Approved Final 2010-2011 Action Plan
December 18, 2009

I. INTRODUCTION

Notwithstanding continued high levels of unemployment and an uncertain economic recovery, demand for Energy Trust programs continues to grow. In 2008, Energy Trust had a banner year, its best results ever: 32 aMW in electric energy efficiency, 2.6 million therms in gas efficiency, and 33 aMW of renewable energy generation. In 2009, energy efficiency is expected to do even better: 34.9 aMW of electric energy (91% of our stretch-case goal), and 2.95 million therms (92% of the stretch case) saved. Renewable energy generation was hobbled by the loss of a large biopower project, and even so, the program is expected to achieve almost 5.0 aMW in new, smaller-scale generation in 2009, exceeding the Oregon Public Utility Commission (OPUC) performance measure.

Looking ahead, Energy Trust expects growth in energy efficiency activity to continue as the organization prepares to meet aggressive utility Integrated Resource Plan targets. Renewable energy programs will remain flexible to capitalize on new opportunities that emerge from markets and policy developments. Reflecting these expectations, in December, 2009, the Energy Trust board will consider a new strategic plan with two central goals:

Goal 1: Help utilities and their ratepayers acquire all cost-effective energy efficiency.

- Between 2010 and 2014, save 262 average megawatts of electricity, contingent on adequate funding, through efficiency and conservation
- Between 2010 and 2014, save 22.5 million annual therms of natural gas, contingent on adequate funding, through efficiency and conservation

Goal 2: Accelerate the rate at which new renewable energy generation is produced, helping to achieve Oregon's 2025 goal of meeting at least 8 percent of retail electrical load from small-scale renewable energy projects.

- Between 2010 and 2014, achieve an additional 23 average megawatts of renewable energy; and
- Flexibly expand markets including hydro, solar, geothermal, biopower, and wind.

To achieve these goals, Energy Trust proposes the following 2010-2011 activities.

II. 2010-2011 ACTION PLAN HIGHLIGHTS

The 2010-2011 action plan anticipates growing demand for services and incentives in almost all programs. To meet this demand, Energy Trust plans to emphasize the following areas over the coming two years:

1. Accelerate energy efficiency savings to meet utility integrated resource planning goals. The 2010-2014 strategic plan calls for energy efficiency programs to accelerate savings at a pace to match integrated resource plan (IRP) goals. While growth in any one-year period cannot be reliably forecasted, the 2010-2011 action plan is geared to achieve these increases, by targeting: 45 average megawatts of electric energy savings in 2010 and 49.7 average megawatts in 2011; and for gas, 4.1 million therms in 2010 and, depending on whether the NW Natural Industrial pilot continues, 3.1-4.2 million therms in 2011. These accelerated energy savings will be achieved by:

- Diversifying program activities to new market participants, including to rural areas of the state.
- Going more deeply into markets in which Energy Trust already participates.
- Offering customers a more comprehensive range of energy services by providing contract-based incentives to Program Management Contractors to encourage cross-program promotion and referrals.
- Leveraging relationships with utilities, trade and customer associations, and public and private institutions to reach customers in all parts of Energy Trust's service territory.

2. Maintain support for a variety of renewable energy technologies.

In 2010, the renewable energy program aims at generation in the range of 4.5 aMW (conservative) to 9.7 aMW (stretch goal). To achieve this, the program will:

- Provide assistance early in the development process.
- Expand market opportunities by identifying promising resources earlier in the development cycle, and targeting rural communities.
- Address funding constraints by securing additional funding via grants and leveraging efforts of other organizations.
- Team with utilities to find ways to reduce barriers to renewable energy development, meet utility portfolio requirements, and support utility renewable energy requests for proposals.

3. Develop innovative strategies and technologies. In order to achieve ambitious IRP goals, Energy Trust will explore new technologies and approaches:

- Alternative delivery structures: Clean Energy Works Portland will pilot innovative ways to finance and install comprehensive energy measures in residences in Portland. Pilot programs under the Energy Efficiency and Sustainable Technology Act of 2009 (EEAST) aim to pilot similar approaches in residences and small commercial buildings in other urban and rural communities, in coordination with federal stimulus funding to local governments and the Oregon Department of Energy's Small-Scale Energy Loan Program. In October, 2010, Energy Trust will report to the OPUC on the results of these pilot projects.
- Explore home energy feedback tools (home energy monitors, mailings to homeowners showing comparative energy use, energy use summaries for building operators), smart power strips, tune-up of commercial rooftop systems and other approaches.

- Innovation through emerging technologies, including LED lighting, advanced home water heaters, ductless heat pumps, and improved controls and heating systems for commercial rooftop heating and cooling equipment.
- Work with designers in the “Steps to Net-Zero Buildings” pilot program (aiming for buildings that use efficiency measures to consume 50% less energy than required by codes, and 60% less overall by using renewable generation).
- Leverage federal stimulus funds to test ways to achieve deep energy savings using cutting-edge approaches that may not be cost-effective under current standards.
- Work with national programs to promote efficient technology availability and common technical specifications, and with local and government entities to create community-based efficiency initiatives.
- Increase funding for the Northwest Energy Efficiency Alliance (NEEA) electric market transformation programs, and encourage NEEA to take on a similar role for natural gas.
- Explore opportunities to accelerate behavioral research and technology through field testing, refining or reinventing program systems, testing standards of proof, in coordination with demand management and utility AMI metering and regional efforts, and develop metrics to guide and manage behavioral pilots and measure development.

4. Focus on customer needs:

- Use market research to better align programs to engage existing and new customers and further motivate customers to act.
- Improve customers’ experience by making it easier to participate in all programs, including integrating efficiency with solar, and provide more assistance in support of making energy investment decisions and taking action.
- Enhance understanding and training for trade allies, recognizing that they are our "front-line" sales force.
- Expand efforts to serve rural and outlying parts of the state.
- Provide “account management” services to state and local government entities, whose planning and decision-making processes require longer-term facilitation.

5. Increase Energy Trust efficiency and productivity. To keep costs as low as possible while accelerating savings, Energy Trust will:

- Clarify and improve accountability for data entry, quality and accuracy.
- Make it easier to access and use data for program analysis, management, reporting and responding to queries.
- Formalize management of innovation and pilot opportunities.
- Build a stronger linkage between energy programs, market/customer research and market intelligence.
- Strengthen working relationships with trade allies and enhancing service delivery to customers.
- Incorporate continuous improvement practices into our ongoing work.
- Balance the opportunities inherent in federal stimulus funding against the administrative costs and requirements.
- Strengthen relationships with utilities, including data sharing.

6. Continue to implement the Energy Trust organizational redesign. In addition to action items noted above:

- Shift from a program-centered structure to a customer-focused structure by organizing energy services into customer groups – Homes, Business, Industry and Agriculture, and Renewable Energy – and focusing on the distinctive needs of those customer groups.
- Shift internal management and organizational culture from program-centric to a focus on customers, continuous improvement, and cost-consciousness.

7. Manage funds to match utility territories. With the advent of supplemental energy efficiency funding under the Renewable Energy Act of 2007, Energy Trust is increasingly called on to manage efficiency funds over shorter time periods to the specific utility service territories from which the funds are collected. This requires improvements in several areas:

- Improve capability to forecast revenues and incentive expenditures, while maintaining flexibility to change programs to meet market developments.
- Standardize processes for determining utility supplemental efficiency funding going forward.
- Over the 2010-2011 period, build program reserves to manage the effects of unforeseeable fluctuations in utility revenues and program demand to help stabilize budget allocations and incentive levels.

III. 2010-2011 PROGRAM/DEPARTMENT SUMMARIES AND BUDGET DETAIL

The following section includes descriptions of each Energy Trust program and major department, including 2010 budget detail. This information includes brief descriptions of purpose, top strategies and actions, the approved 2010 budget, and where applicable, anticipated savings or generation. Projections for 2010 are also incorporated.

IV. PROJECTED 2011 HIGHLIGHTS AND CONTINGENCIES

Many of the activities identified above will either continue in 2011, or generate information that will shape new activities in 2011. The following major activities and contingencies could have important effects on 2011 programs and activities:

- The results of EEAST pilots and OPUC direction regarding further EEAST implementation may impact residential and commercial programs.
- The results of the OPUC solar feed-in tariff rulemaking may impact Energy Trust solar photovoltaic program.
- Decisions will be made in 2010 whether to continue two NW Natural programs: the Washington program and the Industrial Efficiency pilot program.
- Whether the legislature extends the Business Energy Tax Credit (BETC) beyond 2011, in which case Energy Trust may not need to reconfigure its programs to reflect the absence of BETC.
- Manufacturer delivery schedules and results of tests of new technologies such as energy feedback tools, may impact residential and commercial programs and the allocation of funds among Energy Trust industrial, commercial and residential programs.

- Developments in renewable energy credit markets and avoided cost rates for qualified facilities may affect financing, tax credits and demand for Energy Trust renewable energy funding.
- Developments in federal energy efficiency, renewable energy and climate policy may impact a range of Energy Trust programs and incentive levels.