

Board Meeting Minutes—136th Meeting

May 20, 2015

Board members present: Susan Brodahl, Ken Canon, Melissa Cribbins (by phone), Heather Beusse Eberhardt, Dan Enloe, Roger Hamilton, Mark Kendall, Debbie Kitchin, Alan Meyer, John Reynolds, Anne Root, Eddie Sherman, Lindsey Hardy, Warren Cook (ODOE special advisor), John Savage (OPUC *ex officio*, by phone)

Board members absent: None

Staff attending: Margie Harris, Ana Morel, Debbie Menashe, Amber Cole, Steve Lacey, Fred Gordon, Peter West, Courtney Wilton, Julianne Thacher, Adam Bartini, Oliver Kesting, Kathleen Belkhat, Robert Wyllie, Juliette Eck, Dan Rubado, Erika Kociolek, Betsy Kauffman, Jed Jorgensen, Jay Ward, Katie Wallace, Kati Harper, Brigid Gormley, Gayle Roughton, Eric Braddock

Others attending: Jim Abrahamson (Cascade Natural Gas), Don Jones, Jr. (PacifiCorp), Anne Snyder Grassmann (Portland General Electric), Elaine Prause (OPUC), Samantha Taylor (Conservation Services Group), Clay Norris (Northwest Energy Efficiency Alliance), Becky Walker (CLEAResult), John Charles (Cascade Policy Institute), Roger Spring (Evergreen Consulting Group)

Business Meeting

President Debbie Kitchin called the meeting to order at 12:15 p.m. and noted that an additional resolution was added to the agenda.

General Public Comments

There were no public comments.

Consent Agenda

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.

MOTION: Approve consent agenda

Consent agenda includes:

- 1) April 1 Board meeting minutes
- 2) Amend Balanced Competition policy—R744
- 3) Executive Director Transition Committee—R745
- 4) Executive Director Annual Review—R746

Moved by: Roger Hamilton

Seconded by: John Reynolds

Vote: In favor: 11

Abstained:

Opposed: 0

RESOLUTION 744 AMEND POLICY ON BALANCED COMPETITION

WHEREAS:

1. **The Energy Trust Balanced Competition policy provides that no entity may be a prime contractor or subcontractor of more than two programs. The purpose of the policy is to ensure competition for Energy Trust program management contracts.**

2. The board amended the policy in 2012 to allow firms with two program management contracts to subcontract on other programs as long as the subcontract represents no more than 33% of the program's energy savings goals.
3. In 2014, Energy Trust waived the two-contract limit for a year after one program management contract, CLEAResult, acquired another, PECl, and thereby held three prime contracts. The board directed staff to assess the effects of consolidation in the energy efficiency industry on competition for program management services, and recommend whether the current policy should be maintained or amended.
4. Staff's assessment indicates: (a) while trends in industry consolidation bear watching, they are not currently limiting capable competitors for Energy Trust contracts; (b) no instances in which utilities or others have policies restricting the number of contracts in order to foster long-term industry competition; (c) increasing the policy limit from two to three contracts will not appreciably reduce competition for program management contractors or increase Energy Trust risk of not achieving energy savings goals; and (d) eliminating the limit on subcontracts will allow bidders to choose the best combinations of services to achieve Energy Trust goals without having an appreciable effect on competition.

It is therefore **RESOLVED** that the Board of Directors hereby adopts amendments to the Balanced Competition policy as shown in the attached:

1. Allowing a single firm to be the prime contractor for up to three (instead of two) program management contracts at the same time; and
2. Eliminating the policy's limitation on subcontracts.

**RESOLUTION 745
EXECUTIVE DIRECTOR TRANSITION COMMITTEE**

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 wishes to create an Executive Director Transition Committee in light of the current executive director's planned retirement at the end of calendar year 2016.

It is therefore **RESOLVED**:

1. The Board of Directors hereby creates an Executive Director Transition Committee to serve until Energy Trust fully completes its transition to a new executive director.
2. The Board of Directors hereby appoints the following directors to the Executive Director Transition Committee:
 - Ken Canon, Chair
 - Debbie Kitchin
 - John Reynolds
 - Mark Kendall
 - Susan Brodahl
 - Elaine Prause, OPUC Liaison

**RESOLUTION 746
EXECUTIVE DIRECTOR PERFORMANCE REVIEW**

WHEREAS:

1. **Energy Trust's Executive Director Review Committee completed its evaluation of Margie Harris' performance in 2014.**
2. **The committee evaluated Margie's performance as outstanding.**
3. **The Executive Director Review Committee also considered the following in proposing a merit increase from the review:**
 - a. **Energy Trust's existing salary structure and Margie's current salary position on that range.**
 - b. **Periodic survey and market analysis of comparable position salaries.**

It is therefore RESOLVED:

The Board of Directors authorizes a merit award increasing Margie's salary by 8.0% effective February 1, 2015.

President's Report

Debbie described a recent presentation of an Energy Trust incentive check to the City of Gresham Wastewater Treatment Plant for investments that helped the plant achieve net-zero energy use. The plant generates power from biogas and solar energy, as well as from anaerobic digestions of fats, oils and grease. Not only does the plant save \$500,000 per year in energy, it earns \$250,000 a year in tipping fees from the collection of fats, oils and grease.

Debbie also recently represented Energy Trust at the Daily Journal of Commerce Top Projects awards. This event is targeted to a general construction audience, and many of the featured projects received support from Energy Trust.

Following her April board meeting report, Debbie described the environmental and cost-saving benefits of cross-laminated timber and provided an update. Oregon company D.R. Johnson Lumber Company recently received a grant to pursue production of cross-laminated timber. She announced plans to visit buildings using this new technology on an upcoming trip to London in association with the Portland Development Commission.

Energy Programs

Cascade Energy Contract Extension for Production Efficiency Streamlined Industrial Initiative, Adam Bartini

Adam Bartini, industrial program manager, presented a proposal to extend two Production Efficiency Program Delivery Contractor (PDC) contracts for one year each.

Delivered by Cascade Energy, Production Efficiency's streamlined track offering includes a variety of vendor-delivered prescriptive efficiency measures and constitutes the bulk of the sector's project volume. Staff recommend extending Cascade Energy's contract for one additional year to December 31, 2016.

Cascade Energy has delivered strong energy savings, especially for electric utility customers, and helped Production Efficiency diversify savings by increasing the number of projects completed. The current pipeline of streamlined industrial projects is 50 percent higher than last year at this time. Production Efficiency has seen very high realization rates of savings for Cascade Energy projects.

The board asked if there is an advantage to expiring both PDC contracts at the same time. Adam responded that there is no advantage to aligning contract end dates. However, concluding two Program Management Contractor (PMC) contracts at the same time has been manageable in the past and is not expected to significantly increase staff workload.

The board requested a summary of current PMC and PDC contracts, including completion dates. Peter responded that Energy Trust can provide this list, and he explained that these contracts are staggered from an overall organizational perspective. The board suggested that Energy Trust consider changing contract expiration dates from December to June, as year-end seems to be a busy time even without contract transitions. The board also suggested that negotiating the extension of contracts can result in additional benefits for Energy Trust.

The board asked if these two PDCs increased outreach to rural areas. Adam responded that PDC outreach staff have recently been added, including local staff to serve Central, Southern and Eastern Oregon. Peter noted that other PDCs also have rural outreach staff.

The board asked if contracts are reviewed and feedback is provided annually. Adam responded that this is done on a monthly basis.

The board asked about these two PDC contracts as a portion of Energy Trust's overall electric savings goals. Adam shared that savings goals for 2015 are 16 million kilowatt hours (kWh) for Cascade Energy and 32 million kWh for Evergreen Consulting Group.

Evergreen Consulting Group Contract Extension for Industrial Lighting, Adam Bartini

Adam presented a proposal to extend Evergreen Consulting Group's contract for one additional year through December 31, 2016, based on very strong performance. Evergreen Consulting Group develops and trains Energy Trust's industrial lighting trade ally network. Industrial lighting savings were outstanding in 2014, and the pipeline of projects is strong for 2015.

The board asked how Evergreen Consulting Group's work dovetails with the work of custom PDCs. Adam explained that Evergreen Consulting Group directs customers to a custom PDC if appropriate. Ideally, customers work directly with trade allies.

The board asked if Evergreen Consulting Group includes Minority, Women and Emerging Small Business (MWESB) companies in the trade ally network. Margie responded that the diversity of lighting trade allies has increased over the years, and noted that Energy Trust is exploring new outreach strategies to further engage MWESB trade allies.

CLEAResult Contract Extension for New Buildings, Oliver Kesting

Oliver Kesting, commercial sector lead, presented a proposal to extend Energy Trust's contract with CLEAResult by two years to December 31, 2017, based on strong performance.

Acquired by CLEAResult in 2014, PEI has served as the New Buildings PMC since 2009. In 2014, CLEAResult was granted an exception from Energy Trust's balanced competition policy, and today the board approved a change to this policy to allow a single PMC to serve three contracts.

The New Buildings pipeline is currently robust, and CLEAResult has consistently delivered innovative offerings, such as market solutions and Path to Net Zero. CLEAResult has been adaptable to market changes, and customer satisfaction with New Buildings has been extremely high.

The board inquired why the New Buildings goal declined from 2013 to 2014. Oliver responded that New Buildings projects have long lead times, so the program can develop budgets based on advanced knowledge of upcoming projects. In addition, goals are impacted by very large projects like data centers.

In response to a question from the board about low incentives year-to-date, Oliver explained that large projects are expected to complete and receive incentives later in the year and bring incentive spending in line with budget.

The board commented that CLEAResult assured they would retain technical expertise within PECl, and Oliver responded that they have honored this commitment.

The board asked about savings realization rates for New Buildings, and Oliver explained that realization rates are difficult to calculate because New Buildings is a market transformation program.

The board asked about extending the contract for 18 months so that it ends on June 30, and Oliver responded that a longer contract extension is preferred because many of the program's long-lead projects require continuity of relationships.

The board inquired why some contracts have two-year extensions and others have three-year extensions, and Peter explained that this is based on program design. Longer contracts are important for programs with long-lead projects to ensure continuity from design to implementation.

The board had no objections to these three contract extensions.

**RESOLUTION 747
ELECTING LINDSEY HARDY TO
THE ENERGY TRUST BOARD OF DIRECTORS**

WHEREAS:

- 1. Dave Slavensky retired from the Energy Trust board.**
- 2. The board nominating committee has reviewed candidates for the open board seat and nominates Lindsey Hardy, Program Director for The Bend Energy Challenge at The Environmental Center, Bend, Oregon to a term expiring February 2018.**

It is therefore RESOLVED:

That the Energy Trust of Oregon, Inc., Board of Directors elects Lindsey Hardy to the Energy Trust Board of Directors to a term expiring February 2018.

Moved by: John Reynolds
Vote: In favor: 11
Opposed: 0

Seconded by: Anne Root
Abstained: 0

John Reynolds presented a resolution to nominate Lindsey Hardy to the board, to replace the seat vacated by Dave Slavensky in February 2015.

Lindsey introduced herself and described her interest in the board. She has lived in Oregon for five years, and is passionate about working to support energy efficiency and renewable energy. The board noted that Lindsey emerged as the top candidate because of her on-the-ground work experience.

Responding to a question about what she can bring to the board, Lindsey explained that she has engaged with many local contractors in her current position at the Bend Environmental Center. She has also worked for a solar contractor. These experiences provide a unique perspective into how Energy Trust can support trade allies.

The board approved the resolution and invited Lindsey to join the table.

Committee Reports

Evaluation Committee, Alan Meyer

Alan summarized recent Evaluation Committee work, which included reviewing New Homes billing analysis concluding that Energy Performance Score (EPS) savings estimates are accurate and incentives are appropriate. Dan Rubado added that Energy Trust's modeling is fairly accurate. There is some variability of savings estimates, and it is within a reasonable range. About two-thirds of gas-heated homes were within 25 percent of the predicted energy usage.

The committee also reviewed a 2012 Existing Buildings Impact Evaluation, which measured actual savings results against estimated savings. Savings were found to be accurate for gas projects and very accurate for electric projects. Suggestions for improving the realization rates were costly, and staff will determine if they are appropriate to pursue.

A study on the market for energy-efficient windows indicated that incentives are needed to get people to buy windows with a U-value below 0.30. The board commented that a lower U-value is not always better. In Oregon, a higher U-value may be more appropriate on the south side of a structure. The board briefly discussed potential window technology that can change color based on temperature.

Executive Director Transition Committee, Ken Canon

Ken described the committee's aim to have a new executive director hired by October 1, 2016, and to involve diverse stakeholders in determining desirable attributes. Ken explained the committee's intent to consider staff input, and described a recent meeting with staff. Energy Trust has changed significantly since Margie was hired, and future growth will be different than it has been in past years. Selecting a new executive director is one of the most important decisions this board will make.

Finance Committee, Dan Enloe

Dan reviewed financial statements for the end of March. Production Efficiency and Solar programs are tracking well with budget for this early in the year, with twice as much solar investment as last year. Revenues are light because the winter was mild, but this is not a concern. Spending increased in March due to hiring staff, and overall spending is higher than last year at this time. More spending early in the year means Energy Trust is on track to meet goals. Dan reminded the board that expenditures are expected to be higher than revenues in 2015, to intentionally reduce reserves.

Dan pointed out that a contract status report is included with the budget, featuring all contract start and end dates.

Ken asked about NEEA spending. Margie explained the budget and contract cycle with NEEA and suggested that staff add a footnote to financial statements.

Policy Committee, Roger Hamilton

Roger summarized recent policies under consideration, including the balanced competition policy approved today. This policy now provides a more flexible way of approaching PMC and PDC contracts.

The committee also reviewed the Renewable Energy Certificates (REC) policy. RECs may become an important tool for complying with the anticipated EPA ruling on 111(d), so a decision about the REC policy will be delayed until more information about EPA 111(d) is available.

In addition, Energy Trust performance measures were recently adopted by the Oregon Public Utility Commission for 2015, including a new staffing cost cap of 7.75% of all expenditures and a reduction of the administrative support cap from 9 to 8 percent of total revenues.

Strategic Planning Committee, Mark Kendall

Mark provided updates on two recent Strategic Planning Committee meetings, which included planning for the Board Strategic Planning Workshop and selecting an expert guest speaker on executive transitions in non-profit organizations. The committee is also developing strategies for 2015-2019 Strategic Plan implementation and a matrix to help measure progress toward goals.

Mark invited Kevin Hiebert to explain the facilitation strategy to be used at the Board Strategic Planning Workshop. Kevin briefly described an approach called World Café and Mark explained that the forum is designed to encourage participation and ensure all voices are heard.

An agenda will be sent out one week prior to the Board Strategic Planning Workshop.

The board took a break from 1:35 to 1:55.

Staff Report**Highlights, Margie Harris**

Margie presented official 2014 annual results, including quarter four results. For the first time, quarter four results were appended to the 2014 Annual Report.

As a recent customer example, Margie described Energy Trust's work with Deschutes Brewery in Bend, which has made energy-efficiency improvements over time with Energy Trust support.

Margie presented 2014 revenues and expenditures, which indicated a continued trend of achieving savings at lower-than-budgeted costs. Budget development process improvements are in place, and Energy Trust worked with three of the four utilities to reduce revenue collections in 2015.

Margie presented savings and generation results for 2014. Energy Trust met all OPUC performance measures and exceeded or approached three of four budgeted utility goals. Last year was one of Energy Trust's highest savings years on record, with 58 average megawatts (aMW) of electricity saved at 2.6 cents per kWh and 5.7 million annual therms of natural gas saved at 33 cents per therm. In 2014, 2.39 aMW of renewable generation was achieved, with strong solar installations and a solid pipeline of renewable energy projects shifting into 2015 and 2016. Energy Trust also exceeded gas and electric 2009-2014 Strategic Plan goals, and approached the renewable energy 2009-2014 Strategic Plan goal.

Margie presented the sources of Energy Trust savings and generation by sector, and the board requested to see these pie charts as a percentage of potential load or market share.

The board asked why Energy Trust was so successful in 2014. Margie responded that Energy Trust is very effective at designing programs targeted to customer needs. The economy was also a contributor, as was Energy Trust's strong reputation and well-established network of trade allies. Peter added that

Energy Trust's success is due to its portfolio approach and growth in savings from business sectors, which have increased significantly in the last five years. In addition, extension of NW Natural funding for larger customers allows the organization to meet dual-fuel needs of these customers and provide holistic solutions.

The board noted that consumers are much more excited about LEDs than they were about CFLs several years ago. This indicates the energy-efficiency market has changed.

The board asked if the mild winter impacted results, and Peter noted that the mild winter occurred in 2015, not 2014. Mild weather extends the construction season, so it can impact savings in both positive and negative ways.

In response to a question about the geothermal generation, Margie noted that 2014 geothermal generation was from a project at the Oregon Institute of Technology/Oregon Tech. Another geothermal project is under consideration, and there are additional geothermal opportunities in Southern Oregon and Klamath County, especially for greenhouses.

Margie discussed the residential solar market, which installed 50 percent more solar systems in 2014 than in 2013. The commercial solar market rebounded in 2014, with the largest commercial solar pipeline since the loss of Business Energy Tax Credits. Margie described Mapdwell Solar System™, which was offered as a pilot in 2014. Energy Trust is one of three regions in the country to use this system, which provides potential generation and costs for individual rooftops in Hillsboro and Washington County. Expansion to other Oregon regions will be determined based on pilot results. The board requested future updates on the success of this test, including how accurate it is at estimating generation.

Margie stated that participation grew significantly throughout the state in 2014, resulting from targeted outreach efforts and three outreach staff. Located in Eastern and Southern Oregon, Energy Trust's outreach staff help make Energy Trust more visible and accessible in these regions. Web visits also increased in 2014. Record-high customer satisfaction ratings included 98 percent satisfaction rate with program representatives and 96 percent satisfaction rate overall.

Economic recovery bolstered new commercial construction, especially for multifamily housing. The 100th market solutions project completed construction using packaged incentives for small buildings. New home construction continued to grow and Energy Trust's market share of EPS-rated new homes increased to 34 percent. Strategic Energy Management brought low-cost savings to industrial and commercial customers. The board noted that LEDs also delivered strong savings and impacted the market in 2014.

Margie described Energy Trust's continued focus on optimizing internal operations, including investing in IT infrastructure and automating data input.

Margie presented early 2015 results, included in Energy Trust's streamlined quarter one 2015 Report. The organization ended quarter one with an impressive number of projects expected to complete in 2015. A new PMC began delivering the Products program, and has already attended nearly 1,000 promotional events. Margie also noted new online customer tools including a lighting wheel web page and corresponding print collateral piece.

Margie mentioned the recent Tesla Powerwall battery announcement, and noted this technology is not expected to impact Energy Trust in the near future.

Margie shared photos of the inaugural John Reynolds symposium held in his honor at the University of Oregon, and emphasized John's long-term impact on Oregonians as an admired and influential professor, author and advocate for renewable energy and solar architecture and design.

Margie pointed out a legislative briefing paper in the board packet. The board asked if all legislation has been proposed to the house and senate, and Margie responded that legislation can always be appended to an existing bill. Debbie added that no legislation posing risk to Energy Trust has proceeded through committee, yet something could be added to an existing bill at any point.

Feature Presentation

Employee Sustainability and Engagement Report, Kathleen Belkhat and Robert Wyllie

Kathleen Belkhat described Energy Trust's first annual Employee Sustainability and Engagement Report. It provides an overview of Energy Trust's internal sustainability accomplishments and goals, and serves to further motivate staff and demonstrate the organization's leadership. The report is authored by Energy Trust's energy, environment and engagement team, called E3, composed of volunteers representing departments across the organization.

Robert Wyllie summarized the sustainable attributes of Energy Trust's office, which include sustainably sourced materials and advanced lighting controls. The office is 35 percent above the Leadership in Energy and Environmental Design (LEED) baseline. E3 also tracks carbon dioxide emissions per employee, which decreased from 2013 to 2014.

Engagement is an important part of Energy Trust's staff sustainability efforts. E3 educates staff through an internal newsletter, lunchtime guest speakers and participation in the Portland Bike Commute Challenge. Health activities include lunchtime yoga and a softball team. E3 recently hosted its Second Annual Sustainability Fair in the building's atrium, which was attended by tenants throughout the building. The team also organizes staff volunteer outings to support the community, including volunteering at the Oregon Food Bank.

Future goals include acquiring more reusable coffee mugs and go-box tokens and reducing paper use.

The board asked how knowledge from Energy Trust's internal sustainability efforts can be applied to customer offerings, and Kathleen responded that her work managing the commercial SEM program is reflected in E3 efforts, and vice versa.

The board commended this innovative work, and asked for a comparison of costs and value of these projects. The board expressed interest in seeing this report on an annual basis.

Robert acknowledged broad support from Energy Trust management for the E3 team and the report, and reiterated this work does not override regular work.

Adjourn

The meeting adjourned at 2:50 p.m.

The annual strategic planning workshop for the Energy Trust Board of Directors will be held Friday and Saturday, June 5 and 6, 2015 at Reed College, 3203 SE Woodstock Boulevard, Portland, Oregon.

The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, July 29, 2015 at 12:15 p.m. at Energy Trust of Oregon, Inc., 421 SW Oak Street, Suite 300, Portland, Oregon.

\S\ Alan Meyer
Alan Meyer, Secretary