

2004 Second Quarter Report to the Oregon Public Utility Commission

August 13, 2004

This Energy Trust quarterly report is for the period April through June 2004 (Q2). It tracks progress toward 2004 and 2012 goals and includes:

- Actual vs. budgeted revenues
- Actual vs. budgeted expenditures
- Total savings/generation and corresponding cost per average megawatt/therm
- Total number of projects by type
- Total incentives paid

In addition, the report highlights major achievements or initiatives during this period. The format is the same as the redrafted Q1 2004 report presented to and approved by the Oregon Public Utility Commission. Additional detail can be provided. Energy Trust is scheduled to discuss this report at the OPUC meeting on September 7, 2004.

I. REVENUES

Q2 revenues from the electric utilities tracked closely with budgeted projections. NW Natural revenues exceeded projections.

Source	Actual revenues received Q2	Budgeted revenues Q2
Portland General Electric	\$ 6.3 million	\$ 6.2 million
PacifiCorp	4.2 million	4.3 million
NW Natural	1.6 million	1.2 million
Total	\$12.1 million	\$11.7 million

2. EXPENDITURES

Significant activity continues in each area, but expenditures are less than budgeted for the quarter. On the efficiency side, most of the budget variances result from delays in completion of committed projects and later rollout of several new programs and initiatives, including the Efficient New Homes, Efficient Home Products and Home Energy Analyzer programs. Renewables spending was affected by suspension of the federal production tax credit, the slower pace of solar projects after incentives were lowered, and the time necessary to fill a vacant manager position for the open solicitation program.

Type	Actual expenditures Q2	Budgeted expenditures Q2
Energy Efficiency programs	\$ 6.8 million	\$ 8.5 million
Renewable Resources programs	.7	1.2
Administration	.6	.8
Total	\$ 8.1 million	\$10.5 million

3. SAVINGS & GENERATION

Electric efficiency savings. First and second quarter Energy Efficiency programs achieved 22% of the 2004 goal of 31.5 aMW. Since March 1, 2002, these programs have cumulatively saved 39.4 aMW, or 13% of the Energy Trust's 2012 goal.

Electric Efficiency Savings Q2 2004	PGE aMW	Pacific Power aMW	Total Savings* aMW	Expenses	mil \$ / aMW
Residential	0.4	0.2	0.6	\$1,673,111	\$2.72
Commercial	0.6	0.4	1.0	1,569,726	\$1.50
Industrial	0.2	1.3	1.5	2,066,959	\$1.32
NEEA (all sectors)	0.6	0.3	0.9	725,788	\$0.84
Administrative Costs				465,672	
Total Energy Efficiency Programs	1.8	2.2	4.0	\$6,501,256	\$1.61

*Includes transmission & distribution savings

Gas efficiency savings. In the first and second quarter, efficiency programs saved 657,594 therms of natural gas, representing 46% of the 2004 goal of 1.4 million therms. Since gas programs began in 2003, cumulative savings of 865,817 therms have been realized, or 5% of the 2012 goal.

Gas Efficiency Savings Q2 2004	NWN Therms	Expenses	\$ / Therm
Residential	276,757	\$623,234	\$2.25
Commercial	25,425	122,320	4.81
Industrial	-	32	
NW Alliance (all sectors)	-	0	
Administrative Costs		61,239	
Total Energy Efficiency Programs	302,182	\$806,825	\$2.67

Renewable energy generation. Installed renewable energy projects in Q1 and Q2 account for 2.49% of the 2004 goal of 22.134 aMW. To date, cumulative generation totals 15.170 aMW, or 3.4% of the 2012 goal of 450 aMW.

Renewable Energy Generation Q2 2004	PGE aMW	Pacific Power aMW	Total Generation aMW	Expenses	mil \$ / aMW
Utility Scale	0.000	0.000	0.000	\$37,407	
Solar Photovoltaic	0.002	0.016	0.018	616,127	\$33.49
Small Wind	0.000	0.000	0.000	54,955	
Open Solicitation	0.000	0.500	0.500	27,091	0.05
Biomass	0.000	0.000	0.000	17,431	
Geothermal	0.000	0.000	0.000	1,343	
Administrative Costs				72,640	
Total Renewable Programs	0.002	0.516	0.518	\$826,994	\$1.60

4. PROJECTS COMPLETED

Energy Efficiency Projects Installed	Q1	Q2	YTD
Residential projects	7,799	6,680	14,479
Single Family Projects	3,082	2,128	5,210
Multifamily Units	2,152	795	2,947
Home Energy Reviews	1,443	999	2,442
Manufactured Homes	672	628	1,300
Efficient Home Products rebates	417	2,108	2,525
Residential Solar Hot Water projects	0	7	7
Utility transition projects	33	15	48
Commercial projects	121	98	219
Industrial projects	10	31	41
TOTAL EFFICIENCY	7,930	6,809	14,739
Renewable Energy Projects Installed	Q1	Q2	YTD
Utility-scale projects	0	0	0
Solar residential projects	27	32	59
Solar commercial projects	1	5	6
Small wind projects	0	0	0
Open Solicitation projects	0	2	2
TOTAL RENEWABLES	28	39	67

5. INCENTIVES PAID

	Energy Efficiency			Renewable Energy		Total
	PGE	Pacific Power	NW Natural	PGE	Pacific Power	
Q1*	\$1,158,917	\$1,022,493	\$615,571	\$72,314	\$248,303	\$3,117,598
Q2	\$1,132,553	\$1,412,966	\$409,894	\$74,369	\$364,547	\$3,394,328
YTD	\$2,291,470	\$2,435,459	\$1,025,465	\$146,683	\$612,850	\$6,511,926

*Incentive figures for Q1 mistakenly included figures for utility performance incentives. The figures here have been correctly restated to exclude those incentives.

6. HIGHLIGHTS

Efficient New Homes program launch – A contract with Portland Energy Conservation Inc. (PECI) was signed in April, signaling the launch of Energy Trust’s newest efficiency program. The two-year, \$4.4 million contract is expected to produce .7 aMW of electric savings and 290,000 therms of gas savings. The program aims to increase the demand for ENERGY STAR® certified homes in the Oregon marketplace.

Blue Heron Paper project – The parties to this major makeover of the company’s de-inking plant publicly announced the project at the Energy Trust’s June board meeting. Blue Heron and Energy Trust began contract negotiations, Oregon Department of Energy is working with Blue Heron on a loan and tax credits, and Climate Trust continues work on purchasing carbon dioxide offsets. As reported in the 2004 Q1 report, the project is expected to save 106 aMW of electricity at 5.1 cents per kilowatt hour, half the rate assumed in our 2004 Production Efficiency budget.

Solar program – Energy Trust funded photovoltaic systems in seven electrical training centers around the state. Energy Trust and ODOE jointly sponsored a full-day PV educational workshop that was attended by national manufacturers and over 200 Oregon electricians and contractors.

Economic development policy – Energy Trust board adopted a policy authorizing Energy Trust involvement in economic development initiatives. A staff member has been designated to coordinate quick responses to economic development opportunities. The policy authorizes up to \$125,000 per project for above-market costs of renewable energy projects with high economic development potential, and calls for producing integrated materials to help economic development entities utilize Energy Trust efficiency programs for new and existing commercial and industrial development projects.

Evaluations – An evaluation of the 2003 pilot manufactured home duct-sealing program found that energy savings were 543 kWh per unit compared to the forecast 1,200 kWh per unit. The units were found to have used significantly less energy to start with compared to forecasts, and savings ranged widely by contractor. Energy Trust is adjusting its current duct-sealing program and savings projections in light of the findings. An evaluation of the 2002 utility transition programs for commercial and industrial customers documented savings of 9.6 aMW compared to 10.4 aMW projected.

ODOE/ET/OPUC coordination – The three organizations held their first quarterly coordination meeting May 5. The meeting produced a list of topics for further work, including better coordination between Energy Trust and BETC, collaboration in serving schools, alignment of home appliance efficiency standards, call center coordination and collaboration on messaging. The organizations meet again in September.

New board member – Debbie Kitchin has joined the board. She was senior economist with the Northwest Power Planning Council for 15 years, a BPA regional economist for 3 years, and a member of the Northwest Regional Economic Conference board of directors for 8 years. In 1996 she joined her family construction and remodeling business as co-owner.

Management audit – Energy Trust board approved conducting an independent management audit of the Energy Trust this year, in advance of the March 1, 2005, date required by the Energy Trust/OPUC grant agreement.

Staffing and office space – Energy Trust board approved adding three staff positions (customer service manager, planning manager and a second administrative assistant). Having outgrown the capacity of its existing offices, staff is exploring opportunities to acquire new office space at a cost per square foot comparable to its existing space.