (RPAC) Summary Notes Tuesday, February 7, 2017



In Attendance:

Brent Barclay, Bonneville Power Administration
Larry Blaufus, Clark Public Utilities
Fred Gordon, Energy Trust of Oregon
Charlie Grist, NW Power & Conservation Council
David Nightingale, WUTC
Craig Smith, Seattle City Light
John Walkowiak, Tacoma Power

Phone:

Andrew Grassell, Chelan County PUD
Garrett Harris, Portland General Electric
Dan Johnson, Avista
Don Jones, Pacific Power
Pete Pengilly, Idaho Power
George Pohndorf, Snohomish PUD
Jeff Tripp, Puget Sound Energy
Deb Young, Northwestern Energy

Public Attendees: No public attendees.

NEEA Staff: Julia Harper, BJ Moghadam, Emily Moore, Lis Saunders, Susan Hermetet, Sepideh Rezania, Jeff Mitchell, Mark Rehley, Stacy Blumberg, Debbie Driscoll, Jon Clark, Alisyn Maggiora

Welcome, Introductions, Agenda Review

A. Packet

B. 2017 RPAC Work Plan

- 1) Anticipate at least three votes, up to five, at Q2 meeting May 17.

C. Informational Updates

- 1) Natural Gas (NG) Mid-Cycle assessment
NEEA (Julia Harper) gave a progress update on the NG mid-cycle review. An advisory committee has been crafted to assist with the assessment; committee members include:

- Fred Gordon (Energy Trust of Oregon)
- Bob Stolarski (Puget Sound Energy)
- Andrew Grassell (Chelan County PUD)
- Clay Norris (Tacoma Power)
- Monica Cowlshaw (Cascade Natural)
- Holly Braun (NW Natural)

Committee meets next week to scope project and get RFP out in February. The committee is expected to present to the NEEA Board in Q3 of 2017. Focus/goal of the RFP is on two things: 1) viability of doing gas market transformation work and whether the tools/practices used on the electric side are viable on the gas side; 2) whether to manage it as standalone versus integration. The process for determining avoided cost will also likely be added to the scope. Harper confirmed funding (\$150,000) was provided for in the gas budget. It's hard to narrow down on cost until the scope is solidified, however, they hope the entirety of funds allocated will not be needed. ***RPAC input into scope desirables is welcomed.***

Coraggio Group Review of RPAC Vote Process (pages 5-7 in packet)

- **Context:**

NEEA (Lis Saunders) clarified that “Coraggio” is the name of the contractor; this is the RPAC review process. The board requested an action plan, which they approved in December 2016. Next step is to have RPAC members review the plan and provide input. ***It’s important for RPAC members to think about how they want to be involved.***

- **Overview of results:**

Summary of findings provided in agenda packet. Of the six findings, three focus on RPAC.

- 1) Finding #3: The Capacity to Keep Up

NEEA (Lis Saunders) comments:

- NEEA created a 12-page business case document based on RPAC feedback; there was suggestion to include a one-page executive summary, which is now being worked into the document.
- Clarification of NEEA’s role and the role the utilities play in making a program successful. NEEA is seeking to highlight and clearly define that better going forward. *See additional discussion on this topic below during the Complementary Approach to Program Implementation presentation.*

- 2) Finding #4: Roles and Responsibility Clarity

NEEA (Lis Saunders) comments:

- Primarily focused on workgroups. Feedback in report noted that NEEA has a robust advisory structure, but could improve upon how workgroups report up to sector advisory committees and RPAC. ***NEEA would like RPAC input on how sector committees are doing and what role they want to play in vetting those workgroups and how they’re working.***

- 3) Finding #6: The Challenge Flag, a Good Tool....

NEEA (Lis Saunders) comments:

- Good tool, but in adolescence. NEEA suggests that we glean from the experience with the RPP workgroup concerns and put together a best practices and framework on how to proceed.

NEEA (Lis Saunders) offered two initial ideas on how to proceed with involvement/communication, including pros and cons of both: Full RPAC committee involvement or to devise a “Funder Sounding Board”

RPAC feedback on engagement preference for three findings:

- WUTC: What about the other findings (1, 2, 5)? NEEA (Lis Saunders) clarified that 1 and 3 are linked, 2 is more related to RETAC and 5 has been determined to be more relevant to strategic planning work.
- ETO noted that they have to do some internal consensus review before they can come back to a document to acknowledge it’s ready. How can we clarify the cues when action is required? In the cover, it would be nice to be explicitly clear about the key things NEEA needs from stakeholders at the time it’s mailed out.
- BPA suggests to do the work as a whole committee in lieu of a subset. Add it to the RPAC agenda and work through it as a group. NEEA clarified that they could do the leg work and then bring the changes back to the stakeholders for vote.
- Seattle City Light agreed with BPA’s suggestion, in combination with the cues task.

ACTION: Going forward NEEA will provide an executive summary with cues for required work, especially around votes, and we will use RPAC committee time to work on proposed/recommended improvements instead of creating a subgroup.

Complementary Approach to Program Implementation (page 8 in packet)

Formalizing explicit roles and responsibilities in the program milestone documentation:

NEEA (Julia Harper) shared observations based on past conversations about meeting market transformation goals as they relate to the 2015-2019 NEEA Business Plan. Gaps are surfacing out of the new approach and divisions of responsibility in handling upstream versus downstream activities, which was originally intended to fix the overlap problem.

A. Business Plan Realities discussion:

NEEA: Do you feel the overlap problem has been resolved?

- ETO: It's a continuous maintenance towards a smoother level of function
- PSE: Agreed on the implementation side, but on the digital side there may still be some overlap
- Idaho Power: Could you expand on the digital overlap you just mentioned?
- NEEA: Websites primarily.
- PSE: In response to the website overlap, for PSE it's in relation to contractor referrals and PSE prefers to be doing the referring of contractors to PSE customers.
- Pacific Power: Agree the overlap has gotten better but still need to be ever vigilant and continuously maintain that new state.
- NEEA: NEEA Marketing Manager Stacy Blumberg has been diligent in conversing with stakeholders on these topics and to understand their marketing activities, which is part of that constant vigilance. There may have been some misunderstandings of exactly what the desire was, or understanding of compromises that got made at a lower level, but Stacy's team has been working hard to resolve those issues and your feedback along the way is incredibly helpful so please speak up.

B. Developing a Common Understanding discussion:

NEEA: The two basic elements of market transformation are product readiness and market readiness and they are very inter-dependent. We cannot be successful with the former unless we also help the products gain success in the market – through collaboration across 140 utilities and 13 million consumers. This is what we promise manufacturers to get them to the table and we need to be able to deliver on the promise in the early days so their product gains acceptance and is on a path to profitability. Any questions about that?

- ETO: a comment on the early part of the curve – I think we tend to run into issues of how to make a business case for pushing the product. Block and tackle cost-effectiveness vs. market transformation cost-effectiveness. The other issue is the customer service argument. Dryers for example from an energy standpoint for our customers were not necessarily cost effective and there was some reticence from Energy Trust to get behind them as a result. You need a real clear business case you can move downstream to show people aren't getting ripped off. With cost-effectiveness NEEA can use the long-term argument but the customer also needs to benefit. Up to this point, it's been hard to articulate that it's ok to put your reputation on this product in promoting this sort of thing. Sometimes it's something NEEA promotes in the background until others are ready to get behind it from a customer service standpoint. We need a smoother, more rehearsed set of arguments. Where's the tipping point that we can step in and what do we need to say to get there? We can improve on that argument. We still have a gap with some products where we don't have a clear path on cost-effectiveness, or where customers are happy just because it's a glitzy product. Is that our job to support? It may continue to be a dilemma.

- NEEA: ETO, can you talk about the “block and tackle” cost-effectiveness versus market transformation cost-effectiveness?
- ETO: The key question is “is this cost effective today for this customer?” versus is this something we need to push for the future. We have an exception process (in Oregon). We can get them for small things in short order with clear reason. When we’re trying to get to a volume and a place and it’s within reach and there’s a strategy. When we can concisely make those arguments sometimes we can get ahead of cost effectiveness in Oregon with the PUC’s cognizance.
- NWPCC: How do we work at the margin when products are not quite there yet, and still make good for the utility system? NEEA’s concept of pooling risk in this realm is one that we haven’t really fully appreciated or quantified or taken to the bank with our regulators and management. There are going to be things that fail, but we should expect that in the realm we’re in now as we’re bringing up the rear with codes and standards. There’s going to be more bumps/failures. I think we’ve undersold the risk-pooling element of what can be done collectively. That’s one of the gaps that I see, we haven’t really taken that to heart from all funders’ points of view.
- WUTC: There’s a rule we use to call out pilot projects where we don’t have to show cost effectiveness and utilities can use up to 10% of their whole portfolio budget on pilot projects. We utilize pilot projects as a way to help expose new ideas to the market and gauge potential but never has there been a discussion around pushing the envelope on that 10% limit, which is likely a result of being engineers and economists and people that have budget constraints, it’s not the culture. NEEA is an agent to do that. How long do we have to wait for the next best thing to come along without pushing the envelope? That is only three companies in Washington though, I haven’t heard of any other PUD board offering up budgets for pilot projects. So, how do you inspire, how do you tell this story to try to get to the point where you have a market transformed and I think it starts with pilot projects where you don’t have pressure to show cost effectiveness out of the box. There is also no defined timeline or other requirements on pilot projects.
- NEEA: It’s also important to acknowledge that not all products are created equally. Would possibly be helpful to tell the market, customer, utility value story about a product. The windows of opportunity also vary across products. Sometimes you need quick action on commitment.

Comments around impact of lack of adequate support as it contributes to the “gap”:

- NEEA: To put your hearts a little at ease, when we do talk to manufacturers, we do a lot to share with them the constraints that utilities live within. We try to level set expectations and it’s not all about utilities having to stick their necks out there. It’s about understanding the relationship between how utilities can engage their customer base and what kind of support they can expect from that.
- ETO: What are the products where you’re seeing less support?
- NEEA: The big four products that have the greatest current impact on the market: heat pump water heaters, ductless heat pumps, reduced wattage lighting and next step homes.

Comments/suggestions around alternatives to address the “gap”:

- BPA: Similar to what happened with GE, we can be victims of the same thing. We need to be clear about what’s to be expected. Lesson learned from GE that is applicable to ourselves.
- NWPCC: One of NEEA’s biggest contributions has been understanding the market and the leverage points. What we have in the region is a group of utilities with

different levels of sophistication and differing appetites to play in that world. That's partly where some of the friction is. Getting clear vision on the value of these leverage points is really helpful. Once you get relationships with market actors established, you want to nurture that relationship because it has potential for the future. In the last business plan cycle we dropped some things that didn't show enough value, albeit still a loss. The struggle is to figure out where to work collectively and where to work separately.

- ETO: We're finding that sometimes NEEA's savings goals drive us to "pretend land" because they often drive us to set objectives that don't help us deliver what we need in the market. The underlying point is to figure out how to not get trapped in goal setting that drives you to ask for things nobody can deliver. We're going to push heat pump water heaters and in time we'll sell a lot, but it's going to be like dragging a big rock without wheels under it.
- Seattle City Light: Do we drive some of that goal-driven thinking at renewal time?
- ETO: I think so.
- NWPCC: Of course we have to manage to something, but sometimes it detracts from what that exit strategy really is.
- Snohomish: Glad RPAC is talking about short-term savings targets. We manage to what we can measure; we do need to be on the same page around understanding what it really does take to transform markets. General agreement with the conversation thus far.
- Northwestern: I recognize we are often times in different places than other funders in the region. One of the primary challenges is that all funders have differing levels of accountability, responsibility and flexibility, or lack thereof. For us looking at short-term savings, it's not the near term for right now, it's the cumulative savings along with current that has to be cost effective. The current initiatives are not going to generate nearly as much savings as the laggard historic savings fade off. That's where we're scratching our heads and I know we're not alone. So, for us to put money into NEEA and into a pilot would be pretty tough for us but maybe others have some creative ideas on how to work through that.

C. Devising a Path Going Forward discussion:

NEEA will include details about funder-level commitments in the ILC milestone documents that are used for voting so that folks can evaluate whether what's proposed has potential to reach the desired critical mass. It is also suggested that RPAC evaluate this at *both* the (IS) and (SA) vote times.

Comments/suggestions around next steps proposal:

- BPA: Makes sense. Need to clearly identify to funders with a timeline and any conditions that a funder might have relative to their participation, for example budgetary timing. Critical mass is on the continuum. Put that on paper clearly, aggregate it, and make the assessment whether it's enough to go to next stage gate.
- ETO: There's a lot of magic in the middle of how savings are achieved between NEEA and utilities/ETO and it's not always clear. NEEA noted that maybe this really needs to be clarified in the 5-year cycle business plan. Appreciates the idea of the early ask that clarifies "pre-conditions" for savings to show.
- Tacoma Power: Budgeting and planning cycle don't always align, so flexibility is always a challenge. If we can figure out a way where there's some flexibility that can allow things to happen in a planning cycle, that's ideal. It's more difficult to make a concrete investment when the end-results are unclear. Because of all the varying timelines in planning cycles, particularly if it could tie better into BPA's planning,

that could be helpful. If we could find an opportunity to help see the all the differing planning cycles, particularly BPA's, come together that would be helpful.

- Clark PUD: If we went back to (IS) stage vote for something in the past, what things would you have said to us that you want our commitments on?
- NEEA (Julia Harper): We would want a certain critical mass number of you to be willing to offer programs and pay incentives, plus help with customer awareness and demand in terms of marketing activities. What else, Jeff?
- NEEA (Jeff Mitchell): This is a tough one, because between (IS) and (SA), the market can change so much. It makes me nervous to think at (IS) we need commitment on a program. So, because things can change in the market so quickly, the conversation at (IS) is that whenever the stakeholder threshold is met, stakeholders will be willing to jump in. Also knowing your range of timing would be helpful. Hopefully knowing what those trigger points are for utilities will also be helpful. Clark PUD: All these initiatives for us, we contact NEEA staff and then put it in the budget if we're going to do it. With HPWH we saw a lag by one year, luckily we had the budget for it, but other than that we really haven't had any issues.
- Further discussion carried on around examples, including LEDs.

NEEA (Julia Harper) also addressed the need for tools and agreement thereon to help prevent overlap but also ensure we're filling the gap. For example: working with end-use customers and continuing to generate demand at the customer level.

Discussion:

- ETO: Dryers for example: we were ready to go but reticent because of the price. Sometimes it's not about working with customers, it's about working with retailers. It doesn't mean there is a conflict or it isn't difficult, it's just a different question.
- NEEA validated the benefit of risk-pooling here.
- Clark PUD: Can RPAC expect this approach for the Q2 vote?
- NEEA: Yes, we will try to do this and the first time may be a little bumpy since it's new territory, but you should expect to see that. There has to be a two-way conversation with staff about expectations as well. Later on we'll talk about regional strategy work with the HPWH and that could be a good pilot test of this strategy. If RPAC members want us to be incorporating this conversation at a different level other than at RPAC, please let us know.
- Clark PUD agreed.
- Idaho Power: Will this discussion happen at the board level, or at least a heads up?
- NEEA: What do you think? Should there be?
- ETO: This may more be about mechanics and not something that the board needs to focus on.
- NEEA: They would certainly have visibility to this process, but we would still proceed through the same sector committees with documentation and presenting that to RPAC as is usually done. At the advisory committee level there is an expectation around vetting out the concepts, not voting on them.
- NWPCC: Some clarification of expectations of utilities, beyond their funding of NEEA, is going to be needed to advance any of these initiatives in the NEEA bundle or strategic market. The key is a 1, 2, 3 year look ahead on where the big spends are in terms of incentives, along with how to do the customer/market relationship piece, and outlining those with some tangibility, i.e. "how big could

this be, how fast could it be?” so that program folks can figure out how to weave that into their own work. There needs to be flexibility: cooperative, adaptive, management.

- Northwestern: How does this approach align with the business plan? Should the board be involved or not? Is this a deviation from our plan?
- NEEA: This is a clarification of, not a deviation from, the business plan - how we operationalize what the business plan provided for.
- Avista: No
- Seattle City Light: No
- PSE: Unless there was a large disagreement among RPAC folks, it wouldn't need to go to the board.
- BPA: Was the board made aware of the lag in co-created savings?
- NEEA: Yes.
- BPA: So wouldn't they be expecting to hear about what's being done to resolve that? So we should be making our board members aware, but don't need to ask them to solve our problems.
- NEEA: You should make sure your own board members are aware as well.
- Clark PUD: Suggest it definitely be listed as an executive summary highlight in the Executive Director's report.
- NEEA provided clarity around a previous comment on “touching customers” – as we work together more closely and get more clear on what's needed for more successful programs, we recognize every funder will have a different preference on touching customers and that conversation around expectations for what NEEA should do will be key.

Regional Strategic Market Planning (pages 9-14 in packet)

General comments/intro:

- Additional NEEA staff invited into room (Debbie Driscoll and Jon Clark), as well as some members of the Steering Committees for C+I Lighting and Consumer Products on the phone.
- Goal is to surface key learnings and questions now that it has been two years since the region began this effort and the C+I Lighting and Consumer Products regional plans are in implementation. This is a good juncture to evaluate whether stakeholders feel they're getting the value expected when the Regional Strategic Market Planning began.

A. Progress review: Outcomes and learnings of current plans

- 1) C+I Lighting status: 1st review and update; Key highlights include:
 - a. Improved coordination in several strategy areas
 - b. Regional plan data
 - c. Midstream concept
 - d. “Good-better-best” Framework

Discussion:

- Tacoma Power: Talked to Peter Meyer at Tacoma Power, right now the plan for mid-stream concept for commercial lighting, we're trying to connect with other Puget Sound utilities to see if we can make it cost-effective. If we can't make it more cost-effective by getting enough players, it's dead and we may not be able to go with the original plan. Wondering what the time frame is.

- NEEA clarified that discussions are still happening – there is a meeting among the Puget Sound utilities in the next 1-2 weeks. Expectation for a determination on next steps is nearer term, certainly in months, not a year.
 - Tacoma Power: Is Tacoma’s impression correct then, to try to make a cost-effective approach regionally and otherwise back away? NEEA confirmed yes.
- 2) Consumer Products status: HPWH prioritization for steering committee focus. Next step is to get clear organization-level commitments.
- 3) Learnings. NEEA shared key input (direct quotes) from stakeholder staff:
- We’re creating a platform for tackling larger issues to address.
 - We have a structure, that helps, and we need to keep learning at each step; change takes time.
 - Not seeing much change after each meeting and many hours invested, we can’t seem to get mid-stream program launched.
 - Have to focus on 1 or 2 strategies and get clear commitment for whatever activity from all participants.
 - Our motivations are mixed; can enough of us retain a focus beyond next year?
 - Voluntary effort yet we need a critical mass for regional impact.
 - Individual utilities are hitting targets, and doing it with local budgets and enjoying local control. Everyone sits around the table from RPAC to CAC to workgroups and nod their heads, but utilities will only take action when there is a problem that directly affects them and right now there’s no reason to do so.
 - How is this not adding another layer of bureaucracy and process?
 - We’re moving forward with more process and more meetings when nobody is actually on board.

Overall, there’s value in what’s being created but there’s lingering curiosity about whether the value is great enough. Collectively, need better clarity around what to expect in stakeholder partnerships/commitments and the mass needed, as well as to have that much earlier in the process.

B. Direction for regional strategy work going forward

Question to RPAC: Are the outcomes that you’re seeing from this work strategic enough and are we working on the right things? The steering committees would benefit from clarity from RPAC on this.

Discussion:

- ETO: There are things that are hard to flesh out. We’re talking about two initiatives: HPWH and Commercial Lighting. If we can create a different governance framework and a different way of expressing scope we may get a clearer picture of what’s going on, but we’re not sure yet. With commercial lighting, we had a consensus of congeniality but it wasn’t clear to people who was on board that different people, with some overlap, were really interested in different elements within the consensus. One of the lessons is that it’s easier/better if we have a central focus (made it simpler), like with HPWH. Still unclear on “how is this (regional planning structure) different than an established NEEA initiative and established local initiative?”
- Clark PUD: Agrees with ETO – if it doesn’t work for NEEA, it doesn’t work for the regional plan. I liked that the framework was a great way to get on board and start collaboration, and get direction. But once we got that direction it should come back to NEEA to make

sure it works. All-in vs. opt-in approach. It seems like once you get past that initial planning, then it feels like it's just adding more to the process.

- NWPCC: Each market is different. Lighting mid-stream might be sub-regional local markets that may need different things and players, maybe that's the way to break the mid-stream into something workable and tangible and doesn't meet the threshold of "all-in". HPWH has more effect upstream with manufacturers. These are fast changing markets, and market structures; for example: lighting in some cases is going direct to market from manufacturer, leaving out the distributors. The key here is every market is different, localized. If you look around, all of the issues we hear at RTF are that every market is different. We're struggling to figure out where to do that and where to collaborate without messing that up.
- Clark PUD: We're agreeing. A lot of the pieces are there. Just need to pick the right market for the right product.
- NEEA: To the extent that things can be carried forward through existing efforts, of course, we want to do that. But when you look at some of the next steps (refer to packet memo), the first place to go is what's already being done and does that get us to 80%, 100%, and what's the gap? Maybe this is morphing.
- ETO: With Commercial lighting there was very close future focus and 3-5 year focus. May be RETAC could be a place where the focus is better defined, don't know. RETAC has its own limits. There's a split: folks that want to focus on what allows them to meet their goals for the year and then there are places/organizations who have the accountability structure for whether net-savings are occurring; Some people recognize that the data framework established what goals should be and there are ones who are just trying to meet goals set in front of them, and have attitudes towards data dictated by their responsibilities to the organization. So, expecting consensus about what data is needed for what programs may depend on whether it impacts someone's ability to reach their annual goals. It's going to be an area of conflict and you still need the data. The key question is how can the regional collaborative still operate within those splits? Regional consensus may not be the approach going forward, maybe it's the coalition of the willing and it's still a priority to the willing.

NEEA: What about the regional strategy collaborative approach gets you jazzed, gives you caution, or makes you want to put the brakes on?

- PSE: I think we're getting better at it. We took learnings from the first go around had a lot of good collaborative work accomplished; the path, however, that was followed wasn't the same as the path that was set out. The steering committee perhaps could have helped. We asked the steering committee and working groups to coordinate, and instead they aligned. We've done much more due diligence on the retail side and we're learning every day. It's not broken and we seem to be making progress.
- Tacoma Power: As I've listened, I don't think any methodology has been a failure, we've learned from it. The C+I Lighting model was there and we learned it didn't fit the whole region. Evolving it into where it does and doesn't work is valuable knowledge now. Everyone is just looking for cheap savings and we have to get away from just the "cheap savings" and we need to accept and work with how things morph – adaptive management is key. Short-term savings and local control are the "big gorillas" in the room and are hard to adjust and manage. Gave the example of rooftop controls. Maybe we just tried to bite off too much at once and now need to work with the morphing of it all. There's still a lot of opportunity in the work that has been done.

NEEA: How do we reconcile this with stakeholder staff so they're not feeling like they put a bunch of effort into something just to have it fall out?

- Tacoma Power: Manage expectations and find common goals.
- Clark PUD: For HPWH - what's the collaborative now that's new and different than the current NEEA initiative?
- NEEA: It's not about moving down the path of a big regional program, but to have the opportunity to up-level the conversation. We acknowledge this is a huge priority for the region and we acknowledge the value proposition is different for every utility in the region. We're trying to push opportunities upward, see the value in meeting in the middle. Coordination and alignment in channel reach going forward and identifying whose best suited to handle which aspects will have to be the focus as we get closer to the customer. As we work upstream, coordination is more important. Our efforts, however, are not coordinated between retailers, channels, utilities, etc. What is emerging is a focus on what will be useful and used by stakeholders and customers, asking the questions: how is this impacting the customer and how is it impacting other market channels?
- NEEA: Perhaps NEEA program workgroup teams should be handling all of these facets, and if it's not happening at that level, why not? Is it meaningful input and discussion, and if not, what needs to be done different?
- ETO: To clarify, going back a few years, I think there was discussion about these workgroups becoming coordinating groups, not doers of everything. There may be some process dynamics in the way of that happening. Different conversations seem to have reductive outcomes and maybe that isn't happening.

NEEA: Comments? What's the elevator pitch to steering committees of the regional strategic market planning groups – what ball do they need to keep their eye on to ensure benefits outweigh the cost?

- NWPCC: As a RPAC member I see a slightly different perspective. Long-term, short-term issue. Short-term targets always trump a long-term vision, which is a loss in my view. If we're ignoring a long-term play now that needs a few years to play out just to focus on something more immediate, that's a failure of the system. RPAC's role should be to take that long-term view down to the operator and keep vigilant on that pressure to avoid the short-term take-over of resources and outcomes. You don't want it to get thrown out with the bathwater just because it isn't meshing with the priorities of those doing the day-to-day work. Have to figure out a way to keep that long term vision and flow of work that the utilities and NEEA do together.
- ETO: There is program manager stuff that can be harmonized, then there's future focus stuff, then there's other non-program manager stuff like data. The key is to find a home for all things critical whether or not they're long term.
- BPA: Seeking to figure out the root cause/catalyst. What's the incremental value? Are the comments/sentiments from stakeholder staff shared by Emily felt in this room?
- NEEA: Do you think it's a problem of folks moving in different directions, or just moving at different speeds? The latter may be an easier problem to solve, thus may be a coalition of the willing that plays out.
- Clark PU: The conversation is helpful. Just having it is a great start.
- Tacoma Power: NEEA, you're involved with the players, tell us what the solutions are that you think will work, and at what point will it not work.
- NEEA: if you're hearing from your own teams that something isn't working, let NEEA know ASAP so failure and adjustment can happen sooner rather than later.

RPAC Ask: *Keep your eyes/ears open on commitments. At a minimum on HPWH we will be looking for your thoughts and response on level of support your organization can provide, ideally during Q2 so we can report out at the next RPAC meeting.*

ETO: Lesson learned from commercial was that we didn't have one big thing and some folks thought we did, so being aware of that.

NWPCC: If you can be clear about how each of these markets are structured, what can be gained, and who the players are before it's time to go forward on a commitment, that would be ideal; that will help shape the right approach for moving forward.

RPAC Round Robin

Bonneville Power Administration:

- Per President Trump's direction, they are on a hiring freeze for all non-exempt staff. As a result, many folks are feeling the stress of having more on their plate with no known expectation of future support.
- Janet Herrin is the new Chief Operating Officer. Came from Tennessee for about 30 years. Has a strong field orientation and interested in operational engagement.

Clark Public Utilities:

- Came in at 5 aMW for 2016, was a little lower than expected but have a few commercial projects that will take place next year. Added \$500k to cover the last half of the year.
- NEEA Savings are always on a delay.
- 2017 projecting 10-11 aMW, which will be the most we've ever done. One reason is the "suite" project which will come in at about 5 aMW. According to BPA it's the second largest project in the region.
- Just had a clean audit for 2014-15; are increasing 2 project savings.
- Working on next CPA, to be done later this year. The council has asked to have their staff involvement with the conservation potential assessment process. There has already been a little conflict; ultimately, there will be one with the council's assumptions and a different scenario one with where you get to choose what you want.
- Demand response with PGE and other I-5 utilities on water heaters (both resistance and HPWH); this will try to prove that HPWH can handle demand response. Also hoping to get manufacturers to put the protocols and communication devices on the water heaters when they're manufactured instead of as a retrofit.
- Working with BPA on congestion issue south of Alston pilot project to come up with non-line options in lieu of installing a new 500 kv line. It's a bit of a challenge but should be able to work through it.

Tacoma Power:

- 2016 was successful, weathered the significant changes implemented by the BPA manual
- Finally launched a new database/enterprise management system and completed the implementation at the end of the year. Had a lot of staff support and involvement, which allowed it to be smooth and successful.
- Just finished up last H-PEM
- Also worked on voltage optimization project successfully; we tied it in with substations that were being replaced and then learned how to dial up or down. Focused on four of them. Gained almost half an aMW as a result of playing with that.
- Audit was completed and reported clean for 2014-15, and 2015 renewables (first time they've taken on renewables in his group).
- Will have a new work group on conservation/outreach type effort. Bruce Carter will be heading that program.

Energy Trust of Oregon

- Accomplished 2016 goals successfully.

- Custom industrial is down, prescriptive industrial can't fill the gap and it's because the customer is too busy.
- Working on figuring out would an exit strategy look like on LED lighting. May need to re-engineer around lagging markets. Sustained market-share in markets that have alternatives, i.e. Costco.
- May go to a bi-annual budgeting process because our budget is developed from the bottom up and requires a lot of involvement.
- CEO teaching an internal lean, market development class focused on agile product/project development processes. Also getting active in diversity initiatives.
- Existing buildings program edging towards TRC problems. Hard to quantify non-energy benefits.
- Evaluating all the places where system of attribution doesn't work anymore. I-937 and public utilities don't really do attribution anymore except as a prudence test. Load sources show how we get more than the market and existing regulations need to have the conversation with utilities on how we move forward on that.

Northwest Power & Conservation Council

- Working through the action items from of 7th power plan, in particular on hard-to-reach markets. Hope to have ways of measuring how we're touching markets, and not, by end of 2017
- Started Demand-Response advisory committee.
- Working on a new system adequacy analysis, which drives the capacity piece - starting to flow into IRPs. May see a result of revising the metrics by which we measure adequacy, particularly on frequency, magnitude and time of managing loads.
- Finished 2015 regional conservation roll-up report to see how we did on planned targets. Hit targets and surpassed on commercial lighting, but missed targets on residential for example on weatherization, showerheads, and distributed distribution energy efficiency.
- RTF is busy as usual; new website and two new staff.
- One issue currently being addressed at RTF is how to evaluate savings mid-stream if you don't know where (how) the widget will ultimately end up (be installed).
- Working on initial results of a marginal carbon analysis: if you take one kwh off the grid, what is the carbon impact.
- Report on residential bills: POU vs IOU. This was something requested by the council to evaluate rates across the region. They look at total revenue primarily, but PNUCC is doing some research on this too. Lots of conversations happening around rates and handling distributed power generation.
- (Tom) Eckman coming in to provide an update on the federal standards.

Northwestern

- Report on potential assessment and end-use study coming forward soon; expect the end-use part will be complete in the next 6 weeks or so, the potential assessment part will take a little longer. Seeking to evaluate how to get better value in their capacity and avoided costs now that they own so much of their own resources again.
- Juggling with smaller staff now, had one person retire and won't be refilling that spot. Also down one other position that they do hope to refill.
- Not sure what to do about free-rider and spillover questions they will be fielding depending on the scrutiny they may deal with on CFL new environment. ETO added a comment/suggestion to review New England studies on CFL to LED transition.

Pacific Power

- 2017 focusing on 2018-19 I-937 conservation target and plan development.

Puget Sound Energy

- Finalizing annual conservation report – believe savings targets were achieved on electric and gas.
- TIB street lighting: did a dozen or so projects and have more projects in the pipeline for this year.
- More claymation 15sec commercial spots coming out in March and April.
- Lowering rebate for single-family homes on DHPs from 1200 down to 800, keeping the same for manufactured homes.
- Exploring removing requirement for HPWH to be installed in unconditioned spaces
- Participating in the BPA HPWH DR pilot project, application sent last week
- Ended rebates for gas ranges fuel conversions
- Commercially, completed engineering grade audit for med-sized hotels through lodging DI program
- Developed standalone rebate for DHPs and added a referral option for commercial DHPs
- B2B side: finalizing a SOW with WSU for multifamily line voltage web-enabled thermostat pilot
- Leveraging NWES homes performance path with NEEA's Neil Grigsby to revitalize the single family new construction program
- Completed third year of upgrades campaign – reaching 50% of residential electric customers directly. Won Top Chartwell award for best marketing.
- Going into fourth year of upgrades campaign with 7 manufacturing partners this year to reach the other half of residential customers, which will include \$750k in cash and products for marketing and gifts.
- Breached the 7500 order level on ShopPSE.com, headed towards 10,000.
- Unusual usage alerts – piloted with 100k customers in June 2016; have the go-ahead to push out to 500k customers via email starting next month. This is done when customers hit over 30% of the previous year for a given period.
- In the interview process for Demand-Response proposals: 3 on the direct load side, 3 on the C&I side.

Emerging Technology (pages 15-16 in packet)

Program Strategies and RPAC Review for New Technologies

In NEEA's search for new technologies, typically three to four are ready each year with varying savings potentials. There is a need to find homes for these new technologies, but adding new programs for each new technology is unsustainable. Additionally, product evolution adds complexity because we can't expect an efficient product to remain efficient without continued investment; ex: tube televisions all the way up to newly released "augmented reality" displays (Microsoft). Thus, NEEA is exploring new ways of organizing their work and is floating the idea to adjust the program strategy approach to house some of these new technologies within existing programs. This would be a shift to "product families" organized around market intervention, energy end-use and core technology. RPAC would then vote on programs, not products. This is very similar to how the Residential Product Portfolio (RPP) functions.

RPAC members: You would now vote on programs, not individual products. Your input to this proposal for a shift in process is vital.

- A. Questions to be asked:
 - 1) How to communicate changes?
 - 2) What approvals are needed?
 - 3) How to coordinate across sectors?
- B. Program strategies and RPAC review for new technologies

Request for RPAC: Thumbs up or thumbs down, is it OK to incorporate the following product technology in Residential Program work?

- 1) Low-e Storm Windows (Product addition, no vote, RPAC update provided at Q2)
 - i. Residential equivalent of Commercial secondary glazing systems (window attachments)
 - ii. AERC (Attachments Energy Rating Council) is working on all of these, both commercial and residential.
 - iii. Also included on both sides are blinds/curtains, films and shading products.

Discussion:

- ETO: If it's a case of coming up with a rating system, having multiple products with one approval with inform that makes sense. If it has downstream aspects that may involve larger capital investments by NEEA or may involve questions or deeper interaction with programs, it's harder.
- NEEA: To be clear, if we get sales data and find that product is off the charts, we might start exploring downstream but we'll bring that back. Likewise, if we don't. We're trying to take a very targeted, leveraged approach to the market and then monitor it really well. And then we'll bring those conclusions back as we get data on it.

In a case like the low e-storm windows where the utilities are running a specific program, is that when you start coordinating with utility programs? How do you envision that?

- ETO: Unless there's some fight over what the spec is between RTF and this group, the spec is something everyone will appreciate. Doesn't have the complexity of designing programs, cause you're not really in the market, you're building a tool for the market. If it's a modest investment in a national initiative and they do 8 of them over 4 years and we use 3, it's a win.
- NEEA: If we find one where manufacturers won't commit unless there's utility involvement (like HPWH), that's a different MT play. What we're hearing here (as heard from manufacturers) is that they're saying this is great, that finally someone will get us an independent label on the quality of our project, and the manufacturers will go and do the rest.
- Northwestern: How will you separate out results between commercial and residential?
- NEEA: These would be reported out as separate savings, if there were savings to report, separated out by sector and product.
- Clark PUD: I get the strategy; I don't know if I like the process. This is a pretty abbreviated process.
- NEEA: What we need is a process and a planning document for potential approval. RPAC would approve (IS) and (SU); any product change would have an addendum that would be brought to RPAC for feedback and potentially a challenge vote. This is what we would want to bring to Q2 with the e-storm windows. We want to make sure everyone is aware, that everyone has an opportunity to weigh in.
- ETO: You could also use a consent agenda and if folks have any issues, they can pull the issue out.
- Tacoma Power: How do you coordinate this effort with how BPA does with its emerging technologies? → This will be addressed in the RETAC presentation.

Decision: Unanimous “thumbs up” to present a change memo to include low-e storm windows into the Commercial Window Attachment program.

- 2) Split System Water Heaters (Product addition, no vote, RPAC update provided at Q2)
 - i. Tank is normal sized, and add on the use of an exterior
 - ii. The benefit of these is they fit in smaller spaces
 - iii. The goal is still to meet the federal standard

Discussion:

- **ETO:** So as long as you’re not expecting programs to extensively promote a very narrow niche opportunity device. NEEA confirmed, we will make it as clear as we can.
- **NWPPC:** That seems to be the big divider here with the product combo/MT strategy. If you require a great deal of utility cooperative commitment, then it’s a different scenario.
- **ETO:** if we can’t get it cost-effective, maybe we have our contractors kick it back to you to do a rebate if necessary. I’m not necessarily suggesting it, it may just be a scenario where we may not want to do a retail incentive or where regulatory costs are too high and NEEA can do it.
- **NEEA:** for now, this is really early and we may see the cost-effectiveness play out down the road.
- Those available on the phone gave a thumbs up

Decision: Unanimous “thumbs up” for returning to RPAC in Q2 with a change memo for adding split system water heaters to the heat pump water heater program.

- 3) Extended Motor Products – XMP (New program, regular voting at (IS) and (SA), RPAC update provided at Q3)
 - iv. Water pumps (clear water and other)
 - v. Industrial blowers and fans
 - vi. All organized by AERC and supported by ACEEE.

Discussion: *Are you OK with NEEA bringing on more than just the clear water pump into the program portfolio? This will be approval for a family of products.*

- **BPA:** What’s the implication of “extended” in this circumstance? NEEA replied that it’s basically means it’s an integrated system.
- **ETO:** This one may need a little more review. Needs to make the case that the investment is minimal or there’s more promise than my technical folks think.
- **NEEA:** So maybe what we need to do is bring (IS) for a single product with a separate analysis of the additional one. We will still bring the incremental.
- **ETO:** We just need to explain this one, I’m getting pushback at home. There is also a federal standard coming down the pipe on the clear water pump. Start with the clear water and come back with a pre-sell (change memo) on the others.
- **ETO:** there needs to be some agreement around the parameters to establish whether these can roll-up under other program umbrellas – what the dimensions of a multi-product program scope, vs a single product program?
- **NWPPC:** This is good, there are a lot of similarities. This one may also resolve the over-sizing problems without wasting energy.
- **Pacific Corp:** Agreed with the process as described.

Decision: Unanimous “thumbs up” for an Initiative Start vote for clear water pumps for RPAC vote in a future meeting.

- 4) Air Saver Unit (Discrete product, one vote, RPAC update provided at Q2)
Normally we wouldn't go after this, but it's so promising it was decided to invest in it.
 - vii. Currently only available in European and XX markets
 - viii. There may be other compressed air product technologies coming about that would fit well into a multi-product program.

Discussion:

- **NEEA:** Suggesting different approach on this because Parker-Hannifin has been willing to share discrete sales data with us and BPA is assisting on this. Suggestion is to bring this back at Q2 for vote. We may not even need to bring this one back at (IS). You will receive the initiative documentation you're used to. Basically voting on (IS) and (SA) at the same time since there's no testing needed here.

Decision: Unanimous "thumbs up" for an Initiative Start vote for the air saver unit but no Scale Up vote unless something dramatic changes.

C. RETAC 2.0 Update

Due to a small amount of time left in the meeting, NEEA (Mark Rehley) gave a quick overview of RETAC. Review the meeting agenda packet for additional detail.

- 1) Regional emerging technology advisory committee – v.1 mission was to get everyone working on emerging technology to talk. This was informational.
- 2) V2 of the committee is now focusing on five primary goals:
 - ix. Align investments
 - x. Generate insights and opportunities for collaboration
 - xi. Proactively manage pipeline
 - xii. Avoid duplication
 - xiii. Structure effort according to the 7th Plan's MCS-4 action plan item

General Information/Notes:

- Half of the 20-year savings are from emerging technologies
- Desire is to create a regional view, establish a consistent approach and conduct a readiness assessment for products, markets and programs.
- Technologies are the building blocks of products
- A single product can be applied in a variety of ways
- They are developing a charter, which they will come back for feedback on due to time constraints today
- Can see technologies in Conduit
- Project status timeline was provided in the presentation; user acceptance testing will occur between March 7-21 and the plan is to go live March 23.

Meeting Wrap-up:

Comments/debrief

- Thank you all around for a great meeting.