

Special Board Meeting Minutes

July 29, 2004

Board members present: Rick Applegate, Jason Eisdorfer, Tom Foley, Debbie Kitchin, John Klosterman, Rick Kroon, John Reynolds and Steve Schell

Board members absent: Julie Hammond, Cheryl Perrin, John Savage and Bill Nesmith

Staff attending: Diane Ferington, Margie Harris, Nancy Klass, Steve Lacey, Linda Rudawitz, Sue Meyer Sample, Jan Schaeffer, John Volkman

Others attending: Newton Betts, Harris Group; Bill Darden, Harris Group; Joe Esmonde, IBEW #48; Janet Fairchild, OPUC; Wayne Lei, PGE; David Pex, Ecos; Jennifer Williamson, Ecos Consulting

Business Meeting

President Steve Schell called the meeting to order at 3:40 p.m. He noted Cheryl Perrin is in Washington, DC; Julie Hammond's plane is delayed in Bend; Rick Kroon is expected.

Agenda. There were no changes to the agenda.

Public comment. Steve invited public comment. There was none.

Energy Efficiency Program

Jason noted the two measures presented for board action are similar in concept, involving changes in the terms of contracts with Ecos Consulting and Aspen Systems.

Contract term extension for Building Efficiency and Production Efficiency contracts with Aspen Systems. Margie Harris noted this resolution would approve a nine-month extension of the Aspen Systems Corporation contract term for the Building Efficiency and Production Efficiency programs through September 30, 2005. Instead of requiring Energy Trust to competitively bid the contract now, board action would allow Energy Trust staff to negotiate the terms for a contract extension, bring the extension terms back to the board at a fall 2004 meeting for approval, and in early 2005 begin a competitive bid process to have a new contract in place by September 2005. The Aspen contracts terminate December 31, 2004, with a provision for a 1-year extension.

She said we are pleased with performance of both contractors. She summarized reasons for proposing the extension of the two Aspen contracts:

- Allow Aspen to serve customers through peak season
- Avoid disrupting trade ally businesses during this time
- Provide more time for newer aspects of the contract, including gas HVAC, to be demonstrated during a peak activity cycle
- Avoid simultaneous termination of three programs (Building Efficiency, Production Efficiency and Home Energy Savings)

Topics of discussion between board and staff included:

- How long the contracting process typically takes (answer: 6 months)
- Why we didn't set the term at 2 years 9 months from the beginning (OPUC agreement requires two-year contracts)
- Whether today's action commits additional funds to the contract (the action would authorize staff to negotiate an extension and bring the costs back to the board for approval in the fall)
- Accuracy of numbers in the background section of the paper (Steve Lacey will check)
- Whether the contract renewal criteria referenced in the paper are being applied to all PMCs (yes, although modifications may be needed to tailor the criteria to different contracts)

Tom noted the first sentence of the resolution states the board approves extending the deadline, while the last sentence states differently. Margie proposed revised language, shown in italics in the resolution.

Steve Schell opened the floor to public comment. Joe Esmonde asked if he might have names of all the projects and contractors that have been awarded to date. Steve Schell said we strive to be as open as we can without compromising proprietary information, and we will provide Joe with as much information as possible.

Rick Kroon arrived at 4:10 pm.

Resolution

BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors hereby approves *staff negotiating amendments to the Building Efficiency and Production Efficiency board approved programs and the related Amended and Restated Energy Efficiency Program Agreement dated as of December 1, 2002, as amended (the "Agreement") to extend the termination date of the Agreement from December 31, 2004, to September 30, 2005.*

Preliminary prorated costs and energy savings estimates for the nine month extension are as follows:

Building Efficiency

- **Total program budget (less management and general, 5.6%) is \$2.97 million: \$2.53 million for electric and \$436,000 for natural gas**

- **Energy savings 1.35 average megawatts (11,826 megawatt hours) and 120,000 therms of gas savings, which translates to \$2 million per average megawatt and \$3.88 per therm of natural gas.**

Production Efficiency

- **Total program budget (less management and general, 5.6%) is \$9.35 million**
- **Energy savings 6.4 average megawatts (56,000 megawatt hours), which translates to \$1.5 million per average megawatt**

The board authorizes staff to negotiate the terms of the amendment and present those terms, including a full break-out of costs and savings, for approval to the board at a later date, complying with the prevailing contract approval process.

Moved by: Tom Foley Seconded by: John Reynolds

Vote: 8 in favor; 0 opposed; 0 abstained

Adopted on July 29, 2004, by the Energy Trust of Oregon, Inc., Board of Directors.

Contract term extension for the Home Energy Savings Contract with Ecos Consulting. Margie noted this resolution would authorize the extension of the Ecos Consulting, Inc. Home Energy Savings program contract term for 6 months, through June 30, 2005. Margie noted the same reasons for the Aspen contracts apply to the Ecos contract extension recommendation. As with the Aspen contracts, staff would bring the extension terms back to the board at a fall 2004 meeting for approval.

Steve asked for public comment. He noted he had talked to Sam Sirkin of Ecos, who reported he was pleased with the extension although he would have preferred having a full year.

Resolution

BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors hereby approves *staff negotiating amendments to the Home Energy Savings Program and the related Energy Efficiency Program Agreement between Energy Trust of Oregon, Inc. and Ecos Consulting, Inc. dated as of February 1, 2003, as amended (the "Agreement") to extend the termination date of the Agreement from December 31, 2004, to June 30, 2005.*

Preliminary prorated cost and savings estimates for the six month extension are as follows:

- **Total program budget (less management and general, 5.6%) is \$2.79 million: \$1.67 million for electric and \$1.12 million for natural gas**
- **Projected energy savings .76 average megawatts (6,649 megawatt hours) and 287,760 therms of gas savings, which translates to \$2.33 million per average megawatt and \$4.12 per therm of natural gas.**

The board authorizes staff to negotiate the terms of the amendment and present those terms including a full break-out of costs and savings, for approval to the board at a later date, complying with the prevailing contract approval process.

Moved by: Tom Foley Seconded by: John Reynolds

Vote: 8 in favor; 0 opposed; 0 abstained

Adopted on July 29, 2004, by the Energy Trust of Oregon, Inc., Board of Directors.

Jason noted the Conservation Advisory Council is reconsidering its operating procedures. After these contract extensions were announced to the CAC at its July meeting, members noted they would prefer to have their comments communicated more thoroughly and specifically to the board. In the future, staff will strive to incorporate a clearer sense of the CAC's comments in the decision documents. Steve Schell noted CAC members are stakeholders with particular perspectives to bring to CAC discussions. He said it would be especially helpful to understand differing opinions on the council, when differences exist.

Project Manager Staffing

Margie noted the rather fortuitous opportunity to fill a three-quarter-time position to launch the Building Operations and Commissioning Services program and an irrigation initiative within the Production Efficiency program, starting this year instead of 2005. She noted the draft 2004 budget anticipated funding for this position. Subsequently the program was delayed until 2005. On a separate track during this year, the Production Efficiency program has been developing an agricultural initiative in the Klamath Basin, related to an upcoming 1000% rate hike for some farmers using mechanical irrigation, and it is timely to develop this initiative now.

Margie noted Dave Bonkowski, who has recently chosen to leave his position as Commercial and Industrial Program Manager, is available to fill the position. Steve Lacey noted Dave had led Pacific Power's irrigation program and has particularly relevant expertise for this effort.

Discussion topics included:

- Is Dave Bonkowski equally knowledgeable in the area of building operations and irrigation? (his technical skills are higher in the irrigation area; however, building operations requires less technical expertise and greater skills coordinating among programs)
- When will Dave's vacated position be filled? (we are interviewing now)
- Utility, societal cost-benefit ratios? consumer benefits? (societal = 1.28; utility = 1.21; consumer benefits = payback with incentive is 1 year, without incentive is 1.3 year, annual savings \$170/year)
- Is the \$5 million/aMW cost for the program acceptable? (underserved area costing relatively more per aMW and participation will be small overall)
- Is the position ongoing? (yes)

Resolution

BE IT RESOLVED: That Energy Trust of Oregon, Inc., Board of Directors authorizes the Executive Director to hire a part-time project manager to manage the development and implementation of an irrigation initiative within the Energy Trust Production Efficiency Program and to support the development and implementation of the Building Operations and Commissioning Services Program beginning in early 2005.

Projected savings resulting from this action is estimated as follows:

Irrigation Initiative

- Annual energy savings is projected to be .2 average megawatts (1,915 megawatt hours), which translates to \$5 million per average megawatt. The societal benefit/cost ratio is 1.3.

Building Operations and Commissioning Services

- Annual energy savings is projected to be 1.1 average megawatts (9,300 megawatt hours) and 120,000 therms of gas savings, which translates to \$2 million per average megawatt and \$3.88 per therm of natural gas. The societal benefit/cost ratio is 1.2 for electric measures and 1.5 for gas measures.

Moved by: Rick Applegate

Seconded by: John Reynolds

Vote: 8 in favor 0 opposed 0 abstained

Adopted on July 29, 2004, by the Energy Trust of Oregon, Inc., Board of Directors.

The meeting adjourned at 4:35 pm