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## MEMO

Date: December 15, 2003  
To: Board of Directors  
From: Margie Harris  
Subject: Transmittal of the final draft 2004-2005 Action Plan and final draft 2004 Budget

It is my pleasure to submit the 2004-2005 final draft action plan and the 2004 budget for consideration by the board of directors at the December 17, 2003, meeting. These revised documents reflect many of the comments received from numerous stakeholders in the time period since the drafts were presented during the board work session on November 20, 2003.

To assist you, this transmittal memorandum highlights and summarizes the major differences between the initial and final draft 2004 budget document. These changes are incorporated into the revised *Budget Narrative and Assumption* and are also reflected in the revised *2004-2005 Action Plan*, attached. For a more detailed description of the comments received, please note the *Summary of Public Comment*, also enclosed with the supplemental materials for our upcoming board meeting.

I look forward to the opportunity to present the proposed final action plan and budget to you on Wednesday. Thank you.

## **Final Draft 2004 Budget Summary December 15, 2003**

### **Overall**

- The pace of program activity is slowed to focus on quality management and reasonable work flow matched with staffing resources.
- To achieve action plan targets, a total of 30 FTE are proposed, down from the initial total of 37.
- Staff will focus on quality program delivery and services to ratepayers, with less time likely to be available to address unanticipated inquiries.

### **Energy Efficiency**

- The overall pace of program delivery and implementation will be slowed and matched with the staff resources available to manage and support nine energy efficiency programs.
- The total 2004 incentive budget is \$20 million, reduced from the initial proposal of \$23 million. This adjustment accounts for a later program roll-out for building operations and recommissioning and also addresses economic and other uncertainties that can delay or terminate projects.
- Incentive funds will be reserved in a dedicated incentive pool. The incentive pool can be tapped if any particular program incentive demand requires the funding. Otherwise unused funds will be carried over into the 2005 budget. The LED Traffic Signal program is the only exception where staff is confident projects will be completed and budget will be fully spent in 2004.
- Projected energy savings have been adjusted from 34 average megawatts to 30 average megawatts, reflecting a slower pace of program rollout and the delay of the new Building Operations and Recommissioning program from the first quarter to the last quarter of the calendar year. This approach assumes additional resources to increase the pace of program activity in 2005 and 2006 to compensate for slower rollout in 2004.
- One program coordinator will be added to the energy efficiency staff in 2004. This position is linked to the addition of \$6.2 million in gas efficiency programs to be fully integrated with electricity efficiency programs.

### **Renewable Energy**

- One new program coordinator is being requested for the renewable energy program to support expanded demand for the open solicitation program, the addition of a new smaller-scale wind and biomass program.

### **Planning and Evaluation**

- Assumes a greater reliance upon outside consultants to augment staff capability in the areas of resource assessment, technology market research, gas market transformation activities and engineering assistance, as needed.
- No activity is planned for transmission and distribution deferral or other utility related demand side management analyses.

## **OTHER PROGRAM SUPPORT**

### **Customer Service**

- Basic customer service will be provided by existing staff.
- A system to track customer comments will be created with the assistance of a contractor.
- The ability to train, orient, monitor call taking and resolve customer concerns handled internally and by program management contractors will be less and depending upon call volume, resolution of customer concerns may be slower.

### **Trade Ally Network**

- The proposal to strengthen the trade ally network remains and will be pursued at a lower level, pending staff time and availability.

### **Information Technology**

- The information technology budget has been reduced by \$300k to reflect fewer projects and fewer staff.
- As presented to the board in April 2003, the original proposal to hire an information technology manager is included in the proposed budget. This position is directly tied to the ongoing implementation of the FastTrack system. An FTE will cost 50% less than the alternative of retaining services of an external contractor necessary to maintain this major investment.
- The scope and cost of the GIS mapping project has been reduced.
- The scope and cost of the extranet proposal has been reduced.

### **Marketing and Communications**

- The budget narrative has been revised to more specifically detail general marketing and communication efforts separate from targeted program-specific marketing and communication efforts. Both are strategically designed to drive awareness of program opportunities and thereby increase the number of people who benefit from Energy Trust programs.

### **Management and General**

- The total management and general expenditures remain at 4% no remarkable changes.

### **Overall Staffing Plan**

- A total of 30 FTE are proposed for the 2004 budget, down from the initial request of 37 positions.
  - 26 positions are currently approved in the 2003 budget.
  - Two positions were a part of the FastTrack proposal approved by the board in April 2003, equal to 28 FTE.
  - Nine new FTE were initially requested in the 2004 draft budget, equal to 37 FTE.
  - Two of the nine FTE have been retained in the revised request, one for energy efficiency and the other for renewable programs.
- The originally approved 26 FTE's for 2003 included an IT Analyst II. This position is currently vacant. Staff recommends that this position be exchanged for an accountant instead to address the dramatic increase in the volume of transactions related to incentive payments.

- The remaining FastTrack position presented to the board as part of the proposal last April 2003 was an IT Data Analyst. Staff recommends that these functions be fulfilled instead through professional services contract.
- The balance of the positions requested in the draft 2004 budget were directly linked to program support, expanded program offerings and increased volume of activity. These positions, listed below, have been eliminated.
  - An energy efficiency project manager corresponding to the new building Operations and Recommissioning program.
  - A senior contracts negotiator to assist program staff in reaching agreement on complex business transactions with contractors and others and to reduce external legal costs.
  - A director of program support to improve operational efficiency, data tracking, report generation and work flow.
  - A customer support manager to re-bid and manage the call center contract, provide training and coordinate consistent messaging among the decentralized network of program management contractors and trade allies.
  - A dedicated customer support representative to handle incoming calls and assist in timely customer care and complaint resolutions.
  - A planner to provide timely cost-benefit and above market cost analyses.