

Energy Trust of Oregon, Inc.
2003 Fourth Quarter Report to the Oregon Public Utility Commission
Summary

Submitted February 24, 2004

Finance:

- Revenues are slightly ahead of budget from all sources, totaling \$47.2 million vs. \$46.2 million budgeted.
- Program expenditures at \$28.2 million, reflecting a significant increase for the quarter in energy efficiency program expenditures, as well as the expenditure of renewable funds for the successful commissioning of the Combine Hills Wind project.
- Administrative costs (including communications) are at 4% of revenue, compared to 4.5% budgeted.
- Outstanding program contract commitments are \$41.5 million, reflecting multi-year contract terms; approximately 99% of these funds remain in the state of Oregon, stimulating Oregon businesses and the state economy.

General Program and Activity Highlights:

- This report includes final energy savings for 2003.
- Results from completed energy efficiency projects fall short of year-end projections but do not reflect the large number of committed residential, commercial and industrial projects that will produce savings in 2004. The predicted “hockey stick” effect during cold weather months is much in evidence. Overall energy savings as of December 31, 2003, total 153,434,237 kilowatt hours and 208,223 therms. On the electric side, savings represent 74.1% of the 2003 goal, while savings plus commitments represent 109.6% of goal. Goals for gas savings had not been established in 2003.
- Renewable energy production as of year-end equals 125,326,680, an amount that exceeds the 2003 goal by less than one percent. When commitments for projects that come on line in 2004 are included, 2003 results exceed the goal by 4.3%.
- Over 300 trade allies, an increase of 35 over third quarter, provide the primary delivery mechanism for most programs, thus helping encourage the development of competitive markets and services for energy efficiency and renewable energy.
- The distribution of energy efficiency and renewable energy activity by service territory continues to be monitored against revenues from the service territories, with results to be analyzed and included in the annual report.
- The cost per average megawatt for both energy efficiency and for renewable energy production is also being tracked, with results to be analyzed and included in the annual report.
- The Energy Trust began working with the Oregon Department of Energy and the Oregon Public Utility Commission to develop a Memorandum of Understanding regarding coordinating their respective related activities.

Energy Efficiency Programs: Energy Efficiency Programs:

- Requests for proposals were issued and proposals received for a single Program Management Contractor to run two interrelated programs, which have been named Efficient New Homes and Efficient Home Products. The Energy Trust is coordinating with the Northwest Energy Efficiency Alliance to implement these programs, which will launch in spring 2004.
- These programs will join the eight other energy efficiency programs now fully implemented: Utility Transition programs, the Northwest Energy Efficiency Alliance, Building Efficiency, Home Energy Savings, Production Efficiency, New Building Efficiency, LED Traffic Signals and Solar Thermal.
- Utility Transition programs are winding down and no longer offer energy efficiency program services. Outstanding Utility Transition program commitments on projects will be completed in 2004.
- In response to the process evaluation of the Building Efficiency program, the contract for the Building Efficiency program was amended to increase its sales and outreach effort.
- A program design for the Building Operations and Recommissioning program was developed and approved.
- The Solar Thermal program was moved to the Solar Electric team for management purposes, while costs and savings will continue to be tracked in energy efficiency reports. The natural gas component of the Solar Thermal program was approved.
- The first large commercial solar water heating project was approved for the Stewart Aquatic Center in Eugene. The Eugene Water & Electric Board is funding a solar electric installation for the same location.
- Energy Trust staff continues to work closely with and coordinate with the Oregon Department of Energy. Both organizations coordinated on the following activities:
 - The New Building Efficiency program has partnered with ODOE's Performance School program to offer a combined packaged of services and incentives for new K-12 schools.
 - ODOE's State Energy Efficiency Design Program.
 - Oregon Business Energy Tax Credit/Oregon Residential Energy Tax Credit.
 - The Energy Trust interest rate buy down pilot program for ODOE's Energy Loan program concluded in October.
 - ODOE staff is working with Energy Trust staff on combined heat and power policy issues.
- The Building Efficiency program hosted an Energy Service Company (ESCO) workshop to introduce ESCOs to the program and solicit input for program enhancements to make it more attractive for ESCOs to provide their services to participating utility customers.
- Energy Trust became an Environmental Protection Agency Energy Star partner and, as such, gains opportunities to provide input to Energy Star initiatives and have access to partner meetings.
- Energy Trust staff met with Bonneville Power Administration representatives interested in learning more about the Production Efficiency program. BPA is interested in finding ways to address the large industrial sector and may be interested in a collaborative approach. Coordination activities will continue in 2004.

Renewable Energy Programs:

- The Solar Electric program experienced a high volume of system installations and commitments in the final quarter of 2003.
 - Fourth quarter installations resulted in 14 residential systems for PGE and 54 residential and 6 commercial systems for Pacific Power totaling 250,000 kWh.
 - An additional 30 systems were committed in the fourth quarter to be completed in early 2004 for an additional 100,000 kWh.
 - 28 Trade Allies had enrolled in the program.
- Project construction for the 41 MW Combine Hills Ranch large-scale wind facility was completed and the project began commercial operation.
- Participation in PGE's Integrated Resource Plan resulted in the Energy Trust committing up to \$9.75 million for renewable energy projects that have been solicited through a request-for-proposals process.
- The Energy Trust will play a similar role in an upcoming Pacific Power request-for-proposal for renewable resources, budgeting at least \$1,850,000 for project support.
- The Open Solicitation program continues to attract innovative ideas, with 8 projects funded in 7 different cities, representing 7 different technologies. Included is the largest solar electric installation in the Northwest and a small wind turbine powering irrigation for a pear orchard. Staff is evaluating five new proposals, including two small wind developments and biomass facilities.
- An evaluation of the Open Solicitation Program was completed and reviewed by the Renewable Energy Advisory Council and the board. The evaluation concluded that the program was valuable and effective, suggesting areas for further improvement. Staff will change aspects of the program to incorporate the recommendations during the next two quarters.
- The Three-mile Farms biogas project in Boardman continued to be "on hold" pending a re-review of the technical installation plans by the project sponsor.

Planning and Evaluation:

- The board adopted a policy on the eligibility of self-generating industrial sites for Energy Trust programs.
- A process and marketing evaluation of the Restaurant Efficiency Pilot Program was completed and published on the website. The evaluation concluded that restaurant owners who installed energy management systems under this pilot program were satisfied with the results, and that there is potential for this market to continue to develop through cooperation between Energy Trust and the Oregon Restaurant Association. Energy management systems incentives now are offered through the Building Efficiency program.
- A process evaluation of the renewable energy Open Solicitation program was completed and published on the website. The evaluation concluded the program should be continued in order to ensure that innovative ideas for renewable energy production emerge and are tested. It recommended clarifying the proposal process, increasing outreach to prospective proposers, and providing support to help applicants develop their proposals.
- A process evaluation of the Building Efficiency program was completed and published on the website. The evaluation concluded that participating customers and lighting contractors are fully satisfied with the program. It recommended funding additional marketing and promotions, improving the responsiveness of Energy Trust administrative

staff to program managers, and improving communications between program managers and contractors.

- A contractor (Quantec) was retained to begin the impact evaluation of the commercial and industrial retrofit utility transition programs.

Marketing and Communications:

- Calls to the Energy Trust 1-866 ENTRUST call center number during Q4 increased by 4.7 percent over the number of calls in Q3. Over half of the callers were interested in Home Energy Savings services. A request for proposals for call center services was released. The customer care/inquiry tracking process was refined.
- Total visits to Energy Trust web pages continued to rise in Q4, reaching a high of 8,111 in November. The numbers of Q4 visits represents a 16.4% increase over visits in Q3.
- A campaign to attract Home Energy Savings participants with a “Knowledge Is Power” theme included statewide speaking engagements, staffed exhibits at consumer home shows and energy fairs, story placement and advertisements in newspapers, and ads on Portland buses and radio stations.
- Energy Trust’s general brochure was recreated for an Hispanic audience and its availability publicized with Spanish-speaking radio ads and posters in locations frequented by Spanish-speaking people.
- A series of solar seminars and speaking engagements continued in communities around Oregon to attract participants to the Solar Electric program.
- A series of “town hall” meetings in southern and central Oregon attracted participants to the Production Efficiency program.
- Energy Trust staffed displays promoting our programs to trade allies and business participants at the conference of the International Interior Design Association, the Oregon Remodelers’ Association Annual Suppliers’ Fair, and the League of Cities Annual Conference.
- Advertising to inform readers about Energy Trust programs for businesses was placed in Associated Oregon Industries publications, Portland Daily Journal of Commerce, Portland Business Journal and Northwest Construction Magazine,
- Energy Trust helped organize and publicize a celebration of Kettle Foods’ processing plant in Salem’s 114 kw solar array. We produced a case study on the project.
- Other press releases and follow-up media contact drew attention to the start of power generation at Combine Hills and Energy Trust’s support for a study of the effects of lighting on patients with Alzheimer’s.
- Plans were developed with electric utilities to include mention of Energy Trust programs in utility newsletters and other communications in 2004.

Partnerships and Outreach:

- Meetings of the Energy Trust Conservation Advisory Council and Renewable Energy Advisory Council were held October 15 and November 12, and the CAC met again December 8. Meetings of the Energy Trust Board of Directors took place October 1, November 5 and 20, and December 17. These meetings were open to all.
- A public comment session on Energy Trust’s proposed 2004 budget and action plan was held December 8.
- Energy Trust was a sponsor of (as well as an exhibitor and, in most instances, a speaker) the BetterBricks Awards, Smart Energy – Economic Opportunities for the Northwest, Central Oregon Growing the Renewable Energy Industry Forum, a breakfast of the

- Oregon Remodelers' Association, and the EPA Energy Star Heating, Ventilation and Air Conditioning Partner annual meeting.
- Energy Trust participated in board and committee meetings of the NW Energy Efficiency Alliance, including the Alliance's Grocery HVAC roundtable; the Clean Energy States Alliance and the Northwest Energy Coalition.
 - Ongoing communications with major partner organizations included Oregon Department of Energy and Industrial Customers of Northwest Utilities.
 - Energy efficiency program manager Dave Bonkowski was named to the board of directors of the Association of Professional Energy Managers.