

## Board Meeting Minutes

June 9, 2004

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**Board members present:** Rick Applegate, Jason Eisdorfer, Tom Foley, Julie Hammond, Debbie Kitchin, John Klosterman, Rick Kroon, Bill Nesmith (*ODOE special advisor*), John Reynolds, John Savage (*ex officio*) and Steve Schell

**Board members absent:** Cheryl Perrin

**Staff attending:** Ben Bronfman, Diane Ferington, Fred Gordon, Margie Harris, Nancy Klass, Steve Lacey, Spencer Moersfelder, Maureen Quaid, Char Rollier, Jan Schaeffer, Greg Stiles, John Volkman and Peter West

Jeff Bissonnette, FCEC; Newton Betts, Harris Group; Carol Brown, PGE; Mike Burnett, Climate Trust; Chris Crowley, Columbia Energy Partners; Bill Darden, Harris Group; Lois Gordon, Ecos; Monica Gruher; Don Jones, Jr., PacifiCorp; Wayne Lei, PGE; Glenn Montgomery, Oregon Department of Economic and Community Development; Ken Self, Aspen Systems; Sam Sirkin, Ecos Consulting; Mike Siebers, Blue Heron Paper; Craig Walley, Harris Group; Jennifer Williamson, Ecos

## Business Meeting

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President Steve Schell called the meeting to order at 12:07 pm.

**Agenda.** There were no changes to the agenda.

**Minutes of the April 7, 2004, board meeting.** Julie Hammond noted a change on page 21: last bullet before Adjourn should read "*Umbrella policy limits should be increased to \$5 million.*"

**MOTION: Approve minutes from the April 7, 2004, board meeting, as corrected.**

Moved by: Jason Eisdorfer      Seconded by: John Reynolds

Vote:    9 in favor      0 opposed      0 abstained

## Ex-officio/Special Advisor Comments

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John Savage, ex-officio member from the Oregon Public Utility Commission, offered no comments. Steve noted he and Margie had presented the 2004 Q1 report to the OPUC yesterday, and felt it was a productive meeting. John agreed and said that everyone came away feeling pleased.

Bill Nesmith, special advisor from the Oregon Department of Energy, offered no comments.

## General Public Comment

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There was none.

## Audit Committee Report

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**Appoint Audit Committee chair.** Steve noted the suggestion to appoint a chair of this board committee.

### Resolution

**BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors hereby designates Julie Hammond as chair of the Audit Committee.**

Moved by: Rick Applegate      Seconded by: Tom Foley

Vote: 9 favor   0 opposed   0 abstained

Adopted on June 9, 2004, by Energy Trust of Oregon, Inc., Board of Directors.

**Management Audit RFP.** Julie reported the audit committee intends the management audit to be completed by October 31, 2004. The OPUC grant agreement requires the report by March 1, 2005. Margie identified two considerations for the audit: 1) it should not duplicate program performance evaluations; 2) it should compare Energy Trust administrative costs and other operational procedures with like organizations. She noted Energy Trust best practices studies include comparative information from similar programs. She referenced an attachment in the packet provided by Janet Fairchild that describes federal General Accounting Office performance audit contents, along with elements of a recent management audit of the Northwest Efficiency Alliance. Margie commented that the "efficiency and economy audit" section of the GAO list is most appropriate for the Energy Trust management audit. John Savage hopes the management audit somehow addresses performance, at the "5,000-foot level." By comparison, he said, evaluations are at "ground level." Jason asked Margie to keep track of the staff time and requirements associated with the audit. Timing of the audit was discussed. Bill Nesmith noted an auditor's job is to find something wrong and said we should be prepared for this.

### Resolution

#### WHEREAS:

- I. **The OPUC Grant Agreement calls for a management review of the Energy Trust of Oregon to consider costs, cost allocations and programs:**
  - a. **Review the administrative and operational costs of ETO and provide recommendations to improve its efficiency and effectiveness;**
  - b. **Analyze cost allocations between administrative, management and programs and offer suggestions for appropriate changes; and**
  - c. **Review programs operated by ETO, compare them to programs operating elsewhere and offer suggestions for improvement.**

**The review is to be completed by March 1, 2005.**

2. **The Energy Trust has consulted with the Oregon Public Utility Commission staff and reviewed Government Accounting Office (“GAO”) standards and performance reviews of comparable organizations.**

It is **RESOLVED** that:

1. **Staff shall, in cooperation with the Audit Committee, issue a request for proposals (RFP) to retain a firm to complete a management audit by October 31, 2004;**
2. **The RFP shall specify that the audit may focus on whether Energy Trust:**
  - **Is meeting the legislature’s objectives for the public purpose charge?**
  - **Is operating efficiently? If not, in what areas can it trim costs without affecting results?**
  - **Is the budget allocated effectively among different functions?**
  - **Has open, transparent and inclusive decision-making processes? Obtains and makes appropriate use of information from advisory committees and the general public? Should it rely more on outside experts in designing its programs?**
  - **Has well-designed, effective programs achieving conservation and renewable resources at cost-effective levels? If not, how can the programs be improved? Are there more efficient and effective ways to achieve conservation and renewable resource development?**
3. **Staff shall submit the initial draft of the RFP to the Audit Committee for review in an executive session (as meetings of the committee generally are). The Audit Committee shall participate in the selection of the management audit firm/firms, and firm/firms be responsive to Audit Committee suggestions for clarification. The Audit Committee will arrange suitable coordination with the Oregon PUC.**

Moved by: Julie Hammond      Seconded by: John Reynolds

Vote:    9 in favor      0 opposed      0 abstained

Adopted on June 9, 2004, by the Energy Trust of Oregon, Inc., Board of Directors.

**Processing confidential complaints.** Julie outlined proposed procedures for receiving, retaining and treating complaints concerning Energy Trust accounting, or other concerns about internal operations (“whistleblower” issues). The audit committee has solicited a proposal from EthicsPoint, a firm that specializes in receiving complaints and processing such issues. She noted, in response to a question from Bill Nesmith, that the process might be expanded to address customer service complaints, but in this case is intended to be limited to accounting or auditing issues. Bill noted the management audit also possibly could solicit customer service feedback. Steve mentioned some other possible providers of the proposed service in addition to EthicsPoint. He noted the committee chose not to put the contract out as an RFP since the total value is only \$5,000 in the first year. The thrust of the action is to be proactive in responding to provisions in Sarbanes-Oxley even though such provisions do not govern nonprofits.

## Resolution

### WHEREAS:

1. **The Energy Trust Board Audit Committee's charter charges the committee with developing and overseeing procedures for (i) receipt, retention and treatment of complaints received by the Trust regarding accounting, internal accounting controls and auditing matters; and (ii) the confidential, anonymous submission of employee, subcontractors, program managers or any other party concerns regarding accounting or auditing matters;**
2. **The Audit Committee has solicited a proposal from EthicsPoint, a firm that Metro and other firms use for these purposes**

### It is RESOLVED that:

**The Energy Trust of Oregon, Inc., Board of Directors authorize the chair of the Audit Committee to negotiate and sign a contract with EthicsPoint in the amount of \$5,000 (first year), renewable at a rate of \$3,500 per year thereafter, to establish and maintain a system for reporting and processing confidential complaints involving Energy Trust.**

Moved by: Julie Hammond      Seconded by: Rick Kroon

Vote: 9 in favor   0 opposed   0 abstained

Adopted June 9, 2004, by the Energy Trust of Oregon, Inc., Board of Directors.

## Blue Heron Paper Company Project

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Margie summarized this major energy efficiency project to replace outdated paper-making equipment at the Blue Heron plant in Oregon City with new, efficient equipment. The project will save 106 million kWh every year, and at 5.1 cents/kWh, will be extremely cost effective. Blue Heron expects to save over \$5 million in energy costs annually, some of which will be directed to cover project costs. Total cost of the project is \$10.6 million, of which Blue Heron will contribute \$2 million, ODOE \$2.7 million in BETC credits, with a potential Climate Trust contribution of \$500,000, and Energy Trust \$5.4 million. Margie noted the Energy Trust has done extensive financial and technical due-diligence and has confidence the benefits of this fine project outweigh its risks. Energy Trust is negotiating a contract with Blue Heron. Margie acknowledged numerous individuals from the various organizations whose hard work lies behind the announcement of this project today. She introduced several speakers.

Glenn Montgomery, sustainable business representative from Oregon Department of Economic and Community Development, spoke on behalf of the governor. He noted the contribution of the Blue Heron project toward Oregon's long-term economic prosperity. He noted the legacy of innovation carried on by the Blue Heron mill, the foresightedness of the legislature in creating organizations like Energy Trust and Climate Trust, the example the project offers in using partnerships to overcome obstacles, and the firm commitment toward sustainable development that it demonstrates.

Bill Nesmith, ODOE, said it is a great project, excellent collaborative effort, and major contribution to economic development. He looks forward to making the project happen.

Mike Burnett, Climate Trust, noted the importance of the project in helping Oregon transition to a clean energy society, and its significance in reducing greenhouse gases – about equivalent to taking 75,000 cars off the roads every year. Climate Trust is especially supportive of industrial energy conservation because it is very cost effective. He looks forward to doing more such collaborations with Energy Trust in the future. He noted the project's environmental and economic benefits.

Mike Siebers, Blue Heron, said his plant makes high-recycled content newsprint, selling principally to customers outside Oregon, and in this way each year infuses \$75 million into the state economy. Blue Heron's other products include magazine paper and bags for western states McDonald's. He recounted the role of this project in securing his company's competitiveness internationally and securing the future of its employees. The money will be used to expand and modernize the pulp-making process and will reduce 25% of the plant's electric load. (Some of the electricity savings are offset by project implementation costs.) Implementation will inject millions of dollars into the state economy during construction and afterwards and create new permanent jobs at the plant. He is committed to delivering every kWh promised. He commended the excellent collaboration among the parties.

Jason read from a letter submitted by Ken Canon, who could not be here, praising the organizations for supporting this major project. He noted this sort of project is what Energy Trust was created to do.

Steve Schell noted the project falls within an approved program and budget and can move forward without additional board action.

## Energy Efficiency Program

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**PGE transition proposal.** Jason introduced a new contract with PGE's Efficiency Services Group (ESG) to close out projects begun under the transition contract. Steve Lacey provided background. He said at the end of 2003 nearly 170 projects signed commitments, with projected incentives of \$2.25 million and representing 4 million aMW savings. The projects are scheduled to be completed in 2004 and 2005. The proposed supplemental contract provides \$391,650 for ESG to close out these projects. Incentives estimated at \$1.15 million will be paid by the Energy Trust's Building Efficiency and New Building Efficiency programs, and savings would accrue to these programs.

## Resolution

**BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors hereby approves entering into a contract with Portland General Electric (PGE) for the purpose of funding, supplemental to the Energy Trust of Oregon Transition Agreement between Energy Trust and PGE dated effective as of February 28, 2002, as amended (the "Transition Agreement"), completion of projects developed and committed under the Transition Agreement. The estimated term of the contract is August 1, 2004, through March 31, 2005. The board authorizes an increase in expenditure of up to \$391,650. Additionally, the board has previously authorized the expenditure of up to \$1,150,000 in incentives payable directly to customers through (i) previously authorized but unspent funding remaining under the Energy Trust of Oregon Transition Agreement between Energy Trust and PacifiCorp and (ii) applicable existing Energy Trust program incentive budgets. The total budget of \$1.54 million will result in completing the acquisition of 2 aMW begun under the supplemental transition contract. The executive director is**

**authorized to sign the contract, provided the contract has substantially the same terms as those reviewed by the board.**

Moved by: Tom Foley    Seconded by: Jason Eisdorfer

Vote: 9 in favor        0 opposed        0 abstained

Adopted on June 9, 2004, by Energy Trust of Oregon, Inc., Board of Directors.

**Status report.** Steve Lacey drew the board's attention to two items. One is the informational piece for customers who don't qualify for a home energy review. It will be accompanied by a coupon for three free CFLs. He also drew attention to a flyer left behind at homes and apartments receiving compact fluorescent bulbs that explains how to recycle them.

## Renewable Energy Program

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**Status report.** John Reynolds reported that he had visited the 511 kw Albany hydro project on his way to Portland. Presently all the water falls down a small waterfall into the Calapooia River. He thinks the board would enjoy visiting it. Peter said the project is on schedule for completion in about a year from now. This is one part of a large project to rebuild Albany's water treatment facility. John further noted we are closing in on IMW of installed solar electric. Peter noted the Apeasay Orchard small wind project is on line. He explained that two projects, one with City of Hillsboro and one with Washington County's Clean Water Services, have been withdrawn because of difficulty identifying capital funds from these governments. We are working on a microturbine project with the City of Corvallis that we hope will demonstrate another way to enable municipal projects. He noted US Senate action on the wind production tax credit lowers its value in out years. This is having an impact on PGE wind project negotiations. When the US House acts, yet another version of the production tax credit may result.

Steve Schell referenced a comment at OPUC yesterday. The Commissioners are interested in a simple explanation of the progress of Energy Trust renewable energy programs. Perhaps we should seek a meeting with interested Commissioners and staff on this topic.

Peter noted Oregon was one of eight U.S. states invited to an international conference on renewables in Bonn, Germany. Peter represented Energy Trust. He said we brought good news, compared to the other states. He presented Tom Foley with a renewable, sustainable golf tee made from corn stalks created in a biomass plant fueled by cow manure.

John Reynolds asked if it is time for the Energy Trust board to send a letter asking Congress to conclude action on the production tax credit. Discussion ensued.

**MOTION: that Steve will sign a letter to appropriate Congressional delegates urging action to extend the production tax credit, and explaining the effect of inaction on Oregon projects. Staff will not spend ratepayer money on this effort.**

Moved by: John Reynolds        Seconded by: Jason Eisdorfer

Vote: 9 in favor        0 opposed        0 abstained

## Executive Director's Report

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**Staffing and resource plan.** Margie explained a proposal to add three staff positions and pursue new office space. She noted we are running 10 major programs and have served 25,000 people to date. Without action, we face potential staff turnover and related costs and sustained productivity losses. She noted to date we are under budget in personnel costs for the 2004 budget. The additional staff will necessitate finding larger office space. If we act now, we can take advantage of the opportunities in the depressed Portland office space market. Julie noted the financial auditors told her the office staff was working at stretch capacity, with many individuals working regularly to 6:30 pm-7 pm. She believes it is important to support the staff.

Steve read from the draft OPUC staff benchmarks for Energy Trust. One on administrative costs suggests these costs should be kept at a minimum, proposing alternative measures: 1) administrative costs as defined for nonprofits should not exceed 6% of overall Energy Trust expenditures; 2) administrative costs for nonprofits should not exceed 10% of overall Energy Trust revenues; and 3) administrative/support costs, defined as all costs not including program costs, should not exceed 3% of overall revenues.

In further discussion, Rick Kroon supported the staffing and space proposal. He believes the three positions identified are those most critical to add. Julie noted the significant cost of staff turnover likely to occur if the positions and new space are not approved.

Jason said, regarding benchmarks, that the Policy Committee had reviewed draft benchmarks and urged Energy Trust staff to work closely with the OPUC staff on these. He agrees with John Savage's assertion that the commission does not always adopt the proposals made by its staff. He thinks the board needs to make a commitment to increase staff and decrease some of the workload.

Rick Kroon asked if the new staff requires us to find new office space or make it highly desirable; Margie said the current space is inadequate now. John Reynolds noted the absence of daylighting and natural ventilation as a criterion for the new space. Tom Foley recommends care be taken not to set too low a benchmark for administrative staff, so as not to constrain flexibility to meet program goals.

John Savage commented on the benchmarks process. He said the current staff benchmark proposal is the subject of a workshop and he encouraged the Energy Trust to attend. Following the workshop, staff will revise its proposal and host another workshop, offering additional opportunity for comments. At that point staff will forward a final recommendation to the Commission, which in a public meeting open to testimony, will act on the final benchmarks.

John Klosterman asked how many other positions will be requested in the future. Margie responded that staff size is stabilizing and maybe 3 new positions would be sought during the next budget session, and not many thereafter. John wants to be sure the Energy Trust has adequate staff to handle the workload.

## Resolution

### **WHEREAS:**

- I. Energy Trust's initial staffing plan focused on program design and delivery more than planning, administrative and customer service functions.**

2. **With the success of its programs, Energy Trust's work load is growing and emphasis on planning, administrative support and customer service assistance is increasingly necessary.**

**It is therefore RESOLVED:**

1. **The Board authorizes the Executive Director to hire three additional Energy Trust staff: a customer service manager, a planning manager and a senior administrative assistant.**
2. **The Board authorizes the Executive Director to pursue a sub-lease for the current office space and to find and secure new office space that meets the following criteria:**
  - **Takes full advantage of current availability of commercial office space at competitive costs**
  - **Breaks even with, or requires minimal cost increases, when compared to the remaining lease period for the current space**
  - **Maximizes favorable lease terms**
  - **Minimizes tenant improvements and corresponding costs**
  - **Affords room for on-site board, advisory council, training and other meetings**
  - **Is centrally located and accessible by public transit**
  - **Keeps all staff together**
  - **Enhances productivity and efficiency of staff functions and teamwork**
  - **Provides flexibility for the future**
  - **Provides daylighting and natural green features to the maximum extent practicable**
3. **Staff will alert the board to the result of its analysis of office space options and corresponding recommendations.**
4. **In the event that new office space identified by staff meets some and not all of the above listed criteria, the suggested terms and conditions of the lease will be presented to the board for its review and action at a future meeting.**

Moved by: Julie Hammond    Seconded by: Rick Applegate

Vote: 9 in favor    0 opposed    0 abstained

Adopted on June 9, 2004, by the Energy Trust of Oregon, Inc., Board of Directors.

Margie drew the board's attention to two items handed out today – the 2004 QI report to the OPUC and a primer on evaluations. She reviewed the evaluation primer, which explains how impact evaluations update savings estimates in a process called "true-ups." Energy Trust staff is preparing the first true-up now and will subsequently complete true ups annually in connection with the annual report. John Savage reiterated a comment he made yesterday at the OPUC meeting to the effect that we should be conservative in our savings projections so that changes, when necessary, are on the "good news" side.

Steve Schell noted Debbie Kitchin has agreed to be the board member who carries planning and evaluation initiatives to the board. Steve noted the management audit should not duplicate the work of evaluations. This will require liaison with the evaluation function in putting together the scope of work for the management auditor. He noted also the annual financial audits that are integrated into the annual report, and the importance of timing our savings true-ups to feed into this report.

Margie noted the board retreat is scheduled for July 30 and 31. It will be at the Rose Garden, and will include an evening event for all Energy Trust staff and families.

She raised the question of whether John Savage might support delaying final action on the benchmarks to allow for their prior discussion at the board retreat. John suggested at this juncture we probably would need to file a formal request for delay.

She mentioned Thuong Ho has joined our staff as accountant, and John Kinnune as IT data manager. She noted we are in the process of recruiting a chief financial officer.

Steve Schell asked if she would approve having John Volkman support the board's effort with EthicsPoint, and Margie agreed.

## President's Report

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**Board recruitment.** Steve forwarded a report from Cheryl Perrin, who could not attend this meeting. Cheryl said she will forward a nominee for a vacant board position by the next meeting. She, Tom Foley and John Reynolds will travel to southern Oregon to interview three candidates. Board members agreed it would be advantageous to have the new member present at the retreat, which occurs prior to the next board meeting.

**Bylaw revisions, policy on executive sessions, internal control certification and audit.** Steve noted comments by Lee Beyer yesterday at the OPUC meeting regarding confidentiality. Steve urged staff to keep as much information as possible in the public packet and minimize the amount of confidential information discussed only in executive session.

Steve suggested postponing action on the proposed bylaw revisions and related policies. One of these would transfer contract-signing responsibilities from the president of the board to the executive director, who would become the Energy Trust's chief executive officer (CEO). Steve noted he believes the CFO also should be named as an officer of the corporation, in addition to the CEO. John Klosterman asked whether current insurance levels for board members are adequate to cover risks related to Sarbanes-Oxley. John Volkman said he believes the coverage is adequate and will seek to document this.

Debbie and Steve discussed adding provisions to the proposed policy on contract execution and oversight to assure contracts are within the approved budget, and to require reporting new contracts (possibly those over a minimum size) to the board at the next meeting after they are signed. Board members discussed item #6 in this proposed policy on contract execution and oversight, which states a contractor may request and the executive director subsequently may agree to treat a contract as confidential. John Klosterman suggested stating the types of information that could be kept confidential.

Julie questioned a provision in the proposed policy on executive sessions requiring the board to make decisions in public, including personnel decisions. Steve defended this clause.

Action on these matters was deferred to the next meeting in September.

## **Innovation Task Force Report**

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Tom Foley introduced a proposed revised resolution authorizing Energy Trust involvement in economic development initiatives, an item that emerged from the Innovation Task Force. Jason expressed concern about using public purpose funds for economic development per se. He supports this when economic development is a fortunate side effect of one of our programs, as was the case with the Blue Heron project presented today. John Volkman explained this is the intent of the proposed approach.

*John Savage left during this discussion at 3:40 pm.*

### **WHEREAS:**

- 1. Economic development is a significant side benefit of Energy Trust energy efficiency and renewable energy production, helping to make Oregon businesses more competitive by lowering production costs and increasing operating reserves and profits.**
- 2. It is consistent with Energy Trust's strategic plan and mission to cooperate with public entities and utilities that are seeking to convince businesses to come to, expand in, or stay in Oregon.**

### **It is therefore RESOLVED:**

- 1. Energy Trust staff should develop integrated materials that help economic development entities understand how Energy Trust programs support new and existing commercial and industrial facilities;**
- 2. Staff should provide a single contact person to coordinate quick responses to inquiries from economic development entities based on analysis by the Oregon Department of Energy (or if that is unavailable or impractical, an outside contractor), and review by an internal Energy Trust team. Staff is authorized to contract with an outside consultant to provide a back-up source of information-gathering and analysis.**
- 3. For projects with high economic development potential, staff is authorized to make commitments to cost-effective energy efficiency projects consistent with existing program standards, and up to \$125,000 per project for renewable energy projects, consistent with SB 1149's above-market requirement.**

Moved by: Tom Foley      Seconded by: Rick Applegate

Vote:      9 in favor      0 opposed      0 abstained

Adopted on June 9, 2004, by Energy Trust of Oregon, Inc., Board of Directors.

## Finance Committee Report

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**QI finances.** John Klosterman introduced the QI financials and a financial glossary for internal use included in the packet. He noted that QI financials are reasonably within an expected range to budget. He is beginning to focus on the question of how carryover funds “age.” He thinks the glossary suggests these funds are to be committed in the following year, and elaborated on some of the questions and concerns he has about tracking carryover. Monica Gruher, consultant to the Energy Trust, was asked to provide some clarifying information as to how the carryover is currently being calculated. Monica suggested creating a more detailed report of carryover balances by funding sources. Steve suggested expanding the glossary to include definitions of delivered incentives and other items that connect each line in the financials.

At this point in the meeting, the board formally thanked and acknowledged Monica Gruher for her contributions to the Energy Trust as its Director of Finance and Operations. Steve Schell read the following resolution.

### Resolution

**WHEREAS, Monica Gruher has:**

- 1. Been a major contributor to the initial design and development of the Energy Trust as a functioning organization;**
- 2. Worked tirelessly and continuously since joining the organization on February 18, 2002, as our first Director of Finance and Operations and the organization’s third full-time employee;**
- 3. Envisioned and managed our administrative staff and set the course for Energy Trust business practices;**
- 4. Conceptualized and ensured our financial and information technology systems;**
- 5. Represented the Energy Trust with aplomb before its board and the Oregon Public Utility Commission;**
- 6. Educated and informed us all about administrative costs and internal controls; and**
- 7. After careful consideration, has chosen to live a more balanced life outside of the Energy Trust employ, devoted to her family and other personal pursuits;**

**NOW, THEREFORE, BE IT RESOLVED THAT: The Energy Trust of Oregon, Inc., Board of Directors:**

- 1. Conveys its sincere appreciation to Monica Gruher for her service as the organization’s first Director of Finance and Operations;**
- 2. Recognizes and celebrates Monica's extraordinary accomplishments during her tenure at the Energy Trust;**
- 3. Sends every hope that she will reflect fondly on her time spent nurturing the Energy Trust through its formative years; and**
- 4. Wishes her the very best of fortune and satisfaction in her personal and professional pursuits to come.**

Moved by: Tom Foley    Seconded by: John Reynolds

Vote:    9 in favor        0 opposed        0 abstained

Adopted on June 9, 2004, by the Energy Trust of Oregon, Inc., Board of Directors.

*Rick Applegate and Tom Foley left the meeting after this vote at 4:05 pm.*

## Fast Track Update

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Joe Prats and Mark Roller presented a brief status report on this IT system. Margie acknowledged key staff involved in the project and noted the team crossed all functional areas of the organization. Joe explained FastTrack is a single database system for all program incentive tracking. FastTrack went live in November 2003 with Ecos as its first user. Programs now on FastTrack include Home Energy Savings, Efficient Home Products, Solar Electric, Solar Water Heating and State Home Oil Weatherization. Building Efficiency, Production Efficiency, Efficient New Homes and New Building Efficiency will be added in June and July. FastTrack has processed \$1.1 million in incentives while tracking 7,304 individual energy projects and 7,213 program participants. He attributes success to clearly defined goals, feedback from users, enforced data discipline and taking incremental steps.

John Klosterman asked where Joe and Mark see snags. Joe said challenges include making the system usable for differing needs of different PMCs, making improvements in validation, and expanding report writing so the system works well for the program managers. Mark noted his hesitation to define a "phase two" until we complete the rollout of Phase One to the PMCs, and the adjustments noted above. Rick Kroon applauded the team for identifying potential causes of failure at the outset, allowing these to be circumvented. John Klosterman asked if we can license the system to other organizations like ours; Mark said this could not be done as the software is licensed to the Energy Trust by CSG, who owns the intellectual property rights.

## Planning & Evaluation

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**Appoint board liaison for planning & evaluation.** Steve suggested Debbie may also wish to sit on the Audit Committee.

## Resolution

**BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors hereby designates Debbie Kitchin as Board liaison to staff for Planning and Evaluation. In this capacity, Ms. Kitchin will take a lead role on behalf of the Board in reviewing evaluation and planning studies and introducing them to the Board.**

Moved by: Julie Hammond                      Seconded by: Jason Eisdorfer

Vote:            7 in favor            0 opposed            0 abstained

Adopted on June 9, 2004, by Energy Trust of Oregon, Inc., Board of Directors.

**Evaluation reports.** Ben Bronfman reported results of two evaluations. The first was the impact (savings) evaluation of the utility commercial & industrial transition programs. Methodology involved 74

site visits, 54 engineering simulations, 416 telephone surveys of participants and nonparticipants, and 700 statistical modelings. Conclusions: the programs achieved 93% of engineering estimates. Free-ridership (work that would have been done without the incentives) was estimated to be 8%. Coincidentally, and happily, this free-ridership was matched by an 8% within-program spillover (efficiency actions taken in addition to those for which incentives were received). Bottom line: while prior estimates were 10.4 aMW, achievements were 9.6 aMW – right in line with experience nationally. Ben noted Energy Trust will replicate the study for 2003 participants, integrate methodology into the Building Efficiency program, and make a decision about adjusting tracking estimates in Q3. Ben will put this evaluation on the web by week's end.

Steve Schell queried how to achieve a closer correlation between projections and results. John Klosterman said there should be some instances of results coming in over 100%, and questioned staff's assertion that it is commonplace to underachieve projections. Fred noted the more innovative we are, the less accurate our projections will be. He noted this subject is a topic for discussion at the board retreat.

Ben then presented findings of the manufactured home duct-sealing program. This program had approximately 1,000 participants and ended in January 2003. Estimated savings per home was 1,200 annual kWh, while actual energy savings were determined to be less than half of this at 543 kWh. However, the homes were found to use significantly less energy to begin with – 14,000 kWh/year instead of 18,000 kWh/year, and contractor performance ranged widely from 450-750 kWh/year. The 8% reduction in weather sensitive (heating) energy use found by the evaluation is in the 4-12% range reported by other studies, but is not cost-effective. In light of these findings, Energy Trust is reconsidering all aspects of its current manufactured home duct-sealing program and will adjust its savings estimates and projections.

Ben noted two other evaluations have been completed and are posted on the website: process evaluation of the SELP loan interest buydown pilot program, and market assessment of the solar thermal in Oregon.

## **Adjourn**

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The meeting adjourned at 5:10 pm.

## **Next Meeting**

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The next meeting of the Energy Trust Board of Directors will be held from noon – 4:30 p.m. on Wednesday, September 8, 2004, at the Portland Building, Second Floor Meeting Room C, 1120 SW Fifth Avenue in Portland.