



Clean, affordable energy for everyone

2023 Final Proposed Annual Budget and 2023-2024 Action Plan

December 16, 2022





*Photo: Dean's Beauty Salon, Portland*

## Agenda

- Forecast of 2022 results
- 2023 organizational goals
- Final proposed 2023 budget
- Public comments
- Board discussion and vote

# 2022 Year-End Forecast

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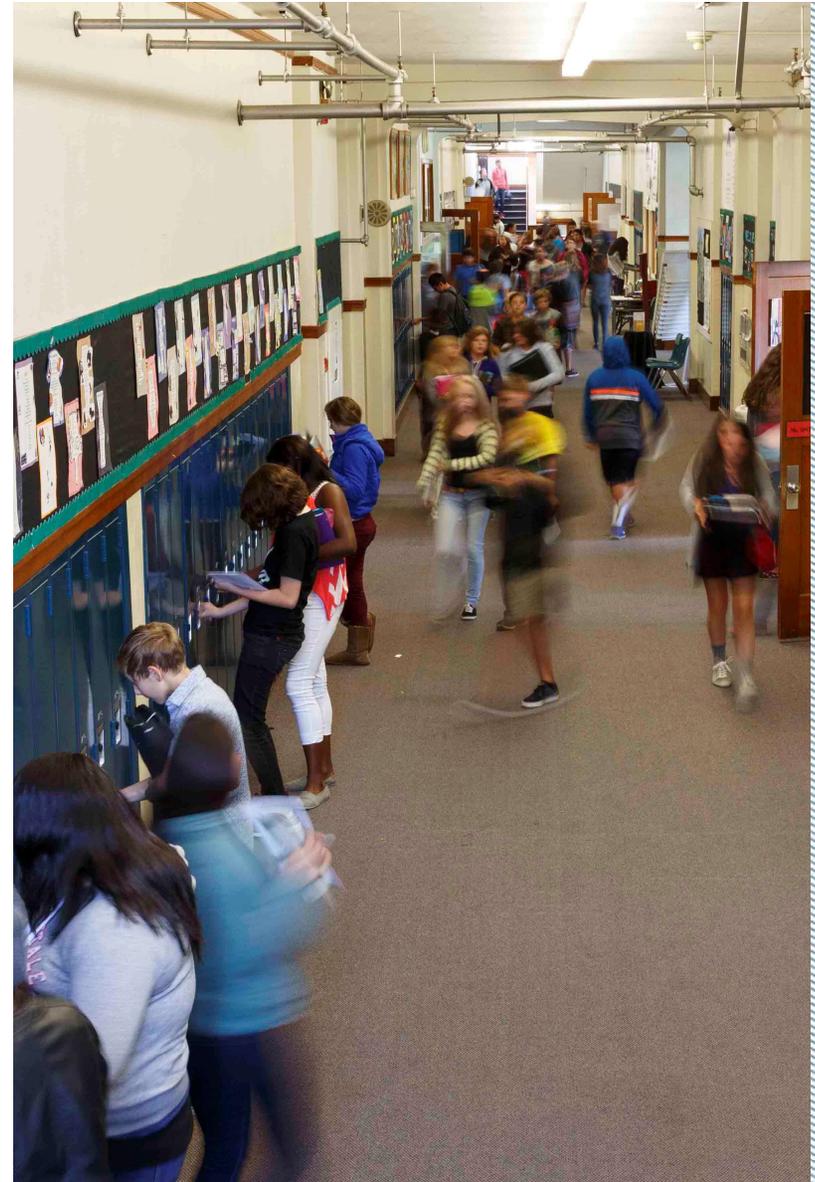
### Energy goals

- 89% of the electric savings goal (OR)
- 81% of the natural gas savings goal (OR)
- 152% of the renewable generation goal (OR)

### Revenues and expenditures

- Revenues expected to be 2% over budget
- Expenditures expected to be 14% under budget

### Forecasts reflect market challenges



# 2023 Budget and 2023-2024 Action Plan

# 2023 Organizational Goals



Customers will save and generate energy and reduce costs in 2023 and beyond as a result of Energy Trust's investments in their clean energy projects and upgrades.



Utility partners, communities and policy implementers will achieve their objectives by leveraging Energy Trust's clean energy solutions that reduce greenhouse gas emissions, support grid management and deliver additional societal benefits.



Customers and stakeholders will gain future benefits from Energy Trust's investments in preparing for a more dynamic and complex energy industry.



Photo: Downtown Canyonville

## Final Proposed 2023 Budget Summary

- **Investing \$226.0 million**
- **Saving 45.2 aMW and 6.3 MMTh**
  - 60.9 MW of reduced demand during summer peak and 72.5 MW during winter peak
- **Delivering highly cost-effective energy**
  - 3.9 cents/kWh levelized
  - 54.4 cents/therm levelized (Oregon)
  - 87.2 cents/therm levelized (Washington)
- **Generating 5.4 aMW**
- **Distributing \$112.3 million in incentives; 50% of total expenditures**
- **Administrative costs 6.5% of revenue**

*aMW: average megawatts (of electricity); MMTh: million annual therms (of natural gas)*

## Customer Benefits from 2023 Investments

- **Lower energy bills and energy burden** for participants—\$750 million in future bill savings
- **Opportunities for 1,600 local businesses** and investments in workforce development
- Local investments that **keep dollars in our communities**
- **Cleaner air** by avoiding 2.7 million metric tons of carbon dioxide over time
- Additional support for **community-led clean energy efforts**, such as resilience



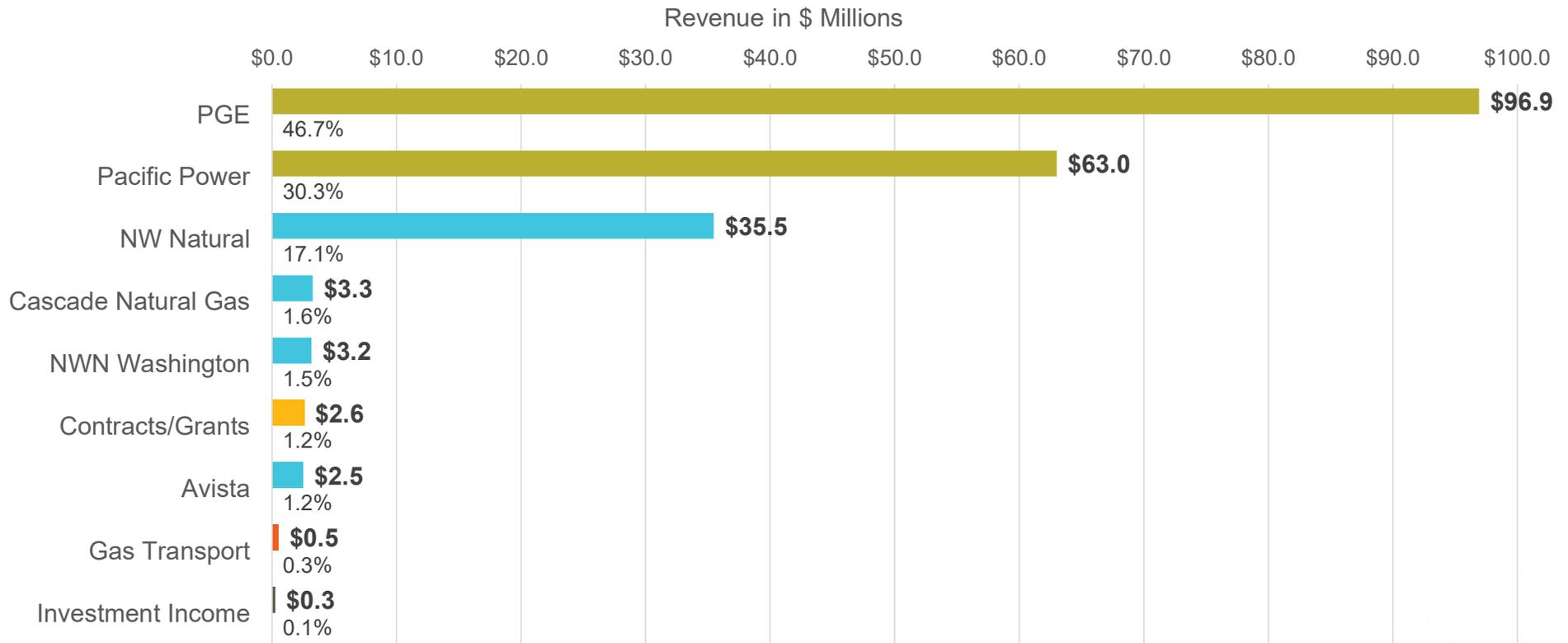
## Summary of Changes to Final Proposed Budget

	Draft Budget	Final Proposed Budget	Change	% Change
<b>Revenue (\$ Million)</b>	\$222.1	\$207.7	-\$14.4	-6.5%
<b>Expenditures (\$ Million)</b>	\$228.6	\$226.0	-\$2.6	-1.1%
<b>Electric Savings (aMW)</b>	48.4	45.2	-3.2	-6.6%
<b>Gas Savings (MMTh)</b>	6.9	6.3	-0.6	-8.6%
<b>Electric Levelized Costs (¢/kWh)</b>	3.7	3.9	0.2	5.4%
<b>Gas Levelized Costs (OR) (¢/therm)</b>	49.2	54.4	5.2	10.6%
<b>Gas Levelized Costs (WA) (¢/therm)</b>	92.7	87.2	-5.4	-5.8%
<b>Generation (aMW)</b>	5.9	5.4	-0.4	-7.4%
<b>Staffing Costs (\$ Million)</b>	\$22.4	\$21.6	-\$0.8	-3.5%
<b>Administrative Costs (\$ Million)</b>	\$13.9	\$13.5	-\$0.4	-2.6%

Notes: aMW: average megawatts of electricity; MMTh: million annual therms of natural gas; administrative costs are for management and general, communications and outreach

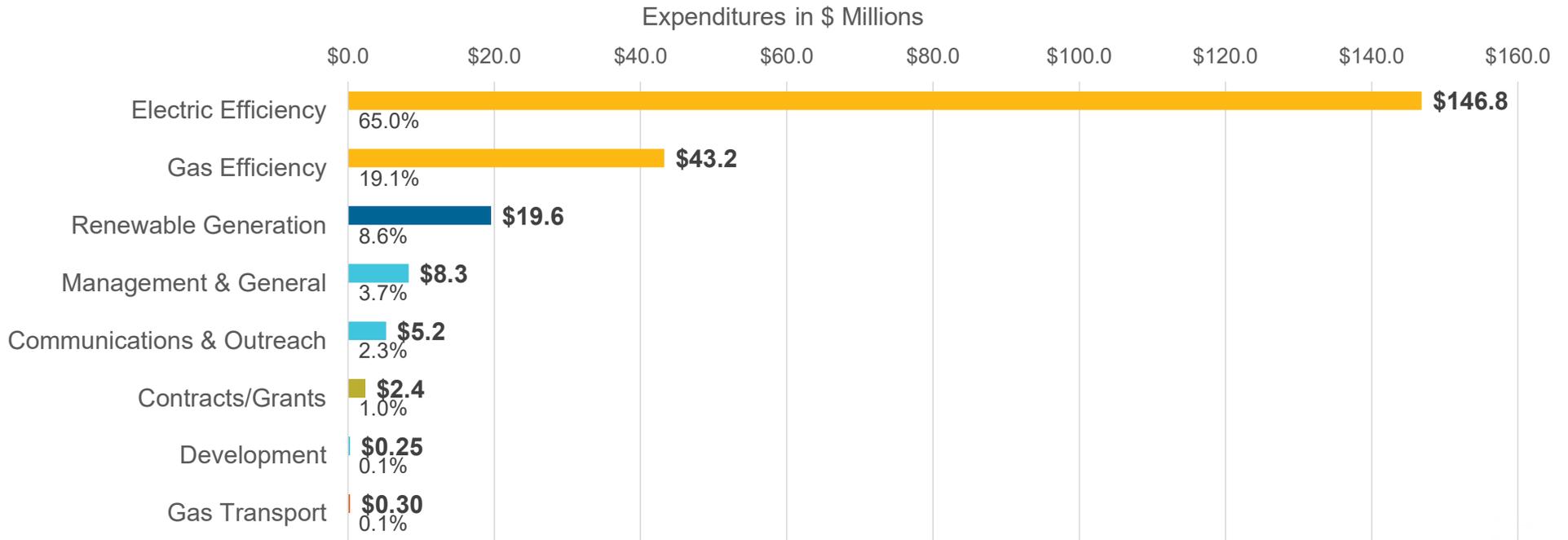
# 2023 Final Proposed Budget Revenues

\$207.7 million, up 1.6% from 2022 budget



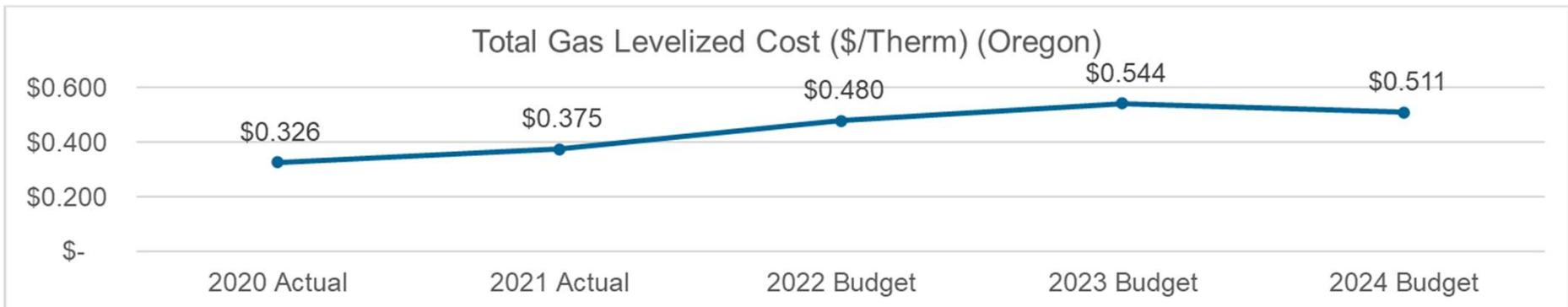
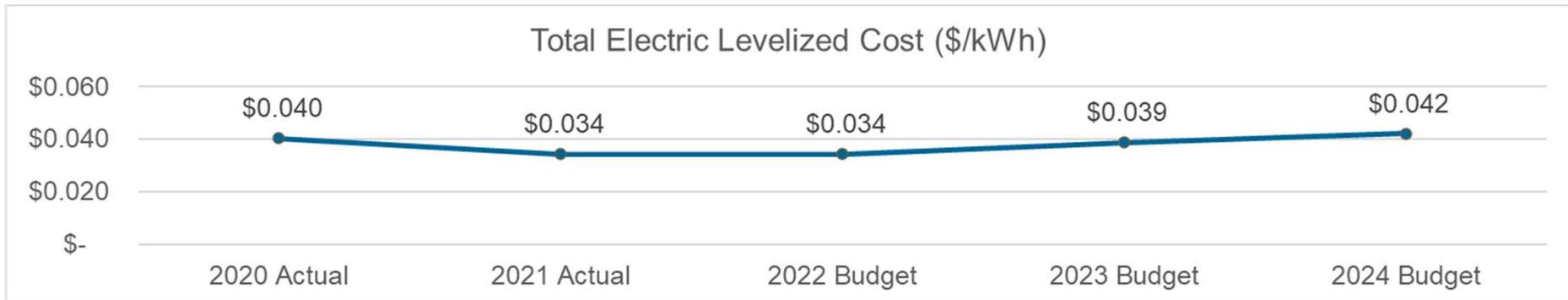
# 2023 Final Proposed Budget Expenditures

\$226.0 million, up 3% from 2022 budget

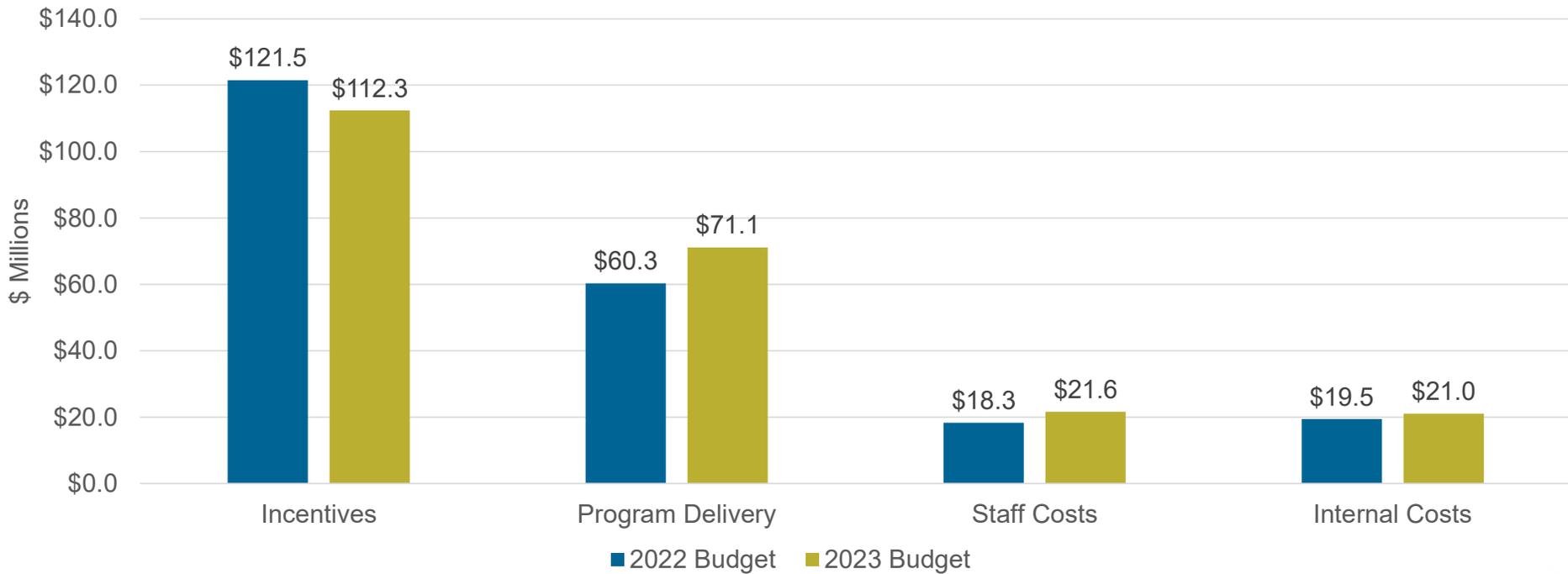


*The budget uses net assets/reserves to cover planned expenses in excess of anticipated revenue*

# Levelized Cost Trends (Oregon Only)

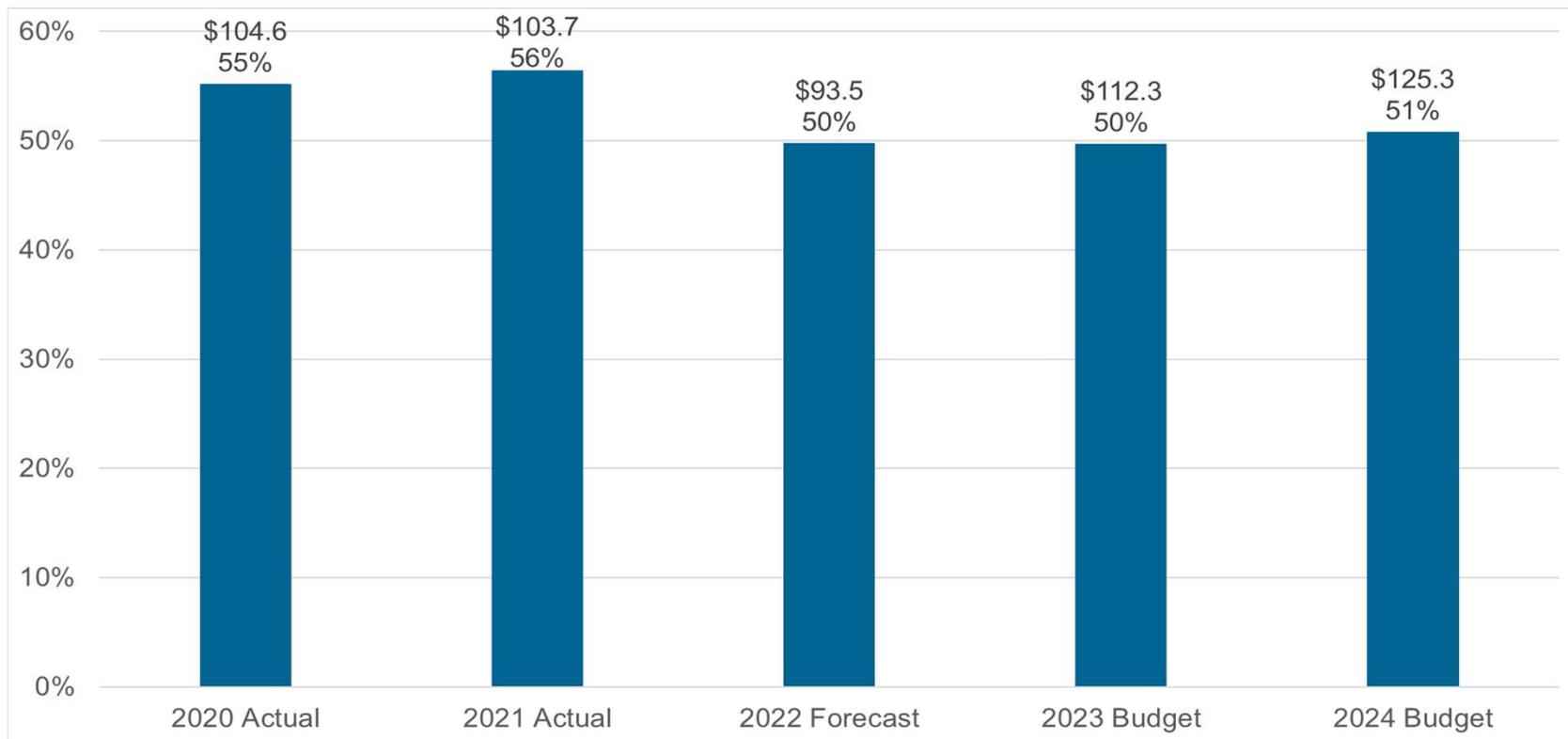


# 2023 Final Proposed Budget Expenses by Category



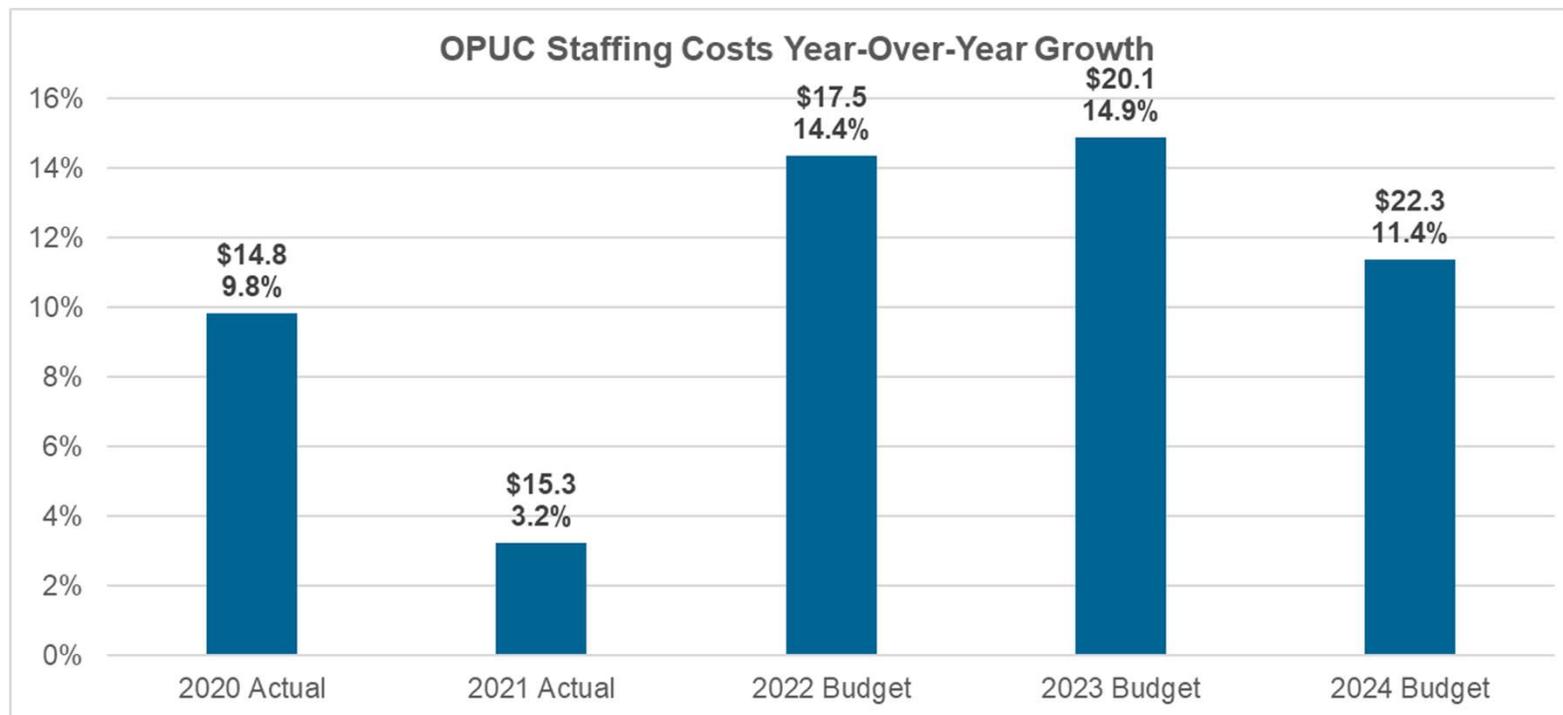
## Incentives Over Time

- Although incentive dollars increase over time, incentives as a portion of total expenditures are declining



## OPUC Performance Measure: Staffing Costs

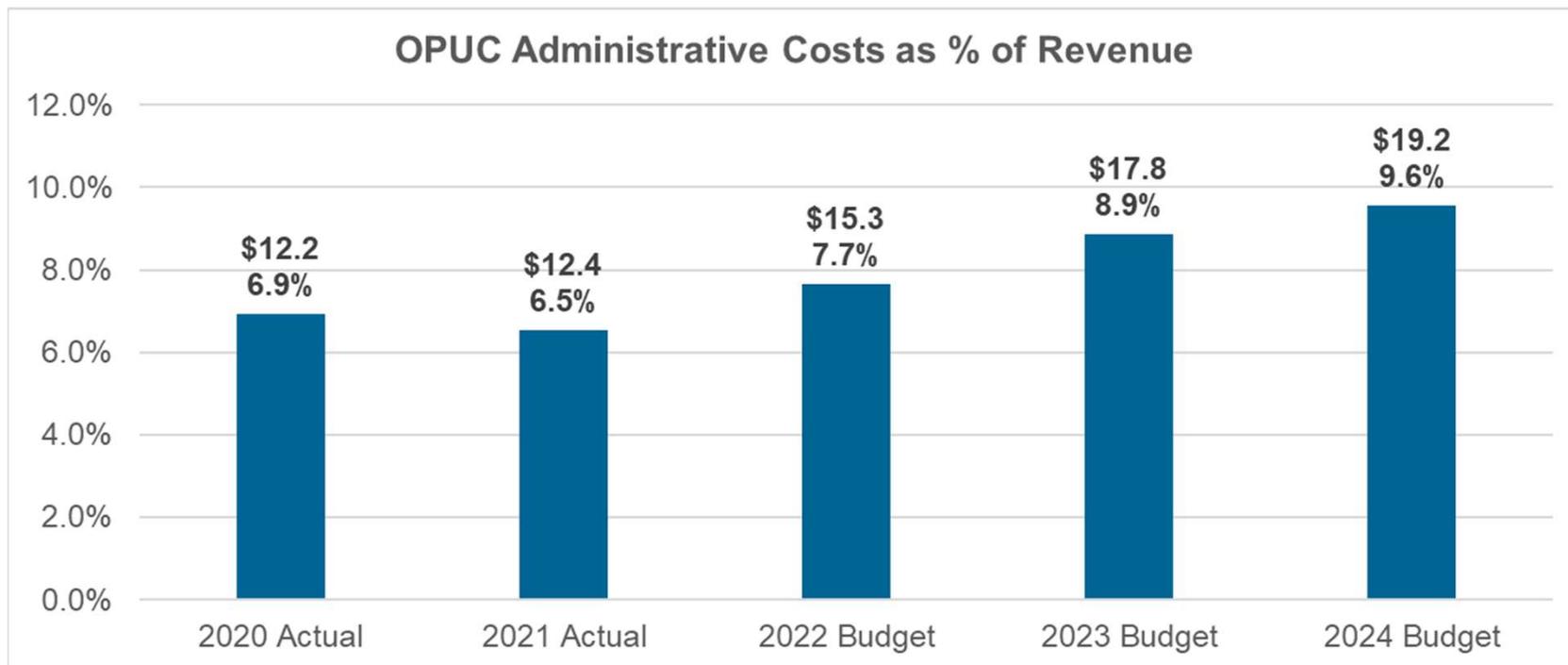
- We expect staffing costs to exceed performance metric cap of 9% year-over-year increase in 2023



*Staffing costs are embedded in internal program delivery, general communications & outreach, and management & general. Figures exclude grant- and contract-funded activities and service to natural gas transport customers.*

## OPUC Performance Measure: Administrative Costs

- We expect administrative and program support costs to exceed year-over-year cost increase cap ( $\leq 10\%$ ) and percent of annual revenue cap ( $\leq 8\%$ )



*Figures exclude grant- and contract-funded activities and service to natural gas transport customers.*

## Newly Adopted 2023 Equity Metrics

Theme	Metric	Targets and Definitions
Access to support for communities	Increased support to nonprofit organizations with a purpose to serve environmental justice communities or to support nonprofit-led initiatives serving environmental justice communities. Increased support can be incentives, training and funding for energy efficiency upgrades, solar, or solar-with-storage projects.	TBD
Access to information	Increased funding to support targeted outreach to environmental justice communities, including funding for community ambassadors, education and workshops.	
Energy burden reduction	New and expanded low-cost and no-cost offers to reduce energy burden created and launched.	
Community reliability and resilience	Solar and solar-with-storage system projects supported for low and moderate income residents in areas with limited infrastructure or high energy burden.	

# Summary of Public Comments



## Written Public Comments Summary

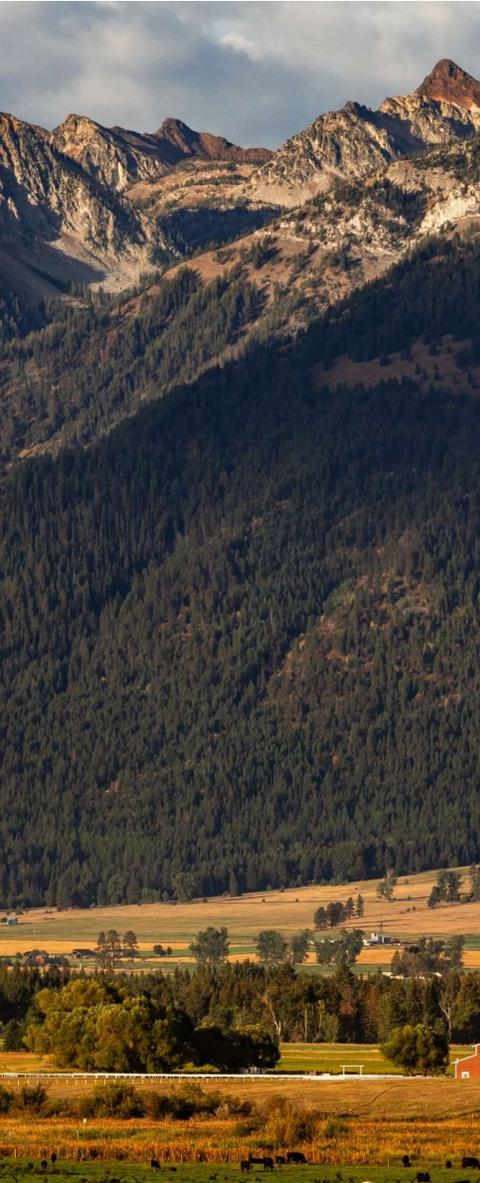
Seven written comments, including from OPUC

Overall support with areas of interest and concern:

- Appreciation for collaboration through new budget process
- Some support and concern from utilities around staffing plan
- Interest in efforts to support gas decarbonization
- Interest in heat pumps and Distribution System Planning support
- Support for community engagement and collaborating on it with utilities
- Interest in expanding hybrid HVAC initiative; desire to develop more tools for transitioning gas heating to heat pumps

## OPUC Recommendations on the Draft Budget

1. Review new budget process and implement strategies to reduce labor for budget development. Report on changes in next draft budget.
2. Revenues to be collected from individual utilities in 2023 will be no less than what was collected in 2021.
3. In future budgets, publish draft joint utility action plans with the draft budget.
4. Work with utilities to identify and target customers that have difficulty paying their bills with tailored energy saving opportunities.
5. Recalculate benefits of reduced arrearages with new utility data and apply to avoided costs.



## Flexible Investments for An Uncertain Future

- Launch new **incentives**, offers and pilots
- Evolve internal **structures**
  - PMC and PDC contract transitions
  - Innovation and development team
  - Communities and new initiatives sector
- Invest in **infrastructure** and **systems**
- Build capacity with delivery **partners**
- Support **communities** and develop partnerships



Thank you

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