Summary of comments received on 2010-11 Draft Budget and Action Plan and Staff Responses
December 18, 2009

Who	Comment topic(s)	Energy Trust staff response
Jeremy Anderson, Weatherization Industries Save Energy (WISE)	Relatively satisfied to see that residential sector expenses will come close to 40% of efficiency spending, and feels a greater percentage of the budget should go to the residential sector.	Through the budget and planning process, Energy Trust balances the objectives of equity, cost-effectiveness, and the need to acquire the volume of savings necessary to meet performance goals. We continue to balance a portfolio of services across all sectors. All ratepayers benefit from the energy savings acquired, regardless of the sector.
	Suggests giving priority to funding for the existing homes program to avoid reducing incentives, such as the proposed 33% reduction in floor insulation incentives.	Incentive levels are established based on what is necessary to motivate consumers to act and install energy efficiency measures. Staff monitors uptake and reacts to changing market conditions and evaluations. To ensure responsible investment of ratepayer funds, incentives can and do change occasionally. The floor insulation incentive is being reduced because billing analyses specifically showed less energy saved per square foot than originally projected for this measure, especially when compared to wall or attic insulation.
	Pleased to see decreases in program management and delivery costs over the 2009 forecast, and questions why Energy Trust expenses appear to be rising at a faster rate than either the total program budget or incentives in the residential/existing homes budget.	To aggressively target savings opportunities within sectors and engage more customers to invest more and repeatedly in energy savings and renewable generation, Energy Trust identified necessary investments in information technology infrastructure, trade ally training and development, and customer service. These investments support all programs. In the final proposed budget, Energy Trust restored some incentive dollars to the existing homes program.
	Supports cooperative marketing and specific action-oriented Energy Trust marketing, and raised concerns about a 'nearly five-fold increase' in the existing homes and Program Management Contractor (PMC) marketing expenses while incentives are being reduced.	The 2010 budget increases cooperative marketing for existing homes trade allies while decreasing residential program advertising. Total PMC delivery costs for existing homes, including PMC marketing expenses, are increasing by about 10%, reflecting more outreach to non-urban areas of the state. In the final proposed budget, Energy Trust restored some incentive dollars to the existing homes program.

	Considers incentive funding the most important part of the budget. Suggests the incentive budget should grow proportionally to the total increase in the HES budget.	Energy Trust is seeing continued growth in demand within the existing homes residential sector and we are exploring new ways to encourage customer action to acquire more savings at faster rates. Though incentives remain a core component to encourage participation, we are increasingly experiencing customers who need and want other services, too. New delivery approaches through Clean Energy Works Portland pilot, other potential ARRA-funded pilot activity and 0-Power behavior change strategies is designed to test new approaches beyond straight incentive offerings. We believe these "higher touch" approaches are necessary to test if we are to attract and serve more and different kinds of customers. We appreciate the comments.
Carol Dillon, PGE	As SB 838 funding becomes a larger portion of Energy Trust funds, it will be important for Energy Trust to be able to break down spending by utility, funding source and program. This transparency will help build support among stakeholders, particularly our business customers, for increased spending on energy efficiency going forward. This year, as we developed the SB 838 funding request, PGE and the Energy Trust worked collaboratively to establish the new energy efficiency targets. Both PGE and the Energy Trust see the value of earlier and closer coordination as we move into the next budget cycle and we look forward to an improved process going forward. PGE also requests that Energy Trust include PGE's logo in all SB 838-funded marketing materials.	We agree. Energy Trust reports annual spending by utility, funding source and by program. However, we have not attempted to attribute individual programs or project investments by different funding sources. Instead, we identify what we are able to achieve to reach utility Integrated Resource Plan (IRP) targets and estimate corresponding costs. We would be pleased to work with PGE and other utilities and the OPUC on how best to communicate such benefits to customers. We agree. This discussion will continue with all interested public, utility, OPUC and Energy Trust representatives as we learn from our experience and apply that learning to clear roles and responsibilities for future tariff filings. Energy Trust is open to exploring ways to further leverage PGE and other utility brand and market channels to better reach and serve customers and attract them to Energy Trust programs. We recognize that joint messaging and co-branding, when feasible and appropriate, are highly effective. We welcome continued collaboration with utilities to review, refine and strengthen this approach. We appreciate the comments.

Pat Egan, Pacific Power	Pacific Power strongly recommends Energy Trust focus efforts within Oregon and commits only the minimally necessary funding and staff time for any activity that does not generate the vast majority of benefits from resource acquisition in Oregon. Pacific Power continues to believe that additional co-branding opportunities are available and if utilized, these opportunities would improve participation and results. Pacific Power recognizes the challenges of co-branding with multiple utilities, but strongly recommends co-branding is the default rather than the exception. To that end, Pacific Power looks forward to working with the Energy Trust to develop a set of marketing guidelines that will help both entities manage expectations and performance. Pacific Power values the resource acquisitions and customer benefits delivered by the Energy Trust on behalf of our ratepayers and provide these comments as part of the continuous improvement process integral to both our organizations. Speaking on behalf our team, we're here to help the Energy Trust meet and exceed their goals for 2010 and beyond.	Energy Trust operates for the benefit of Oregon ratepayers of Pacific Power, PGE, Cascade Natural Gas and NW Natural ratepayers in Oregon and southwest Washington. Energy Trust programs and services delivered for the benefit of Washington ratepayers are funded entirely by a rate surcharge paid by NW Natural Washington customers. Energy Trust is open to exploring ways to further leverage Pacific Power and other utility brand and market channels to better reach and serve customers and attract them to Energy Trust programs. We recognize that joint messaging and co-branding, when feasible and appropriate, are highly effective. We welcome continued collaboration with utilities to review, refine and strengthen this approach Energy Trust values the working relationship with Pacific Power and the other utilities and looks forward to continued joint efforts to meet IRP targets and serve customers.
Oregon Public Utility Commission	Supports OPUC staff recommendation to proceed with projected revenue increases and to adjust collection rates mid-year if economic conditions or organizational constraints significantly limit the growth in savings and expenditures. Does not object to the proposed increase in staffing levels. OPUC will review staffing levels in more detail once the Management Review is completed. Notes that some stakeholders have requested further discussion of the Commission's position that renewable resource funds should not be used for projects electric utilities acquire to meet the Renewable Energy Standard. Notes the issue may not be critical now and needs future resolution. The Commission is directing OPUC staff to lead a public process on this subject.	Energy Trust is committed to working with OPUC and the utilities to assess progress toward goals and expenditures mid-year in anticipation of any need for change in the coming year. This should be a part of clarifying new roles and responsibilities. The Management Review is scheduled for completion by early 2010. Energy Trust will participate in the public process to discuss this matter.

WEATHERIZATION INDUSTRIES SAVE ENERGY

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COMMENTS ON THE 2010 ENERGY TRUST BUDGET AND ACTION PLAN

INTRODUCTION

Weatherization Industries Save Energy (WISE) is a trade association of weatherization and HVAC contractors, distributors, and manufacturers. It is dedicated to promoting sound energy efficiency policy and improving cooperation between the ETO, ODOE, BPA and the contractors and manufactures who promote, produce, and install energy efficiency measures.

GENERAL BUDGET

The overarching desire of the contactors, manufacturers, and distributors of the weatherization and HVAC industries for 2010 is to preserve stability within their programs. Therefore, WISE is relatively satisfied to see that residential sector expenses will come close to 40% of efficiency spending. The trade allies do feel that 42% would represent a fairer balance between the higher percentage of funds contributed by residential ratepayers and the higher cost of acquiring savings in this sector. Splitting the difference with a shift of 1% in sector funding toward residential would allow the desired stability and permit the booming residential retrofit program to continue to serve large numbers of ratepayers without reducing incentive levels.

Within the residential sector, the weatherization and HVAC industries again advocate sufficiently funding the HES program to maintain 2009 incentive levels. The HES program is seeing significant growth in participation which must take priority over the lethargic new construction market or the less direct results of NEEA funding. Redirecting only a small portion of residential funding toward the HES program would be sufficient to prevent cuts such as the proposed 33% reduction in floor insulation incentives. Planned cuts seem especially difficult to justify when the average contribution to the Energy Trust is likely to rise to 5% of a ratepayers' utility bill.

HES-EXISTING HOMES BUDGET

The weatherization and HVAC industries see mixed results in the 2010 proposed budget for the residential retrofit program. WISE is pleased to see decreases in PMC management and delivery over the 2009 forecast, but is puzzled by why Energy Trust expenses are rising at a faster rate than either the total program budget or incentives. Why, for example, are ETO Staffing expenses projected at 157% of the 2009 forecast, and Other Services at 145%?

The most striking change in the 2010 budget from the 2009 forecast is the astronomical increase in PMC marketing. What could justify a nearly five-fold increase in marketing, from $300,000 to almost $1,500,000—especially at a time when incentives are being cut? The trade allies whole-heartedly support cooperative

marketing and specific action-oriented Energy Trust marketing, but an increase so dramatic, at the expense of incentives, appears to be an unjustified gamble.

Regardless of discussions on economies of scale and the relative benefits of marketing, the most important aspect of the budget is incentive funding. The HES program is expecting significant growth in participation in the coming year and a mere 6% increase in incentive funding is not sufficient to meet demand. At bare minimum, the incentive budget should show the same 12% increase as the total HES budget[1]—but more importantly should be capable of meeting ratepayer demand while maintaining 2009 incentive payment levels.

HES-Existing Homes Action Plan

In accordance with our position on the budget, WISE maintains that the action plan should focus on simple incentives. Complicating the action plan only leads to—as the budget and savings predictions show—reduced savings at an increased administrative and delivery cost. WISE advocates that the role of the Energy Trust and its subcontractors is to return public funds to the ratepayers to defray the cost of energy upgrades with a minimum of management, delivery, staffing, and other administrative costs.

The trade allies recognize that recent legislative mandates will force some experimentation and innovation. At the same time, it is important to remember that the time-tested weatherization and HVAC incentive system consistently produces long-lasting reliable savings with direct benefit to a large number of ratepayers. Therefore, WISE advocates that, obviously, the HES comply with legislative directives, but otherwise focus on its core responsibility to administer residential incentives.

Attached to these comments, WISE has provided line-by-line comments on the Strategies & Activities and New Initiatives & Focus Areas

Conclusion

Overall, the 2010 draft budget only needs marginal adjustments to be acceptable to the weatherization and HVAC industries. As always, our core concern is to maintain consistent incentives for ratepayers. There is ample justification to move money between sectors, within the programs of the residential sector, and even within the Existing Homes program to make this happen.

For more information please contact Jeremy Anderson at (503) 569-1381.

[1] As with all figures in this section, comparisons are made between the 2010 budget and the 2009 projection in the November 2009 version of the Budget and Draft Action Plan.

SPECIFIC COMMENTS ON THE 2010 HES-EXISTING HOMES ACTION PLAN

2010 STRATEGIES & ACTIVITIES

1. Although participation in the Clean Energy Works pilot is a legislative mandate and must be continued, WISE has serious concerns about this program. Early results have shown, as predicted, outrageous additional costs imposed on homeowners due to program restrictions. Anecdotal evidence suggests and average cost of $1000 to $1500 per homeowner simply to participate in the program. This does not even begin to account for Energy Trust expenses in program design and management.

2. WISE heartily applauds the efforts of the Energy Trust to move toward digital forms and shorter turnaround times; hopefully this change will include digital signatures. However, it must be mentioned that this was a goal in past action plans, and little progress has been seen. Perhaps this item should receive increased priority in 2010.

3. For the routine training of contractors in filling in forms and complying with measure specifications, e-trainings will be a welcome addition. If the Trust is serious about providing a "robust" training calendar, it should include advanced hands-on trainings by recognized experts in difficult areas such as air sealing.

4. WISE has always been very supportive of the whole-house approach to acquire deep savings. However, there have always been serious concerns with some of the specifics of the HPwES program run by the Trust. Most concerns relate to difficulties in the Home Check software. WISE strongly advocates that this software be improved (such as decoupling it from the internet) before new contractors are recruited or homeowners are pushed toward this service.

5. The trade allies are very supportive of this coupon and eager to see its results.

6. WISE recognizes the goals of a travel incentive and generally supports serving rural communities; nonetheless it is hard to accept a new incentive to burn gas while other incentives are being reduced.

7. WISE agrees that ETO employees and subcontractors would benefit from more training in customer service and program details.

8. WISE agrees that HER staff need better and broader training.

9. EPS for existing homes may be a very useful tool in the future. It may also see the same problems and slow advance that has hampered HPwES. WISE advocates that the Trust proceed with caution and defer to ODOE which has legislative responsibility to develop this program.

10. Saving Within Reach has the potential to be a very beneficial program. It seems odd, however, that it does not cover multifamily properties where is would serve the largest number of ratepayers.

11. Again, in a time of constrained budgets, WISE doesn't understand why solar thermal pool heating is being promoted at the expense of items like floor insulation.

12. The trade allies will be interested to see the results.

13. Similar to comment 11, WISE advocates focusing on long-lasting, proven, and tangible measures.

14. The trade allies will be interested to see the results.

15. The best tie-in for realtors seems to be with the HPwES program. It does not make sense for the average homeowner to spend several hundred dollars on testing, but it may be an easier sell to homebuyers. As long as these efforts produce tangible results, they should be pursued.

16. The trade allies will be interested to see the cost benefit results.

17. The trade allies wonder why this hasn't been done already.

18. See comments 11 and 13.

New Initiatives and Focus Areas

1. The trade allies are very supportive of tiering and eager to work with the program on the details of making it happen.

2. The trade allies are very eager to see the results of Positive Energy. Of course, along with comparative energy usage, the Trust should provide a trade ally list to facilitate measure installation.

3. The trade allies will be interested to see the results; hopefully this will free up budget for more incentives.

4. See comment 1 under Strategies & Activities

5. The trade allies will be interested to see the results.

6. The trade allies will be interested to see the results.

7. The trade allies will be interested to see the results.

From: Carol Dillin [mailto:Carol.Dillin@pgn.com]
Sent: Monday, November 30, 2009 3:05 PM
To: Margie Harris
Subject: ETO Budget Comments

Margie,

As SB838 funding becomes a larger portion of Energy Trust funds, it will be important for Energy Trust to be able to break down spending by utility, funding source and program. This transparency will help build support among stakeholders, particularly our business customers, for increased spending on energy efficiency going forward.

This year, as we developed the SB838 funding request, PGE and the Enery Trust worked collaboratively to establish the new EE targets. Both PGE and the Energy Trust see the value of earlier and closer coordination as we move into the next budget cycle and we look forward to an improved process going forward.

PGE also requests that Energy Trust include PGE's logo in all SB838-funded marketing materials.

Thank you again for the opportunity to comment on your budget plan.

Carol

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825 NE Multnomah, Suite 2000
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November 25, 2009

Margie Harris
Executive Director
Energy Trust of Oregon
851 SW Sixth Avenue, Suite 1200
Portland, OR 97204

Dear Margie-

Thanks for the time you and your team spent on October 12 and November 16 providing the Pacific Power team highlights of the Energy Trust of Oregon's 2009 -2013 strategic plan and 2010-2011 draft action plan and budgets. This letter summarizes our comments and direction on your budget and action plan for the coming two years.

Pacific Power notes the projected savings targets contained in the Energy Trust's plans for 2010 and 2011 meets or exceeds the overall energy savings targets contained in our 2008 Integrated Resource Plan. In addition, the Energy Trust planning framework clearly articulates the need to consistently deliver IRP targets for the utilities. The alignment of targets and the planning environment in support of the utility IRPs is positive and helps insure Pacific Power customer's maximum benefits from least cost resources such as energy efficiency. Pacific Power is very supportive of the targets identified by through the Energy Trust planning process.

Pacific Power ratepayers should receive maximum benefits from their Energy Trust funding for the Energy Trust, Pacific Power strongly recommends the Energy Trust focus their efforts within Oregon and commit only the minimally necessary funding and staff time for any activity that does not generate the vast majority of benefits from resource acquisition in Oregon.

Pacific Power continues to believe that additional co-branding opportunities are available and if utilized, these opportunities would improve participation and results. Pacific Power recognizes the challenges of co-branding with multiple utilities, but strongly recommends co-branding is the default rather than the exception. To that end Pacific Power looks forward to working with the Energy Trust to develop a set of marketing guidelines that will help both entities manage expectations and performance. Pacific Power plans on including them in the amended supplemental funding agreement.

Finally, Pacific Power urges the policy committee and board re-consider the decision to not have utility representation on the Energy Trust board. Pacific Power's does not intend to refute each of the points against utility representation outlined in the October 26, 2009 policy committee memo, but strongly recommend the policy committee and the board consider a limited duration avenue for utility representation, treat it as a pilot and than evaluate the results, similar to the other well established approaches utilized by the Energy Trust to gain actionable information in

new areas. To that end, Pacific Power urges the board and policy committee to consider adding one ex-officio utility board position for an initial term of two years to end no later than December 31, 2011. Key elements such as how representation would be managed among funding utilities could be developed in a collaborative process if the board or policy committee is open to further discussions.

In summary, Pacific Power values the resource acquisitions and customer benefits delivered by the Energy Trust on behalf of our ratepayers and provide these comments as part of the continuous improvement process integral to both our organizations. Speaking on behalf our team, we're here to help the Energy Trust meet and exceed their goals for 2010 and beyond.

Sincerely

Pat Egan
Vice President, Customer and Community Affairs
Pacific Power

c: Theresa Gibney

Oregon
Theodore R. Kulongoski, Governor

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December 8, 2009

John Reynolds, Chairman
Margie Harris, Director
Energy Trust of Oregon
851 SW Sixth Ave., Suite 1200
Portland, Oregon 97204

Dear Mr. Reynolds and Ms. Harris,

We have reviewed the Energy Trust's Draft 2010 Budget and Draft 2010-11 Action Plan. Overall, we support the draft budget and plan subject to the following comments:

1. Staff has questioned whether the Energy Trust will be able to achieve the approximately 30 percent increase in savings targeted for 2010. Staff recommends going forward with the budgeted increase in funding but adjusting collection rates mid-year if economic conditions or organizational constraints significantly limit the growth in savings and expenditures. We support staff's recommendation.
2. We do not object to the proposed increase in staffing levels. However, we will review staffing levels in more detail once the Management Audit is completed.
3. Some stakeholders have asked for further discussion of the position we took in our comments on the 2010-14 Draft Strategic Plan, that renewable resource funds should not be used for projects the electric utilities acquire to meet the Renewable Portfolio Standard or Solar Capacity Standard. We understand that having that discussion may not be as urgent now, because carry-over money may be committed to other projects. Nevertheless, the issue must be resolved for ongoing funding, and we are directing our staff to lead a public process to do so.

We applaud the Energy Trust for the results it has achieved for customers and look forward to working with the Trust and stakeholders to carry out the Action Plan.

Lee Beyer
Chairman

John Savage
Commissioner

Ray Baum
Commissioner