NEEC
NORTHWEST
ENERGY
EFFICIENCY
COUNCIL

January 24, 2013

Steven Crow, Executive Director
Northwest Power and Conservation Council
851 S.W. Sixth Avenue, Suite 1100
Portland, Oregon 97204

Dear Mr. Crow,

The Northwest Energy Efficiency Council (NEEC) offers the following comments on the *Sixth Power Plan Mid-Term Assessment Report*. NEEC is a non-profit trade association representing companies in the Northwest that provide energy efficient products and services.

This assessment is important work and the Power Council is to be congratulated for doing the work of analyzing the region's accomplishments midway through the life of the 6^{th} Plan. Planning by its very nature is imprecise and subject to market and social forces that are difficult to predict. With that caveat, it is particularly pleasing to see that the region appears to be outperforming the energy efficiency targets in the Plan despite a number of market challenges.

The energy efficiency business community is pleased to have partnered with regional utilities to work with our "customers in common" to meet those customer's needs for more productive and profitable manufacturing, lower cost and more productive building environments for companies' employees, tenants, and customers, and lower energy bills and more comfortable homes and apartments across the region. In meeting the needs of end use customers, the energy efficiency resource has been and continues to be a real and valuable supply option for utilities.

In fact, the role and general economic health of the business community that manufactures, designs, installs, and operates the products and services that create this resource is a notably missing element of the Assessment. The capacity of the utility community to meet the targets of the 6^{th} Power Plan (or any future Plan) is predicated on the ability of a large and diverse set of companies that have the requisite technical knowledge, marketing and sales capacity, and successful business models to meet the needs of end use customers across many dozen unique market verticals. Without an economically viable and profitable energy efficiency business community, the region would have a power plant with no generator inside. To underscore this point, many of the successful energy efficiency programs cited as positive examples in your Assessment, also happen to run robust trade ally programs.

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NEEC would encourage that this gap in your Assessment be addressed in the current document or at least become an ongoing feature in future Council planning processes. If NEEC can be helpful in the future in facilitating a more robust and on-going dialogue with the Council, we would be happy to do so.

The Assessment provides very good detail about regional progress in the area of renewable energy development but tends to silo the issue relative to the possible interplay between RPS requirements and a number of the challenges cited to utility motivation for the acquisition of energy efficiency. RPS requirements mandate renewable development to a fixed percentage of utility load, regardless of the cost of the resource. Energy efficiency, on the other hand, is planned and acquired only up to the level determined by the avoided cost of new resources. NEEC believes it would be valuable for the Council to analyze and offer observations of the interplay between RPS laws and the capacity and market motivations for utilities to acquire energy efficiency.

The Assessment provides valuable data on the recent growth of retrofit energy efficiency acquisition and rightly posits the question as to whether this pace of retrofits can continue. This is a vitally important question and NEEC believes there are a number of issues that need additional Council study in this Assessment and in its future planning work.

As retrofit projects exhaust opportunities for simple lighting retrofits, it seems likely that the “new” energy efficiency resources will found on the thermal side of building end use. These projects are inherently more complex in design and execution and are more dependent on careful building system operation over time. Are regional program and market strategies evolving to meet this challenge? Will measurement and verification (M&V) requirements for these projects require overly costly and contentious investments to satisfy stakeholders if the utility continues to absorb the risk of realization through their upfront incentive? Is there a need for innovation in this regard far beyond the Assessment’s singular call for more “emerging technologies.” NEEC encourages the Council to address these questions at its earliest opportunity.

The Assessment provides some partial commentary on the question of the current approach to determining cost effectiveness, but NEEC believes that this issue needs more attention in the Council process. Does the current framework for cost effectiveness inhibit the potential for energy efficiency resource acquisition that serves the public interest? For example, does a measure based approach to both defining the size and availability of the resource and determining its cost effectiveness, implicitly encourage the near term implementation of low cost measures to the future detriment of deeper building infrastructure investments?

The Assessment lauds the contributions of increased stringency in energy codes in the region. Clearly there has been an acceleration in energy code requirements in all four states. Of course, energy savings from these code stringencies occur commensurate with the rate of compliance with them. Is the region providing a sufficient investment in both supporting code compliance and in understanding the actual market effect of increased code stringencies? There is a long historical record of regional support for energy code compliance that can offer comparative value to the current level of effort. The Council

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should undertake this analysis. Absent sufficient levels of compliance, savings claimed due to more stringent energy codes are at best suspect and at worse specious. This analysis may lead to improved approaches to future energy codes that are built on outcomes rather than prescriptive requirements.

The question of more stringent energy codes also calls into question their effect on current building stock and their owners' willingness to invest in energy improvements. The Council should investigate any retrofit market chilling effect that occurs as building owners potentially delay or defer building infrastructure improvements due to a costly "high bar" of energy code compliance coupled with a reduced or eliminated utility financial incentive.

Finally, NEEC observes that the Assessment does not call out a significant market trend occurring over the first years of the 6^{th} Plan. Energy performance disclosure requirements have gained a presence in the Northwest (and nationally) and this is an important change in the market. Market transparency of actual energy use index (EUI) performance data (and its residential asset rating analogue) will inform us as to how buildings are actually performing at the whole building level. This information will either help substantiate the accomplishments cited in the Assessment or point to a need to think differently in at least some market verticals about how energy efficiency is acquired and sustained over time. This could include a modification on the exclusive reliance of the deemed savings approach to one that calculates and incents on annual savings measured at the meter.

Thank you for this opportunity to provide comment.

Sincerely,

Stan Price, Executive Director

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