

## **OREGON CONSERVATION INSTITUTIONAL FRAMEWORK**

- **Energy Building Codes and Standards**
  - Residential building energy code
  - Non-residential building energy code
  - Federal and state appliance efficiency standards
  
- **Local, State, and Federal Programs**
  - Business and residential energy tax credits
  - Small-scale energy loan program
  - State home oil weatherization program
  - Low-income weatherization programs
  - SB 1149 schools program and Cool Schools
  - Community-based (e.g. City of Portland)
  
- **Utility-oriented programs**
  - Electric and natural gas investor-owned utilities – Energy Trust
  - Consumer-owned utilities and Bonneville Power Administration
  
- **Regional programs**
  - Northwest Energy Efficiency Alliance
  - Regional Technical Forum

## OREGON CONSERVATION STRATEGY

- **Capture all lost-opportunity conservation**

*Build all cost-effective measures into new homes, buildings, appliances, and equipment or forfeit the savings for the life of the stock.*

- **Take the marketing approach of successful businesses: Offer programs tailored to users and uses and continuously adapt those programs based on evaluation and research**

*The Energy Trust has identified 32 separable market segments*

- **Wherever and whenever possible, seek to change markets and collaborate to do so**

*Example of transformation of compact fluorescent light bulb market in Oregon and rest of the Northwest*

- **Advance new, innovative, promising technologies to create more opportunities**

*Northwest Energy Efficiency Alliance is assessing and targeting more than two dozen new technologies that could save 2,700 average megawatts over 20 years.*

- **Spend what it takes to achieve all cost-effective conservation over a reasoned time period and maintain a consistent, high level of program funding.**

*Three percent charge on IOU electric customer bills coupled with additional utility conservation tariff determined as part of a utility's IRP*

# **REGULATED UTILITY CONSERVATION PLANNING AND POLICIES**

## **Conservation Resource Planning**

- Since 1989, the Commission has required regulated energy utilities to prepare long-term resource plans to meet customer needs.
- These integrated resource plans govern what resources are developed and when to meet Oregon customer needs at the lowest cost and risk.
- All resource options – including conservation – are evaluated on a par.
- We require the Energy Trust and utilities to produce conservation potential studies every plan (i.e. two to three years) and to set aggressive yearly savings targets. Electric utilities file conservation tariffs to supplement the funding from public purposed charges to achieve targets.

## **Regulatory Incentives**

- Over the past 25 years, the Commission has tried virtually every strategy to incent utilities to save energy. For example:
  - Decoupling
  - Full recovery of lost retail margins
  - Ratebasing of conservation costs
  - Performance incentives
  - Alternative forms of regulation
- In 2001, we transferred PGE, Pacific, and Northwest Natural conservation programs over to the Energy Trust. Cascade Natural gas transferred its programs in 2006. We have adopted decoupling and lost margin recovery but we have not adopted any kind of performance incentive for utilities with the administration of programs by the Trust.

## **ENERGY TRUST OVERSIGHT**

- Since 2002, the Energy Trust has run programs that encourage customers of Oregon's regulated electric and natural gas utilities to save energy and use renewable resources.
- The Trust programs replaced programs previously offered by utilities.
- The Commission oversees the Energy Trust activities to ensure that Trust programs are efficient and effective:
  - Set minimum performance benchmarks designed to achieve high level of savings at a reasonable cost; keep administrative costs low; maintain financial integrity; and provide high level of customer satisfaction.
  - Review annual budget
  - Receive quarterly updates and annual report
  - Require five year strategic plan
  - Conduct third-party management audit every five years.
- The Commission can issue a "notice of concern"

## ENERGY TRUST PERFORMANCE MEASURES

<i>Category</i>	<i>Measures</i>	<i>2010</i>	<i>Projected 2012</i>
Energy Efficiency	<ul style="list-style-type: none"> <li>• Obtain at least 31 aMW computed on a three-year rolling average</li> <li>• Levelized cost not to exceed 3.5 cents/kWh</li> </ul>	<ul style="list-style-type: none"> <li>• 35 aMW</li> <li>• 2.5 cents/kWh</li> </ul>	<ul style="list-style-type: none"> <li>• 42 - 49 aMW</li> <li>• 3.3 - 3.9 cents/kWh</li> </ul>
Natural Gas	<ul style="list-style-type: none"> <li>• Obtain at least 1.8 million annual therms computed on a three-year rolling average</li> <li>• Levelized cost not to exceed 60 cents/therm</li> </ul>	<ul style="list-style-type: none"> <li>• 3.3 million annual therms</li> <li>• 32 cents/annual therm</li> </ul>	<ul style="list-style-type: none"> <li>• 4.8 - 5.7 million annual therms</li> <li>• 52.6 - 44.7 cents/annual therm</li> </ul>
Renewable Energy	<ul style="list-style-type: none"> <li>• Secure at least 3 aMW computed on a three-year rolling average from small scale projects</li> </ul>	<ul style="list-style-type: none"> <li>• 3 aMW</li> </ul>	<ul style="list-style-type: none"> <li>• 2.1 - 7.0 aMW</li> </ul>
Financial Integrity	<ul style="list-style-type: none"> <li>• Receive an unqualified financial audit opinion</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting conforms with GAPP</li> </ul>	<ul style="list-style-type: none"> <li>• Accounting conforms with GAPP</li> </ul>
Admin and Program Support costs	<ul style="list-style-type: none"> <li>• Administrative and program support costs below 11 percent of annual revenues</li> </ul>	<ul style="list-style-type: none"> <li>• Admin and program support was 5% of program revenues</li> </ul>	<ul style="list-style-type: none"> <li>• Admin and program support projected to be 5.8% of program revenues</li> </ul>
Benefit/cost Ratios	<ul style="list-style-type: none"> <li>• Value of energy saved must exceed cost - must report on a utility system and societal perspective</li> </ul>	<ul style="list-style-type: none"> <li>• Value exceeded cost</li> </ul>	<ul style="list-style-type: none"> <li>• Value projected to exceed cost</li> </ul>
Customer Satisfaction	<ul style="list-style-type: none"> <li>• Achieve reasonable customer satisfaction rates</li> </ul>	<ul style="list-style-type: none"> <li>• Documented high levels of customer satisfaction rates</li> </ul>	<ul style="list-style-type: none"> <li>• Customer satisfaction research will continue</li> </ul>