

Meeting Notes
Q2 2024 Natural Gas Advisory Committee
April 24, 2024
Hybrid: Online and In-Person at NEEA



Attendees:

Kevin Duell – NW Natural
Carlos Limon – Avista
Jackie Goss – Energy Trust
Michelle Wildie – Puget Sound Energy

Laney Ralph – NW Natural
Emily Gilroy - Washington Utilities and Transportation Commission

Guests:

Molly Garcia – Minnesota Center for Energy and Environment
Monika Weiss - ErgSol

NEEA Staff: Alisyn Maggiora, Peter Christeleit, Brandon Lindquist, Aaron Winer, Becky Walker, Jason Jones, Mark Rehley, Noe Contreras, Ryan Brown, Melissa Aguilera, Tamara Anderson

Resources

- **Agenda packet on NEEA.org:** [Agenda Packet](#)
- **Master slide deck on NEEA.org:** [Slide Deck](#)
- **Meeting Recordings**
 - Part 1 - <https://vimeo.com/941668023>
 - Part 2 – <https://vimeo.com/941678126>

Welcome and Introductions

Round Robin

Utility members and NEEA program staff shared updates since the last quarterly meeting.

- A. Laney Ralph (NW Natural)
 - Trying to setup a transportation energy efficiency program in Oregon. Getting close to coming to agreements on what that looks like. By the next quarter, should have more details on the program. Washington reporting is going on. Working on getting biennial report ready for filing, will have draft ready in a couple of weeks. No final numbers on cost-effectiveness. Overall gas rates are going up, expect that to get more energy efficiency. At the same time, costs of programs are also going up, though.
- B. Kevin Duell (NW Natural)
 - We’re exploring the Washington bill that just came out that redefined duty to serve to include thermal energy networks, very interested in that. May have a customer interested in the Vicot unit. It is a builder that very excited about gas heat pump technology.
- C. Michelle Wildie (PSE)
 - Looking at what to do with the thermal energy districts. Been doing a hybrid heating pilot and starting to evaluate the data. Having the setbacks in temperatures overnight may run counter to getting around the morning peak to the setpoint differences. Washington House Bill 1589 prevents Puget Sound Energy from having residential gas appliance incentives after Jan 1, 2025 with the exception for

gas furnace backups with electric heat pump systems. There will be commercial impacts in 2031. Gas rate increases help the cost-effectiveness of gas efficiency programs.

D. Carlos Limon (Avista)

- Working on conservation reports. There is some Conservation Potential Assessment work that is beginning to happen. Higher natural gas rates may help on first threshold on cost-effectiveness but project costs are also going up. In Idaho project costs don't matter as Avista uses the utility cost test. There may be an increased awareness and desire for customers to push for energy efficiency with new gas rates.

E. Jackie Goss (Energy Trust)

- Just completed 2023 Annual Report. Have met all goals for all utilities. On the gas side, working on hybrid HVAC pilot. Having some recruiting trouble with that pilot, may need to change strategy to get more customers in. Haven't seen new gas rates trickle into avoided costs in any meaningful way yet. Expecting 2025 avoided costs to be finalized at the end of this month with some modest increases to gas avoided costs but not anything that will tip measures one way or another.

F. Emily Gilroy (UTC)

- Energy planning at UTC is fully staffed as of January. Staff are hitting the ground running with three General Rate Cases now and we are anticipating the upcoming Benefit Cost Ratios.

G. Molly Garcia (MNCEE)

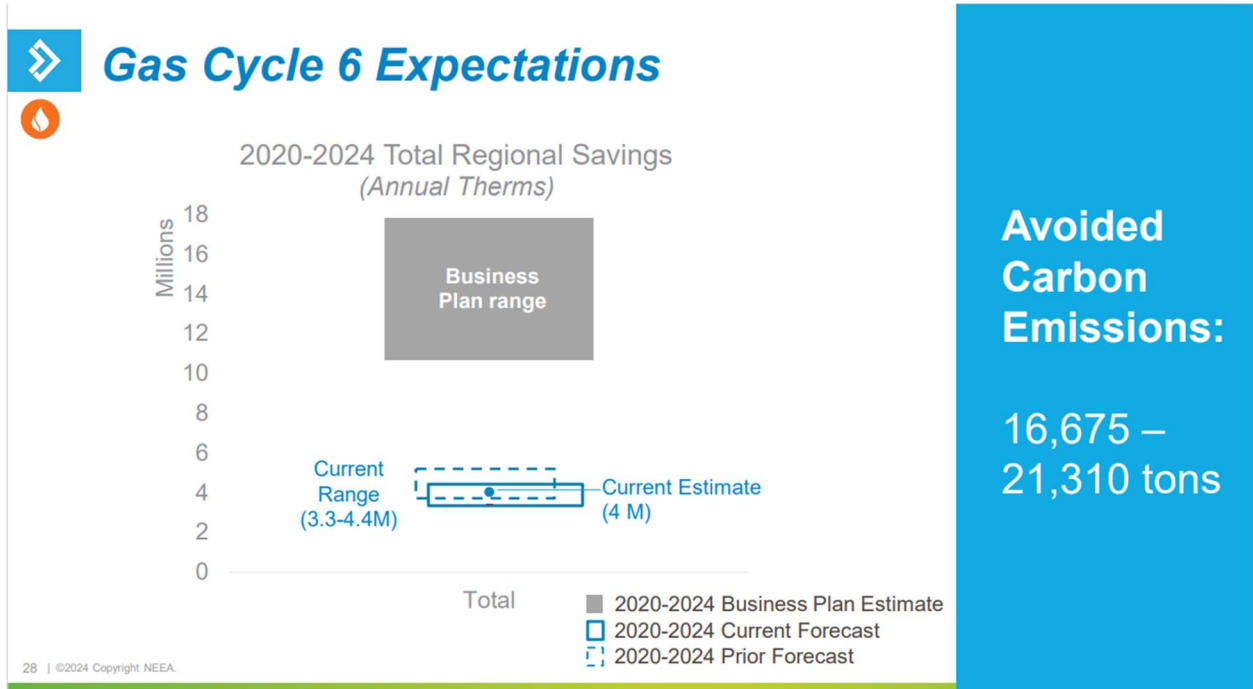
- Right now, Minnesota CEE is in gas heat pump scanning focus mode.

Market Progress and Portfolio Overview ([Slides 10-42](#) | [Packet pg. 3](#))

Ryan Brown (rbrown@neea.org), Manager of Planning and Analysis, offered a preview of the content that will be discussed at the Cost Effectiveness Advisory Committee on 4/30. This included:

- **Market transformation savings and cost effectiveness overview of key concepts-**
 - Ryan began by discussing the annual reporting process NEEA staff goes through. The annual reporting process begins Q4 and then wraps up every year in Q2 for the Q2 Cost Effectiveness Advisory Committee (CEAC) for an overall look at the entire portfolio. Funder reports are delivered annually between Q1 and Q2.
 - Evaluation work enables savings reporting at the market level. Savings are a lagging value metric, so progress is measured through evaluation of a logic model and the market progress indicators outlined therein.
 - Ryan then presented how savings reporting works in the context of market transformation work. Investments made early on, deliver savings later into the future.
 - For cost effectiveness, NEEA calculates a benefit/cost ratio that helps us answer the question of whether benefits outweigh the costs at the societal level for a market transformation initiative.
- **Portfolio Status and market progress-**
 - The Natural Gas Portfolio is realizing the foundational work that has been done. Advanced Commercial Gas Water Heaters program is now in development, the Efficient Rooftop Units program is actively executing program strategies, and new opportunities are being explored for advancement.
 - Codes remain the bulk of reportable savings for now, but Efficient Rooftop Units does have reportable 2023 savings and is expected to grow.
 - Ryan proceeded with a talking about the Efficient Rooftop Units program, the program's market transformation theory, recent program highlights, and the key program efforts for the next two to three years. Importantly, NEEA has continued to build relationships with regional distributors and manufacturers representatives to bolster the available data set and improve savings reporting.

- NEEA is currently not expecting to meet the business plan estimate for Cycle 6. This is mainly due to changes in code and the decrease in code savings. Expect to finish reporting at about 4 million therms for the cycle (see slide below).
- Ryan lastly provided a brief overview of the added avoided emissions benefits to ProCost Natural Gas calculations for cost effectiveness.



Discussion

Carlos Limon (Avista): Does NEEA go back and verify that savings metrics align with the presumed market transformation S-curve?

Ryan Brown (NEEA): We are seeing in the electric portfolio, which has programs with greater phases of maturity, the theory that diffusion occurs after the strategic investments in barrier removal are made early on. It almost never is a perfectly smooth S-curve shape, but overall, the theory is proved out over time. We see this with what we are able to report at a portfolio level, the prior investments are 2/3 of the total reportable savings for this cycle and the programs we are actively investing in account for only 1/3 of the reportable savings.

Aaron Winer (NEEA): Our Market Progress Evaluation Reports are an independent, third-party assessment on where we are in market adoption, achieving goals, etc. Those can be used to get a look at where programs are at the point in time that the evaluation report is done.

Carlos Limon (Avista): Is the social cost of carbon restricted to Washington?

Ryan Brown (NEEA): When we value and report out portfolio avoided emissions we do it on all therms saved across the region.

Quarterly Portfolio Update ([Slides 46-55](#) | [Packet pg. 4-15](#))

Natural Gas Portfolio Manager Peter Christleit and the gas team gave an overview of the current NEEA Gas portfolio, including current activities with programs and in scanning, and Mark Rehley highlighted updates with codes and standards work. Please review the report in the packet for details and contact information.

Housekeeping and Looking Ahead ([Slides 57-68](#))

- A. Cycle 7 Business Plan Update

- a. NEEA has finalized the strategic and business plans for the next five-year funding cycle. The full plan can be found at www.neea.org/plans.
 - b. End-Use Load Flex Strategic Plan Goals from the Cycle 7 Strategic Plan
 - i. End-use load flexibility is about enabling end-use equipment to have embedded controls so that utilities can adjust their usage in real time. This presents an opportunity to shed/shift load in a way that the consumer would not be affected. This increases system reliability and efficiency. Grid flexibility enables utilities to keep costs lower for consumers.
- B. 2022 Residential Building Stock Assessment data and reports are available on www.neea.org/rbsa
- C. Recent Product Council Presentation
 - a. Existing Building Audits with Quick Building Assessment Tool (QBAT) with Pacific Northwest National Laboratory <https://neea.org/product-council-documents/existing-building-audits-with-qbat-product-council>
 - b. University of Idaho Integrated Design Lab (IDL) on Bio-based Building Materials <https://neea.org/product-council-documents/idl-series-university-of-idaho-product-council>
 - c. Washington State University Integrated Design and Construction Laboratory on Industrialized Construction Methods <https://neea.org/product-council-documents/idl-series-washington-state-university-product-council>
- D. Dual Fuel Workgroup Update
 - a. Several pilots are happening among workgroup members. Will meet again September 19, same day as the NGAC Webinar is currently scheduled.
- E. Reminder: Condensing Gas Storage Water Heater Research Request
 - a. NEEA is planning on some upcoming research for condensing gas storage water heaters. NEEA wants to understand the purchasing process for customers who currently own condensing gas storage water heaters. Additional research objectives include identifying key barriers or challenges they experienced in the purchase and understanding their current experience with the product.
 - b. NEEA needs up to 20 homeowners with a condensing gas storage water heater. Data collection will be through virtual focus groups and, if needed, doing additional small group or individual interviews. Customers must own or have purchased a condensing gas storage water heater in the past ten years, looking for nationwide recruitment with at least fifty percent of participants in NEEA's region and a mix of urban and rural customers. Selected participants will get a \$150 gift card.
 - c. Are you willing/able to communicate with your customers with this participation offer? If so, please let Aaron Winer know by May 1 at awiner@neea.org. NEEA just needs to know if you are interested in participating. Materials should be finalized a week or two into May.
- F. Notes and Action Items from Previous Meeting
- G. Looking Ahead
 - a. Efficiency Exchange will be May 14-15
 - b. Stakeholder Satisfaction Survey analysis of results are underway. Results will be presented to the NEEA Board in Q2 and the NEEA Committees in Q3.
 - c. Upcoming Meetings
 - i. The June 5 Interim NGAC Webinar is tentatively cancelled
 - ii. The September 19 Interim NGAC Webinar is on for now
 - iii. The NGAC Dual Fuel Workgroup is also scheduled to be held September 19
 - iv. Q4 NGAC Meeting will be on October 22 near SeaTac

Dual Fuel Check-In ([Slide 56](#) | [Packet pg. 16](#))

Peter Christeleit discussed NEEA's dual fuel work. NEEA is currently looking at residential dual fuel HVAC as part of its numerous scanning efforts in this area. Three things need to be answered for residential dual fuel HVAC. One: what is the magnitude of the opportunity? Two: what is the unique market transformation opportunity for NEEA? Three: how do we fit that into the portfolio? NEEA is currently working on all these questions.

Feedback, Wrap-Up, & Adjourn

A. Action Items

- 1) Condensing Gas Storage Water Heater Research Request: Are you willing/able to communicate with your customers with a participation offer? If so, please let Aaron Winer know by May 1 at awiner@neea.org.
- 2) Aaron Winer to find out if the Technical Resource Manual research paper is coming out this year or 2025.
 - a. UPDATE: It will be coming out in Fall 2025.