

# Board Meeting Minutes—126th Meeting

February 26, 2014

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**Board members present:** Rick Applegate (*by phone*), Ken Canon, Dan Enloe (*by phone*), Roger Hamilton, Mark Kendall, Debbie Kitchin, Alan Meyer, Kenneth Mitchell-Phillips, John Reynolds, Anne Root, Dave Slavensky, Lisa Schwartz (ODOE special advisor), John Savage (OPUC *ex officio*) (*by phone*), Susan Brodahl, Melissa Cribbins

**Board members absent:** Julie Brandis, Jeff King

**Staff attending:** Margie Harris, Ana Morel, Hannah Hacker, Debbie Menashe, Amber Cole, Steve Lacey, Peter West, Courtney Wilton, Fred Gordon, Scott Clark, Elaine Prause, Sue Fletcher, Diane Ferington, John Volkman, Jackie Callahan, Julianne Thacher, Phil Degens, Marshall Johnson, Jessica Rose, Matt Braman

**Others attending:** Juliet Johnson (OPUC), Jim Abrahamson (Cascade Natural Gas), John Charles (Cascade Policy Institute), Christina Cabrales (Conservation Services Group), Lauren Shapton (Portland General Electric), Don Jones, Jr. (Pacific Power), Kari Greer (Pacific Power), Don MacOdrum (Home Performance Guild), Brian Simmons (CLEAResult), Lonny Peet (Nexant), Cameron Gallagher (Nexant)

## Business Meeting

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President John Reynolds called the meeting to order at 1:16 p.m.

## General Public Comments

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There were no public comments.

## Consent Agenda

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*The consent agenda may be approved by a single motion, second and vote of the board. Any item on the consent agenda will be moved to the regular agenda upon the request from any member of the board.*

Resolution 695 was removed from the consent agenda and moved to the regular agenda.

### **MOTION: Approve consent agenda**

Consent agenda includes:

- 1) December 13, 2013 board meeting minutes

Moved by: Debbie Kitchin

Seconded by: Anne Root

Vote: In favor: 11

Abstained: 0

Opposed: 0

## Nominating Committee

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### ***Election to new terms of office—R690***

Alan Meyer introduced the resolution. The terms of five board members expired as of this meeting: Julie Brandis, Ken Canon, Dan Enloe, Roger Hamilton and Jeff King. Julie Brandis and Jeff King have

elected not to accept a nomination for another term. The board nominating committee recommends incumbent board members Ken Canon, Dan Enloe, and Roger Hamilton for renewed terms.

**RESOLUTION 690  
ELECTING KEN CANON, DAN ENLOE, AND ROGER HAMILTON  
TO NEW TERMS ON THE ENERGY TRUST BOARD OF DIRECTORS**

**WHEREAS:**

1. The terms of incumbent board members Ken Canon, Dan Enloe, and Roger Hamilton expire in 2014.
2. The board nominating committee has recommended that these members' terms be renewed.

**It is therefore RESOLVED:**

1. That the Energy Trust of Oregon, Inc., Board of Directors elects Ken Canon, Dan Enloe, and Roger Hamilton, incumbent board members, to new terms of office that end in 2017.

Moved by: Debbie Kitchin

Seconded by: Kenneth Mitchell-Phillips

Vote: In favor: 11

Abstained: 0

Opposed:0

***Election of officers—R691***

Alan Meyer introduced the resolution. Current board officers are President John Reynolds, Vice President Debbie Kitchin, Secretary Alan Meyer and Treasurer Dan Enloe. After six years as president, John is stepping down, and the board nominating committee recommends the following slate of officers: Debbie Kitchin, President; Ken Canon, Vice President; Alan Meyer, Secretary; and Dan Enloe, Treasurer.

**RESOLUTION 691  
ELECTING OFFICERS OF  
ENERGY TRUST OF OREGON, INC.**

**WHEREAS:**

1. Officers of the Energy Trust of Oregon, Inc. (other than the Executive Director and Chief Financial Officer) are elected each year by the Board of Directors at the board's annual meeting.
2. The Board of Directors nominating committee has nominated the following directors to renew their terms as officers:
  - Alan Meyer, Secretary
  - Dan Enloe, Treasurer
3. As John Reynolds has decided not to seek another term as President, the nominating committee has nominated Debbie Kitchin for election to the office of President and Ken Canon for election to the office of Vice President.
4. The Board of Directors wishes to thank John Reynolds for his tireless service as President since 2008 and as a Board Officer since 2005.

It is therefore **RESOLVED** that the Board of Directors hereby elects the following as officers of Energy Trust of Oregon, Inc., for 2014:

- **Debbie Kitchin, President**
- **Ken Canon, Vice President**
- **Alan Meyer, Secretary**
- **Dan Enloe, Treasurer**

Moved by: Roger Hamilton

Seconded by: Dave Slavensky

Vote: In favor: 11

Abstained: 0

Opposed:0

The board thanked John for his ongoing service to the board of directors, having served as a founding member and for six years as president.

***Election of Melissa Cribbins to the Energy Trust Board—R692***

Alan Meyer introduced the resolution. Julie Brandis is not seeking to renew her board term. Melissa Cribbins is nominated to fill the open board position for a three-year term. Melissa is from Coos Bay and is currently a Coos County Commissioner. Her full background is in the board packet. Melissa's nomination was a result of the board's evaluation of the skills, experience and geographic representation of board members, and Melissa's experience, strengthening the makeup of the board.

**RESOLUTION 692  
ELECTING MELISSA CRIBBINS TO  
THE ENERGY TRUST BOARD OF DIRECTORS**

**WHEREAS:**

1. **Julie Brandis will not be renewing her term on the Energy Trust board.**
2. **The board nominating committee has reviewed candidates for the open board seat and nominates Melissa Cribbins, attorney and Coos County Commissioner in Coos Bay, Oregon effective February 2014.**

**It is therefore RESOLVED:**

**That the Energy Trust of Oregon, Inc., Board of Directors elects Melissa Cribbins to the Energy Trust Board of Directors to a three-year term, subject to all requirements of the Bylaws of Energy Trust.**

Moved by: John Reynolds

Seconded by: Kenneth Mitchell-Phillips

Vote: In favor: 11

Abstained: 0

Opposed:0

Melissa thanked the board for the opportunity to join and said she is looking forward to serving on the board.

**Election of Susan Brodahl to the Energy Trust Board—R693**

Alan Meyer introduced the resolution. Jeff King is not seeking to renew his board term. Susan Brodahl is nominated to fill the open board position for a three-year term. Susan brings a risk management and insurance skill set to the board, is vice president of Heffernan Insurance Brokers and lives in the Portland area. Her full background is in the board packet.

**RESOLUTION 693  
ELECTING SUSAN BRODAHL TO  
THE ENERGY TRUST BOARD OF DIRECTORS**

**WHEREAS:**

1. Jeff King will not be renewing his term on the Energy Trust board.
2. The board nominating committee has reviewed candidates for the open board seat and nominates Susan Brodahl, Vice President of Heffernan Insurance Brokers in Portland, Oregon effective February 2014.

**It is therefore RESOLVED:**

**That the Energy Trust of Oregon, Inc., Board of Directors elects Susan Brodahl to the Energy Trust Board of Directors to a three-year term, subject to all requirements of the Bylaws of Energy Trust.**

Moved by: Alan Meyer

Seconded by: Anne Root

Vote: In favor: 12

Abstained: 0

Opposed:0

**RESOLUTION 695**

***Corporate Authorization (bank signing authority)—R695***

Debbie Kitchin introduced the resolution.

**RESOLUTION 695  
AUTHORIZING APPROVED BANK SIGNERS**

**WHEREAS:**

1. Umpqua Bank and Bank of the Cascades provide general banking services to Energy Trust (collectively, the “Banks”).
2. Section 7.3 of the Energy Trust bylaws requires that the board of directors authorize officers or agents to sign checks, drafts, or other orders for the payment of money, notes and other evidences of indebtedness (“authorized bank signers”) by way of resolution from time to time.
3. Effective February 26, 2014 John Reynolds’ term expired as Board President.
4. Effective February 26, 2014 Debbie Kitchin is elected Board President.

It is therefore **RESOLVED** that,

1. **John Reynolds is to be removed from the list of authorized bank signers for the Banks.**
2. **Debbie Kitchin is to be added to the list of authorized bank signers for the Banks.**
3. **The resulting list of authorized bank signers for the Banks is as follows:**
  - a. **Debbie Kitchin, Board President**
  - b. **Dan Enloe, Board Treasurer**
  - c. **Margie Harris, Executive Director**
  - d. **Courtney Wilton, Chief Financial Officer**
  - e. **Peter West, Director of Programs**
  - f. **Steve Lacey, Director of Operations**
  - g. **Debbie Goldberg Menashe, General Counsel**
4. **The Executive Director is authorized to execute all required documentation to implement this resolution.**

Moved by: Alan Meyer

Seconded by: John Reynolds

Vote: In favor: 13

Abstained: 0

Opposed: 0

## **President's Report**

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### ***President's Report***

John Reynolds delivered his final President's Report. He displayed a chart of U.S. energy resources and what sectors are fueled by those resources, noting almost one-half is wasted as heat. The U.S. is dependent on coal, petroleum and natural gas which are nonrenewable and finite. John indicated a shift is needed to renewable energy to sustain us. He showed charts of the amount of energy consumed and associated Gross National Product (GNP) 2008-2012, illustrating that the U.S. used less energy at the end of that time frame while GNP increased. An Oregon only chart showed Oregon's dependence on nonrenewable energy is relatively smaller to other states, and subsequently, easier to transition to renewable energy than other states. Oregon is unique in that it has access to five renewable energy sources. Oregon has 20 MW of solar capacity, several irrigation districts generating hydropower, large wind farms and small wind turbines, geothermal, and biomass and biogas resources. Energy Trust spends 91 percent of funds for energy efficiency, which is important. John asked the board to keep in mind that the 9 percent of funds for renewable energy are needed to decrease reliance on nonrenewable energy.

Debbie thanked John for his informative presentations in his role as board president and also encouraged other board members to contact her if they would like to make presentations at future board meetings.

### ***Committee Assignments—R694***

John Reynolds introduced the resolution. Debbie will serve as *ex officio* on every committee.

**RESOLUTION 694  
BOARD COMMITTEE APPOINTMENTS**

**WHEREAS:**

1. The Energy Trust of Oregon, Inc. Board of Directors is authorized to appoint by resolution committees to carry out the Board’s business.
2. The Board President has nominated new directors to serve on the following committees.

**It is therefore RESOLVED:**

2. This resolution supersedes Resolution 663, adopted by the board at its April 3, 2013, meeting.
3. That the Board of Directors hereby appoints the following directors to the following committees for terms that will continue until a subsequent resolution changing committee appointments is adopted:

<b>Audit Committee</b>
Ken Canon, Chair
Melissa Cribbins
Mark Kendall
Dave Slavensky
Karen Ward, outside expert
Debbie Kitchin( <i>ex officio</i> )
<b>Board Nominating Committee</b>
John Reynolds, Chair
Rick Applegate
Roger Hamilton
Alan Meyer
Anne Root
John Savage, OPUC ( <i>ex officio</i> )
Debbie Kitchin( <i>ex officio</i> )
<b>Compensation Committee (formerly 401(k) Committee)</b>
Dan Enloe, Chair
Melissa Cribbins
Mark Kendall
Kenneth Mitchell-Phillips
Dave Slavensky
Debbie Kitchin( <i>ex officio</i> )
<b>Executive Director Review Committee</b>
Roger Hamilton, Chair
Melissa Cribbins
Kenneth Mitchell-Phillips
John Reynolds
Debbie Kitchin( <i>ex officio</i> )
<b>Finance Committee</b>
Dan Enloe, Chair
Susan Brodahl
Anne Root
Dave Slavensky
Debbie Kitchin( <i>ex officio</i> )

<b>Policy Committee</b>
Roger Hamilton, Chair
Rick Applegate
Ken Canon
Alan Meyer
John Reynolds
Debbie Kitchin( <i>ex officio</i> )
<b>Program Evaluation Committee</b>
Alan Meyer, Chair
Susan Brodahl
Mark Kendall
Kenneth Mitchell-Phillips
Anne Root
Tom Eckman, NWPCC, expert outside reviewer
Ken Keating, expert outside reviewer
Debbie Kitchin( <i>ex officio</i> )
<b>Strategic Planning Committee</b>
Rick Applegate, Chair
Susan Brodahl
Ken Canon
Mark Kendall
John Reynolds
Lisa Schwartz, ODOE
John Savage, OPUC
Debbie Kitchin( <i>ex officio</i> )

4. The executive director, general counsel, or chief financial officer are authorized to sign routine 401(k) administrative documents on behalf of the board, or other documents if authorized by the Compensation Committee.

Moved by: Dave Slavensky

Seconded by: Alan Meyer

Vote: In favor: 13

Abstained: 0

Opposed: 0

## Committee Reports

### ***Compensation Committee, Dan Enloe***

Dan introduced Resolution 696, which adopts a new Supplemental Executive Retirement Plan.

**RESOLUTION 696  
ADOPTING A NEW SUPPLEMENTAL RETIREMENT PLAN (SERP)**

1. With regard to the Energy Trust of Oregon, Inc., Supplemental Executive Retirement Plan (the SERP), it is hereby RESOLVED:
  - A. No participant-elected deferrals or employer contributions shall be made to the SERP after March 1, 2014.

- B. **No employee shall become an active participant in the SERP after March 1, 2014.**
  - C. **Amounts deferred under the SERP before March 1, 2014, shall continue to be held and invested until they are distributed in accordance with the SERP document. When all accounts have been fully distributed, the SERP shall automatically terminate.**
  - D. **The SERP document, as amended and restated effective March 1, 2014, is hereby approved and adopted. The chair of the Energy Trust Compensation Committee is authorized and directed to execute the restated SERP document on behalf of Energy Trust.**
2. **With regard to the Energy Trust of Oregon, Inc., Supplemental Executive Retirement Plan #2 (the SERP #2), an eligible deferred compensation plan under §457(b) of the Internal Revenue Code (the 457(b) Plan), it is hereby RESOLVED:**
- A. **The SERP #2 is adopted effective March 1, 2014. The SERP #2 document is hereby approved and adopted, and the chair of Energy Trust's Compensation Committee is authorized and directed to execute the SERP #2 document on behalf of Energy Trust and to take any additional actions that are necessary or appropriate to implement the SERP #2.**
  - B. **All employees who were active participants in the SERP as of March 1, 2014, shall automatically become active participants in the SERP #2 effective March 1, 2014.**

Moved by: Dan Enloe

Seconded by: Mark Kendall

Vote: In favor: 12

Abstained: Susan Brodahl

Opposed: 0

***Evaluation Committee, Debbie Kitchin***

Since the last board meeting, there have been two committee meetings. At the December meeting, the committee reviewed the 2013 report on energy savings and measure costs for three Existing Homes program tracks: 1) standard Energy Trust residential offerings; Energy Trust Home Performance with Energy Star offering; and, Clean Energy Works Home Performance offering. The report included analyses completed by Energy Trust which in turn were reviewed by multiple independent third-party evaluation experts. The report included an energy consumption or "impact" analysis of utility billing data to determine savings from the Clean Energy Works Oregon track. Previous evaluations have reported savings in the other two tracks. The report also provided information on measure costs for all 3 Existing Homes program tracks. This information was requested by the Oregon Public Utility Commission and will help inform Energy Trust's upcoming report on cost-effectiveness of gas measures as part of the OPUC gas cost effectiveness docket. Energy Trust is currently working under an exception from the OPUC to sustain gas programs for residential customers.

Debbie referenced and handed out a letter from Clean Energy Works, received by Margie Harris and the OPUC's Jason Eisdorfer. The Executive Director of Clean Energy Works, Derek Smith, participated in the December Evaluation Committee meeting and the letter is in response to that meeting, the evaluation report, and the use of the Total Resource Cost test to determine cost effectiveness.

Also at the December meeting, the committee reviewed impact evaluations for the Production Efficiency and Existing Buildings programs. The board was reminded that the committee first reviews draft evaluations, after which staff or a contractor finalizes the evaluation to address comments received regarding the evaluation methodology or to otherwise clarify the report. Once completed, the



executive summary and a staff memo are added to the board packet, which can be several months after the evaluation was first discussed at the committee.

The January meeting covered the Residential Awareness Study and additional impact evaluations.

The board discussed the difference between impact and process evaluations. The former are used to verify estimated savings while the latter are used to evaluate how programs are being implemented. Results from impact evaluations are then incorporated into annual True-Up reports.

It was noted there are some errors in the automated numbering of the table of contents of one of the evaluations in the packet, and staff will correct the numbering.

*Lisa Schwartz arrived at 1:52 p.m.*

### **Finance Committee, Dan Enloe**

Key highlights are strong revenues which exceeded costs by \$32 million in 2013, driven by acquiring substantial energy savings at lower than budgeted costs. Further details will be described in Margie's staff report to the board. Staff costs were up slightly over 2012, as expected, due to staff additions and staff performance compensation. Professional services and overall operations spending were below budget. Energy Trust is in a strong position going into 2014.

Bank deposit changes were made and the committee will monitor performance of the just-launched Savings Within Reach offering.

The Board commented that if Energy Trust was a for-profit organization, the underspending while reaching goals and accumulating cash would be good thing, and yet having more reserve funds than anticipated is not ideal. Margie clarified that we planned jointly with utilities during the last budget development cycle to hold rates stable for 2014 and 2015. For those two years, additional revenue will not be collected. In 2013, Energy Trust secured very inexpensive, large volume commercial and industrial savings that may not repeat. These savings, at such a low cost, add benefit for all ratepayers. Another variable affecting the size of our reserves at the close of the year is when projects are completed. In 2013, multiple large projects were delayed. Staff is aware of the situation and currently analyzing if the large volume of very inexpensive savings obtained in 2013 is a trend, how this affects assumptions for budgeting next year and how this may affect reserves and reserve usage. If too much cash is on hand, there is an option to work with all utilities to reduce revenue collection through a rate adjustment.

### **Policy Committee, Roger Hamilton**

The last meeting was January 28 and many agenda items will be covered in Margie's staff report. As part of the regular three-year review cycle, the Contract Execution and Oversight Policy was reviewed and no changes recommended. The committee discussed the ongoing cost-effectiveness docket. In July, staff will present a proposal to the OPUC on alternative ways to address various cost effectiveness issues resulting mainly from the decline in natural gas prices, rendering certain efficiency measures not cost effective.

In the board packet are the board's Corporate Governance Guidelines. The committee recommends that the full board adopt the guidelines as board policy. Discussion regarding the guidelines continued, with focus on the listing of the eleven regular board functions, the stated expectation of regular committee attendance, and serving on at least three committees. The board also noted a mistake in the numbering of the sections, and a motion was made to amend the proposed guidelines to correct the numbering.

Debbie Menashe was thanked for her work on the guidelines.

*Melissa Cribbins stepped out of the meeting.*

**AMENDMENT TO RESOLUTION 697**

Correct the numbering of the sections in the proposed Corporate Governance Guidelines.

Moved by: Alan Meyer

Seconded by: Dave Slavensky

Vote: In favor: 11

Abstained: Susan Brodahl

Opposed:

**RESOLUTION 697  
RESOLUTION ADOPTING CORPORATE GOVERNANCE GUIDELINES  
FOR ENERGY TRUST'S BOARD OF DIRECTORS**

**WHEREAS:**

- 1. It is important to the success of Energy Trust programs and operations that its board of directors is informed about expectations for board service and corporate governance.**
- 2. Energy Trust operates in a transparent manner, and expectations for board service should be consistent with relevant law and regulation, publicly available, and reviewed on a regular basis.**
- 3. The Policy Committee of the board has reviewed the Energy Trust Board of Directors Corporate Governance Guidelines in the form attached and recommends their approval as a board policy.**

**It is therefore RESOLVED that:**

- 1. The board adopts the Energy Trust of Oregon Board of Directors Corporate Governance Guidelines as attached hereto as Exhibit A as a board policy; and**
- 2. Energy Trust maintain the Energy Trust of Oregon Board of Directors Corporate Governance Guidelines in accordance with its procedures for maintaining and reviewing Energy Trust board policies.**

Moved by: Alan Meyer

Seconded by: Anne Root

Vote: In favor: 11

Abstained: Susan Brodahl

Opposed:

*Melissa Cribbins returned to the meeting.*

***Strategic Planning Committee, Rick Applegate***

The committee has been working for the past several months on the 2015-2019 Strategic Plan. This is the full board's first glance at the early research and work in progress. A draft plan will be ready for

the board's June Strategic Planning Workshop. The board thanks staff members Debbie Menashe, John Volkman, Fred Gordon, Elaine Prause and Margie Harris for their contributions so far in the process. The plan will lead very directly to Energy Trust's preparation and adoption of shorter-term action plans and annual budgets.

Margie presented on the background work conducted so far. The plan allows the organization to think ahead on where Energy Trust should take its mission, and whether or not to focus on new goals and new opportunities. Rick and all committee members provided leadership in the process that guides staff on the plan development. Former Northwest Power and Conservation Council (Power Council) executive director Ed Sheets provided input early in the process, and interviewed industry professionals nationwide about strategic challenges and approaches they are using in energy efficiency and some renewable energy. After the interviews, New Buildings Institute's Dave Hewitt reviewed and shared his perspective on the summary. Subsequently, the board's strategic planning committee engaged in discussion and review of this information. This led to a list of strategic issues and opportunities, which has been shared with the board. At this stage, staff is seeing themes emerge and overlap. These themes will be cast into a draft plan, which the board will consider at the June workshop. The workshop will be facilitated by Nick Viele.

Debbie Menashe described the process for completing the draft plan. First, having a five-year Strategic Plan is identified and required in Energy Trust's Grant Agreement with the Oregon Public Utility Commission (OPUC). Specific requirements for the plan include a mission, goals and strategies and actively seeking input from stakeholders. Previous plans were for the time periods 2002-2005, 2006-2010 and the current 2010-2014. The current plan's mission and vision were mentioned along with the general energy efficiency and renewable energy goals. Energy Trust is well on its way to achieving the energy efficiency goals. The renewable energy generation goals were modified mid-course due to a 2007 change in statutory funding for the sector and a shift in focus on systems smaller than 20 megawatts (MW) capacity. Also, the elimination of the state's Business Energy Tax Credit has significantly affected this sector. We do expect to fall short of current strategic plan goals for renewables due to these market changes.

The expected draft plan development schedule was reviewed, which includes:

- Situational analysis and information gathering by February through discussion with stakeholders, Management Team members and staff
- Emerging strategic issues in March
- Creating the draft plan by May
- Board review of the draft at the June Strategic Planning Workshop
- Draft plan outreach to stakeholders, utilities, OPUC, the Oregon Department of Energy and others from around state in July and August
- Review and approval of the final strategic plan at the October board meeting.

It was emphasized that the Strategic Plan is a living document. It informs Energy Trust's budget and action plans, and shapes annual staff work plans and focus areas.

Margie reviewed her discussions and interviews conducted with "influentials," a part of the information gathering process identified last fall with the board committee. Margie met with Clark Brockman, SERA Architects; Nik Blosser, Chinook Book and Northwest sustainability professional; Susan Anderson, City of Portland Bureau of Sustainability; Steve Wright, formerly of Bonneville Power Administration and currently with Chelan PUD; Tom Eckman, Power Council; Phil Welker, PECl; and Roger Woodworth, Avista Utilities.

Cross-cutting feedback from these interviews stated that Energy Trust is successful and needs to do more, building on its foundation, its momentum and its connections. "Do more" was in a number of

categories, and with recognition of Energy Trust's ability to leverage 10-12 years of investment and reputation. Three themes were drawn from the feedback.

Theme one is doing more to help communities by linking energy activities Energy Trust is responsible for with activities communities also care about. It is about exploring what the connections are between energy and water, land use, transportation, housing types, growing and distributing food, alternative transportation modes, serving all residents, focusing on low income residents and more. It is asking how Energy Trust can leverage the same stakeholders, constituents and goals representative of these other areas and link them to energy efficiency and renewable energy opportunities. There are intersections between Energy Trust's work and other areas these disciplines focus on. By working together to leverage and collaborate, mutual and complementary benefits can be accomplished.

Theme two is decarbonization of the utility system. There are national discussions about carbon reduction, creating a lighter carbon economy, and carbon policy. . These strategies link renewable energy and energy efficiency as ways to reduce carbon. Currently, Energy Trust is not officially part of state or regional carbon reduction goals. Interviewees recognize the importance of this issue and Energy Trust's work as a way to help reduce carbon. This is an open question and with it comes even more questions on whether other funding would be sought enabling Energy Trust to further align itself with others pursuing carbon reduction goals.

Theme three is whether Energy Trust has a future role in helping promote manage demand on the electric grid. This has to do with a variety of potential opportunities to be explored with electric utilities, including integration of renewable energy to the grid, management of peak demand, and educating consumers on actions such as when to turn appliances on or off, invest in water heaters as storage or charge electric vehicles.

At this stage, there are more questions than answers, yet it is encouraging to see clear themes emerge.

The board asked for clarification on peak demand management. Margie said Steve Wright was the main stakeholder providing this feedback. He discussed electrification of the grid and overproduction of renewable energy in parts of the grid in the W. United States. Though not necessarily something the Energy Trust region is currently experiencing, it is a topic to be explored as a strategic opportunity. The board discussed the possibility of peak demand management might change how Energy Trust assesses cost effectiveness for certain measures.

The board asked if anything surprised Margie. She said the unity across all the different interviewees, a cohesion of what she heard, was unexpected. She thought there would be more isolated comments.

Board members also asked if any discussion about new utility business models came up in the interview. Margie reported that the issue did come up, largely with Tom Eckman and Dave Hewitt. A future energy world of more decentralized or distributed generation has been an undercurrent in the industry around the nation and several papers on focusing on this topic.

Staff said Energy Trust needs to be deliberate and intentional on what areas to invest in and focus on. Investment criteria will be developed to assess any areas that may add, expand or significantly refine Energy Trust's mission and goals. The board encouraged such an assessment, and recommended that any ideas be shared with the broader community. Even if such ideas are not incorporated into Energy Trust's Strategic Plan, others may find it valuable.

Fred Gordon mentioned this upcoming strategic plan has been looked at even more than in the past on what is the full spectrum of opportunity for Energy Trust. This time, staff is discussing whether to

have more concrete five-year goals and a longer-term aspirational vision. This approach would allow room for possibility and evolution, especially as some of these areas like peak demand, demand-side management and overproduction on the grid may not have clear direction by the time the plan is complete. Another key consideration is the goals of Oregon, the Governor's 10-Year Energy Action Plan and the roles of the Oregon Department of Energy and other organizations.

Fred then reported on the emerging strategic issues for discussion as set forth in the paper provided in the board packet. For an early look at renewable energy considerations, staff is asking whether Energy Trust's approach of working with a range of technologies and providing project development assistance is still optimal. Also, the staff is grappling with what role distributed generation will play in the future and community ideals of local generation. The timing of this strategic plan development aligned well with the renewable energy sector, as the sector adjusted its plans a few years ago when external subsidy levels were significantly declining. This strategic plan update presents an opportunity to revisit the direction adopted by the board.

The board asked for clarification on demand management pilots. Fred clarified utilities are trying things such as time-of-use rates, water heater demand control, stand-by generation and dispatchable programs. Energy Trust could explore how it can help complement those efforts and intentionally weave such activities together.

For an early look at energy efficiency considerations, Fred mentioned savings achievements so far have reduced electric load 1.7 percent and natural gas loads 0.5 percent every year, significantly impacting loads. There is the possibility that absent new resources, Energy Trust may be slowing down acquisition due to that declining resource base. Questions being asked are how does Energy Trust change how it's organized to get at different, harder-to-acquire energy efficiency and renewable energy resources? Part of the answer is thought to be new technologies, new markets, underserved markets like rural areas, moderate income customers, small commercial buildings and small industrial operations.

The board asked what cost was used for greenhouse gases in cost-effectiveness tests. Fred clarified the process used for utility Integrated Resources Planning, which uses each utility's own forward-pricing curves. For internal planning purposes, staff uses a merged number.

The board talked about how the current "box" or scope of work was established for Energy Trust's mission and goals. The "box" is defined by SB 1149, SB 838 and our Grant Agreement with the OPUC. Staff agreed, and described how an action is framed combined with its funding source can position it either in or out of the current box. It was discussed how Energy Trust's current mission and purpose was created through legislation and that it is now spilling over into other areas, like state goals. The question is does Energy Trust have a role to assist in those other areas? Currently, Energy Trust is funded only by public purpose charges. There is an option via the Grant Agreement to pursue and leverage other funding and though Energy Trust has not done so as yet, this construct is available.

The board discussed whether the recent information on Energy Trust spending less in 2013 while still achieving goals is a trend and whether it should inform the strategic plan. Margie provided her feedback, indicating large volume, cost-effective savings from data centers and other large projects aren't necessary going to repeat in the future. She added that program activities in the future may be less about incentives and more about the service and the information Energy Trust provides to assist customers in making investments and completing projects.

*Board took a break from 3:13 to 3:30.*

## Staff Report

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### *Highlights, Margie Harris*

Margie highlighted a recent customer who installed a small wind turbine near Silverton in Marion County. She described the project details, project costs and incentives, and expected generation for the Portland General Electric net-metered project.

Preliminary 2013 annual results were detailed. Electric savings exceeded stretch goal, natural gas savings were slightly less than stretch goal and renewable generation was 72 percent of conservative goal. Compared to 2012, efficiency levelized costs are lower for both fuels in 2013. Renewables had four large projects shift into 2014, and the program also developed a 2014 commercial solar pipeline. Margie described the shift in this sector over the last few years, which has adjusted to a loss of what was a longstanding Oregon Business Energy Tax Credit. The official annual report to the OPUC will be submitted April 15, 2014. Margie mentioned the vast majority of savings and generation were acquired in the fourth quarter, a trend every year. Significantly more electric savings were acquired this Quarter 4 than the same time in 2012. The board commented on the trend of high activity occurring in Quarter 4.

Results by utility were described, including savings, levelized costs and progress to goals. Margie commented it wasn't long ago when annual savings were 30 aMW combined for both electric utilities, as compared to 2013 savings of 35.6 aMW for PGE and 22.2 aMW for Pacific Power in 2013. Energy Trust is acquiring a lot of savings, faster and cheaper than thought possible. The Integrated Resource Plan (IRP) targets were met or exceeded in three utilities, while achieving 85 percent of the IRP target for Cascade Natural Gas. Energy Trust does hold itself accountable for utility-specific IRP targets, and the OPUC expects that Energy Trust meet or exceed them. Rounding out the goals presentation, results in Washington for NW Natural achieved conservative goal. It was clarified that while 2014 will see the end of the construct of a range of two goals in Oregon, known as "conservative" and "stretch" goals, two goals will remain for the programs in Washington.

Initial year-end observations include strong annual results coming in well below OPUC performance measures for levelized costs. This affordable energy was acquired at lower costs than expected. Initial analysis points to one large data center in Pacific Power, one mega project in PGE, lower-cost savings from behavioral change activities emphasizing operations and maintenance improvements not requiring major capital investment and, the Northwest Energy Efficiency Alliance (NEEA) delivering 119 percent of stretch goal in market transformation savings.

Lower Energy Trust operational costs were from spending less on professional services, expenditures for the IT Integrated Solutions Implementation Project shifting into 2014, and delayed or cancelled evaluations. Further analysis is warranted and underway regarding efficiency acquisition, especially to determine whether this is an ongoing trend of lower cost savings or not. A counterpart in Vermont indicated a similar situation of shifting to behavioral-based savings and also experience lower cost acquisition. Lower operational costs require staff to revisit assumptions used when budgeting, where they are often being overly optimistic on the amount of dollars needed to acquire savings. Changes will also stem from relying more on program reserves to fund any unexpected activity. The end goal is to align expenditures more closely with forecasted revenue while meeting goals.

In collaboration with the utilities, Energy Trust held rates stable for 2014 and 2015. Right now, the combined ending reserve balances total \$78 million. This amount is approximately \$15 million more than last year's comparable balance and \$15.3 higher than what was forecasted in September 2013. Our 2014 commitments include an estimated \$54 million in incentive agreements and \$17.3 million in projected expenses for operational contracts. That leaves available net assets or reserves at approximately \$8 million. As mentioned, staff is examining all contributing factors and analyzing the circumstances that contributed to this situation. Margie will report back to the board on findings.

Quarter 4 activity highlights were summarized. In the renewable energy sector, the JC-Biomethane biogas project came online in October and residential solar electric systems installed made up 75 percent of the year's total new solar generation. In the commercial sector, the New Buildings program saw rebounds in new commercial construction, data centers contributed 71 percent of New Buildings overall electric savings in 2013, services to schools included collaboration with the Oregon Department of Energy and building a large pipeline of 2014 schools projects, and in the Multifamily program, the first four projects were identified in the Mpower on-utility-bill repayment offering for residents of affordable housing developments. The industrial sector saw a very large, cost-effective project complete in PGE territory and continued to see steady savings from behavioral savings through Strategic Energy Management efforts. Lighting from compact fluorescent light bulbs and LEDs provided more savings than expected in multiple programs. NEEA contributed significant savings from efficient television sales, though this is not expected to be an ongoing source of savings.

Margie highlighted the recent big check commemoration at the Edith Green-Wendall Wyatt federal building in Portland. The Leadership in Energy and Environmental Design® (LEED) Platinum building is expected to reduce energy consumption by one-half.

In response to the board's question on whether Energy Trust is part of the current growth in multifamily housing construction underway in the Portland metro area and suburbs, Margie clarified multifamily as an identified audience to emphasize and serve. Staff will follow-up with the board on the penetration rate for this customer type.

The board asked if a tour of the Edith Green-Wendall Wyatt building could be arranged.

#### **2014 Legislation Update, Debbie Menashe**

Debbie highlighted various bills in the Oregon Legislature that staff is monitoring. HB 4105, which could repeal the public purpose charge, has not received a hearing as of yet. HB 4041A is a modification to the current Property Assessed Clean Energy bill and it allows private financing to be a part of PACE financing. This applies to only non-residential properties. HB 4126A is a bill to allow small electric utilities to use unbundled Renewable Energy Certificates to meet more of their Renewable Portfolio Standard obligations. It also allows the OPUC to conduct a study, and if results are positive, examine on a case-by-case basis green tariffs requested by electric utilities. The bill passed both houses. SB 1520 was recommended for do-pass in both houses, and the bill exempts shares or interests in community renewable projects from securities registration requirements. SB 1570 did not see activity; it would have repealed the 2015 sunset for the Alternative Fuels Program. HB 4146 did not see any activity; it would have transferred management of low-income public purpose funds from Oregon Housing and Community Services to electric utilities.

The session is winding down, and *sine die* by law may not be later than March 9. If there is significant activity from now to the end of the session, staff will update the board.

*Roger Hamilton left at 4:15 p.m.*

*Ken Canon left at 4:30 p.m.*

#### **Integrated Solutions Implementation Quarterly Update, Scott Clark**

Background on the full project was provided, including description of the completed Phase 1 and the in-progress Phase 2. Phase 2 is replacement of Energy Trust's project tracking system, currently FastTrack. FastTrack is the system of record for savings and generation, and it is not optimally serving the organization's project tracking needs. Staff assessed three options in 2013, including buying software, extending the existing Customer Relationship Management (CRM) system, or building a customized application. The decision in late 2013 was to extend the existing CRM system.

The benefits are the cost of building or buying was relatively the same, staff is familiar with CRM and the implementation can be done in smaller more manageable increments. The project timeline is starting this February and continuing into early 2015. An overview of the budget was given, including \$1.2 million carried over from 2013 to 2014. If necessary, it's expected only about \$235,000 will be carried over to 2015.

## **Adjourn**

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The meeting adjourned at 4:35 p.m.

**The next regular meeting of the Energy Trust Board of Directors** will be held on Wednesday, April 2, 2014, at 12:15 p.m. at Energy Trust of Oregon, Inc., 421SW Oak Street, Suite 300, Portland, Oregon.

\S\ Alan Meyer

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Alan Meyer, Secretary