

**Summary Notes**  
**Residential Advisory Committee Meeting**  
**Thursday, February 7, 2019**  
**NEEA Office (Portland)**



**Attendees:**

**In Person:**

Josh Mitchell – Chelan PUD  
Becky Arte-Howell – Idaho Power  
Tina Jayaweera – NW Power & Conservation Council  
Patrick Weaver – Puget Sound Energy (PSE)  
Doug Dickson – Snohomish PUD  
Kevin Holland – Avista Utilities  
Matt Babbitts – Clark PUD  
Dave Moody – Bonneville Power Admin  
Bruce Carter – Tacoma Power

Ryan Crews – Energy Trust of Oregon  
Thad Roth – Energy Trust of Oregon

**By Phone:**

Deb Martin Young – NorthWestern Energy  
Tucker Kramer – Northwestern Energy  
Chris Drake – Avista Utilities  
Colleen Neel – Cowlitz PUD  
Scott Cooper – Seattle City Light  
James Marker – Puget Sound Energy

**NEEA Staff:** Jeff Mitchell, Beth Littlehales, Stephanie Baker, Alisyn Maggiora, Eugene Rosolie, Jill Reynolds, Jon Clark, Neil Grigsby, Tamara Anderson, Josh Pelham, Virginia Mersereau, Veronica Marzilli, Jon Belmont, Kyle Stuart, Dulane Moran, Suzi Asmus, Amy Webb (phone)

**Public Attendees:** Shannon Todd – TRC; Jeff Tamboro – NW Natural

**Resources**

- Agenda packet on NEEA.org: <https://neea.org/img/funder-documents/RAC-2019-Q1-Racket.pdf>
- Master slide deck on NEEA.org: <https://neea.org/advisory-committee-documents/rac-2019-q1-master-slide-deck>
- Meeting Recording: <http://neea.adobeconnect.com/pyvlomakqyrs/>

**Welcome & Introduction / Housekeeping Items (p. 9-15 in [packet](#) | [slides](#) 1-17)**

**A. Agenda Review**

**B. Packet Review – Housekeeping Items**

- 1) RAC 2019 Workplan – anticipating Scale-Up votes in Q2, Q3 and Q4 for Next Step Homes, Retail Product Portfolio, and Manufactured Homes respectively
- 2) RAC Charter Review – waiting until second quarter to review while RPAC is working through the advisory committee streamlining discussions
- 3) Packet/Informational Updates
  - a. Residential Initiative Memos
  - b. Advisory Committee Update – Streamlining discussion underway at RPAC level, talk to your RPAC member if you have questions
  - c. Marketing Update – Please contact Josh Pelham if you have any questions ([JPelham@neea.org](mailto:JPelham@neea.org))
- 4) Consumer Products Steering Committee Update

- a. Smart Thermostats savings task force scoping product eligibility and hoping to do research to support extension of RTF interim measure. Estimate project will cost \$500,000, Doug Dickson (Snohomish) is leading the effort to pool funds across the region.
  - Chelan PUD committed \$25,000 today.
- b. **ASK: Please consider contributing to this research; deadline to commit is Mar. 31.**
- 5) Announcements
  - a. Efficiency Exchange conference this year in Coeur d'Alene, ID May 14-15
- 6) Conduit Transition / NEEA.org update (Virginia Mersereau)
  - a. Conduit is not funded in Cycle 6; working to transition advisory committee resources to neea.org
  - b. NEEA.org has a funder portal section that requires a login, this is to access funder-specific features including savings reports and other confidential type information. *Note: this is different from board member logins; please direct any questions about this to Virginia Mersereau at [vmersereau@neea.org](mailto:vmersereau@neea.org).*
- 7) Strategic/Business/Operations Planning Update (Becca Yates)
  - a. Cycle 6 2020-2024, dual-fuel business plan finalized
  - b. \$187.8MM budget will include \$18.9MM for natural gas and \$9.5MM for special projects, like End-Use Load Research
  - c. Plans are available on neea.org [HERE](#).
  - d. Work will be framed under product groups like HVAC or Lighting, versus by sector

## **Ductless Heat Pumps – Evaluating Readiness for Transition Complete (p.4-5 in [packet | slides 18-39](#))**

Jeff Mitchell and Suzi Asmus (NEEA) provided the program update, which included a refresher on Long-Term Monitoring and Tracking (LTMT) as part of the NEEA Initiative Lifecycle (ILC) process and key points for evaluating the program readiness for transition. *The desired outcome is for Committee members to be aware of NEEA's process to evaluate initiative readiness for Transition Complete (TC) into Long Term Monitoring and Tracking (LTMT) and what happens during LTMT, as well as awareness of what this looks like for the DHP program.*

### **Overview Topics w/ Key Discussion Points, Action Items & Decisions: *Review packet and slides for greater detail***

- 1) Overview
  - a. Refresher on Market Transformation definition and what Long-Term Monitoring and Tracking (LTMT) entails
  - b. Clarification that NEEA is not transitioning the program to LTMT, they are in the process of **evaluating** whether or not the program is ready to exit the market
  - c. Target Market for DHP program focus: electric resistance, zonally heated, single-family homes (SFZ), which represents 505,065 homes in the region; the program has achieved an estimated 16.8% SFZ market share to-date, which is just inching above the standard “tipping point” (16%) on the diffusion of innovation curve.
  - d. DHP program is not a code or appliance standard play since this is a retrofit initiative (not new construction); the effort is to drive a standard of practice
  - e. Primary tasks in the evaluation process include defining the diffusion mechanisms and identifying the evaluation plan
  - f. Timeline: Evaluation kicked off in early February and will span through Q3 2019; expect results in Q3 and in Q4, incorporation of the results into the 2020 Operations Plan

- 2) Key Discussion Points / Action Items
  - a. Timing for exiting the market could differ for different areas of the region
  - b. Evaluation stakeholder workshop is still being defined; utility members can expect outreach in late April to early May
  - c. NorthWestern noted regional equity and validation of regional performance in this evaluation process will be an ongoing issue/question for them. Idaho Power echoed NorthWestern's feedback.
  - d. ACTION ITEM: Follow up with M and NorthWestern Energy regarding review/input on survey instrument

## Next Step Homes Update – Natural Gas Integration (p.6 in [packet](#) | [slides 42-58](#))

Jonathon Belmont (NEEA) provided the update on natural gas integration activities, detailing implications of what it does and doesn't mean to the electric side. *The desired outcome is for Committee members to be aware of the integration activity. If you have questions about this presentation please contact Jon ([JBelmont@neea.org](mailto:JBelmont@neea.org)).*

### **Overview Topics w/ Key Discussion Points, Action Items & Decisions: Review packet and slides for greater detail**

- 1) Overview
  - a. Dual fuel integration – Natural Gas Ad-Hoc Board Committee recommended the integration begin this year as prep work for the next business cycle
  - b. \$400,000 in funding coming from gas funders; this will displace that amount of electric funding and is not in addition to. Data from gas work will help provide a more holistic picture of the target market this initiative seeks to transform.
  - c. This initiative is not driving a particular technology or fuel, nor is it getting specific about a code play; any codes activity will be data driven
  - d. 2019 major program goals and activities
    - i. Continue support for ongoing program activities
    - ii. Integrate new natural gas funders
    - iii. Data activities
    - iv. Prepare for program transition to the market development phase of the initiative lifecycle process.
- 2) Key Discussion Points / Action Items
  - a. Clark PUD has been running their residential program for over a year and is seeing great collaboration across the builder community.

## Round Robin

Committee members shared out current activities within their utilities/organizations, with a focus on updates since the last meeting in July 2018. Key items that may have broader regional impact are noted below.

Clark PUD looking to discuss behavior based program vendors with others who are aware of any outside of Idaho Power, as well as any successes folks have had with digital campaigns. Chelan PUD is doing a HPWH installer training at the end of February if anyone is interested. NWPC working on a “transmission and distribution” value to recommend for the 8<sup>th</sup> Power Plan; Tina willing to share the template with anyone interested and is soliciting feedback. NWPC highlighted impending [Washington](#) standards legislation (HB 1444; SB 51150) for a CTA2045 water heater port that allows utilities to interact with customers directly for demand response management. BPA recently completed power system analysis report and may be rethinking program configuration to focus less on lighting (specifically commercial) and more on weatherization and HVAC.

## Retail Product Portfolio Update – Path to Scale-Up (p.7 in [packet](#) | [slides 62-83](#))

Beth Littlehales (NEEA) provided the program update, detailing the current status of the program and preparing the committee for the next step in the Lifecycle, Scale-Up. *The desired outcome is for Committee members to offer feedback and advice on the program progress and impending Q3 vote. If you have questions about this presentation please contact Beth ([BLittlehales@neea.org](mailto:BLittlehales@neea.org)).*

### **Overview Topics w/ Key Discussion Points, Action Items & Decisions: Review packet and slides for greater detail**

- 1) Overview
  - a. Review of market test objectives (data, scale, portfolio management, evaluation)
  - b. Lost 2 program sponsors due to internal budget constraints and evaluation concerns (internal cost-effectiveness issues), but gained 2 statewide programs; in total, the program represents about 15.6% of US households, which as noted earlier, is the tipping point for market diffusion.
  - c. Expect to have comprehensive evaluation report in April
- 2) Risks & Mitigation
  - a. Some program sponsors are unable to identify a suitable evaluation approach, which may be a barrier to new program sponsors joining the program.
  - b. EPA to step away soon, likely 2020; impact of this is unknown, would need another entity, like NEEA, to step up to drive collaboration.
  - c. PG&E bankruptcy a concern though EE is mostly protected; CA undergoing statewide push for market transformation and could result in all CA IOUs participating in program.
- 3) Plans for scale-up
  - a. Program has sound market theory that's been tested, has witnessed visible market impact, program elements are validated and savings calculation approach established.
  - b. Scale-up implies a transition from pilot to program
  - c. Plan to go before RPAC for vote in September (Q3)
- 4) Key Discussion Points / Action Items
  - a. PSE interested in washers section of evaluation report, would be interested in having a conversation to highlight any learnings thus far before the comprehensive report is available.

## Heat Pump Water Heaters – 2018 Results & 2019 Strategies (p.8 in [packet](#) | [slides 84-100](#))

Jill Reynolds (NEEA) provided the update, detailing plans for the program as discussed in depth at the Consumer Products Steering Committee meeting yesterday. *The desired outcome is for Committee members to offer feedback and advice on the program progress and ensure NEEA staff and committee members are in alignment. If you have questions about this presentation please contact Jill ([JReynolds@neea.org](mailto:JReynolds@neea.org)).*

### **Overview Topics w/ Key Discussion Points, Action Items & Decisions: Review packet and slides for greater detail**

- 1) Overview
  - a. Ended 2018 w/ 11,692 sales, a slight decrease from 2017; however, wholesale sales increased slightly. It's anticipated that steel tariffs and incentive decreases contributed to this.

- b. Ex: Variability of Lowe’s pricing across region
  - c. Supply chain engagement
    - i. Distributor incentives - \$40/unit payment; incorporating “block sales” approach to incentives to encourage larger sales volume
    - ii. Key Accounts strategy with installers (newer tactic)
      - 1. Installers selected based on established relationships, sales volume, brand distribution, stakeholder recommendations
      - 2. Utilizing a tiered approach for outreach to key accounts
    - iii. Costco is now selling AO Smith HPWHs
  - d. Consumer Products Steering Committee goal for 2019 is 34,000 units for the region. They discussed piloting a digital coupon to overcome the cost barrier and improve the rebating process.
- 2) Key Discussion Points / Action Items
- a. **ASK OF COMMITTEE MEMBERS: If there are installation companies you would like NEEA to check with or work with, please let Jill know.**
  - b. Chelan PUD has received concerns about using circulation pumps with the HPWHs, that the water heater can’t keep up with the pump and it can trip the unit into high demand mode causing higher energy use. There is some more data on this in the latest Residential Building Stock Assessment.
  - c. **NorthWestern asked that NEEA consider revisiting best approach for cold, cold climate areas, to be included in their mid-March meeting discussion.**

## Feedback & Wrap-Up, Adjourn

- A. Comments:
  - 1) Public:
    - a. None
  - 2) Committee:
    - a. Multiple members noted appreciation for the meeting and that it went well.
    - b. Chelan PUD appreciated NorthWestern and Idaho Power perspectives because they are similar to Chelan
    - c. Good presentations today
- B. Next meeting topic suggestions
- C. Next meeting is scheduled for Tuesday, April 30, 2019, at the Lighting Design Lab in Seattle, WA.
- D. Meeting adjourned at 3:52pm