# MinutesNEET Executive Committee Meeting

# Spokane, Washington October 16, 2012

# 12:00– 3:15 PM

**Member Attendance**

**Margie Harris, Energy Trust of Oregon (ETO)**

**Roger Woodworth, Avista Utilities**

**Kim Drury, NW Energy Coalition (NWEC)**

**Deb Young, NorthWestern Energy**

**Bonnie Rouse, Montana Department of Environmental Quality**

**Jim Baggs, Seattle City Light**

**Diane Enright, Oregon Department of Energy (ODOE)**

**Carol Dillin, Portland General Electric (PGE)**

**Jason Thackston, Avista Utilities**

**Phil Welker, Portland Energy Efficiency Alliance, Inc. (PECI)**

**Ralph Cavanagh, Natural Resources Defense Council**

**Bob Rowe, NorthWestern Energy**

**Susan Stratton, NW Energy Efficiency Alliance (NEEA)**

**Bill Drummond, Bonneville Power Administration (BPA)**

**Stan Price, Northwest Energy Efficiency Council**

**Phil Jones, Washington Utility and Transportation Commission**

**Dave Zepponi, Northwest Food Processors Association (NWFPA)**

**Joe Lukas, Western Montana G&T Cooperative**

**Ted Coates, Tacoma Power**

**Richard Beam, Providence Health and Services**

**Bruce Folsom, Avista Utilities**

**Carol Hunter, PacifiCorp**

**Jim West, Snohomish County PUD**

**Tom Karier, Northwest Power and Conservation Council (NWPCC)**

**Steve Wright, Bonneville Power Administration**

**Ken Canon, Facilitator, Canon & Hutton**

**Presenters:**

**Charlie Black, NWPCC**

**Elaine Prause, ETO**

**Jeff Harris, NEEA**

**Ryan Fedie, BPA**

**Public:**

**Pam Barrow, NWFPA**

**Mary Smith, Snohomish County PUD**

**Karen Meadows, BPA**

**Charlie Grist, NWPCC**

**Lauren Shapton, PGE
Juliet Johnson, Oregon Public Utility Commission (OPUC)**

**Tom Eckman, NWPCC**

**Andrew Grassell, Chelan PUD**

**Erin Erben, EWEB**

**Clay Norris**

**Jude Noland, Clearing Up**

**Kendall Youngblood, PECI**

**Greg Delwiche, BPA**

**Other NEEA Staff:**

**Beth McQueston, Jason Salmi Klotz, Aaron Cohen, Karen Horkitz, Julia Harper**

## Welcome, Agenda and One Big Idea

The meeting was called to order at 12:05AM. Ken Canon, facilitator, began the meeting by voicing his appreciation for the support and effort provided by Beth McQueston, Lindsey Clark, Aaron Cohen, Jason Salmi Klotz, Pam Barrow, Mary Smith, Karen Meadows, the authors of the written update reports and the four presenters at the meeting. Canon then described the history of the NEET Executive Committee which had its first meeting June 2008. This is the seventh meeting over the five year span. Canon reviewed the agenda and packet. He thanked the organizations who funded this meeting. In addition to the presentations, funder list, executive committee list and agenda, the packets also include the three presentations. All committee members were sent reports of the action updates as pre-meeting reading material.

Canon asked the Executive Committee members to introduce themselves and to express their One Big Thing about energy efficiency in the Northwest that they are excited about, concerned about, see a challenge, see an opportunity, etc:

**Margie Harris, ETO** – Maintain momentum for our investments and the collective difference we have made through energy efficiency investments and concerns about cost effectiveness due to low avoided costs of natural gas in the short term.

**Roger Woodworth, Avista** – As an industry, we’ve always placed great import on the economics of efficiency measures we take. More recently, we’ve been working with technologies, programs and tariffs designed with consumer behavior in mind. But these approaches pre-suppose, overly generalize, or ignore altogether the personal beliefs that underpin individual decisions that aggregate into the market. So, the One Big Thing that offers the greatest leverage for future energy efficiency is to first understand the beliefs that shape culture relative to energy. With this context, the best initiatives for systemic, lasting change can be identified and accelerated.

**Kim Drury, NWEC** – Not lose momentum

**Deb Young, NorthWestern** – Work done over last 15 years with NEEA and regional collaboration

**Bonnie Rouse, MT State Energy Office** - Keep local government buzz on energy efficiency, momentum

**Jim Baggs, SCL** – Distraction to energy efficiency is current energy supply situation, intermittent resources and low natural gas prices

**Diana Enright, ODOE** – That homeowners want EE as much as granite counter tops

**Carol Dillin, PGE** – PGE is pleased to partner with the Energy Trust of Oregon on energy efficiency solutions for our customers. However, we are concerned about the increasing costs to achieve energy efficiency and its impact on our customers’ prices. Costs per kwh are getting higher every year for energy efficiency acquisition. And as a percentage of today’s PGE customer bill more than 5 percent is for energy efficiency. Because we're acquiring EE with an average lifecycle or around 15 years and paying for it up front all at once, customers only see, ironically, increased costs for what is a longer-term economic benefit. The bottom line and the big EE challenge is that in this economic climate it may get increasingly difficult for our customers to accept the value of spending on energy efficiency.

**Jason Thackston, Avista** -That we will be more challenged to capture incremental energy efficiency opportunities in our region going forward. It will take more time and energy, and we will have to challenge the assumptions behind the cost effectiveness calculations, in order to sustain the momentum and the leadership position our region holds in the arena of energy efficiency.

**Phil Welker, PECI** - Take energy efficiency to the next level, past the current threshold, ability to scale up energy efficiency.

**Ralph Cavanagh, NRDC** – Let’s redouble our commitment to the best (and most cost-effective) regional energy infrastructure anyone has created, starting with the Regional Technical Forum and the Northwest Energy Efficiency Alliance

**Bob Rowe, Northwestern** – Think of the goal as energy *productivity*, which may better capture what we are about than “efficiency.” Think of the utility as providing and enabling energy *services*, in addition to essential physical *infrastructure*. Develop public *policies* that support utility *business models* that are consistent with providing both energy services and essential infrastructure, while meeting obligations to stakeholders including customers, shareholders, employees and policy makers. Develop utility business models that get the job done efficiently, profitably and dynamically.

**Susan Stratton, NEEA** – How we can leverage our energy efficiency dollars regionally and to markets that are broader. Short-term perspective is a concern. These prices won’t stay low, continue with EE as a resource

**Bill Drummond, BPA** – Worried about keeping the pipeline of new energy efficiency emerging technologies full. Inelastic supply line of new technologies.

**Stan Price, NEEC** – Optimistic, growing interest in the region and nationally, an example is Seattle City Light's performance for whole building approach. Scale up by thinking outside individual measures to fill the pipeline

**Phil Jones, WUTC** – National level better on dialogue with environmental regulators, they want to quantify the benefit of energy efficiency, a new dialogue. A resource and even compliance mechanism.

**Dave Zepponi, NWFPA** – Enthusiastic about leadership in energy efficiency recognizing the importance of the industrial sector and activity in this sector to grow jobs and the economy.

**Joe Lukas, WMTG&T** – The “One Big Thing” that I believe deserves more attention from utilities is Distributed Generation. Many consumers are investing significant amounts without the benefit of the engineering and education expertise of their local utilities. Consumers are often marketed a hodge-podge of mismatched parts that typically cost tens of thousands of dollars and represent a major missed opportunity as these funds could be directed to a properly engineered system or other energy efficiency investment.

**Ted Coates, Tacoma Power** – Conservation is mainstream in utilities, continued forums like this to learn from each other and keep momentum.

**Richard Beam, Providence**– Funding for energy efficiency, mergers in the health care industry, mean smaller footprints in the future, more competition and investments in energy efficiency takes the hit

**Bruce Folsom, Avista** –Excited, but focused on the next 3-7 years regarding what programs, technology, and communication channels will provide energy efficiency savings for customers.

**Carol Hunter, PacifiCorp** – Maintain market momentum despite decreasing cost effectiveness as a result of lower gas prices and lower growth

**Jim West, Snohomish PUD** - A concern that we will be distracted by big data and smart grid; need to continue to focus on energy efficiency on the regional level.

**Tom Karier, NWPCC** – Living with the consequences of our own success leading to low or zero load growth. Need to focus on equity, balance, stability in the wake of volatility elsewhere.

**Steve Wright, BPA** - The key element that keeps energy efficiency off the roller coaster is assuring that it delivers a business proposition meeting the needs of the power system. Because the needs of the regional power system are changing, the business proposition for EE is changing. Conservation acquisition programs have to fit into a new business model driven by a system that has added a lot of energy and not much capacity in recent years. In addition there is an increasing need for a new kind of fast reacting flexible capacity to respond to intermittent resources (wind). Conservation program advocates should reorient programs, to add value like demand response, load control to meet the changing needs of the power system. These value added propositions can counter the reduced value of energy in the region, primarily due to low natural gas prices.

**Andrew Grassell reported on behalf of Gregg Carrington, Chelan PUD** – Collaboration of the region is exciting and a sustainable business model. Our challenge is being long in resources in a time period of low market prices, not unlike a number of other utilities.

**John Savage, Oregon Public Utility Commission** The One Big Thing that I think deserves a lot more work is a sustained and coordinated effort to better capture lost opportunity conservation potential through codes and standards by demonstrating feasibility of these lost opportunities and by a coordinated implementation approach.

**Cal Shirley, Puget Sound Energy** The One Big Thing that I think will require more attention in the energy efficiency space is our ability to adapt our programs and practices to a rapidly changing landscape of consumer expectations, technology, and regulatory uncertainty.

**Brian Skeahan, Cowlitz County PUD** The One Big Thing that I am excited about, and see as an opportunity for energy efficiency in the region is the advent of technology that will allow/reinforce behavioral change driven efficiency. Automated meter reading coupled with in-home displays or web-based portals allow people to much better understand their energy use, if not in real time then on a frequent periodic basis. This knowledge, coupled with increasingly efficient “smart” appliances and mechanical systems and innovative rate / billing approaches will allow and encourage people to have much better knowledge and understanding of their energy use, take action based on their knowledge, and see greater financial benefit from those actions.

**Kathy Hadley, National Center for Appropriate Technology** The One Big Thing that I worry about is that with gas prices so low, the number of cost effective energy efficient measures available in regional and utility energy efficiency programs will be reduced, causing a reduction in programs across the region.

**Steve Eldrige, Umatilla Electric Cooperative** The One Big Thing that I am concerned about is that we tend to overlook the fact that the most efficient way to achieve conservation, for housing, is through building codes and the second best way is with the first purchase; e.g. building in conservation in new houses by identifying how to lower usage by a minimum of 10% and incent the builder to build to those standards. Combine this with more aggressive federal appliance standards and we can cost effectively achieve substantial energy efficiency.

**Anita Decker, Bonneville Power Administration** The One Big Thing that I am excited about is the progress the region has made in coming together to achieve what some thought couldn’t be done – but there is more work to do. We can still do more on the Regional Perspective – do all customers have access to programs that meet their needs? Is energy efficiency the least cost ***behavior*** of energy users?

**Ed Brost, Franklin County PUD,** The one big thing that I think needs more work regarding energy efficiency in the region is retail consumer equity and willingness to fund energy efficiency measures (especially those that are difficult to measure and validate kWh savings and often don’t directly benefit the individual consumer but who are being asked to help fund the measure) in a rising cost world (in particular rising power costs/rates due to renewable mandates and integration, aging infrastructure, etc) and especially in a flat load/stagnant economy.

**Action #10 Update - Decoupling**

Ralph Cavanagh reported on Action #10 (decoupling) with the goal to promote aggressive energy efficiency with fixed cost adjustment keeps financial health of utility and service orientation. Los Angeles Department of Water and Power has adopted this model, and Seattle City Light will be briefed next week. The mechanism started here. It is a work in progress in the area, and hope to have it implemented in the NW where it originated. Ralph expressed his willingness to help any utilities willing to take this on.

## Presentations

**Regional Progress on Energy Efficiency – A Mid-Term Review**

Charlie Black, Power Division Director of the Northwest Power and Conservation Council, gave a brief update on the region's recent energy efficiency achievements. Black reported good news as the region exceeded its target for 2011 by 26% by acquiring 277 aMW of energy efficiency. This was the seventh year that goals have been exceeded, with levelized costs below the cost of other resources, and on track to meet the 5 year target. There are challenges and the opportunities are changing. The Council’s mid-term assessment shows lower natural gas prices than anticipated and that greenhouse gas regulation hasn’t occurred. The decline in savings in the residential sector has been offset by growth in other sectors. The Northwest spends 60% more per capita than the rest of the country on energy efficiency. The Committee inquired about per capita achievement. Black reported that while the Northwest spends twice the amount it gets three times the savings. The average levelized cost is staying below $20 per MWh and compared to new gas fired generation this is really cost-effective. While wholesale power prices have been fluctuating, the levelized cost of energy efficiency is also cheap compared to the spot market. In lost-opportunities and retrofits there are over 4,000 aMW of achievable potential at a cost of less than $40 per MWh. The Sixth Plan target of 1,200 aMW can be met if the region saves an average of 225 aMW per year during 2012 - 2014. Survey results from utilities would put the Northwest just shy of target but when you add NEEA's savings the region is on target for 1,200 aMW. The Committee asked if codes and standards are included in NEEA savings. Jeff Harris reported that some C&S are included, and Tom Eckman noted that they are only those which are incremental above the 2009 baseline. Future savings are likely to come more from lost opportunities than retrofit measures. Much lost opportunity is captured in Codes and Standards. Eckman noted that since the Council set the baseline for the 6th Power Plan, twenty new federal standards have been enacted for the residential sector. Commercialization of new technologies will also help capture lost opportunities. Black reported that the region’s utilities face varying circumstances with differing customer classes, economies of scale, load growth and resource needs, etc. Black summarized that the situation which the Northwest faces is favorable, and with shifts and changes we are up to the challenge.

**Executive Committee Response:**

Cavanagh mentioned that low natural gas prices are not a significant issue, since they are equivalent to $30 a MWH (levelized real) compared to $18 a MWH (levelized real) for energy efficiency. That worry should be taken off the table. Canon pointed out differing rates of sector growth, residential reducing but industrial growing despite industrial load destruction. Drummond noted that utilities have acquired retrofits already, but lost opportunity will require a change in their investment strategy and types of programs. Folsom reported that Avista has its Conservation Potential Assessment (CPA) done by a third party entity; 2012-13 CPA numbers are less than previous CPA results. Margie Harris reported that ETO is acquiring savings faster and sooner, out of cycle. Therefore by 2016 they need emerging technologies to fill the pipeline and add financing programs to help with capital investments. Tom Karier noted that there is always a point of drop off in the future, since energy efficiency is not an infinite resource. However, there is no need to be discouraged since doom always seems to be 7 years away. Kim Drury asked how the mid-term assessment was dealing with data centers demand and projections. Black reported that growth is occurring in parallel with efficiency improvements which may keep up with data processing; storage and new technologies will hopefully flatten data center load growth. Hunter noted that for lost opportunities, with closer customer relationships the more lost opportunities you can find. Utilization of customers’ capacity a major driver for energy efficiency. Phil Welker stated that we need to understand the complexities of energy efficiency and customers as much as we understand energy efficiency measures. Steve Wright asked about the genesis of the 7th Power Plan: with the current situation of lower load growth, lower secondary revenues, could we hazard a guess for targets for the 7th Plan. Black stated that energy efficiency will look different and we need better a basis for guessing. Canon reminded the group that the RTF has funded a KEMA effort to develop the business case for updating the region's end-use load shape data. Eckman noted that they haven’t been updated since 1989 and the region needs more data to understand loads, not only for energy efficiency, but also for demand response and smart grid needs. While there is a strong business case in favor of this project, there is no clear entity to sponsor and fund this effort - and it will be a substantial cost. Taking the idea to NEEA and PNUCC was suggested, since the RTF is not funded to do that kind of research. Black noted that the Council wants the 7th Plan less focused on aMW targets and with some new metrics.

**Energy Trust of Oregon's Future Energy Efficiency Deployment Analysis**

Elaine Prause, Senior Manager of Planning, Energy Trust of Oregon, reported that this presentation characterizes the results of research with a cautionary note and opportunity. Since 2002, there has been a steady increase of electric savings in the area served by the ETO. Revenue sources have expanded and the 2008 legislation allowed the provision of additional funds for additional savings to meet the IRP needs of Pacific Power and Portland General Electric.

Prause showed the cumulative effect of electric load growth, with and without ETO savings. The region needs tools to evaluate load shapes for each market type and type of energy. What are the penetrations, what are the technologies in place, what are new opportunities derived from the Residential Building Stock Assessment and the Commercial Building Stock Assessment? Most proven electric efficiency is cost-effective today based on the supply curve for the next 20 years. The ETO analysis asked if further acceleration of energy efficiency was feasible or wise. Prause noted the advantage of gradually ramping up resource deployment without causing major shocks, but also noted that the curve begins to decline after 2016. There will be fewer resources left after that date, and the ETO is backfilling to make the decline less steep. The dotted line shows the results of shifting resources forward, but then there would be fewer savings in the future. Prause discussed how the region could raise the electric deployment curve with new technology beyond known resources.

**Executive Committee Response**

Woodworth asked for a sense of how big a swing we could achieve with changes to behavior. Prause noted that it was less than 20% that was not specific technology. Prause noted that the ETO analysis took a simple approach to this scenario; it examined load and divided up the potential over 20 years. Prause reviewed ways to raise the curve. Working closely with NEEA, we need to push emerging technology with pilots and work on delivery channels. Margie Harris asked how to reconcile the differences with Black’s presentation indicating lots of potential with retrofits and lost opportunities. Prause stated that this specific model is based on known loads and we don’t see enough resources to maintain increases over 20 years. We may see the impact sooner; we need to think about engineering a stable down ramp, if necessary. This is an important issue to be proactive and to think about the role of both lost opportunity and retrofits. We are limited in shifts in lost opportunity, but replacements can be shifted with further retrofits. Beam asked about whether the load growth impacts graph (Slide 3) with and without ETO included PGE or Pacific Power programs. Prause reported those programs were not included. Beam noted that there is lost opportunity, low hanging fruit in commercial buildings; for instance new hospital HVAC represents huge potential reductions and with funding/financing we can populate more buildings with better technology that is available today. Rowe wondered about shared programs with gas for raising the curve. Prause reported that ETO runs some successful joint programs today including insulation and water heaters. There will be more pilots with better internal processes and more innovations. Drury inquired about performance in the commercial sector like some of the Seattle programs. Margie Harris stated that discussions were underway to look at expanding those to Oregon. There will be a workshop and paper in the works for the state. It is simplifying a complex model with cost and benefits. Baggs announced that Seattle City Light's commercial pilot, while it has no results yet, could be a way to raise the curve. SCL is working through it. Delivery can be simplified and it may transform how we deliver programs in the future. Charlie Grist noted there aren’t enough new widgets in the pipeline. The region needs to start relationship-based alternatives and other ways to slice the pie. It will take effort and experimentation, including some failure along the way. Canon pointed out that we face what the resource industry faced: a change in the way we do our business after 35 years. Young noted that lost opportunity and pay for performance need measurability and proof of cost-effectiveness. These are huge challenges despite being a big opportunity. Woodworth summarized that we outspend the nation and get three times the benefit; other regions have lower hanging fruit that they are picking more slowly.

**Keeping the Energy Efficiency Pipeline Full**

In introducing Jeff Harris of NEEA and Ryan Fedie of BPA, Canon noted that their work on emerging technology was a great example of the collaborative spirit that the region is known for and that the region would benefit by even more collaboration in the future. Jeff Harris and Fedie agreed on the benefits of collaboration and that it is hard work, but worth it. BPA and NEEA have collaborated on emerging technology to the point of having joint budgeting and resource planning for future years. The power plan is a map, and as BPA celebrates its 75th anniversary, they are also looking forward, to see the path to keep energy efficiency the third largest resources in the region. Harris and Fedie think about Emerging Technology as well as research and development as the resources to feed the pipeline and avoid a cliff. Looking backwards first, J. Harris and Fedie presented a historical view of the energy efficiency pipeline showing how efficiency has ebbed and flowed over time and the length of time needed to take a new idea to a full scale ramp up.

Harris/Fedie said that emerging technology is a great resource and has a weight of expectations, but those expectations need to factor in a realistic time horizon. The energy efficiency innovation life-cycle can be shortened if fully integrated from the start. An example is the linkage of codes and standards to the Heat Pump Water Heaters (HPWH). There is a lower cost of deploying early in the life-cycle leading to a decrease in the time to market. To move potential technologies into the pipeline you need diverse ideas to feed into a more refined portfolio, opportunity discovery is like prospecting. EPRI, NEEA and BPA are using the same Initiative Life Cycle (ILC) approach. Scaled market testing is new to the emerging technology process and seeks to understand how the market responds. Ductless heat pumps is a good example as it's a large scale pilot, implemented full scale and rolled out with no barriers, followed by long term monitoring and tracking. If we want to get technologies with 1 aMW out of the pipeline, we need to have 4 aMW going in or 8 aMW in scanning. Rigor in questions at the stage gates to determine what moves forward and what drops out is very important. There are two main buckets: opportunity discovery/concept development and assessment & validation/scaled market test. The Committee asked if the 3000 aMW in assessment was in the current power plan. Harris/Fedie responded that it was a mix, some new and some already named projects. They reviewed selected new technologies, including heat pump water heaters (including a scaled market test); ductless heat pump (joint testing in cold climate version: Montana data indicates that it works down to zero degrees with a Coefficient of Performance (COP) greater than one); rooftop unit (50% energy savings, demonstrated that it is working with new control technologies); agricultural irrigation (20% energy efficiency while optimizing profits for irrigation); and, lighting control (new system with individual smart controllers and 40-50% savings). There are great technology opportunities available. Fracking was an emerging technology for gas since the 70’s, then it leapt to mainstream with horizontal drilling. It is too early to tell if we are doing enough to fill the pipeline, but we are developing measurement tools to help determine that. We see television declining, HPWH growing with federal standards in 2020, DHPs and many smaller items. The difficulty is in estimating how they roll out over time. J Harris/Fedie reviewed initiative risk vs. Total Regional Cost (TRC) for NEEA’s portfolio and are working with Bonneville & ETO to figure out how to add their programs to the chart. The recent road mapping summit will help us determine additional items to add to the pipeline. They discussed the policy implications of whether the region is doing enough. While energy efficiency is the lowest cost resource by a lot, are we making enough progress and what will be the impact of the 7thPower Plan goals? Challenges and opportunities: cooperation and collaboration is a challenge that has been met. Other opportunities include major manufacturer interest, new technology advances, and an active venture capitalist community. Challenges include the hard work and time it takes to collaborate, prioritizing, development time and the shortage of skilled emerging technology personnel. Fedie noted the additional challenge of how to move forward and scale the energy efficiency industry now that we have over 30 years of experience. By banding together we can do more and continue to scale the industry. To quote Steve Wright, we are building energy efficiency plants, not nuclear plants in the Northwest.

**Executive Committee Response**

Stratton asked how NEEA and BPA work together with the Council. J. Harris/Fedie responded that both are part of the Regional Emerging Technology Advisory Committee (RETAC) which advises the Council. Also both participate in the Regional Technical Forum (RTF) which is a venue for emerging technology and to which new measures are submitted. All data submitted to Council will likely be used in the development of the 7th Power Plan.

West asked how to assess our risk aversion level in relation to the total resource cost. Harris noted that we could spread risk if we didn’t have so many eggs in one basket. With financial constraints, the multiple millions of dollars needed to run one scaled market test means that at most the region can do three in any one year. That risks putting too many eggs in one basket. Harris wished we could make them cost less or do more. Fedie added that TRC is the biggest risk, products have to work for the consumer.

Jones applauded their efforts with limited resources and encouraged them to continue road mapping. Our energy policies often change after a crisis (Fukishima). There is a lot of interesting stuff going on for instance in LED lights. He asked if they follow Asian Pacific markets for technological developments. Harris responded yes, with qualifications. They are limited by bandwidth, and follow Europe as well since it has greenhouse gas mandates. However, they are actively engaged with large Asian companies wanting to know how to Americanize products. Rowe commented that there is emerging technology in energy efficiency and emerging technology in the utility sector. Utilities are looking at R&D too, at disruptive technologies, and there is opportunity for sharing since we use the same business model. A question was asked regarding the policy environment. The negative policy fallout in the late 90’s was striking. What about risk – we all support innovation and measured risk, but it is a challenge to the industry to put in place and stand by policies that support that risk. There is no inclination in the political and regulatory side. Zepponi suggested streamlining the stage gate process due to cost and the resulting limit of resources for only three market tests. He noted that we need a game changer for the Northwest. How can we make it happen so industry is engaged and helps to take on the risk? We need a sustainable competitive advantage locally; we could access those markets better by incorporating energy in the products we are sending out. Getting smart people involved may be less costly than market tests. May have to truncate steps. Energy is our #3 cost in food processing. It is our competitive advantage. Fedie noted that the road mapping helps to get the maps on paper so others can take the map and run with it.

Steve Wright asked Stratton to report on the NEEA marketing toolkit. She described the research on messaging resonance. The materials rolled out to the utilities in August, and may be enhanced with a DOE grant. These are common materials which can be branded by each utility, providing the region with greater bang for the buck. Research results are also important and were the foundation for the marketing tool kit. This was a result of NEET Work Group # 4, Action 5 on marketing. There has been a good response to the toolkit with a number of utilities using the toolkit materials.

**One Big Thing summary and discussion**

Karen Meadows (BPA), Mary Smith (Snohomish PUD) and Pam Barrows (NWFPA) synthesized the One Big Thing responses from the Executive Committee members. They reported that there is a lot of recognition and pride in what the region has accomplished in energy efficiency and in the collaborative approach the region has taken.

But … a lot of worry about the region being able to maintain the momentum and EE infrastructure.

Because the world is changing due to:

* Low gas prices
* Changing consumer expectations
* Changing technology
* Shift from being short on energy to being short on capacity

Leads to a need to rethink the business model for energy efficiency – to develop a model that will allow us to maintain momentum. We need to think about:

* How we think about cost-effectiveness
* How to maintain a long term rather than short term view
* Looking at energy efficiency from a systems perspective, from a behavioral or productivity perspective, looking whole buildings, etc., rather than looking at energy efficiency from a measure by measure perspective
* How we fill the pipeline

A new business model has to demonstrate value for both the power system and the customer. We need to realize a new business model may require us to re-orient our programs and strategies.

**Executive Committee Response**

Cavanagh noted that in the pre-reading materials there was a case study of voltage optimization which may lead to lost revenues, since more benefit flows to the consumer than to the utility industry. We need a process to go after it the voltage optimization resource. Rowe agreed that it shows the need to broaden the discussion past energy efficiency, to items like that. Grist noted that with 4,000aMW of 4 cents savings our situation is not a dire lack of opportunity. Canon pointed out that we are a mature industry that wants to be young again and add value. We need to generate the consensus to undertake updating the load shapes so we can better understand how load shapes affect both energy and capacity. Welker noted that we need to be more holistic and do energy efficiency in one fell swoop instead of engaging multiple times. Drury wondered about anxiety regarding federal efficiency schedules. They are way behind schedule and in an anti-regulatory mood; we need to consider what we will do without advances in federal standards. Jones stated that EM&V is an issue for Washington due to I-937, it has the risk of becoming more adversarial. National standards on EM&V aren’t going anywhere. We have government mandating all cost-effective feasible measures. Jones stated that residential savings are going down and industrial up and he reiterated Beam’s mention of financing with the need for innovation to help keep the momentum going.

**Moving Forward**

Canon highlighted the structure in the Northwest regarding how we move energy efficiency ideas forward. NEEA does a great job on its defined (and limited) mission of market transformation, coordination and collaboration. The Council has the responsibility to develop its Power Plan. Utilities, the ETO and BPA have implementation responsibilities within their own service territories. The NEET Executive Committee is an executive level group that is broad based, and forward looking. We need that region-wide, broad based, focused group of energy executives and policy leaders who can meet occasionally to take a leadership role in addressing the challenges and opportunities confronting energy efficiency in the region. Perhaps it needs to be a smaller group to consider the appropriate form and how to move this work this forward. While these have been great meetings, once a year may be insufficient to work ideas forward. Canon noted that this was his last NEET meeting as facilitator, but the NEET Executive Committee is a powerful group and it can add value to the region. Charlie Black interjected a brief report from California which is in stunning contrast with the Northwest; we work together so much better up here and should continue to build on it. Jones thanked Canon for his efforts. Margie Harris noted that there was value out of this group, the group needs to maintain some continuity to take on these challenges and take them back to their day jobs. She suggested that the Committee needed someone to hold the group together, perhaps NEEA staff, and noted that it was good that it dovetailed into the conference. The Executive Committee has delivered benefits across the board from the projects that they collaborated on and invested in. A small group may be a good idea to discuss how we transition into a new business model which could then be shared out with the larger group. Stratton noted that NEEA serves as a facilitator for other regional groups that do not report back to the Board, but the Committee would need a charter and to be driven from outside of NEEA.

Drummond summarized the key aspects of NEET and ones that he thought had led to NEET's success:

1. Who participated? Executive level policy makers
2. Independent facilitation preferred– better outside of NEEA
3. Staffing – NEEA has provided logistical staffing
4. Funding – many of the entities represented put up money, it committed them to the process
5. Specific tasks and goals to accomplish with owners and accountability

There was a general discussion about potential next steps. Zepponi thanked Canon for his commitment and Wright for his leadership. He envisioned two groups emerging, a continuation of the energy efficiency conversation on operational, tactical strategies for cross coordination and a regional strategy team to look at energy efficiency, without cost constraints and look at the big picture. Karier stated that the Power Plan provided the focus for this group. There were targets for regional leaders to consider and to fill in the gaps. Emerging technology was not as organized as it is now, now it is moving. The RTF has evolved into a regional presence. Voltage optimization is progressing. There is great value in this. We are best when we identify a gap and pull together and fill it. Co-Chair Karier will communicate with Co-Chair Pat Reiten on next steps.

**Words from the departing Co-Chair**

Steve Wright stated that it was a tremendously rewarding experience to work with this group. He noted that he didn’t spend enough time on the resource that accounts for 85% of load growth. NEET has been extremely beneficial to region and should continue. One step that is missing is passing on the knowledge gained from this process to the rest of the region via a short set of recommendations and conclusions. The Committee could continue as a smaller, strategic group, taking on capacity issues, momentum issues from the CEOs and officers leading conservation organizations. Wright volunteered to undertake this summary. He thanked the funders that allowed the Committee to proceed and noted that this effort would not be as successful without Canon, who deserves thanks and applause. Canon closed by noting that a survey will be sent out as follow-up and he will also send the Co Chairs his thoughts on the future of NEET.

The meeting adjourned at 3:15.