

Board Meeting Minutes—138th Meeting

September 30, 2015

Board members present: Susan Brodahl, Ken Canon, Melissa Cribbins, Heather Beusse Eberhardt (by phone), Dan Enloe, Roger Hamilton, Mark Kendall, Alan Meyer, John Reynolds, Anne Root, Eddie Sherman, Warren Cook (special advisor, Oregon Department of Energy)

Board members absent: Debbie Kitchin, Lindsey Hardy, John Savage (OPUC *ex officio*)

Staff attending: Margie Harris, Ana Morel, Debbie Menashe, Amber Cole, Steve Lacey, Fred Gordon, Peter West, Courtney Wilton, Scott Clark, Hannah Cruz, Sarah Castor, Dan Rubado, Erika Kociolek, Adam Shick, Mike Bailey, Jed Jorgensen, Thad Roth, Dave Moldal, Betsy Kauffman, Sue Fletcher, Susan Jowaiszas, Susan Jamison, Shelly Carlton, Nicole Brown, Katie Wallace

Others attending: Don Jones, Jr. (PacifiCorp), Elaine Prause (Oregon Public Utility Commission), Tom Eckman (Northwest Power and Conservation Council), Charlie Grist (Northwest Power and Conservation Council), Julia Harper (Northwest Energy Efficiency Alliance), Dave Backen (Evergreen Consulting), BJ Moghadam (Northwest Energy Efficiency Alliance)

Business Meeting

Vice President Ken Canon called the meeting to order at 12:15 p.m. Reminder that consent agenda items can be changed to regular agenda items at any time.

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) July 29 Board meeting minutes
- 2) Amend Authority to Commit Incentives Policy—R752
- 3) Amend Program Approval Process Policy—R753
- 4) Amend Above-Market Cost Policy—R754

Moved by: John Reynolds

Seconded by: Dan Enloe

Vote: In favor: 11

Abstained: 0

Opposed: 0

RESOLUTION 752

AMEND POLICY ON COMMITMENT OF INCENTIVE FUNDS FOR PAYMENT OF ENERGY EFFICIENCY PROJECTS IN FUTURE YEARS

4.21.000_Authority to Commit Incentive Funds for Payment of Energy Efficiency Projects in Future Years

WHEREAS:

1. Energy Trust continues to identify improved ways of managing program budgets and maintain accountability.
2. Beginning in 2005, the board approved changes to the annual budget process, program monitoring and reporting of savings and budget expenditures and provided staff the flexibility to shift funds within programs.
3. ~~Staff has proposed an additional improvement to best serve~~The Board later modified the policy to accommodate customers with complex multi-year projects and incentive payment requirements in future years.
4. The Board now wishes to modify the policy to (a) clarify that some of the policy's limitations apply to programs as a whole and others to individual incentive commitments, and (b) allow individual commitments beyond two years if the overall limitation on programs budgets is respected and the commitment is consistent with Energy Trust contracting policies and the OPUC grant agreement

:

It is therefore RESOLVED:

1. ~~For Staff may design~~ energy efficiency programs to pay financial incentives over several years, provided that:
 1. Staff reviews such programs annually and ensures that not more than
 - ~~Up to 75%~~ of the program's budgeted financial incentive funds are projected to be available ~~committed~~ in the following year; and not more than
 - ~~Using these projected program incentive funds as a base line, up to 25% toward projects expected to be available in the third succeeding year.~~
 2. This authority is subject to the following requirements: (a) In addition, any long-term financial incentive commitments made to individuals or individual entities shall be:
 - (a) ~~such commitments shall be~~ consistent with milestones or conditions in any reservation, tracking or other systems or requirements applicable to these programs;
 - (b) ~~funding commitments and reservation of future financial incentives shall be made for no more than two years~~ subject to all Energy Trust contracting requirements and policies, and the Energy Trust-OPUC grant agreement;
 - (c) ~~all financial incentive commitments will be~~ tracked and reflected appropriately in forecasting reports; and
 - (d) ~~all future financial incentive commitments will be~~ displayed by the program and incorporated into the annual budget process.

**RESOLUTION 753
AMEND PROGRAM APPROVAL POLICY**

Purpose:

1. ~~Historically~~Initially, the Board has approved programs in resolutions that specify specified projected energy savings and cost/aMW and estimated budget allocations for such items as incentives, marketing, administration and evaluation. Specific terms of program management ~~have typically been~~were addressed in separate resolutions authorizing program management contracts.
2. Experience has shown-demonstrated that if staff and contractors adhered to the original terms and conditions identified in Board resolutions authorizing programs, the programs ~~may lose~~lost momentum while staff seeks approval to change program ~~delivery, and considerable Board and staff time are consumed in complex and confusing adjustments~~parameters.
3. ~~Energy Trust has enough experience with these programs to warrant revising~~In 2005, the Board revised this process to make it more efficient.

It is therefore RESOLVED:

1. The Energy Trust of Oregon, Inc., Board of Directors hereby authorizes all existing programs to:
 - a. Operate under a not-to-exceed budget cap established by the Board in the annual budget approval process or by special resolution; staff is authorized to manage the program within this budget until the next annual budget review; staff may move budgeted funds from one program to another within the same program sector (residential, commercial, industrial and renewable energy) without board approval.
 - b. Be managed to achieve ~~a stretch energy savings and cost/aMW annual board-approved goals, recognizing that actual performance may achieve only a more conservative level below which the program would be reevaluated.~~
2. The Board will continue to review and approve program management contract terms.
3. Staff will provide the Board with quarterly status reports based on energy savings by program and sector (not individual contract). Reports would identify issues regarding program performance, such as:
 - a. a program's long-term cost-effectiveness is trending in a negative direction.
 - b. the program is not expected to achieve significant savings over its life.
 - c. a quarterly report shows that a program is trending below ~~the conservative~~ goal, the Board may call for an action plan to address the short-fall.
4. Staff will provide an update to the board on any movement of funds from one program to another at the next board meeting following such movement.
5. The Board retains discretion to modify or discontinue a program if it is not meeting expectations.
6. The Board will use the budget and action plan process to review, modify and adjust program goals and budget caps.

**RESOLUTION 754
AMEND ABOVE-MARKET COST POLICY**

Procedures for Evaluating the Above-Market Cost of a Renewable Resource Project**WHEREAS:**

1. Ratepayer funds for renewable energy projects may be used for "the above-market costs" of constructing and operating new renewable energy resources.
2. In 2002, the board adopted an above-market cost policy specifying a methodology for comparing the cost of a renewable resource with the market price of power, i.e., the price of non-renewable energy on the open market, using levelized present values.
3. The methodology identified the maximum amount that Energy Trust would pay toward a project.
4. Before 2007, most of Energy Trust's renewable generation came from larger, utility-scale wind projects. These projects were governed by "master agreements" negotiated with PGE and PacifiCorp, which established procedures for identifying projects and negotiating funding agreements. Energy Trust's above-market cost policy described different methodologies for utility-scale projects and smaller projects.
5. In 2007, the Oregon legislature limited Energy Trust funding for renewable energy projects to the costs of constructing and operating projects with a nominal generating capacity of 20 megawatts or less. Since then, the methodology for evaluating above-market costs has been the same for all renewable projects, whether utility-sponsored or not.

6. In 2012, the board approved changes to the policy to make clear that Energy Trust's focus is on smaller renewable projects. Up for its regular three-year review at this time, staff recommended a slight additional language change to clarify that "net" costs are analyzed in above-market cost evaluation.

It is therefore RESOLVED that the Energy Trust policy on above-market costs of new renewable resources is amended as shown below to clarify that Energy Trust will use "net" costs in evaluation of project above-market costs.

4.07.000-P Methodology for Evaluating Above-Market Costs of Renewable Resource Projects

The Energy Trust will evaluate medium and small-scale renewable resource projects that are submitted under the Energy Trust programs.

1. **Review Project Proposals:** The Energy Trust will review the costs, [net of tax benefits](#), [government incentives and income streams](#), submitted by project sponsors. Whether through standard processes or RFPs, proposals must provide sufficient information to evaluate the project, including at least technical specifications, resource characteristics, energy delivery, integration, transmission, development timelines, operating plans, financial detail, tax benefits, risks, and personnel. The Energy Trust will evaluate the responses and compare these to the usual and customary [net](#) costs and specifications for similar resources. For complex projects, independent consultants may be used to help with this review and due diligence. Information requirements will vary by program.
2. **Definition of Market Cost:** Based on the OAR definition of above-market cost, for projects delivering power to the utilities the Energy Trust will compare the renewable resource costs to the market value that is used by the utility to acquire non-renewable resources, provided the market value was developed using methods consistent with the utility's latest Integrated Resource Plan and the Commission-approved acquisition process. The market value will typically be an updated forward price curve, QF tariff, Commission-approved avoided cost filings, or marginal non-renewable resource selected through a competitive bidding process. The market price will be adjusted to match the expected daily and seasonal delivery schedule of the renewable resource if necessary. In the case of on-site and net metered use, the market cost will be the retail rates for the customer under filed tariffs with the OPUC.
3. **Calculate the above-market cost:** The defined market costs will be compared to the delivered price for the renewable resource for each year of operation. The difference between the two will define the above or below market cost for that year. The net-present value for these costs over the life of the project (or the contract term in the case of a Power Purchase Agreement) will be calculated using industry-standards to determine the maximum above-market payment, if any, from the Energy Trust. The Energy Trust staff will document these assumptions as part of the review and the Energy Trust's approval processes, which will include a review of what was used in the developers bid compared to what is standard in the industry for rates of return and competitive cost of capital. If the net present value is positive, then this amount would define the maximum above-market cost that the Energy Trust could pay. If the net present value is zero or less, then there would be no above-market cost payments.
4. **Payment:** The Energy Trust can pay up to 100% of the above-market cost. The actual amount of the payment is determined on a case-by-case basis after considering the amount of funding available, the funding needed to develop the project, the benefits of the project, and the potential

of the project to reduce renewable resource costs, provide replicable benefits, address a resource with significant potential, or meet other considerations related to achieving the objectives of the Energy Trust Strategic Plan. Payments to applicants for projects generating for own-use may be capped at the calculated net present value when comparing the cost of the project to the proposer's retail rate, if this results in a lower above-market funding from the Energy Trust than provided in step 3 above. Payments may be made up-front or on a periodic basis over time based on production or other factors. Payments made over time may reflect the discounted time-value of those funds.

Standard-Offer Resources: The Energy Trust will have some programs that require a standard offer for all projects of a similar type. Standard offers can be necessary for market development to signal consistency for long range planning and investment, or because projects tend to have uniform costs. In such instances re-calculating the incentive for each project would be a barrier to the market development and unnecessary.

For programs that have been authorized by the board to offer a standard incentive, staff will follow the procedures outlined for mid to small-scale projects. The calculation will be based on the latest available data on average costs for projects in Oregon. This calculation will be updated at least once per year with incentives adjusted, if necessary.

Other Considerations:

1. Implementation of the Above-Market Methodology: The procedures and analyses will determine the above-market cost based on the best information available at the time of the decision; the payment will be fixed based on this information and will not be adjusted for future changes. The Energy Trust will work with the utility and others to include the most current information in the calculation of the above-market costs.

2. Energy Trust Payments: The payment can be made to the developer, investors, lenders, utility or other parties. The Energy Trust may make a one-time payment, establish escrow accounts, or structure other arrangements.

3. Modifications to the Procedures: If the Energy Trust staff determines that these procedures hinder project acquisitions or that it could be in the ratepayers' interest to modify the procedure for evaluating above-market costs, the staff may request that the board make an exception to the procedures. Prior to doing this, Energy Trust staff will consult with the utilities, the Commission staff and, within the constraints of confidentiality and timing, also with the Renewable Advisory Council. The rationale for any case-specific modifications would be documented as part of the evaluation process for board approval.

4. Utility master agreements. Energy Trust has had master agreements with PGE and PacifiCorp for several years. These agreements were negotiated with the above-market cost methodology in mind, and are consistent with this methodology, but have somewhat different procedural requirements. If utilities submit funding requests pursuant to master agreements, those procedural terms will apply.

Committee Reports

Audit Committee, Ken Canon

The committee is preparing for the 2015 financial audit to be conducted by Moss Adams. This year, the Audit Committee requested Moss Adams analyze two areas for potential risks. The first area Moss Adams examined was Energy Trust's incentive payments process, including internal auditing procedures, when incentives are paid to trade allies, and when incentives are paid to both the customer and the contractor. The second area was the billing process and rates for Program Management

Contractors. Moss Adams also reviewed Energy Trust's IT processes related to data flow, the threshold at which extra staff review is required for transactions, user access and system suggestions. Moss Adams reported no exceptions and made only a few suggestions.

An administrative staffing study was completed by Coraggio Group. Based on a recommendation from the 2014 Management Review and comments made by the OPUC during the fall 2014 budget process, Energy Trust engaged Coraggio Group to review administrative and support staff levels and workloads. Coraggio Group surveyed staff spend at least 10% or more time on administrative tasks, representing approximately one-third of the Energy Trust work force. Coraggio Group concluded Energy Trust's administrative staff and workload were adequate and provided three areas of recommendation. First, to continue efficiency improvements through IT automation and other approaches. Next, to use temporary staff during seasonally heavy workload times to complete administrative work, thereby freeing staff to focus on higher-value work. Third, to assess what types of work can be redirected to other staff within the organization to gain further efficiencies.

Executive Director Transition Committee, Ken Canon

The committee is refining the desired list of traits and capabilities for the new executive director and corresponding position description. The committee gathered valuable input through several Energy Trust individual and group stakeholder meetings regarding the capabilities and experience being sought and including a description of the anticipated timeline and process.

Compensation Committee, Dan Enloe

The committee reviewed the Energy Trust benefits plan for next year and decided to continue with the same provider as this year. Costs are increasing slightly. The current offerings in the plan are retained for 2016. A new plan option, a health savings account (HSA) account, was added, which includes a higher deductible. Energy Trust will help contribute to the initial HSA on behalf of those employees who choose this option. Even with the new HSA choice, the plan can be offered largely at no cost to the organization.

The committee reviewed the Energy Trust retirement plan and considered a mutual fund option divested of fossil fuel companies. More work needs to be done by the firm to ensure such an option would still meet our investment guidelines.

Staff is also reviewing prior year merit budgets and focusing on reviewing compensation levels for positions that have been difficult to fill in the local market, which is quite competitive.

Finance Committee, Dan Enloe

The August 2015 financial statement shows year-to-date revenue is very close to the budgeted amount. As planned, the organization is drawing down program reserves. By the end of August, program reserves were 16 percent lower than the same time last year. Incentive spending is up, particularly in the Existing Buildings and Solar programs. The board commented on the overall healthy financials, and looks forward to seeing the draft budget for the next two years at the November board meeting.

Evaluation Committee, Alan Meyer

The committee recently reviewed the gas fireplace market transformation study, New Homes gas fireplace study, 2014 Fast Feedback results, commercial Strategic Energy Management savings methodology and the multifamily Cadet heater billing analysis. The gas fireplace studies indicate there has been more progress in Oregon than the rest of the region for installing energy-efficient fireplaces in existing homes. In new homes, there is opportunity to further engage in ensuring energy-efficient gas fireplaces are installed. The 2014 Fast Feedback results show Energy Trust is meeting or exceeding the OPUC's annual measure for customer satisfaction.

The board asked for clarification on how the Cadet model saves energy. Dan Rubado, Evaluation project manager, responded the Cadet Energy Plus model includes a dual speed fan, onboard thermostat and

other features. The evaluation shows the Cadets produce modest savings but there was too much variability in the results to be conclusive and it would be cost-prohibitive to conduct a larger study.

Policy Committee, Roger Hamilton

Four policies were scheduled for their standard three-year review. Changes to three of the four policies were adopted when the board approved today's consent agenda. No changes were made to the fourth policy, the Biopower Eligible Fuels policy, and it will be reviewed again in three years.

Results from the Pacific Power large solar competitive solicitation were reviewed. The Renewable Energy Advisory Council (RAC) will review the results and staff recommendations for funding at the October committee meeting.

The committee heard updates from staff on changes being considered for the Renewable Energy Certificates (RECs) policy and information on the OPUC large customer funding docket. Staff will keep the committee updated on these topics.

Strategic Planning Committee, Mark Kendall

Energy Trust will be in the second year of the five-year strategic plan at the next Strategic Planning Workshop in 2016. To prepare for the workshop and to assess progress on the plan's goals and strategies, the committee reviewed a staff proposal for measuring results in emerging technology. The metrics include both qualitative and quantitative measures. Sample metrics reviewed included megawatts, stage-gating, whether a technology is ready for integrated resource planning purposes and the capacity of the market to apply the technology. Strategic Planning Workshop dates for May (not the usual June time) in 2016 and for 2016 committee meeting dates were reviewed. At the next meeting, the committee will look at key process areas for continuous improvement and identify and prioritize topics for the retreat.

Groundwork for Budget & Action Planning

***Preview of the Draft Seventh Northwest Power Plan,
Tom Eckman, Director of the Power Division of the Northwest Power and Conservation Council
and Charlie Grist, Manager of Resource Conservation of the Northwest Power and Conservation Council***

Margie introduced the speakers and noted the Pacific Northwest is very fortunate to have the Northwest Power and Conservation Council (Power Council) and these two individuals with their longstanding familiarity with the region and deep expertise. She stated the Council's Electric Power Plans are developed every 5 years and identifies resource requirements, potential, costs and opportunities for the region as a whole. Energy Trust relies upon the Plan as the foundation piece for Integrated Resource Planning work we undertake with each utility. In turn, IRPs lead to the development of annual efficiency savings goals and budgets. Energy Trust also works with the Power Council's Regional Technical Forum, which analyzes conservation measures, technologies, opportunities and costs. The Seventh Power Plan is in development and will be ready in draft form for public review this October. Comments are due in December.

Tom Eckman presented on the history of the Power Council and the current development and use of the Power Plan. The plan is needed to ensure the region has the energy, capacity, integration and storage resources available to serve customers while balancing risk and costs.

As authorized in the Pacific Northwest Electric Power Planning and Conservation Act in 1980, the Power Council was created to develop a fish and wildlife program and develop a regional power plan. The Power Plan is a 20-year look at forecasted electric load with a required review every five years. The plan must take the least-cost resource route to meet forecasted demand. Conservation is a resource designated by federal statute in 1980 just like generation. Conservation has a 10 percent cost advantage

over other resources. There is a ranking order to determining what energy resource to use to meet energy needs, in the priority order of conservation first followed by renewable energy, generating resources utilizing waste heat like co-generation or combined heat and power, and then all other resources. Storage would fall under the all other resources category. The development of each Power Plan includes public involvement.

The Power Council is unique in the U.S.; it is not a regulator, program deliverer or utility. The council's purpose in regards to power planning is to determine when the region will need resources, how much resource, when to build or buy the resource, the projected costs and the risks.

The Power Council uses a resource portfolio supply curve to examine what resources should be acquired first. Looking at the supply curve, the lowest cost and lowest risk resource is conservation, which has a resource potential of approximately 4,000 aMW by 2035. The council then uses scenarios, a combination of resource strategies and future circumstances, to test the cost, amount and timing to acquire the resources. New to the fifth, sixth and seventh Power Plans is the requirement to maintain a resource adequacy standard. In the end, the council's task is to ensure that the benefits of the power plan's resource strategies outweigh its risks.

Tom reviewed the initial findings of the draft Seventh Power Plan. Conservation and demand response can meet nearly all forecasted regional load growth at the least cost and least risk. There is enough cost-effective energy efficiency to keep loads flat for the next 15 years.

For the region, the annual peak is in the winter, and this winter capacity could be supplied by relying on energy efficiency as the largest source and then demand response or supply from external markets depending on availability, reliability and cost. It was noted California typically has a winter surplus. With the three announced coal plant retirements, energy needs can be met through existing natural gas plants and with modest new development of natural gas generation. Compliance with the Environmental Protection Agency's Clean Power Plan can happen at a regional level with existing resource strategies.

Tom clarified capacity is the peak energy demand requirement on a given timeframe, which can be from an hour to multiple days (also called demand). In Oregon, the largest peak is an evening in the winter. The average load demand is 20,000 MW while the peak can reach 35,000 MW.

The board asked how the plan is translated into action if the Power Council is not a regulatory body. Tom responded utilities look at the plan and determine how they measure against it based on their own planning. Regulators also reference the plan.

The Power Council's analysis of adding new renewable energy resources shows there is not much more than 500 aMW of new renewable resource development unless a 35 percent Renewable Portfolio Standard is enacted. If that happens, new renewable energy resource development increases to nearly 3,000 aMW. The scenarios indicate renewable resources available today do not provide winter peak on a reliable basis for the region, and the plan would need to meet the resource adequacy standard by adding natural gas generation.

Tom clarified the summer peak is growing about four-tenths of a percent per year. By 2030, the summer peak is projected to meet or exceed the winter peak for the region as a whole. One of the scenarios tested included what the demand might be with a temperature change in the region, and related effects like hydropower runoff changes and increased air conditioner load due to changing climate.

Tom noted all scenarios show regional carbon reduction amounts will comply with the federal Clean Power Plan. This would not have been possible without 30+ years of conservation programs saving about 5,600 aMW, and the already planned coal plant retirements. Tom clarified 5,600 aMW saved is

more than enough energy to power the state of Oregon. Going forward, energy efficiency is the region's second largest energy resource.

The board took a break from 2:08 p.m. to 2:20 p.m.

Guest Presentation

Northwest Energy Efficiency Alliance Annual Update, Julia Harper, Director of Market Strategy and Execution for NEEA

Margie introduced Julia and the presentation topic. Energy Trust's five-year strategic period coincides with NEEA's five-year strategic and business plan. Julia helps oversee implementation and business planning.

NEEA is a regional organization working on behalf of 13 million electricity customers in the Pacific Northwest. The nonprofit is voluntarily funded by Energy Trust, Bonneville Power Administration and other utilities. New funders this year are natural gas utilities as NEEA starts to implement its first natural gas market transformation plan.

NEEA coordinates activities and resources for energy efficiency, giving funders greater influence on markets, lowering the overall cost of energy-efficiency acquisition and limiting risk. NEEA has five board committees and seven advisory committees, which include Energy Trust participation. NEEA's strategic goals are to fill the energy-efficiency pipeline with new products, services, practices and approaches, and to create market conditions to accelerate and sustain market adoption of them.

Julia reviewed examples of initiatives led by NEEA, including early initiatives in the late '90s to advance energy-efficiency clothes dryer and compact fluorescent light bulb technology and adoption. The CFL initiative ran 1997-2008 and saved enough energy since then to power 113,000 Northwest homes. A more recent example is the television initiative, launched in 2009, which was one of fastest savings acquisition initiatives for NEEA. NEEA joined California utilities to incentivize the sale of the most energy-efficient televisions at the largest retailers. This work influenced retailers to change their product mix on the shelves, which then influenced manufacturers to build different product mixes than they would have otherwise. Today televisions use 60 percent of the energy of an incandescent light bulb and the initiative led to 142 aMW in total regional savings.

Another NEEA initiative is industrial Strategic Energy Management which Energy Trust now delivers. A barrier to manufacturers reducing industrial energy use was the lack of management systems related to energy. In response, NEEA developed a continuous energy improvement program. In 2008, The Northwest Food Processors Association partnered with NEEA, Energy Trust, the U.S. Department of Energy and others to reduce the industry's energy intensity by 25 percent over 10 years. By the end of 2013, one-third of the food processors started implementing Strategic Energy Management.

Since 1997, NEEA and its funders have saved 1,142 aMW. The 2015-2019 business plan goals are to achieve another 145 aMW in savings. During the last business cycle, NEEA achieved 92 aMW in savings. This included 20 aMW for Energy Trust at a levelized cost of approximately 1.5 cents per kWh.

As part of the business plan, NEEA seeks to fill the emerging technology pipeline with new products. NEEA is currently assessing the potential for savings from secondary window glazing in commercial high-rises, efficient manufactured homes, and commercial new construction to proactively drive net-zero construction through advanced integrated design and code advancement.

Julia noted NEEA influences code changes but does not influence the timing of code cycles across the four-state region. The goal for many NEEA programs is to lock in energy savings codes and standards, creating lasting market effects. In Oregon, NEEA is working with the Home Builders Association on the

residential building code. On standards, NEEA and the Power Council participate regularly in U.S. Department of Energy rulemaking processes. The result is the Pacific Northwest has a strong voice at the table during federal rulemaking.

In August 2015, the NEEA board approved a plan for gas market transformation. Funding is separate from electric market transformation efforts and will be used to scan the market for new technologies, codes and standards, research and evaluation. A natural gas advisory committee includes representation from all funding utilities, including Energy Trust. The budget is \$18.4 million over five years. Natural gas initiatives include work on hearth products, gas heat pump water heaters, combined space and water heating, rooftop HVAC systems and natural gas dryers. The 20-year savings are estimated at 280 million annual therms at about 28 cents per therm levelized.

Challenges for NEEA are ensuring regional equity given the diversity in funders, the increasing complexity of energy-efficiency opportunities, more sophisticated technologies, and managing a higher number of concurrent programs with smaller volumes of potential savings in each of them.

Julia clarified NEEA's strategy for exiting a market. NEEA does a lot of upfront planning with a logic model, which outlines market barriers to a particular technology or practice, intervention strategies and expected outcomes. NEEA then sets market progress indicators as the initiative is implemented. Market progress evaluation reports are completed annually to ensure tracking. As NEEA advances and measures market progress, they may hit a tipping point where the market can continue on without intervention or when a new federal code or standard is in place.

The board talked about other opportunities for NEEA to influence technology improvements in existing products, such as water heater pilot lights.

Staff Report

Highlights, Margie Harris

Margie presented on recently completed projects at the Oregon Zoo Elephant Lands exhibit, including space heating that reuses heat from cooling the polar bear pool. The zoo constructed Forest Hall to use natural ventilation, and installed solar electric and solar water heating systems. Elephant Lands earned \$107,000 in Energy Trust incentives and was honored with a BetterBricks Commercial Real Estate award for sustainability from the Portland Business Journal.

The Quarter 2 Report was published in mid-August. Quarter 3 closes today and Margie will provide year-end forecasts at the next board meeting. Program activities and results in Quarter 2 included early-year residential outreach that led to increased activity for the sector. The residential sector continued to have strong in-store LED sales, achieved savings through promotions of ductless heat pumps and gas hearths, and launched a gas furnace incentive for single-family housing rentals. In the New Buildings program, the market solutions offering is achieving savings in smaller commercial buildings like restaurants and grocery stores. A new lighting offering for existing small businesses covers 80 percent of LED lighting installation costs, includes a zero-interest financing option and a 5 percent discount for customers who pay upfront. The Existing Buildings program worked with PGE and Pacific Power to reach small business customers with this offer. The industrial sector is seeing more small projects, completing 500 small industrial and agricultural projects through Quarter 2, which is an increase of 20 percent over the same time period last year. Many projects were lighting.

Earlier this month, the Solar program was awarded with an Interstate Renewable Energy Council 3i award for the solar soft cost reduction initiative, with strategies to reduce solar installation costs over the long-term. The result will be booking generation at a lower cost to Energy Trust, savings for customers and benefits for the solar industry.

Energy Trust is also working with Multnomah County and the Portland Development Commission on the county's new Commercial Property Assessed Clean Energy Program (CPACE). The program starts with a two-year pilot and is making \$3 million available to support 10 commercial buildings in making energy-efficiency upgrades. These buildings can access Energy Trust's incentives and contractor network.

Staff is reviewing the EPA's Clean Power Plan. Oregon is well positioned to meet requirements of the new federal rule. In the coming year, the Oregon Department of Energy, Oregon Public Utility Commission and Department of Environmental Quality will be working on how Oregon will respond and comply with the federal rules.

Margie said there were valuable results in the recent board outreach survey, which indicated a majority of board members are very interested in attending project ribbon cuttings, tours of installed projects, and participating in customer and stakeholder events.

Several important steps are underway for the diversity initiative. The staff and board completed a cultural competency assessment survey, known as the Intercultural Effectiveness Scale (IES). Participation was at a 90 percent response rate. This was the first step toward completing the full assessment providing Energy Trust a baseline from which to understand our attitudes and experience toward differences. Next steps include debrief sessions, focus groups, individual interviews and a more in-depth tailored survey. Once all the information is gathered, the consultant will deliver findings and recommendations on how to proceed with the initiative hopefully by the end of this year. Margie expects to then set goals and identify next stage efforts in early 2016.

Margie completed her report by highlighting Pam's Sunnyside Greenhouse. The Cottage Grove business worked with Energy Trust to improve the gas efficiency in four of ten greenhouses, and is saving more than \$10,000 annually.

Feature Presentations

Cyber security, Debbie Menashe and Scott Clark

Cyber security is an area of risk for Energy Trust, as for any business. This presentation is a follow-up to a board request to learn more about Energy Trust's policies and procedures related to cyber security. For any business, it is no longer a matter of whether or if there will be a cyber-security data breach but when.

Energy Trust's approach to mitigating the risk of a cyber-attack is to implement multiple overlapping techniques and tactics to create a web of systems that keep unauthorized users out, and limit exposure if there is an unauthorized user in the system.

IT's approach to security starts with firewalls, which allow only specifically authorized activity into Energy Trust systems. Staff review firewall rules twice a year. IT also keeps servers up-to-date; they were recently upgraded during the Integrated Solution Implementation Project. Energy Trust encrypts all data as it is transmitted between internal and external systems. Another layer of security is controlling access to internal systems using Microsoft Active Directory to create authorized user accounts and groups. IT also requires staff to change passwords on a regular basis. All computers are protected by antivirus software with automatic updates and the email server has malware, spam and antivirus scanning protection. For laptops and mobile phones, there is also security.

Energy Trust engages with third parties to review these security practices and support IT infrastructure staff. This year, two reviews were conducted. Moss Adams reviewed the incentive processing system and process. Anitian, a local firm that specializes in cyber security, reviewed the firewall security and Microsoft SQL Server database security.

The board asked whether there are additional security approaches. Scott clarified the server room is locked and access to the room is logged. Energy Trust also relies on Active Directory accounts for all finance activity. There are daily tape backups of all data, and IT is setting up a disaster recovery site at EasyStreet.

In addition to ongoing systems protections, established policies and procedures help ensure data is protected. IT and Legal staff have ongoing communications with staff on how to treat sensitive data. The participant information policy governs how Energy Trust protects and secures sensitive information, including customer information, utility information and other proprietary business information. Debbie noted Energy Trust will receive more sensitive information as Finance starts to accept Automated Clearing House (ACH) payments. There are varied procedures to implement the policy including ongoing staff and contractor trainings, a mobile device policy, training on how to transmit sensitive data using password protection, and a record retention schedule for paper and electronic files.

Energy Trust faces risk of cyber-attacks and also human error. Such errors have occurred in the past, and Debbie works with the Cheryl Gibson, our compliance manager, to identify where there may be gaps in policies and procedures.

Debbie noted Energy Trust also has a commercial general liability policy to cover injury that may arise from property damage or invasion of privacy, and a special cyber-security policy.

Debbie described a spring 2015 survey of staff to test their knowledge of security issues, policies and procedures. There is also an annual training for staff and contractors on our sensitive data policy.

Debbie clarified the record retention policy and that some documents are permanent files while the majority of files are on a five-year or seven-year destruction schedule, based on state record retention guidelines.

***Collaboration and Innovation in Marketing,
Sue Fletcher, Shelly Carlton, Susan Jowaiszas and Susan Jamison***

Sue Fletcher gave an overview of Energy Trust external engagement, which includes communications and marketing functions. Today's presentation defines general marketing activities and focuses on program marketing. Communications includes public reporting, internal and external communications, executive director support and other program and organizational support activities. The three functions share channels, including the website, press releases, collateral and email.

The primary focus of marketing is to bring in savings and generation to support achievement of annual and five-year program goals. Marketing strategies and tactics vary by customer sector, geographic region, utility, demographics and other factors.

A variety of marketing approaches are taken. Advertising is one the most visible approaches and includes online, print, radio and television ads. Marketing also connects with customers through events, the website, trade allies who can access cooperative marketing funds from Energy Trust, co-branding or coordinating on utility communications, collateral to aid sales efforts, press releases and targeted emails. The presenters clarified business email campaigns reach out to about 1,500 to 2,000 recipients per email and residential email campaigns could reach up to 50,000 recipients per email.

Customers can approach Energy Trust at a variety of stages in their decision making: awareness, interest, consideration, intent, evaluation and action. Marketing attracts those customers and moves them further toward the action stage. Energy Trust business marketing can stay at the awareness and interest stages, whereas residential marketing more typically reaches to the intent stage. Small business customers are approached through marketing more similarly to residential customers and are guided to a trade ally contractor.

The presenters reviewed current examples of business and residential marketing efforts; of which, advertising can be in the market for multiple years and run as a comprehensive campaign. Business marketing also includes quarterly newsletters geared toward industrial businesses, commercial businesses and multifamily property owners.

Marketing approaches evolve as program and organizational needs change, such as achieving goals and strategies outlined in the Energy Trust five-year strategic plan.

Sue Fletcher clarified development and design of creative materials like television ads is completed by Coates Kokes, Energy Trust's current creative services contracted agency.

The board noted the recent news stories on high school students building Energy Performance Score-rated homes. Susan Jamison noted that while this is not a specific offer and the New Homes program is structured to support such efforts. The program will follow up with the Salem high school cited by the board.

The board asked how utility customer information is used to target unserved customers. It was noted utility customer information has been used for some targeted emails. There is still more opportunity here. One piece of information that will help is the in-progress research by the Planning group on customers yet to be reached and who have participation opportunities. The board mentioned reviewing that research with regional economic data, too.

The presenters noted Program Management Contractors overlay current Energy Trust data with other external data for program targeting. The board encouraged marketing staff to work with other staff to develop mapping tools to aid in marketing efforts.

The board encouraged a similar presentation on Energy Trust communications in the near future.

Adjourn

The meeting adjourned at 4:13 p.m.

The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, November 4, 2015, at 12:15 p.m. at Energy Trust of Oregon, Inc., 421 SW Oak Street, Suite 300, Portland, Oregon.

\S\ Debbie Kitchin

Debbie Kitchin, President