

Minutes
Governor's Energy Efficiency Work Group
25-April-08

Attendance

Members: Bill Edmonds, co-chair (NW Natural), Clark Brockman, co-chair (SERA Architects), Jason Eisdorfer (Citizens Utility Board), Jim Edelson (Interfaith Power & Light), David Cohan, (NW Energy Efficiency Alliance), Gina Franzosa (Cascadia Green Building Council), Tom Konicke (McKinstry & Co.), Markus Stoffel (Novafutura, 2,000 Watt Society), Myron Burr (Siltronic), Phil Ermer (Hewlett Packard), Brendan McCarthy (For Joe Barra, PGE), Charlie Stephens (sustainability consultant), Scott Stewart (Intel), Fred Gordon (Energy Trust of Oregon), Sean Penrith (Earth Advantage), Tom O'Connor (Oregon Municipal Electric Utilities Association, for Dick Wandersheid), Michael Early (Industrial Customers of Northwest Utilities), Bob Simonton (Oregon University System), Jim Slusher (Mid-Columbia Community Action), Mike Weedall (Bonneville Power Administration), Rob Bennett (Clinton Foundation), Bob Shiprack (Oregon Building Trades Council), Jon Chandler (Oregon Home Builders Association), Scott Winkels (League of Oregon Cities), Jeff Bumgarner (Pacifcorp), Jeremiah Bauman (Environment Oregon), Tom Osdaba (for Michael Armstrong, Portland Office of Sustainable Development)

State agency liaisons: John Kaufmann, (Oregon Dept. of Energy), Betty Merrill (ODOE), Lee Sparling (OPUC), Mark Long (Building Codes Division), Cameron Smith (Governor's Office), Dan Elliott (Housing & Community Services), Jennifer Wetherbee (Oregon Dept. of Energy)

Other: Elizabeth Redman, Steve Bicker (NW Natural), Tom Eckman (NW Power Council), Andrea Simmons (Building Codes Div.), Tamara Brickman (Office of Budget and Management), Jim Abrahams (Community Action Partnership of Oregon)

Introduction

Dave Van't Hof said the Governor wants climate change to be one of his priorities for the 2009 legislative session. Number of working groups advising the Governor – Climate Change (cap-and-trade), Water, Renewables, Energy Efficiency, Green Workforce, Transportation. Goal of this group is to recommend energy efficiency concepts for the Governor's 2009 legislative package. The Global Warming Commission established by the 2007 legislature may submit bills, but they will be on a different timeline. The Governor's Office and the Department of Energy will vet the EEWG's proposals with the Global Warming Commission.

Logistics

Bill handed out schedule of meetings. Eight meetings, 9:00-12:30 on Fridays. Locations will be announced. Basic concepts by end of June; work completed by end of August. First four meetings will be to get ideas out, narrow to a few key proposals. Next four will be to flesh them out in more detail.

Clark said the intent is to have all the discussions here, rather than breaking into subcommittees. Some people may be tasked with writing material up for subsequent meetings, so we have more complete products to review.

Jason questioned the idea of two or three big ideas. He assumed this would be more of a package. Clark clarified that there is no specific number – it may be more than two or three, but they should be big ideas.

Dave clarified that we'd like concepts by end of August, the more fleshed out the better.

Energy Efficiency Overviews

Tom Eckman from the Northwest Power Council gave an overview of electric conservation opportunities in the Pacific Northwest. The Power Point will be posted to the EEWG's web page on the Oregon Department of Energy web site.

John Kaufmann from the Oregon Department of Energy provided an overview of energy efficiency programs within Oregon, including programs offered by the Energy Trust of Oregon, Northwest Energy Efficiency Alliance, Bonneville Power Administration and utilities. The Power Point will be posted to the EEWG's web page on the Oregon Department of Energy web site.

Mark Long, Administrator of the State Building Codes Division (BCD), provided a brief status update of Oregon's building code. Oregon has a uniform compliance standard statewide. Building Codes Divisions has 7 Boards that oversee code adoption at the state level. BCD is working on how to speed-up the code adoption process. Adoption of local ordinances is permitted. Two issues are how to allow adoption of local amendment and recognize innovative training and education. BCD is currently dealing with the city of Portland sustainability process.

Brainstorming Legislative Concepts

Jeremiah Bauman, Jason Eisdorfer, Jim Edelson (see attachment for details)

- New buildings – establish a goal of zero net energy by 2030. (California has a similar initiative in process.)
- Establish a high performance building standard to lead the way ahead of code (perhaps as standard for tax credits – RETC and BETC). Allow cities to adopt high-performance standard as code. New public buildings to meet high performance standard.
- Bonds backed by energy savings for high-performance buildings.
- Require energy audit at time of sale for existing buildings. Probably unfeasible to require improvements at time of sale.
- Energy savings targets for utilities, funded by conservation tariff or increase in the public purpose charge.
- Smart grid policies, develop market. Is there role for utilities? Launch program to develop smart grid capability.
- Net metering in all utility service territories.

- Expand state-regulated appliance efficiency standards to cover additional products adopted by California (this can be done administratively).
- Build markets for new technologies like LED lighting and CFLs, and move incandescent lamps off the market
- Industrial savings program
- Peak demand management (smart grid?)

David Cohan

- How to reach existing buildings?
- Highest level issue is finance. Proposal at City of Berkeley now, variation on tax increment financing. City takes bond, owners invest in efficiency, lowering energy costs, but property taxes are raised. Owner is revenue neutral, city has guaranteed revenue stream (taxes). Thus ability to do hundreds of millions of dollars of financing. However, Measure 5 and 9 put cap on taxes that may limit ability to use this. What can the state do to ensure cities can run the financing they want to get this money. Another mechanism to finance improvement of existing buildings is to finance through the utilities, but it needs to be tied to the buildings.

Gina Franzosa

- Reduce threshold for AIA stamp from 100,000 to 20,000 sq. ft.
- Look at PERS for funding energy efficiency upgrades, ensuring rate of return they're looking for.
- OECD community investments should be tied to sustainability goals.
- Water conservation is connected to energy efficiency. Tackle grey water use
- Adopt green building option that communities can adopt, rather than going through separate processes.
- Ties fast track approval and loans to reducing CO2 emissions.

Tom Konicke

- More formalized path for performance contracting by state agencies. Pre-qualified list of vendors. ESPC can help with finance piece. However, if poorly performed, it can be a bad experience.
- Add assistance for biomass studies

Markus Stoffel

- Establish a per capita energy consumption target (similar to Europe). Easier to understand than a percentage reduction.
- Education and outreach.
- Match energy efficiency goals with CO2 emission goals.

Myron Burr

- Increase BETC for industrial efficiency
- BETC also has recycling element, but limited to materials that don't go back into the original process. Expand so it is included.

Phil Ermer (see attachment for details)

- Second to Myron's motion to increase BETC to 50% for industrial efficiency.
- Allow industry to self-direct the renewable energy portion of Pacificorp's [and PGE's] public purpose charge to energy efficiency.
- Strengthen and streamline BETC and ETO programs.
- HP tries to rank-order cost-effective measures. This concept can be used to evaluate the different ideas put forth by the EEWG. (Spreadsheet submitted subsequent to meeting; see web page.)

Mark Long

- Address existing buildings. All-time peak for new building was 30,000. There's a lot more existing homes.

Dan Elliott

- What does this mean for the ratepayers? Economy? Cost of materials? Preserving housing stock is key. Affordable housing is not very affordable. Need flexibility for high-performance homes in affordable housing

Tom Osdoba

- Help and direct cities to perform like ESCOs. It can leverage other funds, create scale, reduce risks and lift the investment onus off of building owners. Make it an opt-out model, not opt-in. Building owners have high discount rates and are often unwilling to invest in EE. However, they are not being asked to make the investment, so they should be required to opt-out rather than encouraged to opt-in. Burden should be on the low-performers, not the high-performers.

Brendan McCarthy

- Remove utility disincentives. Investigate decoupling earnings from sales.
- Look at RETC again. Not enough for solar.
- Spend more on R&D. It needs to be leveraged with state or utility resources.

Charlie Stephens

- Enormous investments needed in existing buildings. 85% of the potential is there.
- Likes idea of tax increment financing.
- We need to be bold. Investment of \$1 billion/year is a good economic idea to stem the flow of dollars. We're being impoverished by escalating energy rates and the outflow of dollars. Need to reinvest it locally.

Jon Chandler

- New construction is well down the path. Real gains are in retrofitting existing structures. Hopes that's where the attention will be. If we're going to reduce carbon emissions, we need to tackle that.
- Education, remodeling.

Fred Gordon

- We need to get a better way to get new technologies perfected and into the market. There's a gap between R&D and dissemination. Someone with more money can take more risks. Build supply curve by wading into markets and trying stuff. Innovation and commitment go in parallel, not one after the other. Tax credits are not the main way to move technologies forward. More cash and bodies would help.
- SEED (new state buildings) is great, but 20% savings number may not be high enough. Appears requirements may not be obligatory.
- In public sector, the people who pay the bills are different than those who do efficiency projects. Accountability for paying and for doing things need to be linked.

Sean Penrith (see attachment for details)

- Massive infusion of capital is needed for existing buildings. How to translate investment into sale value at time of sale. Energy performance certificate (EPC) should be done for each home. That allows us to tie performance to goal, and can be used for financing as well.
- Use voluntary emission offsets to reward mitigation in the built environment as part of compliance obligation. Use set-asides to stimulate additional revenue as catalyst.
- Dashboard concept, every home should be connected to smart grid.

Rob Bennett (through Sean Penrith)

- Loan guarantees backed by the state
- Use "pay-as-you-go" structure
- Extend energy code revisions

Jeff Bumgarner

- Statewide awareness campaign to educate customers on energy issues.
- Introduce energy education into school curriculum.
- Home rating performance for each home.
- Residential conservation ordinance for time of sale.

Tom O'Connor

- How to go beyond codes in some circumstances? Codes can be bloodbath if done wrong and seen as hammer instead of a way to move forward.
- Partnerships with utilities and Higher Ed.
- Get better handle on enforcement of existing code. Needs money.
- Hard to find qualified contractors for advanced work in rural areas (duct work, heat pumps).

Michael Early

- Align capital and incentives for industrial efficiency. Auction revenues, Electric utility will be point of regulation, if free allowance they will go to utility. If industrial customer invests in efficiency reduces load on electric utility, free

allowances should be shared with industrial customer who can convert them into cash.

Bob Simonton

- Ban incandescent bulbs. Tax them like cigarettes. Use revenues for further conservation.

Jim Slusher

- Make Oregon the most energy efficient state in the nation.
- Hot water replacements, furnace replacements. Landlord participation in helping to make homes more energy efficient.

Mike Weedall

- Smart grid. Figure the right strategy forward.
- Awareness campaign. Finished study with ETO. Population is looking to do something. New York is getting 94MW of peak demand from simple awareness campaign.

Bill Edmonds – array of proposals was great.

- Decouple. Currently utilities make more by selling energy than by energy efficiency. Need to get incentives right.
- Mobilize customers – education, Energy Performance Certificate.

Clark Brockman

- Codes should be performance based, not intent based on what you say you're going to do.
- Make codes more dynamic, so you know where they're going in the future. Know that they're fossil-fuel neutral by 2030. Set goals beyond political cycles.