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August 7, 2018

DECISION MEMORANDUM

TO: Council members

FROM: Kevin Smit, Senior Analyst

SUBJECT: Council Decision on Release of Under-served Energy Efficiency Markets Report

PROPOSED ACTION: Approve final report following the public comment period

SIGNIFICANCE: This report is the result of a regional effort facilitated by Council staff to address the issues raised in action item MCS-1 of the Seventh Power Plan. MCS-1 called for data analysis to identify underserved energy efficiency (EE) markets to improve the regions' ability to reach all segments of the population with EE programs. The draft report was released in May, and the public comment period ended July 16, 2018.

BUDGETARY/ECONOMIC IMPACTS

This action has no further budgetary impacts.

BACKGROUND

MCS-1 is titled "Ensure all Cost-Effective Measures are Acquired." The focus of MCS-1 is on identifying segments of the population that are currently underserved by existing efficiency programs and subsequently identifying ways (i.e., program improvements) to improve participation from those segments. MCS-1 calls for "Bonneville and the regional utilities to determine how to improve participation from any underserved segment." The first part of this effort is to identify, using data, which markets are underserved and by how much. This means identifying the gaps in our regional energy

efficiency efforts. Reducing or eliminating these gaps is important for ensuring that the region achieves the energy efficiency goals identified in the Plan.

Council staff coordinated efforts to identify the underserved markets, including the formation of a regional working group who agreed to conduct research in 2017 and provide the results to Council Staff to collate and summarize. Members of the working group include BPA, Energy Trust of Oregon, several investor-owned utilities, and several public utilities. The working group analytical work has been completed and the results have been compiled into the report.

Council staff presented a summary of these results at the May Council meeting. The Draft Report was released for Public Comment after the May Council meeting and the comment period ended July 16, 2018 (extended from July 6, 2018). Comments were received from the following: Bonneville Power Administration, UCONS LLC, Northwest Energy Coalition, Graham Parker, and Craig Patterson. Staff will summarize the comments received, the response to comments, proposed revisions to the report, and next steps.

Review comments received here (internal staff link only):
<https://nwcouncil.box.com/s/ymtc9wtynoipoc0x1prn26aaltlip44>

MCS-1: 7th Plan Action Item on Energy Efficiency for Under-served Markets

Response to Comments and Final Report

Council Meeting

Kevin Smit
August 14, 2018

Under-served EE Markets Assessment

- MCS-1: Secure proportional savings from “underserved” or “hard-to-reach” populations
 - Identify and fill possible gaps in regional EE program coverage
 - Use data to identify gaps
 - “Proportional” participation
- MCS-1 listed several possibilities:
 - Low income
 - Mid-income
 - Customers in rural regions
 - Small business owners, tenants
 - Multifamily tenants
 - Manufactured home dwellers
 - Small and rural utilities
- Draft report was released for public comment

Working Group Members:

Puget Sound Energy
BPA
Energy Trust of Oregon
Seattle City Light
Snohomish PUD
Ravalli Electric
Tacoma Power
Idaho Power
PacifiCorp*
Northwestern Energy
NEEA (data support)

* Has done work on their own but did not provide data for the regional report.

Findings Summary by Category*



Income

- The "low income" segments showed a wide range of results, but in general utilities have low income programs which are effective
- The highest income brackets participated at the lowest rates



Housing Type

- Most utilities found the multifamily segment to be somewhat underserved
- Manufactured housing residents typically participated in EE programs at higher rates than single family and multifamily housing residents



Urban/Rural

- Rural customers also appear to participate in programs at similar rates as urban customers



Home Ownership

- As expected, residents who own their homes participated at higher rates than renters



Commercial

- Small business customers were found to be slightly to moderately underserved
- Schools tended to have relatively high participation rates

*There are caveats

General Finding: Developed and demonstrated a process for conducting this type of gap analysis

- Relatively new and unique process
- Identified data sources - Demographic data on the service-territory population are readily accessible and can be used, along with program participant data
- The report summarizes methods and data sources

Public Comments

- **Bonneville Power Administration**
 - Using the findings in developing program strategies
 - Consider costs and benefits before continuing to a next phase of research
- **Northwest Energy Coalition**
 - Participation is not a complete representation of whether a customer segment has been proportionally served
 - The draft report needs better framing and language to ensure that readers do not draw inaccurate conclusions about Northwest utility efficiency programs
 - Future work in this area should include consultation with organizations that serve and representatives of populations that may be underserved by utility efficiency programs
 - Future work should explore the other characteristics of interest identified by the workgroup and other characteristic identified by consultation with other groups as outlined in the previous point

Public Comments (cont.)

- **Graham Parker**
 - Editorial comments and questions in the report
 - Did the multi-family work include both owner-occupied and renter occupied units?
 - Did the analysis account for multifamily common areas vs. the individual units?
- **Craig Patterson**
 - Energy efficiency generally benefits homeowners rather than renters
 - Utility rate structures (high basic charges) undermine energy efficiency
 - Expressed concern that the real energy efficiency savings are different than the projected energy savings
 - Energy costs contribute to homelessness
- **UCONS, LLC**
 - Participation rate is not an accurate measure of whether there exists further cost-effective conservation in a given market
 - The Council should continue its focus on the potential for cost-effective energy conservation in manufactured homes
 - The Council and its staff should reach out to other interest groups that have valuable perspectives on acquiring conservation in hard-to-reach markets

Next Steps

- **Approve the final report (with changes)**
- **Monitor and support utility efforts**
 - Utilities are moving forward on their own: revising program strategies, additional data analysis
 - Request an update in a year or two
- **Respond to inquiries and help when asked**
 - Presentations
 - Make connections

Thank You

Questions?

Approval to release final report

