

Board Decision

Adoption of Revision to Strategic Goal #1

December 17, 2003

Purpose

To adopt a revised strategic plan goal for energy efficiency to incorporate natural gas savings.

Background

In the 2002-2007 Strategic Plan, dated October 1, 2002, the Energy Trust adopted the following as Goal #1:

Goal 1: Invest in programs to help consumers save 300 average megawatts of electricity by 2012, emphasizing results from long-lasting energy efficiency measures.

In the time since this goal was adopted, NW Natural and the Oregon Public Utility Commission reached a decoupling settlement (Order #02-634). In a subsequent memorandum of understanding with Northwest Natural, the Energy Trust accepted funding and responsibility for gas efficiency programs for commercial and residential customers of NW Natural. NW Natural has transferred public purposes funding to the Energy Trust for these programs. The Energy Trust has launched, and is continuing to deliver, a series of programs that integrate gas and electric efficiency opportunities.

In addition, the Energy Trust has received suggestions for more specificity regarding what is meant by “long-lasting energy efficiency measures.” This clarification has been combined with the need to update goal 1 of the strategic plan to incorporate natural gas savings.

In response, the draft 2004-2005 Action Plan, presented to the board on November 20, 2003, included a gas goal and a description of the anticipated measure lives for both electric and gas measures (14 years and 20 years respectively). This led to a goal that was, in the eyes of some reviewers, too complex to be a clear goal statement. Energy Trust staff have consequently revised the goal to be both clear and simple.

Like the original electric goal to save 300 Average MW, the gas goal for therms was developed by taking the estimated cost per unit of energy savings from programs, and developing a trend forecast with a mix of programs. The approach assured that all types of eligible energy users can participate, while also striving to achieve low cost. The “mix” is projected to use all available public purpose funds through February, 2012. It is assumed that the current 1.25% public purposes charge for natural gas will continue through that time.

For the gas programs, the average cost per therm and average measure life are based on a projection of a program mix through February 2012. The costs for each program were derived by developing a package of efficiency measures, based on the gas supply curve analysis that was recently completed for the Energy Trust. Then estimates of non-measure costs such as energy studies, technical assistance, promotion, administration, evaluation, planning, and quality assurance were added. Costs were cross-checked against other sources of data on program savings and early Energy Trust program results, and then adjusted as needed.

The footnote to the proposed revised goal calls for a weighted average measure life of 14 years for electric measures and 20 years for gas measures. The gas measure life is longer because a large portion of the gas savings is from relatively long-lived insulation measures. The electric savings potential arises from a large portion of lighting and industrial measures, neither of which is in the gas program. The Energy Trust assumes an average life for industrial measures of 10 years. Compact fluorescent lamps are expected to last an average of seven years, and other lighting measures can last 15-20 years. This results in a shorter average life for electric measures when all are considered.

Relation to Strategic Plan/Action Plan/Budget

With this revision to the 2002-2007 Strategic Plan, the plan now outlines the overall direction for Energy Trust activities, including gas efficiency. Steps toward achieving the gas efficiency goal are described in the 2004-2005 Action Plan.

Committee/Public Review

A draft 2004-2005 Action Plan, dated November 20, 2003, was discussed by the board at its meeting on that date. It was posted on the Energy Trust website and notice sent to Energy Trust distribution lists about its availability for comment. Its contents were discussed at November meetings of the Conservation and Renewable Energy advisory councils, and the board Finance and Policy committees. The November 20 draft was discussed at December meetings of the Conservation Advisory Council, Finance and Policy committees. A public comment session was held December 8, and notice provided in Oregonian display ads statewide.

Comments received during meetings and telephone conversations with key stakeholders, along with written comments, are documented in summary of public comments received on the draft action plan and budget. Special attention was given to discussing the documents and answering questions about them posed by the Oregon Public Utility Commission and the Oregon Department of Energy staffs, and a written response to questions was produced.

Recommendation

Staff recommends adoption of the revised strategic plan goal I to incorporate gas.

Resolution

BE IT RESOLVED: That Energy Trust of Oregon, Inc., Board of Directors approves the following revised goal #1 for the Strategic Plan. As revised, Goal I states:

*By 2012, deliver programs to save consumers 300 Average Megawatts (2.6 million annual megawatt hours) of electricity and 19 million annual therms of natural gas from long-lasting energy efficiency measures.**

* Targets are for a weighted average measure life of 14 years for electric savings and 20 years for gas savings.

Moved by: _____ Seconded by: _____

Vote: _____ in favor _____ opposed _____ abstained

Adopted on (date) _____ by Energy Trust of Oregon, Inc.,
Board of Directors.