

September 15, 2014

Ms. Juliet Johnson
Oregon Public Utilities Commission
Salem, OR

Re: UM 1622 Comments

Dear Juliet:

Cascade Policy Institutes offers the following comments on the request by Energy Trust of Oregon for exceptions to the cost-effectiveness (CE) requirements related to energy conservation measures, as described in Appendix A of the PUC staff report dated August 13, 2014.

Exceptions

By statute, Energy Trust of Oregon must support “cost-effective” energy efficiency projects. This means that measures must save more than they cost over the expected lifetime of each measure. Energy Trust is proposing to remove a number of programs because they fail this cost effectiveness standard. Cascade Policy Institute supports that proposal.

However, Energy Trust is requesting exceptions for many measures that fail the CE requirements. The Commission Staff rightly proposes removing programs with Benefit Cost Ratios of 0.2 and 0.3 (specifically residential wall, floor and duct insulation) as well as not bundling non-cost effective measures together in an attempt to create one cost effective group measure.

However, Energy Trust is still seeking exceptions for a number of programs that currently fail the CE mandate and are not likely to be cost effective in the future. The rationale behind this is not compelling. Cascade Policy Institute encourages the Commission to deny the exceptions.

Benefit Cost Ratio

Energy Trust has requested exceptions for approximately twenty-one programs. PUC staff is supporting exceptions for approximately eleven programs, with some of those eleven exceptions contingent on reworking the program to improve cost effectiveness. In analyzing the programs where the Staff supports exceptions, it appears that the Staff has arbitrarily selected a benefit cost ratio of approximately 0.5 as acceptable. We question this decision. Programs with benefit cost ratios of 0.4, 0.5, and 0.6 (i.e. manufactured home duct sealing, spa covers, and 0.67 and 0.70 EF water heaters) are obviously not in compliance with the SB 1149 mandate, and therefore should be disallowed.

The primary mission of ETO is to invest ratepayer funds in cost-effective energy efficiency measures. It's not clear to us why exceptions were granted two years ago, and it's even less clear with every passing month. Ratepayers should be rewarded when natural gas prices are low, not punished with arbitrarily applied taxes. The PUC should disallow all measures with BCRs lower than 1.0.

Thank you for your consideration of these comments.

Sincerely,

John Charles
President & CEO
Cascade Policy Institute