

**COMMENTS OF UTILITY CONSERVATION SERVICES, LLC (UCONS)
ON UTILITY CONSERVATION PLANS**

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SUMMARY

Utility Conservation Services, LLC (UCONS), submits these comments in support of utility efforts to acquire all “cost-effective” conservation in hard-to-reach (HTR) markets, particularly manufactured homes (MH).

In its 7th Power Plan, the Northwest Power and Conservation Council (Council) included language in MCS-1 relating to conservation potential in the MH market. Subsequent to the Council’s adoption of the Plan, UCONS developed a proposed “Path Forward” to implement that provision and urged Washington’s three investor-owned utilities (IOUs) to include in their annual conservation plans a commitment to further their efforts in the MH market. In their conservation filings, all three electric IOUs addressed these issues to some extent.

The purpose of these comments is to

- Urge the Commission to reinforce such activities by the IOUs as it seeks to ensure that utilities acquire all cost-effective conservation and adaptively manage their conservation efforts to that end;
- Offer a proposal for furthering those goals in the near term; and
- Having reviewed prior I-937 filings, in which utility savings were aggregated, urge the Commission to require segmented savings to be reported by sector, including the manufactured home sector, and tracked versus the conservation potential for that sector.

BACKGROUND

UCONS is a national leader in the development and implementation of residential conservation programs, headquartered in Kirkland, Washington. UCONS has done or is doing business in Washington, California, Oregon, Idaho, Texas, Utah, and New York. We provide services under contract to a large number of utilities, both investor-owned and publicly-owned, as well as to major property management firms. Since 1993, UCONS has delivered direct-install energy

efficiency programs to over 320,000 multifamily tenants and 96,000 mobile home park utility customers. The aggregate energy savings from these efforts total nearly 500,000,000 kWh and 10,000,000 therms. In recent years, we have focused our work on hard-to-reach (HTR) markets, particularly in the manufactured homes (MH) sector.

ENERGY EFFICIENCY POTENTIAL IN THE MANUFACTURED HOMES SECTOR

The Council identified 530 MW of cost-effective residential conservation potential in the region.¹ Data confirmed by audits of Washington manufactured homes suggests that there is a realistic conservation potential of 10.6 aMW in this HTR sector.² The Council described the “special challenges” of realizing such a conservation potential in its recently adopted 7th Power Plan:

Manufactured Homes: The manufactured home segment may face special challenges related to income, ownership, building codes, and some difficult-to-implement conservation measures specific to manufactured housing and their heating systems. The assessment should determine whether the adoption of measures in the manufactured home segment is on pace to complete implementation of nearly all remaining cost-effective potential over the next 20 years. Where expected shortfalls appear, specific barriers to implementation should be identified and solutions targeted at those barriers. While this market segment has been successfully targeted with a limited set of conservation measures (e.g., duct sealing), a more comprehensive approach that identifies and implements an entire suite of cost-effective measures during a single visit may be more cost-efficient.³

This potential for energy savings currently is not being realized in Washington. In fact, in recent years, there has been a decline in the level of energy services provided to this group of customers. For example, the MH customer class currently accounts for over 6% of Puget Sound Energy’s (PSE’s) total electric load, but less than 0.5% of PSE’s conservation budget is dedicated to this group.⁴ One problem is that utilities generally require a customer payment for

¹ 7th Power Plan at G-25.

² We elaborated on this conservation potential in our White Paper entitled “Energy Efficiency in Manufactured Homes in Washington: The Path Forward” (July 5, 2016), a copy of which is included as Appendix II to the Attachment to these Comments.

³ 7th Power Plan at 4012 (recommendation MCS-1).

⁴ The source of these data is included in the appendices of the Manufactured Housing Innovative Pilot Conservation Program Addressing Barriers to Customer Participation (Jan. 19, 2017) that we have submitted to Puget Sound Energy and that is attached to these comments.

these cost-effective measures.⁵ For most customers in the MH sector, an upfront payment for energy efficiency measures is an insurmountable barrier, and they simply will not participate.

Following the Council's adoption of MCS-1, UCONS prepared a policy paper describing the conservation potential in this sector and proposing a "Path Forward" for utilities and for the Commission to acquire all cost-effective conservation in the MH sector.⁶ Further, we wrote letters to the three electric IOUs urging them to incorporate into their updated conservation plans specific ideas for better serving this market.

As part of that policy paper, we noted the shortcomings of data on efficiency measures and programs that can be used to evaluate the programs and the Commission to require utilities to submit data that are disaggregated by customer class and on a monthly basis. In MCS-1, the Council expressed the need for further assessment of the potential in hard-to-reach markets, and better data certainly would assist in that regard.

That potential is substantial. Ishbel Dickens, past Executive Director of the National Mobile Home Owners Association, has stated in a letter to us "that manufactured home owners across the country are missing out on important conservation opportunities that ought to be as available to them as they are to other homeowners."

PROVISIONS OF THE UTILITIES' NOVEMBER 2016 CONSERVATION PLANS RELATING TO SERVING HARD-TO-REACH MARKETS

All three electric IOUs included language in their updated conservation plans relevant to implementing MCS-1, though with varying degrees of specificity and commitment.

Puget Sound Energy

PSE's updated plan discusses the need to serve hard-to-reach markets, and lists a number of initiatives it has undertaken over the years to meet those needs.⁷ Looking ahead, PSE is somewhat less precise. The Plan states:

In 2017, the program will continue its focus on weatherization of manufactured homes and multifamily structures, where it is often challenging to reach all of the residents. Program staff will also continue their close engagement with state

⁵ As referenced below, Pacific Power is the exception, as it provides duct sealing with no customer cost.

⁶ Energy Efficiency in Manufactured Homes in Washington: The Path Forward (July 5, 2016). A copy is included as Appendix II to the Attachment to these Comments.

⁷ Puget Sound Energy, *Energy Efficiency: 2017 Annual Conservation Plan*, at 15-16.

agencies and the CRAG to assess the key drivers of lower housing units served trends and develop innovative ways to maximize customer participation.⁸

Further, in discussing manufactured homes, PSE describes its plans for its duct sealing program and the desire to “leverage” the installation of other measures:

c. Manufactured Home Duct Sealing

This program is another electric-only offering, and will leverage select directly-installed measures including LED lamps, showerheads, and advanced power strips. Program Staff will develop targeted marketing engagements to reach customers living in manufactured homes.⁹

This is consistent with the “comprehensive approach” advocated by the Council and with the need to avoid “lost opportunities” resulting from focusing on only one measure at a time that we discussed in our Path Forward proposal. While PSE’s recognition of the need for comprehensiveness is laudable, the PSE Plan is sparse on details going forward.

Avista

Avista Utilities also referenced its work (and that of UCONS) in the MH sector:

Manufactured Homes are an important customer segment within the residential portfolio and one that is included in many of our 2017 program offerings. We provide incentives through our Energy Star Homes incentive for Eco-Rated manufactured homes. We are launching a ductless heat pump incentive and heat pump water heater incentive that offers manufactured homes additional options especially when natural gas is not available. . . .

These are just some highlights of continued efforts to focus on and serve manufactured homes along with stick built residential dwellings. Avista recently completed a comprehensive, direct install program treating manufactured homes and delivering \$2.4 million in duct sealing and repair in Washington. UCONS was the contractor that

⁸ PSE, *2017 Annual Conservation Plan*, at 60.

⁹ *PSE 2017 Annual Conservation Plan*, at 70. Earlier in its Plan, PSE noted the success of its program in manufactured homes and noted that such success and market saturation indicated that “a program delivery change was needed.” *Id.* at 14. As discussed below and in the attached proposal, it is not true that the market is saturated. Indeed, there are substantial opportunities in PSE’s service territory for further cost-effective work to be done.

delivered this treatment that they worked with the WSU-Energy Extension to propose for eastern Washington and Avista customers.¹⁰

Avista's Plan, like PSE's, addresses the MH issue but lacks a forward-looking focus.

Pacific Power

Pacific Power's updated conservation plan described its current program for manufactured homes that "include[s] incentives and duct sealing service at no cost to the customer."¹¹ It went on to specifically focus on the MCS-1 language in the 7th Power Plan:

Chapter Four (Action Plan item MCS-1) of the Seventh Northwest Conservation and Electric Power Plan adopted in February 2016 outlines steps that Bonneville Power Administration and the region's utilities should take with respect to underserved markets or hard-to-reach segments of markets, including manufactured homes. In 2017, the Council will oversee an initial round of data collection and as part of supporting this regional effort the Company plans to perform the following activities in 2017.

- Complete data analysis on historical manufactured home program participation. Overlay participation data with available census data for household income and include analysis in the 2016 annual report.
- Provide information on 2016 program participants who reside in manufactured homes in the 2016 annual report.
- Participate in the Northwest Power and Conservation Council's work group convened for the purpose of fulfilling the requirements of 7th Power Plan Action Plan, item MCS-1.
- Qualify and contract with at least one additional duct sealing services provider to deliver manufactured home direct install services.
- Conduct one manufactured home specific breakout session as part of HVAC contractor training which provides technical instruction on equipment selection, sizing and installation.
- Continue sales training and outreach to new manufactured homes dealers as described in Pilot section.
- Continue funding and partnership agreements so non-profit agencies can continue screening and completing income qualified manufactured home weatherization projects.

¹⁰ Avista Utilities, *2017 Electric Demand-Side Management Annual Conservation Plan*, at 8 (Nov. 15, 2016).

¹¹ Pacific Power, *2017 Annual Conservation Plan: Washington*, at 10 (November 15, 2016)

- Deliver the pilot described above.¹²

Of the three IOU Plans, Pacific Power's is the most specific in addressing the demands of the 7th Power Plan. Its current and anticipated provision of duct sealing at no cost to the MH customer, and commitment to a number of steps called for in the 7th Power Plan, are relatively congruent with the UCONS proposed "Path Forward."

CURRENT OBLIGATION OF UTILITIES TO PURSUE CONSERVATION IN HARD-TO-REACH MARKETS

The electric IOUs' current and future efforts are required by I-937's mandate to acquire all cost-effective conservation.¹³ This legal and policy mandate is not one that periodically arises and is only relevant every two years when utilities file their biennial conservation plans. It is, as it should be, continuously in effect, its requirements fostered and enforced year-round. WAC 480-109-100(1)(a)(iv) requires that the utility must "adaptively manage" the conservation resources. The utility must

[c]ontinuously review and update as appropriate the conservation portfolio to adapt to changing market conditions and developing technologies. A utility must research emerging conservation technologies, and assess the potential of such technologies for implementation in its service territory.

In adopting this provision, the Commission explained that "[t]his work is essential to the development of new programs during a biennium, and is not reserved to the conservation potential assessment."¹⁴

Because the utility's duty to research and "adapt" to changing market conditions and developing technologies is "continuous," it should accept, with the encouragement of the Commission, new submittals for cost-effective programs on an ongoing basis. Accordingly, as described below, we are offering a specific proposal on how to acquire more cost-effective conservation from the MH sector.¹⁵

¹² *Pacific Power, 2017 Annual Conservation Plan* at 10-11.

¹³ RCW 19.285.040(1).

¹⁴ UTC Rule Adoption Order, Dkt. No. UE-131723, ¶34 (March 12, 2015).

¹⁵ In the pending Commission proceeding to amend the rules on integrated resource plans, UTC Dkt. No. UE-161024, UCONS advocated for inclusion of such an ongoing solicitation or bid requirement in response to the question of Commission Staff whether the rules should require utilities to issue RFPs for conservation measure "on a regular basis." Comments of Utility Services, LLC, UTC Dkt. No. UE 161024, at 4-5 (Nov. 1, 2016)

SPECIFIC PROPOSAL FOR A “PATH FORWARD”

Based on UCONS’s experience in serving the MH sector, we have developed a proposal for a pilot program that we are submitting to PSE to address the MCS-1 goal in the 7th Power Plan. A copy of that proposal is attached to these comments.¹⁶

Our pilot program proposes a comprehensive set of cost-effective measures to 1800 PSE MH customers in Thurston and Pierce Counties to be provided in 2017. Our analysis shows that the total resource cost test score will be 2.0, and the project will deliver over 7,000,000 kWh of energy savings. Our proposal would meet the Council’s desire to include a comprehensive set of measures and demonstrates how energy efficiency in the MH sector can be obtained economically. It also would get the program underway before we lose another winter heating season.

It is possible that PSE could raise a concern about the administrative costs of this or other similar programs. In its response to a request for information from the Commission staff relating to the ratio of direct benefits to customer to total program costs, PSE stated: “Hard-to-reach market segments often require significantly more staff time, effort, and cost to have any kind of impact . . .”¹⁷ This is simply not accurate. As was the case in previous programs that we have run, in our proposal, UCONS would be responsible for nearly all marketing and customer support, and we would conduct quality assurance by retaining contractors, thereby reducing any administrative burdens on PSE. Further, this is a pilot program, so part of its evaluation would be to analyze costs of administration, not just for the pilot, but for those of a potentially more geographically comprehensive program.

We urge the Commission to endorse this, or some similar pilot program, to help move Washington’s utilities along the path to implementation of MCS-1.

CONCLUSION

Accordingly, we urge the Commission, in reviewing and commenting on the IOUs’ recently filed annual conservation plans, to:

1. In the Commission’s open meeting on January 26, focus on the utilities’ commitment to serving HTR customers, particularly in the MH market;
2. Encourage the utilities to implement a pilot program consistent with the one we propose;

¹⁶ To date, we have prepared such a proposal only for PSE, because compared with the other electric IOUs, it has the largest potential of conservation in the MH sector. We hope to work with Avista and Pacific Power on similar proposals in the near future.

¹⁷ PSE Response to Commission December 21, 2016, Data Request, at 3.

3. Direct staff to work with the utilities and other stakeholders over the next year to create a focus on implementation of MCS-1 in the 7th Power Plan during the development of the next round of utility biennial conservation plans, and to report back to the Commission on adopted pilot programs for HTR customers, including MH customers; and
4. As part of that effort, the Commission should direct the staff obtain from utilities data on efficiency measures and programs that are disaggregated by customer class on a monthly basis in order to enable the Commission, the Council, and stakeholders to better evaluate these programs.

Providing additional cost-effective energy efficiency services to this HTR market has been endorsed by the Council; it is required by I-937; and it is the right thing to do for HTR customers and ratepayers generally. We look forward to working with the utilities and the Commission in this endeavor.

Attachment:

Manufactured Housing Innovative Pilot Conservation Program Addressing Barriers to Customer Participation (Jan. 19, 2017) (includes as Appendix II “Energy Efficiency in Manufactured Homes in Washington: The Path Forward” (July 5, 2016)).