

Board Strategic Planning Workshop Reed College, Portland, Oregon

Friday, June 5, 2015

Board members present: Susan Brodahl, Ken Canon, Melissa Cribbins, Dan Enloe, Heather Beusse Eberhardt, Lindsey Hardy, Mark Kendall, Debbie Kitchin, John Reynolds, Warren Cook (ODOE special advisor)

Board members absent: Roger Hamilton, Alan Meyer, Anne Root, Eddie Sherman, John Savage (OPUC *ex officio*)

Staff attending: Margie Harris, Ana Morel, Hannah Hacker, Debbie Menashe, Amber Cole, Steve Lacey, Peter West, Courtney Wilton, Fred Gordon, Scott Clark, John Volkman, Cheryle Easton, Ted Light, Sue Fletcher, Brooke Graham, Jay Ward, Mike Bailey

Others attending: Kevin Hiebert, *Facilitator*, Jim Abrahamson (Cascade Natural Gas), Jason Eisdorfer (OPUC), Elaine Prause (OPUC), John Charles (Cascade Policy Institute), Don Jones Jr. (PacifiCorp), Lauren Shapton (PGE), Anne Snyder Grassmann (PGE), Bob Stull (CLEAResult), John Morris (CLEAResult), Ann Kohler (Consultant), Ken Nichols (EQL Energy)

Call to order and welcome

President Debbie Kitchin called the workshop to order at 8:00 a.m. Every June, the annual strategic planning retreat provides the board an opportunity to delve into a handful of longer-term strategic topics and discuss their opportunities and risks. Debbie K thanked the Strategic Planning Committee chair, Mark Kendall and committee members for their role in the workshop development process, and the support of the staff in preparing for the retreat.

Mark summarized the purpose for the day. The organization is 14 years old and just started the current five-year strategic plan. The plan encompasses about one-third of the organization's life span and is a significant guiding document. The goal for the first part of the workshop is to reflect on elements in the plan, including energy savings and generation, and to focus on how Energy Trust will expand its reach to underserved markets, develop new technologies, and develop new outreach and ways to collaborate with partners. The second part of the workshop will start the leadership discussion in advance of Margie Harris' retirement at the end of next year. Margie has spearheaded efforts of extraordinary results, including \$1 billion in utility bill savings for participants. Energy Trust needs to continue this trend, and this workshop will discuss what characteristics the Executive Director Transition Committee members should be looking for in recruitment and hiring for the position.

The board welcomed retreat facilitator, Kevin Hiebert.

Opening remarks

Margie Harris welcomed the board, staff and workshop attendees. She acknowledged the work of staff and the Strategic Planning Committee in researching and preparing for the day.

Margie noted a lot has changed since the first board of directors was appointed by the OPUC in 2001. She noted the changes seen statewide, including growth in the high-tech sector, the changing population trends and demographics in Oregon, and the increasing use of solar energy.

Energy Trust has also changed over the years. The first four programs rolled out in 2002. Over the years, we have determined how to invest dollars to realize both customer and economic benefits. Programs expanded to serve electric and natural gas customers. Strong relationships were built with

all four utilities. And a culture of teamwork, creativity, hard work and fun was cultivated and maintained with staff and the board.

Margie noted the Office of Economic Analysis indicates Oregon's economy is on a growth trajectory. Population trends correlate with the current five-year Strategic Plan. The state population is predicted to increase over the next five years from 3.5 million to 4.3 million. Migration to Oregon is projected to continue and will contribute two-thirds of the population increase. Growth will be evident in retirees and younger residents. The working population will go down as a share of the overall population, potentially leading to a labor shortage. From an employer perspective, it may become more challenging to hire and retain the talent Energy Trust needs in the years ahead.

The diversity of residents is also changing and growing more rapidly in Oregon than in other states. In Oregon, one in four kindergarteners is Hispanic, and 22 percent of Oregonians are not white and this percentage is growing. Hispanics and Asian Pacific Islanders are the fastest growing groups. This indicates Energy Trust will need to engage with a much more diverse population of customers and employees to meet goals. This is the context within which Energy Trust will be pursuing aggressive energy savings and generation targets.

Margie noted today the board will see how staff has started to implement the current strategic plan. One main strategy in the plan is to expand participation. Research has been completed and additional research is planned to determine where Energy Trust has opportunities to reach and serve new customers. All programs are actively expanding outreach to rural areas and to customers who are eligible to participate. The Existing Buildings program is already seeing strong uptake for a new direct-install lighting offer for small commercial customers. The Existing Homes program is also increasing incentives for the Savings Within Reach initiative, which serves moderate-income customers.

Related to other strategies in the strategic plan, the Existing Homes program was redesigned to respond to cost-effectiveness challenges. This led to changes in what is offered to customers and a 20% reduction in the program's delivery costs. There is collaborative work being done in the Renewable Energy sector to fill the hydropower pipeline and reduce solar soft costs. Operational costs are being trimmed through various efforts, like MapDwell: Solar System™ and PowerClerk®. Energy Trust is pursuing new collaborations to build on mutual benefits that intersect between Energy Trust's interests and the interests of others. Examples includes woodstove replacements and mobile home replacements. There is ongoing work with the Northwest Energy Efficiency Alliance (NEEA) and Energy Trust's own pilot programs to invest in new emerging technologies and approaches to help ensure more efficient technologies are in the pipeline to serve customers in the years ahead. Margie referenced comments from a representative of Cree solid state lighting showing only 4 percent of consumers currently have in-home internet-connected devices to help manage energy use, security, lighting and other features. However, 69 percent surveyed indicated they want to buy such devices in the next year. It is the role of NEEA, Energy Trust and others to determine where future energy savings and benefits to customers will be derived.

Margie highlighted one area of Energy Trust's work that she's passionate about and is critical to Energy Trust's success. The new diversity initiative relates to the demographic shifts previously described, and the importance of serving all eligible customers and meeting the organization's goals.

At the 2014 summer workshop, expanding participation was discussed and then reflected in the final strategic plan. Since then, Margie and staff have been working on the elements that support expanding participation. For this initiative, diversity is defined as embracing all differences, including background, life and work experiences and life perspectives, different cultures, races, religions, ethnicity, sexual orientation, gender identity or expression, age, disabilities, geography, business size and types, and languages spoken. Diversity is all that makes individuals unique and all that can contribute unique insights and perspectives into Energy Trust's work.

Margie shared the draft purpose statement of the diversity initiative: “The purpose of Energy Trust’s diversity initiative is to create a culturally attentive organization with diverse employees and contractors who can bring a range of perspectives, experiences, skills and ideas to our organization, our programs and our services. We believe our differences make us stronger, and produce better, more innovative work.”

Margie noted she already sees diversity represented in Energy Trust’s work through different backgrounds, perspectives and personalities and evidenced outside the I-5 corridor, when engaging contractors working with customers who do not speak English as their first language, and when visiting schools.

To start, the diversity initiative will focus on four main areas: expanding customer participation, employee development, recruitment, hiring and retention, and procurement and contracting.

The first area is a strategic plan goal, and the remaining three are linked to the strategic plan through operational efficiency, service, reaching customers and attaining goals.

If successful with this initiative, Energy Trust will have improved its programs to serve all customers and contractors who live and work in the service area. Energy Trust will have procurement practices that will benefit the organization by working with diverse businesses and reaching new customer bases. Energy Trust will have hiring practices that attract and fully engage a diverse workforce that mirrors the population we serve. And Energy Trust will have improved employee retention in what is likely to become a more competitive economy. For these and other reasons, Energy Trust needs to address diversity and make it a basic tenet of how we meet the organization’s goals.

There are a lot of thoughts as to Energy Trust’s strong foundation and what has helped Energy Trust succeed so far. The most important asset is the staff. Good things happen when you have good people with respectful relationships. The culture that has been nourished at Energy Trust has supported a learning environment with room for creativity and collaboration. Energy Trust’s work is intertwined with others who have a stake in what the organization does and what can be done together, including the OPUC, utilities, contractors, governments, customers and others. Energy Trust is also resilient and is good at change. Change is constant and Energy Trust anticipates, leads and responds to change.

There are many positives about Energy Trust that we can leverage. Staff has been building off of 13 years of success, learning and change. Our new strategic plan gives clear direction for the next five years. There is a dedicated staff and board. There is a good organization culture that supports collaboration, innovation and resiliency. The board is now undertaking important preparatory steps for changes ahead. To further expand knowledge, skills and abilities, Energy Trust needs to attract leadership that supports diverse customers and a changing environment.

Margie shared a quote by author William Bridges: “Change emphasizes what is happening to us while transition emphasizes opportunity for growth within.”

Energy Market Outlook

Staff presentation with board discussion (Fred Gordon, Ted Light)

After board adoption of the 2015-2019 Strategic Plan, the board directed staff to keep working on evolutionary change and to keep watching market and policy influences that could alter Energy Trust’s approach. This discussion is on the latter piece, which research shows has not changed significantly since the plan was adopted.

Ted reviewed the 2010-2014 achievement to goals. Energy Trust exceeded electric and natural gas savings goals and fell short of the renewable energy generation goal, given changes in state tax credits and low natural gas prices.

Utility data and load forecasts show growth is fairly flat or low for all utilities. Exceptions to the load growth trend is demand increase in PGE territory due to the high-tech industry and continued in-migration to the Portland metro area. Both PGE and Pacific Power are noting electric use per customer is flat or declining, and electric appliance saturation is stable and not growing. Summer growth is where the load is expected to occur for both electric utilities. PGE expects 1.4 percent average annual growth over the next 20 years in summer demand. Winter demand is 1.2 percent average annual growth over the next 20 years. Natural gas load growth is also expected to be lower over the next 20 years. One exception is NW Natural is expecting relatively large growth in Clark County, WA, approximately 3 percent per year over 20 years compared to 1.1 percent in Oregon.

Utility projections of wholesale electric prices are flatter than they have been in recent years. Previous forecasts showed growth over 20 years to \$70-\$90 per MWh. For example, in PGE's forecasts from 2012, the wholesale price forecast started at \$33 per MWh and increased to \$82 per MWh. In 2014, the price started at \$33 per MWh and increases to only \$48 per MWh. This is still growth but it is relatively flat.

Staff noted the Northwest Power and Conservation Council (Power Council) is looking at risk mitigation to come from energy efficiency if the price forecasts are not accurate. Fred noted these forecasts are from utilities and include OPUC guidance to include risk value. The utilities are looking at risk and looking to energy efficiency.

The board noted the trend in avoided costs is accurate as described. From a customer perspective, an increase of 3.5 percent in electric costs is not flat. Staff should include this perspective in the briefing paper. Staff agreed, and confirmed costs are not changing significantly for avoided cost purposes.

The board asked whether changes in technology could drop the value further. Staff noted there is a small component of storage in the Pacific Northwest due to the hydropower dams. The dams act like a battery and take care of most of the storage need. Even with advancements in storage, costs are not expected to go down significantly.

The board asked why the estimate in load growth is less than the estimated price increase. Staff noted the utilities are still making investments in the grid that are reflected in the price increase.

The board discussed staff characterization of price forecasts as flat, pointing to the third sentence of the Avoided Cost of Efficiency section on page 4 of the briefing paper compared to the graph on the same page. The graph shows a notable increase in Pacific Power prices over the next five years. Staff noted the use of the word "flat" is not intuitive and the text will be updated.

Staff continued the presentation. Natural gas wholesale price forecasts are also flatter than previously predicted. The price per therm for NW Natural in 2012 was 58 cents and projected to increase to 89 cents by 2029. The 2015 price is 40 cents and projected to increase to just over 40 cents by 2034.

In summary, wholesale price forecasts are fairly flat. Energy Trust will continue to modify measure offerings and program approaches to stay within the cost-effectiveness threshold.

Staff displayed a pie chart showing Energy Trust's resource assessment by sector, recently updated to align with the Power Council's 7th Power Plan research.

Staff described a chart showing savings by sector as a percentage of load. Energy Trust's significant savings acquisition over the years, especially from serving large industrial customers, may account for why Energy Trust's projections of efficiency savings relative to load are lower than the Power Council's regional projections.

Energy Trust staff are drafting sector-specific strategic plans to align with the goals and strategies in the organizational strategic plan. All sectors will conduct more outreach to serve rural sites. At the same time, the plans describe the need to balance reaching those sites and maintaining costs for cost-effectiveness reasons.

Ken Nichols of EQL Energy asked to address the board and comment on the presentation. He stated Energy Trust should focus on demand response and smart grid to address capacity and not energy. He encouraged us to address infrastructure in distribution and transmission and to reduce costs, address demand response and distributed resources. Ken referenced the summer and winter peak graphs in kWh, and suggested we consider winter and summer capacity.

Fred responded that we do analyze peak for efficiency programs and also look at what it does to the system in terms of transmission and distribution deferral. We do account for it in the detail.

The board requested clarification, asking whether Ken was positing that this attribute of peak demand and reducing infrastructure costs will have an impact on avoided cost for efficiency. Should we really be focusing on that as a way to increase the value of demand-side management?

Ken N responded that it has to do with doing demand-side management, like peak shaving, for capacity reasons.

Staff continued the presentation, reviewing what policy or market changes could impact Energy Trust's strategies. The forecast in the value of efficiency is not expected to change much, there may be an increase in peak costs and then a modest decrease in energy price forecasts. The Power Council conducted a climate change analysis that showed Oregon may see both population growth and changes in weather. These factors may increase the relatively small summer peak in Oregon. An unknown is the impact of the Environmental Protection Agency's 111(d) pending regulations.

There are limited regional savings related to woodstove replacements. Related to water supply issues in the region, a short-term action to save both water and energy is installing low-flow showerheads and faucet aerators in homes. Commercial changes would be a mid-term solution and a long-term solution is irrigation canal piping. If all these actions are completed in a short timeframe, the program strategy will need to reflect achieving the savings quicker than predicted.

On the renewable energy side, solar is getting closer to parity in cost with other renewable resources especially as tax credits for the non-solar resources are being reduced. Solar may become more expensive than other resources again if federal solar tax credits are eliminated at the end of 2016. The program needs to determine how best to support solar; in particular, allocating a limited renewable energy budget for a technology experiencing increasing demand. The market is not yet at a place where it would remain healthy if Energy Trust support was removed. Non-solar technologies need more support and are more complex. In the next few years, Energy Trust may need to examine its strategy to support all renewable energy technologies.

The board asked whether Energy Trust supports non-energy benefits and reports on many of them. Staff does include some non-energy benefits in its analyses, and is largely directed by the OPUC to include only certain non-energy benefits in its cost effectiveness calculations for efficiency measures.

The board discussed the new strategic plan goal of 10 aMW for renewable energy generation may be low given achievement from the prior plan was 15 aMW. Peter West responded that 30 percent of solar projects are supported by the federal Investment Tax Credit (ITC), which has a 2018 sunset. The 10 aMW, five-year generation goal reflects uncertainty in the market given that expiration date plus issues with net metering. As we drive down the costs of solar, there is a balance on the other side with the ITC and Oregon Residential Energy Tax Credit that creates market uncertainty.

Staff reviewed emerging equipment that monitors and communicates energy consumption details to building managers. This technology is not yet available in the mass market. Manufacturers are seeing if consumers will demand these technologies.

Another challenge facing Energy Trust is measuring savings and program influence when energy efficiency is being driven by more and more different organizations. Energy Trust's job is to determine when our programs influenced efficiency. This may become more difficult to determine when companies are selling the *appearance* of efficiency. Yet it is a necessary role to play as Energy Trust is the intelligence piece in the market, determining when energy efficiency was achieved.

Energy Trust is also watching the consolidation trend in the energy efficiency program delivery industry. Peter's analysis last year indicated there is still enough competition to keep costs down.

Staff is paying attention to efficiency opportunities in the emerging marijuana industry.

Staff described potential opportunities with electric vehicles and encouraging electrification, and Energy Trust's involvement remains to be seen.

The board noted there could be opportunity for Energy Trust to support counties and other governments with their permitting and codes. Some counties may have outdated land use planning systems creating barriers to projects. Staff noted there has been work done on comparative permitting costs. Largely, they are legacy provisions. Staff will work with the land or project owner and the county to help the project move forward. It is largely a county by county or community by community approach as many of the provisions are hidden. Experience so far is that the outdated provisions lengthen the project timeline but generally do not hinder the project from completing. The Oregon Department of Energy also worked on a study to create model ordinances and approaches for hydropower.

Overview & Summary of 2015-2019 Strategic Plan

Staff presentation (Debbie Menashe)

Debbie M described the development of the 2015-2019 Strategic Plan, which included discussion at the 2014 board strategic planning workshop and significant public outreach. The plan was approved and adopted by the board in October 2014. This is Energy Trust's third strategic plan. The plans are required as part of the OPUC grant agreement.

Debbie M reviewed the current Strategic Plan, highlighting the vision and purpose statements, describing the energy efficiency and renewable energy long-term and five-year goals. Debbie noted this plan is the first to have an operations goal for the five-year period, focused on staff efficiency and staff engagement. The plan also includes implementation strategies for energy efficiency, renewable energy and operations, and strategies that are cross-cutting for all energy programs.

The board's involvement in the plan is fundamental to Energy Trust's work. Staff also tie annual budgeting and program action plans directly to the five-year plan. In addition, each sector develops its strategic plan derived from the organizational strategic plan.

Over the past six months, staff have been working with the Strategic Planning Committee to identify certain areas for staff to report on and to define metrics, following the premise that what is measured is managed. Energy Trust already reports quarterly and annually on progress to quantitative energy goals. Today, staff will report on the key strategies of expanding participation, replenishing efficiency resources with new technology and other methods, regional collaboration with governments, utilities and others, and continuous improvement in internal operations. Staff will also propose to the board reporting metrics related to each strategy.

Debbie M asked the board to keep three questions in mind: Are we focusing on the right things? Do these approaches appear sound? Are there aspects you would like additional information on?

Implementing Key Strategies & Reporting

Expanding participation: baseline research (Margie Harris, Fred Gordon)

The focus of this strategy is both internal and external. It is important to diversify internally and broaden staff ideas and focus areas in order for Energy Trust to expand externally. This strategy guides recruitment, hiring, retention, procurement and contracting. Staff is developing action items for outreach in hiring, and is considering different strategies to procure goods and services and potentially give preference to service providers who can provide Energy Trust with more diverse contacts throughout the state. Margie convened a cross-functional diversity initiative team. One of the initial internal activities for this team is to identify and engage with an external expert in summer 2015 to conduct a cultural competency assessment. Importantly, this will raise awareness of the diversity focus within the organization.

The external focus is beginning to be reflected in programs. Sector strategic plans reflect many and new outreach strategies intended to expand participation around state and especially among groups where potential customer engagement exists. To identify where Energy Trust has opportunities to expand participation, the Planning group will research what areas Energy Trust has reached and areas where more potential service delivery opportunities exist.

Fred described findings from completed research and described plans for new research. The main conclusion from the first research was a view at participation by locality. Over 13 years, Energy Trust has attracted participation in the programs throughout the state, with participation most significant within the tri-county metro area. This creates opportunity to more deeply understand characteristics of the population outside the tri-county metro area.

The goals for the follow-up research is to determine why there is lower participation outside the tri-county metro area, and whether it is related to equipment that needs to be updated/replaced and whether it is based on socio-economic factors. The timeline is to have a draft of the study by December 2015. The study will include an analysis of barriers for specific groups. This analysis will help identify where to dig deeper in the next round of research.

The board asked whether the trade ally survey can help. Often, the trade ally survey informs programs where contractors would like to work; it may not necessarily be the best data source. Once staff gets to the equipment question, contractors will be able to help with that part of the analysis.

The research is starting with the residential sector. In the commercial and industrial sectors, the first level of underserved customers tends to be small to medium-sized customers. Initial research shows Energy Trust is making good progress growing services to smaller commercial and industrial customers each year.

The board asked how metrics will be built for this strategy. Metrics will come out at the end of the research process, once it is determined where the gaps are and how Energy Trust can help. It is noteworthy that there are many organizations doing this type of work.

Staff clarified the research will be participation in all Energy Trust programs, and renewable energy will be a small portion of the overall picture.

The board asked whether ongoing program evaluations could be leveraged to evaluate efforts related to expanding participation. Staff confirmed this approach, noting it is a struggle to find data in existing evaluations and they are looking at ways to cost-effectively capture the participation data needed for this research.

The board noted the City of Hillsboro may be a good partner, which is facing an air quality issue, and was indicated in Margie's presentation as an area to expand participation to more ethnically and racially diverse customers. Margie noted Energy Trust has had discussions with the city about potential wood stove conversions.

The board noted Energy Trust communicates its results well across the state, and asked whether the percent of customer load served by energy efficiency could be added to the metrics. To the extent this information is useful, staff can look at providing it.

New technology and methods (Fred Gordon)

Fred reviewed the electric efficiency savings potential over the next 20 years, which is about one-sixth of the electric load. Energy Trust continues to keep up its velocity because more equipment and products are being identified that are efficient, mass market and ready to support. Part of Energy Trust's mission is to bring technologies from near-market ready to mass-market deliverable. Energy Trust is at the point of trying to identify how much energy the programs can save with technologies that are not yet known.

The Northwest Energy Efficiency Alliance (NEEA) has a process to identify and bring new efficient technologies to market. In NEEA's five-year plan, Energy Trust's savings portion is 35 aMW. Energy Trust analysis of emerging technologies and the probability they will come to the market successfully is about 105 aMW. The question is how to determine a metric around improving technology. In 2015, Energy Trust added 29 aMW of ready-to-scale-up technology.

A potential new electric technology metric could be calculated by taking NEEA's estimate of 35 aMW and doubling it to 70 aMW. Another approach would be to change the Energy Trust emerging technology estimate to 105 aMW to adjust for risk. Staff does not see Energy Trust continuing at the current pace over the next 20 years. Staff also does not recommend a year-by-year goal but to report on progress made.

The board discussed the calculation of the savings metric. Discussion centered on making the metric larger than NEEA's goal for Energy Trust. The board also discussed receiving year-by-year progress updates and making sure the updates are done in a way to minimize staff time and effort, including confining the update to report just on technologies that have had changes.

The board discussed whether Energy Trust should have a metric that is beyond NEEA, and whether Energy Trust should have one or two technologies beyond NEEA-supported technologies. Staff noted in fall 2015 a summary analysis on Energy Trust pilot efforts will be developed for the OPUC.

The board asked how well Energy Trust captures emerging technology in the areas of behavior change. There is a fairly slow ramp used for future acquisition of emerging technology savings. The objective is to get more savings over the 20-year timeframe. This is an important question, how much can Energy Trust save and how fast.

Staff provided an update on combined heat and power and referenced a policy discussion at the state level related to SB844 and Northwest Natural's plans to pursue CHP. Energy Trust will be engaged in this process.

NEEA gas market transformation activities started in 2015. Energy Trust staff are looking at progress indicators for the gas side instead of a savings number because the gas market transformation initiative is new. The metric would be to have at least two technologies ready for the market by 2019 by working with NEEA and the gas utilities. The metric would include annual progress indicators.

Staff clarified Energy Trust does not do a lot of work with emerging technology in the renewable energy sector. Energy Trust also does not do a lot of emerging technology work with energy efficiency as NEEA is in this role. Energy Trust's role is often to take things that are in the market and try to understand how the energy efficiency can be improved. Energy Trust has also worked with a national consortium to help establish minimum specifications for small scale program-eligible wind turbines.

The board noted opportunities to improve the benefits of solar energy can include bi-facial modules, power optimizers, frameless modules and other areas that Energy Trust could look into. Energy Trust has a standard for commercial and near commercial approaches, and works with Lawrence Berkley Lab and the National Renewable Energy Lab to stay current with their work. Energy Trust does depend on the market to bring these ideas forward, and has a custom process to test some technology changes.

New collaborations (Debbie Menashe)

New collaborations encompass building relationships with governments, utilities and others. During the strategic plan development process last year, the OPUC staff liaison at the time encouraged Energy Trust to be open to and ready for new opportunities and this is reflected in the adopted strategic plan.

Currently, Energy Trust is collaborating with the Portland Water Bureau on a pilot to evaluate water sub-meters in existing multifamily properties to understand water and energy savings. When implemented together, these complementary actions can help achieve mutual goals for both entities faster and at less cost.

One way to determine that the collaboration is meeting the strategic plan operations goal is to make sure the relationship is synergistic and complementary and that the initiative is receiving funding. Both these requirements are met in this case.

Staff clarified savings would come from reducing the need to heat as much water. There's a fraction of savings from lowered pumping energy usage. The approach is also considered a behavioral change strategy.

Another collaboration underway is with the Farmers Conservation Alliance (FCA) to optimize irrigation systems. FCA is an irrigation system manager and has experience bringing together multiple parties looking to optimize an irrigation system. Energy Trust role is in the hydropower opportunity. Energy Trust is working with FCA on stakeholder engagement and communication efforts, especially in eastern and central Oregon. FCA will bring together multiple stakeholders with various, complementary objectives ranging from water conservation to energy production to fish benefits and more. Energy Trust is providing seed funding for FCA to develop communications, tools and resources to reach out and engage stakeholders, including utilities. The goal is to identify ten potential projects through these types of collaboration.

Debbie M noted staff will continue to assess new collaborations and bring them back to the board to show progress.

The board asked how new collaborations will be scoped, in particular those not built off existing relationships. Debbie M responded that we have not thought about it in that way. We are often assessing if we have the capacity. We do have an understanding of what qualities make a good partnership. One is when we can find overlapping goals. Margie added we have always approached our work by engaging others to reach customers. This is an effort to deliberately understand the approach and benefits, and prioritize relationships, refining what we have historically done.

The board noted some relationships can address policy disconnects, and asked whether there is an opportunity to do more collaboration at the policy level to motivate change. Staff noted that what has been done was possible because it was within Energy Trust's mission to bring awareness and educate.

Continuous improvement (Margie Harris, Steve Lacey, Courtney Wilton)

The continuous improvement strategy is linked in the strategic plan to the third-party 2014 Management Review where Energy Trust was asked to identify three to four administrative processes and identify ways to improve their efficiencies.

Staff selected four processes that are part of everyday work, are cross-functional, involve contractors and include potential customer service improvements. Staff is looking at the processes to save time, effort and money, ultimately making Energy Trust more productive. Identifying metrics for this work is new. Staff consistently makes internal improvements and Energy Trust needs to improve its ability to track and measure the benefits related to those improvements. The four processes were reviewed: procurement, incentive payment, customer information and customer services, and energy project tracking.

The board requested staff include in the procurement scorecard a question on whether the vendor has used or does use Energy Trust services. Staff agreed. The board noted it is comfortable with Energy Trust's experience implementing IT system improvements on time and under budget.

The board encouraged staff to pay attention to data security, and think about technological advancements, such as Apple pay and phone apps.

These four projects will meet the Management Review recommendation and also lead to identification of other processes to improve going forward. Margie showed a list of potential metrics to track on improvements to these processes.

The board noted the four processes are also in line with Energy Trust's agreement with the OPUC and is responsive to stakeholder input.

The board took a lunch break at 11:48 a.m. and resumed at 1:15 p.m.

Executive Director Succession

Executive Director Succession (Ken Canon)

The board Executive Director Transition Committee is tasked with developing an executive director position description, announcement and corresponding hiring and transition process. The next section of the workshop asked the board to answer a series of questions, including what values and characteristics of Energy Trust are critical to its success in the future, and what characteristics and attributes are valued in the executive director. Over the next two to three months, the committee will ask similar questions of a wide range of stakeholders. Once priorities are established, the committee will route a position description to the board and stakeholders to be interviewed. In late fall 2015, the committee will form an interview team and develop an interview process. Then the position will be posted and recruitment will start to find the next executive director to lead the organization.

Energy Trust Past & Present: Perspectives to Consider for the Transition (Margie Harris)

Margie shared her thoughts for the board to consider as they begin their discussion. Her perspectives were offered for consideration and not meant to be direction for the board. She answered four questions posed to her by Ken Canon: What is currently in place and serving the organization well that should be retained? What anticipated future challenges may the new executive director encounter? What are three attributes and talents most essential for a successful Energy Trust executive director? How important is expertise in energy efficiency?

World Café conversation

Kevin Hiebert described the World Café activity approach and goals, which is to foster in-depth discussion with various perspectives. This will be the first of many board engagements around the executive director transition. Throughout the exercise, questions were posed to the board and attendees for discussion and then reported out to the full group and discussed. The results of the discussions will be used as inputs to help the Executive Director Transition Committee plan the transition to a new executive director.

The board took a break from 3:30 to 3:45 p.m.

World Café report out (Kevin Hiebert)

The board discussed insights from the activity. The next step for the Executive Director Transition Committee is to take the feedback and input to weave into the rest of process and ultimately draft a position description.

Kevin recapped the first day of the workshop. The board heard presentations on the 2015-2019 Strategic Plan, discussed change and risk, and talked about essential attributes in a future leader. Tomorrow, the board will put this information into a proactive discussion about what specific items are needed for a successful transition. The goal tomorrow is to develop a list of issues and questions for the transition committee to use going forward. How each board member views and approaches this is unique and all perspectives are needed for this transition.

The board adjourned for the day at 4:30 p.m.

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Reed College, Portland, Oregon**

Saturday, June 6, 2015

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Welcome, day one recap, & board reflections

Kevin welcomed the board to day two of the strategic planning workshop at 9:30 a.m. He gave a brief review of the discussion during the first day, which included a review of the 2015-2019 Strategic Plan, discussion of activities and potential metrics related to the Operations goal in the plan, and beginning an exploration around the approach for the executive director transition.

Kevin asked the board for additional thoughts and comments from yesterday. Many board members appreciated the deep discussions in the early part of the day. The board talked about how to prepare staff for the executive director transition. It was noted a conference call should be scheduled before the next board meeting for the board members not able to attend the workshop.

Kevin asked the board if there were any challenges or apparent contradictions from the discussions yesterday. The board noted that when they go out into the market, there is a consistent and clear expectation on the skillset and energy needed from an executive director. It was noted a variety of stakeholder groups need to be engaged, and they will all bring various perspectives.

Kevin asked whether there are guidelines for the board to consider to make the transition as manageable as possible. The board discussed being selective in where the job description will be posted and the importance of board members talking with their individual networks. It was noted a conversation needs to be had on whether the decision for the new executive director will be based on values or skillset.

Establishing initial strategic issues to provide to the Executive Director Transition Committee

Kevin explained the exercise to help articulate specific, essential questions and issues that would relate to a successful executive director transition. An integral framework chart comprised of four quadrants was displayed:

1. The top left quadrant encompasses questions that relate to individual and internal matters. In other words, “what I experience,” my feelings, beliefs, and assumptions.
2. The top right quadrant encompasses questions that relate to individual and external matters. In other words, “what I do,” my actions.
3. The bottom left quadrant encompasses questions that relate to collective and interior matters. In other words, “what we experience,” cultural beliefs, norms, and collective wisdom.
4. The bottom right quadrant encompasses questions that relate to collective and exterior matters. In other words, “what we do,” infrastructure, politics, processes and systems.

Board members undertook an exercise of writing down open-ended questions they have related to the transition. Kevin encouraged the board to think about questions that relate to how each individual views their perspectives. Related to the integral framework chart, Kevin noted a hiring process often focuses on the top right quadrant. He encouraged the board to explore the other quadrants, too.

Reflections on Executive Director Transition

Guest Speaker (Ann Kohler)

Ken introduced Ann Kohler. Her background started in retail, and then she began a long-term working career in nonprofit organizations, starting with the YWCA. She continued management of complex organizations throughout her career. The board is interested in hearing from Ann’s advice to the board, based on her collective background and experience that spans nonprofit, corporate and government entities.

Ann encouraged questions throughout her three-part presentation, which was based on her experience over 35 years: framing of the nonprofit sector, transition planning and elements of that planning, and initial critical questions for the board to answer.

Ken thanked Ann for her presentation. He informed the board that the next Executive Director Transition Committee communications meeting is in a couple of weeks. The committee will work on reviewing this workshop, work with Amber on the communications plan and sharpen the calendar. Debbie K added that we are looking at early next year to release the position description, interviews next summer with a target hire date of October 1, 2016.

Kevin agreed to compile a summary of information derived from strategic planning workshop presentations and discussions of the Executive Director transition. The summary will be provided to the Executive Director Transition Committee for their consideration as they further develop and refine the recruitment and transition process.

The board took a break from 11:30 a.m. to 11:40 a.m.

Refining and categorizing strategic issues to provide to the Executive Director Transition Committee

The board reviewed the questions they wrote earlier, prioritized the three most important, marked the one they would like addressed first and posted them together on an integral theory grid to indicate whether the question is personal, behavior, culture or systems related. The board also reflected on Ann's presentation.

Next steps in transition process

(Ken Canon)

If there are any questions, see Ken. The committee is active, and will present to the full board at every board meeting.

Next steps & closing remarks

Next steps *(John Volkman)*

John reviewed whether there were any areas of strategic plan implementation where staff may be going off track or areas the board indicated it wants more information. John summarized there were not any areas where the board thought staff was going off track with the possible exception of how price forecasts are characterized. Staff will take that and improve how it writes about this topic in the briefing papers.

There are a few areas where staff needs to report back to the board at a future board meeting. The first is the difference between what Energy Trust is seeing in its resource assessment and what the Power Council is showing in its 7th Plan work. Staff already plans to go into this more deeply. Additionally, Tom Eckman is scheduled to present before the board in the fall.

Another area is to work with the Strategic Planning Committee on metrics, especially related to new technology. Staff came up with a 105 aMW estimate and that is something the board wants to hear more about.

For the strategy to broaden participation, staff will work more on that with the committee. The board expressed interest in hearing how other organizations around the country approach this and if there are lessons learned Energy Trust can reference.

There is interest in how staff intends to scope some potential collaborations, specifically how staff will evaluate trade-offs when there are competing considerations.

There is interest in the intersection between Energy Trust's energy programs and programs that are interested in other resources, such as water, transportation or other areas that overlap with Energy Trust.

Related to electric vehicles, there were questions on how Energy Trust thinks or relates to the vehicles as potential resources or as other types of energy considerations. Staff can think about and return to the board on how this topic is being considered.

The board also expressed throughout the workshop wanting to hear more about model codes and ordinances. Peter mentioned how Energy Trust has approached this in the past. The board confirmed they would like to hear more about this topic. The board also noted they would like to hear more about renewable energy technology.

The board agreed with John's summary and next steps.

Closing remarks

(Margie Harris)

Margie thanked the board for its participation and constructive discussion throughout the workshop. She noted the board is deeply committed and brings a lot to the table.

Margie said she did not hear from the board that it thinks staff is going the wrong way in its implementation of the strategic plan, and that is a good affirmation of what we are setting out to do and how we are looking to do it. This includes the diversity initiative.

Related to the transition, Margie highlighted her confidence in the board and its process. The board has the time, the leadership, its own engagement, updated job descriptions for the executive director and Management Team members, updated policies that guide the organization, a draft communications plan and a draft timeline. All the ingredients that go into the process are either in place or underway. Margie added one more, her employment agreement. She noted she serves at the pleasure of the board and a review of the current agreement would be appropriate in anticipation of hiring a new executive director.

Margie said she would be open to Ann's suggestion to retain a coach focused on supporting her role during the transition, if this recommendation is also supported by the board. Margie noted she is trying to be very mindful on when to be engaged and how in this process, and when to be separate. . It would be useful to have a coach to work with and advise her in a neutral environment.

There will be times when Margie is involved in the board's process and times she will not be. Margie is flexible on this, and looks to the board for guidance on when and how she should be engaged.

Margie said the board's judgment is really important, especially with the direction of the organization. It is not in the same place as when she started. There is a known quantity now, and that requires a different skillset from start-up and creating a new organization, someone with an operations skillset and operations management. She encouraged the board to give the new executive director grace and room to grow. She was not perfect and they will not be either.

Related to the strategic plan, the board heard about metrics and they are on their way. This is new and she does not want to create work or measures that are not useful.

Margie noted staff can and will reword the language around price forecasts.

There is a role for board outreach. Margie had previously chatted with Ken about this topic. There are ways that the board can take what is an underutilized resource, make it more present and take advantage of each board member's knowledge and connections in individual communities. Ken noted the discussion was not specific to the transition. It is broader than that.

The two main follow-ups are to brief the four board members who were absent, and to discuss future schedule change options so the workshop does not pose conflicts with board members' outside engagements.

Margie thanked the board for a successful and productive strategic planning workshop.

Adjourn

The workshop adjourned at 12:21 p.m.

\S\ Alan Meyer
Alan Meyer, Secretary