

Quarter Four 2007 Report to the Oregon Public Utility Commission

October 1, 2007, through December 31, 2007

This Energy Trust quarterly report covers the period October 1, 2007, through December 31, 2007, the fourth quarter of the year (Q4). The report addresses progress toward 2007 and 2012 energy saving and renewable energy generation goals and includes corresponding revenue and expenditure information. The number of completed projects and incentives paid during the quarter are included, along with other quarterly activity highlights.

I. QUARTERLY HIGHLIGHTS

I. General

- All numbers contained in this report are based on preliminary year-end unaudited results. There may be additional expenditures and minor changes to savings and renewable energy generation numbers provided in the final audited annual report for 2007.
- Preliminary year-end results show that energy efficiency electric savings are expected to reach approximately 33.8 aMW, exceeding our best case goal of 32.8 aMW. Thirty-six percent of 2007 electric savings were logged in the fourth quarter.
- Since our 2002 inception, programs have cumulatively saved 157.4 average megawatts of electricity. When savings from self-directed industrial projects are added, the total represents 59% of the 300 aMW Energy Trust 2012 goal.
- Preliminary year-end results show energy efficiency gas savings will be almost 2.2 million annual therms, or 10% below our best case goal. In October 2007, the Energy Trust board authorized a therm goal reduction adjustment for the New Homes program of almost 300 thousand annual therms. When adjusted for this change, gas savings exceed the lower annual therm goal by almost 2%. Approximately 46% of the gas savings were acquired during the fourth quarter.
- Since inception, gas efficiency programs have saved 6,595,827 annual therms of natural gas, representing 31% of Energy Trust 2012 goal of 21 million annual therms.
- Based on current figures, electric efficiency expenditures are expected to be 19% below budget for the year, resulting in greater savings at lower-than-budgeted costs. Levelized costs are expected to come in at 1.3 cents per kWh, below our OPUC performance measure ceiling of 2 cents per kWh.
- Gas expenditures are anticipated to be 3.2% below budget for the year. However, gas levelized costs are 29.5 cents per annual therm, below the OPUC performance measure ceiling of 40 cents per therm.
- Overall electric efficiency expenditures for the quarter were 23% below budget, a variance that falls within normal expectations. Projects completed during the quarter are expected to save 12.05 average megawatts..
- Gas expenditures for the fourth quarter were 21% under budget. Projects completed during the quarter are expected to save 1,008,132 annual therms.
- Renewable energy programs progressed well during the quarter and the year. The year-end figures anticipate the acquisition of 46.9 aMW, representing 41% of the conservative 2007 goal. Since inception annual acquisitions have totaled 63.8 aMW or almost 43% of the very aggressive 150 aMW 2012 goal for direct Energy Trust renewable energy generation.

- Public purpose revenues were \$14,657,165 for the quarter; \$1,230,307 (9.2%) more than budgeted. Total quarterly expenditures were \$24,808,702, 17.4% below budget.

2. Residential efficiency programs

- Energy efficient measures such as sealed ducts, insulation, high efficiency space heating equipment and energy efficient windows were installed in 3,782 single family homes, 4,691 multifamily units and 147 manufactured homes. Of these, 4,838 homes received electric efficiency measures and 3,055 received gas efficiency measures, with 727 sites saving both gas and electricity.
- Energy Trust incentives helped fund the construction of over 346 efficient new homes. Of these, 18 have electricity-saving measures, 20 have gas-saving measures, and 308 have both electricity- and gas-saving measures. Incentives helped purchase 53 electrically-heated and 3 gas-heated new efficient manufactured homes.
- During the fourth quarter Energy Trust incentives helped fund the purchase of 6,836 energy efficient clothes washers. The washers were installed in 3,099 homes with electric hot water and 3,737 homes with gas hot water.
- Solar water heating systems were installed in 24 homes with electric hot water and 21 homes with gas hot water.
- Electric savings were at 98% and gas savings at 95% of fourth quarter 2006 results, with over 3,782 measures installed on single family projects (not including Home Energy Review measures such as showerheads, CFLs and aerators). Project volume reached 153% of project volume seen in Q4 of last year.
- The major measures that contribute to single family savings saw dramatic increases in uptake compared to the fourth quarter of 2006, with insulation measures at 192%, gas furnaces at 157% and heat pumps at 219%.
- The multifamily portion of the program completed 78% of its 2007 projects in the fourth quarter, resulting in savings of 5,400,775 kWh and 12,313.46 therms.
- Twenty-five new homebuilders signed up during the fourth quarter.
- New tools were offered for the manufactured homes program, leading to a 32% increase in incentives received compared to third quarter.
- The Solar 4R Schools contest resulted in CFL sales of 2,963 bulbs, earning \$3,735.50 for the participants. Gladstone High School was randomly selected as the Solar 4R School contest winner. The school will receive a 1 kilowatt solar electric system and live data kiosk in early 2008.
- The fall Change a Light, Change the World twister and specialty CFL promotions resulted in savings of almost 27,000,000 kilowatts.

3. Commercial efficiency programs

- During the fourth quarter, high efficiency measures, including energy efficient lights and HVAC equipment, were installed in 761 commercial buildings. The average incentive payment per site was \$2,004. Of the total, 454 buildings received electric efficiency measures, 283 buildings received gas efficiency measures, and 24 buildings saved both gas and electricity.
- A total of 74 highly efficient new commercial buildings were completed this quarter. The average incentive payment per site was \$15,240.
- The Existing Buildings program is involved in a large data center project that will help define future offerings to similar hi-tech projects.
- Lighting projects accounted for more than 40% of electric savings for the year.
- The New Buildings program hosted a contest during Energy Awareness Month in October. The contest led to 63 projects enrolling in a 5 ½ week period.

- The New Buildings program became a “supporting partner” of the American Institute of Architects. This relationship has enabled the program to develop a higher profile at AIA events.
- The New Buildings program recruited two more outreach program managers. They will be responsible for marketing and outreach duties.

4. Industrial efficiency programs

- Electric energy-saving projects were completed at 79 manufacturing firms. The average incentive payment per site was approximately \$30,301.
- The Production Efficiency program completed the transition to full management of the program by Energy Trust when the Lockheed contract ended 12/31/07.
- The Production Efficiency program accepted the first of many new trade allies for the small industrial initiative’s compressed air measures. Irrigation and dairy equipment vendors will be added as trade allies this winter.
- The Production Efficiency program led the start of a regional push for compressed air market assessments focused on small size systems.

5. Renewable energy programs

- PGE’s Biglow Canyon Wind Project came on line with 125.4 MW. Pacific Power’s 94 MW GoodNoe Hills wind project will be completed in 2008.
- A record-high 49 residential solar electric systems were installed in the fourth quarter. In addition, solar electric systems were installed on 20 commercial buildings during the quarter.
- The Biopower program has launched a strategic partnership with the Association of Clean Water Agencies and Energy Trust’s Production Efficiency program to develop an implementation plan for “zero-energy” wastewater treatment plants.
- The Biopower program completed a market analysis of animal byproducts as an energy resource, and seven feasibility studies (two food waste biogas; three forest, mill and paper waste; and two sewage treatment biogas).
- The Open Solicitation program made presentations to the Douglas County Global Warming Coalition and the Oregon Association of Conservation Districts.
- The Open Solicitation program assisted Multnomah County in conducting its request for proposals for 1 MW of solar capacity.
- The Open Solicitation program completed hydropower scoping studies for Gresham and Sheridan, and initiated solar scoping studies for Lincoln City, Portland Community College, Oregon Convention Center, and Wilsonville.
- The Solar program’s market research consultant, Smart Power, summarized its market research survey and focus group findings for Energy Trust staff and representatives from ODOE, PGE, Bonneville Environmental Foundation, the Portland Office of Sustainable Development, Solar Oregon, Conservation Services Group and Oregon Solar Energy Industries Association. The findings focused on barriers and effective messaging for residential solar customers. Marketing materials, presentations and trainings will be revised based on the findings
- Solar program staff attended an open house event for Solaicx, a new manufacturer of silicon ingots for the photovoltaic industry located in Portland near the Columbia River terminals.
- The Small Wind program was launched. The program is for net metering up to 25kW for residential systems and 50 kW for commercial systems.
- The Small Wind program conducted three small wind trade ally trainings, attracting over 30 attendees.
- Wind resource reports were completed for tall towers in Morrow and Umatilla counties.
- The Wind program completed a transmission feasibility study in Gilliam County.

6. Revenues and expenditures

- \$14,657,165 in public purpose funds were received during the quarter, with expenditures at \$24,808,702.
- A total of \$17,123,378 in incentives was paid.

7. OPUC performance measures

- Performance against the following 2007 Performance Measures will be reported in the Energy Trust 2007 annual report.

Category	Measures
Energy Efficiency	At least 20 aMW computed on 3-year rolling average Levelized cost of not more than two cents per kWh
Natural Gas	700,000 therms computed on 3-year rolling average Levelized cost of not more than 40 cents per annual therm*
Renewable Energy	At least 15aMW At least 9 aMW from projects in utility Integrated Resource Plans At least 3 aMW from a variety of small-scale projects Both computed on 3-year rolling average
Financial Integrity	Unqualified financial audit
Administrative & Program Support Costs	Keep below 11% of revenues
Customer Satisfaction	Demonstrate reasonable customer satisfaction rates through program evaluation customer surveys; report complaint statistics
Benefit/Cost Ratios	Compare to ratios from 2006 reported in #8 below

8. Benefit-cost ratios for 2006 (year-end data)

Program	Utility system benefit-cost ratio	Societal benefit-cost ratio
1. Existing Homes	2.3	1.2
2. New Homes and Products	2.4	2
3. Existing Buildings	3.6	1.5
4. New Buildings	5.1	2.5
5. Production Efficiency	2.6	1.3
6. NW Energy Efficiency Alliance	9	3.3

II. TABLES

I. Revenues

Source	Actual revenues received Q4	Budgeted revenues Q4
Portland General Electric	\$8,092,582	\$6,957,991
Pacific Power	\$4,695,228	\$4,698,923
NW Natural	\$1,600,830	\$1,497,086
Cascade Natural Gas	\$229,315	\$189,459
Avista	\$39,211	\$83,400
Conservation Rate Credit, PGE	\$0	\$0
Conservation Rate Credit, PAC	\$0	\$0
Total	\$14,657,165	\$13,426,858

* On March 27, 2007, the OPUC approved a new Energy Trust performance measure for natural gas savings acquisition, increasing the levelized cost per therm from 30 to 40 cents. This new measure will apply to all gas savings acquired for the calendar year 2007.

2. Expenditures

Type	Actual Expenditures Q4	Budgeted Expenditures Q4
Energy Efficiency programs	\$16,997,565	\$21,799,307
Renewable Energy programs	\$7,213,341	\$7,555,307
Administration	\$597,796	\$690,194
Total	\$24,808,702	\$30,044,808

3. Incentives Paid

Quarter	Energy Efficiency				Renewable Energy			Total
	PGE	Pacific Power	NW Natural	Cascade Natural Gas	Avista	PGE	Pacific Power	
Q1	\$712,751	\$808,544	\$548,707	\$32,144	\$6,181	\$390,541	\$182,368	\$2,681,236
Q2	\$1,607,257	\$1,252,064	\$1,049,745	\$60,097	\$5,954	\$150,549	\$233,167	\$4,358,833
Q3	\$3,920,123	\$1,727,066	\$1,170,782	\$54,197	\$9,099	\$216,900	\$295,061	\$7,393,228
Q4	\$4,765,813	\$3,586,467	\$1,884,073	\$133,105	\$16,811	\$6,460,313	\$276,796	\$17,123,378
Total	\$11,005,944	\$7,374,141	\$4,653,307	\$279,543	\$38,045	\$7,218,303	\$987,392	\$31,556,675

4. Savings and Generation

Electric efficiency savings. In the fourth quarter of 2007, energy efficiency programs saved 12.05 average megawatts, representing 37% of the 2007 year-end best case goal of 32.8 average megawatts and 49% of the conservative case goal of 24.60 average megawatts. Since March 1, 2002, these programs have cumulatively saved 157.4 average megawatts. When savings from self-directed industrial projects are added, the total represents 59% of Energy Trust’s 2012 goal.

Electric Efficiency Savings Q4 2007	PGE aMW	Pacific Power aMW	Total Savings aMW	Expenses	mil \$ / aMW	Levelized Cost/kWh
Residential	3.39	2.46	5.85	5,875,420	\$1.00	1.40 ¢
Commercial	1.84	1.00	2.84	3,694,968	\$1.30	1.70 ¢
Industrial	1.62	1.74	3.36	4,316,843	\$1.28	1.00 ¢
Total Energy Efficiency programs	6.85	5.20	12.05	13,887,231	\$1.15	1.30 ¢

Gas efficiency savings. In the fourth quarter of 2007, efficiency programs saved 1,008,132 annual therms of natural gas, representing 56% of the conservative goal 2007 goal of 1.8 million annual therms and 42% of the best case goal of 2.4 million annual therms. Since gas programs began in 2003, cumulative savings of 6,595,829 million annual therms have been realized, accounting for 31% of the current 2012 goal.

Gas Efficiency Savings Q4 2007	NWN Therms	Cascade Natural Gas	Avista	Total Savings Therms	Expenses	\$ / Therm	Levelized Cost/ Therm
Residential	382,391	69,206	3,944	455,541	2,624,346	\$5.76	39.40 ¢
Commercial	537,913	11,869	0	549,782	819,552	\$1.49	16.00 ¢
Industrial	2,809	0	0	2,809	35,113	\$12.50	0.00 ¢
Total Energy Efficiency Programs	923,113	81,075	3,944	1,008,132	3,479,011	\$3.45	29.50 ¢

Renewable energy generation. Renewable projects under construction in 2007 are expected to generate 46.9 average megawatts, representing 41% of Energy Trust's conservative activity-based 2007 goal.

Renewable Energy Generation Q4 2007	PGE aMW	Pacific Power aMW	Total Generation aMW	Q4 2007 Expenses	mil \$ / aMW	Levelized Cost/kWh
Biopower	0.00	0.00	0.00	190,972	n/a	n/a
Open Solicitation	0.00	0.00	0.00	111,159	n/a	n/a
Solar Electric Program	0.03	0.02	0.05	776,073	\$15.52	13.00 ¢
Utility Scale	46.77	0.00	46.77	6,277,540	\$0.13	0.10 ¢
Wind Program	0.00	0.00	0.00	86,711	n/a	n/a
Total Renewable Programs	46.80	0.02	46.82	7,442,455	\$0.16	0.10 ¢

5. Projects completed this quarter

	Total Sites	Sites by Type of Measure Installed		
		Electric-only	Gas-only	Both
ENERGY EFFICIENCY SITES SERVED				
Residential sites served				
ENERGY STAR new homes constructed	346	18	20	308
ENERGY STAR new homes enhanced	1,480	2	131	1,347
Efficient new manufactured homes purchased	56	53	1	2
Home energy reviews conducted	1,676	822	110	744
Single family homes retrofitted	3,782	784	2,882	116
Manufactured homes retrofitted	147	144	2	1
Multifamily units retrofitted	4,691	3,910	171	610
New multifamily units enhanced	0	0	0	0
Residential solar water heating installations	45	24	21	0
ENERGY STAR clothes washer rebates	6,836	3,099	367	3,370
Refrigerator exchange pilot	206	205	0	1
CFL packages sold/provided	679,533	679,533	0	0
Commercial sites served				
Existing buildings retrofitted	761	454	283	24
Efficient new buildings constructed	70	35	4	31
Solar water heating commercial installations	0	0	0	0
Industrial sites served				
	79	78	1	0
TOTAL EFFICIENCY	699,708	689,161	3,993	6,554
RENEWABLE ENERGY INSTALLATIONS				
Biopower project installations	0	0	0	0
Open solicitation project installations	0	0	0	0
Solar electric residential installations	49	49	0	0
Solar electric commercial installations	20	20	0	0
Utility scale project installations	1	1	0	0
Wind project installations	0	0	0	0
TOTAL RENEWABLES	70	70	0	0

Table 5 and corresponding information in the narrative refer to numbers of efficiency and renewable energy projects. We define “projects” to be completed installations or services at one location (“site”), with certain exceptions:

- A Home Energy Review, with CFL installation, counts as one project. If that home subsequently installs one or more measures, this installation counts as a separate project.
- Each apartment unit treated counts as one project.
- Each manufactured home counts as one project.
- Measures installed in separate facilities within a large industrial complex count as separate projects.