

Final Strategic Plan for 2002-2007
October 1, 2002
(Strategic Goal #1 revised 12/17/03)

Introducing the Energy Trust of Oregon's Strategic Plan

If you are a Portland General Electric or Pacific Power customer¹, a small portion of your monthly utility bill supports developing clean energy through the Energy Trust of Oregon. An independent nonprofit, the Energy Trust invests approximately \$45 million a year to help Oregonians use energy more efficiently and benefit from renewable power.

The Pacific Northwest relies on a dynamic and complex network of power production, sales and distribution. Energy is in the local news almost every day. Present market forces often result in fluctuating and increasing energy prices, impacting consumers with higher costs and uncertainties about the future.

The Energy Trust provides consumers with cost-effective options to reduce their utility bills by using energy more efficiently. We also help Oregonians generate electricity from wind, solar, biomass, biogas, geothermal and hydroelectric technologies, all important parts of our energy equation. When we fulfill our goals, we deliver multiple benefits including direct energy and dollars savings and energy production from clean renewable energy. And we provide a hedge against future energy price increases. At the same time, we help maintain strong business and industry, create jobs and protect our natural resources.

The Energy Trust delivers benefits to all Oregonians. Over the next 10 years, we will introduce many opportunities to further smart energy use and diversify our power production mix. Our approach uses partnerships and leverage to apply our dollars where they make the most tangible, positive difference. We are committed to innovative technologies and approaches that will keep our costs low and maximize opportunities to benefit from our programs. How we save – and generate – energy is intertwined with our ability to save Oregonians money on their energy bills.

This five-year strategic plan lets you know what we expect to do. Ultimately, our success depends upon how well we design and deliver programs that meet the needs of Oregonians. To learn more about us and the specific opportunities available through Energy Trust programs, we encourage you to visit our website at www.energytrust.org. We appreciate your interest.

¹ In a cooperative arrangement being discussed with Northwest Natural, the Energy Trust will soon deliver energy efficient programs to residential and small- to medium-sized commercial gas customers in the Portland metropolitan area. Because the specific opportunities are just now being defined, they will be reflected in subsequent updates of our plans and programs.

Energy Trust of Oregon Strategic Plan 2002-2007

The mission of the Energy Trust is to change how Oregonians produce and use energy by investing in efficient technologies and renewable resources that save dollars and protect the environment. This strategic plan sets the course for how we will begin to achieve our mission over the next five years. The mission is further defined through the five proposed strategic plan goals. All goals are interdependent and equally important, providing a measurable target for us to reach and assess progress made over time. For every goal, anticipated outcomes are also listed.

The first two years of strategic plan implementation are detailed in a corresponding action plan. Overall targets for energy efficiency and renewable energy production are included. By October 2004, we anticipate savings of 65 average megawatts from implementing energy efficiency programs in all sectors. By the end of the five-year period in October 2007, we expect to have saved a cumulative total of 141 average megawatts from all sectors, close to half of the 300 average megawatt goal set for the year 2012. New targets for energy savings associated with Northwest Natural gas company programs will soon be established.

Renewable energy targets equal 35 average megawatts produced during the first two years of plan implementation. By October 2007, a cumulative total of 115 megawatts is targeted for renewable energy generation, approximately equal to one quarter of our goal of 450 average megawatts in 2012.

Full achievement of Energy Trust goals will also provide additional benefits beyond our direct efforts. As byproducts of our activities, we expect the following indirect outcomes to benefit all Oregonians:

- Reduce energy costs to Oregon businesses, industries and residents
- Reduce greenhouse gas emissions by avoiding carbon dioxide equal to at least 474,000 cars each year
- Save approximately 32 additional average megawatts in reduced utility transmission and distribution power losses
- Reduce utility purchases of wires and transformers needed to deliver more power to consumers
- Delay or avoid the need to construct new gas-fired turbine power plants and other fossil fuel plants
- Meet Oregon's peak electricity demands without restricting energy use
- Stimulate new private investment in renewable technologies
- Enhance our energy independence and provide greater rate stability by having a more diverse number of energy resources to meet our statewide needs
- Deliver other environmental benefits such as improved water quality and efficiency and protection of other natural resources

These next sections detail individual strategic plan goals. Each goal includes a list of anticipated results, corresponding measures of accomplishment and anticipated strategic approaches to be pursued.

Goal 1: By 2012, deliver programs to save consumers save 300 Average Megawatts (2.6 million annual megawatt hours) of electricity and 19 million annual therms of natural gas from long-lasting energy efficiency measures*.

***Targets are for a weighted average measure life of 14 years for electric savings and 20 years for gas savings.**

The 300 average megawatt goal is achievable if the Energy Trust is flexible, creates opportunities, makes changes based upon experience and results, and is innovative. To deliver benefits to Oregonians, a balanced program approach designed to save energy and lower consumer energy bills is proposed.

In saving 300 average megawatts of electricity and 19 million annual therms of natural gas , the Energy Trust will:

- Meet more than 30% of projected growth in Oregon electricity needs for the next 10 years – enough to power a city over twice the size of Bend
- Ensure that a full range of energy efficient products and services is readily available
- Provide tools that help consumers understand and manage their energy decisions and reduce their costs
- Use program successes to leverage greater energy savings and other economic and environmental benefits
- Help stabilize business and industry and thereby help strengthen the Oregon economy

Measures

- Systematic tracking of program accomplishments, including savings, renewable generation and other benefits to participants
- Use of evaluations to estimate indirect benefits and influences on those who do not participate directly in Energy Trust programs
- Quality assurance spot checks and evaluations
- Estimated savings for Energy Trust-funded appliance, lighting, equipment, operations, maintenance and other market-change activities of the Northwest Energy Efficiency Alliance, based on the Alliance's established tracking systems and evaluation data
- Estimated savings from the projects of self-direct customers, based on data from the Oregon Office of Energy
- Savings excluding that which would otherwise have occurred in the absence of Energy Trust programs, as determined from evaluation data

Strategic approaches

1. Design and conduct 10-14 energy efficiency initiatives to reach targeted Oregon businesses, industries, government and residential electricity customers throughout Portland General Electric and Pacific Power service territories
2. Expand energy efficiency programs to include Oregon residential and small- to medium sized commercial customers of Northwest Natural
3. Balance low-cost energy and dollar savings for larger customers with the need to also serve smaller commercial and underserved residential markets

4. Combine cost-effective energy-saving approaches with renewable energy technologies, emphasizing on-site use of renewable power
5. Respond to and stimulate marketplace innovation
6. Establish strategic alliances with consumer, trade, government, utility and other representative organizations to deliver quality services and tangible results to participants
7. Work with utilities to acquire energy savings where they are most useful to assure power reliability and reduce electrical grid improvement costs
8. Support regional market transformation programs offered through the Northwest Energy Efficiency Alliance and potential other partners and coordinate these with Energy Trust programs

Goal 2: Provide 10% of Oregon's electric energy from renewable resources by 2012.

Reaching the 10% goal for renewable energy requires substantial effort. We must change markets, leverage opportunities, and take full advantage of new technologies, incentives and environmental regulations. The Energy Trust will emphasize and capture near-term opportunities in the next two years while, at the same time, launching ongoing programs for Oregon's most abundant, new renewable resources.

When meeting 10% of our energy needs with renewable resources, we will:

- Achieve an eight-fold increase in the amount of renewable energy available to Oregonians
- Produce at least 450 average megawatts of new clean power
- Meet more than half of Oregon's anticipated electricity growth over the next decade with renewable resources
- Reduce production costs and eliminate other barriers associated with renewable resource power production
- Increase the number and diversity of renewable energy power solutions to benefit all Oregonians

Measures

- Actual generation resulting from renewable energy projects funded by the Energy Trust
- Data collected by the Oregon Office of Energy to estimate statewide renewable energy production, including those from the projects of self-direct customers
- Percent of statewide needs met by renewable energy and the share attributable to Energy Trust efforts
- Impact of new renewable power on transmission and distribution costs
- Increases in the number of customers served by renewable energy and reductions in renewable energy costs
- Environmental benefits, offsets and avoided emissions created by clean energy sources funded by the Energy Trust

Strategic approaches

1. Design a resource-specific plan to significantly expand the installed generation of renewable resources
2. Allocate a minimum of 10% of annual renewable energy funding to each of the following technologies: wind, solar and biomass, the three most abundant renewable resources
3. Balance programs for all renewable resources over time, with no one type receiving more than half of the total funding available
4. Invest in emerging technologies and other renewable energy, including environmentally safe, "green" geothermal and hydropower
5. Create links between renewable energy initiatives and energy efficiency programs to maximize the benefits of both
6. Establish cooperative relationships with utilities to encourage their purchase of renewable energy
7. Help eliminate other barriers to renewable energy development
8. Pursue opportunities to encourage distributed generation in appropriate locations
9. Promote innovation and quality service within the renewable industry

Goal 3: Expand participation in energy efficiency and on-site renewable energy programs by underserved consumers.

Broad participation in energy efficiency programs and access to on-site renewable energy provides more Oregonians with options to lower their utility bills and benefit from clean energy. For varied reasons, some consumers historically have not participated in, or directly benefited from, energy efficiency and renewable energy programs. Those with low rates of participation have at times included small commercial, industrial, agricultural, residential rental and low-income groups. Delivering benefits and acquiring savings from these underserved markets may be more expensive. Therefore, the Energy Trust will pay up to 10% more per kWh of energy saved across its efficiency and on-site renewable energy programs to increase participation by historically underserved consumers.

By providing more opportunities for a broader range of consumers to save money, save energy and use clean power, we will:

- Serve hard-to-reach participants, including residential, small business and agricultural energy users
- Capture savings from previously untapped or underserved markets
- Deliver dollar saving benefits from energy conservation and efficiency to program participants
- Provide practical opportunities for participants to benefit from renewable energy

Measures

- Actual costs associated with serving hard-to-reach customers
- Demographic profiles of program participants
- Participation rates of and benefits to targeted customer groups

Strategic approaches

1. Establish penetration rates by target audience and sector
2. Fund a full complement of energy efficiency programs reaching consumers from all sectors
3. Deliver program opportunities to all customer classes
4. Balance funding for and savings from the commercial, industrial and agriculture sectors with funding for and savings from residential programs
5. Design program elements specifically to attract participation from hard-to-reach and previously underserved groups of electricity users, with no income level requirements for program participants
6. Provide programs that are simple and easy to use
7. Partner with representative consumer, advocacy, trade association, government, utility, energy efficiency, renewable energy and sustainability groups and other organizations with shared missions to leverage funds, pursue joint projects and help promote opportunities
8. Build upon past program delivery experiences to be even more effective at serving different audiences and meeting their needs
9. Understand the funding objectives of different organizations and professionals working in efficiency and renewable energy development, integrating their efforts with Energy Trust priorities
10. Foster exchange among organizations and professionals working in efficiency and renewable energy development

Goal 4: Contribute to the creation of a stable environment in which businesses that promote energy efficiency and renewable energy have the opportunity to succeed and thrive.

Like all businesses, energy-related enterprises flourish when the economy supports favorable product pricing and a sustained, predictable flow of customers and demand. Confidence in market stability is a key factor in attracting renewable energy developers. Thanks to its stable source of funding, the Energy Trust can help create economic conditions to sustain a vibrant market for businesses engaged in energy efficiency and renewable energy activities. A diverse network of competent, qualified businesses focused on energy efficient and renewable energy solutions will directly benefit Oregon industry, businesses and residents.

By stimulating momentum in the energy efficiency and renewable energy marketplace, we will:

- Expand partnerships with public and private utilities and other organizations committed to renewable energy, energy efficiency and sustainable products and services
- Help to achieve permanent market changes that allow quality energy efficient products and services to be readily available to consumers
- Foster exchange among organizations and professionals working in efficiency and renewable energy development
- Further reduce the initial costs and other barriers of renewable energy production
- Make energy efficiency and renewable energy usage "business as usual"
- Integrate renewable energy into the mainstream of resources we depend upon to meet our power needs
- Sustain commitment to energy efficiency and renewable energy efforts beyond 2012

Measures

- The number of Oregonians using electric energy efficiency technologies and renewable power
- The number and type of established, stable businesses and organizations providing and benefiting from energy efficiency and renewable energy
- Consumer demand for energy efficient products and services and renewable energy both through, and independently of, Energy Trust programs
- Level of energy efficiency in building codes, equipment standards and design and purchasing practices for buildings and equipment
- Ease of integrating on-site renewable energy systems into building design and construction standards and practices
- Procedures for connecting on-site renewable energy to the electric grid

Strategic approaches

1. Demonstrate the viability and advantages of energy efficiency practices and renewable energy applications as a standard approach in both new construction and retrofit situations
2. Increase the number, diversity and stability of competent businesses that deliver energy efficiency and renewable energy
3. Create an ongoing, viable demand for renewable energy technologies
4. Participate with the Northwest Energy Efficiency Alliance to coordinate regional market transformation initiatives with Energy Trust programs

Goal 5: Encourage Oregonians to integrate energy efficiency and renewable resources into their daily lives.

The ultimate success measure for the Energy Trust is the extent to which clean energy becomes intrinsic to our way of life. When energy efficient practices are as second nature as buckling a seat belt or taking out the recycling, we will know our message has taken root. As results beyond megawatts saved and clean power produced accumulate, we expect awareness to grow among all Oregonians that efficient energy use is a practical and important part of our way of life, going straight to the heart of Oregon's legendary "livability."

By increasing the number of citizens who use energy efficient products and renewable energy resources, we will:

- Create sustainable improvements that benefit the quality of life for all Oregonians
- Develop satisfied customers who value and benefit from energy efficiency and renewable energy
- Change consumer behavior by increasing the number of positive experiences people have using energy efficient products and renewable energy
- Help Oregonians live and work in more comfortable homes and businesses
- Achieve more predictable and lower power costs
- Protect Oregon's natural environment

Measures

- Attitudes and awareness of Oregonians toward energy efficient products and services
- Attitudes and awareness of Oregonians toward renewable energy technologies
- Level of satisfaction of Oregonians with energy efficiency and renewable energy service providers and with corresponding products, availability, price and performance
- Periodic analyses of broad economic and non-energy benefits indirectly resulting from Energy Trust efforts

Strategic approaches

1. Successfully deliver a consistent and effective message about the personal benefits of energy efficiency and renewable energy
2. Demonstrate how efficiency and renewable energy meet important needs for Oregonians beyond megawatt savings and production
3. Where beneficial, use a comprehensive community approach to engaging local citizens in energy efficiency and renewable energy actions, linking with other environmental initiatives and momentum
4. Provide consumer guidelines, education and outreach related to energy efficiency and renewable energy usage
5. Maintain the reputation of the Energy Trust as an open, accessible, cost efficient and trustworthy organization
6. Successfully market programs and attract broad participation
7. Become a central information source about energy efficiency and clean energy
8. Help catalyze the creation and transformation of markets for energy efficiency and renewable power

Fulfilling the promise of our strategic plan

The strategic plan is written for a five-year period and sets out the anticipated course the Energy Trust will follow during this time. A corresponding two-year action plan describes the specific next steps envisioned to achieve strategic plan goals. The action plan is updated each year and submitted to the Oregon Public Utility Commission along with an annual budget. The strategic plan will be updated every five years.

As the Energy Trust gains experience implementing programs and evaluating results, changes will be made in program design and approaches. It is by listening to those who deliver our programs and participate in them that improvements will be made.