Draft 2016 Annual Budget & 2016-17 Action Plan

October 21, 2015

Energy Trust of Oregon

Today's presentation

Investment Strategy and Approach

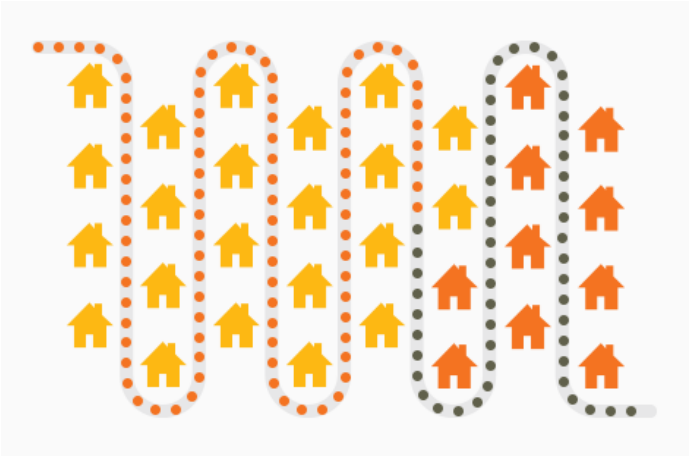
Draft Budget—Overall Highlights

Draft Budget and Action Plan—Sector Highlights

Discussion and Next Steps

A clean energy power plant (2002-2014)

- 492 average megawatts saved
- 39 million annual therms saved
- 115 aMW generated
- Enough energy to power 470,000 homes and heat 77,000 homes
- $1.1 billion invested since 2002
- $1.9 billion saved on participant energy bills, so far
- Bill savings will grow to $4.8 billion over time



Draft 2016
Annual Budget

Budget and action plan development process

July
Initial concepts shared with utilities

August
Utilities provide feedback; program plans refined

September
Draft budget developed

October
Draft budget published; utility revenue identified; presentations begin

November
Budget outreach presentations; revisions begin

December
Final proposed budget published; presented

Four building blocks for budget & action plan

1

2015-2019 Strategic Plan Goals

2

Utility Integrated Resource Plans & Renewable Resource Assessments

3

Market knowledge and context

4

Areas of emphasis

2016 Draft Budget Summary

1. Invest **$187.7** million to acquire **58.5 aMW** and **5.7 MMth** of clean energy efficiency
   - Spending up, dominated by **increased project demand, different project mix** and **corresponding incentive growth**
   - Deliver highly cost-effective energy at **3.0 cents/kWh** and **34.1 cents/therm**
2. **Meet solar demand and invest in future generation** from other renewables
3. Some revenue increases planned while program reserves continue to decline
4. Maintain **operational efficiency focus**
5. Keep staffing costs well below OPUC performance measure
6. Continue low administrative and program support costs

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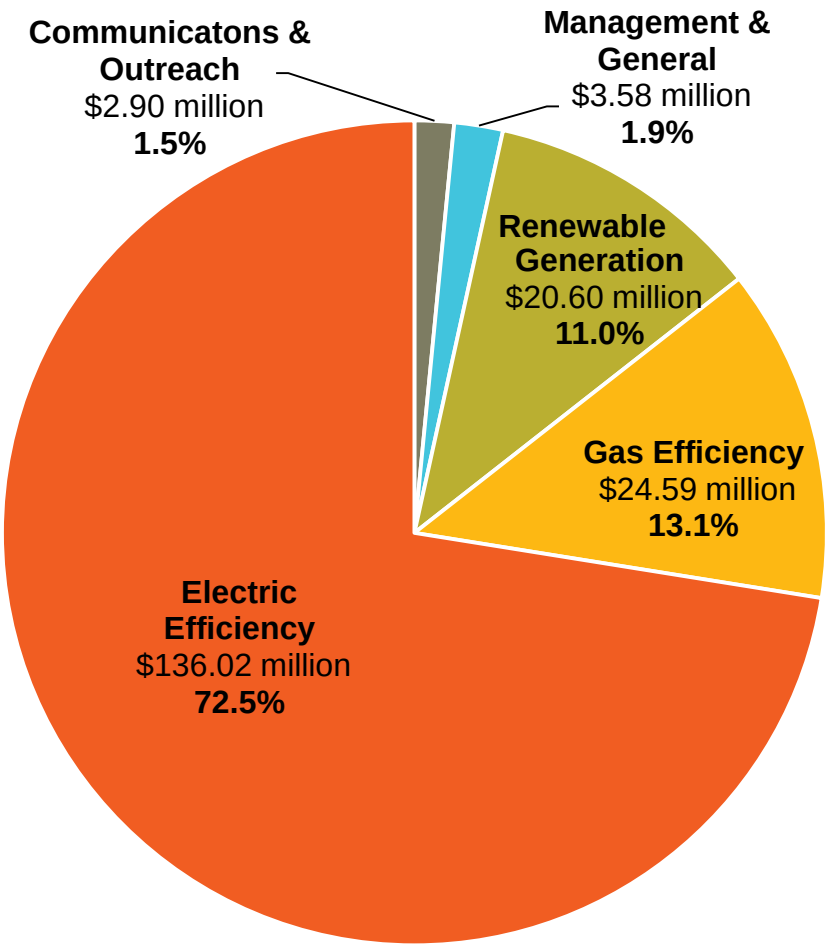
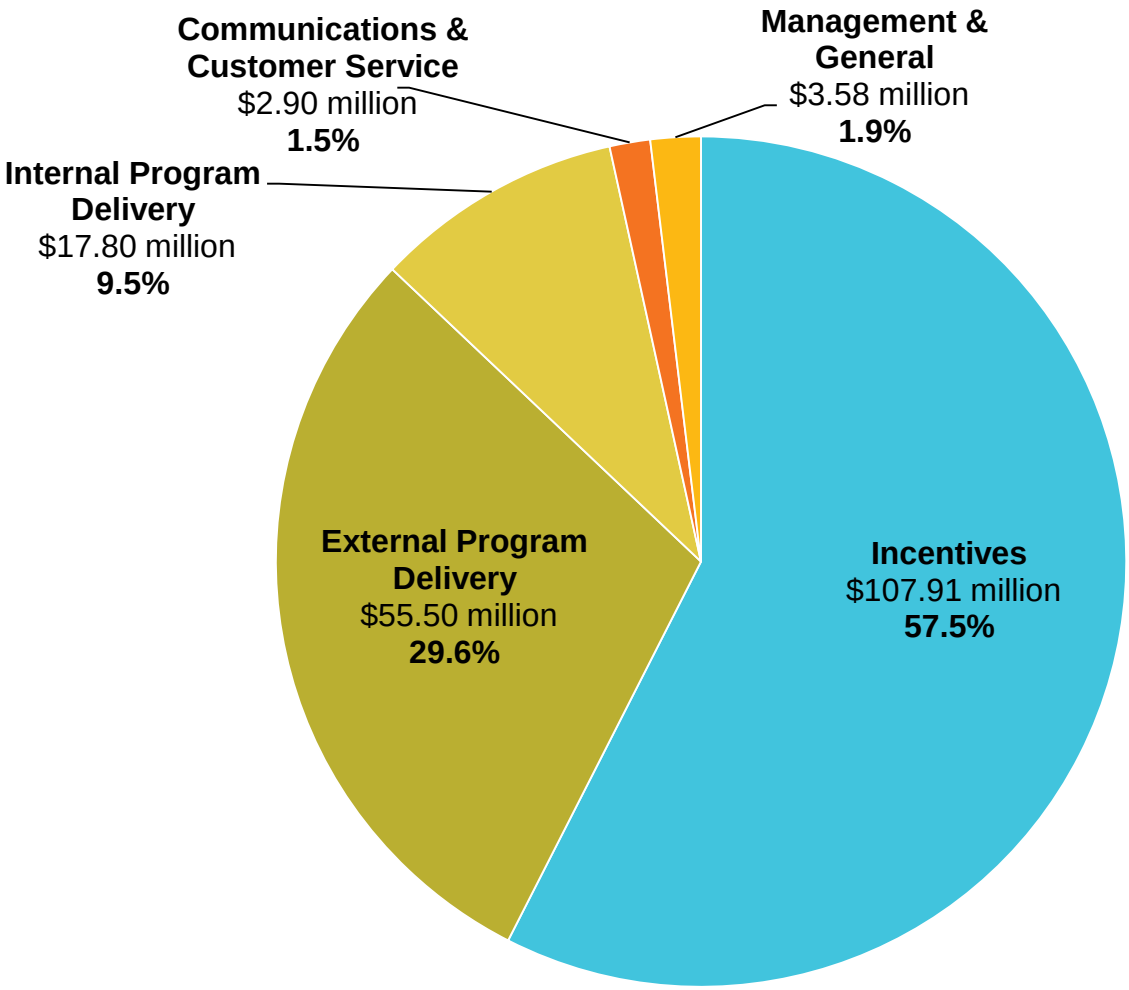
2016 budgeted expenditures



Budgeted expenditures of $187.7 million, up 10.5% from 2015 budget

✓ Continued drawdown of reserves will cover expenses in excess of anticipated revenue

2016 total incentives, delivery & other expenditures



Expenses by Category
Total $187.7 million

2016 utility savings summary

	2015 Budget Savings (Net)	2016 Goal (Net)	IRP target for 2016 (Net)	2016 Budget ($ Million)	2016 Budget (Levelized Cost)
PGE (Efficiency)	33.19 aMW	34.12 aMW	27.23 aMW*	$87.09	3.0¢/kWh
Pacific Power (Efficiency)	19.93 aMW	21.56 aMW	16.84 aMW	$53.80	3.1¢/kWh
NW Natural (Oregon)	5.15 MMTh	4.94 MMTh	3.9 MMTh*	$21.26	32.8¢/therm
NW Natural (Washington)	0.26 MMTh	0.26 MMTh	0.26 MMTh*	$1.65	46.9¢/therm
Cascade Natural Gas	0.43 MMTh	0.46 MMTh	0.45 MMTh	$2.56	41.1¢/therm

MMTh: million annual therms
aMW: average megawatts

The PGE & NW Natural IRP targets listed were developed in 2013. They will be updated in IRPs expected to complete in 2016.

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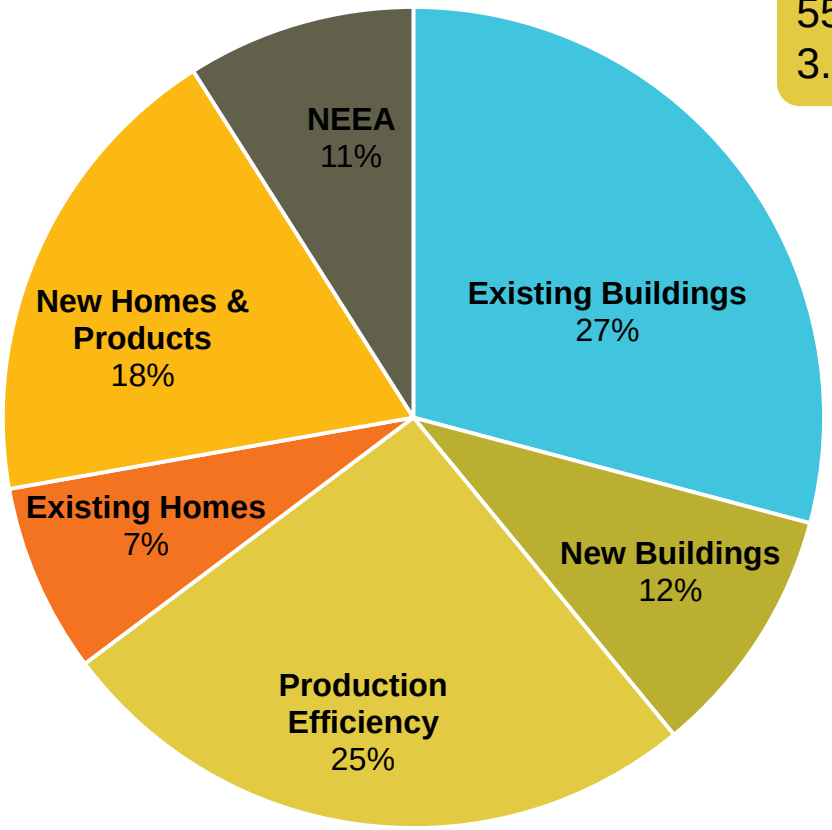
2016 electric savings by program

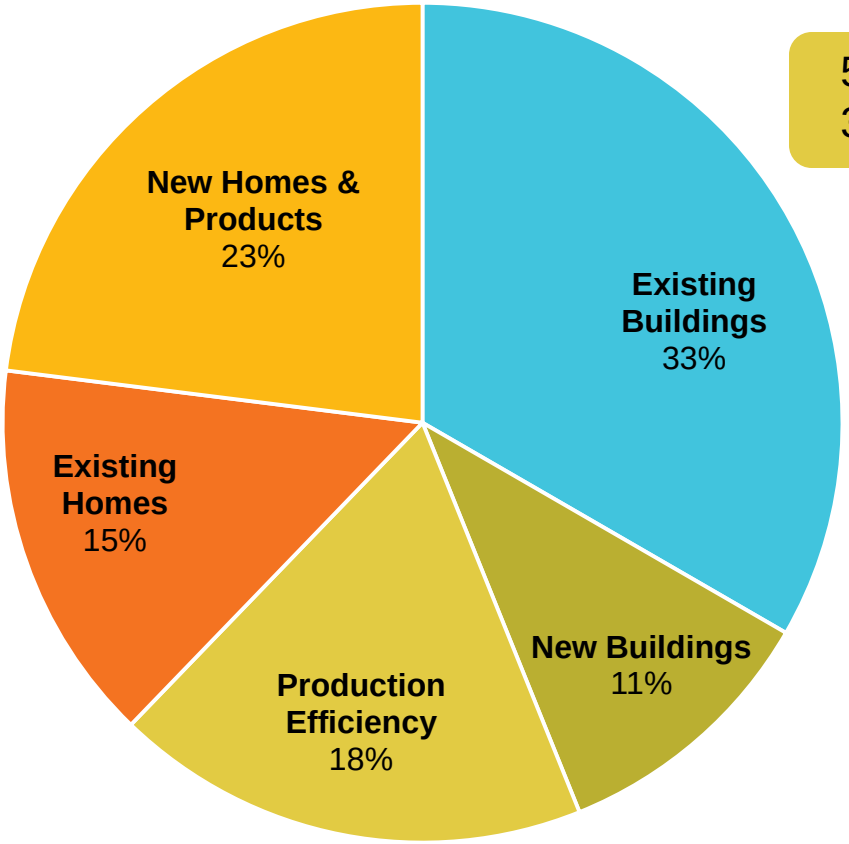
55.68 aMW goal
3.0 cents/kWh levelized



A 4.9% increase in total electric savings over 2015 budget

Investing approximately $140.9 million in incentives, services and program delivery for residential, commercial, industrial, agricultural and public sector customers

2016 natural gas savings by program



5.7 million annual therm goal
34.1 cents/therm levelized

A 3.2% decrease in natural gas savings over 2015 budget

Investing $25.5 million in incentives, services and program delivery for residential, commercial, industrial, agricultural and public sector customers

Residential Sector

Residential sector: Goals and budget

	2015 Goal	2015 Re-forecast	2016 Goal	2016 Budget ($ Million)
Cascade Natural Gas (therms)	137,183	145,652	164,085	$1.0
NW Natural (therms)	1,906,671	1,911,815	1,973,374	$10.8
PGE (kWh)	69,090,224	71,040,198	70,520,541	$22.7
Pacific Power (kWh)	49,783,617	51,285,045	52,462,983	$15.7

NEEA savings not included.

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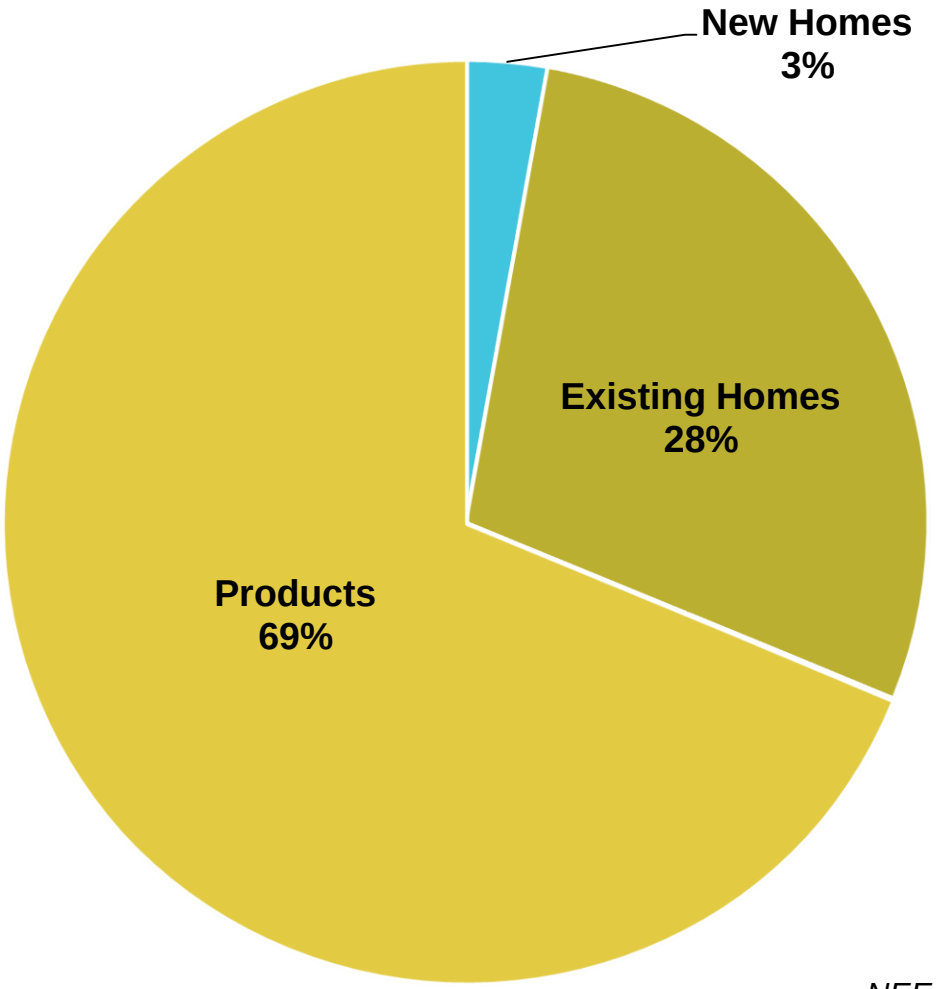
Residential sector: 2016 electric savings



NEEA savings not included.

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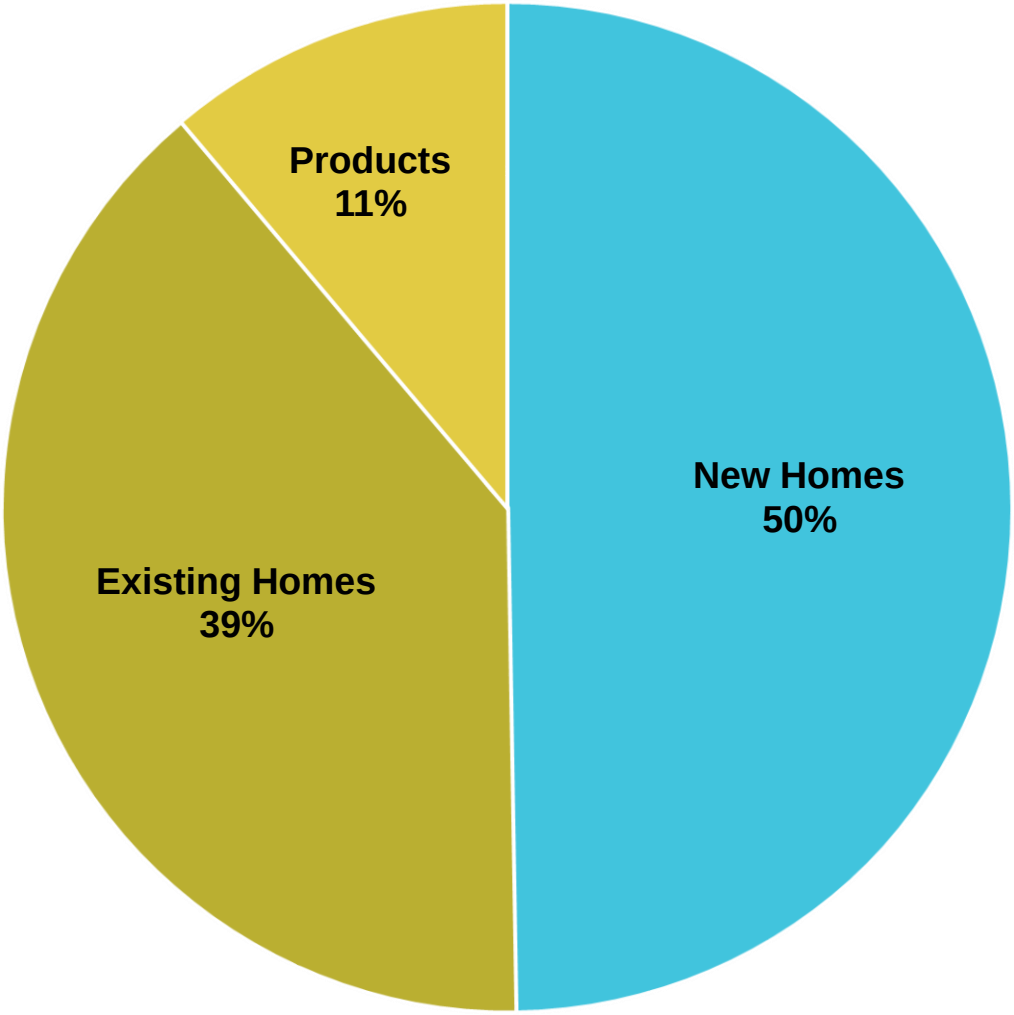
Residential sector: 2016 gas savings



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Residential sector: Strategies and activities

- New Homes
  - Delivery: Program Management Contract with CLEAResult, market based verifier contractors working with builders, leveraging NEEA
  - Incentives: Incentives are driven by the EPS rating

- Products
  - Delivery: Program Management Contract with Ecova
    Services: Lighting, appliances, showerheads and refrigerator recycling
  - Incentives: Increase rural area lighting engagement to reach a broader diversity of customers through rural stores. Adjusting new appliance incentives to reflect cost effective savings. Expanding appliances eligible for recycling.

Residential sector: Strategies and activities

- Existing Homes
  - Delivery: Program Management Contract with CLEAResult, trade ally contractors, distributors, Enhabit, HP Guild
  - Services: On-line Home Energy Review, Energy Saver Kits, Savings Within Reach, EPS, LivingWise kits through schools, On Bill Repayment financing
  - Incentives: The program encourages efficient space heating, water heating, weatherization, lighting, water conservation and behavioral actions through incentives and financing

Residential sector: Initiatives and pilots

- Transitioning from self-install water heater model to a retail model.
- Achieve heating system savings through controls
- Offer program incentive for gas hearths across New and Existing Homes to drive savings across residential sector
- Develop savings measures for manufactured homes

Commercial Sector

Commercial sector: Goals and budget

	2015 Goal	2015 Re-forecast	2016 Goal	2016 Budget ($ Million)
Cascade Natural Gas (therms)	260,822	297,887	263,661	$1.4
NW Natural (therms)	2,473,025	1,982,549	2,220,077	$8.9
PGE (kWh)	107,392,740	101,310,264	118,724,109	$40.6
Pacific Power (kWh)	62,216,884	65,716,036	64,388,817	$23.3

NEEA savings not included.

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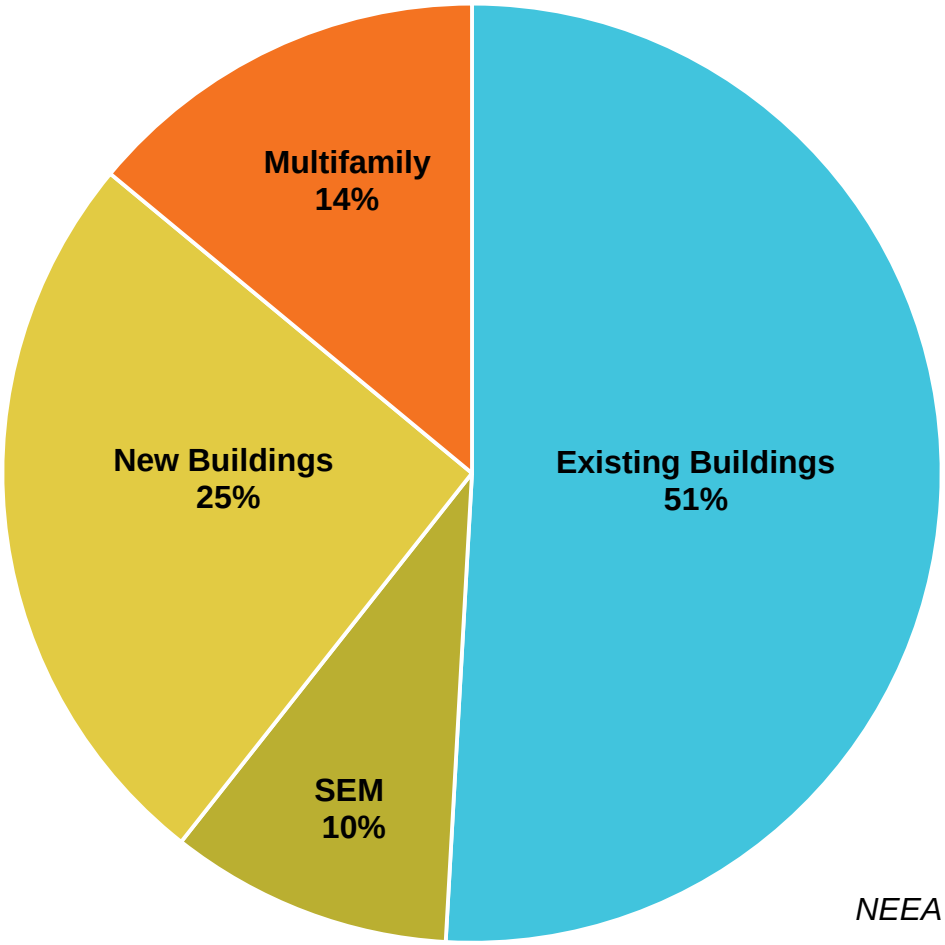
Commercial sector: 2016 electric savings



NEEA savings not included.

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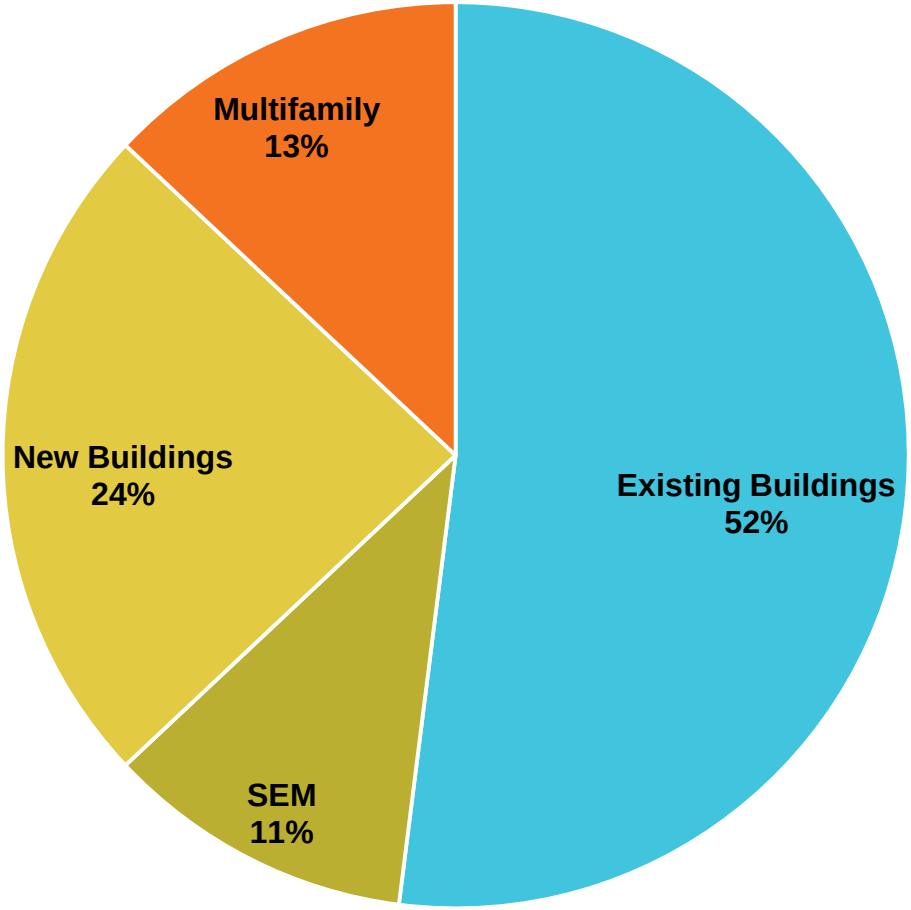
Commercial sector: 2016 gas savings



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Commercial sector: Strategies and activities

- Existing Buildings and Multifamily
  - Delivery: Program Management Contracts with ICF and Lockheed Martin, trade ally contractors, Allied Technical Assistance Contractors
  - Services and Incentives: Custom and prescriptive, studies, midstream and direct install. Adding RCx and PfP approaches. Exploring custom and prescriptive changes

- Strategic Energy Management: Comprehensive O&M Solutions
  - Delivery: Cohort approach through new Program Delivery Contractor structure
  - Services and Incentives: Multi-year engagement, training, analysis, implementation of savings strategies; incentives will remain at current level

Commercial sector: Strategies and activities

- New Buildings
  - Delivery: Program Management Contract with CLEAResult, Design Allies
  - Services and Incentives: Custom and market solutions, training and design assistance; incentives will remain at current levels

Commercial sector: New Initiatives

Existing Buildings

- Expand Direct Install Offerings
- Expand Pay-for-Performance
- RetroCommissioning
- Additional SEM Tools/Training Materials

Multifamily

- Advanced Powerstrips and other new measures
- Community Blitz Events
- Green PSF Online Tool

New Buildings

- Update Market Solutions Packages
- Data Center Updates
- Support New Design Tools

Industrial & Agricultural Sector

Industry & Ag sector: Goals and budget

	2015 Goal	2015 Re-forecast	2016 Goal	2016 Budget ($ Million)
Cascade Natural Gas (therms)	35,015	19,602	35,015	$0.1
NW Natural (therms)	1,030,561	1,558,317	1,001,438	$2.7
PGE (kWh)	89,200,691	64,115,378	73,608,710	$19.6
Pacific Power (kWh)	45,219,287	38,952,461	46,923,228	$11.8

NEEA savings not included.

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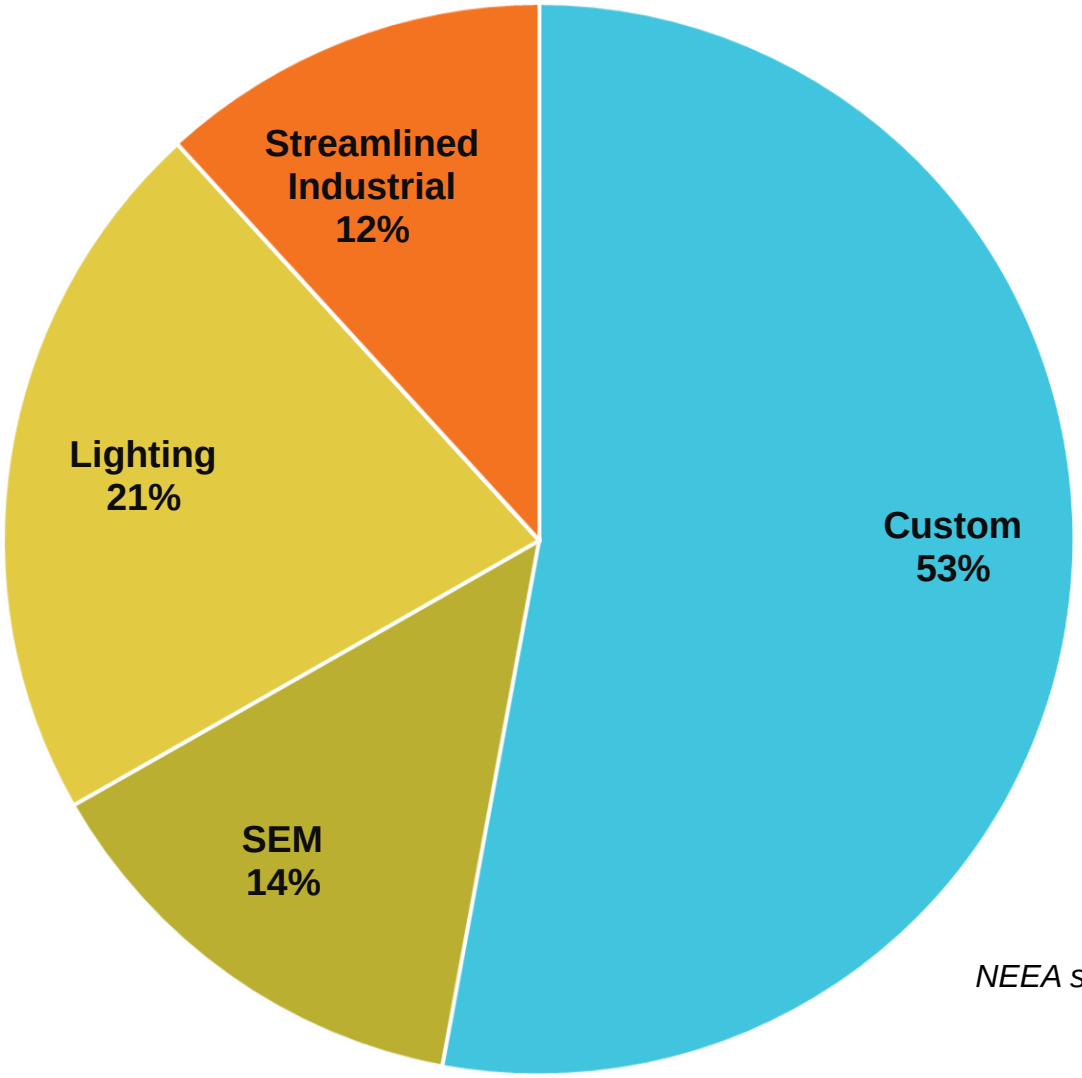
Industry & Ag sector: 2016 electric savings



NEEA savings not included.

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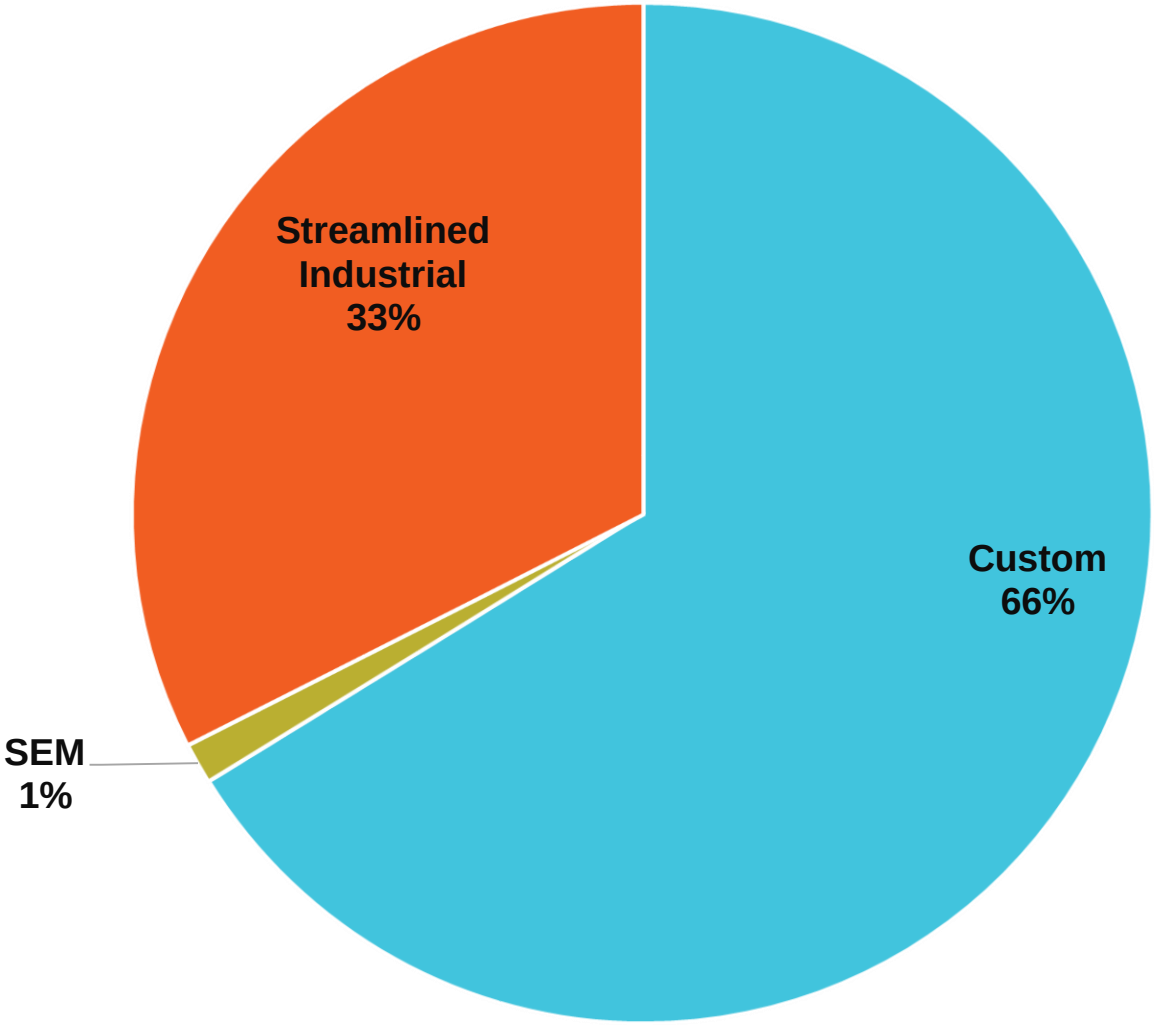
Industry & Ag sector: 2016 gas savings



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Industry & Ag sector: Strategies and activities

- Custom Track: Custom Projects and SEM
  - Delivery: Custom Program Delivery Contractors (PDCs) act as primary point of contact with Energy Trust for end-use customers
  - Services: Project studies by Allied Technical Assistance Contractors (ATACs) and SEM by SEM Coaches
  - Incentives: Custom incentives held at current level; consider bonuses as needed in 2016 to reach goals

- Streamlined Tracks: Lighting and Streamlined Industrial
  - Delivery: Trade Ally Coordinator PDCs develop prescriptive and calculated measures/tools and trade ally channels
    - Rebid of Industrial Lighting PDC and Streamlined Industrial PDC contracts
  - Incentives: Most incentives held at current levels; tune some prescriptive measures to promote controls

Industry & Ag sector: New and In Development

- *New sources of savings*
  - Continuous SEM
- *Manage costs & expand participation*
  - Scoping walk-through tool
- *Expand participation*
  - New industry: Cannabis production facilities
- *Customer service*
  - Business Customer Portal

Northwest Energy Efficiency Alliance

NEEA goals and budget

	2015 Savings Goal	2015 Savings Re-forecast	2016 Savings Goal	2016 Budget ($ Million)	2016 Levelized Cost (per kWh)
PGE (aMW)	2.86	4.22	4.12	$4.3	1.9¢
Pacific Power (aMW)	1.99	2.93	2.86	$3.0	1.9¢
NW Natural	-	-	-	$0.61	
Cascade Natural Gas	-	-	-	$0.06	

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NEEA Portfolio Overview

	SCANNING & CONCEPT IDENTIFICATION	CONCEPT OPPORTUNITY ASSESSMENT	MARKET & PRODUCT ASSESSMENT	STRATEGY TESTING & FINALIZATION	MARKET DEVELOPMENT	LONG-TERM MONITORING
Cycle 5 High Savings Contributors					Reduced Watt. Lamp Heat Pump Water Heaters Ductless Heat Pumps Standards	TVs Res CFLs Homes Codes & Standards
Cycle 6 Savings Contributors*		Secondary Window Glazing (Commercial) Commercial New Construction	Retail Product Portfolio Super Efficient Dryers Luminaire Level Lighting Control	Next Step Home	Codes *Top Tier Trade Ally infrastruct. (optional)* *CRE infrastructure*	Food Processors Drive Power Building Operator Cert/ Expansion
Small Contributors to overall goals		Manufactured Homes	*Commercial and Industrial SEM Infrastructure*	RETA CRES	*Industrial Tech. Training infrastructure (optional)* *Integrated Design Lab infrastructure*	Commissioning BacGen PneuLogic

2015-2019 Co-Created Savings Estimates: All Investments

*definition expanded to include moderate savings from prior programs

Wrap Up

Benefits from 2016 investments

- **$688.8 million in future bill savings** for 2016 participants
  + jobs, wages and business income from bill savings recirculating in our local economy
- Energy improvements at **homes and businesses** throughout Oregon and southwest Washington
- **Affordable energy** at **3.0** cents/kWh and **34.1** cents/annual therm
- Enough clean **energy to power 43,700 homes** and **heat 11,100 homes**
- **Improved air quality** by avoiding **267,600 tons** of carbon dioxide
- Continued high customer satisfaction
- **Expanded access and participation** statewide
- Training and **support for 2,500 local businesses**

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Budget outreach schedule

October & November

RAC/CAC presentations Oct. 21

Draft budget online, Oct. 29

Board of Directors, Nov. 4

Public webinar, Nov. 16

OPUC public meeting, Nov. 17

RAC/CAC updates, Nov. 20

December

Public comments due Nov. 20

Comments reviewed
Final adjustments, if needed

Final proposed budget online, **Dec. 3**

Board of Directors, **Dec. 11**

Action on Final Proposed
2016-17 Budget and Action Plan

+ **www.energytrust.org/about/budget**
Send comments to info@energytrust.org

Discussion and feedback

- What questions do you have?
- What information needs clarification?
- Other feedback?

+ www.energytrust.org/about/budget
Send comments to info@energytrust.org; comments due Nov. 20

Thank you

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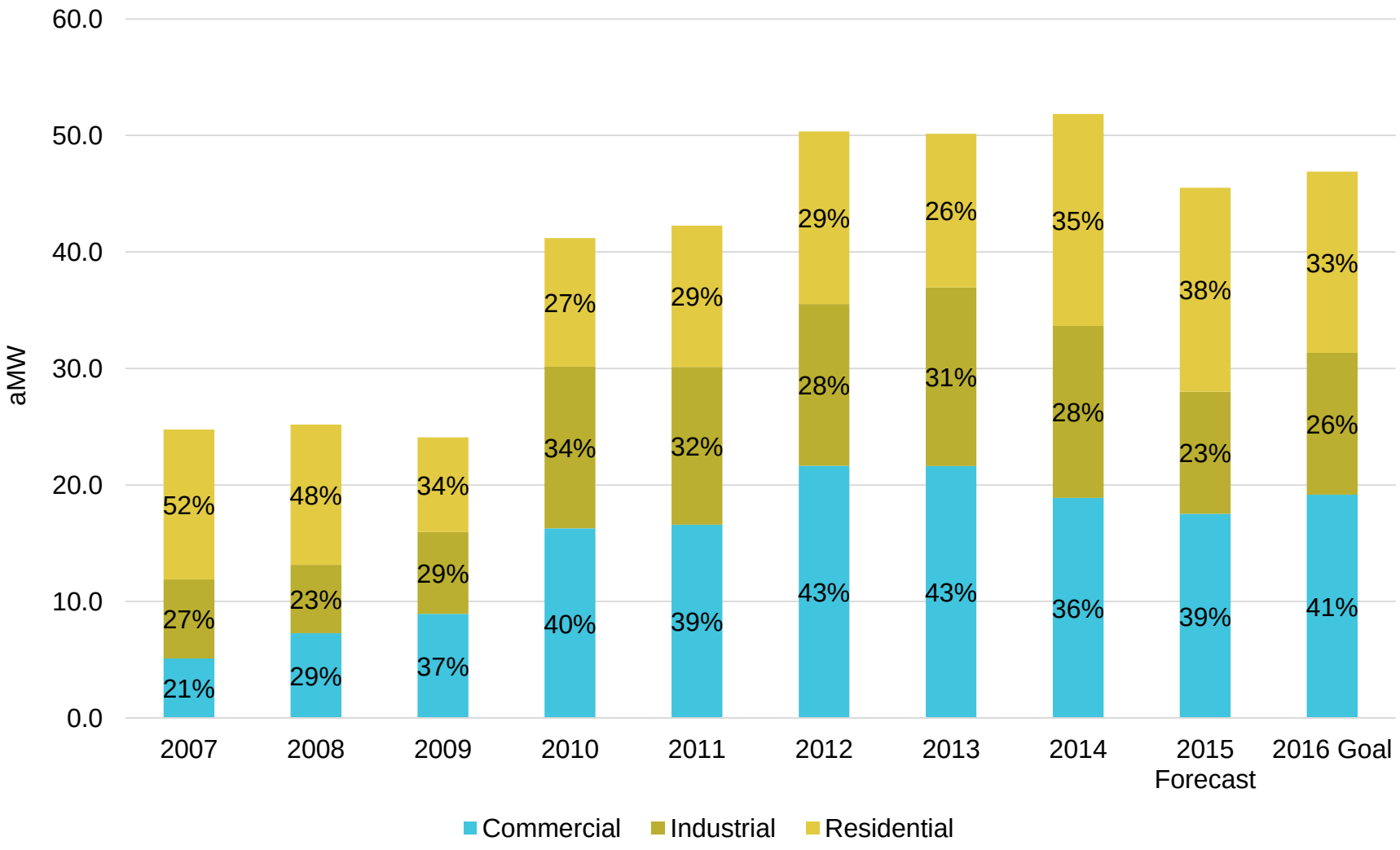
Supplemental Slides for CAC packet

2016 electric savings by sector (aMW, net)



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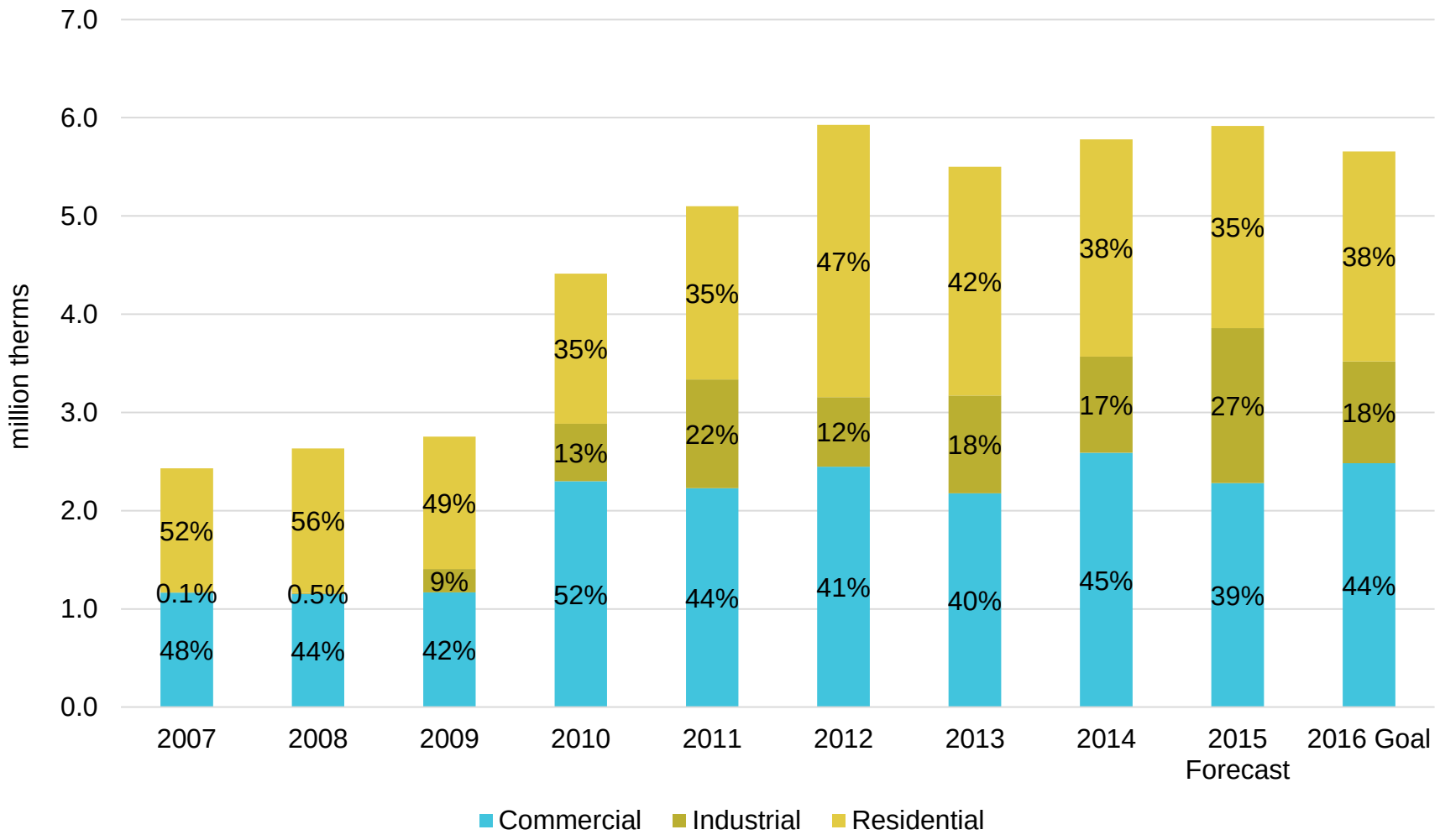
2016 gas savings by sector (million therms)



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2016 electric savings, budget by program

	2015 aMW Savings Forecast (Net)	2016 aMW Savings (Net)	2016 Electric Cost ($ Million)	2016 Levelized Cost
Existing Buildings	14.30	15.60	$48.2	3.4¢
New Buildings	4.77	5.30	$15.6	3.2¢
Production Efficiency	11.77	13.76	$31.4	2.8¢
Existing Homes	4.74	3.99	$15.0	3.8¢
New Homes & Products	9.23	10.05	$23.4	3.0¢
NEEA—combined	7.15	6.98	$7.3	1.9¢
TOTAL**	**51.9**	**55.68**	**$140.9**	**3.0¢**

** Columns may not total due to rounding
aMW: average megawatts

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2016 natural gas savings, budget by program

	2015 Savings Forecast MMTh (Net)	2016 Budget MMTh Savings (Net)	2016 Gas Cost ($ Million)	2016 Levelized Cost
Existing Buildings	1.79	1.89	$8.6	39.3¢
New Buildings	0.49	0.60	$1.6	22.6¢
Production Efficiency	1.58	1.04	$2.8	23.6¢
Existing Homes	0.94	0.84	$5.4	46.2¢
New Homes & Products	1.12	1.30	$6.3	30.7¢
NEEA—combined	-	-	$0.7	-
TOTAL**	**5.92**	**5.66**	**$25.5**	**34.0¢**

** Columns may not total due to rounding
MMTh: million annual therms

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Utility Detail

(distribute in CAC packet)

PGE: 2016 savings, budget by program

	2015 Savings Goal aMW	2015 Savings Forecast aMW	2016 Savings Goal aMW	2016 Budget ($ Million)	2016 Levelized Cost/kWh
Existing Buildings	10.07	9.03	10.18	$30.61	3.2¢
New Buildings	2.18	2.54	3.37	$9.95	3.2¢
Production Efficiency	10.18	7.32	8.40	$19.58	2.7¢
Existing Homes	2.65	2.66	2.20	$8.16	3.8¢
New Homes and Products	5.24	5.45	5.85	$14.50	3.2¢
NEEA – combined	2.86	4.22	4.12	$4.29	1.9¢
TOTAL	**33.19**	**31.21**	**34.12**	**$87.09**	**3.0¢**

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Pacific Power: 2016 savings, budget by program (net)

	2015 Savings Goal aMW (Net)	2015 Savings Forecast aMW (Net)	2016 Savings Goal aMW (Net)	2016 Budget ($ Million)	2016 Levelized Cost/kWh
Existing Buildings	5.15	5.27	5.42	$17.63	3.6¢
New Buildings	1.95	2.23	1.93	$5.63	3.1¢
Production Efficiency	5.16	4.45	5.36	$11.84	2.9¢
Existing Homes	2.02	2.08	1.79	$6.85	3.8¢
New Homes and Products	3.67	3.77	4.20	$8.87	2.7¢
NEEA – combined	1.99	2.93	2.86	$2.98	1.9¢
TOTAL	**19.93**	**20.73**	**21.56**	**$53.80**	**3.1¢**

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Pacific Power: 2016 savings, budget by program (gross)

	2015 Savings Goal aMW (Gross)	2015 Savings Forecast aMW (Gross)	2016 Savings Goal aMW (Gross)	2016 Budget ($ Million)	2016 Levelized Cost/kWh (Gross)
Existing Buildings	6.3	6.5	6.4	$17.63	3.1¢
New Buildings	1.9	2.2	1.9	$5.63	3.2¢
Production Efficiency	6.0	5.2	6.8	$11.84	2.3¢
Existing Homes	2.1	2.2	2.0	$6.85	3.4¢
New Homes and Products	3.7	3.8	4.2	$8.87	2.7¢
NEEA – combined	2.0	2.9	2.6	$2.98	1.9¢
TOTAL	**22.0**	**22.8**	**23.8**	**$53.80**	**2.7¢**

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NW Natural: 2016 savings, budget by program (Oregon, without industrial)

	2015 Savings Goal Annual Therms	2015 Savings Forecast Annual Therms	2016 Savings Goal Annual Therms	2016 Budget ($ Million)	Levelized Cost/ therm
Existing Buildings	1,465,970	977,552	1,098,008	$5.36	$0.43
New Buildings	314,741	356,000	518,170	$1.30	$0.21
Production Efficiency	289,057	311,663	300,722	$0.72	$0.22
Existing Homes	840,081	841,000	752,193	$4.72	$0.45
New Homes and Products	959,527	956,405	1,114,085	$5.16	$0.29
NEEA – combined				$0.54	
TOTAL	**3,869,375**	**3,442,620**	**3,783,177**	**$17.80**	**$0.35**

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NW Natural: 2016 savings, budget for Oregon (Industrial DSM)

	2015 Savings Goal Annual Therms	2015 Savings Forecast Annual Therms	2016 Savings Goal Annual Therms	2016 Budget ($ Million)	Levelized Cost/ therm
Production Efficiency	741,504	1,246,654	700,716	$1.98	$0.24
Existing Buildings	531,135	503,557	443,244	$1.42	$0.27
New Buildings	11,180	50,459	9,600	$0.05	$0.49
TOTAL	**1,283,820**	**1,800,670**	**1,153,560**	**$3.46**	**$0.26**

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NW Natural: 2016 savings, budget by program (Washington)

	2015 Savings Goal Annual Therms	2015 Savings Forecast Annual Therms	2016 Savings Goal Annual Therms	2016 Budget ($ Million)	Levelized Cost/ therm
Existing Buildings	150,000	94,981	151,056	$0.71	$0.37
Existing Homes	51,148	55,466	47,693	$0.46	$0.66
New Homes and Products	55,915	58,944	59,403	$0.42	$0.47
NEEA- Combined				$0.06	
Total	**257,063**	**209,391**	**258,152**	**$1.65**	**$0.47**

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NW Natural: 2016 savings, budget by program (all programs, both states)

	2015 Savings Goal Annual Therms	2015 Savings Forecast Annual Therms	2016 Savings Goal Annual Therms	2016 Budget ($ Million)	Levelized Cost/ therm
Existing Buildings	2,147,105	1,576,090	1,692,308	$7.50	$0.38
New Buildings	325,921	406,459	527,770	$1.35	$0.21
Production Efficiency	1,030,561	1,558,317	1,001,438	$2.70	$0.24
Existing Homes	891,229	896,466	799,886	$5.18	$0.46
New Homes and Products	1,015,442	1,015,349	1,173,488	$5.58	$0.30
NEEA – combined				$0.61	
TOTAL	**5,410,257**	**5,452,681**	**5,194,889**	**$22.91**	**$0.34**

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Cascade Natural Gas: 2015 savings, budget by program

	2015 Savings Goal Annual Therms	2015 Savings Forecast Annual Therms	2016 Savings Goal Annual Therms	2016 Budget ($ Million)	Levelized Cost/ therm
Existing Buildings	190,657	212,117	194,129	$1.11	$0.49
New Buildings	70,165	85,770	69,532	$0.26	$0.31
Production Efficiency	35,015	19,602	35,015	$0.10	$0.25
Existing Homes	38,253	44,386	35,771	$0.25	$0.52
New Homes and Products	98,930	101,266	128,314	$0.77	$0.37
NEEA – combined				$0.06	
TOTAL	**433,020**	**463,141**	**462,761**	**$2.56**	**$0.41**

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Cascade Natural Gas: 2016 savings, budget by program

	2015 Savings Goal Annual Therms	2015 Savings Forecast Annual Therms	2016 Savings Goal Annual Therms	2016 Budget ($ Million)	Levelized Cost/ therm
Existing Buildings	190,657	212,117	194,129	$1.11	$0.49
New Buildings	70,165	85,770	69,532	$0.26	$0.31
Production Efficiency	35,015	19,602	35,015	$0.10	$0.25
Existing Homes	38,253	44,386	35,771	$0.25	$0.52
New Homes and Products	98,930	101,266	128,314	$0.77	$0.37
NEEA – combined				$0.06	
TOTAL	**433,020**	**463,141**	**462,761**	**$2.56**	**$0.41**

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