EnergyTrust of Oregon

Board Meeting Minutes—144th Meeting

July 20, 2016

Board members present: Susan Brodahl, Heather Buesse Eberhardt, Ken Canon, Melissa Cribbins, Dan Enloe, Roger Hamilton, Lindsey Hardy, Debbie Kitchin, Alan Meyer, John Reynolds, Eddie Sherman, Stephen Bloom (OPUC ex officio), Warren Cook (Oregon Department of Energy special advisor)

Board members absent: Mark Kendall, Anne Root

Staff attending: Margie Harris, Hannah Cruz, Debbie Menashe, Lori Miller, Amber Cole, Jed Jorgensen, Peter West, Dave Moldal, Kim Crossman, Thad Roth, Chris Dearth, Lindsey Diercksen, Oliver Kesting, Steve Lacey, Tara Crookshank, Mariet Steenkamp, Jay Olson, Fred Gordon, Adam Bartini, Mark Wyman, Dan Rubado, Sarah Castor, Mike Bailey, Kathleen Belkhayat, Andy Hudson, Katie Wallace, Robert Wyllie, Matt Getchell, Eric Braddock

Others attending: Elaine Prause (OPUC), Wendy Gerlitz (NW Energy Coalition), Don Jones, Jr. (PacifiCorp), Jeff Schwartz (ICF International), Scott Broten (ICF International), Jim Abrahamson (Cascade Natural Gas), Roger Spring (Evergreen Consulting), Whitney Rideout (Evergreen Consulting), Aaron Leatherwood (Evergreen Consulting), Marcus Wilcox (Cascade Energy), Dave Zerr (Cascade Energy), Beth Glynn (Cascade Energy), John Charles (Cascade Policy Institute), Lydia White (Cascade Policy Institute), Jeff Bissonnette (Oregon Solar Energy Industries Association), Ed Pugh (Deschutes Water Valley District), Finley Anderson (Kleinschmidt Associates), BJ Moghadam (NEEA), Garrett Harris (Portland General Electric)

Business Meeting

Debbie Kitchin called the meeting to order at 12:20 p.m. Reminder that consent agenda items can be changed to regular agenda items at any time.

General Public Comments

The president may defer specific public comment to the appropriate agenda topic.

There were no public comments.

Consent Agenda

The consent agenda may be approved by a single motion, second and vote of the board. Any item on the consent agenda will be moved to the regular agenda upon the request from any member of the board.

MOTION: Approve consent agenda

Consent agenda includes:

1. May 19 and 20 Board strategic planning retreat minutes
2. June 8 Board meeting minutes

Moved by:	Roger Hamilton	Seconded by: Ken Canon
Vote:	In favor: 11	Abstained: 0
	Opposed: 0	

President’s Report

Wendy Gerlitz announced the Northwest Energy Coalition is recognizing Margie with the nonprofit’s Headwaters Award. The Headwaters Award is given to individuals whose work exemplifies bringing clean and affordable energy to the Pacific Northwest. The award signifies the many years Margie has worked tirelessly to do so. Wendy noted staff at Energy Trust hold Margie in high regard for her leadership and so do people across the region. Margie consistently exhibits strength of character, wisdom and leadership, qualities that will be hard to replace. The NW Energy Coalition will formally present the award at its November 17 gala.

Debbie announced Margie is also receiving the Citizens' Utility Board of Oregon's inaugural Consumer Champion award at its October conference, and the American Council for an Energy-Efficient Economy's Champion of Energy Efficiency award at its August conference.

Margie thanked Wendy for the recognition. Margie said it has been a pleasure for her to be in the role of executive director, and that the awards recognize the work of the collective and the entire team at Energy Trust. These are shared recognitions and are about what the organization has achieved by working together.

The board said they are very proud of everything Margie has done.

Debbie introduced Resolution 780. Details of the agreements were discussed by the board earlier in executive session. The board corrected the board decision paper to add Margie Harris to the first clause of the summary statement, clarifying the amended employment agreement is between Energy Trust and Margie.

RESOLUTION 780

AUTHORIZING THE PRESIDENT TO SIGN AGREEMENTS WITH MARGIE HARRIS

1. **Energy Trust's current executive director, Margie Harris, is planning to retire.**
2. **On behalf of the full board, the Executive Director Transition Committee conducted a search for Energy Trust's next executive director and has entered into an employment agreement with Michael T. Colgrove for the position effective August 15, 2016.**
3. **In executive session, the President and Vice President of the board have engaged in discussions with the board regarding parameters of a proposed amendment to the current employment agreement between Energy Trust's current executive director, Margie Harris, and Energy Trust to ensure a smooth and effective transition of leadership for the organization. The board also discussed parameters of a separation and release agreement between Margie Harris and Energy Trust.**
4. **The President and Vice President of the board have engaged in negotiations with Ms. Harris consistent with those parameters.**
5. **The President and Vice President of the board recommend (i) entering into an amendment to the current employment agreement with Margie Harris consistent with discussions with the full board and Ms. Harris, (ii) entering into a separation and release agreement with Margie Harris consistent with discussions with the full board and Ms. Harris and (3) authorizing the president of the board to sign such agreements.**

It is therefore RESOLVED that the Energy Trust of Oregon, Inc. Board of Directors:

1. **Authorizes the President to sign an amendment to the current employment agreement with Margie Harris and a separation and release agreement with Margie Harris as discussed in connection with this meeting.**

Moved by: Alan Meyer Seconded by: John Reynolds

Vote: In favor: 11 Abstained: 0
Opposed: 0

Debbie noted today is Margie's last meeting as executive director. The September 28 board meeting will be Michael Colgrove's first board meeting. Debbie expressed appreciation to the board, the Executive Director Transition Committee, Ken Canon as the committee chair and Energy Trust staff for working on the transition.

Energy Programs

Authorize Funds for Opal Springs Hydropower Project—R776, Jed Jorgensen, Dave Moldal

Peter West introduced Resolution 776. The Opal Springs hydropower project is an example of a project that combines both energy benefits and complementary benefits that bring in co-funders. When the state energy tax credit changed a few years ago, the renewable energy sector strategy shifted to pursue projects with more co-funders as it became necessary for projects to be able to monetize benefits beyond the energy component to be viable in the absence of the state tax credits. This also led Energy Trust to providing more project development assistance to help projects move through the process to completion.

Jed Jorgensen said the Deschutes Valley Water District started with project development assistance in 2009, and he described Energy Trust's current hydropower project development assistance activity. There are a record 33 hydropower projects enrolled. Fourteen projects are directly related to Energy Trust's Irrigation Modernization program with Farmers Conservation Alliance. The program received a national award from the Clean Energy States Alliance earlier this year. Thirteen other projects are irrigation related and are either not yet part of the Irrigation Modernization program, are third parties working with irrigation districts or are farmers using irrigation water. The remaining six projects are on existing sites or projects on waterways, including the Deschutes Valley Water District's Opal Springs project.

There are two irrigation districts upstream of the Opal Springs project and if those districts move forward with piping and water conservation, additional water flows could lead to more generation for this project.

This project has multiple benefits, including fish passage. Energy Trust staff removed these additional costs from the hydropower above-market cost calculation unless the costs were intertwined with the generation component of the project. Capital costs and revenues related to fish passage were either excluded or reduced. Pacific Power updated its avoided costs recently, which led to minor changes to the above-market cost calculation. The briefing paper and board resolution in the board packet includes the updated figures.

Dave Moldal reviewed the project and incentive proposal. The project is on the Crooked River, a tributary of the Deschutes River. It includes installing inflatable weirs on the existing dam, raising the pool six feet, installing a fish ladder and increasing the head by six feet, which will generate on average an additional 3,227 megawatt hours (MWh) per year. The site has been generating about 28,000 MWh per year of hydropower since the mid-1980s. The district has a power purchase agreement with Pacific Power, which will expire at the end of 2020.

Dave noted the Pelton Round Butte dams downstream of Lake Billy Chinook were originally built without fish passage. When retrofitted in 2007 with fish passage, federally listed salmon, mid-Columbia steelhead and Bull trout started to pass over those dams. The Opal Springs dam is a barrier to those fish traveling upstream to spawn in the Crooked River watershed. With the

Federal Energy Regulatory Commission (FERC) license expiring in 2032, the district proactively addressed the issue, consulting with state and federal resource management agencies and nonprofits. The settlement agreement with those entities allows raising the height of the pool and adding fish passage. The district is applying for Low Impact Hydropower Institute certification to allow all the generation from the entire project to produce Renewable Energy Certificates (RECs). Once the project is installed, the RECs can count toward the state's Renewable Portfolio Standard.

Dave explained the technology being installed, including the inflatable weirs. Renewable Energy Advisory Council attendee Les Perkins is familiar with this reliable technology and mentioned it is commonly used by irrigation districts.

The board asked whether increasing the height of the dam is only for the hydropower project. Dave M confirmed it is also to accommodate fish passage and engineered to accommodate the fish ladder. The inflatable weirs could be lowered based on the flow of the river or for maintenance.

Dave clarified for the board that the dam is 21 feet high, rock filled and concrete capped. Seismic risks were not specifically studied since there are no buildings or people living in the area. There would be risk of dam failure if there was a seismic event but the probability of such an event is low.

The board asked if there are more barriers to fish after the Opal Springs dam. Dave said this project will open up many miles of high quality spawning habitat up to the Bowman Dam.

Dave summarized the project, which has a competent project team, secure site control, no permitting challenges at this time, existing interconnection with Pacific Power and an existing power purchase agreement. The project was also third-party reviewed by engineering expert Evergreen Energy.

The board asked whether FERC will approve modifying the existing dam license, which expires in 2032. Dave said the fish passage will be an amendment to the existing FERC license. It became clear to the district and articulated by resource management agencies that if the district does not move forward with fish passage, the FERC license renewal would be challenged. The process of amending the license is expected to be completed in 2017.

Dave reviewed the project's capital costs. The costs related to the generation component are approximately $3.5 million. The project is receiving non-energy grants from the Oregon Department of Fish and Wildlife and the Oregon Watershed Enhancement Board. These costs are not in Energy Trust's above-market cost assessment, while the prospective Pacific Power Blue Sky^SM funds are included in the assessment. The project has $834,549 in above-market costs. Staff proposes a $750,000 incentive paid in two equal payments, one at commercial operation and the second payment one year later based on meeting a generation threshold. The proposed incentives is 80 percent of overall above-market costs and Energy Trust will take 100 percent of all incremental RECs, approximately 64,650 RECs over five years. Construction is scheduled to start in spring 2017 and project commissioning is expected by Quarter 4, 2018.

The board asked how much land is being inundated with water when the dam is raised six feet. Dave said four additional acres of Bureau of Land Management land is expected to be inundated, and 10-15 additional acre feet of evaporation will occur, which is a fairly small amount.

Jed confirmed the previous project development assistance incentive was deducted from the above-market cost assessment.

The board commented on the multiple benefits of the project, and asked about the 8 percent discount rate. Dave said 8 percent has been used consistently over the years for public projects. At a recent renewable energy finance conference, higher discount rates are being used for solar projects. Staff is confident in the 8 percent discount rate, particularly with past municipal projects. Jed noted it's not necessarily apples to apples to compare the discount rate to the interest rates on municipal bonds. The discount rate is an area where staff strives for consistency and has received confirmation from the finance industry that the rate is appropriate, if not conservative, for municipalities.

The board discussed fish ladder technology. Board member Dan Enloe described a new technology being used in Washington State where a salmon cannon is used to transport fish above dams. He noted this technology could be used for a lower-cost fish transport system. Jed confirmed staff is familiar with the salmon cannon and while compelling, it is still in the research and development stage. The Washington State examples are test projects. The Deschutes Valley Water District's settlement agreement dictates installing a fish ladder. Dan Enloe stated he is opposed to the resolution because the project is installing fish passage technology he believes is more expensive compared to the fish cannon technology being used in Washington State.

RESOLUTION 776

APPROVING FUNDS FOR THE OPAL SPRINGS HYDROPOWER PROJECT

WHEREAS:

1. **The Deschutes Valley Water District proposes to increase the head on the existing Opal Springs Dam to increase generation by 3,227 MWh annually, an approximately 11 percent increase above existing average annual generation.**
2. **Staff and an independent contractor reviewed the project design and costs and found them to be standard and reasonable for what is proposed.**
3. **The project's above-market costs are $834,549 over a 20-year period on a present-value basis.**
4. **Staff proposes an incentive of $750,000 to be paid in two equal payments. The first payment would be made upon: 1) completion of construction and resumption of commercial operation; and 2) certification from the Low Impact Hydropower Institute**

(LIHI). The second payment would be made not sooner than twelve months later if the project meets generation performance milestones.

5. **Staff proposes that Energy Trust seek up to 64,540 RECs, representing 100 percent of the RECs estimated to be generated from the incremental additional generation.**
6. **At $2.04 million per average megawatt (aMW), the incentive is below the 2016 Other Renewables budget goal of $2.5 million/aMW**.

It is therefore RESOLVED, that the board of directors of Energy Trust of Oregon, Inc. authorizes:

1. **Payment of up to $750,000 to be made in two payments to the Deschutes Valley Water District to offset the above-market costs of raising the height of the existing dam and cost of appurtenant facilities;**
2. **Energy Trust to take ownership of 64,540 RECs produced by the project; and**
3. **The executive director to enter into a contract(s) consistent with this resolution.**

Moved by:	John Reynolds	Seconded by: Melissa Cribbins
Vote:	In favor: 10	Abstained: 0
	Opposed: 1	

Authorize Existing Buildings Program Management Contract with ICF International—R777, Oliver Kesting

Peter introduced the resolution. Periodically, Energy Trust reviews and bids contracts for program management. Resolution 777 is the result of a recent Request for Proposals (RFP) rebidding for a Program Management Contractor (PMC) of the Existing Buildings program. Contracts have a five-year maximum, but this contract was rebid in year four to better stagger larger RFPs and potential contract transitions. This staggering of competitions for larger PMC contracts reduces impact on internal resources and staff.

Oliver Kesting reviewed the contract rebid process. The current Existing Buildings Program Management Contractor is ICF International, and in addition the program contracts separately for delivery of commercial Strategic Energy Management (SEM) and Pay for Performance. The contract that went out for rebid combined all three contracts into one. Energy Trust received six intents to respond and two proposals. The proposals included wide use of subcontractors, representing about a dozen energy-efficiency companies.

The board asked why more proposals weren't received. Oliver said the contract is large and many companies chose to be subcontractors. Peter described how the energy efficiency industry is experiencing a consolidation trend, with many smaller companies merging with larger companies. Energy Trust asks for multiple services, and in this case, saw an approach of more subcontractors in both proposals than there has been before. Peter said this affords more collaboration with several different companies.

The selection committee was made up of five staff and two external reviewers. The committee scored the proposals based on diversity, strength of proposal, strength and cohesiveness of team, cost and energy savings. It was a unanimous decision to recommend the incumbent, ICF International, to the board for approval.

ICF's proposal includes six subcontractors. ICF laid out a commitment to diversity at the customer and trade ally levels, and proposed bilingual marketing collateral plus a language line for multilingual customer support. ICF brings a strong approach to marketing and trade ally engagement, and identified account managers to be located throughout Energy Trust territory. The proposal indicates a strong and cohesive team. There is a higher number of employees to be dedicated to the contract for deeper engagement with customers. The proposal includes a 3 percent increase in delivery costs, 1 percent increase in incentives, a 4 percent increase in electric savings and a 10 percent increase in natural gas savings compared to 2016.

ICF's current contract requires attaining mid-year goals. As of June 2016, ICF met every mid-year goal for each Oregon utility. Staff recommends the board authorize a contract with ICF to deliver the Existing Buildings Program Management Contract for three years with two optional one-year extensions.

The board noted appreciation for the diversity component in the proposal requirements. The board expressed a desire that the selection of the outreach staff is intentional to attract people from those communities they will be serving.

The board asked whether the complexity of the proposal advantages the incumbent company. Oliver said this can be a hurdle and it is not prohibitive. Energy Trust has historically made changes by not renewing an incumbent contract and instead selecting a new bidder.

RESOLUTION 777

AUTHORIZE A PROGRAM MANAGEMENT CONTRACT FOR THE EXISTING BUILDINGS PROGRAM

WHEREAS:

1. **With assistance from a selection committee including outside parties, staff has conducted a fair and open procurement process to select a program management contractor to manage Existing Buildings program services for the next 3-5 years;**
2. **ICF International, Inc. was selected and contract terms are being negotiated;**
3. **Staff has assumed and estimated a total first-year program management budget for 2017, including first-year incentives, contracted delivery, and possible performance compensation of approximately $41.97 million, which includes approximately $14.23 million in delivery, $27.74 in incentives; and**
4. **Actual savings and costs will be reviewed by the Energy Trust board as part of the annual budget and action plan process. Based on current assumptions, staff estimates the following program savings and fully loaded costs in 2017:**

	Electric	**Gas**
Savings	**122,036,243 kWh**	**2,178,195 therms**
$/Unit Savings	**$0.28/kWh**	**$3.35/therm**
Levelized Cost	**$0.029/kWh**	**$0.30/therm**

IT IS THEREFORE RESOLVED:

1. **Subject to determination of a final contract amount based on the board-approved 2017 budget, the executive director or his or her designee is authorized to enter into a**

contract with ICF International, Inc. to manage the Existing Buildings program for an initial term from January 1, 2017 through December 31, 2019.**

2. **First-year contract costs and savings goals included in the contracts shall be consistent with the board-approved 2017 budget and two-year action plan. Thereafter, the contract(s) may be amended consistent with the board's annual budget and action plan decisions and the executive director or his designee is authorized to sign any such contract amendments.**
3. **The final contract may include a provision allowing staff to offer one-year extensions beyond the initial term if the program management contractor meets certain established performance criteria. In no event would the total term of the contract plus extensions exceed five years.**
4. **Before extending this contract beyond the initial term, staff will report to the board on the program management contractor's progress and staff's recommendation for any additional extension time periods. If the board does not object to extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director or his designee is authorized to sign any such contract extensions.**

Moved by:	John Reynolds	Seconded by: Roger Hamilton
Vote:	In favor: 11	Abstained: 0
	Opposed: 0	

Authorize Streamlined Industrial Lighting Program Delivery Contract for Production Efficiency Program with Evergreen Consulting Group, LLC—R778, Kim Crossman and Lindsey Diercksen

Peter introduced this and the next resolution, which request the board authorize a Program Delivery Contract with Evergreen Consulting Group (Evergreen) to deliver industrial lighting for the Production Efficiency program, and then a Program Delivery Contract with Cascade Energy to deliver the streamlined industrial and agricultural track for the program.

Kim Crossman described the Request for Qualifications process. The Production Efficiency program has three tracks, streamlined, custom and industrial Strategic Energy Management. The program uses different Program Delivery Contractors (PDCs) to bring the program to market through different channels. The custom track serves end-use customers and works seamlessly with the streamlined track, which uses trade ally-delivered services because of its high volume. It is still important for customers to experience the opportunities as one, cohesive program. The program is seeking PDCs who can plug into this existing system, and the RFQ allowed the program to identify companies who can deliver services within this structured design. The qualifications process requires more upfront work from staff to accurately describe the RFQ scope of work while simplified responses is less work overall for bidders.

Lindsey Diercksen described the Production Efficiency streamlined track. The streamlined track has two Program Delivery Contractors, one who delivers the lighting track and the other who delivers the streamlined industrial and agriculture track. The overall streamlined track brings in the bulk of the program's project volume. In 2016, the streamlined track completed 1,200 of the 1,400 Production Efficiency projects.

Lindsey D reviewed the responsibilities of the industrial lighting PDC, which is to manage and train the industrial lighting trade allies, facilitate incentive form completion, and help develop measures and associated forms and tools. The current industrial lighting PDC is Evergreen. The selection team received one intent to respond and one response to the RFQ that was issued in May. The response was from the incumbent firm, Evergreen. The review team screened the response for adherence to the qualifications, including program implementation, marketing, quality control and operations, Production Efficiency program experience and organizational experience.

Evergreen's response demonstrated strengths in all these areas, including delivering to the goals of the industrial lighting track, managing 250 trade allies, technical expertise, adapting to new markets and continuously evolving with changing markets.

The board asked what percentage of savings the streamlined track delivers for the program. Lindsey D said the streamlined track projects deliver 25 – 30 percent of overall program savings.

The board asked whether the Production Efficiency program has geographic spread of its lighting trade allies and has high quality trade allies in most population areas. Lindsey D said projects are roughly 40 percent rural and 60 percent Portland metro. The program is continually working to reach more rural communities, and provides onsite technical trainings and webinars for trade allies.

RESOLUTION 778

AUTHORIZE STREAMLINED INDUSTRIAL LIGHTING PROGRAM DELIVERY CONTRACT FOR THE PRODUCTION EFFICIENCY PROGRAM

WHEREAS:

1. **With assistance from a selection committee including an outside party, staff has conducted a fair and open procurement process to select a program delivery contractor to manage the Production Efficiency program's Streamlined Industrial Lighting Track services for the next 3-5 years.**
2. **Evergreen Consulting Group, LLC was selected and contract terms are being negotiated.**
3. **Staff has assumed and estimated a total first-year program delivery budget for 2017, including first-year incentives, contracted delivery, and possible performance compensation of approximately 6.2 million dollars.**
4. **Actual savings and costs will be reviewed by the Energy Trust board as part of the annual budget and action plan process. Based on current assumptions, staff estimates the following program savings and fully loaded costs in 2017:**

	Electric
Savings	32,356,500
$/Unit Savings	$0.041/kWh
Levelized Cost	$0.020/kWh

IT IS THEREFORE RESOLVED:

1. **Subject to determination of a final contract amount based on the board-approved 2017 budget, the executive director or his designee is authorized to enter into a contract with Evergreen Consulting Group, LLC to deliver the Streamlined Industrial Lighting Track for the Production Efficiency program for an initial term from January 1, 2017 through December 31, 2019.**
2. **First-year contract costs and savings goals included in the contracts shall be consistent with the board-approved 2017 budget and two-year action plan. Thereafter, the contract(s) may be amended consistent with the board's annual budget and action plan decisions and the executive director or his designee is authorized to sign any such contract amendments.**
3. **The final contract may include a provision allowing staff to offer one-year extensions beyond the initial term if the program delivery contractor meets certain established performance criteria. In no event would the total term of the contract plus extensions exceed five years.**
4. **Before extending this contract beyond the initial term, staff will report to the board on the program delivery contractor's progress and staff's recommendation for any additional extension time periods. If the board does not object to an extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director or his designee is authorized to sign any such contract extensions.**

Moved by:	Ken Canon	Seconded by:	Heather Beusse Eberhardt
Vote:	In favor: 11 Opposed: 0	Abstained: 0	

Authorize Streamlined Industrial and Agriculture Program Delivery Contract for Production Efficiency Program with Cascade Energy—R779, Kim Crossman and Lindsey Diercksen

Lindsey D reviewed the RFQ for a streamlined industrial and agriculture Program Delivery Contractor. The review team used the same screening criteria as for the streamlined industrial lighting RFQ. The program received four responses and selected the incumbent Cascade Energy. Cascade Energy met or exceeded qualifications in program implementation, trade ally technical skillset and program delivery. Cascade Energy also has strategically placed outreach representatives in Eastern and Central Oregon.

The board asked what the budget will be for the contract. Kim said the RFQ included the 2017 budget approved by the board during the 2016 budget process. Because this is an RFQ, the program did not ask for a cost proposal as part of the process, and instead required respondents to submit cost exercises to see what rates and approaches the contractor would take to achieve savings and cost goals. The budget for this upcoming contract will be determined during the annual budgeting this fall.

The board discussed whether awarding contracts to incumbents will bring greater overall value to the organization. There was discussion on whether renewing with current contractors is a risk, and if companies will decline to bid in the future. Kim described the last custom PDC rebid three years ago, which resulted in a turnover of one of the incumbents and awarding to a new PDC. This had an impact on the small world of industrial contracting. For this rebid, the program received four high-quality bids. All four responses qualified. Staff then compared them for who was best qualified. The program shared targeted feedback with the other three companies, providing information on where they were not successful. Staff encouraged them to bid in the future.

The board questioned whether the bidding process is too complex and favors the incumbent. Peter explained contracts in other programs have regularly been awarded to new contractors. While this year is different, that has not been the case over the years. Energy Trust also addressed some contract complexity a few years ago by splitting New Homes and Products. By breaking the contract apart, there is a simpler program to bid and this also means more staff is needed to manage those additional contracts.

The board commended staff for debriefing with the companies who were not selected.

RESOLUTION 779

AUTHORIZE STREAMLINED INDUSTRIAL AND AGRICULTURE PROGRAM DELIVERY CONTRACT FOR THE PRODUCTION EFFICIENCY PROGRAM

WHEREAS:

1. **With assistance from a selection committee including an outside party, staff has conducted a fair and open procurement process to select a program delivery contractor to manage the Production Efficiency program's Streamlined Industrial and Agriculture Track services for the next 3-5 years.**

2. **Cascade Energy was selected and contract terms are being negotiated.**
3. **Staff has assumed and estimated a total first-year program delivery budget for 2017, including first-year incentives, contracted delivery, and possible performance compensation of approximately.**
4. **Actual savings and costs will be reviewed by the Energy Trust board as part of the annual budget and action plan process. Based on current assumptions, staff estimates the following program savings and fully loaded costs in 2017:**

	Electric	Gas
Savings	17,747,050	437,500
$/Unit Savings	$.082/kWh	$.323/therm
Levelized Cost	$.033/kWh	$.159/therm

IT IS THEREFORE RESOLVED:

1. **Subject to determination of a final contract amount based on the board-approved 2017 budget, the executive director or his designee is authorized to enter into a contract with Cascade Energy to deliver the Streamlined Industrial and Agriculture Track for the Production Efficiency program for an initial term from January 1, 2017 through December 31, 2019.**
2. **First-year contract costs and savings goals included in the contracts shall be consistent with the board-approved 2017 budget and two-year action plan. Thereafter, the contract(s) may be amended consistent with the board's annual budget and action plan decisions and the executive director or his designee is authorized to sign any such contract amendments.**
3. **The final contract may include a provision allowing staff to offer one-year extensions beyond the initial term if the program delivery contractor meets certain established performance criteria. In no event would the total term of the contract plus extensions exceed five years.**
4. **Before extending this contract beyond the initial term, staff will report to the board on the program delivery contractor's progress and staff's recommendation for any additional extension time periods. If the board does not object to an extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director or his designee is authorized to sign any such contract extensions.**

Moved by: Dan Enloe Seconded by: Melissa Cribbins
Vote: In favor: 11 Abstained: 0
Opposed: 0

The board took a break from 1:40 p.m. to 1:55 p.m.

Committee Reports

Compensation Committee, Dan Enloe

After reviewing the performance of the mid-cap fund option in the 457(b) plan, the committee accepted The Standard's recommendation to replace the fund. Employees will see the change occur within the next three weeks. The committee discussed the implications of Brexit, the vote by British citizens to exit from the European Union.

Evaluation Committee, Alan Meyer

The board packet includes reports and notes from two committee meetings where nine evaluations were reviewed.

The 2015 New Homes Process Evaluation included interviews with verifiers. Energy Trust works with 17 companies to verify the energy performance scores on new homes. Two of the firms complete 87 percent of the verification work for the program and the work is concentrated in the Portland metro area. The evaluation recommends the program look at how to complete verifications more effectively throughout the state.

Dan Rubado commented the New Homes program team met yesterday and reported they are working to increase the percentage of verifiers outside the metro area.

The Savings Within Reach On-Bill Repayment Pilot Evaluation results show the pilot enables projects to complete that would otherwise not happen. Six of eight allies report customers would not have done projects without the loan. There are complexities to the offering and the program is looking at ways to address and streamline approaches used.

The board discussed the offering and is glad to see it available for customers. Even though the numbers aren't large, the offering serves a cross-section of homeowners and low-income homeowners that is already smaller in proportion to the overall market. The offering also provides another option for customers without upfront money to complete projects and who will benefit from lower energy consumption.

Sarah Castor clarified bill savings depend on the cost of the measures installed, and that is why 17 percent of customers experienced higher bills, even with reduced energy use. She confirmed a lien is added to the property.

The CORE Improvement Pilot Evaluation, Year 2, looked at whether Strategic Energy Management, SEM, concepts used with large industrial customers could be used with smaller firms. The results are the concepts are effective and the savings are smaller because the customers are installing smaller projects. The plan is to incorporate the offering for small firms into the regular SEM offering. It was noted larger firms often have established departments focused on energy use, and with smaller firms, it's often one person who is not strictly dedicated to energy.

Dan R said staff turnover was also a factor in SEM practices dissolving over a couple of years at the smaller firms. Even so, measures completed tended to save energy even after that happened.

The Gas Thermostat Pilot Evaluation resulted in Energy Trust offering an incentive for Nest smart thermostats and defining parameters for other thermostat manufacturers to qualify. Sarah noted the program has since incorporated a second thermostat product, the Ecobee 3 smart thermostat.

The Air Sealing Pilot Evaluation was completed, and did not indicate cost-effective savings. The program will no longer pursue this as a measure. (Note: this is reference to a specific approach to new home air sealing; Energy Trust is still encouraging other approaches.)

The Oregon Public Utility Commission (OPUC) asked Energy Trust to conduct a Pay for Performance pilot. The one project in the pilot exceeded energy-savings expectations. Pay for Performance will be offered through the Existing Buildings program and will be limited to four or five projects.
The committee was updated on the 2012 New Buildings Impact Evaluation. At the time of the evaluation, two projects had a large, negative effect on the results. Upon further study, it was determined the sites, a data center that was gradually filling up to capacity and a hospital that had a chiller capacity issue, were evaluated too early. The two projects will be re-evaluated in 2016 to determine a more accurate savings estimate. In the future, staff will undertake a new evaluation process for large and complex projects.

The Path to Net Zero Impact Evaluation measured actual savings compared to estimated savings for six projects. The recommendations included improving monitoring and reporting methods and encouraging participants to keep monitoring systems active. The pilot has moved forward as a standard program offering.

The committee also reviewed the Small Business Energy Savings Process Evaluation, which is working well and meeting savings goals.

Finance Committee, Dan Enloe
The board packet includes the May 2016 financials. Incentive spending year-to-date in Existing Buildings is lower than this time last year, while incentive spending in New Buildings, New Homes, Solar and Other Renewables is higher than this time last year.

The board reviewed the balance sheet, which shows total assets have gone down $20 million from last year. The spending down of reserves is following the strategy approved by the board. The June financials will be more informative as mid-year contract milestones come up for the PMCs and PDCs.

The board asked why all utilities but PGE are behind on year-to-date revenue. Steve Lacey said this is a function of different utilities having different phasing periods for rate adjustments.

Policy Committee, Roger Hamilton
The committee reviewed the Existing Buildings PMC contract recommendation and Opal Spring hydropower project, both discussed earlier during today’s board meeting. Staff provided an update on the executive director transition plan, the plan to transition representation of the executive director to the NEEA board, board member training opportunities and conference attendance.

The committee discussed the potential for Energy Trust staff to testify at anticipated litigation between two former trade allies. Energy Trust is not a party to the contest. The committee also discussed legal considerations for adult recreational use cannabis projects due to federal versus state law issues. This is a work in progress, and the committee will receive more information from staff on how the program works, including current and past offerings for medical marijuana businesses. The board discussed the projected energy consumption at these sites.

Staff Reports

Highlights, Margie Harris

Margie highlighted the recently completed 2015 public annual report. The report is representative of the many different dimensions of what Energy Trust delivers. Communications Project Manager Julianne Thacher spearheaded the project and manages development of all reports submitted to the OPUC. The public annual report project includes a printed report, website, and targeted emails to stakeholders and 2015 program participants. The report received positive media pickup.

Steve Bloom left at 2:24 p.m.

Margie reported on a recent customer recognition event at Ireland Trucking in Myrtle Creek. The event attracted media, current and former elected officials, potential business customers and community members. Ireland Trucking installed a 35-kW solar system. The customer received an Energy Trust incentive, U.S. Department of Agriculture Rural Energy for America Program grant and Oregon Department of Energy Renewable Energy Development grant. This is an example of using a customer event to connect potential customers with incentive information and local outreach representatives, and a suggestion made by one of the board members to engage with the local company.

Margie reviewed recent and ongoing IT system improvements. The focus on improving systems came out of the 2014 Management Review. The IT projects include a Customer Relationship Management system upgrade, improvements to geospatial reporting for sites and improvements to Utility Customer Information data. Margie highlighted the benefits of these upgrades, including improved navigation and ability to query the data, visibility to the full population of potential customers, more specific geospatial data on sites for improved and more refined reporting, improved quality of participation data and automation features. Margie added a data sharing agreement is being finalized with Avista.

The 2017 annual budget and action plan development schedule kicked off yesterday and included initial meetings with each utility. Margie reviewed the full schedule, including the public comment period and public outreach to be conducted in October through November. The board will see the draft budget at its November 2 board meeting, and the final proposed budget at its December 16 board meeting. Mike will be entering this process at a good time.

As described at the May strategic planning board retreat, the residential sector analysis is underway. The Conservation Advisory Council will receive an update on July 27. The analyses are down to the individual measures for all residential programs. Structural program changes that may occur as a result of this assessment will be known at the end of October. If there are any shifts anticipated, the board will be informed at the November 2 board meeting.

Margie covered the transition plan to prepare for Mike’s arrival on August 15. Margie will overlap initially with Mike to share information with him on key topics. The plan also includes introductions to and exchanges with board members, staff, OPUC and utility representatives and other stakeholders. Margie’s retirement reception will be held September 15 in Portland. Board members and their significant others are invited.

E3 Update on Sustainability Report, Katie Wallace and Robert Wyllie, Margie Harris

The volunteer Energy, Environment, Engagement team (E3), a group of Energy Trust staff focused on internal sustainability and employee engagement efforts, released its second Employee Sustainability and Engagement Report. The report showed progress in various categories and is available on Energy Trust’s website. In the energy category, electric consumption in the Energy Trust office space was reduced by 11,000 kWh in one year. The largest effort was in the server room. In the recycling and paper use category, the team switched all office paper to 100 percent recycled content and achieved cost savings, started paperless invoicing with some accounts and continued focus on paper towel reduction. In the waste reduction category, the team encouraged staff to use reusable takeout containers for food carts and some restaurants, switched to biodegradable soap for dishwashers and conducted a waste audit to help staff identify how to sort trash, recyclables and compost. In the travel category, Energy Trust took fifth place out of more than 500 participants in the Bike More challenge and conducted an employee commuting survey. In the carbon category, results show Energy Trust staff have reduced their carbon footprint each year since 2013. In the engagement category, staff took part in volunteer activities throughout year. The report will move to an every-other year report to better track baselines.

Margie noted the team pays attention to all opportunities within the organization, and is always on the lookout for where to make improvements. Margie thanked the E3 Team for their contributions.

The board asked if the team has a five-year plan for energy efficiency in the office. Katie said there isn't a strategic plan for the team. Some setback in monitoring occurred due to team member transitions. Usually, energy use is tracked monthly for office space reporting for the Energy Trust office floor. The floor is sub-metered only for electricity. The team focuses on behavior changes, such as computer hibernation settings.

Adjourn

The meeting adjourned at 3:03 p.m.

The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, September 28, 2016, at 12:15 p.m. at Energy Trust of Oregon, Inc., 421 SW Oak Street, Suite 300, Portland, Oregon.

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Alan Meyer, Secretary