Energy Efficiency Advisory Group Virtual Meeting
August 14, 2024

Present

Alexa Bouvier – Office of Energy and Mineral Resources

Brad Heusinkveld – Idaho Conservation League

Connie Aschenbrenner – Idaho Power

Don Strickler – J.R. Simplot Company

Taylor Thomas – Idaho Public Utilities Commission

Ken Robinette – South Central Community Action Partnership

Quentin Nesbitt – Idaho Power

Steve Hubble – City of Boise Public Works

Sidney Erwin – Idaho Irrigation Pumpers Association

Not Present

Benedikt Springer – Oregon Public Utilities Commission

Christian Douglass – Northwest Power & Conservation Council

Jim Hall – WaFd Bank

Guest & Presenters*

Andee Morton – Idaho Power

Annie Meyer – Idaho Power

Becky Arte Howell – Idaho Power

Billie McWinn* – Idaho Power

Chellie Jensen* – Idaho Power

Cheryl Paoli – Idaho Power

Chris Pollow – Idaho Power

Dahl Bietz – Idaho Power

Jason Talford – Idaho Public Utilities Commission

Jeff Rigby – Idaho Power

John Chatburn – Chat Burn Strategies

Jordyn Neerdaels – Idaho Power

Julie Rosandick – Idaho Power

Kathy Yi* – Idaho Power

Landon Barber – Idaho Power

Laura Conilogue – Idaho Public Utilities Commission

Mary Alice Taylor – Idaho Power

Matt O’Conner – Idaho Power

Melissa Thom – Idaho Power

Michelle Toney – Idaho Power

Mindi Shodeen – Idaho Power

Nathan Black – Idaho Power

Nicholas Ackerman – Idaho Power

Ray Short – Idaho Power

Shelley Martin – Idaho Power

Sheree Willhite – Idaho Power

Todd Greenwell – Idaho Power

Will Seaman – Idaho Power

Note Takers

Michelle Toney with Kathy Yi

Meeting Facilitator

Quentin Nesbitt

9:30 A.M. Welcome & Announcements—Quentin Nesbitt

Quentin announced Diego Rivas is no longer with the NW Energy Coalition, and therefore will no longer be participating in the EEAG meetings. He acknowledged Diego's long tenure as a representative on EEAG and acknowledged his contributions. Quentin then provided an update on the Company's plans to implement an Oregon-focused EEAG (OEEAG), which will have its first meeting in November. There were no questions regarding the May Notes.

Nicholas Ackerman was introduced as a new Energy Efficiency Analyst working in the Customer Relations and Energy Efficiency department and Mary Alice Taylor was introduced as a new Regulatory Analyst in the Regulatory Affairs department.

9:40 A.M. 2024 YTD Financials & Savings—Quentin Nesbitt

Quentin presented the preliminary year-to-date (YTD) 2024 Energy Efficiency (EE) and Demand Response (DR) financials, savings, and expenses. He then reviewed overall expenses by category and sector and previewed the 2025 evaluation plan.

Discussion

There were no questions or comments.

9:50 A.M. Cost Effectiveness—Kathy Yi

Kathy reminded the group that the company will provide a forward-looking cost-effectiveness (C/E) review of programs at November's EEAG meeting using future year cost and savings assumptions. The presentation today will cover the anticipated 2024 C/E of programs as of today's meeting, using current expenses and savings to highlight any major changes in the C/E outlook from what was presented the prior November. Kathy presented the YTD cost effectiveness for commercial, industrial, irrigation, and residential heating and cooling and new construction programs.

Discussion

<u>Residential Multifamily Energy Savings</u>

One member asked when the program would be cost-effective considering the long lead-time for projects. Kathy answered that, though incentives are available for retrofits and new construction, the assumption is that most projects will be new construction, which have a longer lead time. She indicated it could be cost-effective as soon as next program year. Billie added that because some new construction projects can take two-to-three-years, it may take longer.

Another member asked if the payments and the savings calculations for the customer align in the same year or whether the payments would come later because of the project lead-times.

Kathy answered that the savings align with the incentive payments and are reported in the same year.

WAQC and Weatherization

One member asked about the Oregon Weatherization Program being cost-effective, noting that the two Idaho weatherization programs are not. Kathy responded that the WAQC program was offered in both Idaho and Oregon and is income-based, while the Oregon weatherization program is a statutory offering, and it is not income-based. There is low participation, but if a project moves forward, each measure must be cost-effective before being approved.

Billie added that the Oregon Weatherization Program consists of a free audit and incentives for only cost-effective measures, although it has been years since an incentive has been paid through Oregon Weatherization. The member then asked, if a customer wanted attic insulation, would that be the only measure included. Billie said only if that measure was cost-effective.

Another member stated that even though weatherization programs are borderline or not cost-effective, these programs are extraordinarily important, and the member fully supports them. The member added other organizations besides Idaho Power should also play a role and that they would like to see a combination of marketing incentives along with marketing of tax credits because there is low awareness of those. The member would like more contractor education for energy efficient heat pumps. Billie agreed saying education needs to be done and is part of what Idaho Power does. She added that the government tax credit links are available on Idaho Power’s website.

Todd Greenwell shared that there are 11 web landing pages in the Heating and Cooling Efficiency Program website that have links to the available 25C and 25D federal tax credits contained in the Inflation Reduction Act (IRA). Links are included on other collateral such as bill inserts. The Idaho Power ‘Connections’ mailer was also sent to 650,000 customers with this information in a full-page article. There are also rebates as part of the Inflation Reduction Act under sections 50122 and 50121 called the Home Electrification and Appliance Rebate program and the Home Efficiency Rebate program that are being developed by the states to be offered later.

Billie added that Todd proactively manages the program and provides education to the over 100 participating contractors. Through both written communication and individual one-on-ones, Todd provides education on the benefits of heat pumps and available incentives and tax rebates. Unfortunately, there are contractors out there that are not participating.

Another member commented that the State of Idaho is also looking at developing two electrification programs to bring to the state. The member then asked about which regions have the most participation. Todd said it is mainly Ada and Canyon Counties because of the customer growth.

Another member asked for website links to the incentive documentation and tax credit information.

Todd sent a follow-up email to two EEAG members inquiring about the January 2024 'Connections' publication that included information about the federal tax credits from the IRA and contained hyperlinks to the web incentives where 25C and 25D tax credits are available for homeowners. Billie also posted a link to the January 2024 ‘Connections’ publication in the chat to all EEAG participants. Todd added that he will promote the 50121 and 50122 (Home Efficiency Rebates and Home Electrification and Appliance Rebates) rebates when the states of Idaho and Oregon launch those in the future.

10:15 A.M. Residential Programs—Billie McWinn

Billie presented the residential programs savings and participation. She focused on Residential New Construction, AC cool credit, and the Idaho WAQC program.

Discussion

Easy Savings

One member asked why participation in Easy Savings is down 100%. Billie answered that it is a timing issue related to the way those coupons are redeemed. The company funds the agencies to distribute the coupons; agencies distribute the coupons to customers; customers call the contractors to redeem their coupons and schedule a tune-up visit; the contractor sends the redeemed coupons to the agency; the agency then pays the contractors. Cheryl added that it is all about timing, but as of the last two months, there have been 75 coupons redeemed which is about a third of the total annual funding amount and they are getting caught up.

Residential New Construction

One member asked whether the builder must pay for each site visit from the certified home raters and how many visits are required. Billie answered that the cost of rater services is typically a lump sum (she believed to be something between $800 to $1,000), much of which would be offset by the incentive, and that the rater is involved from the design phase all through construction, including multiple site visits.

The member then asked if the fee was assessed per home or per job site. Billie answered that it can vary and is established between the rater and the developer.

The member inquired as to whether this program only makes sense if there are multiple dwellings rather than a stand-alone home. Billie said there are builders who build all-electric, efficient, stand-alone homes to market and sell. They are potentially going through the process anyway and the program encourages them to build above code to receive the incentive which can help offset the cost of the rater.

Another member noted that the state of Idaho recognizes the lack of workforce as a barrier to implementing the energy efficiency rebates under the IRA that Todd Greenwell mentioned. The member asked about the interest that the company has received from builders and whether they are interested in building over the standard. Billie replied that the website has direct links to the raters and the builders connect directly with them. But there is only one rater in the Treasure Valley.

One member asked if any other peer utilities have analogous programs with the same sort of bottlenecks, or whether they have found ways around them. Billie answered that most utilities in the Northwest are experiencing the same workforce shortage issues.

Another member supports the 3rd option presented; spending money to develop a larger rater network, pointing out money needs to be spent so energy can be saved. The member suggested that Idaho Power considers offering the rating service and cutting out the middle person or offering a bifurcated incentive where they could receive a higher amount if they use their own rater.

One member added that residential new construction is up, and interest rates will start coming down. Therefore, they support maintaining the program and letting it grow. The member also supports the 3rd option of spending money to develop a larger rater network.

Another member asked about peer utilities experiencing similar issues and if given the differing environments in different states, related to high efficiency homes and the demand for RESNET raters, RESNET raters might naturally gravitate to larger areas. Billie said there are so few qualified raters in the Northwest, they are naturally gravitating towards those areas that have larger projects, where there is more money. This is why the company is engaging in a more creative way to attract them to our area.

One member asked about the dollar amount for the builder's incentives. Billie answered that it is between $1,200 and $2,000 depending on how far above code they are.

Another member asked about whether the 2nd option, splitting the incentive between the builder and the rater, would encourage the rater to engage more often. Billie answered that raters are working with builders, and the builders are paying the raters. Adding an incentive might motivate them to work more aggressively towards the program but it will not create more raters.

One member asked about how the company arrived at $50,000 for the rater incentives and the estimation on the math projection for participation. Billie answered that it is a time and material number. It was decided that $50,000 could be absorbed in the program based on historically reached participation levels, but if participation continues to be below those historical levels, the program might still not be cost-effective.

The member said that makes sense and would recommend reviewing assumptions quarterly. The member inquired about when the $50,000 investment would pay back or when the program would become cost-effective. Billie replied that it is unknown whether it would take one or more years to build the network and not even a given that the raters would respond or how builders would engage. The company is asking for EEAG feedback because there is a risk that even after spending the $50,000 the program might not be cost-effective.

Another member asked whether the $50,000 could be used to provide higher incentives for the builder and an incentive for the rater. Billie answered that it would not build the rater network and that the program could not sustain that level of incentives and maintain cost effectiveness. Billie also pointed out that many projects are two-to-three-year projects.

One member supports the 2nd option to split incentives between the builder and the rater but has a concern about the rater incentive structure being tied to the home performance because it could result in the homes being rated higher, so they receive a higher incentive. The member also stated that the 3rd option of spending more money to develop the rater network may not necessarily equate to actual savings and could make it even less cost-effective in the future. Billie said the company could invest the $50,000 in developing the rater network and provide a small incentive to the rater and subsequently decrease the builder incentive.

The member agreed and commented that it is a reasonable approach and that providing an incentive to the rater might drive raters to participate.

Another member asked whether different verification methods could be used to document the savings that were less costly than using a rater. Billie answered that Energy Star Homes has used this method since we started our new construction program in 2003, and it is the only method she is aware of that provides the same consistency for quality assurance. She added the raters do catch things, which provide a lot of value. She stated there is a database that is used to model what a home would be with and without these changes to determine savings, but it is dependent on the process that the raters go through.

One member commented that it is good that EEAG recognizes we will always have challenges on building codes in Idaho and where they take us for heating and cooling efficiency. And that having optional programs like this that that go further with energy efficiency means a lower cost resource in the big picture.

Another member said they heard from other utilities that builders get frustrated with the process of getting a Home Energy Rating System certification for a small incentive, which is something to consider. This program is focused on getting above code and so it would take an entirely different framework, but certainly something to think about in terms of just Residential New Construction incentives. The member commented that maybe a different framework should be considered.

One member said they support the program and commented on the importance of maintaining the program and working with builders to build networks. The member likes the idea of doing a combination of investments in the 2nd and 3rd options to provide a rater incentive and to invest in the rater network, and trusts the company's sense on that, giving some flexibility to make that choice.

Billie summarized what the group shared:

- There is some aversion to the 4th option of putting the program on life support with little administration.
- The 1st option of reducing the builder incentives does not make as much sense.
- Support for the 2nd option of splitting the incentives between builders and raters with a caution of reducing the incentives to builders.
- There is support for the 3rd option of investing in the rater network, but to proceed with caution because the money that would be spent in the near term would not be cost-effective.

AC Cool Credit

One member asked if the company has considered increasing incentives for older or less efficient systems. Billie answered that it comes down to the amount of usage. Older units might be less efficient, so they use more energy, but newer homes might have larger systems and use more energy. Both of those must be taken into consideration. Older units are more likely to be less of a candidate for the program because of the unit's condition. For example, if the installer feels like it could cause issues with cycling, they will not install a switch.

Idaho WAQC

One member commented about this being a needed program and likes the idea of the increased average cost per unit because equipment and workforce cost have increased (efficiency upgrades are expensive). The member added that the conversations with Weatherization managers about the program changes were good and the managers did engage and speak up. The member asked if the changes would also transfer over to the solutions program. Billie responded that the changes were specific to WAQC.

Connie added that Solutions has been funded by the Rider so some of these same items may not be relevant.

Billie then noted the managers were aligned with the proposal and with this feedback the company planned to move forward with the filing.

11:10 A.M. – Break

11:15 A.M. Commercial, Industrial, Irrigation & Demand Response Programs—Chellie Jensen

Chellie presented updates for the DR programs, including season enrollments and overall YTD performance. Chellie presented the Commercial, Industrial, and Irrigation EE program savings and participation. She focused on updated incentive structure and marketing tactics for the upcoming Small Business Lighting offering and requested feedback on the approach related to incentives and a marketing tactic for rural locations. She highlighted two customers' engagement by participating in the Commercial and Industrial Energy Efficiency program offering. Chellie discussed upcoming trainings, the Energy@Work newsletter, the irrigation newsletter, discussed the ASHRAE sponsorship and then highlighted the summer Engineering intern. Lastly, she requested feedback for continuing the Green Motors Initiative program.

Discussion

Small Business Lighting

One member asked how an area is defined as rural, and how does that relate to someone on the edge who thinks they are rural. Chellie shared that the marketing incentive's purpose is to encourage contractors to collaborate with customers that might be out of their normal service area or that might take additional drive time to service customers in rural areas. She showed a map with the cities identified as either rural or urban and answered that the company is working with local and regional managers to refine the list of which cities would be defined as rural. Chellie added that the final list would be shared with participating contractors and then a customer’s designation would be based on their address.

Another member complimented the great approach to reach small rural businesses. Their office is also looking at addressing rural areas.

Chellie said she appreciates the feedback, and the company will move forward to offer this program in September in Idaho and will explore offering it in Oregon.

Green Motors Initiative

One member commented about how the city participates with the motors program and trusts the company’s judgment on how to move forward. Chellie said with this feedback, the Company will move forward with continuing the Green Motors program by administering the program in house.

12:00 P.M. – Lunch

1:00 P.M. Demand Response Program Modification—Billie McWinn

Billie presented the potential 2025 DR changes and YTD season totals for the residential AC Cool Credit, commercial Flex Peak, and irrigation Peak Rewards programs. She advised on next steps related to filing date and effective dates.

Discussion

AC Cool Credit

One member asked for confirmation that the bring-your-own-thermostat (BYOT) option was more expensive than the existing switch option. Billie confirmed that it was true and explained that the company has already invested in the existing switches and as the program has been built up over the years, those costs have already been recovered. Though we are still adding new switches, we have a base of existing switches, making overall costs lower.

Another member asked how the company is determining the need to expand the capacity of the existing programs and the resources needed. The member then asked how the company determines if BYOT is a better option than a battery resource. Quentin answered that the company is going to evaluate demand response similarly to past IRP's where we looked at different amounts of megawatts and characteristics at different prices and see what the Aurora model picks. The value proposition is also another way to look at the value of different DR programs outside of the IRP process. He noted that it needs to be cost-effective as compared to other resources if we do it.

The member then asked about the goals regarding the changes to the programs and if it is to acquire additional megawatts. Quentin responded that the company would like to maintain the program because there are 320 megawatts showing in the IRP, and the last IRP preferred portfolio slated an additional 20 megawatts. The additional amount was identified as expansion of current programs at a similar cost. Quentin noted that additional DR will be reevaluated in the next IRP.

The member then asked if there should be an enhanced marketing push, which could include increased enrollment incentives for new customers. Quentin answered that the company has been marketing to all customer segments and noted there may be a need for higher incentives.

Billie added that the Flex Peak and Irrigation programs have been more readily maintained, but AC Cool Credit continues to decline despite marketing efforts.

The member asked if the smart thermostat incentive is for only those that have electric heat. Billie confirmed only customers that have electric heat qualify for the Heating and Cooling program incentive.

The member then asked if the program could include cooling, stating that Intermountain Gas has an incentive for thermostats so there may be an opportunity to work with them. Quentin commented on how the vendors for BYOT, market to customers that have smart thermostats only for the manufactures they have relationships with.

Flex Peak

One member asked whether the C/E of paying to automate systems would be on a case-by-case basis and whether automation would allow for other potential value streams considering it is fast-acting. Billie answered that the amount would be cost-effective on a per participant basis and that the manual operations are also dependable and occur on time because the notification is sent to the customer in time for the reduction to occur at the event start time.

Chellie added that customers have expressed concerns with automating their systems because they may have to adjust their control system to allow for the DR switch to work with their systems. But by automating some customers may potentially expand their typical event protocol, increase their event response reliability, and increase their nomination.

Quentin noted that it might bring more value if the realization rate goes up, but there is a lack of data to know for sure. We are evaluating the program based on the potential for the customer to earn the maximum.

The member then asked about the baseline calculation being 20% over in the past three days and what supports that. Billie responded that it allows some flexibility for planning on extreme weather by anticipating customers usage will be higher due to hotter days and 20% is reasonable to capture that.

Landon added that 20% is common in the utility industry.

The member suggested that there may be a way to build a trend line to associate a one degree increase in temperature to a certain increase in demand but recognized that might not be feasible considering the analysis may be intensive, especially on a case-by-case basis.

<u>Irrigation Peak Rewards</u>

A member commented that they support the 9pm option, saying it is a big workload for irrigators to manage when they must do the work manually.

1:30 P.M. Wrap-up/Open Discussion

Always informative and I appreciate all the work you have done. I like meeting in person because the networking is good when we can meet in person, but it was still a great meeting. Thank you.

Thanks for the presentations today. Sounds like we are going to get some filings heading our way.

Thanks to the team. I know it is a lot of work to put together and I appreciate what you all do. We will stay tuned for the next steps.

I look forward to these meetings as they are informative. It is encouraging to see that you are addressing the workforce shortage among the auditors, and I would be interested to see what route you go towards with the HERS rating. Encouraging to see small business incentives being addressed as well. Thank you.

Echoing gratitude. This is a high functioning group, and these regular meetings are helpful. Curious to see what comes across with all these proposed changes I think they would represent many meaningful changes to these programs for participation and cost effectiveness. Curious what the numbers will look like in about a year or so, and the filings. You are taking some good steps and I'm looking forward to seeing where they go.

I do appreciate these meetings I look forward to continuing to participate.

Quentin advised the group that they are invited to attend the Integrated Resource Plan Advisory Subcommittee meeting on August 29th, at 9:00 AM. He explained that it will be focused on how energy efficiency and demand response will be analyzed and looked at in the IRP. He mentioned that the EE potential study that Landon presented in May is almost complete and will be utilized in the IRP.

Connie commented that the discussion today was fruitful, and everyone's engagement is appreciated.

Quentin thanked the group for their time and efforts to help with our programs and adding their input is needed and valued. We want to try to integrate your input into our programs to make them better.

1:45 P.M. Meeting Adjourned