Energy Trust Board of Directors Meeting

October 1, 2014

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131st Board Meeting

Wednesday, October 1, 2014
421 SW Oak Street, Suite 300
Portland, Oregon

	Agenda	Tab	Purpose
12:15pm	**Call to Order** *(Debbie Kitchin)* • Approve agenda		
	General Public Comment *The president may defer specific public comment to the appropriate agenda topic.*		
	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.* • July 30 Strategic Utility Roundtable meeting notes • July 30 Board meeting minutes • Revise Equity Policy—R715 • Revise Economic Development Policy—R716 • Retire Screening New Opportunities Policy—R717	**1**	*Action*
12:20pm	**President's Report**		
12:30pm	**Audit Committee** *(Ken Canon)*..... • 2014 Management Review Report *(Holly Valkama & Michelle Janke, Coraggio Group)* • Accept submission of Management Review—R718	**2**	*Action*
1:10pm	**Strategic Planning Committee** *(Rick Applegate)* ..... • General overview *(Margie Harris & Debbie Menashe)* • Public comment and discussion • Adoption of 2015-2019 Strategic Plan—R719	**3**	*Action*
2:00pm	**Break**		
2:15pm	**Energy Programs**..... • Waive Program Cap and Authorize Incentive for an Intel Production Efficiency Project—R721 *(Kim Crossman)* • Exemption to the board approved Balanced Competition Policy—R720 *(Debbie Menashe & Peter West)*	**4**	*Action*
3:00pm	**Committee Reports** • Evaluation Committee *(Alan Meyer)* • Finance Committee *(Dan Enloe)* ..... • Nominating Committee *(John Reynolds)* • Policy Committee *(Roger Hamilton)*	**5** **6**	*Information* *Information*
3:40pm	**Staff Report** • Highlights *(Margie Harris)* • Integrated Solutions Implementation quarterly update *(Scott Clark)*	**8**	*Information*
4:20pm	**Adjourn**		

The next meeting of the Energy Trust Board of Directors will be held
Wednesday, November 5, 2014 at 12:15 pm
at Energy Trust of Oregon, 421 SW Oak Street, Suite 300, Portland

Tab 1 Consent Agenda
- July 30 Strategic Utility Roundtable meeting notes
- July 30 Board meeting minutes
- Revise Equity Policy—R715
- Revise Economic Development Policy—R716
- Retire Screening New Opportunities Policy—R717

Tab 2 Audit Committee
- 2014 Management Review Report
- Accept submission of Management Review—R718

Tab 3 Strategic Planning Committee
- Briefing and Board Decision: Adoption of 2015-2019 Strategic Plan—R719
- Attachment 1: Proposed Final 2015-2019 Strategic Plan
- Attachment 2: Public comment
- Attachment 3: Summary of outreach

Tab 4 Energy Programs
- Waive Program Cap and Authorize Incentive for an Intel Production Efficiency Project—R721
- Exemption to the board approved Balanced Competition Policy—R720

Tab 5 Finance Committee
- August 15 meeting notes
- Notes on June financial statements
- June financials and contract summary report
- Notes on July financial statements
- July financials and contract summary report
- Financial glossary

Tab 6 Policy Committee
- August 12 meeting notes
- September 9 meeting notes

Tab 7 Advisory Council Notes
- July 23 RAC meeting notes
- July 23 CAC meeting notes
- September 3 RAC meeting notes
- September 3 CAC meeting notes

Tab 8 Staff Report
- Integrated Solutions Implementation quarterly update

Tab 9 Glossary of Energy Industry Acronyms and Terminology

Tab 1

Strategic Utility Roundtable

July 30, 2014

Board members present: Rick Applegate, Susan Brodahl, Ken Canon, Melissa Cribbins, Roger Hamilton, Mark Kendall (by phone), Debbie Kitchin, Alan Meyer, John Reynolds, Dave Slavensky

Board members absent: Dan Enloe, Anne Root, Warren Cook (ODOE *ex officio*), John Savage (OPUC *ex officio*)

Utility roundtable participants: Jim Abrahamson (Cascade Natural Gas), Scott Bolton (Pacific Power), Bill Edmonds (NW Natural), Carol Dillin (Portland General Electric), Bob Jenks (Citizens' Utility Board), Melinda Davison (Industrial Customers of Northwest Utilities), Megan Decker (Renewable Northwest)

Energy Trust staff attending: Margie Harris, Ana Morel, Hannah Hacker, Debbie Menashe, Amber Cole, Steve Lacey, Peter West, Courtney Wilton, Fred Gordon, Elaine Prause, John Volkman, Katie Wallace, Shelly Carlton, Brian DiGiorgio, Scott Swearingen

Others attending: Juliet Johnson (OPUC), Kari Greer (Pacific Power), Don Jones, Jr. (Pacific Power), Garret Harris (PGE), Tyler Pepple (ICNU), John Charles (Cascade Policy Institute)

Welcome

President Debbie Kitchin called the meeting to order at 10:06 a.m.

Energy Trust Draft 2015-2019 Strategic Plan

Debbie Kitchin welcomed the members of the strategic utility roundtable, and noted this is the first roundtable meeting for Scott Bolton of Pacific Power. The roundtable provides a forum for direct communication between the Energy Trust board of directors and utility representatives from each utility and with other stakeholders, including the Citizens' Utility Board of Oregon, Renewable Northwest and Industrial Customers of Northwest Utilities. This year is particularly important given the recent release of the Energy Trust draft 2015-2019 Strategic Plan.

Rick Applegate, board Strategic Planning Committee chair, outlined the development process for the draft plan. A five-year strategic plan is required through the Energy Trust grant agreement with the Oregon Public Utility Commission (OPUC). It guides future activities and is directly related to annual budget and two-year action plan development.

Elaine Prause presented draft plan details. She mentioned Energy Trust has received considerable feedback already and staff is pleased to be at this milestone. The process started informally last summer at the annual June 2013 board strategic workshop. Development of the draft plan included input from Conservation Advisory Council and Renewable Energy Advisory Council members, staff, industry leaders, utility staff and Energy Trust staff. Feedback received was incorporated into a draft plan originally presented to the board during its June 2014 strategic workshop. Consultations with utilities, advisory councils and others earlier this year further informed the decision to strategies to leverage complementary utility and Energy Trust work, and to follow the lead of the utilities on peak load management and demand response activities they may undertake. At the June board workshop, the board discussed proposed energy goals and strategies in detail. Comments from the workshop directed the proposed wording of energy goals and strategies currently included in the draft plan,

leaving decision making on how to balance among and between strategies up to staff during annual budgeting and two-year action plan development.

Elaine further described the purpose of five-year goals, designed to push the organization to excel over the longer horizon. The renewable energy five-year goals are focused first on supporting market and project development, an area of strength for Energy Trust. This is followed by a quantifiable renewable energy goal to acquire generation of 10 average megawatts (aMW). This is in line with Energy Trust's funding abilities.

The energy-efficiency five-year goals are to acquire electric savings of 240 aMW and natural gas savings of 24 million annual therms (MMTh). Both goals were constructed in a similar way, grounded in utility resource plans. First, staff used a 20-year resource assessment that identifies all cost-effective, commercially available efficiency. Then staff considered various layers, including the role and history of emerging technology. Those resources not included in current resource plans such as large combined heat and power or data center projects, and additional resources currently not cost effective that may be allowed through an exception process with the OPUC, were also added. The June board workshop discussion presented and evaluated each of these layers and the board then set the goals listed to be beyond the known amount of cost-effective energy efficiency, thus pushing the organization further to account for and consider emerging technology and other opportunities that historically have arisen.

Elaine described the three main renewable energy strategies: to support the five eligible technologies, emphasize market and project development and to use competitive approaches to allocate funding. Though staff will continue to emphasize project development to bring better projects to market, this represents a small portion of the overall budget. The majority of available renewable energy funds remain for incentives.

Carol Dillon asked if there is a reallocation of funds from incentives to a greater role of market support?

Elaine responded that the annual budget will tilt more toward project development assistance than in the past and comparatively, those funds still will not be as significant as incentive dollars allocated for project completion. Each year's annual budget process will include a clear distribution of the proposed allocation.

Carol followed up by asking whether there is any indication of how it affects cost to customers?

Elaine responded that there is a significant cost impact to project developers themselves. The Energy Trust role takes down a barrier to project completion by providing project development assistance, designed to motivate developers to advance projects toward the next step of development.

Margie Harris added that this is also similar to the impact of reducing soft costs on the solar side. To the extent we can reduce those costs, it benefits everyone.

Elaine reviewed the four main energy-efficiency strategies and the four strategies that cut across all energy programs. New to Energy Trust strategic plans is an operations goal and strategies, which helps Energy Trust focus internally on process improvements and efficiency gains in support of the organization meeting its goals. Inclusion of this as a specific goal also dovetails well with the Management Review completed every five years.

Public comments on the draft plan are due August 26, and then an update will be provided to the Conservation Advisory Council and Renewable Energy Advisory Council before the final plan is presented to the board for review and potential action at its October 1 meeting.

Open discussion on energy efficiency goals and strategies

Bob Jenks asked about PGE's statement in their IRP rate case, regarding not being able to achieve all the energy efficiency in their IRP because of constraints on funding for industrial efficiency. Does this draft plan reflect that or assume the problem will be solved?

Elaine replied that with PGE, we have assumed limited funding for greater than one aMW customers, resulting in some potential being removed from what is otherwise available.

Bob further inquired that if the long-term goal is to acquire all cost-effective energy efficiency, does this plan not do that because of that funding constraint, which is not a cost-effectiveness constraint?

Elaine assured this is correct, limited funding for greater than one aMW customers is a funding constraint and is reflected in the draft strategic plan. For years 2015-2019, the estimated potential for large sites that exceeds the existing funding constraints is shifted to higher cost efficiency acquisition at smaller sites. The impact of this shift is net reduction of 3aMW to the base case than if there was not a funding a constraint.

Carol added that PGE's IRP folks looked at this and they see a falling off in the next five years. Despite constraints on large customers PGE thought the goal was beyond ambitious and would like to meet with Energy Trust staff to talk through the assumptions used. This is significantly higher than what PGE calculated in IRP and they would like to discuss what has changed.

Elaine ensured that we will meet with Brian at PGE next week to gain that feedback.

Regarding energy efficiency, the board pointed out some very interesting trends. Are we incorporating the IRP process into our strategic plan or are we behind? For example, one challenge for us to meet these targets is a flattening of loads due to saturation of the appliance market; that opportunity may be closing. Also, does the strategic plan reflect the increase in multifamily residential housing construction, which is 40 percent more energy efficient than single-family homes? How are these integrated into the plan? Elaine stated that to an extent, we have reflected such examples in our resource assessment. Multifamily is considered in the assessment and part of the potential.

The board mentioned that with multifamily, they also have a higher load of electricity, which affects the fuel split. This filters through what is available in terms of matching the forecast with resource potential. In addition, data centers are not living up to expectation in terms of consumption as they are constructed more energy efficiently than originally thought.

Margie added that we work with each utility to update their IRPs approximately every other year. These are the source documents for how these goals were set. And then we revisit annually during the budgeting process. To answer the board's question, we are linked to IRP and their resource assessments.

The board described the assumptions behind the electric goal. On page 5 of the draft plan, the initial calculation of 218 aMW is what Energy Trust would acquire with current technology. However, the board is intentionally being more aggressive and reaching higher than that. The board understands IRPs are based on current technologies. The difference between 218 aMW and 240 aMW results from the board workshop discussion and the board wanting to push the envelope.

Carol added that PGE's IRP folks want to reconcile that and understand what is behind the push.

The board mentioned there were two reasons to go to 240 aMW as the electric savings goal: emerging technologies and greater participation. In efforts to expand participation, staff will look at whether there are any underserved groups of customers we can reach more effectively in the future, including customers with English as a second language or more rural customers. These are areas where Energy Trust has the potential to expand and capture more savings. This would open up potential new sources of savings.

In picking a number like 240 aMW, the board recognized there is no magic formula in arriving at the number. It is a good number to test and discuss further. Is it the right one? Should we anticipate emerging technology or is the aggressive push counterproductive?

Elaine added that prior to the draft strategic plan, we updated the resource assessment study to add emerging technology as a piece we had not included before and which is not included in the IRP for PGE. Another example is the larger projects we had not foreseen that did come through. She agreed it would be good to walk through the differences with the PGE team.

Carol contributed that with examples of where Energy Trust and PGE were successful with some technologies, like ductless heat pumps and heat pump water heaters, maybe we could have a conversation on emerging technology and bring in a third party like Lawrence Berkeley Labs and see what is out there. It could be a workshop on what emerging technology really looks like. Maybe in quarter four and others would be welcome.

Bob added that this could be done under the auspices of IRP and Carol concurred.

Bill Edmonds mentioned that he was at the board workshop and understands the goal is aspirational. He brought the gas goal to NW Natural's IRP team, and the strategic plan is close but more than their IRP, which takes out measures that are "in question" given cost effectiveness. Those were stripped out and here you have a sense of optimism and may have included them (for the electric goal). It makes sense NW Natural's IRP is being careful around OPUC Docket 1622 and it is up to Energy Trust on how to account for that.

Elaine responded that for the gas goal, we checked our emerging technology and cost-effectiveness assumptions to make sure the gas goal was equivalent in terms of the level of risk that is incorporated into the electric goal. After further review, we realized some emerging tech we identified should be pushed out a few years before such technologies become commercially available. The gas goal was then adjusted accordingly. Also, given gas cost effectiveness challenges, the total savings goals was reduced. Even if we do receive cost-effectiveness exceptions, we may have to reassess a program or set of offerings and that could affect the overall volume of projects and savings to be acquired. So instead of 25 MMTh, the goal came down to 24 MMTh.

Jim Abrahamson contributed that Cascade Natural Gas has been involved in this process and understands where the 24 MMTh goal comes from. Cascade supports it, recognizing it is more on the aggressive side, which we will see over time. Cascade also recognizes we have UM 1622 out there and it may play out in a way that helps provide some exceptions to continue gas measures. Washington State is becoming more aggressive to reduce carbon emissions, utilizing energy efficiency as a method to assist with that when energy efficiency is hard, measurable, consistent and long term. On the natural gas side, there are very few end uses we can deal with especially on the residential side. And in a home, it is hard, detailed work to tighten up the structure. So energy efficiency is harder and more expensive on the natural gas side. Cascade agrees with the 24 MMTh goal but is a little on the skeptical side that it can be achievable.

Open discussion on renewable energy goals and strategies

Scott Bolton explained that Pacific Power thinks the shift to a project development goal first does make sense; the incentive world is uncertain and will be for some time. Helping project developers or customers, especially with the interconnection process, does help, makes sense and provides a better experience for those accessing the programs. A caveat, which Pacific has brought to the board before and to staff, is to ensure where incentives are used or where programs are engaged that those projects are within the service territories of the utilities, directly benefit the customers of those utilities and contribute to the renewable energy goals of the utility. The more geographically aligned with utility territory the better. We understand Pacific's territory is spread out and there are some opportunities along the border of territories. Pacific hopes to see this in the strategic plan or utilized on the operations side.

Megan Decker added that with the shift in emphasis to project development first and then generation, I feel this has been going on for a few years. She wondered, in Energy Trust's experience of making that shift, if the organization has discovered any best practices for measuring impact on market development. Renewable Northwest sees solar soft costs as an example and are there others? As we move dollars away from the generation goal, how are we describing the impact and benefit? Megan mentioned that she can tell from staff conversations this is a positive shift and would like to know more about it.

The board acknowledged Megan's concern, as well as Carol's on serving market development as Energy Trust's mission is above-market costs. This also involves finding operational efficiencies, finding synergies where one can combine two different goals and help a project move forward. There are two ways to cover above-market costs, one is to provide an incentive and one way is to reduce the above-market costs. The board is comfortable with the approach.

Elaine elaborated that last year was the first year of restructuring OPUC performance metrics to identify project development assistance first and generation second. The report on that was just submitted to the OPUC in April. Once this draft strategic plan is complete, we will go through each technology and map out the longer-term vision, milestones and concrete actions. We will report in budget and action plans.

The board requested having this information in the draft strategic plan would be helpful, that further steps are to evaluate by technology, without getting too deep into action plan details.

Peter West contributed that we can document what we have done before and presented at the Renewable Energy Advisory Council. We have been revealing what we are learning as it occurs and we can summarize it all in one spot. Scott Bolton mentioned one thing that got us motivated down this path is interconnection support and narrowing the range of the cost estimate, which could be $75,000 to $1 million. This is a very difficult range for a project to plan around. Another area is the permitting process. A little bit of money on our end and more on theirs gets them to move forward. Project development assistance also serves as an informal screening process and if a project falls off, it is less money and time on our side if that happens in the earlier stages than after full support has been provided by staff and it falls off at the end. It saves us and developers money if we get better at screening, and helping the projects get to a better place when they come to the Trust.

Megan agreed that qualitative descriptions are helpful in understanding what the shift means.

Peter added that he agreed it makes sense to pull it all in one document.

Carol requested Energy Trust share what other entities are doing in this space and how our approach is different.

Peter elaborated that other entities deal with this through their energy offices as opposed to the utility or the Trust's role; this is a unique role for Energy Trust. Other states also pick a technology to support, whether it is solar in Arizona or landfill gas in New Jersey. Rhode Island and Maryland are starting to do similar work as Oregon but it is through their energy offices. Peter assured we will look into this.

The board recalled something that came up at the June workshop was looking at storage in relation to renewable energy to match peak load. Can we take a better look at that? Is it in the plan? The board asked that we think about putting it in the plan.

Megan raised a similar question as storage; that is demand response. Does the plan include technologies that may blur the line on demand response and utility peak capacity?

Scott suggested that at some point that's judgment. It is a good question as to how it shows up in the plan. He was unsure how we can articulate that line in the strategic plan. Regarding the storage point, to the extent that technology is commercially available and directly benefitting customers it can make sense. But when it ranges to research and development, Scott was not sure that is the appropriate place for Energy Trust and customer dollars to be employed.

The board asked for clarification on whether Scott was saying we should stay closer to dollars and aMW.

Scott explained that certainly on the energy efficiency side it is cleaving to IRP and beyond. For renewable energy, it is not the primary focus but does add to the mission. Customer dollars need to be spent transparently and visibly to the community, and be directly beneficial to the customer or their community. He recommended Energy Trust have some caveats around that to ensure we are staying within tried and true and not going into research and development.

Megan suggested that when we are looking at emerging technology and find a renewable energy technology combination is improving performance of energy efficiency, and it is not just delivering aMW but aligning with peak, that is something that should be a goal of Energy Trust to be involved with or track. Energy Trust needs to be using incentives and staying in balance between diversity and community benefits with delivering the best project performance for the dollar.

Scott added that when he said judgment, he meant that is the step where Energy Trust needs to partner and work with the utility to ensure there is a common vision and that it adds mutual benefit for customers.

The board concurred this point addresses how we should collaborate on new and emerging technology.

Carol had a similar comment on energy-efficiency technology and her suggestion to have an annual session on what is really emerging technology and what is still not ready for commercial application.

Open discussion on overall strategies

Regarding how to reach more customers, Carol stated that it is a message Margie has shared before . PGE feels it does a good job reaching hard-to-reach customers and they encourage Energy Trust to

work with them. PGE just completed an appliance saturation survey and knows where gaps are. They have up-to-date research they can share.

Scott seconded Carol's point. This is a point where utilities are eager to partner and engage and have a lot to offer. As the Trust looks at this, micro-targeting customer segments, they have experience, a lot of interest and need. This is a place we can uniquely work with the Trust.

Bill agreed. Savings Within Reach is getting to near low-income customers. We need to make sure offerings for low income, near low-income and standard income customers have breadth; that all customers are covered and that customers are handed off efficiently. Bill mentioned that NW Natural also has its eye on renters. They are willing to partner where they know something that Energy Trust could use.

Bill added that cost streamlining is particularly critical on the gas side as we struggle through cost effectiveness. Where there are places where partnering may reduce costs, streamlining should be sought. Like the thick report we get quarterly full of detailed budget information. It is all for budget transparency but that much is not what they need quarterly, though maybe Jason Eisdorfer at the OPUC needs. The Conservation Advisory Council gets a higher-level look and that is what Bill stated he needs.

Jim concurred, adding that Cascade Natural Gas is interested in partnering and working with Energy Trust ongoing, and a lot of issues Bill brought up apply to Cascade, too.

The board asked about the utility perspective on increasing collaboration in existing markets and the strategy to expand into other complementary programs and services being offered whether through economic opportunity or water resources. Any insights into issues emerging that may be complementary to energy efficiency or renewable energy strategies?

Jim responded that as he looks at strategies and goals, and given his previous statement of hard, measureable, long-term savings, he wonders if the tasks before Energy Trust are hard enough already to get super ambitious and roll out into other areas.

In the operations goal, the board mentioned it might collaborate with utilities to use market research.

The board added that Energy Trust is in the middle of a Management Review and the first draft is out today. Energy Trust asked the consultant to link up to the draft strategic plan and there are some connections. One reason there is an operations goal is to be reflective of how Energy Trust might change the approach to the work, improve the overall experience and be more efficient.

Regarding the operations goal, Jim observed that he thought it was just jargon and more operations aspiration. However, the strategies brought concreteness to the goal. Energy Trust may want to collaborate with others to really get at establishing operations goals and metrics.

The board asked if the operations goals language should be adjusted.

Jim recommended adding a few more action words to connect with the strategies.

Wrap up

Carol expressed appreciation for the opportunity to comment and participate. She particularly appreciates the partnership with Energy Trust over the last 12 years. Carol also encouraged staff to

provide clear, transparent and detailed information, especially for utilities, making it easy to identify areas of emphasis.

Debbie thanked attendees for their participation, adding that it is useful for board members to have this type of discussion and hear the various perspectives. There will be more work from staff and this gave the board an opportunity to hear firsthand from utilities and stakeholders.

Adjourn

The meeting adjourned at 11:24 a.m.

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Alan Meyer, Secretary

Board Meeting Minutes—130th Meeting

July 30, 2014

Board members present: Rick Applegate, Susan Brodahl, Ken Canon, Melissa Cribbins, Dan Enloe, Roger Hamilton, Mark Kendall (by phone until 1:30), Debbie Kitchin, Alan Meyer, John Reynolds, Dave Slavensky

Board members absent: Anne Root, Warren Cook (ODOE *ex officio*), John Savage (OPUC *ex officio*)

Staff attending: Margie Harris, Ana Morel, Hannah Hacker, Debbie Menashe, Amber Cole, Steve Lacey, Julianne Thacher, Peter West, Courtney Wilton, Fred Gordon, Elaine Prause, Betsy Kauffman, Taylor Bixby, Diane Ferington, Marshall Johnson, Spencer Moersfelder, Jay Ward

Others attending: Juliet Johnson (OPUC), Jim Abrahamson (Cascade Natural Gas), John Charles (Cascade Policy Institute), Samantha Taylor (Conservation Services Group), Bob Stull (PECI), Jeff Schwartz (ICF), Janice Boman (Ecova), Karen Horkitz (Northwest Energy Efficiency Alliance), Julia Harper (NEEA), Donato Capobianco (Ecova)

Business Meeting

President Debbie Kitchin called the meeting to order at 12:19 p.m.

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) May 14, 2014 board meeting minutes
2) June 13-14, 2014 board strategic planning workshop minutes
3) Executive Director Compensation—R706
4) Participant Information Policy revision—R707
5) Castle Oak Investments Corporate Signing Authorization—R708

Moved by: John Reynolds		Seconded by: Rick Applegate
Vote:	In favor: 11	Abstained: 0
	Opposed: 0	

RESOLUTION 706
EXECUTIVE DIRECTOR PERFORMANCE REVIEW

WHEREAS:

1. **Energy Trust's Executive Director Review Committee completed its evaluation of Margie Harris' performance in 2013.**
2. **The Committee evaluated Margie's performance as outstanding.**
3. **The Executive Director Review Committee also considered the following in proposing a salary increase resulting from the review:**

Documented market salary survey information for comparable Executive Director positions

Energy Trust's existing salary structure

It is therefore RESOLVED:

The Board of Directors authorizes an executive director salary merit award and market adjustment, increasing Margie Harris' salary by (i) 4.5% for merit and (ii) 4.0% for market adjustment effective February 1, 2014.

RESOLUTION 707
AMENDING THE POLICY ON INFORMATION SUBMITTED BY UTILITIES, PROGRAM PARTICIPANTS, AND BIDDERS

WHEREAS:

1. **Energy Trust and its contractors acquire information from utilities, program participants and others. Since 2004, Energy Trust has maintained the Policy on Information Submitted by Utilities, Program Participants, and Bidders, a policy on the use, disclosure, and confidentiality of information (the "Policy").;**
2. **With regard to the treatment of Energy Trust contracts, the Policy provides that, "except for contracts that concern personnel matters," contracts will not be treated as confidential. Current language provides, though, that for purposes of the Policy, "contract" does not mean "program application materials;"**
3. **Energy Trust provides incentives through its energy programs through program application materials such as standardized forms and through incentive project funding agreements. Incentive project funding agreements are negotiated agreements, not standardized forms, but they are fundamentally the same in authorizing payments of Energy Trust incentive funding;**
4. **In the interest of applying the Policy consistently to materials that are fundamentally the same, Energy Trust staff recommends that the Policy be amended to exclude "incentive project funding agreements" in addition to "program application materials" from the definition of contracts for purposes of the Policy; and**
5. **The Policy Committee supports the suggested amendment and recommends approval through the board's consent agenda.**

It is therefore RESOLVED that the Board of Directors hereby approves amendment of the Policy on Information Submitted by Utilities, Program Participants, Contractors and Bidders as shown in Attachment 1.

RESOLUTION 708
AUTHORIZINGAPPROVED CASTLEOAK SECURITIES, L.P. ACCOUNT SIGNERS

WHEREAS:

1. **Energy Trust seeks to open one or more investment accounts with or through CastleOak Securities, L.P. and/or their now or hereafter existing affiliated entities (collectively CastleOak Securities, L.P.) to facilitate and hold funds for the**

purchase of short term investments consistent with Energy Trust's investment policy.

2. **Section 7.3 of the Energy Trust bylaws requires that the board of directors authorize officers or agents to sign all checks, drafts, or orders for the payment of money, notes, or other evidences of indebtedness issued in the name of Energy Trust by way of resolution from time to time ("authorized signers").**

It is therefore RESOLVED that,

1. **Energy Trust is hereby authorized and directed to establish and maintain one or more accounts, not including margin accounts, (each, an "Account"), and to engage in any of the transactions hereinafter described, in each case, with or through CastleOak Securities, L.P., through an Account or otherwise, with CastleOak Securities, L.P. acting as principal or agent in such transactions;**
2. **Energy Trust is hereby authorized and empowered to purchase, hold, finance, pledge, exercise, convert, tender, redeem, exchange, transfer, assign, sell, enter into, write, issue, terminate, amend and otherwise deal and trade, singly or in combination, in the following: any and all forms of securities, evidences of interest, participation, or indebtedness, instruments of any issuer (whether publicly registered or exempt from registration) transactions and investments, including, but not limited to common or preferred stock, scrip, warrants and rights; bills, notes, bonds or debentures of any coupon, (including "zero coupon" or maturity; certificates of deposit, bank notes or deposit notes; commercial paper, money market instruments; listed and/or over-the-counter options, commodities, commodity futures, options on futures (including single stock futures contracts and other securities futures products), transactions in foreign currencies; limited partnership interests and other interests in hedge funds, buyout funds, real estate investment trusts, venture capital funds, private equity funds and private equity investment vehicles; whole mortgage loans, any and all interests and participations in mortgage loans, mortgage-backed and asset backed securities; any kind of derivative investment, and any instrument or interest generally regarded as an investment or hedge, secured or unsecured, or any transaction, that is similar to any of those described above (including an option with respect to any of them) (each of the foregoing, an "Activity"), <u>provided, however,</u>any Activity authorized hereunder must comply with the Energy Trust investment policy;**
3. **Subject to all requirements of the Energy Trust investment policy, each of the directors, officers, employees and agents of Energy Trust below (each, an "Authorized Person") is hereby individually authorized for and on behalf of the Energy Trust by oral, written, electronic or other means to: (1) give to and receive from CastleOak Securities, L.P. oral, written or electronic instructions, confirmations, notices or demands with respect to any Account, Activity or transaction; (2) bind Energy Trust to enter into and perform any transaction or agreement, amendment or modification thereof, relating to any Account, Activity or transaction involving the Energy Trust; (3) pay in cash or by check or by credit or debit card or draft drawn upon the funds of Energy Trust any sums required to be paid in connection with any Account, Activity or transaction; (4) order the transfer of record of any securities, funds or other property to any name and to accept delivery of any securities, funds or other property; (5) direct the sale or exercise of any rights with respect to any securities or other property; (6) agree to any terms or conditions or execute or otherwise assent to any document or agreement affecting any Account, Activity or transaction; (7) endorse any**

securities or other property in order to pass title thereto (or any interest therein); (8) direct CastleOak Securities, L.P. to surrender any securities or other property for the purpose of effecting any exchange or conversion thereof; (9) appoint any other person or persons to do any and all things which such director, officer, employee or agent of Energy Trust is hereby empowered to do; and (10) generally, take all such action as such director, officer, employee or agent of Energy Trust may deem necessary or desirable to implement or facilitate the trading activities described herein;

4. **The following officers or agents of Energy Trust are authorized signers for accounts established and maintained on behalf of Energy Trust with CastleOak Securities, L.P. (the "Authorized Persons"):**
   a. **Margie Harris, Executive Director**
   b. **Courtney Wilton, Chief Financial Officer**
   c. **Peter West, Director of Programs**
   d. **Steve Lacey, Director of Operations**
   e. **Debbie Goldberg Menashe, General Counsel;**
5. **The Executive Director is authorized to execute all required documentation to implement this resolution.**

President's Report

President Debbie Kitchin introduced Roger Hamilton, who made a presentation about the impacts of climate change in Oregon.

Roger presented research on the impacts of climate change, such as record-high global temperatures in May and June 2014 and a 40 percent decrease in arctic sea ice extent since 1979. Carbon dioxide in the atmosphere correlates strongly with temperature, and carbon dioxide levels are now exceeding 400 parts per million.

Impacts of carbon emissions have been understated. If people continue business as usual, carbon emissions are expected to be five times higher by 2100 than they were before the industrial revolution. Temperatures will increase enough to impact the habitability of much of the U.S, possibly influencing residents of Southern states to migrate to the Pacific Northwest. The Pacific Northwest will become even dryer due to global warming, increasing vulnerability to forest fires. Runoff from snow will continue to decrease, impacting hydropower generation, irrigation and fish habitat. The sea level may rise two feet on the Oregon coast by the end of the 21st century. Roger also summarized the public health impacts of climate change, including increased incidence of West Nile virus, extreme heat, hurricanes, air stagnation, respiratory illness and increased pollen counts impacting allergies.

Debbie reiterated the benefits of Energy Trust's work on climate change.

Energy Programs

ICF contract extension, Spencer Moersfelder

Spencer Moersfelder, manager of the Existing Buildings program, presented staff's recommendation to extend the Existing Buildings program management contract with ICF Resources LLC, for one year, through December 31, 2015.

In 2013, ICF achieved savings of more than 81.5 million kilowatt hours and 1.3 million therms, and exceeded expectations in the five criteria required for contract extension.

The board suggested staff consider two-year contract extensions to minimize frequency and administrative burden of contract renewals. Peter West, director of energy programs, responded that

Energy Trust staggers competitive selection processes for the six Program Management Contractor contracts greater than $500,000. As a management tool, one-year extensions provide staff opportunities to intervene quickly. Annual renewal of contracts does not add substantial work for staff. The board previously provided direction that frequent examination of contract extensions is desired.

Board members requested the percentage of contracts that are not renewed as well as an annual list of all Program Management Contractor and Program Delivery Contractor contracts with timing. Staff will provide.

Margie provided background on Energy Trust's approach to contracts and noted that the schedule can be revisited upon board request.

The board supported the contract extension.

CLEAResult contract extension, Marshall Johnson

Marshall Johnson, Existing Homes program manager, presented staff's recommendation to extend the Existing Homes contract with CLEAResult Consulting, Inc. (formerly Fluid Market Strategies LLC) for one year, through December 31, 2015. This would be the first one-year extension out of a possible three.

Marshall explained that CLEAResult exhibited strong performance in five areas of criteria required for contract extension. He noted that the transition from the previous contractor to CLEAResult was challenging, resulting in lower savings than expected in 2013. The program subsequently worked with CLEAResult to make corrections and improvements, including creating a Savings Action Plan for 2014 and making significant progress toward achieving goals.

The board asked for detail about the program's decision to transition away from Energy Saver Kits. Marshall responded that equipment and weatherization measures have grown (with the exception of some weatherization measures due to cost-effectiveness challenges), but not enough to compensate for the decline in volume of Energy Saver Kits planned for 2013. Energy Saver Kits include a customized combination of general purpose and specialty CFLs, showerheads and faucet aerators. Energy Saver Kits are a customer engagement tool in addition to generating savings.

The board asked about including LEDs in kits. Marshall responded that kits currently contain only CFLs. Beginning this fall, two LED bulbs will be distributed to 6th grade students who receive Living Wise Kits and will be a channel for educating customers about LEDs. LEDs are still too costly to include in Energy Saver Kits at this time. The board noted that customers prefer LEDs and may be willing to pay more for them.

The board asked if improvements occurred since the recent unfavorable Existing Homes Process Evaluation. Marshall confirmed that significant improvement has occurred, and noted that report recommendations had already been implemented prior to publishing the report.

The board supported the contract extension.

Authorize New Homes Program Contract with Portland Energy Conservation, Inc.—R712, Diane Ferington, Taylor Bixby and Matt Braman

Diane Ferington, residential sector lead, Taylor Bixby, residential project manager, and Matt Braman, New Homes and Products program manager, presented staff's recommendation to approve a two-year contract with PECI for program management services for New Homes, with three optional one-year extensions.

A request for proposals was released in March of this year for a Program Management Contractor (PMC) to implement the New Homes program, Products program or both programs. Energy Trust received five

intents to respond for the Products program and three intents to respond for the New Homes program. The team received one proposal for the New Homes program from PECI, with Earth Advantage as a subcontractor. A review committee included Energy Trust staff and an external reviewer from the Northwest Energy Efficiency Alliance (NEEA).

As the current implementer of the New Homes and Products program, PECI has consistently met goals and demonstrated strong market engagement. A two-year contract with PECI will require no transition period, as PECI is already implementing the new homes program.

The board asked about how Energy Trust calculates levelized costs. Staff responded that levelized costs are calculated based on the average measure life of specific pieces of equipment.

RESOLUTION 712
AUTHORIZING A PROGRAM MANAGEMENT CONTRACT
FOR THE NEW HOMES PROGRAM

WHEREAS:

1. **With assistance from a selection committee including an outside party, staff has conducted a fair and open procurement process to select a program management contractor to manage New Homes program services for Oregon for the next 2-5 years;**
2. **Portland Energy Conservation, Inc. (PECI) was selected and contract terms are being negotiated;**
3. **Staff has assumed and estimated a total first-year program management budget for 2015, including first-year incentives, contracted delivery, and possible performance compensation of approximately $6.45 million, which includes approximately $2.7 million in delivery, $3.75 million in incentives for Oregon services; and**
4. **Actual savings and costs will be reviewed by the Energy Trust board as part of the annual budget and action plan process, but based on current assumptions, Energy Trust staff projects the following program savings and fully-loaded costs in 2015:**

	Electric	**Gas***
Savings	**2,922,000 kWh**	**349,000 therms**
$/Unit Savings	**$0.928/kWh**	**$10.70/therm**
Levelized Cost	**$0.067/kWh**	**$0.647/therm**

***** Gas savings do not include the Market Transformation savings. If these were included the savings and levelized cost would improve significantly.

It is therefore RESOLVED:

1. **Subject to determination of a final contract amount based on the board-approved 2015 budget, the executive director or her designee is authorized to enter into a contract with PECI to manage the New Homes program for an initial term from January 1, 2015through December 31, 2016.**
2. **First-year contract costs and savings goals included in the contracts shall be consistent with the board-approved 2015 budget and two-year action plan. Thereafter, the contract(s) may be amended consistent with the board's annual budget and action plan decisions and the executive director or her designee is authorized to sign any such contract amendments.**

3. **The final contract may include a provision allowing staff to offer one-year extensions beyond the initial term if the program management contractor meets certain established performance criteria. In no event would the total term of the contract plus any extension periods exceed five years.**
4. **Before extending this contract beyond the initial term, staff will report to the board on the program management contractor's progress and staff's recommendation for any additional extension time periods. If the board does not object to extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director or her designee is authorized to sign any such contract extensions.**

Moved by: John Reynolds		Seconded by: Roger Hamilton
Vote:	In favor: 11	Abstained:
	Opposed: 0	

Authorize Products Program Contract with Ecova—R711, Diane Ferington, Taylor Bixby and Matt Braman

Diane Ferington, residential sector lead, Taylor Bixby, residential project manager, and Matt Braman, New Homes and Products program manager, presented staff's recommendation to approve a two-year contract with Ecova for program management services for the Products program, with three optional one-year extensions.

In response to the competitive selection process mentioned above, Energy Trust received three proposals to manage the Products program and interviewed all of them. A review team consisted of 11 members, including representatives from NEEA and the Bonneville Power Administration.

The review team selected Ecova, which currently operates 14 different retail programs in the U.S. Ecova has national expertise, a product testing research facility and a data-driven strategy. Ecova proposed to increase the program's outreach to underserved populations by negotiating retail lighting incentives with discount and small retailers, such as Goodwill and Dollar Tree. Ecova's proposal offered an equivalent level of savings at a lower cost than other proposals, at $1.2 million less than the 2014 Products delivery budget.

The board asked if staff anticipate challenges due to the New Homes program and Products program being administered by different contractors. Staff responded that the New Homes program is distinct from the Products program, and the review committee anticipates efficiencies due to the specialized expertise of the two PMCs.

Board members applauded the price and the increased outreach to underserved markets.

The board asked how Ecova can achieve equivalent savings at such a low cost. Staff responded that Ecova can administer the program with fewer staff.

Donato Capobianco, senior vice president and general counsel for Ecova, explained that Ecova was recently acquired by Cofely, an international energy services company owned by a GDF SUEZ. Ecova will maintain autonomy to run its programs, and Cofely aims to expand Ecova's offerings internationally.

The board requested to see savings in aMW rather than kWh, making savings more easily comparable to budget numbers.

RESOLUTION 711
AUTHORIZING A PROGRAM MANAGEMENT CONTRACT
FOR THE PRODUCTS PROGRAM

WHEREAS:

1. **With assistance from a selection committee including outside parties, staff has conducted a fair and open procurement process to select a program management contractor to manage the Energy Trust Products program for the next 2-5 years;**
2. **Ecova, Inc. was selected and contract terms are being negotiated;**
3. **Staff has assumed and estimated a total first-year program management budget for 2015, including first-year incentives, contracted delivery, performance compensation and program transition contingency funds of approximately $13,090,000, which includes approximately $3.18 million in delivery, possible performance compensation, and $9.91 million in incentives; and**
4. **Actual program savings and costs will be reviewed by the Energy Trust board as part of the annual budget and action plan process, but based on current assumptions, Energy Trust staff projects the following program savings and fully-loaded costs in 2015:**

	Electric	Gas
Savings	69,508,108 kWh	230,913 therms
$/Unit Savings	$0.185/kWh	$1.73/therm
Levelized Cost	$0.030/kWh	$0.23/therm

It is therefore RESOLVED:

1. **Subject to determination of a final contract amount based on the board-approved 2015 budget, the executive director or her designee is authorized to enter into a contract with Ecova, Inc. to manage the Products program for an initial term from January 1, 2015through December 31, 2016.**
2. **First-year contract costs and savings goals included in the contract shall be consistent with the board-approved 2015 budget and two-year action plan. Thereafter, the contract(s) may be amended consistent with the board's annual budget and action plan decisions and the executive director or her designee is authorized to sign any such contract amendments.**
3. **The final contract may include a provision allowing staff to offer one-year extensions beyond the initial term if the program management contractor meets certain established performance criteria. In no event would the total term of the contract plus any extension periods exceed five years.**
4. **Before extending this contract beyond the initial term, staff will report to the board on the program management contractor’s progress and staff's recommendation for any additional extension time periods. If the board does not object to extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director is authorized to sign any such contract extensions.**

Moved by: John Reynolds Seconded by: Alan Meyer
Vote: In favor: 11 Abstained: 0
Opposed: 0

Authorize Transition Services Contract with Ecova—R710, Diane Ferington, Taylor Bixby and Matt Braman

Diane Ferington, residential sector lead, Taylor Bixby, residential project manager, and Matt Braman, New Homes and Products program manager, presented staff's recommendation to approve a transition services contract with Ecova. This transition services contract represents a new approach to shifting to a new PMC, which is to fully integrate a new PMC in fall 2014, prior to the start of the PMC contract on January 1, 2015. The transition services contract includes hiring staff and integrating IT systems in 2014.

Diane noted that the Ecova PMC contract and transition contract combined add up to approximately $2 million less than other PMC proposals received.

The board asked why transition costs are not included in the PMC contract. Diane responded that transition costs are in a separate contract because transition activities will occur in 2014.

The board asked if Energy Trust can support the transition with incentives instead of a fixed cost. Staff responded that Energy Trust asks potential PMCs to submit proposals for both managing programs and learning Energy Trust's systems. This allows staff to compare proposals of new and incumbent PMCs. Staff expect that expediting the transition period will allow Ecova to generate more savings in 2015. This was a lesson learned from prior PMC transitions. Past experiences indicated that transition activities should start earlier, including hiring and working through any challenges prior to the start date. This early investment enables the PMC to be fully operational on January 1, ready to capture more savings in 2015. The board agreed that investing in transition is important, and urged Energy Trust to consider strategies to minimize costs in the future.

The board requested that future PMC contract proposal board packet materials be clearly labeled by program and include mention of any additional transition budget, even if it is less than the $500,000 threshold for board approval.

RESOLUTION 710
AUTHORIZE THE EXECUTIVE DIRECTOR TO SIGN
A TRANSITION CONTRACT WITH ECOVA, INC.

WHEREAS:

1. **Following a competitive process completed in June 2014, Energy Trust chose Ecova, Inc. ("Ecova") to provide program management contractor services to deliver its Products program beginning in January 2015.**
2. **In order to facilitate a smooth and seamless transition between the current program management contract for the Products program to Ecova, Energy Trust seeks to engage Ecova to provide specific and significant transition services, including, but not limited to, onboarding and training program delivery staff, integrating IT systems, and beginning preparations for the launch of key program elements in January 2015.**
3. **To accomplish these services, Energy Trust proposes to enter into an agreement with Ecova through December 31, 2014, and to authorize contract funding in amounts not to exceed $976,090.**

It is therefore RESOLVED:

That the Board of Directors of Energy Trust of Oregon, Inc., hereby authorizes the executive director or her designee to sign a contract with Ecova for transition services through December 2014 and to authorize expenditures for such services in amounts not to exceed $976,090.

Moved by: John Reynolds		Seconded by: Dan Enloe
Vote:	In favor: 10	Abstained: 0
	Opposed: 0	

Authorize Program Delivery Contractors for Commercial Strategic Energy Management—R709, Kathleen Belkhayat

Kathleen Belkhayat, project manager for commercial Strategic Energy Management (SEM), presented a proposal to approve two multiyear agreements to provide SEM program delivery services for Energy Trust's commercial sector.

Energy Trust has implemented commercial SEM activities for more than two years, following the success of industrial SEM. Commercial SEM serves two cohorts of five to ten customers each year, and each cohort goes through training for one to two years. In 2013, SEM provided 8 percent of electric savings and 10 percent of gas savings for the Existing Buildings program.

Currently, SEM is managed by Energy Trust staff. Shifting to a Program Delivery Contract (PDC) implementation model is planned to help grow the commercial SEM program and shift responsibilities from Energy Trust staff to PDCs. A PDC delivery model will also help Energy Trust increase customer recruitment, expanding service to smaller customers and reach customers outside of the Portland metro area.

Energy Trust released a request for qualifications in June, and received nine intents to respond and six responses. A review team, including an external reviewer from NEEA, selected three respondents to interview. The best candidates stood out for superior understanding of and experience delivering commercial SEM, outreach and sales expertise, and understanding commercial market barriers.

Staff recommends selecting two firms, HST&V, LLC (DBA: Strategic Energy Group) and Triple Point Energy, Inc. Energy Trust has worked with Strategic Energy Group since the inception of commercial SEM, and the Strategic Energy Group has a strong track record of performance and excellent customer service. Strategic Energy Group's application demonstrated a creative recruitment approach. Energy Trust's industrial team has worked with Triple Point Energy, Inc. since 2010. In its application, Triple Point Energy demonstrated creative delivery techniques, emphasis on the customer experience and strong understanding of the commercial market. Both firms are based in Portland.

Energy Trust is currently negotiating how to divide the market between the two contractors based on customer size and geographic location. Energy Trust plans to launch the next commercial SEM cohorts in January 2015, which requires training of new contractors in fall 2014.

The board asked why Energy Trust recommends selecting two firms instead of one. Kathleen explained that selecting two firms allows Energy Trust to simultaneously test different approaches to commercial SEM.

The board asked why staff recommends the transition occur in fall 2014, prior to the start of the 2015 contracts. Staff responded for new cohorts of commercial SEM customers to begin in January 2015 as planned, the firms need lead time to recruit customers in fall 2014. Energy Trust also wants the new contractors to learn the new commercial SEM curriculum prior to working with customers in January

2015. The board noted that part of the transition is transferring management of commercial SEM from internal staff to PDCs.

Board members asked how Energy Trust distinguishes commercial and industrial businesses. Staff responded that customer types are determined based on how buildings are used, not utility rate schedules. Some of Energy Trust's commercial customers use industrial rate schedules, such as universities and hospitals.

RESOLUTION 709
AUTHORIZE STRATEGIC ENERGY MANAGEMENT
PROGRAM DELIVERY CONTRACTORS FOR THE COMMERCIAL SECTOR

WHEREAS:

1. **With assistance from an outside party, staff has conducted a fair and open procurement process to select two program delivery contractors to deliver the CSEM for the next 2-5 years.**
2. **The following firms were selected and contract terms are being negotiated:**
   a. **HST&V, LLC (DBA: Strategic Energy Group)**
   b. **Triple Point Energy, Inc.**
3. **Staff has estimated a total first-year (2015) budget for these two contracts will be approximately $2.5 million, including possible performance compensation.**
4. **Based on current assumptions, staff projects the total program savings for these two contracts will be 16.3 million kWh and 440,000 therms with levelized costs that align with the 2015 board approved budget.**

It is therefore RESOLVED:

1. **Subject to determination of final contract amounts based on the board-approved 2015 budget, the executive director or her designee is authorized to enter into a contract with each of the following firms to deliver the Commercial Strategic Energy Management (CSEM) for an initial term from January 1, 2015, through December 31, 2016:**
   a. **HST&V, LLC (DBA: Strategic Energy Group)**
   b. **Triple Point Energy, Inc.**
2. **First-year contract costs and savings goals included in the contracts shall be consistent with the board-approved 2015 budget. Thereafter, the contracts may be amended consistent with the board's annual budget decisions.**
3. **The final contracts may include a provision allowing staff to offer up to three one-year extensions if the program delivery contractor meets certain established performance criteria.**
4. **Before extending any of these contracts beyond December 31, 2016, staff will report to the board on the program delivery contractor's progress and staff's recommendation for any additional extension time periods. If the board does not object to the extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director or her designee is authorized to sign any such contract extensions.**

Moved by: John Reynolds Seconded by: Susan Brodahl
Vote: In favor: 10 Abstained: 0
Opposed: 0

Authorize Northwest Energy Efficiency Alliance Funding Commitment—R713, Margie Harris
Ken Canon disclosed he had done some consulting work with the Northwest Energy Efficiency Alliance (NEEA), and board members agreed it was not necessary for Ken to abstain from the vote.

Margie Harris presented staff's recommendation to authorize funding for NEEA of up to $34 million to acquire 29.2 aMW of electric energy savings in the next five years.

NEEA is funded by approximately 140 utilities in the Pacific Northwest, and serves the 13 million customers of those utilities. Energy Trust is the second largest funder, representing 20 percent of budget. Bonneville Power Administration is the single largest funder, representing 36 percent of NEEA's budget. Margie is on the NEEA board as secretary, an executive committee member and a member of the strategic planning committee.

Energy Trust relies on NEEA to deliver cost-effective market transformation electric savings. Plans are also underway for NEEA to provide gas market transformation savings through a separate arrangement. Market transformation simply means changing the market by removing barriers and accelerating adoption of new technologies, practices and products. NEEA's investments are distinct from Energy Trust or other utility programs by virtue of being long-term and upstream, working with manufacturers and distributors of equipment at a national and international level to influence product quality, availability and price for Pacific Northwest regional consumers.

Board members asked for background on why Energy Trust funds NEEA. Margie described how NEEA delivers some of our lowest cost savings in ways that are complementary to what we do. Energy Trust depends on NEEA to fill the future pipeline with new products and technologies to bring to market, strengthen energy efficient building codes and product standards on a national and state level, and collect data and complete research at a regional level. Margie explained that Energy Trust represents Portland General Electric and Pacific Power customers in Oregon. Before Energy Trust was created, PGE and Pacific Power made their own contributions to NEEA.

As part of its newly adopted five-year business plan, NEEA will focus on its core strengths and investments. The five year budget is lower than the current funding cycle and will result in lower savings. Some business plan activities are identified as optional. If funders choose to opt-out of having NEEA pursue them, they would be responsible for delivering comparable savings at the same or lower costs.

The board asked why NEEA reduced its budget. Margie responded that she believed NEEA was balancing the needs of different funders. Some funders, including Idaho Power, expressed their intent to opt out of funding NEEA. If Idaho Power had declined to renew their funding commitment to NEEA, other utilities may have followed suit. NEEA's board tried to retain all funders by allowing them to choose which programs to invest in. The availability of ptional programs provided flexibility to those funders who wanted to deliver the savings on their own, thereby reducing NEEA's overall budget.

Board members expressed concerns about reducing savings from NEEA, which has been a cost-effective source of significant savings in the past. Other members noted that a lower five-year savings goal may be realistic, as savings are increasingly harder to acquire. Margie noted that NEEA has a history of funding new, unanticipated opportunities during five-year funding cycles. When new opportunities arise, NEEA's board may amend the budget to fund such opportunities.

The board noted that Idaho Power serves customers in Eastern Oregon and is accountable to the Oregon Public Utility Commission. Juliet confirmed that the OPUC commissioners are monitoring Idaho Power.

Debbie introduced John Charles, president of Cascade Policy Institute, for public comment. John Charles expressed skepticism that market transformation is a measurable and effective way to generate energy

savings. He cited reports from Navigant Consulting in 2012 and 2013 indicating that Energy Trust failed to impact markets through market transformation efforts. John also expressed concern that when Energy Trust dollars are spent by NEEA, there is no direct oversight by the Public Utility Commission. He recommends that Energy Trust consider alternatives to funding NEEA in five-year increments, such as committing funding in one-year increments.

Margie affirmed that other NEEA funders provide five-year funding commitments. The reason for five-year funding commitments is that NEEA makes long-term investments. It takes years to see savings materialize from NEEA efforts, and those savings persist well beyond the initial five-year budget cycle.

Board members explained that NEEA is uniquely effective at transforming markets because it has a broader geographic reach than Energy Trust. NEEA can influence manufacturers to change design specifications because they represent a large portion of the market. NEEA's success adopting energy-efficient televisions in partnership with California is an example of achieving savings on a large scale. NEEA has delivered some of Energy Trust's most cost-effective savings.

John Charles asked how Energy Trust can calculate its share of the credit for NEEA's energy savings. Margie responded that NEEA staff may be willing to meet with John personally to explain their evaluation methodology.

The board asked if it is possible for Energy Trust to maintain current NEEA funding levels, and Margie responded that it is not the direction being taken.

Fred Gordon, director of planning and evaluation at Energy Trust, explained that a committee oversees NEEA's savings claims. OPUC staff are invited as *ex officio* members to this committee and have open access to this process. NEEA's evaluation and metrics are juried and rigorous.

Board members pointed out that although NEEA does not report directly to the OPUC, Energy Trust's quarterly and annual reports to the OPUC include NEEA savings and activity.

Board members voiced concern that the Pacific Northwest is underinvesting in energy efficiency and expressed disappointment in the budget cuts to NEEA. NEEA delivers large savings, and reducing NEEA's budget will have long-term impacts on the region.

RESOLUTION 713
AUTHORIZING A 2015-2019 FUNDING COMMITMENT
TO THE NORTHWEST ENERGY EFFICIENCY ALLIANCE

WHEREAS:

1. **The Northwest Energy Efficiency Alliance (NEEA) remains the premier regional market transformation organization and Energy Trust contractor since our inception.**
2. **Historically, Energy Trust has contributed approximately 17% of NEEA's budget and derived approximately 17% of NEEA's energy savings.**
3. **Through 2013, Energy Trust has acquired approximately 89 aMW of savings attributable to NEEA, representing approximately 21.5% of total Energy Trust savings for that period.**
4. **The NEEA board has adopted a new Strategic Plan and Business Plan and is seeking corresponding commitments for the period 2015-2019 funding cycle.**
5. **The proposed new NEEA budget estimates Energy Trust funding share at slightly over 20%.**

6. **The NEEA Business Plan targets acquisition of 145 aMW in regional energy savings over five years at a projected cost of no more than 3.5 cents/kWh. Of this, approximately 29.2 aMW would be allocated to Energy Trust.**
7. **Planned NEEA savings acquisition compare favorably to costs projected from other Energy Trust programs and also comply with minimum OPUC performance measures established for Energy Trust.**
8. **The NEEA Business Plan prioritizes regional coordination and collaboration to accelerate development of emerging energy efficiency technologies, a critical strategy identified in Energy Trust's own strategic planning process.**
9. **Staff regards NEEA's work as essential to achieving Energy Trust savings goals over the next few years, helping ensure a full pipeline of efficiency projects to deliver long-term benefits to Oregon and the region.**

It is therefore RESOLVED:

1. **The executive director or her designee is authorized to negotiate and sign a five-year contract with NEEA authorizing funding of up to $34,000,000 to acquire 29.2 aMW of electric energy savings.**
2. **Funding shall be consistent with Energy Trust's board-approved annual budgets and two-year action plans.**

Moved by:	Rick Applegate	Seconded by: Dan Enlow
Vote:	In favor: 10	Abstained: 0
	Opposed: 0	

The Board took a break from 2:51 to 3:00.

Committee Reports

Audit Committee, Ken Canon

Ken gave an update on Energy Trust's Management Review currently in progress with Coraggio Group. The audit committee is currently reviewing the draft Management Review report, which will be presented to the board for its consideration at the meeting on October 1.

Evaluation Committee, Alan Meyer

Alan summarized recent evaluations reviewed by the Evaluation Committee. Fast Feedback results in 2013 indicated high satisfaction with all Energy Trust programs. Fast Feedback is a short phone survey of participants conducted about a month after they receive incentives. Fast Feedback results also indicate that free ridership is as high as 50 percent in one Energy Trust program. Free ridership is when a participant would have made an investment even without an incentive. Spillover is when a participant made an investment without using Energy Trust incentives.

A 2014 Residential HVAC market assessment indicated that market share is increasing for furnaces, heat pumps and ductless heat pumps.

An evaluation of the first year of a Production Efficiency Core Improvement Pilot indicated success for small- to medium-sized industrial customers implementing SEM.

Examination of an SEM Introductory Pilot for small commercial customers indicated sub-optimal engagement and recommended improvements. Small commercial customers have different challenges than large customers, including fewer staff.

Recommendations from the Existing Homes Process Evaluation are already being implemented and the program has made notable improvements.

A New Homes Process Evaluation indicated that the program is achieving 20 percent market share, with a goal of achieving 27 percent market share.

Finance Committee, Dan Enloe

Dan described takeaways from Energy Trust's first quarter financial statements, noting that the organization is on track at this point in the year.

Overall, incentives payments substantially increased from last year at this time, and are expected to increase in the remainder of the year. Spending has increased in all utility territories except for NW Natural. Activity has increased across the board. The renewable energy sector underspent budget significantly.

Reserves are flat. Investments have increased in value. Administrative costs are at four percent. Overall program revenues increased to six percent.

Dan observed that IT expenditures increased significantly and asked about recent deliverables.

Steve Lacey, director of operations, addressed IT expenditure increases. Several IT projects are currently underway that require contract support and expertise. Projects include replacement of Fast Track, improvements to Business Intelligence Systems, improvements to and replacement of SharePoint to facilitate internal communication and content sharing, and updates to Energy Trust's financial system, Great Plains. IT expenditures are only slightly over budget for this time of year.

Nominating Committee, John Reynolds

John stated that there is one vacancy on Energy Trust's board. A second vacancy is expected in fall, when Rick will resign from the board after the 2015-2019 Strategic Plan is completed. The board seeks additional board representation to reflect the diverse nature of the territories that Energy Trust serves. The committee created a list of people to contact for board member recommendations, and will make calls. Board members are advised to send recommendations to John. A new board member can reside in Oregon or Southwest Washington.

Policy Committee, Roger Hamilton

Roger deferred a discussion on cost-effectiveness to the Staff Report. Other matters covered in the previous Policy Committee have been addressed in earlier parts of this meeting.

Strategic Planning Committee, Rick Applegate

Rick reported that the first Utility Roundtable for the 2015-2019 Strategic Plan occurred this morning. Utilities expressed willingness to partner on issues and suggested an annual workshop on emerging technologies.

Board members plan to attend some of the upcoming Strategic Plan regional outreach events. The board asked how Energy Trust promotes Strategic Plan public outreach events. Amber Cole, director of communications and customer service, responded that many of these outreach events are co-hosted by Pacific Power. Pacific Power is promoting these events to customers and business leaders, and events have been well-attended with 100+ guests in Albany and 90 guests in Roseburg. Energy Trust is also promoting opportunities to comment on the plan to stakeholders through newsletters, emails and the front landing page of our website. Energy Trust staff will also attend Business Oregon forums and several small customer events in Eastern Oregon.

Board members are pleased with the draft 2015-2019 Strategic Plan, including the process and outcome. Board commended staff for a brief, accessible and well-written plan.

Board members acknowledged staff for making July Conservation Advisory Council and Renewable Energy Advisory Council notes available to board members prior to the July board meeting.

Staff Report

Highlights, Margie Harris

Margie described homeowners featured in Energy Trust's 2013 Public Annual Report. Jun and Jackie followed a typical path for homeowners engaging with Energy Trust. They started by ordering an Energy Saver Kit. Then they signed up for a Home Energy Review. Over time, they gradually installed energy-efficient upgrades, such as insulation and energy-efficient heating systems.

Margie presented a preview of results from quarter one, noting that savings and activity have increased from last year at this time. Milestones achieved include rating the 5,000th new home with an Energy Performance Score (EPS). The full quarter two report will be available on August 15.

Margie gave an update on the gas cost-effectiveness docket, UM 1622. Energy Trust is serving as a technical resource for the docket, having submitted a paper on July 1, explaining measure benefits, benefit/cost ratios and total resource cost ratios. The OPUC held the first of three public workshops during which stakeholders provide input. Attendees included representatives from the Citizens Utility Board, Clean Energy Works, Home Performance Guild of Oregon and the Oregonian. The OPUC will make a decision about cost-effectiveness by October, which will impact Energy Trust's 2015 budget development this fall. Note OPUC has a separate process for electric cost-effectiveness.

Margie gave an update on Strategic Plan outreach events around the state, including those to be hosted and promoted by Pacific Power. Already, 30 people have signed up for our Portland business event, including six legislators. In tandem with these events, Margie has met with customers, stakeholders and elected officials, such as Alan Ford, CEO of Roseburg Forest Projects. Roseburg Forest Products has completed over 50 projects with Energy Trust over many years, demonstrating that long-term customer relationships result in significant energy savings. Margie noted it is helpful to travel to other parts of state to experience diverse cultures and understand local challenges.

Margie described Energy Trust's marketing campaign to increase awareness of Energy Trust opportunities around the state. In response to research that awareness rates have declined, Energy Trust is conducting a first general awareness marketing campaign including print, web, radio and a television advertising. Billboards are in Hermiston, Valley Junction, Baker City, Lincoln City and Roseburg.

Adjourn

The meeting adjourned at 3:56 p.m.

The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, October 1, 2014, at 12:15 p.m. at Energy Trust of Oregon, Inc., 421 SW Oak Street, Suite 300, Portland, Oregon.

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Alan Meyer, Secretary

Board Decision
Amending the Equity Policy

October 1, 2014

RESOLUTION 715
AMENDING THE EQUITY POLICY

WHEREAS:

1. **The Equity Policy was originally adopted by the board in 2002 to set forth principles for designing energy efficiency programs and allocation of public purpose charge funding among various electricity and gas customer classes;**

2. **The Equity Policy has undergone small revisions since its adoption, and was reviewed by the Policy Committee in August 2014 as part of the Committee's regular cycle of policy reviews**;

3. **Policy Committee members suggested some editing of the current policy to ensure that the policy clearly states the underlying and high level objectives and principles. As a result of the Committee's recommendations, staff revised the policy language as reflected in the suggested amended policy attached as Attachment 1; and**

4. **The Policy Committee supports the suggested amendment and recommends approval through the board's consent agenda.**

It is therefore RESOLVED that the Board of Directors hereby approves amendment of the Equity Policy as shown in Attachment 1.

Moved by:		Seconded by:
Vote:	In favor:	Abstained:
	Opposed:	

ATTACHMENT 1

4.08.000-P Equity Policy

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	May 22, 2002	Approved (R104)	May 2005
Policy Committee	March 5, 2005	Postpone review	11/05
Board Decision	September 7, 2005	Revised (R352)	September 2008
Policy Committee	December 2, 2008	Replaced references to numerical electric and gas goals	September 2011
Board Decision	October 5, 2011	Revised (R595)	October 2014

Introduction

Recognizing the Energy Trust's long-term goals to save electricity and natural gas, and that other public purpose funds have been earmarked for schools and low income housing needs, the Energy Trust of Oregon, Inc., Board of Directors hereby adopts as policy using the following principles in designing energy efficiency programs and allocating funding among various electricity and gas customer classes:

Policy

- Make programs available to all eligible electricity and gas customer classes by implementing programs in the residential, commercial, and industrial sectors.
- Design and implement programs for private utility electricity and gas customers that have not had access to prior conservation programs and/or where penetration rates have been historically low, such as rural ~~or agricultural~~ customers.
- Monitor penetration rates for all programs and adjust them as needed to ensure that all private utility electricity and gas customer classes are being served. ~~The~~ Energy Trust will pay particular attention to programs for underserved ~~electricity and gas~~ customers ~~to ensure that they achieve penetration rates that are comparable to other successful programs operating to serve these markets~~.
- ~~Improve program effectiveness to increase conservation savings and reduce costs, thereby making it possible to serve more households and businesses.~~
- ~~Improve and disseminate information about the cost and availability of conservation in each private utility electricity and gas customer class.~~

Board Decision
Amending the Economic Development Policy

October 1, 2014

RESOLUTION 716

AMENDING THE ECONOMIC DEVELOPMENT POLICY

WHEREAS:

1. **The Economic Development Policy, originally adopted by the board in 2004 in connection with discussions with State of Oregon economic development personnel, demonstrates Energy Trust's interest in supporting state economic development efforts and outlines a process for quick and coordinated responses to inquiries on economic development matters;**

2. **The Economic Development Policy has not been revised since its adoption, and since its adoption, staff approval limits have increased permitting staff approval of renewable energy incentive funding support of up to $500,000;**

3. **In the interest of ensuring the underlying objective of the Policy to permit quick and coordinated response to economic development inquires, Energy Trust staff recommends that the Policy be amended to increase the authorization for staff to make commitments for renewable energy projects from $125,000 to $500,000 and to make other clarifying editorial revisions as indicated.; and**

4. **The Policy Committee supports the suggested amendment and recommends approval through the board's consent agenda.**

It is therefore RESOLVED that the Board of Directors hereby approves amendment of the Economic Development Policy as shown in Attachment 1.

Moved by:		Seconded by:
Vote:	In favor:	Abstained:
	Opposed:	

ATTACHMENT 1

4.18.000-P Economic Development Policy

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	April 7, 2004	Approved (R265)	June 2004
Board	June 9, 2004	Econ. Dev. Initiative (R277)	June 2007
Policy Committee	October 3, 2007	No changes	October 2010
Policy Committee	October 12, 2010	No changes	October 2013

RESOLUTION AUTHORIZING ENERGY TRUST INVOLVEMENT IN ECONOMIC DEVELOPMENT INITIATIVES

WHEREAS:

1. **Economic development is a significant side benefit of Energy Trust energy efficiency and renewable energy production, helping to make Oregon businesses more competitive by lowering production costs and increasing operating reserves and profits.**

2. **It is consistent with Energy Trust's strategic plan and ~~mission~~ vision and purpose to cooperate with public entities and utilities that are seeking to convince businesses to come to, expand in, or stay in Oregon.**

It is therefore RESOLVED:

1. **Energy Trust staff should make available information~~develop integrated materials~~ to ~~that~~ help economic development entities understand how Energy Trust programs support new and existing commercial and industrial facilities;**

2. **Staff should provide a ~~single~~ contact person to coordinate quick responses to inquiries on economic development matters from the State of Oregon or others ~~economic development entities based on analysis by the Oregon Department of Energy (or if that is unavailable or impractical, an outside contractor~~);~~,~~ and such responses to be reviewed by ~~an internal~~ Energy Trust ~~team~~staff or a designee. Staff is authorized to contract with an outside consultant to provide a back-up source of information-gathering and analysis.**

3. **For projects with high economic development potential, staff is authorized to make commitments to cost-effective energy efficiency projects consistent with existing program standards, and up to $~~125,000~~500,000 per project for renewable energy projects, consistent with SB 1149's above-market requirement.**

Board Decision
Retiring the Screening New Opportunities Policy

October 1, 2014

RESOLUTION 717
RETIRING THE SCREENING NEW OPPORTUNITIES POLICY

WHEREAS:

1. **The Screening New Opportunities Policy, attached as Attachment 1, was originally adopted by the board in 2004 to document the board's interest in encouraging Energy Trust to identify and act upon new strategic opportunities and to set out an efficient process to screen and intentionally chose to purpose new strategic opportunities;**

2. **The process identified by the Screening New Opportunities Policy reflects Energy Trust's current operating procedures, particularly with respect to the review of strategic opportunities with the board at its annual strategic planning board retreat and with RAC, CAC, and the Policy Committee outside the annual retreat process.**

3. **The Screening New Opportunities Policy was reviewed by the Policy Committee in September 2014 as part of the Committee's regular cycle of policy reviews;**
4. **Policy Committee members discussed whether the policy is still helpful guidance, given that the processes identified are incorporated into Energy Trust operations. Members believe that the policy is superfluous and, as a result, suggest that it be retired; and**
5. **The Policy Committee supports the suggested policy retirement and recommends approval through the board's consent agenda.**

It is therefore RESOLVED that the Board of Directors hereby approves retirement of the Screening New Opportunities Policy.

Moved by:		Seconded by:
Vote:	In favor:	Abstained:
	Opposed:	

ATTACHMENT 1 (Proposed for Retirement)

4.19.000-P Screening New Opportunities

History			
Source	Date	Action/Notes	Next Review Date
Policy Committee/Board	8?24/04,9/8/04, 1/26/05	Review and discussion	2/16/05
Board	2/16/05	Approved (R318)	7/05
Policy Committee/Board	7/05	Reviewed; no changes	7/08
Policy Committee	12/08	Reviewed; deleted reference to 3 Person Team and changed to Strategic Planning Committee	7/2011
Policy Committee	11/11	Reviewed; no changes	11/2014

Introduction

Identifying and acting upon new strategic opportunities is a welcome and continuous part of being an innovative "learning organization."

An efficient process to screen and intentionally choose to pursue new strategic opportunities is desirable.

Assessments of new strategic opportunities will be concentrated within, and not limited to, the action plan update and budget preparation cycle initiated with the joint board/staff planning meeting held publicly each summer.

Policy

That the Energy Trust of Oregon, Inc., Board of Directors authorizes the Executive Director, in cooperation with the Strategic Planning Committee and other interested parties, to screen major new strategic opportunities using the following pre-screening and minimum full-screening criteria:

1. Pre-screening - Staff proposes to pre-screen opportunities to determine if there is an obvious fit for the Energy Trust, if the opportunity is plausible, is within existing budget and resources and can be absorbed into current efforts. The result of pre-screening can be either an immediate action to absorb such opportunities within existing efforts or programs, to transfer the opportunity to another potentially interested party or to not pursue the opportunity at all.

2. Minimum Full-screening - At a minimum, opportunities that warrant additional consideration beyond pre-screening will be assessed as follows:
   - Does it meet Energy Trust legal requirements?
   - Would it help us to achieve organization mission and goals?
   - Are the costs and benefits anticipated reasonable?
   - What would be the timing and what resources would it require?
   - Are partnership and leverage opportunities present?
   - Are the resources required plausible?
   - Other considerations?

3. Board and staff will plan for and include an analysis of strategic opportunities and corresponding choices for discussion as a focus of the annual board/staff public planning meeting held each year, usually in summer.

4. Ideas outside of the annual planning meeting will follow the usual course of business, being analyzed by staff with involvement from interested board members for presentation to the CAC and/or RAC and policy committee prior to consideration during a public board meeting.

5. An Energy Trust board member from either the strategic planning and/or policy committee will update the full board on the status of ideas being considered and, for those items requiring board action, bring such new ideas forward for action during public board meetings.

Tab 2

ENERGY TRUST

2014 Management Review – *Final Report*

September 22, 2014

Presented by Coraggio Group

Table of Contents

EXECUTIVE SUMMARY

Executive Summary

The Oregon Public Utility Commission (OPUC) grant agreement mandates that Energy Trust will contract for an independent management review and evaluation at least every five years. "The Management Review will be designed to review the efficiency and effectiveness of Energy Trust operations under this Agreement and make specific suggestions for improvement."

We believe an additional goal of this management review is to inspire thought-provoking conversation and valuable insight that will provide Energy Trust with ideas to be better prepared to fulfill its purpose of "…providing comprehensive, sustainable energy efficiency, conservation and renewable energy solutions to those we serve."

The OPUC, Audit Committee and Energy Trust Management identified four areas for this review:

Area #1 | Administrative Costs: Efficiency and Effectiveness

Area #2 | Administrative Costs: Allocation and Productivity

Area #3 | Program Delivery and Outcomes: Efficiency and Effectiveness

Area #4 | Staffing: Resource Planning, Staffing Planning and Staffing Level

This Management Review Report shares the most relevant information gathered from a current state review of Energy Trust performance and practices as well as benchmarking conducted with four utilities: Avista, Puget Sound Energy, Seattle City Light and Snohomish County Public Utility District.

The Report is structured in four areas with subsections that highlight particular topics. Each topic shares:

- Current State Findings
- Benchmarking Comparisons and related research
- Assessment, Recommendations and Suggestions

Coraggio worked with the Energy Trust strategic planning team to offer insights and linkages between the Management Review and the Energy Trust Five-Year Strategic Plan. Recommendations, where appropriate, have been incorporated into the plan.

Two themes emerged through our development of the management review:

1. Energy Trust's performance and practices when compared to the Washington benchmark group are strong and well-respected.

   Our review showed that:

   - Of the peer utilities, Energy Trust is the one organization that showed growth in electric energy efficiency savings in each sector during the three years, 2011 – 2013.

Executive Summary

- Energy Trust's approach to cost allocation is the most conservative of the peer group. Management and General Administrative costs are fully allocated to programs when applying the cost effectiveness standard, and this does not occur at any other benchmarked utility.
- The Trust is leading in its use of business intelligence software to improve reporting and evaluation and inform its planning process for identifying future energy efficiency measures.
- Planning and Evaluation is efficient, and based on peer and market evaluation firm feedback considered to be well-respected and nationally-recognized.

2. As the energy efficiency industry matures and acquisition costs of related measures increase, to remain cost competitive Energy Trust will benefit by bringing additional focus and resources to the efficiency and productivity of its operations.

   Areas that this Management Review highlights are:

   - Budgeting and forecasting
   - Reporting
   - Resource planning, including staffing justification
   - Marketing and Communications

Based on the performance and practices reviewed, benchmarking interviews, and interviews with others working with Energy Trust, it is clear that Energy Trust is building a rich heritage based on its commitment to energy efficiency savings and renewables generation, and doing so in a cost effective, collaborative and transparent way. We hope this management review plays a meaningful part in contributing to Energy Trust's future success.

Respectfully submitted,

~ Coraggio Group

Management Review Methodology

The 2014 Management Review was designed in collaboration with the OPUC, the Trust Audit Committee and management to review the efficiency and effectiveness of Energy Trust operations, with particular focus on administrative functions and costs. This design was refined upon selection of the consulting firm conducting the management review, Coraggio Group, and included four Areas of review. The areas are noted below and the Key Questions identified in these areas are found in Appendix 2.

Area #1 | Administrative Costs: Efficiency and Effectiveness

Area #2 | Administrative Costs: Allocation and Productivity

Area #3 | Program Delivery and Outcomes: Efficiency and Effectiveness

Area #4 | Staffing: Resource Planning, Staffing Planning and Staffing Levels

Coraggio used a two phased approach to conduct the management review: In the first phase (April – May, 2014), Coraggio reviewed and analyzed relevant Energy Trust documents that provided a base of understanding for each of the areas. A deeper understanding of Energy Trust's current state was provided through a series of internal interviews. Twenty-one one-on-one interviews or focus groups were facilitated, including with the OPUC and Audit Committee leaders. At the end of this phase a current state report was generated and reviewed with Energy Trust management and the Audit Committee.

In the second phase (June – July 15th, 2014), as requested by the Audit Committee, benchmarking was conducted with four utilities: Avista, Puget Sound Energy, Seattle City Light and Snohomish County Public Utility District. The goal was to compare performance and practices to reveal insights where Energy Trust could improve—or confirm—where its current practices are on par with or exceed this peer group. This information was obtained through publically available reports, interviews with energy efficiency program staff and additional information they provided.

Also in this phase, Coraggio conducted interviews with Energy Trust's funding utilities and a sampling of its marketing firms, market evaluation firms and program management contractors. This phase concluded with a Benchmarking Results Matrix that was shared with Energy Trust management and the Audit Committee Chair.

This report relies on the facts and information available to us. As is the case with any operational review, processes and systems change over time. Both the strengths documented and recommendations provided are reflective of the organization at the point in time when this management review was performed.

This Management Review Report summarizes the Energy Trust current state and benchmark findings. From these findings Coraggio presents our assessment and corresponding recommendations, with the hope that this will begin a process where Energy Trust leadership can have deeper discussion and decide which areas to pursue that provide the highest and best use of resources.

All footnotes have been consolidated and included in Appendix 5, instead of appearing on individual slides.

Highlighted Recommendations

Management Review Area	Recommendation	Page #
1 | Administrative Costs: Efficiency & Effectiveness	1. Continue current investments in IT systems improvements, in particular business intelligence capabilities, and ensure that potential reduction/elimination of workload and/or additional capacity created as a result of investments is documented.	17
	2. Working with the OPUC and its funding utilities, consider moving to a two-year budget cycle.	24
	3. Conduct process improvement on forecasting and budgeting process to reduce non-value added steps.	24
	4. Identify opportunities for streamlining all of Energy Trust's marketing expenditures, especially in the Sectors.	27
	5. Pursue discussion with funding utilities to further leverage their marketing efforts for broader outreach and reduced cost.	27
2 | Administrative Costs: Resource Allocation & Productivity	6. Regarding the cost allocation methodology, we do not recommend incurring additional time to further evaluate or distribute costs based on slight shifts in the cost drivers.	30
	7. Consider whether to allocate these more general/shared services type costs at the portfolio versus program level when reporting cost effectiveness test results, using either TRC or UCT.	30
	8. Request the OPUC to work with Energy Trust to reduce reporting content for the first quarter and fourth quarter reports.	33
	9. Review reporting elements with the funding utilities with a goal of improving efficiency without a loss to sharing valuable information.	33
	10. Identify, set goals, and track progress on 3-4 administrative-focused productivity metrics in the context of a continuous improvement process.	35
	11. Adopt a strategic initiative to pursue continuous improvement in all core processes of the organization—both program and administrative-related.	39

Highlighted Recommendations

Management Review Area	Recommendation	Page #
3 | Program Delivery and Outcomes: Efficiency and Effectiveness	12. Pilot various changes to the management of programs relative to savings goal timing.	58
	13. Explore whether the use of an internal verification team is more cost effective than using outside firms.	61
4 | Staffing: Resource Planning, Position Planning and Staffing Levels	14. Consider a pilot of expanding span of control in some program areas to test whether the layers of management are necessary and are positively impacting the development and management of programs.	71
	15. Conduct the administrative support staffing level needs assessment that was recommended in the 2010 Management Review.	78
	16. Establish clear staffing justification criteria to give guidance to the organization when considering staffing additions or reductions and to ensure a transparent process for staff budgeting.	78

Benchmarking Organizations Overview

Utility Overview Data	
Information about ETO and each of the Washington Utilities who participated in the benchmarking	
Energy Trust of Oregon	**2013 Revenue:** $162,465,016 [2013 Revenues from ETO's funding utilities total $3.95B, and are as follows: Portland General Electric ($1.81B); NW Natural ($.73B); PacifiCorp' Oregon Revenues ($1.2B); Cascade Natural Gas ($.21B)] **Employees:** 100 (10 employees are renewables program staff) **Energy Efficiency Group Employees:** 90 **Services:** Independent 501 (c)(3) nonprofit organization with energy efficiency programs, services and incentives in electric and natural gas, as well as renewable energy in solar, wind, hydropower and geothermal and biopower.
Avista Corporation (Avista)	**2013 Revenue:** $1,618,505,000 **2013 Energy Efficiency Revenue:** $14,904,434 **Employees:** 1,500 **Energy Efficiency Group Employees:** 24 **Services:** Investor-owned utility with a mix of electric, hydro, natural gas, coal and biomass generation delivered over 2,200 miles of transmission line, 18,000 miles of distribution line and 7,600 miles of natural gas distribution mains, as well as renewables in wind and water.
Puget Sound Energy (PSE)	**2013 Revenue:** $3,187,297,000 **2013 Energy Efficiency Expenditures (Revenues not relevant):** $110,070,547 **Employees:** 2,700 **Energy Efficiency Group Employees:** 89 **Services Offered:** Washington state's oldest local energy company, and it is investor-owned. The utility provides electric and natural gas service to homes and businesses over 2,600 miles of transmission line and 12,200 miles of natural gas distribution mains, as well as renewable programs in wind.
Seattle City Light (SCL)	**2013 Revenue:** $964,160,192 **2013 Energy Efficiency Revenue:** $40,636,670 **Employees:** 1,812 **Energy Efficiency Group Employees:** 71 **Services:** A municipal electric public utility with electric energy efficiency program and renewables in hydro and wind.
Snohomish County PUD (SnoPUD)	**2013 Revenue:** $624,808,000 **2013 Energy Efficiency Revenue:** $21,311,018 **Employees:** 1,025 **Energy Efficiency Group Employees:** 50 **Services:** A public utility district of the state of Washington with electric generation and transmission. Electric energy efficiency programs and renewable programs in hydro, wind, solar, landfill gas and biomass energy.

FINDINGS, SUGGESTIONS AND RECOMMENDATIONS

Area #1: Administrative Costs: Efficiency and Effectiveness

Overview of Administrative Costs - Energy Trust

For purposes of the management review, the administrative and program support costs reviewed are those as defined by the OPUC. These costs are segmented into three categories:

Management and General - Governance/board activities, interest/financing costs, accounting, payroll, human resources, general legal support, and other general organizational management costs.

General Communications and Outreach - Expenditures of a general nature, conveying the nonprofit mission of the organization and general public awareness of services available to customers.

Program Support Costs - Costs incurred directly by programs, but of an indirect nature such as conferences, travel, supplies and meetings.

In addition, each of these categories receives an allocated share of indirect costs (These include rent/facilities, supplies, computer equipment and support and depreciation).

	2011	2012	2013
Administrative Costs	$6,150,853	$7,848,009	$6,547,221
Revenue	$133,084,407	$146,207,992	$162,465,016
Percent of Revenue	4.62%	5.37%	4.03%

Energy Trust administrative cost control continues to be strong relative to the performance metric set by the OPUC, staying well below the 9% target. As demonstrated in this chart, between 2011 and 2013, Energy Trust has reduced administrative costs as a percent of revenue by 13%. The absolute dollar expenditures have increased 6.4%, or $396K. The largest area of increase was in Administrative Payroll and Related Expenses, and the largest area of decrease was in IT Services.

Area #1: Administrative Costs: Efficiency and Effectiveness

Overview of Administrative Costs – Energy Trust Staffing

2014 administrative and support functions are budgeted with 67 full-time equivalent (FTE) positions (includes Regular Employees and Interns). Compared to 2011, this is an increase of 29%, or 15.3 employees. The largest increases have been in the General Outreach (6.5 positions) and Planning & Evaluation (3.4 positions) functions. The only decrease has been in Office Management.

All position additions are approved by the Trust Board, and the rationale for these additions are stated and include overall growth in the energy efficiency programs and related savings. It is noted that program staff grew 35%, or by 10.7 employees, between 2011 and 2014. Over this same time period, energy efficiency savings increased or are forecasted to increase 17% for electric and 22% for gas.

The chart below details the change in positions by function. Positions are the sum of FTE (full-time employees who receive benefits) and interns (temporary, limited term positions of no more than 1,000 hours/year that are on Energy Trust's payroll but do not receive benefits).

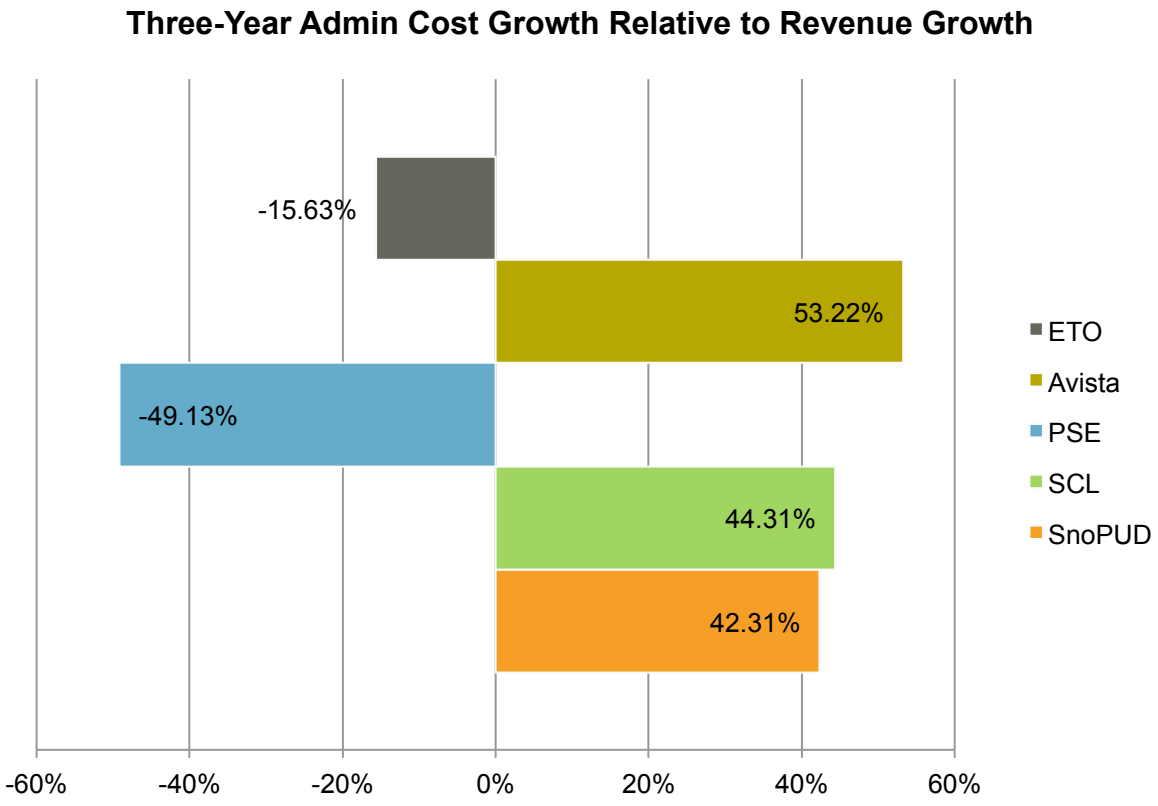
Administrative & support functions	2011 budget	2012 budget	2013 budget	2014 budget	% Change 2011-14
Administration					
General Outreach	**5.5**	**9.5**	**8.5**	**12.0**	118%
Management & General					
Executive	2.0	2.9	2.0	2.0	0%
Finance	6.7	7.9	7.8	7.4	10%
Human Resources	1.1	1.1	1.4	2.4	118%
Legal	3.5	3.6	4.0	3.9	10%
Office Management	2.2	2.0	2.0	1.8	-18%
Management & General Total	**15.5**	**17.6**	**17.2**	**17.5**	13%
Administration Total	**21.0**	**27.1**	**25.8**	**29.5**	40%
Support					
Customer Service	2.5	2.0	3.2	3.4	36%
IT	14.0	14.8	15.3	16.2	16%
Planning & Evaluation	12.0	12.8	14.9	15.4	28%
Trade Ally	2.5	2.9	2.6	2.8	12%
Support Total	31.0	32.5	36.0	37.8	22%
Administrative & support functions	**52.0**	**59.6**	**61.7**	**67.3**	29%
Programs	**30.5**	**35.8**	**38.2**	**41.2**	35%
Grand Total	**82.5**	**95.4**	**100.0**	**108.5**	32%

Note: Intern Employees (versus Regular Employees) represented 5.5 in 2011, 6.5 in 2012, 5.5 in 2013 and 8.5 in 2014.

Area #1: Administrative Costs: Efficiency and Effectiveness

Overview of Administrative Costs – Energy Trust and Benchmark Utilities

Administrative costs included in the Energy Efficiency programs of the Washington utilities varies significantly (see the administrative cost category definitions and three-year annual data by cost category in Appendix 6). Because the varied definitions make comparison of the absolute number or the cost as a percent of revenue difficult, the graph below shows the three-year rate of change of the administrative costs relative to the change in the size of the energy efficiency revenues (or costs where revenues were not relevant). Assuming the method by which utilities report administrative costs is consistent year-over-year, this graph provides an indication in the changes in efficiency of their administrative costs. As in the case of Avista that had a significant revenue decline in this period, efficiency can be significantly impacted by revenue change, not only administrative cost changes.



Area #1: Administrative Costs: Efficiency and Effectiveness

Overview of Administrative Costs - Energy Trust

The chart below shows more detail of the Administrative costs for 2013 before full allocation to the programs. [See Area #2 for information about cost allocation methodology]

Figures in Dollars ($)	Programs	Management General & Admin	Communications & Outreach	Total
Admin Payroll and Related Expenses		1,892,490	862,012	2,754,502
Admin Outsourced Services		151,676	568,505	720,181
Admin Planning and Evaluation		-	-	-
Supplies	10,387	8,642	3,089	22,118
Postage and Shipping Expenses	4,409	1,620	826	6,855
Telephone	5,180	1,841	856	7,877
Printing and Publications	95,250	821	6,434	102,505
Occupancy Expenses	267,125	118,134	60,739	445,998
Insurance	40,631	17,969	9,239	67,839
Equipment	53,334	5,552	2,854	61,740
Travel	59,075	21,685	4,158	84,918
Meetings, Trainings & Conferences	41,016	37,988	6,059	85,063
Interest Expense and Bank Fees	100	5,343	-	5,443
Depreciation & Amortization	68,123	29,273	15,051	112,447
Dues, Licenses and Fees	95,540	25,832	3,007	124,379
Miscellaneous Expenses	3,433	18	-	3,451
IT Services	1,533,321	273,597	134,987	1,941,905
Program Support and Management and General - OPUC	$2,276,925	$2,592,479	$1,677,815	**$6,547,221**

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #1: Information Technology

Energy Trust Current State

Successful execution of Energy Trust's mission and measurement of its impact depends on capturing data from customers and stakeholders and processing and reacting to that data in order to plan for and deliver on energy savings and generation opportunities. Given that this is such a core element of Energy Trust's work, it is an area of opportunity for improving efficiency and effectiveness of Energy Trust's operations.

Energy Trust has already embarked on several significant investments into upgrading the IT infrastructure. In addition to these tools helping Energy Trust maintain market share in a more challenging landscape, the purpose of these investments includes:

- Automating data sharing between PMC's to improve forecasting and reporting capabilities
- Improving data import functionality from PGE, Pacific Power, NW Natural and Cascade Natural Gas to inform forecasting and market planning, reach more customers and identify more energy savings opportunities
- Adding functionality to Customer Relationship Management (CRM) systems to provide more insight into customer activity, support follow-up campaigns, associate sites with campaigns

Data is integral to Energy Trust and its program development and execution. Much of this data initiates from the funding utilities, and there is not a clear process to ensure and resolve problems related to data quality. This can result in inefficiency as multiple parties work towards resolutions.

Energy Trust has a robust project prioritization process that involves business partners in decisions regarding the IT pipeline. An IT Steering Committee reviews all projects and prioritizes how IT resources (both internal and contract) are assigned to projects.

As offered by many in the organization, IT is an area where Energy Trust can continue to invest for improved efficiency and effectiveness. Additionally, there is an opportunity for staff and PMCs to become more familiar with and take advantage of these technology improvements.

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #1: Information Technology

External Benchmarks—Research

Unlike Energy Trust, all of the benchmark utilities' energy efficiency groups are part of a larger utility, and the corporate, shared services maintain and manage many of the IT systems that support overall business operations, including energy efficiency. These systems include, but are not limited to, human resources, accounting, budgeting, business intelligence, DSM, and CRM.

Many of the energy efficiency groups within the utilities use software, both purchased and in-house developed, to track projects and pay rebates. Some of these systems track projects as they move through steps in their lifecycle, from scoping, contracts, construction/in-market, to completion and/or termination.

Some of the outside vendors for project tracking software include SalesLogix software and modules of SAP.

Energy Trust has implemented and continues to improve upon its business intelligence system, which maintains information about customer behaviors and usage that could be used to help inform energy efficiency (EE) programs. This was unique amongst the utilities with which we benchmarked, which lacked business intelligence systems.

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #1: Information Technology

Assessment

Current investments at Energy Trust seem to be in line with identified efficiency and effectiveness opportunities. It will be critical to ensure successful implementation of these systems and to identify efficiencies that can be achieved through automation. It is our understanding that these investments, when properly implemented, will result in a significant opportunity for automation (and potential for reduction/elimination of workload). In particular, if additional capacity is created, it will be important to understand where that capacity will be and how it will be re-deployed.

Energy Trust will continue to identify and integrate efficiencies through its consideration of how accounting systems will designed for the future.

Finally, Energy Trust is an early adopter in the utilization of business intelligence systems for purposes of reporting, and ultimately providing higher analytics and insights that could offer program development guidance based on past behavior and other data. Energy Trust could benefit from being a leader among regional energy efficiency organizations to learn how to best understand customer behavior and data. Today's differing systems, data definitions and metrics makes this cumbersome, at best.

Recommendations

1. **Continue current investments in IT systems improvements, in particular business intelligence capabilities, and ensure that potential reduction/elimination of workload and/or additional capacity created as a result of investments is documented.**

Suggestions

- ❑ Work with funding utilities to establish and standardize on process and any unclear roles and responsibilities around data management. This would ensure quality of data at the source and provide efficiency for Energy Trust as they utilize this data in various internal processes and programs.
- ❑ Where possible, accelerate the systems integration to outside contractors as well as directly to residential (Trade Allies), commercial and small industrial customers.
- ❑ For the future IT project pipeline, identify opportunities to integrate accounting and payment systems to reduce the workload.
- ❑ As an early adopter, and in the spirit of collaboration, Energy Trust may want to consider convening a regional group of energy efficiency organizations to establish data governance that will make sharing data easier in the coming years. As the costs to acquire energy efficiency grow, organizations will more often seek to share information and practices in search of finding new cost effective opportunities to extend energy efficiency penetration. Working now to ensure that data sharing can be easily integrated and compared will make this more efficient and effective.

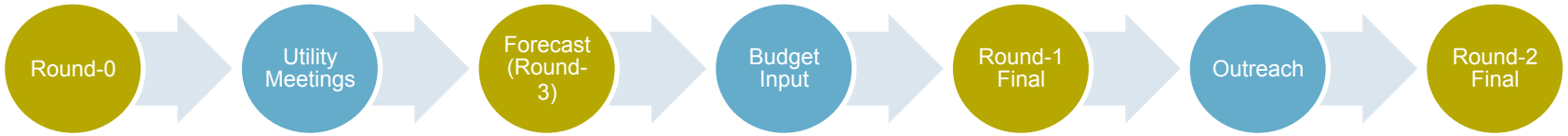
Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #2: Budgeting and Forecasting

Energy Trust Current State

This focus area covers both the general/administrative process of budgeting at Energy Trust and some of the specific challenges in budgeting and forecasting program savings/generation, and to a lesser degree program delivery expenditures.

An overview of the budgeting process is shown here:



Round-0 (r-0) (July): This high-level forecast includes program costs with incentive dollars, and is primarily to assist utilities in establishing their funding levels. Note: This step is being removed in 2014 because the utility funding conversations can be delayed until further in the Energy Trust budgeting process, at which point other budget versions can be utilized.

Utility Meetings: These meetings work to align Energy Trust's proposed budget savings/generation, related costs and estimated program reserves with the utilities' IRP estimates and projected rate revenue. In 2014 this step will move to the October time frame after R-1 is finalized.

Forecast/Round-3 (R-3) (August): All program and administrative functions forecast current year spending and savings/generation at a budget-level of detail. This forecast is used to generate the beginning reserve balance. In 2014 this step will move to the October.

Round-1 (R-1) (August-October): PMC's and staff begin by inputting expenses and savings/generation. For administrative functions, the Finance department provides prior year budget figures to start the process. This is not provided for the programs since their work often changes materially between years. This process results in a final budget draft.

Outreach (November): The R-1 draft budget is communicated to a wide audience for comment. The Executive Director, CCS and finance staff craft the budget message and create related presentation materials. This is identified as a time-consuming process.

Round-2 (R-2) (December): Based on feedback, revisions are made and a final budget draft is presented to the Board of Directors for consideration and adoption.

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #2: Budgeting and Forecasting

Energy Trust Current State (continued)

The budget process is considered a 'bottoms up' approach, as the management team does not initiate the process with targets for the program or administrative areas. Each area is permitted to submit the budget that it thinks best delivers on the Energy Trust mission and is encouraged to budget the highest possible energy savings and generation. This draft is reviewed with Energy Trust leadership, and it is not unusual that program managers are asked to increase savings and generation goals.

It is estimated that the informal budget (termed 'Flash') is updated 20 times over a seven week period. The Flash takes the individual input Excel templates and consolidates them for a total organizational view, which managers can review and direct for further changes. Four official budget versions are created (three starting in 2014, per the notes on the previous page).

The budget process requires a formal update of the forecast in July or August (R-3), and this utilizes the detailed budget templates. This forecast reviews 100% of the budgeted spend. This is primarily due to the complexity of the re-forecasting process which requires that program and activity costs be examined at the same level of detail as the budget (i.e., the budget templates are updated in this re-forecasting process). As noted by staff and PMCs (who participate in data entry as part of the budget and re-forecasting processes), this is a time-consuming and cumbersome process.

The chart on page 20 shows the five-year average variances of budget-to-actual and forecast-to-actual. The timeframe between the creation of budget and actuals is approximately 16 months, and approximately 4 months from forecast to actuals. The chart will show that although variances noticeably improve as a result of the August forecast, the five-year average continues to be material.

Energy Trust recognizes the significant staff effort required to develop the budget and forecast. The Finance group continues to lead efforts to explore improvements. In addition to the changes noted on page 17 that have been made for this upcoming budget process, other recent improvements include an analysis that was completed after the 2014 budget process that shared historical expenditure rate data and patterns with those who prepare the budget to better inform their budget assumptions. Also, program reserves were identified by utility.

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #2: Budgeting and Forecasting

Energy Trust Current State (continued)

Budgeting and forecasting Energy Trust expenditures with high accuracy is challenging because of a number of factors. Approximately 60% of incentive spending occurs in the fourth quarter, and approximately 50% of efficiency results are not reported by PMC's until after the calendar year ends, but before closing the books for the prior fiscal year. Some programs have tried to incent for early reporting, but this has only been effective in the Homes program, with minor impact. These two factors, when combined with the dynamics of program implementation where customers delay or cancel projects, changes in the economy and market, and the different mix and cost of savings actually acquired year to year, further contribute to this challenge. This last factor was noteworthy in 2013 when energy efficiency acquisition was achieved at significantly lower average costs for a few large industrial and commercial projects.

As a result, budgets are built to provide the flexibility needed to pursue broad opportunities while staying within the approved amounts. Energy Trust has a strong culture of accountability; staff is both optimistic and goal oriented. The focus on accountability has led to the consistent achievement of savings goals, often at a cost below what was budgeted, but under the pre-2014 budget process it has also influenced staff to budget conservatively so they would not over-spend. This pre-2014 budget process combined with other factors noted above – e.g. acquisition of large volume low-cost savings, changes in the economy, market, or mix and cost of savings, customer decisions to cancel or delay projects – has resulted in under-expenditures for both programs and support functions, resulting in a growing reserve account.

As described on pages 18 and 19, a number of changes have been implemented in this year's budget and forecasting processes to aid staff in making budget assumptions that more closely align annual energy efficiency savings with expenditures. In addition, the Board adopted new rules to access reserves and established new program reserves for each utility. This reserve will address staff concerns about insufficient availability of funds during the year should unbudgeted opportunities arise. By providing staff with these improved budget tools and preserving needed flexibility, it is hoped that a more accurate budget and mid-year forecast will result.

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #2: Budgeting and Forecasting

Energy Trust Current State (continued)

	Percent of Total Budget (2014)	Average Percent of Budget not Spent	Average Variance of Forecast versus Actual Costs
Costs By Group			
Energy Efficiency	90%		
Incentives		13%	6%
Delivery		6%	5%
Staffing		8%	-1%
Other internal program costs		40%	25%
Support and Admin [A]		23%	12%
Efficiency Total		***13%***	***7%***
Renewables	10%		
Incentives		38%	14%
Delivery (diminimus amount)		-	-
Staffing		9%	1%
Other internal program costs		59%	40%
Support and Admin [A]		35%	20%
Renewables Total		***38%***	***15%***
[A] Support and Admin before allocation	**7% ***		
Shared office		10%	11%
Shared IT		38%	17%
Customer Service & Trade Ally		18%	10%
Planning & evaluation		25%	18%
Outreach and communications		16%	4%
Administrative Depts Combined		18%	13%
Total Support		***25%***	***13%***
ENERGY SAVINGS / GENERATION			
Efficiency Electric Savings (aMW)		-1%	-6%
Efficiency Gas Savings (mil therms)		3%	3%
Renewable Electric Generation (aMW)		30%	14%

*Support and Admin costs are shown separately here and allocated into the programs on the lines noted with [A]

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #2: Budgeting and Forecasting

Energy Trust Current State (continued)

To understand the source of these variances, looking at the key components in programs shows that the greatest dollar variance category is incentives, and program delivery is a small dollar amount and variance percentage (in energy efficiency programs).

Below is a chart that shows that this variability in electric and gas efficiency has increased in 2013, with incentives expenditures showing greater variability while the delivery costs remain relatively predictable. Refer to discussion on pages 19-20 for causes of the variability.

	2013			2012			2011			2010			2009		
(in millions of $ unless otherwise noted)	**Forecast**	**Actual**	For v Act	**Forecast**	**Actual**	For v Act	**Forecast**	**Actual**	For v Act	**Forecast**	**Actual**	For v Act	**Forecast**	**Actual**	For v Act
COSTS BY GROUP															
Efficiency															
Incentives	**$74.1**	**$61.7**	17%	**$76.2**	**$71.4**	6%	**$65.8**	**$66.0**	0%	**$55.4**	**$55.2**	0%	**$45.4**	**$42.7**	6%
Delivery	**$46.9**	**$45.2**	4%	**$46.7**	**$45.4**	3%	**$44.9**	**$42.5**	5%	**$37.6**	**$34.6**	8%	**$30.4**	**$29.2**	4%
Renewables															
Incentives	**$7.5**	**$6.0**	19%	**$20.7**	**$19.9**	4%	**$16.0**	**$15.7**	2%	**$20.0**	**$16.4**	18%	**$14.5**	**$10.6**	27%
Delivery	**$0.3**	**$0.2**	27%	**$0.3**	**$0.2**	26%	**$0.2**	**$0.3**	-51%	**$0.2**	**$0.3**	-56%	**$0.2**	**$0.2**	-8%
ENERGY SAVINGS / GENERATION															
Efficiency Savings-Electric (aMW)	**53.8**	**57.8**	7%	**50.3**	**57.6**	15%	**40.1**	**49.4**	23%	**41.9**	**47.0**	12%	**38.5**	**27.5**	-29%
Efficiency Savings-Gas (mil therms)	**5.6**	**5.5**	-2%	**6.2**	**5.8**	-6%	**4.6**	**5.0**	7%	**4.3**	**4.4**	2%	**3.2**	**2.8**	-14%
Renewables Generation-Electric (aMW)	**2.65**	**2.9**	8%	**4.14**	**4.9**	18%	**1.6**	**1.5**	-7%	**4.6**	**3.4**	-27%	**6.8**	**2.7**	-61%

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #2: Budgeting and Forecasting

External Benchmarks—Research

All benchmark utilities prepare an annual business plan and/or budget. Two of the utilities, Puget Sound and Seattle City Light, follow a two-year budget process. Puget Sound's process runs from June through September culminating in an Annual Conservation Plan being presented to regulatory stakeholders in November. Seattle City Light starts earlier in the year, with completion occurring in November.

Avista creates an annual comprehensive business plan that starts as a "blank slate" because they assume that there are no constraints, i.e., there is complete flexibility to change. Out of this business plan comes a projected budget, with acquisition costs and cost-effectiveness test results, as well as planning for labor, marketing, evaluation, consulting, etc. Should there be changes during the year (between annual business plans) that require additional planning efforts, they conduct mid-year business plans. These can be comprehensive or isolated to a particular area depending on the planning needs at the time.

Budget-to-Actual variances for two of the utilities are shown below, and they also experience years of significant variance to budget.

Budget-to-Actual Variance (dollars in millions)	2011	2012	2013
PSE			
Budget	$110.1	$111.5	$107.1
Actual	$93.4	$105.5	$110.5
Budget-to-Actual Variance %	15.2%	5.4%	-3.2%
SnoPUD			
Budget	$24.4	$23.7	$22.4
Actual	$20.3	$18.8	$22.0
Budget-to-Actual Variance %	16.8%	20.7%	1.8%

One PMC interviewed indicated that they enter budget and forecasting data directly into other clients' systems, and the Energy Trust spreadsheets are more confusing, complicated and detailed. In addition, because Excel is the budget tool, versus a webform which would allow real time changes, the process is more cumbersome.

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #2: Budgeting and Forecasting

Assessment

Energy Trust's one-year budget time horizon is not well synchronized with many of its programs' life cycles, and this can make estimating savings and expenditures in a calendar year challenging.

Energy Trust leadership has expressed the desire to reduce the overall budgeting process time from 6 months to 4 months, and given the assessment of the present budget process steps, this is realistic.

Energy Trust's financial forecasting system is its budget system which is constructed to provide reports based on an extremely detailed level of data inputs. As in most forecasting, greater detail does not necessarily result in better forecasting, and Energy Trust's five-year experience suggests this.

Recommendations

2. **Working with the OPUC and its funding utilities, consider moving to a two-year budget cycle.** This will provide Energy Trust additional flexibility in the management of its energy efficiency and renewables pipeline, and it should decrease staff and PMC efforts related to meeting solely one-year savings/ generation and cost targets.
3. **Conduct process improvement on forecasting and budgeting process to reduce non-value added steps.** Given that the August forecast (R-3) has historically been notably inexact compared to actuals and that the primary purpose of this forecast has been to generate the beginning reserve balance, we recommend that R-3 not require a budget-level of detail review and reconstruction, especially for incentives and program delivery expenses. Energy Trust can consider using macro indicators and the sector dashboards (which are updated monthly) to adjust their previously established budgets. An example of such an indicator is to utilize historical second half performance trends relative to first half, and apply those to current year. This could be modified based on known deviations from the historical experience.

Suggestions

- ❑ Create budget targets for preliminary planning and budget guidance. For Energy Trust, IRP goals may be the best starting point for the targets. The IRP goals would need to be further divided by sector for planning purposes.

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #3: Marketing and Outreach

Energy Trust Current State

Energy Trust marketing and outreach is a decentralized activity with activities and expenditures managed within the programs and corporately through the Communications & Customer Service (CCS) group. In general the activities are focused on two primary areas:

- General enterprise marketing to increase awareness of Energy Trust, services available, activities and impact on the region
- Specific sector-related marketing activities to drive program participation and adoption

Program Management Contractors also conduct marketing and advertising activities for individual programs. Although Energy Trust understands that there may be some duplication or under-leveraging of marketing efforts and budget by having this segmented approach, the rationale is that if these activities were decoupled from the PMC, then they would be less willing to commit to program performance metrics because of their lack of control over this key element of program delivery. In 2014 Energy Trust added two marketing coordinator positions, one in each sector. Those roles support coordination of marketing across multiple PMCs in the sectors, and also with utilities. This additional resource also supports the Industrial and Agricultural sector, which is managed by Energy Trust staff versus a PMC, and had been lacking marketing support in prior years. These were previously long-term temporary contractors; therefore, this did not add much additional capacity.

Energy Trust utilizes outside contractors for web design and management (Pollinate) and for creative campaign development, marketing strategy and PR services (Coates Kokes). Web content management and media buying are internally resourced.

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #3: Marketing and Outreach

External Benchmarks—Research

As mentioned previously, unlike Energy Trust, all of the benchmark utilities' energy efficiency groups are part of a larger utility. As such, there are corporate marketing organizations that manage some or all of the energy efficiency marketing functions.

While the budgets for marketing and outreach are generally included in the budgets of the energy efficiency groups, all of the staff are not included within the energy efficiency groups. Marketing and Outreach efforts at other utilities also include outside vendors.

Conducting these activities as part of the larger marketing efforts of the utilities have several benefits – scale of outreach, consistency of message for rate payers, and functional expertise of the marketing groups. Some of the EE groups have service level agreements with the corporate marketing function within the utility.

In interviews with Energy Trust's funding utilities, they suggested that Energy Trust could leverage more marketing tools that the utilities already offer in order to reach the market more cost efficiently.

Area #1: Administrative Costs: Efficiency and Effectiveness

Focus #3: Marketing and Outreach

Assessment

As energy savings opportunities become more challenging in the future, Energy Trust will need to explore how to streamline efforts in all areas of its cost structure, including Marketing and Outreach. Energy Trust recently created a central outreach position in the CCS Group to respond to greater demand for information and engagement in communities across the state. This position, along with two regional representatives also based in the CCS Group, will enhance the integration and coordination of program-specific outreach provided by program contractors, and will allow for reductions in contracted resources in some areas. This is a good first step, and continued diligence in ensuring alignment and lack of duplication across the portfolio of Energy Trust's marketing efforts will increase efficiency of marketing and outreach spend. In addition, we believe opportunities exist for streamlining Energy Trust's program marketing spend.

Staffing levels in Energy Trust's General Outreach have grown by 118% between 2011 and 2014. Staff have increased efforts for outreach with funding utilities, including reporting content expansion and specialization. (See the recommendations in Area #2 Focus #2 in Reporting to decrease efforts required related to reporting.) In our benchmarking research, energy efficiency groups took advantage, in some way, of the expertise of their corporate marketing function to achieve efficient and broad outreach for their programs.

Energy Trust's territory is regularly touched and communicated with by Energy Trust's funding utilities, and these utilities have larger corporate marketing departments than Energy Trust. Funding utilities may be open to supporting Energy Trust marketing efforts through existing marketing channels or vehicles, thereby giving Energy Trust the benefit of greater efficiency through their scale and expertise.

In Coraggio's experience working with smaller organizations, there is often a benefit to comparing the costs of outsourcing media buys compared with the internal resources that this work requires.

Recommendations

4. **Identify opportunities for streamlining all of Energy Trust's marketing expenditures, especially in the Sectors.** Some examples shared in our interviews included creating an overall brochure for new buildings vs. separate campaigns for HVAC, insulation, etc. We understand that each PMC is given specific, contractual goals and uses marketing tools to achieve those goals. Energy Trust should consider piloting how to remove control of marketing while allowing flexibility to achieve the PMC's goals.
5. **Pursue discussion with funding utilities to further leverage their marketing efforts for broader outreach and reduced cost.**

Suggestions

- ❑ Conduct a RFP process for media buying to compare outsourcing with internal resourcing.
- ❑ Explore opportunities for more collaboration/ coordination between outside contractors and Energy Trust's CCS group. A position was recently created to ensure better integration in this regard.

Area #2: Administrative Costs: Allocation and Productivity

Focus #1: Cost Allocation Methodology

Energy Trust Current State

Energy Trust has utilized a consistent cost allocation methodology since its inception and this makes year-over-year comparisons easy relative to the administrative and support costs. The few modifications in the last six years include:

- For IT, a .5 FTE was added for PMC staff given that there is Energy Trust support for this group
- Planning & Evaluation was given a discrete cost center

Activity-based costing is not utilized though the present methodology generally seeks to represent this. The table below outlines the cost allocation methodology utilized.

Expenses	Allocation Method Used	Period Used
Building Occupancy/Shared Expenses	Total actual FTE	Total monthly hours per timesheets
Planning & Evaluation Expense	P&E projects per department, as estimated by P&E Manager	Annual projection
Customer Service Expense	# of calls to call center per project	Annual projection
Trade Ally Expense	Trade allies per project	Total to date number (TTD#) of Trade Allies
IT Expenses	IT users per department (Energy Trust FTE plus .5 of supported PMC staff)	Annual projection
Management & General	Total program expenses	YTD expenses
Communication & Outreach	Total program expenses	YTD expenses

The approximate time it takes Accounting staff to complete the allocation journal each month is less than one hour based on prior streamlining and automation efforts.

Area #2: Administrative Costs: Allocation and Productivity

Focus #1: Cost Allocation Methodology

External Benchmarks—Research

Activity-based accounting for administrative costs included in Management/General and General Communications/Outreach is not utilized by any of the benchmark utilities.

Unlike Energy Trust, all of the benchmark utilities' energy efficiency groups are part of a larger utility, and the corporate/shared services are not allocated to the business units, including energy efficiency. The types of costs that are not allocated include human resources, IT, legal, and accounting.

Avista allows for two cost allocation options: one based on first year BTU savings and the other based on avoided cost value. Avista will use its discretion to apply the cost allocation method that makes the portfolio the best and most well-rounded.

KPMG retired audit partner Becky Graham states that companies need to consider whether the allocation practices are a productive exercise. Companies have been known to allocate overhead costs when it doesn't drive any business decisions or enhance the customer experience. Although more exact, it does not necessarily create better decisions, but can be a point of dispute amongst business units.

To be considered when determining cost allocation policy, it is recommended that the policy:

- Stand the test of time
- Support the business decision-making needs of the organization
- Provide internal comparability between periods and a basis for understanding and managing costs. Although Energy Trust may consider external comparability, as long as GAAP and other regulatory requirements are followed, financial reporting will meet comparability expectations for external users.

Area #2: Administrative Costs: Allocation and Productivity

Focus #1: Cost Allocation Methodology

Assessment

Energy Trust's practice of cost allocation for administrative costs associated with Management/ General and General Communication/Outreach is more stringent than the benchmark utilities or GAAP. This allocation methodology results in higher total program costs when compared to other utilities that do not apportion all support and administrative costs. This difference in allocation methodology creates a greater challenge for Energy Trust in meeting the cost effectiveness standard than faced by many of its peers.

Energy Trust reports and maintains visibility to the administrative and support costs based on their reporting function. This clear visibility allows Energy Trust to evaluate the efficiency of these groups in providing services; in other organizations that fully allocate costs, this functional view can be lost and make it more difficult to manage and evaluate these administrative and support services.

Recommendations

6. Coraggio agrees with Energy Trust's decision not to do activity-based costing given the relative size of this administrative and support cost (4.03% of revenue in 2013). **Regarding the cost allocation methodology, we do not recommend incurring additional time to further evaluate or distribute costs based on slight shifts in the cost drivers.** For example, switching the allocation method for customer service expense from 'number of calls to the call center per project' to 'number of website hits per project' may more closely reflect the cost driver, but the effort to change to this method plus the loss of prior period comparisons does not warrant the modification.

7. The other consideration related to cost allocation is its impact on cost effectiveness testing. Unless directed otherwise by the OPUC, Energy Trust has discretion in its application. **Energy Trust should consider whether to allocate these more general/shared services type costs at the portfolio versus program level when reporting cost effectiveness test results, using either TRC or UCT.** As we saw with benchmark utilities, this is the predominant approach and allowed by the Washington Utilities and Transportation Commission. If Energy Trust is at a relative disadvantage to its peers because of its more stringent administrative cost allocation policy, we recommend that in partnership with OPUC it consider changing its cost allocation policy to reflect that of other energy efficiency programs. The benefits of this would be:

    - Greater comparability to other energy efficiency programs
    - Less internal effort for management reporting
    - Potentially, energy efficiency opportunities that marginally missed the cost effectiveness standard would now pass

Area #2: Administrative Costs: Allocation and Productivity

Focus #2: Reporting

Energy Trust Current State

Energy Trust fulfills several types of reporting requirements in addition to those that are ad hoc. This review focused on some of the standard reports that Energy Trust generates, specifically:

- Annual Report, Budget and Quarterly Reports to the OPUC and Board (mandated by OPUC)
- Quarterly and annual reporting to each of the funding utilities

In the grant agreement, the OPUC requests that the budget provide projected revenues and expenditures, and contain information that may permit the reader to evaluate Energy Trust's total administrative costs and whether they are reasonable. Additionally it will provide a comparison with actual revenues and expenditures received through the first three full quarters and an estimation of projected expenditure for the remaining fourth quarter of the current year. Quarterly reports are required to report and compare budgeted to actual expenditures on a quarterly basis.

These reports currently consume significant time and resources for Energy Trust across all functions. The Communication & Customer Service group estimates that 1.5 FTE are needed to support today's reporting. Sector leads estimate that the five OPUC-mandated reports require at least 20 hours per sector per report to complete.

In a 10-week period between February 28th and May 15th, staff are involved in creating for the OPUC and each utility, a 4Q report (due 2/28), an annual report (due 4/30) and a 1Q report (due 5/15). In addition, there is an informal savings only report generated before the annual report so internal groups can review savings figures while the financials are being officially closed. There is minimal difference between the 4Q and annual reports because approximately 60% of the efficiency savings are generated in the last quarter. Related to utility summaries and the utility level/program level narrative in the OPUC reports, they are complicated in the roll up to the sector for commercial and residential, and this roll-up is not required by the OPUC.

A high degree of complexity is created relative to reporting on NEEA because the two organizations utilize different systems and approaches to reporting. In order to account for NEEA in a manner that can be integrated into the sectors' reporting, a second dashboard was created for the sectors.

Area #2: Administrative Costs: Allocation and Productivity

Focus #2: Reporting

External Benchmarks—Research

Benchmark utilities subject to the Washington Utility and Transportation Commission (WUTC) reporting requirements, have a similar experience to Energy Trust relative to seeing an increase in information shared or required in their quarterly and annual reports. Given that each utility manages its own energy efficiency programs, they do not have the complexity of breaking out program information to multiple funding sources.

Energy Trust's funding utilities offered varied feedback concerning the quarterly and annual utility-specific reporting. The feedback ranged from ‘just right’ to ‘too much’ to an appreciation that Energy Trust now reports savings and generation by utility.

PMC’s also gave varied feedback about reporting requirements, which suggests a lack of clear standards in the industry. One PMC shared that all utilities require monthly quantitative reporting, and then quarterly reporting may include a narrative. Other utilities with whom they work typically only require narrative when there is an unusual occurrence, but Energy Trust consistently requires this and asks for comprehensive information, e.g., about business development and marketing. This PMC noted that it takes seven to ten days of staff time to complete each of these reports.

Area #2: Administrative Costs: Allocation and Productivity

Focus #2: Reporting

Assessment

In an effort to be fully transparent, a good partner, and tell a comprehensive story about energy efficiency, report content has grown over the last five years. Gathering the quantitative content has some glitches, but those have principally been addressed through system improvements—a few remaining improvements are underway. Constructing the report narrative is the primary demand of staff time, followed by the internal review and editing process.

The effort to create the narrative content may not be in proportion to the value derived by the respective audiences. Funding utilities and the OPUC expressed a willingness to revisit the content provided in an effort to balance the value of the information with Energy Trust staff effort.

Recommendations

8. **Request the OPUC to work with Energy Trust to reduce reporting content for the first quarter and fourth quarter reports.** Specific considerations are:
   - Could the 4Q report be limited to quantitative information with minimal narrative, and the annual report be the more comprehensive? This is based on the facts that 60% of savings are realized in the fourth quarter and that the 4Q and annual reports are issued within 60 days of each other.
   - Since there has traditionally been limited savings and generation realized in this time period, could the 1Q report be focused on quantitative measures with the primary goal to show pipeline development?
   - What level of program detail is needed by the OPUC? Does the OPUC need information provided by utility and by program (e.g., goals and performance)?
9. **Review reporting elements with the funding utilities with a goal of improving efficiency without a loss to sharing valuable information**.

Suggestions

- ❑ As Energy Trust advances in its use of business intelligence software, Energy Trust may want to consider making data available to external parties for their independent inquiry.
- ❑ Report NEEA as a separate “sector,” similar to Washington utilities on their I-937 reports. This will reduce staff effort to assimilate NEEA into Energy Trust's reporting formats. This change will require collaboration with OPUC to ensure comparability and continued transparency of NEEA’s contributions to the Energy Trust energy efficiency portfolio.

Area #2: Administrative Costs: Allocation and Productivity

Focus #3: Administrative-focused Metrics

Energy Trust Current State

Energy Trust has a comprehensive set of metrics that are tracked and regularly reported on with respect to program spending, megawatt and therm savings (see previous page on reporting). Other metrics followed, and a few that are reported to the OPUC, are noted below:

- HR-related metrics : Turnover, Time to fill, Retention rates, Employee Engagement Survey results
- Financial close by 20th of month
- Administrative and program support costs as a percent of revenue (OPUC target is to be below 9%)
- Customer satisfaction rating relative to interaction with program representatives and overall satisfaction (OPUC target is to exceed 85%)
- Number of call center calls per month
- Number of customer complaints per year
- Number of website visits per month

All Energy Trust employees receive an annual performance management review with mid-year check-in's, and as part of that process individuals create work plans. These work plans may, or may not, include performance metrics.

External Benchmarks—Research

PSE tracks similar marketing-related metrics such as unique website visits, call center calls, number of brochures distributed, etc. None of the utilities benchmarked track other administrative-focused metrics related to productivity – those that were tracked are activity focused. If tracked, these metrics are tracked in other departments (e.g. HR, IT, etc.) but the energy efficiency groups do not have access or visibility to them.

Best practices indicate that a few key performance indicators for administrative support functions should be identified which drive core processes. These metrics should be tracked and goals set which will result in improvements of core processes.

Area #2: Administrative Costs: Allocation and Productivity

Focus #3: Administrative-focused Metrics

Assessment

As Energy Trust program scope and volume has grown, so too has the need for support function expertise. One example of this is the recent addition of a project manager to the Operations team, a role that will focus on identifying and improving internal processes.

Administrative-focused metrics can serve as a valuable tool in measuring the effectiveness and efficiency of administrative functions and processes. Metrics should be linked to the achievement of specific goals in Energy Trust's strategic plan, to give them the appropriate level of focus and importance.

As Energy Trust's growth as an organization may slow, it will become increasingly important to focus on productivity. Without this focus, program opportunities may be limited because the program delivery cost may become too high to meet the cost effectiveness standard. We believe this is a critical area of focus for Energy Trust (see next Focus #4: Continuous Improvement for more details).

Recommendations

10. **Energy Trust should identify, set goals, and track progress on 3-4 administrative-focused productivity metrics in the context of a continuous improvement process.** These metrics would be identified through analysis of those core, key processes. Areas to evaluate in these metrics might include:

    - IT (e.g., given that Energy Trust follows a “scrum” process, there are built-in metrics to assess cycle time in an IT project lifecycle, and data defects)
    - Finance (e.g. average time to process an incentive request, number of budget versions—Flash reports in Energy Trust's vernacular, cycle and process time for the budget process)
    - HR (e.g. average time to fill)
    - Communications and Outreach (e.g. avg. impressions per campaign)

    Specific metrics recommended for all core processes include:

    a. cycle time (the time required to complete a process. This is the summation of process time and wait time.)
    b. process time (the labor time required to complete a process—the time elapsed related to the work of the process)
    c. wait time (the time that the process stops and no work is being done)
    d. percent accurate (the percentage of the work product that is delivered with 100% accuracy the first time)

Area #2: Administrative Costs: Allocation and Productivity

Focus #4: Continuous Improvement

Energy Trust Current State

Energy Trust has a long practice of convening cross-functional teams to explore process improvement. Recent examples are the improvements made to the reporting process to reduce program staff time, and the changes occurring in this year's budget process. The willingness to look across the organization and consider alternative methods of achieving outcomes is a strength of Energy Trust.

Given Energy Trust's use of PMCs, PDCs and Trade Allies to execute on its mission, Energy Trust finds itself in cross-functional processes on a regular basis. For purposes of this management review, cross functional is defined as processes that span across multiple internal departments or external organizations to complete the work. Additionally, it has recently partnered with funding utilities to more fully access their customer databases. This has required the establishment of cross-functional (cross-organizational) processes and systems.

Cross-functionality increases complexity, and the need for structure to minimize confusion is imperative for performance management. Energy Trust utilizes project management skills, particularly on large projects and has realized strong results. It has identified a need to further embed this competency throughout the organization, and Energy Trust is committed to developing a project management culture. For example, a review of the reporting process showed many project management tools utilized to make this a more streamlined process with well delineated roles and responsibilities. To advance this culture and its associated tool kit, Energy Trust has recently hired a Senior Project Manager. His responsibilities include deepening the project management discipline and knowledge of staff, conducting process improvements and leading projects with known cross-functional complexities.

Some functions that are shared services, e.g., Finance/Accounting and Legal, require strong collaboration to be effective. Interviews suggested that this has been achieved with Legal. There were some suggestions that closer collaboration between Finance/Accounting and programs would result in benefits. These suggestions included a perception of missed opportunities to consider new ways to complete work without undue additional risk, and also increasing the Finance group's involvement when negotiating with utilities particularly relative to financial topics.

Another example of the need for cross-functional collaboration to realize the full potential of continuous improvement efforts was the multiple audit requirements that have been added over time. While the programs are moving to electronic transmission and record-keeping, Finance has been slower to review, and modify where reasonable, the internal controls. Also, IT support in collaborating with the PMCs is needed to realize the full efficiency. Without a coordinated, project management approach to this improvement work, the efforts will not be fully realized.

Area #2: Administrative Costs: Allocation and Productivity

Focus #4: Continuous Improvement

Energy Trust Current State (continued)

When the cross-functional process involves an IT component, Energy Trust has recently implemented the Agile method for software development. Agile is based on iterative and incremental development, where requirements and solutions evolve through collaboration between self-organizing, cross-functional teams. It promotes adaptive planning, evolutionary development and rapid and flexible response to change. This methodology, considered a best practice in IT development today, lends itself to the collaborative, adaptive culture of Energy Trust and its market.

There is not a standard practice or methodology by which process improvements are initiated, executed and tracked, including on-going metrics, as referenced in Focus #3.

In administrative processes, a role for utilizing best practices has not been established. This management review includes benchmarking which is one method, every five years.

External Benchmarks—Research

One of the benchmark utilities has a structured effort focused on continuous improvement. In 2011 PSE created a verification team composed of four staff. The verification team members have backgrounds in a variety of quality methodologies, and although Six Sigma, ISO 9000, etc. principles are utilized, these disciplines aren't required. The verification team regularly engages with program staff to receive training on new measures/new applications, and review onsite findings with program staff at regular intervals to discuss a variety of process improvement opportunities that may have been presented during onsite verifications. While not directly engaged with a particular corporate continuous improvement initiative, verification team members have opportunities to participate and contribute to corporate continuous improvement initiatives.

The verification team supports PSE's comprehensive Continuous Improvement Process, and each division (even those in administration and support) is required to identify opportunities for improvement and report on progress annually. As part of this effort, they have undertaken numerous process improvement initiatives, including: simplifying rebate applications, speeding up incentive payments, and verification techniques and tactics that improved customers' rebate processing and instilled greater customer confidence in Energy Efficiency.

Area #2: Administrative Costs: Allocation and Productivity

Focus #4: Continuous Improvement

External Benchmarks—Research (continued)

Another well respected energy efficiency program administrator is Efficiency Vermont, and for a number of years they have pursued a structured method of process improvement. In their 2013 Savings Claim Summary Report they reference broadening their performance-based model and the work in process improvement to include administrative areas. They engaged in efforts related to an Administrative QPI (Quantifiable Performance Indicators) plan. This plan establishes performance indicators under two main categories:

1. Management Span of Control, intended to optimize administrative efficiencies while ensuring continued market impact and effectiveness
2. Key Process Improvements, utilizing lean processes to provide value to customers by increasing efficiency.

   By 2013 they had completed value stream mapping workshops and established baseline performance metrics for six key processes:
   - Prescriptive Process (2012 completion)
   - Metering Process (2012 completion)
   - Demand Response Plan Proceeding
   - Engineering Custom Project Process
   - Home Performance with ENERGY STAR® Process
   - Residential New Construction Process

Area #2: Administrative Costs: Allocation and Productivity

Focus #4: Continuous Improvement

Assessment

Energy Trust has focused most of its improvement efforts on program delivery and reaching broader and deeper segments of the population it serves, versus the administrative and support functions of the organization.

Energy Trust has committed resources predominantly to support its program delivery and general awareness and outreach for energy efficiency and renewables. The recent hire of a Senior Project Manager to instill deep project management competence and facilitate process improvements is an early decision to shift some resource to internal focus and efficiency opportunities.

The acquisition costs of energy efficiency are estimated to increase in the coming years, and that is a normal pattern in an industry as it moves from its early growth phase into a more mature phase of a life cycle. As the growth curve flattens, in order to maintain an acceptable return on investment—or cost effective standard in energy efficiency and renewables—an organization begins to examine its processes more closely, looking for ways to remove costs. Energy Trust is entering this period, where spending resources to improve processes, both administrative and program delivery, would be beneficial.

Recommendations

11. Adopt a strategic initiative to pursue continuous improvement in all core processes of the organization—both program and administrative-related.

Suggestions

- ❑ Energy Trust would benefit by adopting a standard practice and routinely reviewing its processes to identify non-value added activities, thereby opening staff time and/or reducing cost. These process reviews could be administratively focused, but as we see, the market evaluation and program processes are integrally connected to administrative processes and would also benefit.
- ❑ In the course of interviews, people noted a few areas that would benefit from a focused improvement effort:
  - Marketing collateral design and production
  - Incentives processing with particular review of the internal control requirements. This could provide efficiencies for program staff, finance and PMCs.
  - Reporting—the OPUC and funding utility reports

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #1: Energy Efficiency and Renewables Savings/Generation Trends

Energy Trust Current State

For the five-year period 2010-2014 Energy Trust established energy-efficiency and renewables generation goals, and as of year-end 2013—with one year remaining in its present plan period, Energy Trust had achieved savings and generation that are on pace to exceed those goals:

Savings and Generation Performance - as of year-end 2013

	5-Year Goal	Percent Achieved
Energy Efficiency-Electric	479 aMW	91%
Energy Efficiency-Gas	34.7M therms	95%
Renewables-Electric	124 aMW	91%

These results have been achieved at a lower than estimated average cost in an economy that was in recovery and with diminished state tax credits.

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #1: Energy Efficiency and Renewables Savings/Generation Trends

External Benchmarks—Research

The following charts and graphs provide an overview of the electric energy efficiency savings data provided by the benchmark utilities. It is acknowledged that this data is a three-year snapshot which may not demonstrate the full story, since energy efficiency has a thirty year history, and the emphases of programs can be based on past strategies, performance and penetration. Additionally, savings measurement methodologies vary among utilities such that exact comparisons of gross numbers is not possible. There is a sense that the opportunities to extend energy efficiency as a demand side solution are diminishing and becoming more challenging relative to meeting the current cost effectiveness standards. This three-year look does not conclusively show this picture, with the possible exception of the Commercial Sector where there is no utility that shows marked growth—the trends are either flat, down or slightly up. In other sectors, there is at least one energy efficiency group that has been able to significantly grow in a sector.

The only commonality amongst all organizations is that they all rely heavily on the Commercial Sector. It is noteworthy that Energy Trust has a historical heavier reliance on the Industrial Sector than any of the other utilities, and only their portfolio shows growth in every sector (excludes NEEA) over this three-year period.

Savings (Electric)

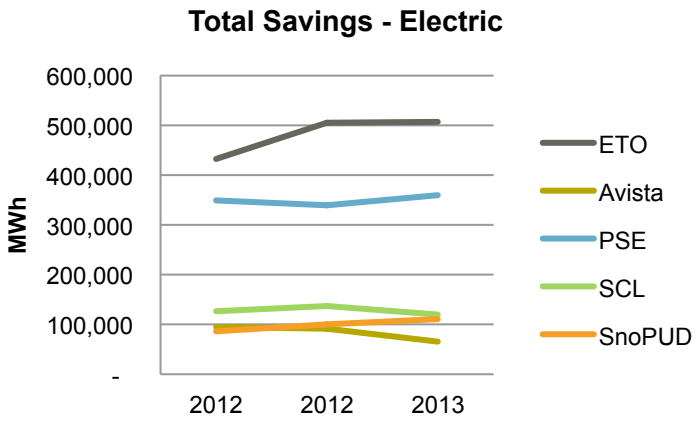
	2011		2012		2013		Three-Year % Change
Energy Trust	*Savings*	*% of Total*	*Savings*	*% of Total*	*Savings*	*% of Total*	
Commercial	149,450	*34.56%*	198,902	*39.37%*	204,660	*40.40%*	36.94%
Industrial/Agricultural	129,986	*30.06%*	134,553	*26.64%*	147,443	*29.11%*	13.43%
Residential	91,737	*21.21%*	109,934	*21.76%*	97,060	*19.16%*	5.80%
NEEA	61,265	*14.17%*	61,777	*12.23%*	57,374	*11.33%*	-6.35%
Total	**432,438**	*100.00%*	**505,166**	*100.00%*	**506,537**	*100.00%*	**17.14%**
Avista							
Commercial	35,753	*37.96%*	39,171	*42.80%*	19,555	*29.84%*	9.56%
Industrial/Agricultural	17,876	*18.98%*	19,585	*21.40%*	9,777	*14.92%*	9.56%
Residential	8,412	*8.93%*	4,466	*4.88%*	1,776	*2.71%*	-46.91%
NEEA	32,149	*34.13%*	28,295	*30.92%*	34,427	*52.53%*	-11.99%
Total	**94,190**	*100.00%*	**91,517**	*100.00%*	**65,535**	*100.00%*	**-2.84%**
PSE							
Commercial	165,690	*47.49%*	150,030	*44.20%*	150,930	*41.93%*	-8.91%
Industrial/Agricultural	18,410	*5.28%*	16,670	*4.91%*	16,770	*4.66%*	-8.91%
Residential	141,300	*40.50%*	153,300	*45.17%*	172,900	*48.03%*	22.36%
NEEA	23,500	*6.74%*	19,400	*5.72%*	19,400	*5.39%*	-17.45%
Total	**348,900**	*100.00%*	**339,400**	*100.00%*	**360,000**	*100.00%*	**3.18%**
SCL							
Commercial	31,630	*25.06%*	43,679	*31.80%*	38,759	*32.33%*	22.54%
Industrial/Agricultural	16,852	*13.35%*	11,280	*8.21%*	10,247	*8.55%*	-39.19%
Residential	49,209	*38.98%*	53,201	*38.73%*	35,952	*29.99%*	-26.94%
NEEA	28,540	*22.61%*	29,214	*21.27%*	34,936	*29.14%*	22.41%
Total	**126,231**	*100.00%*	**137,374**	*100.00%*	**119,894**	*100.00%*	**-5.02%**
SnoPUD							
Commercial	31,161	*36.50%*	35,135	*35.16%*	43,920	*39.72%*	40.95%
Industrial/Agricultural	9,419	*11.03%*	6,015	*6.02%*	6,755	*6.11%*	-28.28%
Residential	35,321	*41.37%*	30,193	*30.21%*	32,977	*29.82%*	-6.64%
NEEA	9,483	*11.11%*	28,596	*28.61%*	26,918	*24.34%*	183.86%
Total	**85,384**	*100.00%*	**99,939**	*100.00%*	**110,570**	*100.00%*	**29.50%**

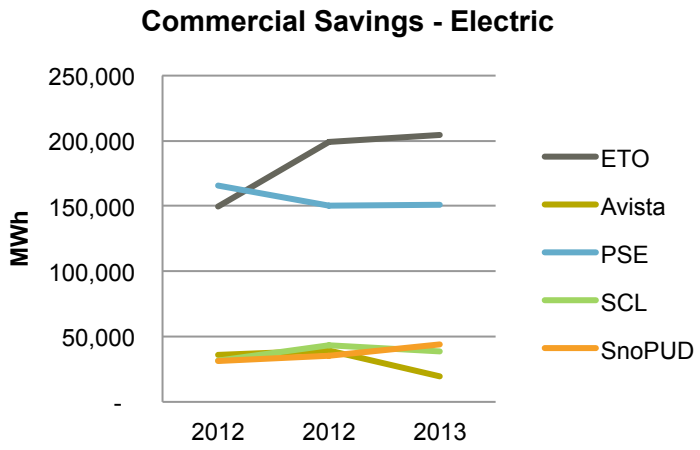
Notes on Avista: Commercial/Industrial sectors a combined figure, but for this report Avista has estimated a split of two-thirds to Commercial and one/third to Industrial. 2012 NEEA Savings Reflect Washington figures. Avista's percentage change column reflects the 2011 to 2012 change only because the Idaho annual report and associated results have not yet been published.

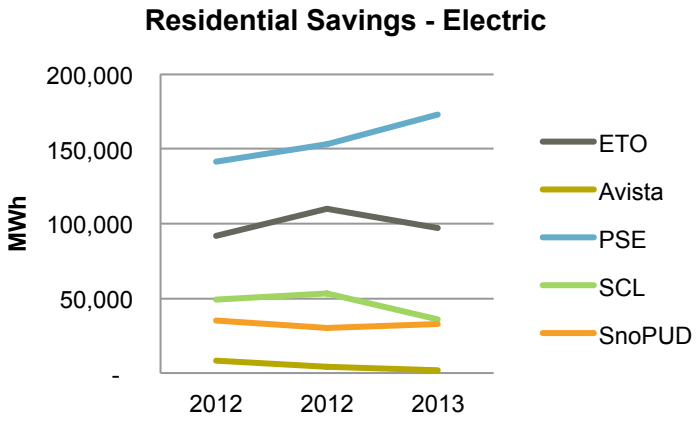
Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

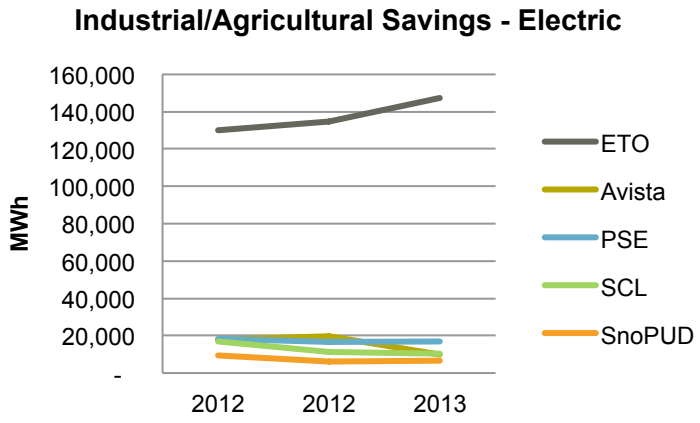
Focus #1: Energy Efficiency and Renewables Savings/Generation Trends

External Benchmarks—Research (continued)







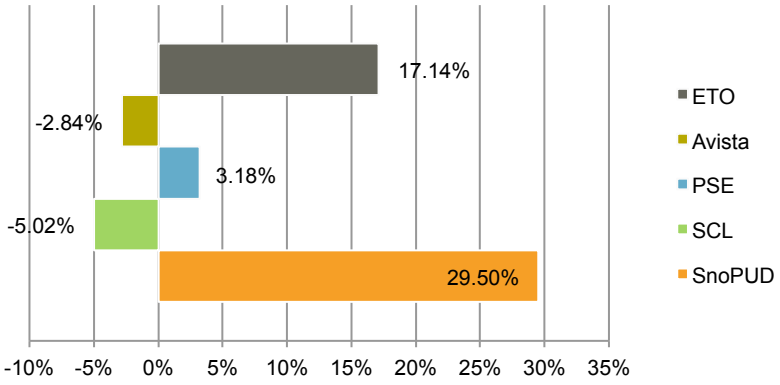


Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

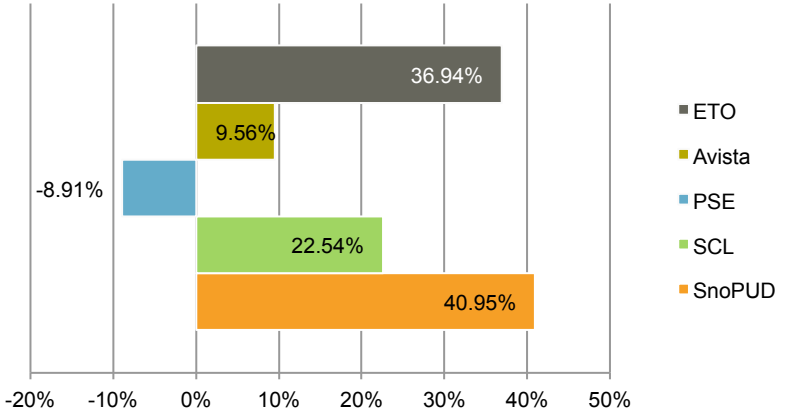
Focus #1: Energy Efficiency and Renewables Savings/Generation Trends

External Benchmarks—Research (continued)

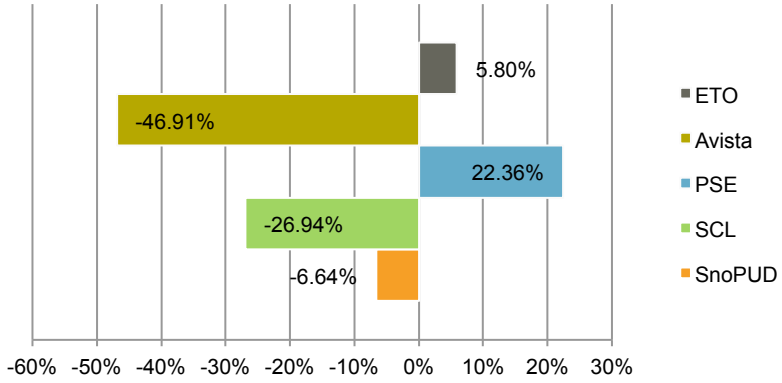
Total Three-Year Change in Savings - Electric



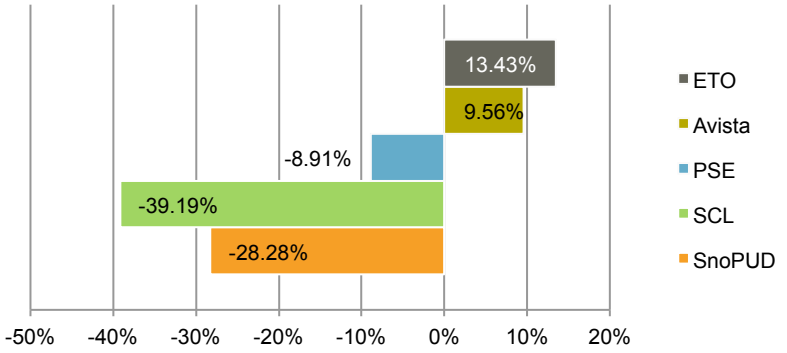
Three-Year Change in Commercial Savings - Electric



Three-Year Change in Residential Savings - Electric



Three-Year Change in Industrial/Agricultural Savings - Electric



Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #1: Energy Efficiency and Renewables Savings/Generation Trends

External Benchmarks—Research (continued)

The following charts and graphs provide an overview of the *gas* energy efficiency savings data provided by the two benchmark utilities who administer a gas portfolio. This data is a three-year snapshot which may not demonstrate the full story, since energy efficiency has a thirty year history, and the emphases of programs can be based on past strategies, performance and penetration.

With low natural gas prices one would expect to see gas portfolio savings dropping over this three-year period, and that is the case with Avista because in October, 2012 Idaho dropped its gas energy efficiency programs based on cost effectiveness. Interestingly, PSE has seen a dramatic increase in its gas portfolio savings in both the Commercial and Industrial sectors.

Savings (Gas in therms)

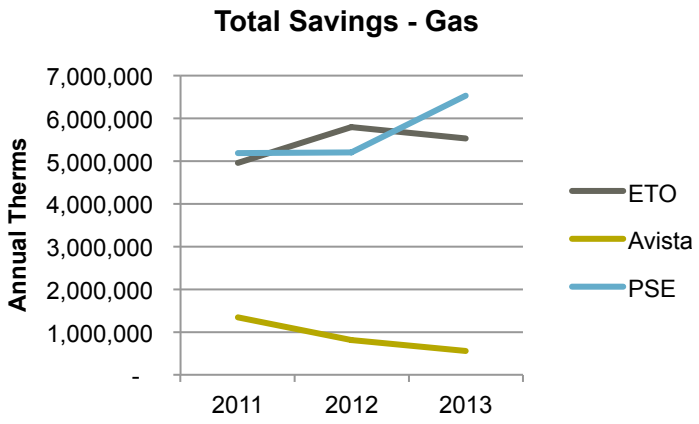
	2011		2012		2013		Three-Year % Change
Energy Trust	*Savings*	*% of Total*	*Savings*	*% of Total*	*Savings*	*% of Total*	
Commercial	1,991,042	*40.22%*	2,522,398	*43.46%*	2,312,893	*41.82%*	16.16%
Industrial/Agricultural	1,118,507	*22.59%*	720,068	*12.41%*	1,049,445	*18.97%*	-6.17%
Residential	1,841,079	*37.19%*	2,561,801	*44.14%*	2,168,384	*39.21%*	17.78%
Total	**4,950,628**	*100.00%*	**5,804,267**	*100.00%*	**5,530,722**	*100.00%*	**11.72%**
Avista							
Commercial	554,916	*41.18%*	266,489	*33.03%*	202,721	*36.38%*	-63.47%
Industrial/Agricultural	277,458	*20.59%*	133,244	*16.51%*	101,360	*18.19%*	-63.47%
Residential	515,187	*38.23%*	407,191	*50.46%*	253,129	*45.43%*	-50.87%
Total	**1,347,561**	*100.00%*	**806,924**	*100.00%*	**557,210**	*100.00%*	**-58.65%**
PSE							
Commercial	3,186,000	*61.43%*	3,105,900	*59.67%*	4,443,300	*67.96%*	39.46%
Industrial/Agricultural	354,000	*6.83%*	345,100	*6.63%*	493,700	*7.55%*	39.46%
Residential	1,646,000	*31.74%*	1,754,000	*33.70%*	1,601,000	*24.49%*	-2.73%
Total	**5,186,000**	*100.00%*	**5,205,000**	*100.00%*	**6,538,000**	*100.00%*	**26.07%**

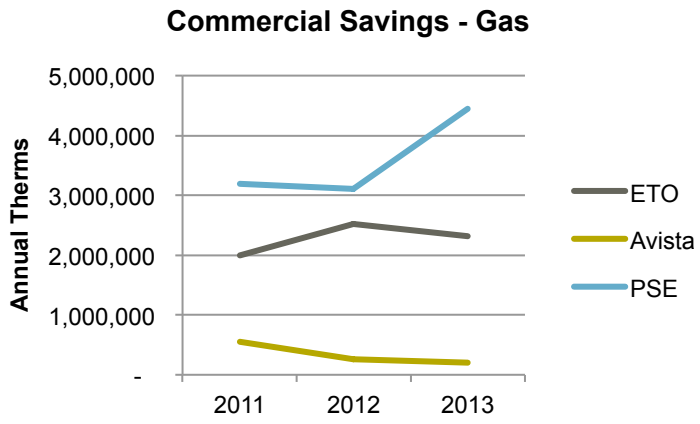
Notes. PSE estimated a 90%/10% Commercial/Industrial split of its 'Business' sector. Avista estimated a 67%/33% split.

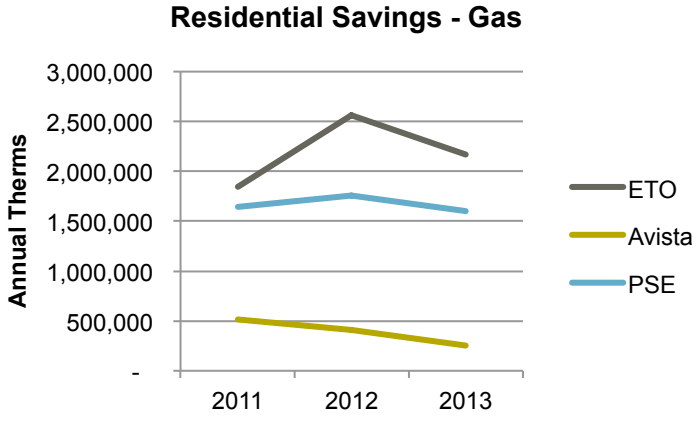
Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

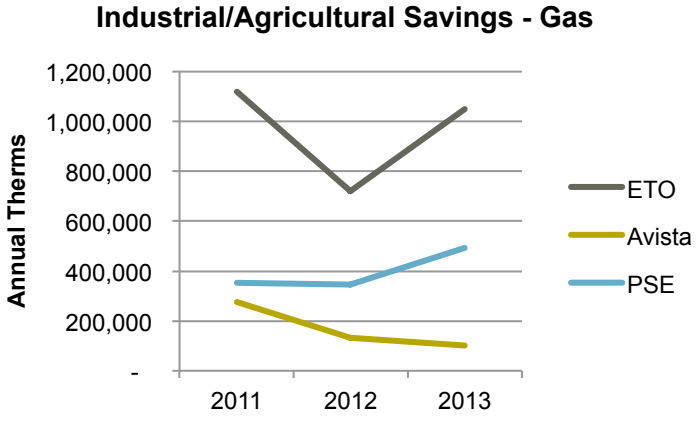
Focus #1: Energy Efficiency and Renewables Savings/Generation Trends

External Benchmarks—Research (continued)







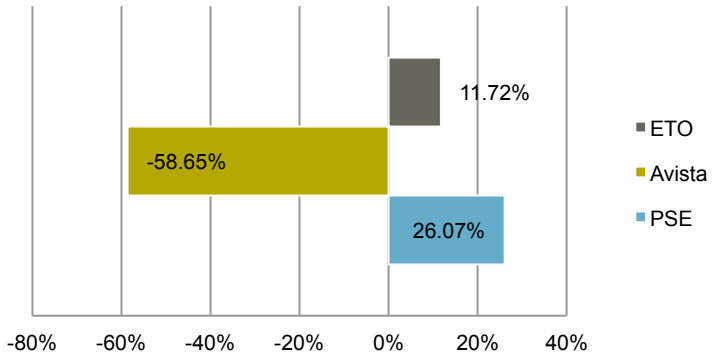


Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

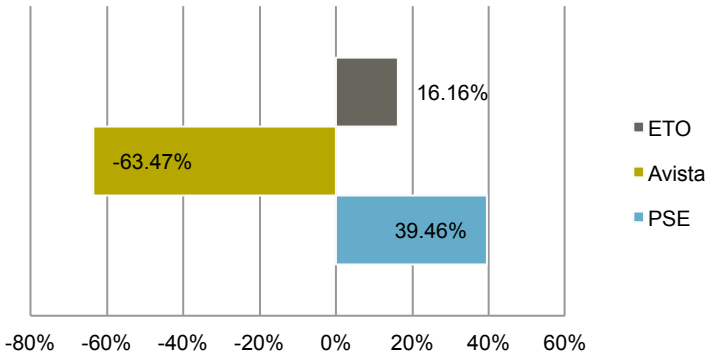
Focus #1: Energy Efficiency and Renewables Savings/Generation Trends

External Benchmarks—Research (continued)

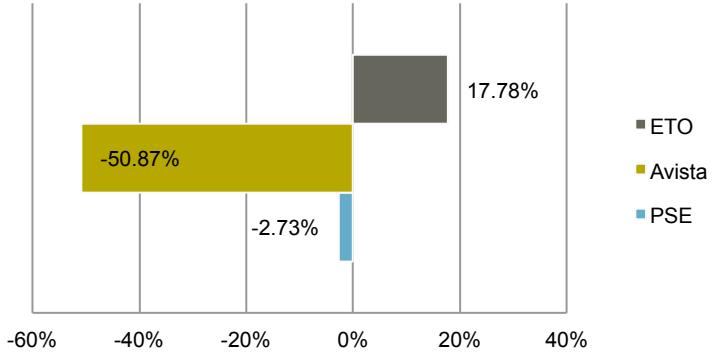
Total Three-Year Change in Savings - Gas



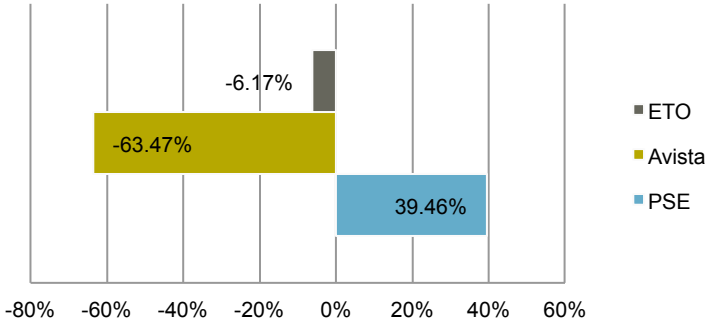
Three-Year Change in Commercial Savings - Gas



Three-Year Change in Residential Savings - Gas



Three-Year Change in Industrial/Agricultural Savings - Gas



Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #1: Energy Efficiency and Renewables Savings/Generation Trends

External Benchmarks—Research (continued)

- In the various external interviews with benchmark utilities, Program Management Contractors, Market Evaluation firms and funding utilities, they offered their opinions about trends in the energy efficiency and renewables space and their projections for the future. Based on their varied perspectives, they offered varied opinions; therefore, the following is a recap of these—not a consensus.
  - Low gas prices relative to the cost effectiveness standard are resulting in administrative exceptions being granted to maintain some energy efficiency measures. As articulated in this report, in October, 2012 Idaho shutdown its gas energy efficiency programs. This topic is presently an open docket with the OPUC.
  - The industry is hitting the "middle majority" of energy efficiency adoption, especially for the programs that the focus has been on for much of the last 30 years. [This is a reference to a phase in the diffusion of innovation theory after early majority where it references a portion of the population that will adopt a new product after seeing it used successfully be either "innovators" and "early adopters."] There are products and services at the early adoption phase, but they are not as attractive as those hitting the "middle majority." Therefore, programs have to be given credit for those things happening at the "middle majority" while investing in the new ideas that have lower relative savings per dollar invested.
  - Because savings are getting harder to find, for existing measures to extend reach is more costly or completely different implementation methods that are riskier need to be tested and pursued (which will also result in higher net costs).
  - Behavior change is gaining interest as an area that holds promise for deepening energy efficiency adoption. This involves understanding how people think, behave and act, and implementing a more systematic, strategic approach to energy management, going beyond the often sporadic, one-project at a time approach. Big data and predictive analytics will play a role in helping organizations understand and test behavioral models for energy efficiency. Utilities have substantial historical data on its customer base, and some PMCs have begun to merge this with other demographic and behavioral data to develop more targeted approaches to reach customers.
  - Lighting still offers considerable opportunity. Some have thought that lighting's place in the energy efficiency portfolio would be diminishing, but its outlook is strong.
  - How will distributed generation impact utilities, and what might that backlash be for energy efficiency and renewables?
  - EPA's carbon pollution standards could have impacts on energy efficiency—the extent of which is unknown.

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #2: Energy Efficiency and Renewables Acquisition Cost Trends

Energy Trust Current State

Energy Trust continues to perform better than prior years relative to overall levelized costs per kWh and annual therm. The chart below shows the 2011 – 2013 levelized cost performance for electric and gas efficiency by sector, and for the renewables portfolio.

	Levelized Cost/kWh or Therm		
	2013	2012	2011
Electric Efficiency ($/kWh)			
Commercial	$0.022	$0.026	$0.029
Industrial	$0.021	$0.026	$0.025
Residential	$0.030	$0.030	$0.032
Total Electric Efficiency Programs	$0.024	$0.027	$0.029
Gas Efficiency ($/therm)			
Commercial	$0.26	$0.34	$0.32
Industrial	$0.23	$0.25	$0.19
Residential	$0.45	$0.44	$0.44
Total Gas Efficiency Programs	$0.33	$0.37	$0.35
Renewable Energy Generation ($/kWh)			
Biopower	$0.007	$0.012	-
Solar Electric Programs	$0.072	$0.054	$0.112
Other Renewable Programs	$0.527	$0.035	$0.112
Total Renewable Programs	$0.027	$0.042	$0.117

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #2: Energy Efficiency and Renewables Acquisition Cost Trends

External Benchmarks—Research

Similarly to the administrative cost area, the Washington utilities apply varied methods for reporting energy efficiency costs. Levelized cost is not commonly used by these utilities, which more often use Utility Cost Test or Total Resource Cost (TRC) benefit/cost ratios. The data shared is as reported, and does not attempt to normalize amongst companies.

Seattle City Light provided levelized costs by its program sectors. This comparison shows that Energy Trust has been more effective at securing electric cost effective savings, though this is not necessarily a function of program delivery efficiency. As Energy Trust shared in its 2013 Annual Report, it benefited from savings from a large industrial project and construction of large data centers.

Levelized Costs - Electric ($/kWh)

	2011	2012	2013	Percentage Change
ETO				
Residential	$ 0.032	$ 0.030	$ 0.030	**-6.25%**
Commercial	$ 0.029	$ 0.026	$ 0.022	**-24.14%**
Industrial/Agricultural	$ 0.025	$ 0.026	$ 0.021	**-16.00%**
SCL				
Residential	$ 0.032	$ 0.027	$ 0.034	**6.92%**
Commercial	$ 0.038	$ 0.029	$ 0.036	**-3.52%**
Industrial/Agricultural	$ 0.024	$ 0.016	$ 0.045	**88.76%**

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #2: Energy Efficiency and Renewables Acquisition Cost Trends

External Benchmarks—Research (continued)

Utility Cost Ratio was provided by Avista and PSE for their electric and gas portfolios. Comparing Energy Trust and Avista's total energy efficiency portfolio, the data indicates a higher benefit to cost ratio for Avista, subject to an understanding of the components of each organization's formula.

Utility Cost Ratio

	2011	2012	2013
ETO			
Electric	2.70	2.89	2.58
Gas	2.40	1.32	1.45
Total	2.60	2.58	2.38
Avista			
Electric	2.69	2.64	1.72
Gas	2.62	0.79	0.82
Total	2.67	2.23	1.51
PSE			
Electric	3.88	2.89	3.08
Gas	2.80	2.48	2.94
Total	N/A	N/A	N/A

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #1 and #2: Energy Efficiency and Renewables Savings/Generation and Acquisition Cost Trends

Assessment

Because of the disparity amongst the benchmark utilities and program administrators in its computations of savings, generation and costs, it is difficult to assess performance without deconstructing metrics to the original data. This management review did not pursue that level of detailed analysis.

Based on a review of trend information, Energy Trust's performance appears to be stronger than some in the benchmark group, while weaker than others, e.g., PSE's electric residential energy efficiency savings and its gas commercial savings.

As the recent historical data demonstrates, the portfolio of Energy Trust's programs continue to show strong performance, in terms of both levelized cost and overall efficiency savings and generation. Although this appears to be a positive trend, a number of factors are, or are expected, to impact savings/generation and related cost trends specifically for Energy Trust. These include:

1. The reduced cost of natural gas impacts the cost effectiveness standard making it more difficult to justify projects
2. Federal and state tax credits have been severely reduced or eliminated, making it harder to develop efficiency projects
3. Expenditure limits for large customers with loads over one average megawatt could limit savings opportunities in this sector as soon as calendar 2016.

Recommendations

Suggestions

- ❑ Because so many factors contribute to a measure's savings success and cost effectiveness, Energy Trust might consider reviewing these utilities high level metrics annually to determine which programs warrant a deeper analysis in order to determine if there are insights for Energy Trust.
- ❑ As was stated in Area #1 Focus #1 on Information Technology, the challenges of benchmarking on savings/generation and costs is a reason to work to standardize the computation of certain metrics across organizations. Start with the Pacific Northwest utilities, which already have a history of working together.

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #3: Energy Efficiency Savings Timing

Energy Trust Current State

As has been shown, Energy Trust has over-delivered on its goals for energy efficiency and generation over the last five years—and achieved this at a lower than budgeted cost. The management challenge is that the assurance of reaching these goals is in question until close to year-end because of the historical skewing of savings and generation realization until close to year-end. Approximately 60% of savings are realized in the fourth quarter, and 50% of that is un-reported by PMC's until after the calendar year (though prior to closing.

Energy Trust has met with mixed results in offering bonuses to incent reporting of savings early. One program offered as an example where this was trialed was the Homes program—though the impact was minor. One PMC interviewed pondered whether the market now waits to report savings because they are anticipating the offering of a bonus.

Concerning the skewing of energy efficiency savings to the end of the fiscal year, market evaluation companies share that PMC goals are stated annually, and bonuses exist, at times, for the realization of those annual goals. Given this incentive system, there is an inordinate push as year-end approaches and PMCs drive to reach those goals. Incentives drive performance.

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #3: Energy Efficiency Savings Timing

External Benchmarks—Research

Based on the discussions with the benchmark utilities, PMCs and market evaluation firms interviewed for this management review, it is clear that every energy efficiency and renewables organization grapples with this problem. Following are the predominant reasons for savings realization timing being skewed to year-end:

- Annual contract goals are a large contributor to the problem. One PMC worked with a utility in Missouri whose fiscal year-end was September, and it experienced this skewing in the July to September timeframe, which was their year-end.
- Given the annual nature of contracts with PMCs, the early portion of the year is involved in ramp up. For those programs that run longer than one year, this program development time has less impact. In California the CPUC is considering the length of program cycles and whether five years, versus two, would be more appropriate in some cases.
- Even when the utility changes its fiscal year-end, clients can be on a calendar year budget cycle, and they are managing to their year-end. Multi-family was one client segment highlighted.
- The natural buying cycle for some energy efficiency measures happens to be in the Fall—the largest example, and one that is a large part of some utilities' portfolios, is lighting.

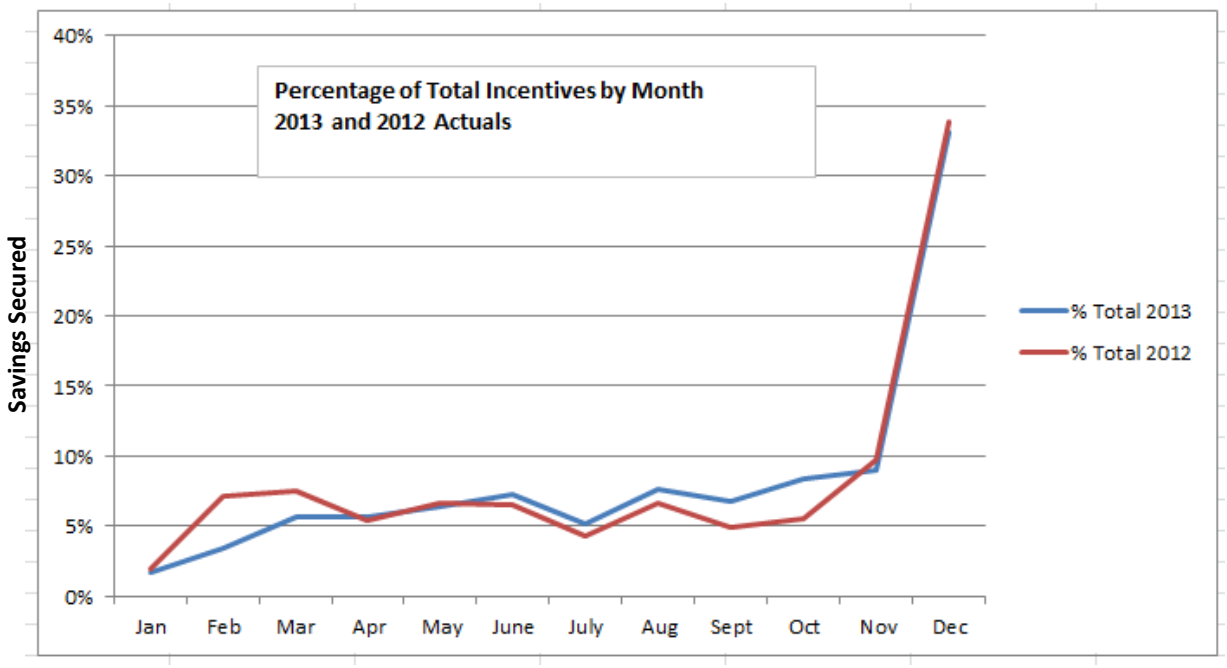
For the utilities benchmarked, they shared their historical experience around this timing challenge, and some have tracked this to gain a better understanding in the hopes of improving—smoothing out—the timing. While the same overall expenditure pattern was noted among all benchmarked utilities, it's also true that the rate of fourth quarter expenditures was highest at Energy Trust versus the peer group. In other words, the other utilities surveyed were more successful to some degree in spreading out incentives paid throughout the year.

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #3: Energy Efficiency Savings Timing

External Benchmarks—Research (continued)

Energy Trust



Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #3: Energy Efficiency Savings Timing

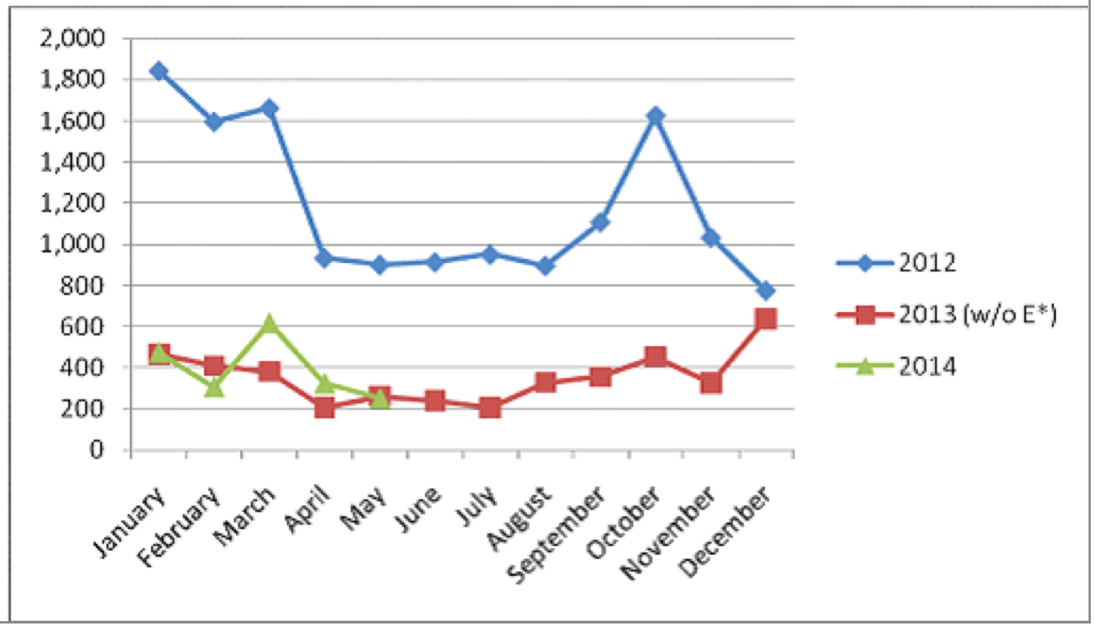
External Benchmarks—Research (continued)

Avista Corporation

For non-residential projects, the first three quarters of the year (January through September) are similar. The Q4 acquisition can be variable. There is both the impact of slower movement of projects as a consequence of seasonal vacations (Thanksgiving through New Years) as well as a drive to get some projects completed before the end of the budget year (frequently the budget year is a calendar year). Generally the latter of these two impacts (driving to get projects done before the end of the year) predominates, so Q4 is most often slightly heavier in acquisition than the other quarters.

For residential projects, a proxy for seasonality was provided through the tracking of rebates. Generally rebate processing is up in Spring and late Fall.

As you read the chart: 2012 includes Energy Star appliances; 2013 does not; 2014 had some rebates discontinued or reduced in amount which accounts for that large bump in March.



Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #3: Energy Efficiency Savings Timing

External Benchmarks—Research (continued)

Puget Sound Energy

Typically, savings begin ramping up during Q3 and accelerate in Q4. This is primarily due to the number of projects started at the beginning of the year culminating in the second two quarters—especially with Commercial-Industrial projects which are impacted by the amount of time it takes to produce them.

PSE recently completed a three-year trend on electric savings realization by month, and the results are shown below:

Percentage of Total Year Savings

Month	% (Hist.)
Jan	9.2%
Feb	7.5%
Mar	5.9%
Apr	5.0%
May	4.8%
Jun	6.8%
Jul	5.0%
Aug	8.3%
Sep	6.0%
Oct	11.1%
Nov	15.1%
Dec	15.3%
Total	**100.0%**

The hockey stick is somewhat attributed to when customers want to invest, which PSE does not think it can fully influence.

Seattle City Light

Historically, the Division has seen approximately 35-40% of its budget commitment and contracted energy savings occur in the 4th quarter of the calendar year.

Snohomish PUD

For residential, the heating season increases Weatherization and Heating program activity significantly during Q4 and Q1.

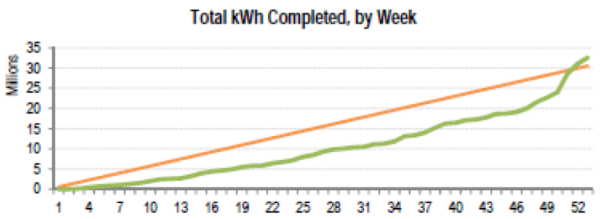
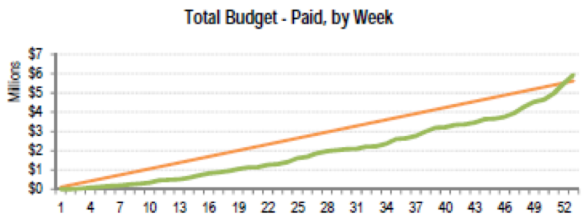
For commercial & industrial, year-end budget cycle tends to increase activity during Q4.

The following chart shows the weekly results for Commercial/Industrial programs for 2013:

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #3: Energy Efficiency Savings Timing

External Benchmarks—Research (continued)

Snohomish PUD	For residential, the heating season increases Weatherization and Heating program activity significantly during Q4 and Q1. For commercial & industrial, year-end budget cycle tends to increase activity during Q4. The following chart shows the weekly results for Commercial/Industrial programs for 2013:  

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #3: Energy Efficiency Savings Timing

Assessment

Energy Trust is not unusual in seeing a skewing of energy efficiency savings rise at year-end. Its skewing appears greater than others benchmarked.

The ability of Energy Trust to change behaviors and the extent to which it will incent behavior changes must be balanced against (a) the cost of any incentives and (b) whether its actions will result in a dis-incentive. One example provided was that if people feel they have insufficient time to make a good decision or take action because of a deadline, then they may choose not to pursue the energy efficient alternative.

Recommendations

12. **Pilot various changes to the management of programs relative to savings goal timing**. Observe and compare changes in savings realization relative to historical Energy Trust performance. Pilot suggestions include:
    1. Modify the PMC contractual incentive structure to reward for staggered realization of savings. Consideration of a reasonable ramp up time for a program must be considered when establishing this staggered goal structure.
    2. Change the expiration date on rebates to be a set number of days from purchase versus a deadline to submit by January 15th, for example.
    3. If Energy Trust moves to two-year budgeting, and savings and cost goals are also changed to two years, then this would allow Energy Trust to stagger contract expiration dates so they don't all reside at fiscal year-end. This would take a couple years to put in place until the flow of savings/ generation was appropriately staggered (the early implementation period may show lighter than historical savings rates).

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #4: Program Evaluation

Energy Trust Current State

Energy Trust's Planning and Evaluation group was noted as one of the two areas that had experienced the largest growth in staffing (increasing 28% from 12.0 staff in 2011 to 15.4 in 2014). The expense for Planning and Evaluation has grown approximately 25% since 2011, while total program costs in the energy efficiency group (before allocation of administrative costs) has remained flat.

Two of Energy Trust's evaluation companies were interviewed during this management review—both are companies who conduct similar reviews for other organizations across the United States. Both of these market evaluation firms characterize Energy Trust as one of the most effective and efficient in the country relative to its program delivery. These firms characterize Energy Trust as the gold standard and the model that they turn to when offering best practice methods to other clients. Of particular note was that the engagement and collaboration of the Energy Trust evaluation team and its program teams is so strong that they are aligned in defining the issues to explore, and the budget they want to spend. Other organizations will look to the market evaluation firm to do this, which can be inefficient.

The one opportunity for improved efficiency and timeliness was around the number of reviews and the number of Energy Trust team members involved.

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #4: Program Evaluation

External Benchmarks—Research

PSE's energy efficiency program size (~ $110M) is the closest to Energy Trust's at $118M (2013 program expenditures pre-allocation of administrative costs). Following is a table that shows only Evaluation costs for 2011 through 2013 for PSE as compared to Energy Trust's Planning and Evaluation Costs—PSE does not breakout its Planning costs. This data shows that even with the added costs for Planning, Energy Trust's dollar expenditures on Planning and Evaluation and its cost relative to program expenditures is lower than PSE.

Energy Efficiency Planning and Evaluation Costs				
	2011	**2012**	**2013**	**Three Year % Change**
Energy Trust				
Total Planning and Evaluation Costs	1,481	1,712	1,849	24.85%
Total Program Expenditures	117,611	128,359	118,137	0.45%
Planning & Evaluation Costs as % of Expenditures	1.3%	1.3%	1.6%	
PSE				
Only Evaluation Costs	1,998	2,260	2,528	13.11%
Total Program Expenditures	93,355	105,427	110,535	12.93%
Only Evaluation Costs as % of Expenditures	2.1%	2.1%	2.3%	

Efficiency Vermont (EV) was also considered in this comparison. In 2013 EV spent $1.4M in P&E, or 3.3% of total program expenditures. Given its smaller size—only $41.5M—it does not have the same economies of scale as Energy Trust, and this can negatively impact its comparison with Energy Trust.

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #4: Program Evaluation

Assessment

Based on the input from market evaluation firms, Energy Trust's evaluation process is considered to be highly effective, and given the benchmarking points, it also ranks on the efficient end of the cost spectrum.

As described in Area #2 Focus #4, PSE has instituted a verification team of four staff that allows it to conduct its own verifications versus using an outside firm.

Recommendations

13. Explore whether the use of an internal verification team is more cost effective than using outside firms.

Suggestions

- ❑ Given Energy Trust has instituted improvements that have had positive outcomes relative to effectiveness and efficiency, our recommendation is to apply process improvement methodology to a broader set of its core processes (as recommended in Area #2, Focus #4).

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #5: Harder-to-Reach Program Opportunities and Outcomes

Energy Trust Current State

Energy Trust programs focus on reaching utility customers across all parts of utility service territories. While all customers are provided opportunities to take advantage of information and program offerings, Energy Trust makes special efforts to serve harder-to- reach populations. These include:

- **Rural populations,** located outside the tri-county metropolitan area: Energy Trust advertises in rural areas and has regionally based staff to ensure coverage and service throughout the less populated parts of its service territory. Some offers are specifically designed to meet the unique needs of rural business customers such as programs for farmers, horticulturalists, irrigators, small-scale wind for farms and solar projects. In addition, Energy Trust partners with utility representatives within local communities and actively recruits other organizations and contractors from within local areas.
- **Low-income customers:** A portion of the public purpose funds collected from PGE and Pacific Power customers are administered by the Oregon Housing and Community Services Department specifically for low-income customers. Since inception, Energy Trust has coordinated program delivery with OHCS to help ensure participants receive available benefits offered and to help avoid gaps in service. In addition, Energy Trust has established relationships with low-income housing authorities and developers and with Habitat for Humanity to help reduce energy costs for lower income renters. Mpower, a new program designed for low-income renters in multi-family housing, is now underway and offers loan repayment options on utility bills. “Savings Within Reach" is specifically designed to serve moderate-income customers and provides higher incentives for particular actions. In addition, Carry Home Savings Kits distributed at food banks, emergency aid agencies and utility service centers have proven successful at reaching lower income populations.

Energy Trust continues to identify innovative ways to approach service design and delivery. This includes packaged offerings for small commercial businesses in leased spaces, energy saving improvements in multi-family properties, upgrades to manufactured homes, programs for small industrial customers, and no and low-cost best practice opportunities emphasizing energy management and behavior changes rather than major capital investments.

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #5: Harder-to-Reach Program Opportunities and Outcomes

External Benchmarks—Research

All utilities have programs which seek to reach these populations in some way. Some examples of the programs they highlight are:

- **Residential Low Income Weatherization** provides funding of many cost-effective home weatherization measures to specified agencies, who install measures for low-income customers receiving gas and/or electric heat from the benchmarked utilities. Funds are used for single-family, multifamily and mobile home residences, and for energy-related repairs and energy education. For SCL, this program's UC and TRC levelized cost is $0.119/kWh. Compared to its portfolio in general, this is 3.5x higher than total Utility Cost ratio and 2.1x higher than total TRC ratio.
- **Multifamily direct install** programs to increase customer engagement and tenant education efforts (PSE and SnowPUD), and 3rd party facilitation of shell and common area measures (SnowPUD). For example, program teams organize outreach events at apartment and condo campuses during the direct installation of energy saving measures, allowing tenants to talk with program staff at the sites and learn more about the products installed and energy efficiency in general.
- **Multifamily home (MFH) electric-to-natural gas conversion** (Avista) provides enhanced incentives for multifamily building owners or developers to install natural gas in place of electric for space and water heating.
- PSE has organized a **Small Business Direct Install program direct-to-customer outreach including small community "blitzes,"** where the energy efficiency team worked closely with the program service provider to coordinate a focused outreach initiative in communities with small-to-medium commercial districts. These "blitzes" focused on getting maximum possible engagement with the program through various outreach tactics and partnerships with community organizations, like Chambers, Downtown Associations and business leaders to promote the program to their peers.
- Both Avista and SCL mentioned **small commercial lighting retrofit** programs that offer prescriptive lighting measures that are applicable to small commercial customers and that are sufficiently easy to participate in to attract their attention. These programs focus on replacing T-12 fixtures with T8 fluorescent. Other lighting programs include PSE's "Rock the Bulb" campaign which included a series of 16 two-day weekend bulb exchange and energy education events, door-to-door community outreach with nonprofit partner Project Porchlight, to distribute 400,000 ENERGY STAR®-qualified CFL bulbs.

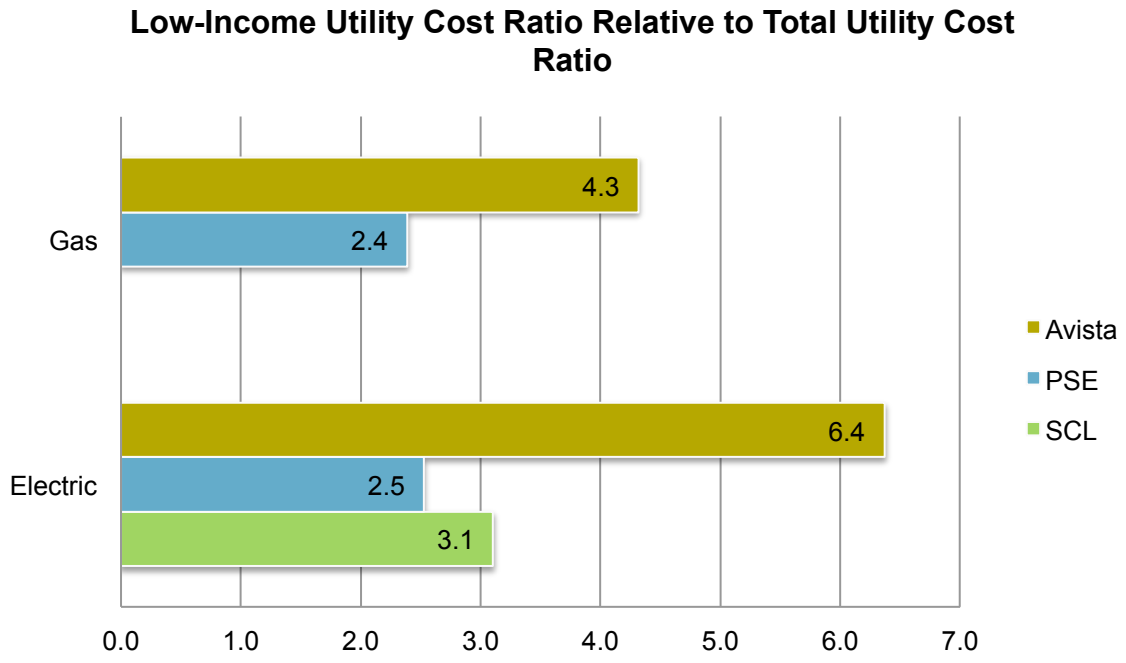
Few programs among benchmarked companies specifically targeted rural consumers. We believe this is because these utilities are established in rural regions as the energy provider, and do not need to have focused programs to reach these customers.

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #5: Harder-to-Reach Program Opportunities and Outcomes

External Benchmarks—Research

Based on information provided by the energy efficiency groups of the benchmark utilities, we were able to compare levelized costs for programs considered "Low Income" by Avista, PSE and Seattle City Light. We compared the levelized cost of Low Income programs to the levelized cost of the total program portfolio. The results are expressed in a ratio – in other words, the Avista gas programs for Low Income populations are 4.3 times more cost-inefficient than the programs for the total program portfolio.



Note: The chart above uses Avista's and PSE's 2013 Utility Cost Ratios and SCL's 2012 Levelized Utility Costs

Area #3: Program Delivery and Outcomes: Efficiency and Effectiveness

Focus #5: Harder-to-Reach Program Opportunities and Outcomes

Assessment

In general, the cost of serving “harder to reach” populations is higher than other programs in the energy efficiency portfolio.

Three of the energy efficiency programs delivered by the benchmarked utilities pursue these opportunities despite the higher program costs. They evaluate the cost effectiveness of their overall portfolio, and therefore allow individual programs to have a higher cost when the portfolio balances that cost with other more cost effective options. Seattle City Light referred to the Race and Social Justice Initiative of the City of Seattle as a potential rationale for pursuing more of harder-to-reach populations in energy efficiency, although they currently do not have targeted programs in this area.

Within Energy Trust, currently the cost effectiveness standard makes additional investments in this area more challenging.

Recommendations

Suggestions

- In this section, no recommendation is being made due to the need for additional analysis of the impact on Energy Trust’s overall portfolio relative to the cost effectiveness standard and a discussion of the priority of this area of investment.

Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #1: Staff Budgeting Process

Energy Trust Current State

The current staffing budget process at Energy Trust takes place during the Annual Budgeting Process. In the course of determining potential programs for the coming year, program managers, in consultation with Sector Leads, determine potential staffing needs for each area. In the support functions, the Directors of each function determine staffing needs. Through these processes, Energy Trust evaluates whether positions can be eliminated or reduced. Specific position details are captured in the Position Justification Form.

All newly proposed positions are submitted to the Management Team. The HR manager is consulted with any questions regarding salary or hiring details. The Executive Director recommends which positions will be included in the proposed budget, with final approval by the Board. The proposed budget is also reviewed by the OPUC and funding utilities and comments are provided to Energy Trust.

Energy Trust's workload assessments occur informally. Staffing levels at Energy Trust are evaluated internally through the annual performance evaluation process. During the annual performance evaluation, individual performance is evaluated and work plans are developed which may include specific metrics to measure progress and performance. Employees and their supervisors participate in a mid-year review where among other things the work plan is discussed and modified if necessary.

However, a formal review of workload capacity (e.g. evaluation of workload and business needs, review of time and skills required, and determination of capacity requirements) has not been completed. In addition, Energy Trust does not utilize a project management tool that estimates human resource needs by hours.

Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #1: Staff Budgeting Process

External Benchmarks—Research

In interviews with external stakeholders, the staff budgeting process was referred to as “lacking transparency”.

At the benchmark utilities, the HR function is a corporate function and not a part of the energy efficiency team. The staff budgeting process takes place as part of the annual budgeting process, generally led by the Finance function of the utility. For most of the benchmark utilities, FTE budget requests are approved by both the energy efficiency group director or general manager and the HR director.

To begin the hiring process, a personnel approval or requisition form is required, which seeks a business justification for the hiring, reference to an approved job description and management approval through the Director level before a recruiting process may begin.

Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #1: Staff Budgeting Process

Assessment

Energy Trust has the opportunity to increase the information sharing and discussion around the staff budget process. Both internal and external stakeholders report an occasional lack of clear understanding of the rationale for specific staffing budget decisions and, due to missing information, are unable to suggest opportunities for efficiencies in staffing.

For example, involving the HR department and sector leads throughout the process would be beneficial in that HR can suggest alternate ways to staff potential positions, and sector leads can coordinate their requests and find opportunities to leverage staffing across sectors. In addition, external stakeholders such as the OPUC and funding utilities would benefit from additional understanding of rationale and potential impact of staffing decisions.

Recommendations

Energy Trust should **establish clear staffing justification criteria to give guidance to the organization when proposing or considering staffing additions or reductions and to ensure a more transparent process for staff budgeting.** [This is also shown on page 77 as recommendation #16.]

Additional transparency around the staffing budget process would help both internal and external stakeholders understand the rationale for specific positions and enable a better transition from staffing planning to the initiation of hiring processes.

Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #2: Span of Control

Energy Trust Current State

The average span of control at Energy Trust below the Director level is 3.1 (e.g., 3.1 employees to 1 supervisor) and the average span of control is 2.6 in the Program areas. There are many different perspectives on span of control, but it is generally accepted that a span of control less than 4 is low and may lead to some inefficiencies.

In addition, Energy Trust has a high percentage of employees with “manager” or “lead” in their title. Of the employees below the Director level, 55% are considered either Leads, Senior Managers, Program Managers or Managers.

Coraggio explored this topic in many conversations with staff and Energy Trust management, and several reasons were proposed for the low span of control. The root cause is likely a combination of the following:

- Given that Energy Trust has sought to hire high-caliber, talented employees and believes in internal development as a way to challenge, grow and retain employees, it utilizes a shorter span of control to develop employee leadership and management skills.
- Energy Trust’s managers are working managers – they have a full set of operational responsibilities in addition to managing people - and so there would be little to no efficiency gains from removing management responsibilities.
- Most Energy Trust employees in the program areas are managing outside contractors, which is equivalent to managing employees. Because of Energy Trust’s unique business model, the traditional span of control guidelines may not apply. Whereas the benchmark utilities outsource 4%- 14% of program delivery costs, Energy Trust outsources 88% (based on dollars). See Appendix 7 for specific outsourcing information by utility.

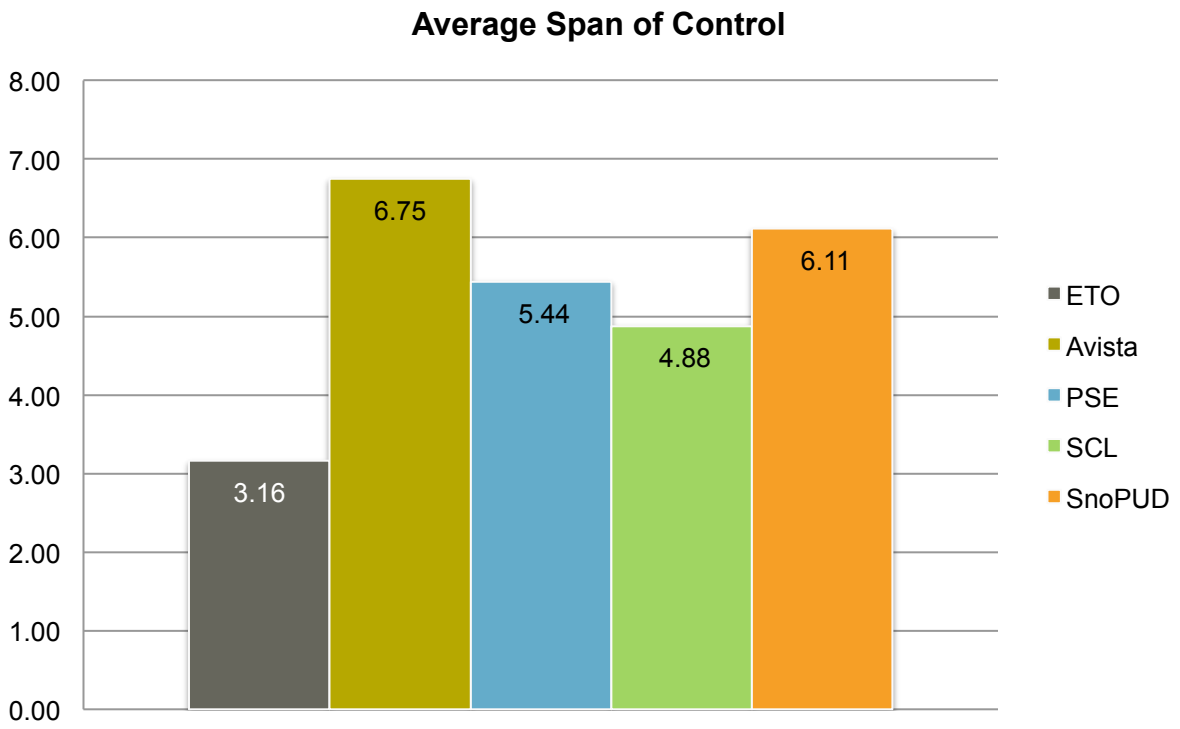
Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #2: Span of Control

External Benchmarks—Research

Best practices indicate that span of control will vary according to the nature of your business, your business' goals, and the abilities of the people within the organization. Studies have shown that span of control should range between 5-20, depending on the above mentioned factors.

For the benchmark utilities, average span of control of the energy efficiency groups ranged from 4.88 to 6.75, while Energy Trust is at 3.16. In addition, Energy Trust had the deepest number of levels in the organizational hierarchy, with 4 levels to Executive Director vs. 2-3 levels in the other organizations.



Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #2: Span of Control

Assessment

Based on the information we collected from the 4 benchmark energy efficiency organizations, Energy Trust had more layers of management than the benchmarked organizations, primarily in the program area.

Energy Trust has the lowest span of control of the organizations in the benchmark group. A low span of control can create layers within the organization that may inhibit collaboration and communication.

Recommendations

14. We recommend that Energy Trust **consider a pilot of expanding span of control in some program areas to test whether the current management structure Is necessary and positively impacts program development and delivery.**

Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #3: Salary Survey Process

Energy Trust Current State

Energy Trust conducts a salary survey every other year for all positions. In addition, a specific job survey is conducted if a position is new or has changed significantly.

The most current salary survey was conducted with PLS Consulting Inc. in August, 2013. The salary survey covers the following:

- Market Analysis of Salaries
- Recommendation of new Salary Pay Ranges
- Proposed new Salary Structure
- Benefits Comparison

As a result of the salary survey, Energy Trust ensures that staff salaries are within recommended position market ranges.

In addition, this salary survey analysis is taken into account during the annual performance review and/or merit increase process, which applies for all staff who have been at Energy Trust at least six months. At this time, and depending on performance, a position salary is generally increased by 0% to 5% annually based on performance. Approved increases generally go into effect February 1.

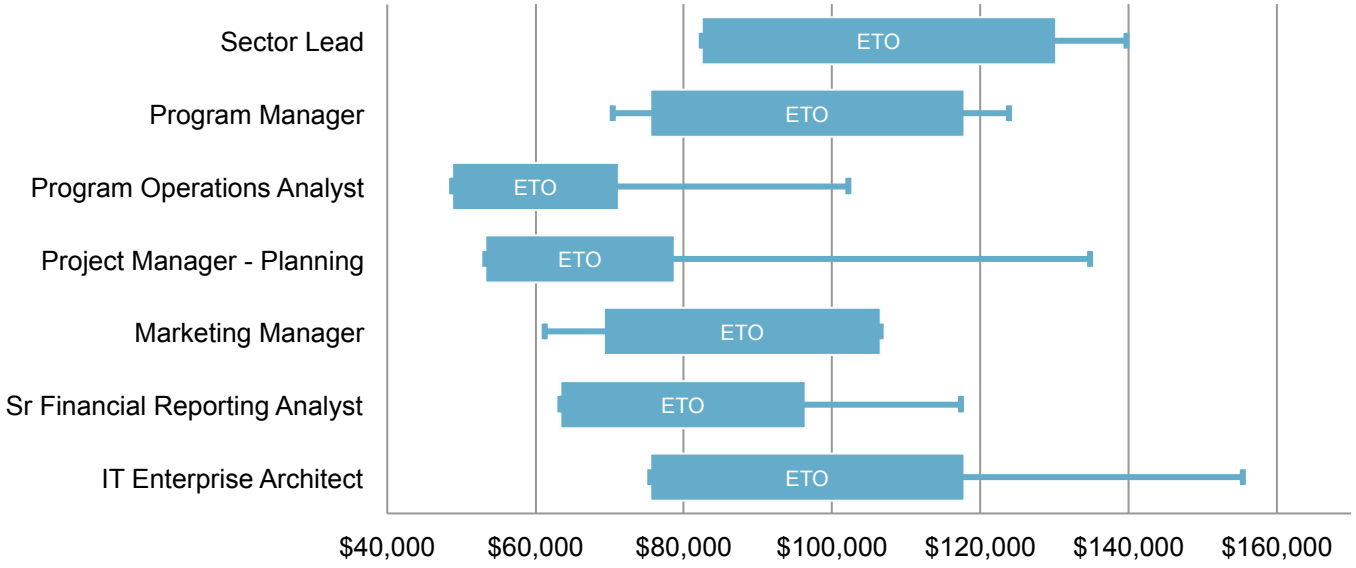
Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #3: Salary Survey Process

External Benchmarks—Research

- The benchmark utilities shared that there is no particular periodicity to salary surveys. They were unable to share an example of salary surveys with us. Salary surveys are conducted by their HR department, a corporate shared service.
- Benchmark utilities provided salary ranges for seven positions. These seven positions represent 28% of Energy Trust's total FTE. The chart below superimposes utility peer group and Energy Trust salary ranges for certain comparable positions , shown in the chart below. Energy Trust's salary ranges tend to be at the low end of the benchmark utilities, with the exception of the Marketing Manager.
- It is important to note that we did not conduct an exhaustive review of the benefit packages offered at the utilities, which may include stock options, collective bargaining agreements, sabbaticals, etc. Many of the benchmark utilities are public entities, hence subject to an automatic, annual step increase and cost of living adjustment. These are not a part of the Energy Trust compensation structure.

Salary Ranges by Position



Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #3: Salary Survey Process

Assessment

There does not appear to be a standard frequency to when salary surveys are conducted. Given that Energy Trust conducts salary surveys every other year, this may be too frequent to result in meaningful changes to salary information.

Energy Trust's annual salary ranges are generally on the low end of the range of the annual salary ranges of the benchmark utilities. This indicates that the salary ranges are not out of line for comparable positions in this industry.

Recommendations

Suggestions

- ❑ Energy Trust may consider reducing the frequency of its comprehensive salary surveys to every three years if the salary survey information is not changing materially.

Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #4: Staffing Levels

Energy Trust Current State

Staffing Levels

Energy Trust's staffing levels over its history have been influenced by a need to grow the organization in order to continue to deliver increasing levels of savings.

OPUC has indicated (in the 2014 budget comments) that total FTE should be critically evaluated each year. Further, the OPUC has communicated its concern with staffing levels at Energy Trust, and has requested that Energy Trust clearly document when position responsibilities are adjusted and/or work reassigned based on staffing and workload assessments.

Because of a lack of a formal staffing assessment or decision criteria, there is a perceived cap on staffing levels which makes future planning at Energy Trust unclear for those involved, either for those proposing or for those reviewing/approving.

Employment Department Audit

In 2011, the Employment Department of the State of Oregon conducted an audit of employment practices at Energy Trust. The audit resulted in several actions to address misclassified contractors, including:

- Misclassified contractors were hired as full time employees
- Misclassified contractors contracts were cancelled
- Misclassified contractors contracts were substantially revised or rebid

While the scope of this management review does not include a review of employment practices at Energy Trust, it does appear that improvements have been made to policies and procedures regarding Energy Trust contractors and all the items cited in the state audit have been resolved.

Administrative Staffing Assessment

In the 2010 Management Review, Recommendation #2 was that "Energy Trust, after its completed redesign is in place, should conduct an administrative support staffing level needs assessment." Energy Trust has not yet completed this administrative support staffing level needs assessment.

Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #4: Staffing Levels

External Benchmarks—Research

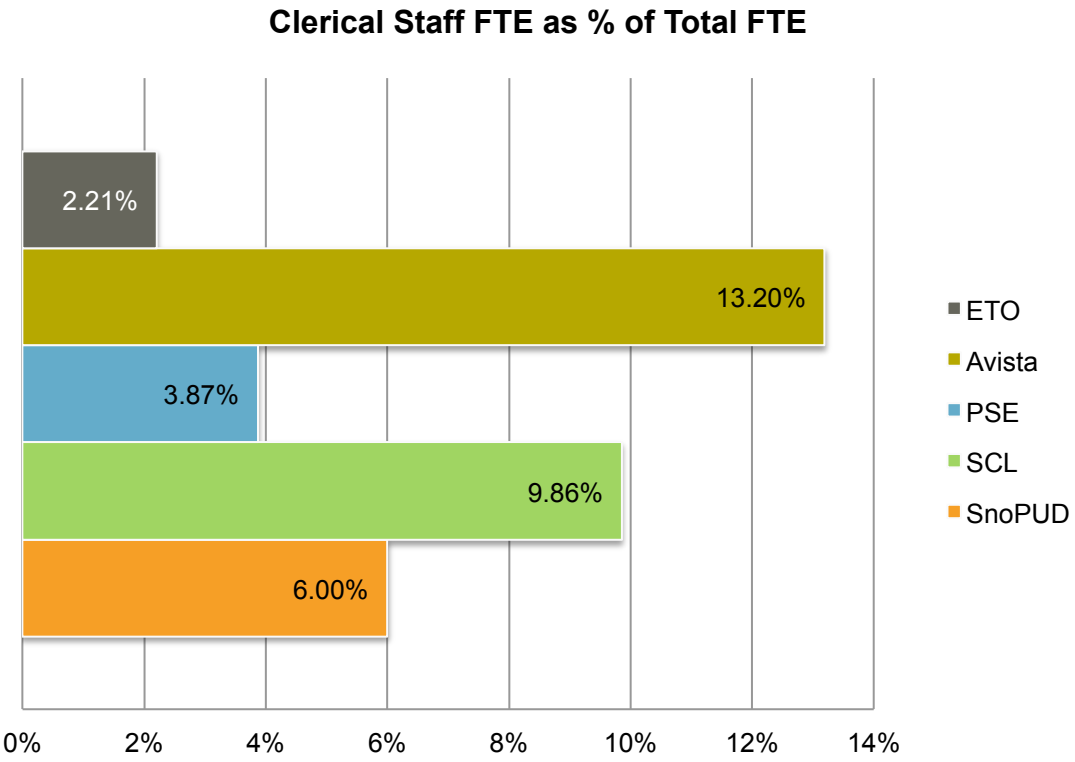
- Energy efficiency divisions of the benchmark utilities do not include shared services (e.g. IT, Human Resources, Legal, etc.) in their FTE count. In addition, they primarily utilize internal resources and staff for program delivery vs. outside contractors as is the case with Energy Trust's business model. As a result, we were not able to obtain a useful comparison of support and administrative FTE.
- There is not an implied or perceived cap on hiring at the benchmarked utilities, other than overall corporate mandates regarding hiring across the enterprise.
- None of benchmark utilities utilize resource planning tools within the program management or operations of the energy efficiency division. Resource planning tools are commonly used to increase efficiency by planning, organizing, and managing resources (e.g. employees, materials, contractors, etc.) and developing resource requirement forecasts in organizations where project management is a core process. Examples of these tools include Microsoft Project and several online tools (BaseCamp, Zoho, etc.).

Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #4: Staffing Levels

External Benchmarks—Research, continued

- We explored the level of clerical/support staff within each of the energy efficiency groups of the benchmark utilities. In comparing clerical staff levels, we found that benchmarks for clerical staff as a % of total FTE ranged from 3.87% to 13.20%, whereas Energy Trust is currently operating at 2.2%.



Area #4: Staffing: Resource Planning, Staffing Planning and Staffing Levels

Focus #4: Staffing Levels

Assessment

Energy Trust's level of clerical support is lower than that of the benchmark energy efficiency groups. The low level of administrative/ clerical support may be having an impact on Energy Trust's productivity. Given the growth of the organization and the increasingly complex work of coordinating and collaborating across multiple functions, clerical support may be too light. This observation was also made in the 2010 Management Review.

In addition, it does not appear that there is a formal staffing assessment or decision criteria. Because of a lack of a formal staffing assessment or decision criteria, there is a perceived cap on staffing levels which makes future planning at Energy Trust unclear for those involved, either for those proposing or for those reviewing/approving.

Recommendations

15. We recommend that Energy Trust **conduct the administrative support staffing level needs assessment that was recommended in the 2010 Management Review.**
16. Energy Trust should **establish clear staffing justification criteria to give guidance to the organization when proposing or considering staffing additions or reductions and to ensure a more transparent process for staff budgeting.**

APPENDIX

Appendix Items

Appendix 1 – Interviewees

Energy Trust Staff

- Margie Harris
- Amber Cole
- Courtney Wilton
- Debbie Menashe
- Fred Gordon
- Greg Stokes
- Pati Presnail
- Peter West
- Scott Clark
- Steve Lacey
- Oliver Kesting
- Kim Crossman
- Diane Ferington
- Thad Roth

Funding Utilities

- Scott Bolton, Pacific Corp.
- Carol Dillin, PGE
- Bill Edmonds, Northwest Natural
- Mike Parvinen, Cascade Natural Gas

Energy Trust Board

- Debbie Kitchin
- Ken Canon

Benchmark Utilities

- Jon Powell, Avista
- Dan Anderson, Puget Sound Energy
- Andrew Hemstreet, Puget Sound Energy
- Michael Little, Seattle City & Light
- Craig Smith, Seattle City & Light
- Nicole Moreland, Snohomish County Public Utility District

Others

- John Savage, Oregon Public Utility Commission
- Jason Eidorfer, , Oregon Public Utility Commission
- Juliet Johnson, Oregon Public Utility Commission
- Linda Dethman, CADMUS
- Steve Kokes, Coates Kokes
- Jane Peters, Research into Action
- Tracy Scott, Lockheed Martin
- Bob Stoll, PECI
- Ben Waldron, Pollinate

Appendix 2 – Key Questions by Area and Focus

This is an easy reference that takes the Key Questions that the Audit Committee and Energy Trust Management Team developed for the 2014 Management Review and associates those questions with the Area numbers and Focus numbers in this Current State Report.

Question	Area	Focus
How do Energy Trust's administrative costs compare to other relevant organizations, including those benchmarked?	#1	Summary
Are there areas that Energy Trust could improve its efficiency in the use of administrative expenses?	#1	#1 - 4
Are there areas that Energy Trust could improve its effectiveness in the outcome of administrative expenditures?	#1	#1 - 4
Based upon a review of the allocation of costs amongst administration, management and programs, are there suggested changes?	#2	#1
How does Energy Trust's administrative cost allocation methodology compare to other relevant organizations, including those benchmarked, and best practice?	#2	#1
What are areas where Energy Trust could streamline workflow to improve the efficiency of administrative expenses? Where possible, identify those opportunities in the greatest detail possible given the data that is available.	#1	#2
How can Energy Trust enhance current processes to provide additional value to the organization, specifically including reporting and forecasting of savings and expenditures?	#2	#2
How does Energy Trust's budgeting of savings and costs compare with other utilities or similar organizations in other industries?	#3	#1 - 2
How do you address multiple stakeholders and their perceived need for unique information (or information presented in unique formats)? For Energy Trust this includes reporting to the PUC, Funding Utilities and the general public (e.g., in its annual report)?	#2	#2
What metrics and benchmarks can be used on an ongoing basis to track efficiency gains over time?	#2	#3
How do Energy Trust's key programs compare with the benchmarked organizations on outcomes related to cost per aMW and therm?	#3	#1

Appendix 2 – Key Questions

Question	Area	Focus
How do Energy Trust's key programs compare on other project performance metrics, e.g., on time and on budget?	#3	#2
Within program delivery where are there opportunities for Energy Trust to improve its practices and processes?	#3	#1
Energy Trust's results are skewed to fourth quarter. Is there a benefit to have level-loading of savings? If so, what could be changed? What do other EE/RE programs experience?	#3	#2
How efficiently and effectively does Energy Trust manage cross-functional processes? How does this compare to other utilities?	#3	#3
What are the trends in savings/generation and acquisition costs?	#3	#4
What can be learned about cost effective methods to increase hard-to-reach populations with energy efficiency opportunities?	#3	#5
How does Energy Trust's Resource Planning process and practices compare to other relevant organizations? Specifically how do these processes integrate into the budgeting process?	#4	#1
How does Energy Trust's span of control compare to other organizations benchmarked, and what are the rationales for the given structures?	#4	#2
How do Energy Trust and other organizations review and identify when current positions can be eliminated or reduced?	#4	#1
How does Energy Trust's position description and salary & benefits (where possible) survey processes compare to benchmarked organizations and best practice?	#4	#3
How do various influences impact Energy Trust's overall staffing levels:		
a. Structure, goals and accountability framework?	#4	#1 – 4
b. Compliance with OR Employment Department audit?	#4	#4
c. Administrative staff needs?	#4	#4

Appendix 3 – Audit Committee Members

Audit Committee Members

- Ken Canon, Chair
- Melissa Cribbins
- Mark Kendall
- Dave Slavensky
- Karen Ward (outside expert)
- Debbie Kitchin

Appendix 4 - Glossary of Terms

- aMW - Average Megawatt
- CCS - Energy Trust's Communication & Customer Service group
- CRM - Customer Relationship Management
- EE - Energy Efficiency
- FTE - Full Time Equivalent
- IT - Information Technology
- MWh - Megawatt Hours
- NEEA - Northwest Energy Efficiency Alliance
- OPUC - Oregon Public Utilities Commission
- P&E - Energy Trust's Planning and Evaluation group
- PDC - Program Delivery Contractor
- PMC - Program Management Contractor
- R-0, 1, etc. - Round 0, Round 1, Round 2, Round 3. These reference the various formal budget versions

Appendix 4 - Glossary of Terms (continued)

- TRC – Total Resource Cost Test. The TRC Test measures cost-effectiveness from the combined viewpoint of the utility system and program participants. In short, the TRC compares the value of avoided energy to the utility system and other quantifiable resources from all sources with the full cost of the efficiency measures. When considered at the program or portfolio level, all non-measure program costs are included as well.
- UCT – Utility Cost Test. Also known as the Program Administrator Cost Test, the UCT Test measures cost-effectiveness from a utility perspective. It compares the value of the utility's avoided costs with the cost to the utility of acquiring the efficiency. Thus, its primary differences from the TRC are that (1) it does not include any energy benefits for fuels the utility does not provide; (2) it does not include any other resource benefits such as water savings; and (3) it does not include any customer contributions to the cost of an efficiency investment. When analyzed at the measure level, only incentives costs are included as utility costs. When considered at the program or portfolio level, all non-incentive program costs are included as well.
- YTD- Year to Date

Appendix 5 – Data Sources/Citations

Avista

Note: Commercial/Industrial reported as "Nonresidential," with estimates of 66.6% Commercial and 33.4% Industrial

- 2011 Total Admin Costs (Energy Efficiency / Renewable Energy): I-937 (2012)
- 2012-2013 Total Admin Costs (Energy Efficiency / Renewable Energy): I-937 (2014)
- 2011 Total Payroll (Energy Efficiency / Renewable Energy): 2011 DSM Business Plan, pg. 29
- 2012 Total Payroll (Energy Efficiency / Renewable Energy): 2012 DSM Business Plan, pg. 66
- 2013 Total Payroll (Energy Efficiency / Renewable Energy): 2013 DSM Business Plan, pg. 54. Reflects Washington only.
- 2011 Total Program Costs: 2011 DSM Annual Report, pg. 26-28. [Actual 2011 Expenditures – (Electric General Expenditures + Gas General Expenditures)]
- 2012 Total Program Costs: 2012 DSM Annual Report, pg. 28-30. [Actual 2012 Expenditures – (Electric General Expenditures + Gas General Expenditures)]
- 2013 Total Program Costs: 2013 DSM Annual Report, pg. 31-33. [Actual 2013 Expenditures – (Electric General Expenditures + Gas General Expenditures)]. Reflects Washington only.
- 2011 Total Non-Incentive Program Costs: 2011 DSM Annual Report, pg. 26-27. [Electric System Implementation + Electric System EM&V + Gas System Implementation + Gas System EM&V]
- 2012 Total Non-Incentive Program Costs: 2012 DSM Annual Report, pg. 30.
- 2013 Total Non-Incentive Program Costs: 2013 DSM Annual Report, pg. 33. [Electric Non-Incentive and Labor + Gas Non-Incentive and Labor]
- 2011-2013 Total Revenue (Company): 2013 Annual Report (10-K).
- 2011 Total Revenue (Energy Efficiency / Renewable Energy): I-937 (2012)
- 2012-2013 Total Revenue (Energy Efficiency / Renewable Energy): I-937 (2014)
- 2011 Electric Savings (Residential): 2011 DSM Annual Report, pg. 16.
- 2012 Electric Savings (Residential): 2012 DSM Annual Report, pg. 18.
- 2013 Electric Savings (Residential): 2013 DSM Annual Report, pg. 18.
- 2011 Gas Savings (Residential): 2011 DSM Annual Report, pg. 17.
- 2012 Gas Savings (Residential): 2012 DSM Annual Report, pg. 19.
- 2013 Gas Savings (Residential): 2013 DSM Annual Report, pg. 18.
- 2011 Electric Savings (Commercial/Industrial): 2011 DSM Annual Report, pg. 22.
- 2012 Electric Savings (Commercial/Industrial): 2012 DSM Annual Report, pg. 25.
- 2013 Electric Savings (Commercial/Industrial): 2013 DSM Annual Report, pg. 27.
- 2011 Gas Savings (Commercial/Industrial): 2011 DSM Annual Report, pg. 23.
- 2012 Gas Savings (Commercial/Industrial): 2012 DSM Annual Report, pg. 25.
- 2013 Gas Savings (Commercial/Industrial): 2013 DSM Annual Report, pg. 27.
- 2011 Electric and Gas Expenditures: 2011 DSM Annual Report, pg. 26-27.
- 2012 Electric and Gas Expenditures: 2012 DSM Annual Report, pg. 28.
- 2013 Electric and Gas Expenditures: 2013 DSM Annual Report, pg. 31.

Appendix 5 – Data Sources/Citations

Avista (cont.)

- 2011 NEEA Savings: 2011 DSM Annual Report, pg. 24.
- 2012 NEEA Savings: 2012-2013 NEEA (ID and WA) Savings Report
- 2013 NEEA Savings: 2013 DSM Annual Report, pg. 29.
- 2011 NEEA Expenditures: 2011 DSM Annual Report, pg. 26.
- 2012 NEEA Expenditures: 2012 DSM Annual Report, pg. 28.
- 2013 NEEA Expenditures: 2013 DSM Annual Report, pg. 31.
- 2011 Program Administrator Cost Ratios: 2011 DSM Annual Report, pg. 6-10.
- 2012 Program Administrator Cost Ratios: 2012 DSM Annual Report, pg. 7-11.
- 2013 Program Administrator Cost Ratios: 2013 DSM Annual Report, pg. 6-10.
- 2011-2013 FTE: Data Requests

Puget Sound Energy

Note: Commercial/Industrial reported as "Business," with estimates of 90% Commercial and 10% Industrial

- 2011 Total Admin Costs (Energy Efficiency / Renewable Energy): I-937 (2012)
- 2012-2013 Total Admin Costs (Energy Efficiency / Renewable Energy): I-937 (2014)
- 2011 Total Payroll (Energy Efficiency / Renewable Energy): 2011 Budget vs. Actuals [Electric Labor + Electric Marketing Labor + Gas Labor + Gas Marketing Labor]
- 2012 Total Payroll (Energy Efficiency / Renewable Energy): 2012 Budget vs. Actuals [Electric Labor + Electric Marketing Labor + Gas Labor + Gas Marketing Labor]
- 2013 Total Payroll (Energy Efficiency / Renewable Energy): 2013 Budget vs. Actuals [Electric Labor + Electric Marketing Labor + Gas Labor + Gas Marketing Labor]
- 2011 Total Program Costs: 2011 Budget vs. Actuals [Grand Total Electric Programs + Grand Total Gas Programs]
- 2012 Total Program Costs: 2012 Budget vs. Actuals [Grand Total Electric Programs + Grand Total Gas Programs]
- 2013 Total Program Costs: 2013 Budget vs. Actuals [Grand Total Electric Programs + Grand Total Gas Programs]
- 2011 Total Non-Incentive Program Costs: 2011 Budget vs. Actuals [Grand Total Electric Programs + Grand Total Gas Programs – (Electric DBtC + Gas DBtC)]
- 2012 Total Non-Incentive Program Costs: 2012 Budget vs. Actuals [Grand Total Electric Programs + Grand Total Gas Programs – (Electric DBtC + Gas DBtC)]
- 2013 Total Non-Incentive Program Costs: 2013 Budget vs. Actuals [Grand Total Electric Programs + Grand Total Gas Programs – (Electric DBtC + Gas DBtC)]
- 2011-2013 Total Revenue (Company): 2013 Annual Report (10-K).

Appendix 5 – Data Sources/Citations

Puget Sound Energy (cont.)

- 2011 Total Revenue (Energy Efficiency / Renewable Energy): 2011 EE Savings & Expenditures [Subtotal Electrical Energy Efficiency, Electric + Gas]
- 2012 Total Revenue (Energy Efficiency / Renewable Energy): 2012 EE Savings & Expenditures [Subtotal Customer Solutions-Energy Efficiency, Electric + Gas]
- 2013 Total Revenue (Energy Efficiency / Renewable Energy): 2013 EE Savings & Expenditures [Subtotal Customer Solutions-Energy Efficiency, Electric + Gas]
- 2011-2013 Electric Savings and Expenses (Residential): 2013 Energy Conservation Accomplishments Report, pg. 23.
- 2011-2013 Gas Savings and Expenses (Residential): 2013 Energy Conservation Accomplishments Report, pg. 23.
- 2011-2013 Electric Savings and Expenses (Commercial/Industrial): 2013 Energy Conservation Accomplishments Report, pg. 62.
- 2011-2013 Gas Savings and Expenses (Commercial/Industrial): 2013 Energy Conservation Accomplishments Report, pg. 63.
- 2011 NEEA Savings and Expenses: I-937 (2012)
- 2012 NEEA Savings and Expenses: I-937 (2014)
- 2013 NEEA Savings and Expenses: I-937 (2014)
- 2011 Utility Costs: 2011 Annual Report, pg. 23.
- 2012 Utility Costs: 2012 Annual Report, pg. 28.
- 2013 Utility Costs: 2013 Annual Report, Exhibit 2.
- 2011-2013 FTE: Data Requests

Seattle City Light

- 2011-2013 Total Admin Costs (Energy Efficiency / Renewable Energy): Data Request
- 2011-2013 Total Admin Payroll (Energy Efficiency / Renewable Energy): Data Request
- 2011-2013 Total Payroll (Energy Efficiency / Renewable Energy): Data Request
- 2011-2013 Total Program Costs: Data Request
- 2011-2013 Total Non-Incentive Program Costs: Data Request
- 2011-2012 Total Revenue (Company): Seattle City Light 2013 Annual Report, pg. 44.
- 2013 Total Revenue (Company): City of Seattle – 2014 Adopted Budget, pg. 365.
- 2011 Total Revenue (Energy Efficiency / Renewable Energy): 2011 Annual Report, pg. 91.
- 2012 Total Revenue (Energy Efficiency / Renewable Energy): 2012 Annual Report, pg. 110.
- 2013 Total Revenue (Energy Efficiency / Renewable Energy): 2013 Annual Report, pg. 96.
- 2011-2013 Electric Savings and Expenses (Residential): Data Request
- 2011-2013 Gas Savings and Expenses (Residential): Data Request
- 2011-2013 Electric Savings and Expenses (Commercial/Industrial): Data Request

Appendix 5 – Data Sources/Citations

Seattle City Light (cont.)

- 2011-2013 Gas Savings and Expenses (Commercial/Industrial): Data Request
- 2011 NEEA Savings and Expenses: I-937 (2012)
- 2012-2013 NEEA Savings and Expenses: I-937 (2014)
- 2011-2013 FTE: Data Requests

Snohomish County Public Utility District

- 2011 Total Admin Costs (Energy Efficiency / Renewable Energy): I-937 (2012) [Overhead + Labor]
- 2012-2013 Total Admin Costs (Energy Efficiency / Renewable Energy): I-937 (2014) [Overhead + Labor]
- 2011 Total Admin Payroll (Energy Efficiency / Renewable Energy): I-937 (2012)
- 2012-2013 Total Admin Payroll (Energy Efficiency / Renewable Energy): I-937 (2014)
- 2011 Total Program Costs: I-937 (2012)
- 2012-2013 Total Program Costs: I-937 (2014)
- 2012-2013 Total Revenue (Company): 2013 Annual Report, pg. 30.
- 2011 Total Revenue (Energy Efficiency / Renewable Energy): I-937 (2012)
- 2012-2013 Total Revenue (Energy Efficiency / Renewable Energy): I-937 (2014)
- 2011 Savings and Expenditures: I-937 (2012)
- 2012-2013 Savings and Expenditures: I-937 (2014)
- 2011 NEEA Savings and Expenditures: I-937 (2012)
- 2012-2013 NEEA Savings and Expenditures: I-937 (2014)
- 2011-2013 FTE: Data Requests

Appendix 6 – Benchmark Utility Administrative Costs and Definitions

Administrative Costs as a Percent of Energy Efficiency Revenues				
	2011	2012	2013	Percentage Change
Energy Trust				
Administrative Costs	$6,150,853	$7,848,009	$6,547,221	6.44%
Revenue	$133,084,407	$146,207,992	$162,465,016	22.08%
Percent of Revenue	**4.62%**	**5.37%**	**4.03%**	**-15.63%**
Avista				
Administrative Costs	$2,698,600	$2,239,638	$2,726,180	1.02%
Revenue	$31,180,628	$20,672,406	$14,904,434	-52.20%
Percent of Revenue	**8.65%**	**10.83%**	**18.29%**	**53.22%**
PSE				
Administrative Costs	$4,267,375	$3,082,617	$3,012,294	-29.41%
Revenue	$91,937,272	$104,775,081	$110,070,547	19.72%
Percent of Revenue	**4.64%**	**2.94%**	**2.74%**	**-49.13%**
SCL				
Administrative Costs	$5,042,959	$7,377,512	$8,269,764	63.99%
Revenue	$32,672,298	$29,818,310	$39,100,000	19.67%
Percent of Revenue	**15.43%**	**24.74%**	**21.15%**	**44.31%**
SnoPUD				
Administrative Costs	$3,981,850	$5,687,199	$5,841,544	46.70%
Revenue	$20,413,712	$18,704,235	$21,311,018	4.40%
Percent of Revenue	**19.51%**	**30.41%**	**27.41%**	**42.31%**

Notes

- For Avista and PSE, administrative cost data only represents the electrical energy efficiency portion of their energy efficiency program costs that are found on the I-937. This data does not include "shared services" types of expenses as is included in Energy Trust's administrative costs, e.g., Human Resources, Legal, IT, some Accounting and Executive Management.
- Because the 2013 data for Avista's Idaho energy efficiency programs are not yet available, Avista's figures reflect Washington only for revenue.
- SCL 2013 Revenue is total program cost.
- PSE Revenues are equal to Total Expenditures

Appendix 6 – Benchmark Utility Administrative Costs and Definitions

Avista Corporation	Labor: The fully loaded labor of all individuals charging to the Demand Side Management (DSM) task. Non-incentive/Non-labor (NI/NL): All utility expenditures not otherwise captured above to include the non-labor cost of EM&V, program outreach expenses, memberships, etc. This only applies to the NI/NL costs captured for energy efficiency reporting purposes. As a utility that provides more than energy efficiency programs, Avista is structured with corporate services that are shared by its business units (e.g., Human Resources, Legal, transactional Accounting including A/P). These shared services costs are not allocated to the business units, and therefore, they are not reflected in any of the costs provided in this report.
Puget Sound Energy	Labor: Energy Efficiency program staff labor. Average FTE cost including management assessments/allocations. This Budget Category group includes assessments from Major Accounts management, Resource Planning, Corporate Communications management, IT specialists and some building maintenance allocations. Marketing Labor: Also Energy Efficiency staff labor, associated specifically with Marketing functions. Marketing allocates staffing according to program needs. Overhead: Costs primarily associated with employee labor, e.g., benefits. Marketing: Service and materials associated with the cost of printing program brochures, marketing pieces, advertising, banners, etc. Also includes marketing conducted by vendors and contractors. Employee/Office Expense: Costs associated with energy efficiency (EE) staff attending events, employee training, conferences, business meals, business parking, ferry & bridge tolls, mileage incurred on employee automobiles, office supplies, phones, subscriptions, software/hardware, etc.
Seattle City Light	Program expenditures are related to the Division's Programmatic cost element; this is debt-financed activity that delivers energy savings for the utility. Labor, labor overheads, administrative and incentive costs are included within the Program category. Management/General Administration are related to the Division's Non-Programmatic cost element; these are expenditures funded out of current revenues and are not directly attributable to energy savings. This includes all the labor, labor overheads and administrative costs associated with the Division, but excludes the Marketing/Renewable related expenditures from Org Unit 487, which fall under the Communications/Outreach category. Communication/Outreach is Org Unit 487's Non-Programmatic activities including the marketing, outreach and renewable efforts. Additionally, SCL is a division of the City of Seattle and many of their general management and support services are provided from the City's larger organization. These costs, e.g., Human Resources, Legal, IT support are not allocated to SCL, and therefore, are not included in the administrative cost figures that SCL reports.
Snohomish PUD	SnoPUD's Definition of "Overhead" includes but is not limited to: Costs incurred by the Energy Services Department not directly associated to actual incentives or rebates for conservation acquisition, Employee benefits & Program evaluation

Appendix 7 – Outsourcing

Outsourced Costs as Percent of Total Costs, excluding Incentive Payments	
	Outsourced (PMC-type) costs as Percent of Total Costs
ETO	88%
Avista	4%
PSE	10% (electric) / 14% (gas)
SCL	7%
SnoPUD	See notes below

PSE: Includes evaluations and 3rd party administrators who help run the programs—not contractors who participate in programs. Based on 2013 expenditures outlined in the 2013 Annual Report's Exhibit 1, Supplemental 1.

SnoPUD: No estimate available. SnoPUD shared that they primarily utilize internal program managers, except for Master Retail where a PMC is contracted. Also, in other programs lower-level program implementation is outsourced. Programs include:

- Simple Steps (EEI funded by BPA)
- Refrigerator recycling
- Small business direct install
- Matchmaker
- Data centers
- Energy smart grocer
- Lighting to Go (distributors offer rebates)

Additionally, CPA's and market evaluations are outsourced.

Board Decision
Accept Management Review Report

October 1, 2014

RESOLUTION 718
ACCEPT MANAGEMENT REVIEW REPORT

WHEREAS:

1. **The grant agreement between the Oregon Public Utility Commission (OPUC) and Energy Trust requires Energy Trust to contract at least every five years for an independent review and evaluation of the efficiency and effectiveness of Energy Trust operations.**
2. **In March of 2014, the Energy Trust Board retained Coraggio Group to conduct the review under the auspices of the Audit Committee.**
3. **Coraggio Group submitted the review in final form on September 22, 2014. The Audit Committee reviewed the recommendations and recommended that the board accept the review at its October meeting.**
4. **The Board expresses its appreciation to the Audit Committee, Coraggio Group, the OPUC and Energy Trust staff for their efforts.**

It is therefore RESOLVED:

1. **That the Board of Directors of Energy Trust of Oregon, Inc. accepts the final Coraggio Group management review and instructs the executive director to submit it to the Oregon Public Utility Commission.**

2. **The Board and Executive Director are fully committed to carefully examining the report and taking appropriate follow-up actions in response to its findings and recommendations.**

Moved by: Seconded by:

Vote: In favor: Abstained:

Opposed:

Tab 3

Board Decision
Approving 2015-2019 Strategic Plan

October 1, 2014

Summary

Approve the 2015-2019 Strategic Plan as shown in **Attachment 1** (p. 5).

Background

- The 2015-2019 Strategic Plan is the product of the Energy Trust Strategic Planning Committee: Rick Applegate (chair), Julie Brandis, Susan Brodhahl, Ken Canon, Mark Kendall, Debbie Kitchin, John Reynolds, John Savage and Lisa Schwartz, with contributions from Margie Harris, Fred Gordon, Debbie Menashe, Elaine Prause and John Volkman, and participation by Juliet Johnson, Oregon Public Utility Commission staff liaison to Energy Trust.
- The planning process began more than a year ago with a series of investigations:
    - Situation analysis: Staff analyzed past Energy Trust performance and potential future strategies
    - Survey of strategic ideas: A consultant identified organizational, planning or program innovations from comparable national and Canadian programs
    - SWOT analysis: Staff assessed Energy Trust strengths, weaknesses, opportunities and threats
    - "Influentials" input: Informal conversations held with a group of regional energy and business leaders about how to build on Energy Trust's experience and results
    - Targeted studies: Evaluated California's experience with zero-net energy goals and Oregon's experience with demand-side management
    - Discussions: Conversations held with the Oregon Public Utility Commission, Portland General Electric, Pacific Power, NW Natural and Cascade Natural Gas
- These investigations raised a number of possibilities, which the committee discussed with utilities and interested parties in February and March 2014.
- The committee and staff developed a draft strategic plan, which the board considered at its June strategic planning retreat.
- The board authorized staff to issue a draft strategic plan for comment over the summer. A number of comments were received, summarized in Attachment 2.

Analysis

- **Attachment 2** (p. 19) summarizes the comments we received, proposed responses and, where appropriate, proposed revisions to the draft strategic plan. The first column of Attachment 2 summarizes the comment; the second column provides response(s) to it; and the third column notes the action we propose to

take, including whether to amend the draft plan in light of the comment.

- Among the more substantive comments received:
  - There appears to be general support for the plan's energy efficiency goals and objectives, as indicated in additional comments, below. Utilities, the OPUC and others supported goals in excess of in the resource potential identified in utility Integrated Resource Plans.
  - Some commenters voiced criticism about the renewable energy goal, stating it is too modest and does not establish high aspirations for the industry. *Staff's response (Attachment 2, p. 21) is that the goal is analytically based, and represents what we think we can achieve with a limited incentive budget, declining government incentives and a difficult renewable energy market*.
  - The Citizens' Utility Board (CUB) emphasized the risks associated with Energy Trust goals, especially limitations on efficiency funding for large utility customers and, short-term challenges stemming from cost-effectiveness of gas measures. CUB urges Energy Trust to highlight these risks in the plan and position itself to manage them. *In response, staff proposes to amend the plan (Attachment 1, p. 11) to acknowledge these risks and describe how we will manage them: "Monitoring and evaluation helps programs to adjust if performance falls short and/or unexpected opportunities emerge. A portfolio of programs offers diverse ways to make these adjustments. New market, legal or regulatory developments are factored into annual utility funding discussions and Energy Trust budgets."*

- Other comments made general observations about the draft plan, and did not suggest or require modifications in it. For example:
  - OPUC staff, utilities and others supported the proposed energy efficiency goals (Johnson/OPUC, Meyer/NW Natural, Nagy/PDC, Hodge/Lincoln County, Wanderscheid/BEF, Brenne/Foster Grandparents/Senior Companion Program) including strategic plan goals that exceed IRP goals (PGE/Dillin).
  - There was support for the idea of lowering the soft costs of renewable energy (Decker/RNP), and suggestions that Energy Trust document its experience in doing so (Decker/RNP, Dillin/PGE).
  - There were offers of help to broaden participation (PGE/Dillin, Anderson/Portland, Nagy/PDC).
  - There was a suggestion that annual meetings be held in which utilities survey issues they are facing that have an effect on efficiency and renewables (PGE/Dillin).

    - There was a suggestion that Energy Trust, utilities, NEEA and others meet every year to review experience with emerging technology (PGE/Dillin).

  While these suggestions did not require modifications in the draft plan, we do appreciate them and intend to follow up where appropriate during plan implementation.
- Still other comments raised questions about Energy Trust or its programs that did not relate to the draft plan, or suggested tactical considerations that are best considered in annual action plans rather than the strategic plan.

- **Attachment 3** (p. 33) summarizes outreach activities promoting the draft strategic plan and seeking feedback on the plan goals and strategies.

Recommendation

Adopt the attached strategic plan (*incorporating any changes made at today's meeting*) and authorize staff to release the attached comment summary and corresponding responses by approving resolution 719.

RESOLUTION 719

ADOPTING STRATEGIC PLAN

WHEREAS:

1. **Energy Trust is required by its grant agreement with the Oregon Public Utility Commission to adopt and revise a strategic plan every five years. The current plan, which covers the period 2010-2014, expires at the end of 2014.**
2. **In 2013 and 2014, Energy Trust carried out an extensive analytical and consultation process regarding a 2015-2019 strategic plan.**
3. **A draft plan was discussed at the June 2014 board retreat, and released for comment this summer.**
4. **Staff and board members engaged the Oregon Public Utility Commission, Portland General Electric, Pacific Power, NW Natural, Cascade Natural Gas, members of our Conservation and Renewable Advisory Councils, and many stakeholders through webinars and regional meetings throughout the state to invite and collect comments on the draft plan. The staff and board have carefully considered these comments.**

It is therefore RESOLVED that the board of directors of Energy Trust of Oregon, Inc., adopts the attached five-year strategic plan for the period 2015-2019 and authorizes staff to release the attached comment summary and corresponding responses *incorporating any changes made at today's meeting* to the public.

Moved by: Seconded by:

Vote: In favor: Abstained:

Opposed: [list name(s) and, if requested, reason for "no" vote]

Attachment 1: Proposed Final 2015-2019 Strategic Plan

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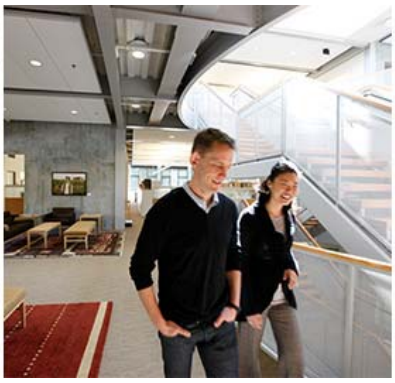


Proposed Final 2015-2019 Energy Trust of Oregon Strategic Plan

October 1, 2014

Introduction

Who We Are

Energy Trust of Oregon is an independent nonprofit organization dedicated to helping 1.5 million customers of four investor-owned utilities save energy and generate renewable power. Created in response to 1999 Oregon legislation, Energy Trust is overseen by a volunteer board of directors with input from two advisory councils, and reports to the Oregon Public Utility Commission (OPUC). Energy Trust began operation in March 2002, charged by the OPUC with investing in cost-effective energy efficiency[1], helping to pay the above-market costs of renewable energy resources and transforming markets to higher efficiency products and services.

Energy Trust programs are funded by Portland General Electric and Pacific Power customers under a 1999 Oregon law (SB 1149) and a 2007 Oregon law (SB 838). Programs are also funded by Oregon natural gas customers pursuant to agreements with NW Natural (2003) and Cascade Natural Gas (2006), as well as Washington customers of NW Natural (2009). Energy Trust administers these utility customer funds and delivers services and programs to help all types of customers invest in electric efficiency, natural gas efficiency and renewable energy systems. Program offerings undergo detailed planning and analysis that weigh economic and environmental costs and benefits to ensure broad benefit for all customers.

Each year, Energy Trust brings ~~the value of~~ energy savings and renewable generation to more households, commercial businesses, industries and public buildings. ~~Quality, local~~These services are delivered to customers by leveraging and supporting nearly 2,700 independent Oregon and southwest Washington businesses and ~~collaborating with affiliated utilities~~ through collaboration with Portland General Electric, Pacific Power, NW Natural and Cascade Natural Gas. Since 2002, Energy Trust has provided cash incentives, services and information to help businesses and residents save energy and generate renewable power at more than half a million locations.

Energy Trust's work provides the cheapest, cleanest energy for utilities and customers, and far-reaching benefits for the economy. Investment in Oregon's clean energy economy over the past 12 years totals $968 million. That investment will produce energy bill savings of $4 billion over time for participating customers. It also provides the most affordable energy available for all customers by helping utilities avoid investment in new and more expensive energy resources. Independent economic analysis shows an additional $3 billion in benefit to Oregon's economy to date from activity related to Energy Trust investments.

[1] In this document, the phrase energy efficiency is used throughout and is inclusive of energy-efficient equipment, energy conservation activities and energy management strategies.

Role of the Strategic Plan and Planning Process

Energy Trust programs are guided by a series of five-year strategic plans, required by a grant agreement with the OPUC. These plans establish broad goals and strategies, which are then implemented through two-year action plans and annual budgets.

The strategic planning process is an open and transparent process. Energy Trust presents and invites public engagement and comment on the draft strategic plan at board and advisory council meetings, at public outreach events in communities across the state and through Energy Trust's website, www.energytrust.org. Public comments are considered by the board and help shape the final strategic plan. This process gives Energy Trust stakeholders and interested citizens an opportunity to guide the organization's broad direction.

In this plan, Energy Trust describes its long-term vision, goals and strategies, building on the results and success of the last 12 years.

Context

This draft strategic plan for the 2015-2019 timeframe emerges from a specific context.

The pace at which Energy Trust energy-efficiency programs delivered savings changed significantly after 2008. In 2013, Energy Trust programs saved twice as much electric energy (58 average megawatts) as they did in 2009 (27 aMW). This doubling in annual savings was made possible by the passage of SB 838, which allowed the electric utilities to supplement funding for electric efficiency, beyond the 3 percent charge established in Energy Trust's enabling legislation, to acquire all cost-effective energy efficiency identified in their long-term planning processes.

Natural gas savings also increased from 2.7 million annual therms in 2009 to 5.3 MMTh in 2013 as Energy Trust programs matured and expanded to address the needs of more customers and closely align with utility long-term planning. Also, in 2009 Energy Trust and NW Natural entered into agreements to provide program offerings for a portion of NW Natural industrial demand-side management customers and for NW Natural customers in southwest Washington.

With the passage of SB 838 and the expanded gas efficiency agreements, Energy Trust's goals were set to acquire cost-effective energy efficiency as determined within utility long-term planning. Prior to that, goals were limited by funding and not by opportunity. Achieving this higher level of performance required a focused effort to diversify and refine Energy Trust programs, generate faster feedback from participants on program effectiveness, process more incentives and serve more customers with strategies tailored to meet their needs. It also required a larger annual budget and expenditures, bringing Energy Trust's expenditures for energy efficiency to $117 million in 2013, as compared to $63 million in 2008. ~~As Energy Trust's investment in efficiency grew, so did the magnitude of leveraged investments by residents and businesses that make these efficiency projects possible. For example~~, ~~in 2013 our $117million~~ investment required an additional contribution of $125 million by homes and businesses ~~realizing the direct energy savings benefits of the projects.~~

The context for renewable energy is different. SB 838 redirected renewable energy funds to projects of 20 megawatts (MW) and less in size, and shifted responsibility for larger renewable project investment into the realm of the utilities, requiring them to meet a mandatory renewable

energy standard. The law also adopted a goal for the state to meet at least 8 percent of retail electrical load from small-scale renewable energy projects. Though the focus was modified, Energy Trust funding for renewable energy was unchanged. It continued to be an increment of the 3 percent charge required by SB 1149, equal to a budget of approximately $13 million per year. ~~In 2013, every dollar of Energy Trust investment in renewable projects leveraged an additional $5 invested in project installations from homes and businesses.~~

From 2009 through the end of 2013, Energy Trust supported small and mid-scale renewable energy project installations generating 15.27 aMW. While significant, this falls short of meeting Energy Trust's 2010-2014 strategic goal of 23 aMW for renewable energy and reflects significant market challenges facing renewable project development in recent years. In 2011, the State of Oregon significantly trimmed its longstanding renewable energy tax credits. Since most renewable generation projects leveraged both Energy Trust incentives and state tax credits, the absence of the tax credits significantly reduced Energy Trust's market leverage. After the reduction in state energy tax credits, Energy Trust re-geared its renewable energy programs to provide more early-stage support for smaller projects. Helping these projects to launch continues to hinge on a combination of Energy Trust programs, government programs and subsidies, and larger economic and market forces.

Participants in Energy Trust energy efficiency and renewable energy programs have magnified the ~~significant~~ economic impact of Energy Trust investments~~beyond direct incentive payments to customers~~. ~~p~~For example, in 2013 ~~our~~ $117 million in Energy Trust efficiency investment ~~resulted inquired~~leveraged an additional ~~investment onal contribution of~~ $125 million in investment by home~~s~~ and business~~es~~ owners~~ realizing the direct energy savings benefits of the projects~~. ~~In 2013, e~~Every dollar of Energy Trust investment in renewable projects leveraged an additional $5 ~~invested in project installations from~~investment by home~~s~~ and business~~es~~ owners. These investments have ~~resulted~~helped expand private-sector businesses ~~in~~ a network of delivery contractors and trade ally contractors that delivers efficiency and renewable energy projects directly to customers.
~~rovide services through a network of delivery contractors and trade ally contractors.~~

As markets have changed and new opportunities have emerged, Energy Trust and its trade allies have made significant adjustments—emphasizing customer focus, innovation, productivity gains, quality assurance and collaboration.

~~In particular,~~ Energy Trust has built and leveraged important relationships, working closely and strategically with its ~~leveraged communication channels with~~ affiliated utilities to communicate to ~~and~~ their customers, and has engaged in collaborative efforts with local, state, regional and national entities to achieve goals.

The result, now rooted in many years of practice, is an approach widely supported by government, utilities, business and interest groups that produces clean, reliable and affordable energy. Energy Trust has been repeatedly recognized by the U.S. Environmental Protection Agency, U.S. Department of Energy, American Council for an Energy-Efficient Economy, Clean Energy States Alliance, Oregon Business and others for program design innovation and organizational leadership. This proven approach and the organization's culture of continuous improvement are the basic assets leveraged in this strategic plan.

2015-2019 Strategic Plan

Vision

Energy Trust envisions a high quality of life, a vibrant economy and a healthy environment and climate for generations to come, built with renewable energy, efficient energy use and conservation.

Purpose

Energy Trust provides comprehensive, sustainable energy efficiency and renewable energy solutions to those we serve.

Goals

1. Energy Efficiency

Long-term energy-efficiency goal

- Acquire all achievable, cost-effective energy efficiency for utility customers.

Five-year energy-efficiency goals

- Between 2015 and 2019, save 240 average megawatts (aMW) of electricity.
- Between 2015 and 2019, save 24 million annual therms (MMTh) of natural gas.

To derive 2015-2019 energy-efficiency goals, Energy Trust first projected the amount of electricity and natural gas Energy Trust programs could be expected to save between 2015 and 2019 given current funding, known technologies and projected energy costs. The result of this initial calculation was five-year savings of 218 aMW and 22 MMTh. These are ambitious figures but these initial estimates assumed essentially no new energy-efficient technologies, no new large energy-efficiency projects and no regulatory adjustment under current cost-effectiveness criteria.

However, if several promising technologies become cost-effective in the next five years, one or more large electric efficiency opportunities[2] emerge, and the OPUC ~~defines revisions to~~reinterprets or revises cost-effectiveness criteria, Energy Trust estimates that a total of 243 aMW and 26.5 MMTh could potentially be saved.

Further, none of these estimates account for opportunities that may emerge from external policy changes or market developments. For example, energy efficiency and renewable energy play an important role in proposals relating to achievement of state, regional and national energy, climate and carbon reduction goals. Recently proposed federal rules on carbon emissions from power plants, as an example, envision that energy efficiency will not only be achieved at high savings levels, but that these savings rates will be sustained over the long term. Energy Trust's vision, purpose and funding are not explicitly tied to these policy goals. Nevertheless, such policies are likely to influence demand for energy efficiency and renewable energy, helping push innovation in clean energy and creating new

[2] These opportunities are not reflected in current resource assessment modeling, which is not focused on identifying site-specific large energy-efficiency projects (i.e., projects that use over 1 aMW and/or require more than $500,000 in Energy Trust incentives).

opportunities for Energy Trust to reach and serve customers through collaborative efforts with others.

Given these considerations, Energy Trust proposes 2015-2019 energy-efficiency goals of 240 aMW and 24 MMTh. To reach these goals, Energy Trust assumes that additional energy savings will be found from some combination of new technology, unforeseen large energy-efficiency projects, regulatory cost-effectiveness adjustments and opportunities driven by external policy changes.

Energy Trust manages risk associated with these goals in several ways: Monitoring and evaluation help programs to adjust if performance falls short and/or unexpected opportunities emerge. A portfolio of programs offers diverse ways to make these adjustments. New market, legal or regulatory developments are factored into annual utility funding discussions and Energy Trust budgets.

Energy Trust believes these goals and risk mitigation tools balance opportunity and risk reasonably. Strategic goals should push Energy Trust and others to maximize savings for customers and utilities and help Oregon achieve state energy and resource goals, and the organization believes these goals will do so.

The following graphs show Energy Trust's accumulated annual historic savings~~, accomplishments~~ and projections for annual savings for 2014 and over the 2015-2019 Strategic Plan period based on the goals the organization will aspire to reach. ~~.~~ These goals are each 12 percent~~%~~ less than 2010-2014 accomplishments~~,~~, which ~~is reflective of~~ reflect the increased complexities in acquiring savings ~~and the risks mentioned above~~. Over the five~~-~~-year period, these goals are ~~estimated~~expected to meet 80 percent~~%~~ of projected PGE and Pacific Power load growth. ~~from both electric utilities; a significant portion of the Governor's 10 year Energy Plan target of meeting 100% of electric load growth with efficiency. In addition, both~~Combined, Energy Trust electric and gas savings are expected to ~~goals combine to contribute towards meeting~~ deliver 25 percent~~%~~ of the reduction in ~~CO~~$_2$carbon dioxide needed ~~between 2010 and 2020~~ to meet ~~state~~Oregon's 2020 emissions reduction~~s~~ goal~~s~~.

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Figure 1. Cumulative Electric Savings

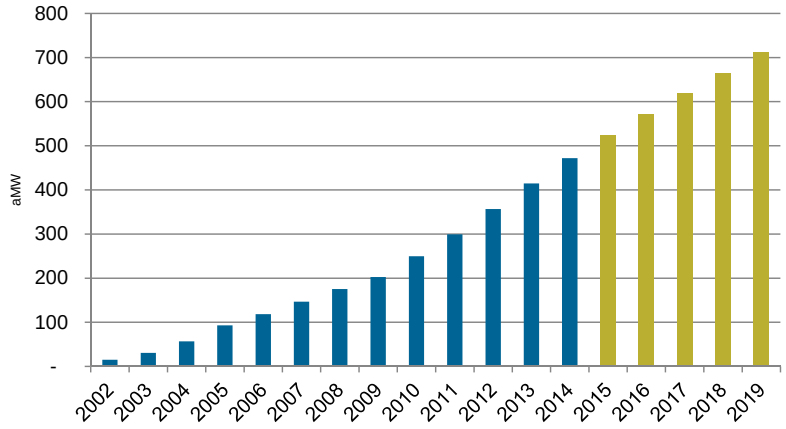
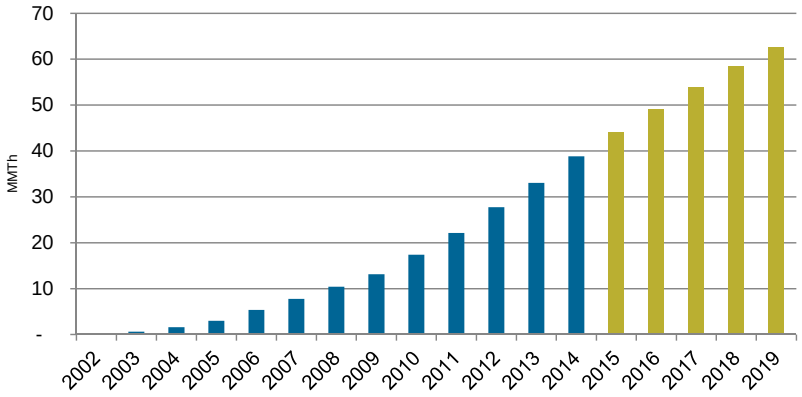


Figure 2. Cumulative Natural Gas Savings



2. Renewable Energy

Long-term renewable energy goal

- Accelerate the pace at which new, small and mid-scale renewable energy projects (20 MW or less in size) are completed to help Oregon achieve its 2025 goal of meeting at least 8 percent of retail electrical load from small-scale renewable energy projects.

Five-year renewable energy goals

- Sustain a vibrant small and mid-scale renewable generation market that produces continual growth in project installations across all five eligible technologies.
- Between 2015 and 2019, install 10 aMW of renewable energy.

To derive 2015-2019 renewable energy goals, Energy Trust referenced goals and strategies detailed in the 2010-2014 Strategic Plan and subsequent adjustments made in 2012 and 2013 based on changes in state and federal policy affecting renewable market dynamics. In addition, by the end of 2013 Energy Trust's accumulated renewable energy funding due to lower expenditures in earlier program years had been spent down to support projects, effectively reducing annual budgets. The 2015-2019 goals reflect the projected funding and rebalance the focus of renewable energy programs from primarily emphasizing project incentives at operation to a greater role in market support and development. This rebalance is reflected in a lower numeric goal for installed generation and greater emphasis on technical support to lower the cost of renewable energy development and leverage new sources of capital from other sources.

3. Operations

Five-year operations goals

- Align internal operations and management to efficiently support Energy Trust strategic goals and objectives, optimizing resources and systems and maintaining an effective, open, transparent and accountable business.
- Sustain a culture of highly engaged staff.

To derive the 2015-2019 operations goals, Energy Trust identified cross-cutting, high-level principles for Energy Trust operations and management. The goal emphasizes the efficient and effective investment of utility customer funds to achieve energy efficiency and renewable energy goals and uphold high standards for operational productivity and stewardship. It drives a responsible, transparent and accountable organization, one adaptable to new approaches and ways of conducting business in support of the overall strategic vision and purpose.

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Strategies

During the early stages of the strategic planning process, Energy Trust explored how to build on accomplishments and strengths. These early discussions, along with ongoing input from Energy Trust staff, helped identify strategies to ensure strategic goals are met. The utility of these strategies will be tracked against metrics that will be established once the plan is approved.

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1. Energy Efficiency

- Continuously improve program designs and services to meet customer needs and provide excellent customer service
  - Invest in market research necessary to better understand current and evolving needs of specific market segments
  - Leverage low-cost metering and data analysis to allow customers to better manage their energy use
  - Help build and support a strong delivery market infrastructure to best serve customer needs with energy-efficiency options
  - Foster relationships with repeat customers, achieving deep, cost-effective savings over time
  - Manage energy-efficiency services for large energy users to make best use of available funding
  - Effectively communicate the value of energy efficiency to customers

- Manage the total cost of delivering energy efficiency to maintain and improve the supply of cost-effective measures
  - Identify and optimize cost efficiencies in Energy Trust internal delivery costs and costs for trade allies in working with Energy Trust programs
  - Employ alternative supply chain incentives: motivate retailers, distributors and contractors to promote efficient products by providing incentives to them directly, taking advantage of better leverage of wholesale prices
  - Increase participants' awareness of the financial case for efficiency investments

- Expand customer participation
  - Invest in research necessary to understand where participation gaps exist
  - Focus first on groups with significant savings potential and strong opportunities to increase uptake
  - Explore new delivery approaches to meet needs cost effectively, leveraging trade, program and lending allies to work in local communities
  - Increase awareness and engagement, working with communities, ~~and~~ representative organizations and utilities to help identify and reach new markets

- Replenish the energy-efficiency resource in the mid- to-long-term through a portfolio of new technologies and product development strategies:
  - Incorporate Northwest Energy Efficiency Alliance work on emerging technology and product development into Energy Trust program delivery strategies, and stay engaged to save energy as technologies evolve
  - Identify, test, cull and refine new technologies, innovative measures and approaches with longer-term energy-saving potential of five years and beyond, e.g., advanced water heaters, condensing commercial rooftop furnaces, more advanced windows

- Accelerate and refine exploration of behavioral strategies, building on successful strategies
- Lower the cost of promising approaches that are now too costly and work to achieve persistent savings

Balancing Strategies

These energy-efficiency strategies have different implications for different sectors and the role of any given strategy is likely to vary with changes in markets, cost-effectiveness policies and other developments~~customers~~. For example, the strategies of continuously improving program designs and services to meet customer needs and provide excellent customer service may at times be difficult to sustain while also implementing the strategy of managing the total cost of delivering energy efficiency. ~~In addition, the role of any given strategy is likely to vary with changes in markets, cost-effectiveness policies and other developments.~~ Moreover, Energy Trust does not assume additional revenues for the coming five years, and some of these strategies can be expected to compete for funding.

To balance these potentially conflicting directions, we need to evaluate tradeoffs and find innovative ways to continue supporting customers while reducing delivered costs of programs. To account for these factors, Energy Trust will use ongoing planning, budgeting and management processes to balance and make adjustments among and between strategies. Sector managers will develop plans adapting the strategies for industrial, commercial and residential sectors. Planning staff will bring the strategies into utility Integrated Resource Planning, and annual budgets will allocate funding to specific programs and activities. At each point, current information, professional judgment and stakeholder input will help balance strategies.

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2. Renewable Energy

- Support all eligible renewable energy technologies, including hydropower, geothermal, biopower, wind and solar
  - Maintain flexibility to shift resources from or between technologies to capitalize on market opportunities

- Emphasize market and project development support for renewable energy projects
  - Focus on improving project performance, for example:
    - Reduce solar soft costs such as customer acquisition and permitting
    - Reduce operations and maintenance costs for biopower projects
    - Utilize experience gained and lessons learned from completed projects to help future projects
  - Collaborate with other organizations, potential investors or lenders to attract and facilitate supplemental funding, new financing models and assistance
  - Engage with key market actors, utilities and other organizations to find additional opportunities for providing market assistance and building the pipeline of projects

- Use competitive approaches to identify and fund new projects and market solutions for those projects receiving non-standard incentives

3. Cross-Cutting Strategies for All Energy Programs

- Continuously improve program delivery efficiencies
  - Continue focus on customer service and delivering customer benefits
  - Effectively support and leverage Program Management Contractors, Program Delivery Contractors and trade and program allies to efficiently achieve strategic energy goals ~~and meet all OPUC minimum performance measures~~
  - Capture opportunities for program delivery efficiency gains through automation and ongoing Information Technology systems development and support
  - Align outreach activities to support program strategies and strategic opportunities

- Continue to employ an open, transparent annual budget and two-year action planning process, engaging utilities, the OPUC, the board of directors, advisory councils and other stakeholders~~Optimize planning and evaluation processes, services and communications to support program strategi~~

- Maintain flexibility to pursue government, utility and other relationships and carry out complementary initiatives
  - Remain poised and ready to respond to new state and national policy initiatives that could promote and complement clean energy development
  - Track and report Energy Trust contribution to achieving state and federal greenhouse gas emission goals
  - Collaborate as appropriate with utility-led peak load management programs

- Formulate and establish effective strategic partnerships and relationships with community leaders and organizations in support of energy efficiency and renewable energy goals. Focus such collaborations on organizations with:
  - Common interests and mutual benefits
  - Resources with which to support collaborative investments
  - Demonstrated ability to jointly collaborate and deliver mutual benefits and results

- Explore projects with benefits that align with the priorities of governments and other organizations, e.g., projects with energy and water benefits, biopower projects that help manage waste streams, and projects that save energy and transportation fuel

- ~~Establish metrics for efficacy of strategies~~

4. Operations

- Continuously improve internal operations
  - Employ and improve efficient business practices and systems to free up resources to achieve strategic energy efficiency and renewable energy goals
  - Where possible, establish benchmarks and measurement tools to evaluate business and operations efficiency and productivity gains and reflect these in annual budgets and two-year action plans
  - Manage risks flexibly and sensibly by hedging significant operational and program design risks
  - Optimize planning and evaluation processes, services and communications to support program strategies
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- Address key recommendations of the most current Management Review and capitalize on other opportunities to strengthen operational effectiveness, particularly related to administrative costs, staffing, organization structure and enhancements to the budget process and reporting
    - Establish metrics for strategies and evaluate progress toward goals, to be reflected in annual reports
    - Establish and implement a succession plan for executive and senior management

- Maintain flexibility in operations to help programs leverage local, state and national policy initiatives spurring activity in energy efficiency and renewable energy

Attachment 2: Summary of Strategic Plan Comments Received

Energy Trust released the draft 2015-2019 Strategic Plan for public comment throughout July and August 2014. The opportunity for public comments was communicated through the Energy Trust website, emails to stakeholders, a live webinar, Energy Trust e-newsletters and regional and public outreach meetings (see Attachment 3, p. 33, for details on outreach activities).

Comments were received during public and regional meetings, directly by email or in response to an online form asking the following questions:

1. **Plan alignment**: Is the plan in line with your expectations? If not, please indicate why.
2. **Positioned to deliver benefits**: Does the plan position Energy Trust to deliver valuable benefits for you and a range of customers?
3. **Meeting needs**: Are there additional or different strategies or tactical approaches Energy Trust should consider incorporating to better meet your individual, business or community needs in regard to energy efficiency and renewable energy?
4. **Reaching customers**: Do you have any other comments on how Energy Trust can reach and serve customers in your area?
5. **Being more effective**: Do you have any other comments or suggestions to help Energy Trust be more effective?

These questions resulted in responses specific to the draft plan and those more relevant to consider during development of shorter-term implementation activities.

Key to the comments summary

The following table summarizes all comments received, staff responses and revisions we propose to make in the final proposed strategic plan. The summary specifically highlights comments that resulted in changes to the plan.

Those comments that resulted in changes to the plan are marked as follows:

⊕ Modification made to plan

Copies of written comments received are posted on our website at www.energytrust.org/About/public-meetings/BDMeetings.aspx.

Susan Anderson, City of Portland Bureau of Planning and Sustainability	**Staff Response**	**Action**
Supported the strategy to leverage federal, state and regional energy efficiency and renewable energy policy initiatives. Encouraged adding city and local efforts, as well. Noted how carbon emissions reduction efforts are being initiated at the local, state and national levels and will influence the landscape within which Energy Trust operates. Commented city policy and programs will intersect with Energy Trust's objectives.	Agreed; Energy Trust values its relationships with local governments, and provides specialized support for local government participation in programs.	⊕ Modified last bullet in Operations strategies, p. 17, to incorporate reference to local government.
Encouraged implementing strategies that reach underserved communities, including racial and ethnic minorities, that have not historically accessed programs and that pay the public purpose charge. Stated investments in underserved communities benefit all residents.	Expanding participation is emphasized in the strategic plan strategies with this in mind. We will be taking these steps as part of our annual budget and action planning.	No change made to plan.
Dick Wandersheid, Bonneville Environmental Foundation	**Staff Response**	**Action**
Agreed with overall goals and strategies for the renewable energy sector. Requested the plan include stronger direction that empowers Energy Trust to become a proponent of the community energy movement to help communities, organizations and citizens implement community investment models for small-scale, local renewable energy projects.	Thank you for your comments and participation. Energy Trust works with community energy organizations and supports community investment models as a market development tool.	No change made to plan.
Buzz Thielemann, One Green Energy	**Staff Response**	**Action**
Recommended a personal contact for rural communities and cautioned against too many streamlined offerings.	We will consider as part of our annual budget and action planning, and as we prioritize activities of dedicated regional outreach representatives.	No change made to plan.
Recommended a strategy that focuses on industrial customers, whose complex projects may take many years to develop yet yield large amounts of savings.	Energy Trust services are available to a range of utility customers, including industrial customers. We will consider this comment as part of our annual budget and action planning.	No change made to plan.
Noted outreach may become necessarily more expensive as Energy Trust seeks the next layer of savings.	Thank you for the comment.	No change made to plan.
Asked the board to consider inclusion of volt-ampere reactive (VAR) and power factor to be able to calculate volt-ampere (VA) and thus claim carbon reduction.	While Energy Trust programs have considered at length VAR and power factor opportunities in program planning, we welcome a dialogue on any remaining gaps. Not all are within Energy Trust scope or appropriate for programs.	No change made to plan.
Requested Energy Trust survey its program contractors who have direct relationships with customers to identify how best to serve them.	Thank you for the comment.	No change made to plan.

Phillip Norman, Weatherization General Contractor	**Staff Response**	**Action**
Offered various views on how Energy Trust can be more effective to serve more homes than it currently does, including providing offers for rental homes and providing financing through a new Oregon State Bank. Commented on the competiveness of the Trade Ally Network hurting his business and the plan goals hard to understand.	Energy Trust programs provide help with upfront measure costs through such things as on-bill repayment and other financial aids, and renter assistance. As these and other efforts appear warranted, they can be addressed in annual sector budgets and two-year action plans.	No change made to plan.
Steve Hodge, Lincoln County	**Staff Response**	**Action**
Said the plan is in-line with expectations and positions Energy Trust to deliver valuable benefits. Urged consideration of strategies that encourage renewable energy system feasibility studies and installations along the coast to support those communities during potential natural disasters that damage the electric grid.	Thank you for your participation and comment. We will consider this comment as part of our annual budget and action planning.	No change made to plan.
Patrick Connor, member of the public	**Staff Response**	**Action**
Suggested the plan is not in-line with expectations given the expected increase in demand for electric vehicles and the absence of an Energy Trust incentive for electric vehicle home charging stations.	Providing incentives for more efficient charging stations or grid-connected electric vehicles falls within Energy Trust purview if savings from high-efficiency equipment are cost effective. In that case, electric vehicle efficiency would fit into the draft plan's provision for continuously improving program designs to meet customer needs. Because our knowledge of these possibilities is limited, we will explore the subject with electric utilities and others. If engagement appears warranted, we can address it in annual budgets and two-year action plans.	No change made to plan.
John Brenne, Foster Grandparents/Senior Companion Program	**Staff Response**	**Action**
Commented the draft plan is in line with his expectations and positions Energy Trust to deliver benefits to utility customers.	Thank you for your comment and participation.	No change made to plan.
Comments provided verbally by attendees of August 8 public webinar	**Staff Response**	**Action**
Commented that the renewable energy generation goal of 10 aMW is modest. Asked how the goal will reduce carbon. Asked about possible mechanisms for increasing Energy Trust funding for renewable energy projects.	The renewable energy goal reflects market conditions (including declining solar costs), revenue forecast, expectations for federal and state incentives, and reduced avoided cost rates. As state and federal incentives decline, we expect demand for higher Energy Trust incentives. This will mean lower amounts of renewable generation given fixed funds. The plan calls for Energy Trust to collaborate with others to attract supplemental funding and provide new financing models and assistance. Increasing the renewable	No change made to plan.

	energy component of the public purpose charge would require legislation.	
Question asked whether Energy Trust will develop relationships with community-based efforts.	Energy Trust works with community energy organizations and supports community investment models as a market development tool.	No change made to plan.
Stated that solar has stalled in Oregon and asked what can Energy Trust do improve the demand for solar. Commented the value of all subsidy programs is going down and suggested working with the state and utilities to develop a measuring tool.	Energy Trust's experience does not indicate that solar has stalled in Oregon. In our experience, net-metered solar projects still need incentives in order to be built. We agree that subsidies are going down, which requires Energy Trust to spread its incentives more thinly, even while we seek to attract other sources of capital to renewable energy.	No change made to plan.
Geoff Overland, CLEAResult	**Staff Response**	**Action**
Commented Energy Trust should consider having a separate data center program instead of serving this market sector within the current program structure.	Energy Trust considers this a tactical option rather than a strategy, and if warranted would fit within the first cross-cutting strategy. We consider program design in annual sector budgets and two-year action plans.	No change made to plan.
Commissioners, Oregon Public Utility Commission	**Staff Response**	**Action**
Supported the draft plan, particularly as it focuses efforts on achieving Energy Trust's core mission to effectively and efficiently save energy and develop renewable resources.	Energy Trust appreciates the time and effort of OPUC commissioners and staff to provide detailed review and comments on our draft strategic plan.	No change made to plan.
Affirmed the annual energy targets specified in utility Integrated Resource Plans, not the energy goals in the strategic plan, are the targets the commission will hold Energy Trust accountable for achieving. Stated that long-term goals should not be based on the assumption that cost-effectiveness requirements will be modified.	Energy Trust appreciates the clarification. Energy Trust's long-term resource assessment is based on a combination of factors and does not assume all current measures will be cost effective or that cost-effective requirements will be modified.	No change made to plan.
Supported the draft strategy to promote and develop new technologies and practices to expand future cost-effective savings opportunities and lower the costs of measures and programs so they are cost effective.	Thank you for the comment.	No change made to plan.
Expressed support for the strategy to expand participation in hard-to-reach markets when the strategy acquires cost-effective savings.	Thank you for the comment.	No change made to plan.
The plan should clarify how non-quantitative objectives and actions will be measured, tracked and reported. Metrics should be established for internal operations to address administrative efficiency. OPUC will reference the final 2014 Energy Trust Management Review for recommendations on such metrics.	Metrics for quantifiable and non-quantifiable objectives will be identified in implementation as appropriate, and progress reported to the board. Energy Trust will address internal operations issues emerging from the 2014 Management Review, including metrics that may be recommended in the review.	No change made to plan.

Commented the commission will place more emphasis on tracking activities with the Northwest Energy Efficiency Alliance.	We appreciate the involvement and support of the OPUC as we look for strategies to replenish the energy efficiency supply curve.	No change made to plan.
William Eddie, OneEnergy Renewables	**Staff Response**	**Action**
Supported continued strategies for small, net-metered renewable energy systems, and suggested putting greater emphasis on using competitive solicitations to target large-scale renewable energy systems (1 MW or larger). Cited historic emphasis on small, net-metered projects was appropriate and now the solar market has been transformed. Supporting larger systems directs ratepayer dollars to least-cost renewable energy resources, benefits all ratepayers beyond the net-metered system owner, and will further support progress toward Oregon's 8 percent target of renewable generation from projects 20 MW or less.	Energy Trust's experience suggests that net-metered solar projects still need incentives in order to be built. Energy Trust's portfolio of technologies and funding priorities have allowed us to support most of the large-scale solar projects in the state. We will use a competitive process to determine which of these projects to fund.	No change made to plan.
Commented the 10 aMW goal for renewable energy generation could reasonably be doubled or tripled given prediction of greater demand for solar incentives due to the 2016 expiration of the federal Investment Tax Credit. Suggested working with Pacific Power to determine how many solar projects are expected to come online in the next two years.	The renewable energy goal reflects market conditions, including declining solar costs, revenue forecast, expectations for federal and state incentives, and reduced avoided cost rates. As state and federal incentives decline, we expect demand for higher Energy Trust incentives. This will mean lower amounts of renewable generation given fixed funds. Energy Trust will be glad to provide its five-year forecasting to Pacific Power, either in this fall's Renewable Energy Advisory Council solar briefings or directly.	No change made to plan.
Megan Walseth Decker, Renewable Northwest	**Staff Response**	**Action**
Supported renewable energy goals and strategies that balance Energy Trust's role between market development assistance and direct project incentives. The balance is important given the industry depends on supportive policies and incentives even as costs decline.	Thank you for the comment.	No change made to plan.
Encouraged the renewable energy goal to be set at a higher, more ambitious level. Cited lowering solar costs as a reason to lowering incentives amounts and using the remaining funds to support more projects and generation. While Energy Trust did not meet its current five-year generation goal, progress to the goal was an achievement and highlights the powerful motivator of an ambitious goal.	The goal reflects market conditions (including declining solar costs), revenue forecast, expectations for federal and state incentives, and reduced avoided cost rates. As state and federal incentives decline, we expect demand for higher Energy Trust incentives. This will mean lower amounts of renewable generation given fixed funds.	No change made to plan.

Supported the renewable energy strategy of lowering soft costs as a way to stretch incentive dollars, and leveraging relationships and expertise to reduce market barriers to renewable energy development. Encouraged documentation of these efforts, using qualitative examples and analysis of how such activities reduce development and soft costs.	We appreciate the comment and will consider how best to incorporate this suggestion into our program planning.	No change made to plan.
Janet Gillaspie, Oregon Association of Clean Water Agencies	**Staff Response**	**Action**
Supported the focus on biogas opportunities, citing typical energy costs account for 15 percent of operating budgets at wastewater treatment plants; a number of wastewater treatment plants currently flare all or a portion of their biogas; and capturing the resource would help the State of Oregon meet its renewable power goals.	We appreciate the ongoing coordination with Oregon Association of Clean Water Agencies in capturing this valuable, renewable resource.	No change made to plan.
Expressed interest in continuing a successful partnership with Energy Trust in supporting the agency's Sustainable Energy Management Training Program, which has educated facility operators at 24 wastewater treatment plants on energy-efficiency and renewable energy opportunities at their facilities.	Thank you and we look forward to continuing this collaboration.	No change made to plan.
Suggested further customizing services to the government and nonprofit sector—customers that have different drivers than industrial and homeowner sectors. Such customization would be consistent with the draft strategy of exploring support for projects that have a number of public policy goals, such as increased use of biogas by co-digesting waste streams or projects that save both water and energy.	Energy Trust values its relationship with government and nonprofit customers. We will consider this comment as part of our annual budget and action planning.	No change made to plan.
Genevieve Dufau, SolarCity	**Staff Response**	**Action**
Disagreed with the 10 aMW renewable energy generation goal. The goal should be increased, a strong goal will position Energy Trust incentives to more significantly contribute to Oregon's renewable energy targets. The draft goal under-predicts current market potential, doesn't account for predicted growth in demand with the expiration of the solar Volumetric Incentive Rate, would send a negative signal to the market and would lead to underutilization of the available budget. Suggested setting the goal higher and at a level that is based on full utilization of available budget.	The goal reflects market conditions, including declining solar costs, revenue forecast, expectations for federal and state incentives, and reduced avoided cost rates. As state and federal incentives decline, we expect demand for higher Energy Trust incentives. This will mean lower amounts of renewable generation given fixed funds.	No change made to plan.
Disagreed with greater emphasis on technical and market support for renewable energy projects. Suggested the renewable energy goals should continue with the primary focus on project incentives. Indicated that by supporting project installations, technical barriers will be naturally reduced through system deployment. Stated the market will progress if provided with appropriate financial incentives, cited the success of the	Incentives continue to be a key tool. Focus on market and project development is expected to expand the impact of a limited incentive budget and difficult market conditions. Market and project development support aims to strengthen projects and build a project pipeline.	No change made to plan.

Volumetric Incentive Rate tariff.		
Recommended implementing a clear, transparent approach to reducing incentive levels. As renewable energy costs decrease, incentive levels should also decrease and done so in a predictable manner. Suggested linking incentive level reductions to megawatt installation levels.	Thank you for the comment.	No change made to plan.
Suggested an increased focus on supporting the residential solar market and using a project incentive of $0.95 per watt for both PGE and Pacific Power customers and lowering the amount as average installed costs continue to decrease.	Thank you for the comment.	No change made to plan.
Supported the five-year operations goal. Suggested adding a strategy to create a clear, streamlined application process.	We appreciate the comment. We will whether and how the application process could be streamlined.	No change made to plan.
Suggested long-term vision and goals emphasize certainty while allowing flexibility in program operations. Overarching program structures shouldn't be re-evaluated more than annually.	The draft plan allows for ongoing planning, budgeting and management processes to balance among and between strategies.	No change made to plan.
Expressed appreciation for public involvement in the strategic plan process and continued public involvement as the plan is fully developed.	Thank you for your participation and comments. The board meeting on October 1 is open to the public.	No change made to plan.
Carol Dillin, Portland General Electric	**Staff Response**	**Action**
Stated overall support for the draft plan. Expressed valuing Energy Trust past performance on meeting or exceeding energy-saving goals, acquiring energy efficiency as PGE's preferred low-cost resource. Supported the focus on addressing hard-to-reach markets and operational efficiencies. Offered connections and referrals as Energy Trust seeks to engage PGE customers.	Energy Trust appreciates the time and effort of PGE staff to provide detailed review and comments on our draft strategic plan. We look forward to continued collaboration as we jointly serve PGE customers.	No change made to plan.
Acknowledged the draft plan electric efficiency goal is set beyond the base case. Supported Energy Trust seeking to achieve such a "push goal" if savings are acquired cost effectively and without price impacts to its customers. Expressed desire to further discuss appropriate goals if modifications are made to the current funding cap for large customers and as new technologies become market ready.	Thank you for the comment. We agree to this coordination.	No change made to plan.
Expressed interest in learning more about how Energy Trust and NEEA will work together on new technologies, a successful area historically led by NEEA. Stated interest in ensuring customer dollars are spent efficiently and expressed willingness to engage in the discussion.	We appreciate NEEA's important work in emerging energy efficiency technologies. We will provide updates during our ongoing coordination meetings with PGE.	No change made to plan.
Appreciated participating at the July strategic utility roundtable with the board of directors and other utilities. Endorsed the suggestion voiced at the roundtable of each utility presenting annually to the board an overview of the issues they are facing. Suggested sharing the SB 838 funding presentations Energy Trust, PGE and Pacific Power make to the OPUC each May.	Energy Trust appreciates the participation and feedback of PGE staff during the Strategic Utility Roundtable. We will initiate discussions to explore a future presentation to the board on the utility landscape and look forward to your participation.	No change made to plan.

Comment provided during the Strategic Utility Roundtable 7/30: Consider requiring renewable energy projects to incorporate storage.	Part of Energy Trust's "be ready" strategy hinges on utility valuation of resources, avoided costs and rate design. Energy Trust will monitor utility and state policy on storage and differential value of less intermittent resources, and be ready to respond if warranted.	No change made to plan.
John Charles, Cascade Policy Institute	**Staff Response**	**Action**
Suggested Energy Trust withdraw request for OPUC cost-effectiveness exceptions on certain measures and programs, because not in the public's interest.	The OPUC is arbiter of the public interest; Energy Trust's request aims to maintain viable, cost-effective programs over the long-term in the face of potentially short-term fuel price swings.	No change made to plan.
Advocated that Energy Trust not support renewable energy given Oregon's Renewable Portfolio Standard. Short of that, suggested Energy Trust revise its renewable energy strategies to support projects that have potential to generate reliable and continuous electricity versus intermittent renewable energy sources like solar and wind.	Energy Trust is required by state law to invest in renewable energy generation. Energy Trust does not advocate legislation. Energy Trust supports a portfolio of generation technologies that include intermittent and baseload resources, an approach endorsed by the Energy Trust Renewable Energy Advisory Council, and monitored through OPUC performance measures.	No change made to plan.
Suggested the board consider using as administrative cost measure the amount of money spent each year on incentives instead of the narrow OPUC definition of administrative cost.	The administrative cost measure has been the subject of extensive consideration at the OPUC, and has proved useful in OPUC performance measures and legislative spending reports. The measure adopted by the OPUC and Energy Trust recognizes that Energy Trust's goal is to achieve cost-effective efficiency savings and renewable energy. These goals are often met by a combination of marketing, technical assistance, market development, testing and incentives. A measure of success that focuses exclusively on paying more incentives conflicts with achieving our goals at least overall cost to ratepayers.	No change made to plan.
Stated Energy Trust should only claim credit for energy saved or generated in proportion of the percent of funds provided for any one specific project.	Energy Trust claims credit for efficiency or renewable resources made possible by Energy Trust assistance or which are determined to be above-market costs, without which a generic resource (or no resource) would likely be developed.	No change made to plan.
Diane Henkels, Cleantech Law Partners PC	**Staff Response**	**Action**
Suggested the plan include more information specific to Energy Trust's constituency to help guide implementing strategies. Examples provided included the role of trade allies in serving customers or the high percentage of small businesses in Oregon. Suggested Energy Trust give more attention to small businesses, noting	Thank you for the suggestion. We will consider this comment as part of our annual budget and action planning.	No change made to plan.

Energy Trust has several natural allies it could collaborate with, including Oregon Association of Minority Entrepreneurs and Oregon BEST.		
Suggested customizing the commercial sector to specifically serve government and small business customers. Provided the Secretary of State's Corporate Division or Governor Kitzhaber's Director of Business Equity as resources to do so.	Energy Trust values its relationships with local governments, and provides specialized support for local government participation in programs. Our commercial sector continues to diversify services to address small business customer needs. We will consider these comments as part of our annual budget and action planning.	No change made to plan.
Stated SBUA suggested a cross-sector innovative approach to Energy Trust trade allies.	Thank you for the comment.	No change made to plan.
Stated Energy Trust should focus more on customer service to make it easier for customers and trade allies to participate with the programs.	Thank you for the comment. The draft plan addresses this in the cross-cutting strategies section ("Continuously improve program delivery efficiencies").	No change made to plan.
Commented the 10 aMW renewable energy generation goal is low for a five-year goal.	The goal reflects market conditions (including declining solar costs), revenue forecast, expectations for federal and state incentives, and reduced avoided cost rates. As state and federal incentives decline, we expect demand for higher Energy Trust incentives. This will mean lower amounts of renewable generation given fixed funds.	No change made to plan.
Mentioned the expanding participation strategy should include the number of commercial businesses, small business and trade allies. Mentioned the utility bill savings result should indicate portion saved by commercial customers and residential customers.	We will consider this comment as part of our annual budget and action planning. Utility bill savings results by sector are available on our website.	No change made to plan.
Holly Meyer, NW Natural	**Staff Response**	**Action**
Commented the plan is in line with expectations and positions Energy Trust to continue delivering benefits to customers.	Energy Trust appreciates the time and effort of NW Natural staff to provide detailed review and comments on our draft strategic plan. We look forward to continued collaboration as we jointly serve NW Natural customers.	No change made to plan.
As noted before, Energy Trust should track progress to achieving its vision by assessing progress in the building stock as a whole, and the expanding participation strategy is a place to do so. Such tracking would look at the penetration of high-efficiency equipment and weatherization of the entire building stock instead of just measuring savings compared to baseline. Market transformation is currently assessed in regards to customers already in particular markets, but the definition does not include customers who don't enter the market for upgrades.	Energy Trust has actively explored whole-home efficiency. Future efforts in this regard hinge on the outcome of the OPUC cost-effectiveness docket. Depending on the outcome of the docket, this subject may be addressed in annual residential sector budgets and action plans. Energy Trust will consider developing metrics for building stock as a whole in developing metrics under Operations strategies.	No change made to plan.

Suggested Energy Trust focus on two gaps in types of customers participating: customers who don't access incentives because they are unable to afford the energy upgrade, and customers who rent. Indicated a five-year plan provides an appropriate time horizon to close the gap, and the solution may involve using other market tools and programs. Expressed willingness to engage in the discussion.	Energy Trust programs provide help with upfront measure costs through such things as on-bill repayment and other financial aids, and renter assistance. As these and other efforts appear warranted, they can be addressed in annual budgets and two-year action plans. We look forward to continued collaboration on these efforts.	No change made to plan.
Supported the strategy to integrate and leverage Energy Trust's expertise with other organizations and remaining flexible vis-à-vis state and national policy changes. NW Natural will continue to be involved in the NEEA gas market transformation effort and hopes it will result in market opportunities and savings.	Thank you for the comment. We appreciate NW Natural's support in building the energy efficiency supply curve through new gas market transformation activities with NEEA.	No change made to plan.
Suggested a revised approach to incentivizing home energy efficiency. Submitted a draft proposal that suggests using a system that provides a clear path to holistic home energy upgrades.	Thank you for the comment.	No change made to plan.
Amy Nagy, Portland Development Commission	**Staff Response**	**Action**
Commented the plan is in line with expectations and will guide the organization in supporting its initial purpose. There are more opportunities for Energy Trust to partner with Portland-area institutions and reach a greater number of customers.	Thank you for your comment and participation. We will continue to look for ways to broaden participation via strategic partnerships.	No change made to plan.
Suggested exploring ways to support building owners in making energy upgrades in a currently fragmented landscape of energy conservation programs and resources. The PDC can help involve Energy Trust more closely on redevelopment and development projects.	We appreciate this offer of help.	No change made to plan.
Suggested expanding partnerships with nonprofits, business groups and city bureaus to pool resources in support of building owners. Expressed continued interest in the potential initiative of developing a retrofit map to help determine when buildings are being renovated, trigger outreach to customers based on the timing of the upgrades, align financial resources for deep retrofit projects and ensure the greatest energy savings. Cited the example of the Lloyd EcoDistrict.	We will consider this comment as part of our annual budget and action planning.	No change made to plan.
Commented on Energy Trust's successful working strategy with trade allies. Suggested the Trade Ally Network could be expanded to support earlier stage and start-up companies with new technologies and products. Cited the PDC's Early Adopter program as an example.	Energy Trust coordinates with NEEA, which is better positioned to play this role.	No change made to plan.

Charles Baldwin, Oregon Energy Systems and Technology Research Alliance	**Staff Response**	**Action**
Commented there is not enough engineering talent available to support energy-efficiency targets over the next five years. Cited studies highlighting a contraction of engineering workforce in the utility industry. Suggested an assessment of workforce requirements needed to reach strategic plan goals, and collaboration with stakeholders to create training programs that would support adequate talent. Offered to serve on a stakeholder taskforce if one is created around the issue of workforce needs. Suggested Energy Trust join stakeholder meetings of the Energy and Technology Council to represent energy-efficiency sector workforce needs for the future.	Energy Trust supports training for clean energy professions and has participated in various initiatives to this end, while recognizing that Energy Trust funds are restricted to cost-effective energy efficiency and renewable energy *resources*. Sustainable Energy Management training with the Oregon Association of Clean Water Agencies, which saves energy in customer operations, is an example of an area in which training and resource acquisition directly overlap, and in the context of continuous program improvement additional opportunities to support training and workforce development will be considered.	No change made to plan.
Expressed the need for coordination with other state agencies to prevent duplication of programs, which relates to the plan's cross-cutting energy strategies.	Although not a state agency, Energy Trust will continue to coordinate with the OPUC, the Oregon Department of Energy and other agencies to avoid duplication and increase efficiency.	No change made to plan.
Comments provided verbally during outreach meetings between July 16 – August 20	**Staff Response**	**Action**
Expressed the need for greater outreach to minority and underserved communities, as well as renters and those living in multifamily buildings. Suggested collaboration with groups like the Black United Fund, Urban League, and Asian, Latino and Russian groups. There is a need to improve the working relationship with the National Association of Minority Contractors.	Energy Trust concurs on the value of broadening participation, and will develop specifics on how to do so strategically in implementing the plan.	No change made to plan.
Energy Trust should further support economic development and innovation.	Thank you for the comment.	No change made to plan.
Suggested training technicians and serving small business customers more fully.	Energy Trust supports training for clean energy professions and has participated in various initiatives to this end. Part of the plan's emphasis on broader participation stems from Energy Trust's interest in finding more savings for small business customers.	No change made to plan.
Suggested outreach to communities and officials about how clean energy investments benefit communities.	We share this interest, and will continue to look for ways to do this effectively as we prioritize activities of dedicated outreach representatives.	No change made to plan.
Susan Stratton, Northwest Energy Efficiency Alliance	**Staff Response**	**Action**
The plan is in line with expectations and positions Energy Trust to deliver strong value to customers. NEEA supports the plan's commitment to long-term efficiency, and coordinating on the shared goal of transforming markets to energy-efficient products, services and practices.	Energy Trust appreciates NEEA's comments and looks forward to continuing our productive working relationships.	No change made to plan.

Scott Bolton, Pacific Power	**Staff Response**	**Action**
Stated the electric efficiency goal is aligned with expectations based on Pacific Power's analysis that indicated the approximate annual savings allocation for only Pacific Power over the five-year period is close to prior IRP targets and annual results achieved for the utility. Confirmed the utility will continue to set annual targets, and corresponding annual funding levels, as determined through the IRP process.	Energy Trust appreciates the time and effort of Pacific Power staff to provide detailed analysis on the draft goals and submit comments on our draft strategic plan. We look forward to continued collaboration as we jointly serve Pacific Power customers.	No change made to plan.
Recommended the introduction section to the plan include the cumulative utility customer investment in addition to Energy Trust's cumulative investment to improve customer understanding of the business case for energy efficiency and renewable energy.	Energy Trust agrees with this comment.	⊕ Modifications were made to the plan's introduction.
Supported the draft strategy to establish strategic partnerships. Encouraged early and ongoing coordination with the utilities to complement these efforts. Suggested aligning key savings calculations between partners to improve transparency and customer understanding.	We appreciate the ongoing partnership and collaboration with Pacific Power in helping reach customers. We will consider how best to incorporate this suggestion into our outreach communications.	No change made to plan.
Supported draft strategies that focus on addressing hard-to-reach markets and improving operational efficiencies. Expressed willingness to collaborate on these initiatives.	Thank you for the comment. We agree to this coordination.	No change made to plan.
Bob Jenks, Citizens' Utility Board of Oregon	**Staff Response**	**Action**
Commented on the past success of Energy Trust and interest in continuing that success. Mentioned Energy Trust as one of the crown jewels of Oregon as it serves as a utility in terms of acquiring clean, low-cost resources.	Energy Trust appreciates the time and effort of CUB staff to provide comments on our draft strategic plan, and looks forward to continued coordination to effectively serve ratepayers.	No change made to plan.
Noted the importance of a strong resource supply curve. Discussed the gap between Energy Trust's energy efficiency supply curve and the Lawrence Berkeley Lab supply curve. Referenced the 3E study. There is a need to fill that gap by using more precise longer-term resource planning. PGE has committed in its current IRP to complete such work with Energy Trust. CUB encourages similar conversations with all stakeholders.	We appreciate the comment and will consider how best to incorporate this suggestion into our resource planning activities.	No change made to plan.
Energy Trust's proposed goals are subject to several risks acquiring all achievable, cost-effective energy efficiency given: • Funding limitations on large utility customers • Short-term challenges with cost-effectiveness of gas measures—being too responsive to low natural gas prices could undermine long-term success by stopping and starting programs with price fluctuations, increasing costs to customers These risks should be highlighted in the plan given Oregon's policy goal of acquiring all cost-effective efficiency, and Energy Trust should seek to position itself to confront those risks.	Energy Trust has various tools with which to manage these risks, which are noted in language now added to the plan in light of this comment.	⊕ Added language on risk and risk management to p. 11 of the plan.

Energy Trust Staff	Staff Response	Action
Agreed with the need for balancing among strategies, especially given cost-effectiveness challenges, moving up the cost curve in general and the challenge to be more effective with existing levels of resources. Noted that to implement the "be ready" strategy, Energy Trust must have flexibility to pursue unplanned initiatives, which requires resources.	Energy Trust monitors several initiatives that overlap with its core mission (e.g., Oregon planning to meet existing generation emissions rules), and has the ability to re-prioritize work to respond where warranted.	⊕ Reviewed draft plan to ensure that draft plan strategies acknowledge and manage this balance.
Asked whether risk factors and areas for volatility should be addressed in the plan, and whether setting a goal to reach a certain number or percent of ratepayers would complement the energy goals.	Agreed.	⊕ Added language on risk and risk management.
Interested in seeing how achievement of the draft goals influences other government goals, like Oregon's 10-Year Energy Plan or the NW Power and Conservation Council's 6th Power Plan.	Agreed.	⊕ Modifications were made.
Interested in seeing how the next five-year goals compare to the past five-year goals, and whether they are higher or lower, to provide perspective.	Agreed.	⊕ Modifications were made.
Interested in adding an operations goal like "great place to work" or "highly engaged employees."	Agreed.	⊕ Added a bullet to the Operations goal.
Suggested clarifying that the cumulative energy charts on p. 5 are built from annual accomplishments without including measure "die off".	Agreed.	⊕ Modifications were made.
Suggested several edits to the plan's cross-cutting strategies.	Agreed; these do not change the plan's substance and clarify the context.	⊕ Modifications were made in response to these suggestions.

Attachment 3: Summary of Strategic Plan Outreach

Throughout July and August 2014, Energy Trust released the draft 2015-2019 Strategic Plan for public comment. Staff and board members engaged the Oregon Public Utility Commission, Portland General Electric, Pacific Power, NW Natural, Cascade Natural Gas, members of our Conservation Advisory Council and Renewable Energy Advisory Council, stakeholders, business and community leaders, utility customers and the general public to invite and collect comments on the draft plan.

Outreach activities promoting the draft plan

Energy Trust Strategic Utility Roundtable
Presented to the OPUC, PGE, Pacific Power, NW Natural, Cascade Natural Gas, Renewable Northwest, Industrial Customers of Northwest Utilities and the Citizens' Utility Board of Oregon. Questions and discussion at the meeting were on the following topics: reaction to and analysis of the goal levels, connection of the strategic plan goals to Integrated Resource Plan targets, the shift in emphasis in the renewable energy sector, strategies highlighted in the plan, coordination opportunities between the utilities and Energy Trust and how to work together on emerging technologies.

Energy Trust Conservation Advisory Council and Renewable Energy Advisory Council Meetings
After ongoing updates throughout 2014 at Energy Trust advisory council meetings, including providing opportunity for feedback and input, presented the board-reviewed draft plan to each council, including nine Renewable Energy Advisory Council members, 11 Conservation Advisory Council members, approximately 16 utility, Program Management Contractor and energy industry staff, and members of the public.

Questions and discussion at the Renewable Energy Advisory Council meeting related to appreciation for the structure and pace to the development of the plan, how strategic plan strategies would be implemented by the various renewable energy technologies Energy Trust supports, the degree to which the plan leverages other Energy Trust resources and departments, suggestions that Energy Trust document its implementation efforts, the renewable energy generation goal and supporting community-based efforts.

Questions and discussion at the Conservation Advisory Council meeting related to the plan vision and mission, comparison of the next five-year goals to the current strategic plan goals, the energy-efficiency goal levels, the plan as aspirational, well-balanced and comprehensive, building Oregon's leadership into the plan and supporting other energy goals around the state.

Energy Trust-hosted Meeting
Presented to approximately 30 utility customers and business and community leaders. Questions and discussion at the meeting were on the following topics: Energy Trust administrative costs, performance relative to other state and utility programs, relative investment levels across customer types, incoming revenue paid by customer class, level of engagement with higher education institutions, financing solutions for large commercial building improvements, Energy Trust's emerging technology role and relationship to NEEA, barriers in serving renters and tenants, reaching and serving the multifamily market, coordination with state agencies, additional incentives for energy projects that utilize USA- or Oregon-made products, expanded role for Energy Trust in electric vehicle infrastructure development in Oregon, and marketing and outreach tactics to reach potential customers through contractors and permit centers.

Pacific Power/Energy Trust Business Customer Outreach Events
Provided an overview of Energy Trust programs, services and results, and introduced the draft strategic plan to Pacific Power business customers attending the utility's summer outreach events. Presented to customers in Albany, Bend, Coos Bay, Medford, Klamath Falls and Roseburg. Energy Trust's Eastern Oregon Outreach Manager presented at Pacific Power's customer meeting in Wallowa County.

Cascade Natural Gas Customer Meetings
Presented to Cascade Natural Gas business customers at outreach events in Wallowa, Malheur and Umatilla counties. Feedback received was positive and mainly focused on the current and future availability of programs and services.

Energy Trust Staff Engagement
Provided various updates and explanations of the draft plan to staff. Provided two opportunities for in-depth discussion, engaging with 22 staff from across the organization. Questions and discussion at the meeting were on the following topics: reaction to and analysis of the goal levels, connection of achieving the strategic plan goals to broader state and regional energy goals, balancing among strategies such as expanding participation and cost considerations, risk and volatility, Energy Trust's role in emerging technology and internal operations and efficiencies.

Live Webinar
Energy Trust hosted approximately 50 attendees for a live webinar presentation. Questions and discussion at the meeting were on the following topics: supporting solar, the renewable energy generation goal, smart grid development, impacts to the plan due to the EPA Clean Power Plant rules, reaching hard-to-reach populations, supporting community-based efforts, serving large commercial and industrial customers, effects of lower avoided costs and natural gas prices on programs and supporting demand response.

Additional Public, Business and Community Leader Meetings

- Presented to approximately 60 attendees of the Salem Economic Development Corporation.
- Attended Business Oregon Economic Forums in Corvallis, Eugene, Monmouth, Ontario and Pendleton.
- Provided information briefings on Energy Trust and an introduction to the strategic plan to local state legislators during trips to attend Pacific Power's Business Customer Outreach Events.

Discussion often included reaching underserved and minority communities, supporting economic development and training the next workforce, serving small business customers, and effects of lower avoided costs and natural gas prices on programs.

Tab 4

Board Decision
Waiving Program Cap and Authorizing an Incentive for an Intel Production Efficiency Project

October 1, 2014

Summary

Waive the Production Efficiency Program cap and authorize incentives up to $2.4 million, to be paid over several years for comprehensive energy efficiency measures at a new Intel facility.

Background

- Since early 2010, the Production Efficiency program has been working with Intel under a non-disclosure agreement to identify comprehensive energy saving measures for Intel's new "D1X" facility, in which to develop advanced process technologies. In 2011, the Board approved incentives up to $4 million associated with savings from the first phase of D1X construction, known as Mod 1. The Mod 1 megaproject was verified and completed in phases in 2012, 2013 and 2014. The project saved over 72 million kWh (7.99 aMW) at a levelized cost of less than $.005/kWh.

- The second and last phase of the D1X site build-out, known as Mod 2, is scheduled to begin in 2015 and is expected to complete sometime in 2017 or early 2018. Mod 2 is similar to Mod1 in terms of proposed equipment, systems and energy efficiency measures.

- The D1X site has been the largest construction project in the Portland metro area, providing construction jobs and, upon completion of the facilities, space for additional Intel employees.

- Incentives for the Mod 2 project would exceed $500,000, which requires board action: (1) waiving the program incentive cap, and (2) authorizing for the executive director to sign a contract over $500,000.

- Under board policy, program caps may be waived if:

    - the project suspends self-direction for at least three years (Oregon law allows large energy users to "self-direct" energy conservation or renewable energy investments at a site, and reduce its payments to the three-percent "public purpose" fund that supports Energy Trust);

    - there is available incentive budget; and

    - the project is expected to save energy at a lower cost per unit of energy saved than is usual for the program.

On September 9, 2014, staff briefed the Policy Committee on the Mod 2 proposal.

Discussion

- Energy-saving measures proposed for this project are extensive, and include minimizing air changes per hour in the clean room space and installing highly efficient secondary process systems including chilled water, condenser water, compressed air, lighting and vacuum pumps.

- The project was reviewed through standard processes for complex custom-track industrial projects:
    - Energy Trust engaged a nationally-recognized expert in high tech manufacturing efficiency to perform a technical energy analysis study.
    - The study identified a baseline (typical energy use in a plant of this kind), and energy savings measures and incremental costs to exceed the baseline. The proposed incentive is based on the study's baseline and savings.
    - The study has been reviewed in detail by Energy Trust's Industrial Sr. Technical Manager and our Program Delivery Contractor's engineers, and it appears reasonable.
- Based on the study, energy savings are conservatively estimated at more than 70,000,000 kWh over the first three years, which would make a significant contribution to meeting PGE's integrated resource plan and Energy Trust goals. As noted below, project energy savings would cost less than half of the average custom project.
- Staff's analysis of the project vis-à-vis the criteria for waiving program incentive caps:
    - Self-direction: the proposed incentive funding would be contingent on Intel's agreement to suspend self-direction at this site for at least three years.
    - Available incentive budget:
        - Under Oregon law, large customers do not pay or benefit from supplemental efficiency funding, and projects are funded only from SB 1149 three-percent public-purpose fund. Funding this project could reduce funding for other projects at large customer sites in PGE territory.
        - Staff proposes to structure a funding agreement whereby incentive payments would not exceed 33% of the total incentive award, no more than $800,000 in any single year, an amount staff believes will minimize potential annual restrictions in available funds for large customers in PGE territory.
    - The project is expected to save energy at less than half the cost of the average custom project:
        - The incentive for the project is budgeted at $.06/ first-year kWh, a levelized cost of < $.004/ kWh.
        - This compares to average custom capital project incentives of $.17/ first-year kWh, about 1 cent levelized.
- The incentive would be paid as measures are completed and become operational in 2015, 2016, 2017 and potentially 2018, depending on Intel's final construction schedule. Consistent with the established custom-track procedures, payments would require verification that measures have been installed, started up, commissioned and are in commercial operation. Any changes identified during the verification process that reduce savings from the study projections would reduce the incentive payment.
- Our funding agreement would require Intel to cooperate in Energy Trust's evaluation of energy saved by the project.

Recommendation

Staff endorses the proposed incentive, and recommends the board waive the Production Efficiency Program incentive cap for the Intel D1X Mod 2 efficiency project.

RESOLUTION 721
WAIVING PROGRAM INCENTIVE CAP AND APPROVING INCENTIVES FOR THE INTEL D1X MOD 2 EFFICIENCY PROJECT

WHEREAS:

1. **The Energy Trust Production Efficiency program has worked with Intel to identify comprehensive energy saving measures for a new facility in which to develop advanced technologies. It is expected to be the largest construction project in the Portland metro area.**

2. **Energy efficiency aspects of the project were reviewed through standard Energy Trust processes for complex custom-track industrial projects, including a technical energy analysis study commissioned by Energy Trust and carried out by a nationally-recognized expert in high tech manufacturing efficiency.**

3. **The project's energy savings will cost less than half the cost of savings from the average custom project. The incentive for the project is budgeted at $.06/ first-year kWh, a levelized cost of ~$.004/ kWh; while custom capital projects average $.17/ first-year kWh, or about 1 cent levelized.**

4. **Energy Trust funding would be contingent on Intel's agreement to suspend self-direction at this site for at least three years.**

It is therefore RESOLVED that the board of directors of Energy Trust of Oregon:

1. **Waives the Production Efficiency Program's incentive cap for purposes of this project; and**

2. **Authorizes the executive director to negotiate and sign an incentive agreement with Intel for up to $2.4 million total in incentives payable in increments over multiple years at a rate of not more than .06 cents per first-year kWh in savings.**

Moved by: Seconded by:

Vote: In favor: Abstained:

Opposed: [list name(s) and, if requested, reason for "no" vote]

Board Decision
Allow Temporary Exemption of Compliance with Balanced Competition Policy

October 1, 2014

Summary

Temporarily exempt certain program management contracts from compliance with the Energy Trust Policy No. 4.09.000_P Rules to Assure Balanced Competition for Energy Trust Program Management Contracts (the Balanced Competition Policy).

Background

- On September 15, 2014, Portland Energy Conservation, Inc. (PECI) informed Energy Trust that it had agreed to sell its energy efficiency program implementation contracts to CLEAResult, LLC (CLEAResult, formerly known under the name Fluid Market Strategies). The transaction is expected to close within the next several weeks and creates complex policy considerations and implications for Energy Trust.
- PECI is the current Program Management Contractor (PMC) for two Energy Trust program management contracts: the New Homes and Products Program Management Agreement and the New Buildings Program Management Agreement.
- CLEAResult is the current PMC under one program management contract: the Existing Homes Program Management Agreement.
- The board-adopted Balanced Competition Policy (Attachment 1) provides that no single firm may be a contractor for more than two concurrent Energy Trust program management contracts. The stated purpose of the policy is to ensure competition for program management contracts.
- Under the terms of Energy Trust's program management contracts, Energy Trust must provide written consent to allow for their assignment and transfer. PECI has requested consent to the assignment and transfer of the New Homes and Products and New Buildings program management contracts to CLEAResult. These assignments and transfers are conditions to the sale transaction.
- If Energy Trust agrees to the assignment and transfer of these program management contracts to CLEAResult and the transaction between PECI and CLEAResult is completed, CLEAResult would be the PMC for three concurrent Energy Trust program management contracts, in violation of the Balanced Competition Policy.
- PECI's current program management contract for the New Homes and Products program expires at the end of 2014. The New Homes and Products programs were rebid earlier in 2014 as separate programs and in July 2014, the board approved a program management contract with PECI for the New Homes program.[1]

[1] Ecova, Inc. was selected for program management contract services for the Products program to begin in 2015, and the board approved a program management contract with Ecova, Inc. at the same meeting.

- The Balanced Competition Policy non-compliance situation is expected to continue into 2015, although with different program management contracts.[2]

- In seeking Energy Trust consent for assignment and transfer of the two PECI program management contracts, CLEAResult and PECI agree that all program management contract terms and conditions would continue intact. CLEAResult and PECI have also represented that it is anticipated that all PECI personnel working on Energy Trust programs would be offered positions as employees of CLEAResult.

- In the interest of minimizing program disruption, Energy Trust staff seeks board approval for an exemption from the Balanced Competition Policy to maintain the current Existing Homes, New Buildings and New Homes and Products program management contracts and to move forward in negotiating and finalizing the next New Homes program management contract with CLEAResult while determining a best course forward.

Discussion

- Absent an exemption from the Balanced Competition policy, Energy Trust would advise CLEAResult that it must immediately terminate one of its program management contracts with Energy Trust. Energy Trust would then initiate a PMC rebidding process.
    - This approach would be especially disruptive to Energy Trust internally and to the asset sale. For Energy Trust, it would result in significant program delivery disruption by requiring an immediate transition of current and anticipated program management contractor services in one of the programs identified above. Such an abrupt transition would impact program results and customer service.
- Staff recommends another option which would more gradually transition to Balanced Competition Policy compliance by no later than the end of 2015.
    - Under this option, staff would re-assess which of the three CLEAResult program management contracts would re-bid in 2015, the timing of such re-bid, and the speed with which the re-bid would be accomplished.
    - At a minimum and by no later than April 2015, staff anticipates the re-bid of one program management contract using the typical process of releasing an RFP. A final PMC recommendation would be brought to the board for its consideration in July 2015. Staff would also consider an expedited process, releasing an RFP earlier in 2015, which would have immediate workload implications.
- Staff would bring a recommendation regarding timing of a re-bid back to the board at its next board meeting in November 2014.

[2] In July 2014, the board approved a contract between Energy Trust and PECI for management of the New Homes program. As a result of the transaction between CLEAResult and PECI, this contract is anticipated to be executed instead between Energy Trust and CLEAResult. Therefore, in 2015, CLEAResult would potentially be the PMC for three concurrent Energy Trust program management contracts: the Existing Homes, New Buildings, and New Homes program management contracts. Before the New Homes contract is executed, staff would return to the board for action to authorize a program management contract with CLEAResult rather than PECI.

Recommendation

Temporarily exempt CLEAResult and the New Homes and Products, New Homes, Existing Homes, and New Buildings program management contracts from compliance with the Rules to Assure Balanced Competition for Energy Trust Program Management Contracts until the end of 2015, by adopting resolution 720.

RESOLUTION 720
TEMPORARILY EXEMPTING CERTAIN PROGRAM MANAGEMENT CONTRACTS FROM THE POLICY ON BALANCED COMPETITION

WHEREAS:

1. **The Energy Trust Policy No. 4.09-000-P Rules to Assure Balanced Competition for Energy Trust Program Manager Contracts (the Balanced Competition Policy) provides that no single firm may be a contractor of more than two concurrent Energy Trust program management contracts The purpose of the policy is to ensure competition for Energy Trust program management contracts.**
2. **Portland Energy Conservation, Inc. (PECI) is currently the program management contractor for two Energy Trust programs: the New Homes and Products and the New Buildings programs. PECI was anticipated to be the program management contractor for two programs beginning in 2015: the new Homes and the New Buildings programs.**
3. **CLEAResult LLC (CLEAResult) (formerly operating under the name Fluid Market Strategies) is the program management contractor for the Existing Homes program.**
4. **CLEAResult and PECI recently announced that CLEAResult will acquire PECI's energy efficiency program implementation contracts. Closing of this acquisition transaction is expected between now and the end of 2014. Assuming the transaction is completed, CLEAResult would be the Program Management Contractor for three Energy Trust programs, which would pose an issue of compliance with the Balanced Competition Policy.**
5. **A termination of one of the program management contracts at the time of the CLEAResult acquisition would result in significant program disruption, and Energy Trust proposes a more gradual transition to minimize such disruption.**
6. **Energy Trust proposes to rebid one or more program management contracts during 2015 providing an opportunity to limit the number of program management contracts awarded to CLEAResult to two or less and to thereby restore Energy Trust compliance with the Balanced Competition Policy not later than the end of 2015.**

It is therefore RESOLVED that the Board of Directors hereby exempts the New Homes and Products (through 2014), New Homes (beginning in 2015), Existing Homes and New Buildings program management contracts from compliance with Energy Trust Policy No. 4.09.000-P Rules to Assure Balanced Competition for Energy Trust Program Management Contracts until the end of 2015.

Moved by: Seconded by:
Vote: In favor: Abstained:
Opposed:

ATTACHMENT 1

4.09.000-P Rules to Assure Balanced Competition for Energy Trust Program Management Contracts

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	August 7, 2002	Approved (R122)	August 2005
Board	December 15, 2004	Waived two-program limit for Efficient Facility Operations RFP (R305)	December 2007
Board	April 9, 2008	Amended (R470)	March 2011
Policy Committee	March 8, 2011	Reviewed, no changes	March 2014
Board	May 23, 2012	Amended (R630)	May 2015

BALANCED COMPETITION POLICY

1. *Arrangements for regulated utility information and referrals.* The Energy Trust will arrange directly with regulated utilities for information and referrals that help the Energy Trust reach the public, and come as a byproduct of the regulated role. The Energy Trust and utilities will work together to determine what activities and information will be made available with or without fee. Examples:
   - Coordination of 1-800 response for household and business efficiency inquiries
   - Qualification of leads coming from utility/customer relationships and referral to programs
   - Access to historic energy usage data as requested by utility customers
   - Access to utility-generated consumer demographic information for evaluation and/or marketing purposes
   - Utility customer representative role in marketing

   Thus, these capabilities will not influence selection of program management contractors.

   Rationale

   These are services that stem from the natural monopoly role of the utility. They are unique and real assets, but not appropriate for the competitive bid.

2. *Limitation on number of program management contracts awarded to a single contractor.* No single firm, including other companies under the same ownership and affiliates, will be a contractor for more than two concurrent program management contracts.
   a. A single firm, including other companies under the same ownership and affiliates, with two concurrent program management contracts may also be a subcontractor of other program management contracts if none of the subcontracts is responsible for more than 33% of a program's energy savings goals.
   b. This limitation does not extend to or apply to contracts associated with NW Natural programs in Washington State.

3. This limitation does not apply to subcontracts for installation or technical work (studies, commissioning, etc.) that are awarded to multiple contractors as part of implementation of a single program.

    Rationale

    Energy Trust needs to maintain a competitive market for program management. If one competitor wins all slots, others will not develop the skills, nor are they likely to bid in the future.

4. *Limitations on participation of regulated personnel in competitions for program management contracts.* With the exception of utility work for which Energy Trust contracts in connection with supplemental energy efficiency activities pursuant to the 2007 Renewable Energy Act, an individual within a regulated utility cannot perform work under an Energy Trust contract for program management *and* perform work as part of the regulated utility (i.e., functions billed to ratepayers) in Oregon.

    Rationale

    • Regulated utilities have their own objectives, which in some cases include maintaining and building load. It would be difficult to manage employees who also report to a regulated utility and its objectives as "first boss."
    • To have ratepayers pay for part of the cost of an FTE that was used for competitive Energy Trust work would make it difficult for others to compete.

5. *No review of work of related companies.* Neither a program management contractor to the Energy Trust nor organizations under the same ownership or affiliates may perform work under separate contract that would be submitted to the program management contractor for review on behalf of the Energy Trust. This type of work includes recommendation of efficiency measure brands, models or performance, technical analysis of savings, or equipment installation or commissioning.

    Rationale

    Avoids having program management contractors review their own work. Reduces consumer confusion about roles.

Tab 5

Finance Committee Meeting Notes

August 15, 2014

The Finance Committee met at 10:00 AM on Friday, August 15, 2014 via teleconference. Present during the meeting were Dan Enloe, Finance Committee chair, Susan Brodahl, board member, and Dave Slavensky, board member, Margie Harris, Executive Director; Courtney Wilton, CFO; and Pati Presnail, Alison Ebbott and Juliett Eck from finance department.

Approved May meeting minutes

Review of and discussion of second quarter financial statements with end of July update

Of note:

- Revenue is still tracking above last year's totals for same period (2%) and budget (6%), but margins are tightening. June revenue was 1% under last year. Scheduled or effected rate adjustments by PGE, PAC and CNG should bring totals close to budget by year end. NWN also passed through a significant one-time credit to customers in June which should further draw down their totals in future months. Interest revenue is over double last year to date given change in strategy, though still small potatoes in scheme of things. Total revenue is up $2m over last year to date.

- June incentives were $2m over last year- the second month in a row we've seen strong growth, a good sign. Year to date they are 19% over last year - $24.1m vs. $20.3m - an increase of $3.8m. All other costs are up $2.3m. Total spending is up 12% over last year to date.

- Existing buildings, existing homes, new home and products and renewables are all spending significantly more in incentives year to date vs. last year – in the range of 30-60% more. Conversely, new buildings and production efficiency totals are down year to date vs. last year – though not substantially. That being said, given that last year's actuals in certain segments were so far under budget even with current year increases the existing buildings and renewable budget to actual YTD variances are still way under plan - at $3.3m and $4.6m. The other renewables variance is mainly the result of geothermal and hydro project delays. The solar variance is the result of two project delays – one cancelled and one deferred until 2015. Last year existing buildings spent 72% of their budget ($5.5m actual vs. $7.6m budget). Despite this variance the budget was increased by 15% (from $7.6m to $8.7m) in 2014. Unless things really pick up in the fourth quarter – always a possibility – the budget for 2015 likely needs to be re-evaluated.

- Balance sheet remains very strong. Retained earnings at 6/30 was $112.9m vs. $84.4m last year - almost $30m higher.

- July financials are not available yet, though an update of key revenues and expenditures shows trend continuing.

Discussion of 2015 planned budget methodology changes

Staff provided recap of planned budget changes for the upcoming 2015 process. In essence, plan is to compress timeline somewhat for efficiency sake, delay meetings with utilities until October to allow for more accurate forecast, provide programs with more

history of past spending, direct spending estimates or targets, and request that budget be tighter – i.e. closer to ultimate spending. The goal is to create a budget that more accurately reflects annual spending. The modifications represent a bit of a culture change, though we're also emphasizing that ample reserves exist to cover any program over budget to extent they need more money to pursue cost effective strategies.

Update of banking services agreement expiration

Still analyzing whether it makes sense to switch banks. Agreement with Umpqua expires in September. They have made several concessions in order to try to keep our account. Also, our relationship with them is positive. That being said, in talking with other larger banks staff believe that electronic payment technology available elsewhere may be superior. This service is important in that Energy Trust currently generates over 50,000 paper checks a year. Switching a significant portion of these payments to electronic form could potentially save a significant amount of time, paper and postage. Committee's advice was to define business requirements and ask Umpqua to meet these requirements. If they are unable, then next step would be banking services RFP. Staff will proceed accordingly and report back to committee with findings / approach.

Committee also discussed whether it made sense to retain current line of credit. Credit line was secured several years ago with Energy Trust was smaller and cash flow was tighter. Current reserve levels make need for such line very unlikely. Committee advised that line be dropped when it expires in December. This will save $5,000 a year. We could reinstate if and when cash flow becomes an issue, which is not likely in near future.

Updates on other topics of interest

a. Management Review

i. Margie and CW updated committee on engagement progress. Board audit committee is overseeing process. Work is progressing. Some finance related recommendations once finalized will likely be implemented in upcoming budget process.

b. SB 844 implementation

i. Margie reported on progress to date. Implementation still in early stages but there is potential for Energy Trust to partner with NWNG / this represents a new savings opportunity for potential new NWNG customers. We'll have more information to report including estimated ROI on conversions as this progresses.

c. Cost effectiveness changes by OPUC

i. Margie reported that PUC staff report is public and does recommend the elimination of a number of gas measures – primarily air and duct sealing and insulation – that have low cost effectiveness measurements. It's possible some of these measures may survive indirectly through report notation which may allow for measures to be bundled up to $1,500 per household. Elimination of these measures will have an impact on performance style contracting such as that promoted by CEWO. The PUC has not acted on this report though is scheduled to do so in September. More later.

Next Meeting: October 24

Notes on June 2014 Financial Statements

July 23, 2014

Revenue

Revenue received during June was within .3% of the budgeted amounts. Y-T-D overall variance remains relatively the same. Investment income continues to perform well.

Jun-14	YTD Actual	YTD Budget	YTD Var	YTD %
PGE	46,521,283	44,189,862	2,331,421	5%
PAC	28,202,741	26,198,353	2,004,388	8%
NWN	15,192,615	15,312,480	(119,865)	-1%
CNG	2,013,786	1,148,225	865,561	75%
Investment Income	96,004	39,000	57,004	146%
Total	92,026,429	86,887,920	5,138,509	6%

Reserves

Total Reserves at the end of June are shown below. Revenue ($11.5 million for the month) was somewhat less than expenses ($12.6 million for the month); reserves showed a slight decline for the month. April total Reserves were $113.8 million, May's reserves were $114 million and June ended up at $112.9 million. There hasn't been much movement during the second quarter.

Reserves

	Actual 12/31/13 Amount	Actual 6/30/14 Amount	% Change
PGE	24,483,032	38,844,603	58.7%
PacifiCorp	11,560,814	20,368,332	76.2%
NW Natural	8,569,670	15,070,665	75.9%
Cascade	658,260	1,831,001	178.2%
NWN Industrial	356,235	558,158	56.7%
NWN Washington	473,674	556,385	17.5%
PGE Renewables	12,041,462	14,040,854	16.6%
PAC Renewables	11,793,715	13,490,737	14.4%
Contingency Reserve	5,000,000	5,000,000	0.0%
Contingency Available	2,993,710	3,103,114	3.7%
Total	77,930,572	112,863,851	44.8%

Expenses

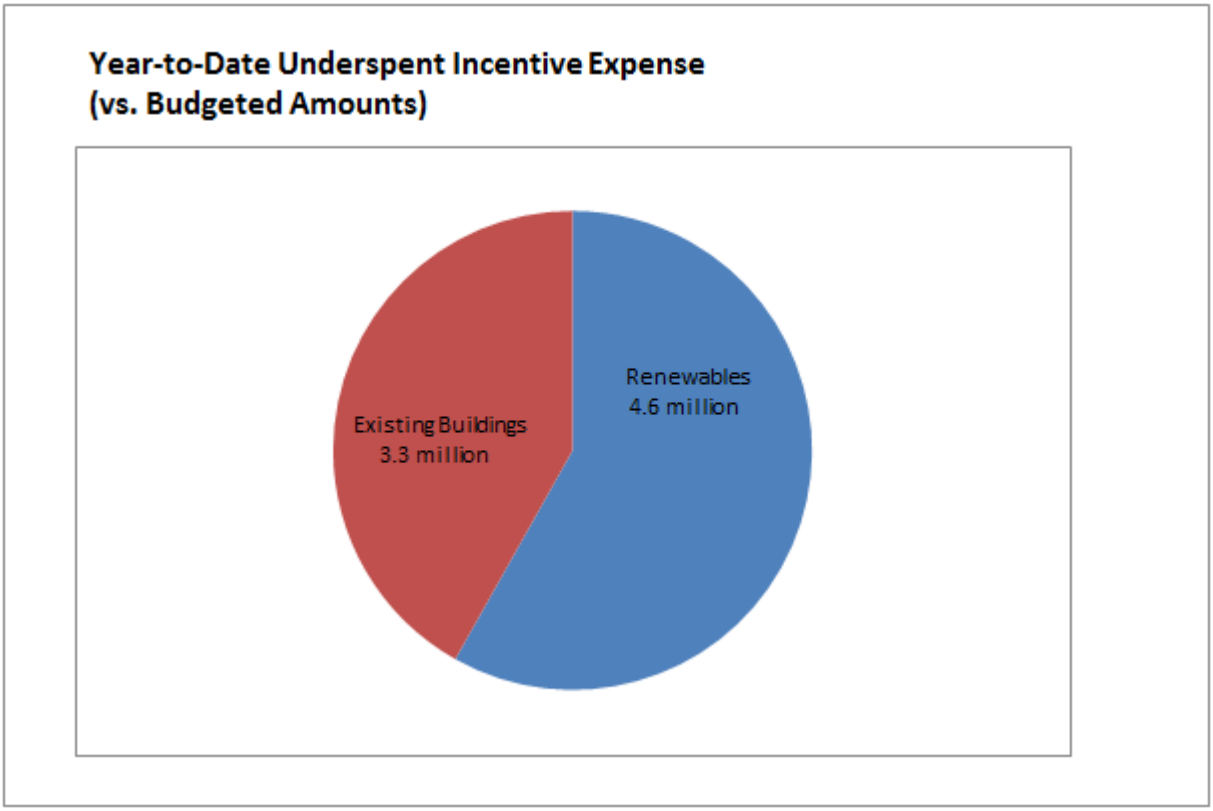
Last year at this time total spending was $51 million. This year total spending is $57.1 million. Increased incentive spending made up $3.8 million of the increase; $2 million of that occurred in June.

Incentive Expenses

June incentives were only $367,000 below budget, although total incentives paid out so far in 2014 remain about $7 million below budgeted amounts. Existing Buildings and Renewables are the two programs that haven't spent up to their budgeted levels so far this year. The following graph shows how much each of the underspent programs is below their budgeted amount.

Renewables incentives are underspent by $4.6 million. June incentives for the solar group were budgeted at $1.4 million. The related projects/payments are expected to occur in either late 2014 or 2015. Both a $1.55 million payment to OIT for a geothermal project and a $.7 million payment for the Three Sisters Hydro project have been pushed back to September.

Existing buildings incentive expenditures continue to lag behind budget even though they are ahead of last year's spending by $1.7 million. Last year the program had spent 51% of the year to date budget, this year they've spent 38% of year to date budget. A second quarter analysis will be forthcoming to address the prospects vs. budget for the rest of the year.



Total Incentives
Year-to-Date 2014

Incentives thru June 2014

	Actual	Budget	Variance	Var %
Existing Buildings	5,454,267	8,737,702	3,283,435	38%
New Buildings	2,484,867	2,258,678	(226,189)	-10%
Production Efficiency	4,404,211	4,257,656	(146,555)	-3%
Existing Homes	3,555,346	3,644,322	88,976	2%
New Homes & Products	5,301,336	4,971,333	(330,003)	-7%
Washington Programs - All	156,214	260,193	103,979	40%
Solar	2,153,123	4,016,479	1,863,356	46%
Open Soliciation	615,904	3,316,018	2,700,114	81%
Total Incentives	24,125,268	31,462,381	7,337,113	23%
Energy Efficiency Only	**21,356,241**	**24,129,884**	**2,773,643**	**11%**

Total Incentives
Year-to-Year Comparison

June 2014 v June 2013

	Current Year	Prior Year	Variance	Var %
Existing Buildings	5,454,267	3,722,491	(1,731,776)	-47%
New Buildings	2,484,867	2,950,744	465,877	16%
Production Efficiency	4,404,211	4,536,276	132,065	3%
Existing Homes	3,555,346	2,958,109	(597,237)	-20%
New Homes & Products	5,301,336	4,028,972	(1,272,364)	-32%
Washington Programs - All	156,214	150,463	(5,751)	-4%
Solar	2,153,123	1,494,860	(658,263)	-44%
Other	615,904	500,362	(115,542)	-23%
Total Incentives	24,125,268	20,342,273	(3,782,995)	-19%
Energy Efficiency Only	**21,356,241**	**18,347,055**	**(3,009,186)**	**-16%**

Energy Trust of Oregon
BALANCE SHEET
June 30, 2014
(Unaudited)

	Jun 2014	May 2014	DEC 2013	Jun 2013	Change from one month ago	Change from Beg. of Year	Change from one year ago
Current Assets							
Cash & Cash Equivalents	71,158,883	74,070,305	76,484,638	83,626,597	(2,911,422)	(5,325,755)	(12,467,714)
Restricted Cash (Escrow Funds)	0	0	0	252,696	0	0	(252,696)
Investments	47,499,987	46,786,485	25,270,363	4,980,057	713,501	22,229,624	42,519,930
Restricted Investments (Escrow Funds)	0	0	77,988		0	(77,988)	0
Receivables	151,373	175,557	8,276	8,119	(24,185)	143,097	143,254
Prepaid Expenses	760,796	551,145	526,087	833,677	209,651	234,709	(72,881)
Advances to Vendors	2,037,922	1,172,842	2,015,420	2,314,471	865,080	22,502	(276,549)
Current Portion Note Receivable	10,000				10,000	10,000	10,000
Total Current Assets	**121,618,960**	**122,756,335**	**104,382,771**	**92,015,617**	**(1,137,375)**	**17,236,189**	**29,603,343**
Fixed Assets							
Computer Hardware and Software	1,474,056	1,448,587	1,401,967	1,368,867	25,468	72,088	105,188
Software Development	342,691				342,691	342,691	342,691
Leasehold Improvements	313,333	313,333	313,333	313,333	0	0	0
Office Equipment and Furniture	600,662	600,662	600,662	600,662	0	0	0
Total Fixed Assets	**2,730,742**	**2,362,582**	**2,315,962**	**2,282,863**	**368,159**	**414,779**	**447,879**
Less Depreciation	(1,668,761)	(1,640,289)	(1,500,494)	(1,334,802)	(28,473)	(168,267)	(333,959)
Net Fixed Assets	**1,061,980**	**722,294**	**815,468**	**948,060**	**339,686**	**246,512**	**113,920**
Other Assets							
Rental Deposit	64,461	64,461	61,461	64,461	0	3,000	0
Deferred Compensation Asset	534,727	522,059	552,641	440,575	12,669	(17,913)	94,153
Long Term Portion Note Receivable	90,000				90,000	90,000	90,000
Total Other Assets	**689,189**	**586,520**	**614,102**	**505,036**	**102,669**	**75,087**	**184,153**
Total Assets	**123,370,129**	**124,065,149**	**105,812,341**	**93,468,713**	**(695,020)**	**17,557,788**	**29,901,416**
Current Liabilities							
Accounts Payable and Accruals	8,858,337	8,394,003	26,326,508	7,289,994	464,334	(17,468,171)	1,568,343
Salaries, Taxes, & Benefits Payable	748,328	745,253	631,548	673,319	3,074	116,780	75,008
Total Current Liabilities	**9,606,665**	**9,139,256**	**26,958,055**	**7,963,314**	**467,409**	**(17,351,391)**	**1,643,351**
Long Term Liabilities							
Deferred Rent	357,822	358,892	364,244	346,188	(1,070)	(6,422)	11,634
Deferred Compensation Payable	534,727	522,059	552,641	440,575	12,669	(17,913)	94,153
Other Long-Term Liabilities	7,065	7,065	6,830	13,904	0	235	(6,839)
Total Long-Term Liabilities	**899,614**	**888,015**	**923,714**	**800,666**	**11,599**	**(24,100)**	**98,948**
Total Liabilities	**10,506,278**	**10,027,271**	**27,881,769**	**8,763,980**	**479,007**	**(17,375,491)**	**1,742,299**
Net Assets							
Temporarily Restricted Net Assets	0	0	77,988	252,696	0	(77,988)	(252,696)
Unrestricted Net Assets	112,863,851	114,037,878	77,852,585	84,452,038	(1,174,027)	35,011,266	28,411,813
Total Net Assets	**112,863,851**	**114,037,878**	**77,930,572**	**84,704,734**	**(1,174,027)**	**34,933,279**	**28,159,117**
Total Liabilities and Net Assets	**123,370,129**	**124,065,149**	**105,812,341**	**93,468,713**	**(695,020)**	**17,557,788**	**29,901,416**

Energy Trust of Oregon
Cash Flow Statement-Indirect Method
Monthly 2014

	January	February	March	April	May	June	Year to Date
Operating Activities:							
Revenue less Expenses	12,906,165	10,113,897	6,583,587	6,287,830	215,826	(1,174,025)	$ 34,933,280
Non-cash items:							
Depreciation	27,123	27,123	28,713	28,418	28,418	28,473	$ 168,268
Loss on disposal of assets							$ -
Receivables	3,902	(49)	-	-	174	(1,003)	$ 3,024
Interest Receivable	1,292	663	(27,109)	(112,939)	(33,215)	25,187	$ (146,121)
Advances to Vendors	680,371	678,630	(1,650,387)	365,028	768,936	(865,080)	$ (22,502)
Prepaid expenses and other costs	(151,035)	100,837	11,507	42,345	(28,712)	(209,651)	$ (234,709)
Accounts payable	(19,456,433)	(797,502)	1,417,700	(423,975)	1,401,061	464,334	$ (17,394,815)
Payroll and related accruals	70,280	(88,799)	76,891	(14,227)	38,978	15,743	$ 98,866
Deferred rent and other	(3,988)	51,851	(945)	(10,714)	(13,739)	(113,739)	$ (91,274)
Cash rec'd from / (used in) Operating Activities	(5,922,323)	10,086,651	6,439,957	6,161,766	2,377,727	(1,829,761)	$ 17,314,017
Investing Activities:							
Investment Activity (1)	992,503	992,840	(232,102)	(18,552,646)	(4,712,080)	(713,502)	$ (22,224,987)
(Acquisition)/Disposal of Capital Assets	-		(46,620)	-	-	(368,159)	$ (414,779)
Cash rec'd from / (used in) Investing Activities	992,503	992,840	(278,722)	(18,552,646)	(4,712,080)	(1,081,661)	$ (22,639,766)
Cash at beginning of Period	76,484,637	71,554,817	82,634,307	88,795,542	76,404,658	74,070,305	76,484,637
Increase/(Decrease) in Cash	(4,929,820)	11,079,491	6,161,235	(12,390,880)	(2,334,353)	(2,911,422)	(5,325,749)
Cash at end of period	$ 71,554,817	$ 82,634,307	$ 88,795,542	$ 76,404,658	$ 74,070,305	$ 71,158,883	$ 71,158,888

(1) As investments mature, they are rolled into the Repo account.
Investments that are made during the month reduce available cash.

Energy Trust of Oregon
Cash Flow Projection
January 2014 - December 2015

	Actual						Adjusted Budget					
	January	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**
Cash In:												
Public purpose and Incr funding	17,726,777	18,539,933	16,486,831	15,278,872	12,455,507	11,442,506	11,800,000	10,800,000	10,500,000	12,400,000	11,500,000	14,000,000
From other sources	3,902	(49)	12,500	-	1,074	(1,003)	-	-	-	-	-	-
Investment Income	12,036	10,159	(15,526)	(95,411)	(10,883)	49,508	1,000	1,000	1,000	1,000	1,000	1,000
Total cash in	17,742,715	18,550,043	16,483,805	15,183,461	12,445,698	11,491,011	11,801,000	10,801,000	10,501,000	12,401,000	11,501,000	14,001,000
Cash Out:	22,672,537	7,470,551	10,322,571	27,574,340	14,780,049	14,402,435	11,800,000	12,600,000	15,900,000	14,500,000	16,900,000	36,000,000
Net cash flow for the month	(4,929,822)	11,079,492	6,161,234	(12,390,879)	(2,334,351)	(2,911,424)	1,000	(1,799,000)	(5,399,000)	(2,099,000)	(5,399,000)	(21,999,000)
Beginning Balance: Cash & MM	76,484,640	71,554,817	82,634,309	88,795,543	76,404,659	74,070,305	71,158,882	71,159,882	69,360,882	63,961,882	61,862,882	56,463,882
Ending cash & MM	**71,554,817**	**82,634,309**	**88,795,543**	**76,404,659**	**74,070,305**	**71,158,882**	**71,159,882**	**69,360,882**	**63,961,882**	**61,862,882**	**56,463,882**	**34,464,882**
Future Commitments												
Renewable Incentives	20,900,000	21,000,000	14,200,000	14,200,000	14,300,000	17,100,000	16,800,000	16,100,000	15,600,000	15,800,000	16,000,000	16,000,000
Efficiency Incentives	39,500,000	47,800,000	44,400,000	44,100,000	43,000,000	49,400,000	49,400,000	48,500,000	47,400,000	47,300,000	47,900,000	48,900,000
Emergency Contingency Pool	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Commitments	65,400,000	73,800,000	63,600,000	63,300,000	62,300,000	71,500,000	71,200,000	69,600,000	68,000,000	68,100,000	68,900,000	69,900,000
Escrow Cash Balance												
Beginning Balance	77,989	77,989	77,993	4,637	4,637							
Net Escrow (Payments)/Funding			(73,356)		(4,637)							
Interest Paid on Escrow Balances		4										
Ending Escrow Balance (1)	77,989	77,993	4,637	4,637	-	-	-	-		-	-	-

(1) Included in "Ending cash & MM" above

Dedicated funds adjustment: reduction in available cash for commitments to Renewable program projects with board approval, or when board approval not required, with signed agreements
Committed funds adjustment: reduction in available cash for commitments to Efficiency program projects with signed agreements
Cash reserve: reduction in available cash to cover cashflow variability and winter revenue risk
Escrow: dedicated funds set aside in separate bank accounts

Energy Trust of Oregon
Cash Flow Projection
January 2014 - December 2015

	2015 Round 2 Budget											
	January	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**
Cash In:												
Public purpose and Incr funding	16,000,000	16,500,000	15,800,000	14,800,000	12,300,000	11,400,000	12,600,000	11,600,000	11,200,000	13,300,000	12,300,000	15,000,000
From other sources												
Investment Income	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Total cash in	16,007,000	16,507,000	15,807,000	14,807,000	12,307,000	11,407,000	12,607,000	11,607,000	11,207,000	13,307,000	12,307,000	15,007,000
Cash Out:	19,500,000	9,800,000	12,600,000	11,900,000	10,500,000	14,200,000	11,500,000	11,400,000	14,800,000	13,000,000	15,200,000	33,900,000
Net cash flow for the month	(3,493,000)	6,707,000	3,207,000	2,907,000	1,807,000	(2,793,000)	1,107,000	207,000	(3,593,000)	307,000	(2,893,000)	(18,893,000)
Beginning Balance: Cash & MM	34,464,882	30,971,882	37,678,882	40,885,882	43,792,882	45,599,882	42,806,882	43,913,882	44,120,882	40,527,882	40,834,882	37,941,882
Ending cash & MM	**30,971,882**	**37,678,882**	**40,885,882**	**43,792,882**	**45,599,882**	**42,806,882**	**43,913,882**	**44,120,882**	**40,527,882**	**40,834,882**	**37,941,882**	**19,048,882**
Future Commitments												
Renewable Incentives	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Efficiency Incentives	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000
Emergency Contingency Pool	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Commitments	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000
Escrow Cash Balance												
Beginning Balance												
Net Escrow (Payments)/Funding												
Interest Paid on Escrow Balances												
Ending Escrow Balance (1)	-	-	-	-	-	-	-	-	-	-	-	-

(1) Included in "Ending cash & MM" above

Dedicated funds adjustment: reduction in available cash for commitments to Renewable program projects with board approval, or when board approval not required, with signed agreements
Committed funds adjustment: reduction in available cash for commitments to Efficiency program projects with signed agreements
Cash reserve: reduction in available cash to cover cashflow variability and winter revenue risk
Escrow: dedicated funds set aside in separate bank accounts

Energy Trust of Oregon
Income Statement - Actual and Prior Yr Comparison
For the Six Months Ending June 30, 2014
(Unaudited)

	June				YTD			
	Actual	**Actual Prior Year**	**Prior Year Variance**	**Variance %**	**Actual**	**Actual Prior Year**	**Prior Year Variance**	**Variance %**
REVENUES								
Public Purpose Funds-PGE	2,765,251	2,650,055	115,195	4%	19,554,891	18,214,892	1,339,999	7%
Public Purpose Funds-PacifiCorp	1,967,674	1,889,366	78,308	4%	14,279,664	13,379,503	900,161	7%
Public Purpose Funds-NW Natural	1,116,397	1,388,984	(272,586)	-20%	13,641,086	16,563,015	(2,921,929)	-18%
Public Purpose Funds-Cascade	57,523	84,996	(27,473)	-32%	2,013,786	1,365,341	648,445	47%
Total Public Purpose Funds	**5,906,845**	**6,013,401**	**(106,556)**	**-2%**	**49,489,428**	**49,522,751**	**(33,323)**	**0%**
Incremental Funds - PGE	3,681,073	3,653,175	27,898	1%	26,966,392	25,880,229	1,086,163	4%
Incremental Funds - PacifiCorp	1,854,588	1,873,084	(18,495)	-1%	13,923,077	13,371,051	552,026	4%
NW Natural - Industrial DSM			0	0%	1,024,352	575,946	448,406	78%
NW Natural - Washington			0	0%	527,177	645,551	(118,374)	-18%
Contributions			0	0%	13,400	930	12,470	1341%
Revenue from Investments	24,320	6,477	17,844	276%	96,004	42,703	53,300	125%
TOTAL REVENUE	**11,466,827**	**11,546,137**	**(79,310)**	**-1%**	**92,039,830**	**90,039,161**	**2,000,668**	**2%**
EXPENSES								
Program Subcontracts	4,319,566	3,703,757	(615,809)	-17%	23,506,711	22,181,120	(1,325,591)	-6%
Incentives	6,913,295	4,888,750	(2,024,545)	-41%	24,125,267	20,342,276	(3,782,991)	-19%
Salaries and Related Expenses	689,544	828,237	138,693	17%	5,268,958	4,825,120	(443,838)	-9%
Professional Services	541,581	312,539	(229,042)	-73%	3,049,245	2,304,636	(744,609)	-32%
Supplies	2,071	3,195	1,123	35%	18,782	16,033	(2,749)	-17%
Telephone	4,639	4,638	(1)	0%	26,632	25,943	(688)	-3%
Postage and Shipping Expenses	617	681	63	9%	5,931	5,264	(667)	-13%
Occupancy Expenses	55,375	53,768	(1,608)	-3%	328,494	328,416	(79)	0%
Noncapitalized Equip. & Depr.	49,604	53,411	3,806	7%	337,799	313,973	(23,826)	-8%
Call Center	11,026	40,970	29,944	73%	73,544	351,703	278,159	79%
Printing and Publications	7,144	2,731	(4,412)	-162%	71,571	75,516	3,945	5%
Travel	11,532	21,093	9,561	45%	66,758	75,862	9,105	12%
Conference, Training & Mtng Exp	17,852	8,387	(9,465)	-113%	94,558	66,002	(28,555)	-43%
Interest Expense and Bank Fees			0	0%	2,000	478	(1,522)	-319%
Insurance	8,339	8,205	(134)	-2%	51,166	47,610	(3,556)	-7%
Miscellaneous Expenses	2,377	242	(2,135)	-882%	3,016	590	(2,426)	-411%
Dues, Licenses and Fees	6,291	9,323	3,031	33%	76,121	55,434	(20,687)	-37%
TOTAL EXPENSES	**12,640,854**	**9,939,926**	**(2,700,928)**	**-27%**	**57,106,551**	**51,015,977**	**(6,090,574)**	**-12%**
TOTAL REVENUE LESS EXPENSES	**(1,174,027)**	**1,606,211**	**(2,780,238)**	**-173%**	**34,933,279**	**39,023,184**	**(4,089,906)**	**-10%**

Energy Trust of Oregon
Income Statement - Actual and YTD Budget Comparison
For the Six Months Ending June 30, 2014
(Unaudited)

	June				YTD			
	Actual	**Budget**	**Budget Variance**	**Variance %**	**Actual**	**Budget**	**Budget Variance**	**Variance %**
REVENUES								
Public Purpose Funds-PGE	2,765,251	2,663,860	101,390	4%	19,554,891	18,309,631	1,245,260	7%
Public Purpose Funds-PacifiCorp	1,967,674	1,965,604	2,071	0%	14,279,664	13,136,905	1,142,759	9%
Public Purpose Funds-NW Natural	1,116,397	1,124,490	(8,093)	-1%	13,641,086	13,409,051	232,035	2%
Public Purpose Funds-Cascade	57,523	57,411	111	0%	2,013,786	1,148,225	865,561	75%
Total Public Purpose Funds	**5,906,845**	**5,811,366**	**95,479**	**2%**	**49,489,428**	**46,003,813**	**3,485,614**	**8%**
Incremental Funds - PGE	3,681,073	3,653,175	27,898	1%	26,966,392	25,880,230	1,086,162	4%
Incremental Funds - PacifiCorp	1,854,588	1,946,571	(91,982)	-5%	13,923,077	13,061,448	861,629	7%
NW Natural - Industrial DSM			0		1,024,352	1,257,878	(233,526)	-19%
NW Natural - Washington			0		527,177	645,551	(118,374)	-18%
Contributions			0		13,400		13,400	
Revenue from Investments	24,320	6,500	17,820	274%	96,004	39,000	57,004	146%
TOTAL REVENUE	**11,466,827**	**11,417,611**	**49,215**	**0%**	**92,039,830**	**86,887,920**	**5,151,909**	**6%**
EXPENSES								
Program Subcontracts	4,319,566	3,896,056	(423,510)	-11%	23,506,711	24,280,169	773,459	3%
Incentives	6,913,295	7,280,444	367,149	5%	24,125,267	31,462,380	7,337,113	23%
Salaries and Related Expenses	689,544	987,115	297,572	30%	5,268,958	5,920,024	651,066	11%
Professional Services	541,581	878,591	337,010	38%	3,049,245	4,772,425	1,723,180	36%
Supplies	2,071	4,588	2,517	55%	18,782	27,530	8,748	32%
Telephone	4,639	5,734	1,095	19%	26,632	33,124	6,492	20%
Postage and Shipping Expenses	617	1,183	566	48%	5,931	7,100	1,169	16%
Occupancy Expenses	55,375	64,275	8,899	14%	328,494	385,649	57,155	15%
Noncapitalized Equip. & Depr.	49,604	47,744	(1,860)	-4%	337,799	480,297	142,498	30%
Call Center	11,026	15,000	3,974	26%	73,544	90,000	16,456	18%
Printing and Publications	7,144	11,858	4,715	40%	71,571	71,150	(421)	-1%
Travel	11,532	26,023	14,491	56%	66,758	123,135	56,378	46%
Conference, Training & Mtng Exp	17,852	45,120	27,268	60%	94,558	207,095	112,537	54%
Interest Expense and Bank Fees		417	417	100%	2,000	2,500	500	20%
Insurance	8,339	9,167	828	9%	51,166	55,000	3,834	7%
Miscellaneous Expenses	2,377	268	(2,109)	-786%	3,016	1,610	(1,406)	-87%
Dues, Licenses and Fees	6,291	20,088	13,797	69%	76,121	99,879	23,758	24%
TOTAL EXPENSES	**12,640,854**	**13,293,672**	**652,818**	**5%**	**57,106,551**	**68,019,067**	**10,912,516**	**16%**
TOTAL REVENUE LESS EXPENSES	**(1,174,027)**	**(1,876,060)**	**702,033**	**37%**	**34,933,279**	**18,868,853**	**16,064,426**	**85%**

Energy Trust of Oregon
Statement of Functional Expenses
For the Six Months Ending June 30, 2014
(Unaudited)

	Energy Efficiency	Renewable Energy	Total Program Expenses	Management & General	Communications & Customer Service	Total Admin Expenses	Total	Budget	Variance	% Var
Program Expenses										
Incentives/ Program Management & Delivery	$44,767,721	$2,864,257	$47,631,978				$47,631,978	$55,742,549	$8,110,571	15%
Payroll and Related Expenses	1,542,397	479,738	2,022,135	953,493	439,270	1,392,763	3,414,897	3,688,749	273,852	7%
Outsourced Services	1,721,714	138,051	1,859,765	166,194	431,909	598,103	2,457,868	4,105,925	1,648,057	40%
Planning and Evaluation	1,323,250	45,615	1,368,865	959		959	1,369,824	1,442,158	72,334	5%
Customer Service Management	322,017	13,278	335,294				335,294	338,196	2,902	1%
Trade Allies Network	196,680	8,902	205,582				205,582	236,340	30,758	13%
Total Program Expenses	**49,873,778**	**3,549,840**	**53,423,619**	**1,120,646**	**871,178**	**1,991,824**	**55,415,443**	**65,553,917**	**10,138,474**	**15%**
Program Support Costs										
Supplies	6,022	1,610	7,632	3,727	1,861	5,588	13,220	19,427	6,207	32%
Postage and Shipping Expenses	2,160	805	2,965	850	453	1,303	4,267	4,137	(130)	-3%
Telephone	1,291	426	1,717	894	551	1,445	3,162	7,000	3,838	55%
Printing and Publications	65,908	1,269	67,177	824	1,090	1,914	69,091	68,686	(405)	-1%
Occupancy Expenses	99,570	32,830	132,400	55,035	30,184	85,219	217,619	250,463	32,844	13%
Insurance	15,509	5,114	20,622	8,572	4,701	13,274	33,896	35,720	1,824	5%
Equipment	8,340	22,989	31,329	3,250	1,783	5,033	36,362	12,012	(24,350)	-203%
Travel	21,301	12,046	33,347	12,346	8,903	21,249	54,596	99,785	45,189	45%
Meetings, Trainings & Conferences	27,810	10,173	37,983	20,336	4,311	24,647	62,630	133,345	70,715	53%
Interest Expense and Bank Fees				2,000		2,000	2,000	2,500	500	20%
Depreciation & Amortization	24,733	8,155	32,888	13,670	7,498	21,168	54,056	52,994	(1,062)	-2%
Dues, Licenses and Fees	30,741	9,373	40,114	3,338	3,096	6,434	46,548	71,904	25,356	35%
Miscellaneous Expenses	3,016		3,016				3,016	1,172	(1,844)	-157%
IT Services	737,415	94,241	831,657	154,555	104,432	258,988	1,090,644	1,706,005	615,361	36%
Total Program Support Costs	**1,043,817**	**199,031**	**1,242,847**	**279,397**	**168,863**	**448,261**	**1,691,108**	**2,465,150**	**774,042**	**31%**
TOTAL EXPENSES	**50,917,595**	**3,748,871**	**54,666,466**	**1,400,043**	**1,040,042**	**2,440,085**	**57,106,551**	**68,019,067**	**10,912,516**	**16%**
OPUC Measure vs. 9%	**4.01%**									

ENERGY TRUST OF OREGON
Year to Date by Program/Service Territory
For the Six Months Ending June 30, 2014

	ENERGY EFFICIENCY								
	PGE	PacifiCorp	Total	NWN Industrial	NW Natural	Cascade	Oregon Total	NWN WA	ETO Total
REVENUES									
Public Purpose Funding	$15,112,143	$11,109,796	$26,221,940		$13,641,086	$2,013,786	$41,876,812		$41,876,812
Incremental Funding	26,966,392	13,923,077	40,889,469	1,024,352			41,913,821	527,177	42,440,998
Contributions									
Revenue from Investments									
TOTAL PROGRAM REVENUE	**42,078,536**	**25,032,873**	**67,111,409**	**1,024,352**	**13,641,086**	**2,013,786**	**83,790,633**	**527,177**	**84,317,810**
EXPENSES									
Program Management (Note 3)	1,275,382	776,164	2,051,546	55,325	512,882	64,844	2,684,597	65,496	2,750,093
Program Delivery	10,894,688	6,806,029	17,700,715	199,046	2,168,352	322,346	20,390,459	107,471	20,497,930
Incentives	11,349,531	6,106,040	17,455,572	470,637	2,959,715	314,104	21,200,026	156,214	21,356,240
Program Eval & Planning Svcs.	1,180,452	667,936	1,848,388	32,204	424,497	40,385	2,345,477	34,552	2,380,029
Program Marketing/Outreach	1,015,078	639,625	1,654,704	11,275	396,764	33,219	2,095,962	17,334	2,113,296
Program Quality Assurance	18,335	18,258	36,593	0	20,470	939	58,002	0	58,002
Outsourced Services	92,149	63,987	156,138	1,891	37,745	3,680	199,455	0	199,455
Trade Allies & Cust. Svc. Mgmt.	207,486	154,293	361,779	2,400	132,167	8,465	504,812	13,886	518,698
IT Services	345,423	212,224	557,647	8,624	141,781	12,183	720,235	17,182	737,417
Other Program Expenses - all	154,132	87,512	241,645	5,886	40,630	4,942	293,102	13,339	306,441
TOTAL PROGRAM EXPENSES	**26,532,656**	**15,532,068**	**42,064,727**	**787,288**	**6,835,003**	**805,107**	**50,492,127**	**425,474**	**50,917,595**
ADMINISTRATIVE COSTS									
Management & General (Notes 1 & 2)	679,519	397,786	1,077,305	20,162	175,049	20,620	1,293,134	10,897	1,304,031
Communications & Customer Svc (Notes 1 & 2)	504,790	295,501	800,291	14,979	130,039	15,318	960,624	8,095	968,719
Total Administrative Costs	1,184,309	693,287	1,877,596	35,141	305,088	35,938	2,253,758	18,992	2,272,750
TOTAL PROG & ADMIN EXPENSES	**27,716,963**	**16,225,352**	**43,942,315**	**822,430**	**7,140,089**	**841,044**	**52,745,879**	**444,466**	**53,190,345**
TOTAL REVENUE LESS EXPENSES	**14,361,571**	**8,807,518**	**23,169,086**	**201,923**	**6,500,995**	**1,172,741**	**31,044,748**	**82,711**	**31,127,459**
NET ASSETS - RESERVES									
Cumulative Carryover at 12/31/13 (Note 4)	24,483,032	11,560,814	36,043,846	356,235	8,569,670	658,260	45,628,011	473,674	46,101,685
Change in net assets this year	14,361,571	8,807,518	23,169,086	201,923	6,500,995	1,172,741	31,044,748	82,711	31,127,459
Ending Net Assets - Reserves	**38,844,603**	**20,368,332**	**59,212,932**	**558,158**	**15,070,665**	**1,831,001**	**76,672,759**	**556,385**	**77,229,144**
Ending Reserve by Category									
Program Reserves (Efficiency and Renewables)	38,844,603	20,368,332	59,212,932	558,158	15,070,665	1,831,001	76,672,759	556,385	77,229,144
Assets Released for General Purpose									
Emergency Contingency Pool									
TOTAL NET ASSETS CUMULATIVE	38,844,603	20,368,332	59,212,932	558,158	15,070,665	1,831,001	76,672,759	556,385	77,229,144

Note 1) Management & General and Communications & Customer Service Expenses (Admin) have been allocated based on total expenses.
Note 2) Admin costs are allocated for mgmt reporting only. GAAP for Not for Profits does not allow allocation of admin costs to program expenses.
Note 3) Program Management costs include both outsourced and internal staff.
Note 4) Cumulative carryover at 12/31/2013 reflects audited results.

ENERGY TRUST OF OREGON
Year to Date by Program/Service Territory
For the Six Months Ending June 30, 2014

	RENEWABLE ENERGY				TOTAL			
	PGE	PacifiCorp	Total	Other	All Programs	Approved budget	Change	% Change
REVENUES								
Public Purpose Funding	$4,442,748	$3,169,868	$7,612,616		$49,489,428	$46,003,813	($3,485,614)	8%
Incremental Funding					42,440,998	40,845,107	(1,595,891)	4%
Contributions				13,400	13,400		(13,400)	
Revenue from Investments				96,004	96,004	39,000	(57,004)	146%
TOTAL PROGRAM REVENUE	**4,442,748**	**3,169,868**	**7,612,616**	**109,404**	**92,039,830**	**86,887,920**	**(5,151,909)**	**6%**
EXPENSES								
Program Management (Note 3)	275,775	223,950	499,725		3,249,818	3,266,341	16,522	1%
Program Delivery	38,119	37,111	75,230		20,573,160	20,938,499	365,338	2%
Incentives	1,776,163	992,864	2,769,027		24,125,267	31,462,381	7,337,113	23%
Program Eval & Planning Svcs.	40,290	26,566	66,856		2,446,885	2,690,697	243,813	9%
Program Marketing/Outreach	34,056	15,875	49,931		2,163,227	3,021,258	858,032	28%
Program Quality Assurance	0	0	0		58,002	127,500	69,498	55%
Outsourced Services	42,012	24,867	66,880		266,335	968,040	701,705	72%
Trade Allies & Cust. Svc. Mgmt.	15,342	6,836	22,180		540,878	574,536	33,660	6%
IT Services	53,250	40,990	94,241		831,658	1,300,893	469,236	36%
Other Program Expenses - all	64,601	40,200	104,802		411,243	456,690	45,449	10%
TOTAL PROGRAM EXPENSES	**2,339,608**	**1,409,259**	**3,748,871**		**54,666,466**	**64,806,835**	**10,140,365**	**-16%**
ADMINISTRATIVE COSTS								
Management & General (Notes 1 & 2)	59,527	36,484	96,011		1,400,043	1,821,729	421,686	23%
Communications & Customer Svc (Notes 1 & 2)	44,221	27,103	71,323		1,040,042	1,390,509	350,467	25%
Total Administrative Costs	103,748	63,587	167,334		2,440,085	3,212,238	772,153	24%
TOTAL PROG & ADMIN EXPENSES	**2,443,356**	**1,472,848**	**3,916,204**		**57,106,551**	**68,019,073**	**10,912,522**	**-16%**
TOTAL REVENUE LESS EXPENSES	**1,999,392**	**1,697,022**	**3,696,410**	**109,404**	**34,933,279**	**18,868,847**	**(16,064,432)**	**85%**
NET ASSETS - RESERVES								
Cumulative Carryover at 12/31/13 (Note 4)	12,041,462	11,793,715	23,835,177	7,993,710	77,930,572	62,609,764	(15,320,808)	24%
Change in net assets this year	1,999,392	1,697,022	3,696,410	109,404	34,933,279	18,868,847	(16,064,432)	85%
Ending Net Assets - Reserves	**14,040,854**	**13,490,737**	**27,531,587**	**8,103,114**	**112,863,851**	**81,478,611**	**(31,385,240)**	**39%**
Ending Reserve by Category								
Program Reserves (Efficiency and Renewables)	14,040,854	13,490,737	27,531,587	3,103,114	107,863,845			
Assets Released for General Purpose								
Emergency Contingency Pool				5,000,000	5,000,000			
TOTAL NET ASSETS CUMULATIVE	14,040,854	13,490,737	27,531,587	8,103,114	112,863,845	81,478,611	(31,385,234)	39%

Note 1) Management & General and Communications & Customer Service Expenses (Admin) have been allocated based on total expenses.
Note 2) Admin costs are allocated for mgmt reporting only. GAAP for Not for Profits does not allow allocation of admin costs to program expenses.
Note 3) Program Management costs include both outsourced and internal staff.
Note 4) Cumulative carryover at 12/31/2012 reflects audited results.

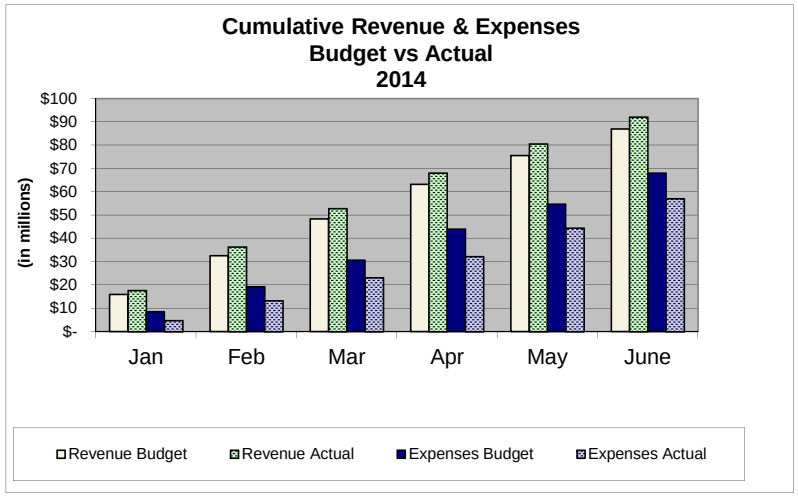
Energy Trust of Oregon
Program Expense by Service Territory
For the Six Months Ending June 30, 2014
(Unaudited)

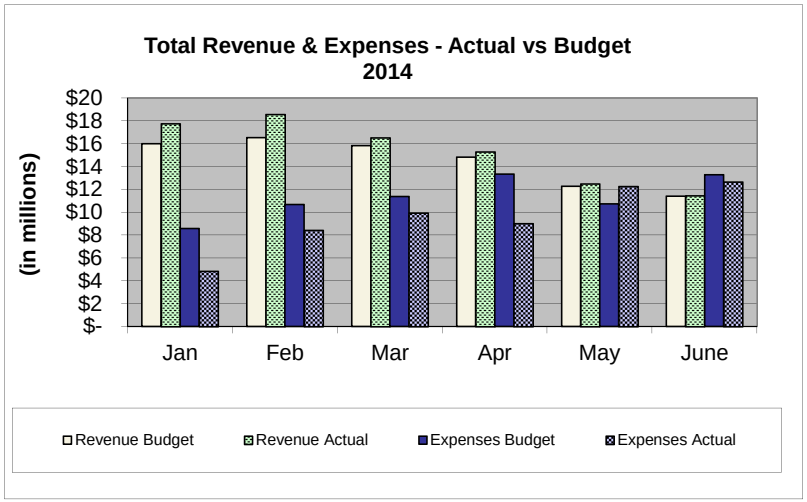
	PGE	Pacific Power	Subtotal Elec.	NWN Industrial	NW Natural Gas	Cascade	Subtotal Gas	Oregon Total	NWN WA	ETO Total	YTD Budget	Variance	% Var
Energy Efficiency													
Commercial													
Existing Buildings	7,191,283	4,444,846	11,636,129	151,333	1,304,065	303,033	1,758,431	13,394,560	149,609	13,544,169	17,686,768	4,142,599	23%
New Buildings	4,160,810	690,084	4,850,894	210,940	563,515	60,674	835,129	5,686,023		5,686,023	5,654,796	(31,227)	-1%
NEEA	832,990	628,396	1,461,386		15,077	962	16,039	1,477,425		1,477,425	1,345,710	(131,715)	-10%
Total Commercial	**12,185,083**	**5,763,325**	**17,948,409**	**362,274**	**1,882,657**	**364,669**	**2,609,599**	**20,558,008**	**149,609**	**20,707,617**	**24,687,274**	**3,979,657**	**16%**
Industrial													
Production Efficiency	6,013,030	3,305,220	9,318,249	460,156	224,902	158,793	843,852	10,162,101		10,162,101	10,562,505	400,404	4%
NEEA	318,604	240,351	558,955					558,955		558,955	642,842	83,887	13%
Total Industrial	**6,331,633**	**3,545,571**	**9,877,204**	**460,156**	**224,902**	**158,793**	**843,852**	**10,721,056**		**10,721,056**	**11,205,347**	**484,291**	**4%**
Residential													
Existing Homes	2,963,289	2,950,857	5,914,146		3,376,492	154,953	3,531,445	9,445,591	139,125	9,584,716	10,569,133	984,417	9%
New Homes/Products	4,983,359	3,019,903	8,003,262		1,640,960	161,668	1,802,628	9,805,890	155,732	9,961,622	10,572,111	610,489	6%
NEEA	1,253,598	945,696	2,199,295		15,077	962	16,039	2,215,334		2,215,334	1,857,538	(357,796)	-19%
Total Residential	**9,200,246**	**6,916,456**	**16,116,703**		**5,032,530**	**317,583**	**5,350,112**	**21,466,815**	**294,857**	**21,761,672**	**22,998,782**	**1,237,110**	**5%**
Energy Efficiency Program Costs	**27,716,963**	**16,225,352**	**43,942,315**	**822,430**	**7,140,089**	**841,044**	**8,803,564**	**52,745,879**	**444,466**	**53,190,345**	**58,891,403**	**5,701,058**	**10%**
Renewables													
Solar Electric (Photovoltaic)	2,005,599	850,755	2,856,354					2,856,354		2,856,354	5,142,193	2,285,839	44%
Other Renewable	437,757	622,093	1,059,850					1,059,850		1,059,850	3,985,471	2,925,621	73%
Renewables Program Costs	**2,443,356**	**1,472,848**	**3,916,204**					**3,916,204**		**3,916,204**	**9,127,664**	**5,211,460**	**57%**
Cost Grand Total	**30,160,319**	**17,698,200**	**47,858,519**	**822,430**	**7,140,089**	**841,044**	**8,803,564**	**56,662,083**	**444,466**	**57,106,551**	**68,019,067**	**10,912,516**	**16%**

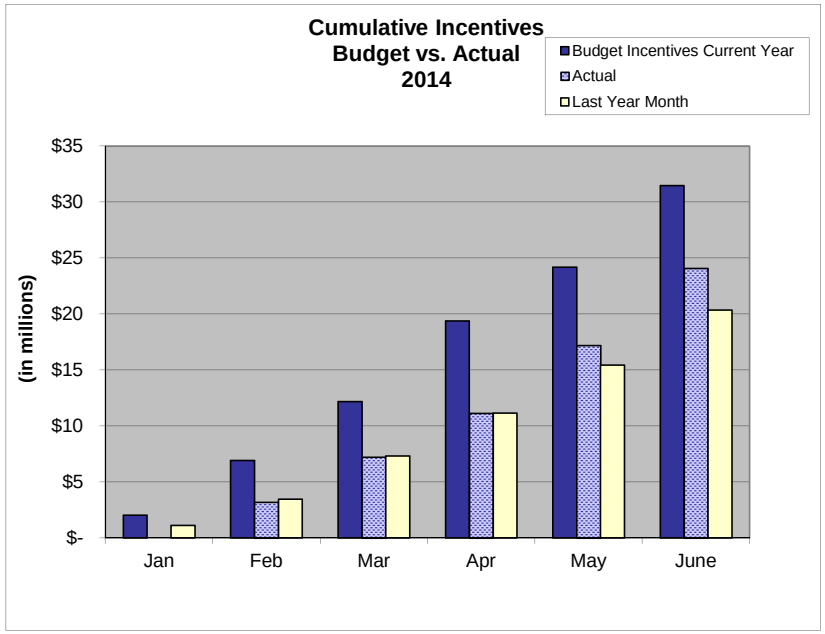
Energy Trust of Oregon
Administrative Expenses
For the Quarter and Six Months Ending June 30, 2014
(Unaudited)

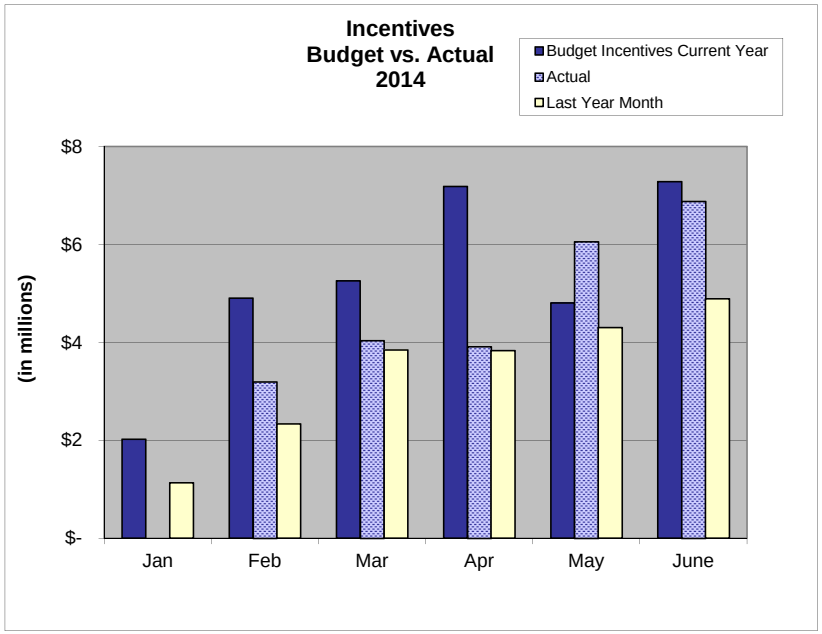
	MANAGEMENT & GENERAL						COMMUNICATIONS & CUSTOMER SERVICE					
	QUARTER			YTD			QUARTER			YTD		
	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	VARIANCE
EXPENSES												
Outsourced Services	$102,797	$160,017	$57,220	$165,443	$296,035	$130,592	$342,135	$265,300	($76,835)	$431,909	$530,600	$98,691
Legal Services	160	13,750	13,590	752	27,500	26,749						
Salaries and Related Expenses	471,326	527,605	56,279	953,472	1,052,543	99,072	228,915	298,515	69,600	439,258	597,030	157,772
Supplies	45	1,950	1,905	1,028	3,900	2,872	308	240	(68)	381	480	99
Telephone		545	545	180	1,090	910	160	490	330	160	700	540
Postage and Shipping Expenses	24		(24)	24		(24)		250	250		500	500
Noncapitalized Equipment								250	250		500	500
Printing and Publications	220	75	(145)	262	150	(112)	428	1,750	1,322	782	3,500	2,718
Travel	9,290	13,305	4,015	12,346	26,610	14,264	6,535	9,500	2,965	8,903	19,000	10,097
Conference, Training & Mtngs	15,390	35,360	19,970	20,137	70,720	50,583	3,931	5,500	1,569	4,201	11,000	6,799
Interest Expense and Bank Fees		1,250	1,250	2,000	2,500	500						
Miscellaneous Expenses		180	180		360	360						
Dues, Licenses and Fees	2,639	2,150	(489)	3,338	4,300	962	2,291	400	(1,891)	3,096	800	(2,296)
Shared Allocation (Note 1)	42,094	46,650	4,555	85,549	93,300	7,751	23,786	31,522	7,736	46,920	63,044	16,124
IT Service Allocation (Note 2)	68,443	106,228	37,786	154,555	241,758	87,203	46,247	71,778	25,532	104,432	163,355	58,923
Planning & Eval	436	472	36	959	961	3						
TOTAL EXPENSES	**712,865**	**909,538**	**196,672**	**1,400,042**	**1,821,728**	**421,685**	**654,736**	**685,495**	**30,758**	**1,040,042**	**1,390,508**	**350,467**

Note 1) Represents allocation of Shared (General Office Management) Cos
Note 2) Represents allocation of Shared IT Costs


Cumulative Revenue & Expenses
Budget vs Actual
2014
(in millions)
$100
$90
$80
$70
$60
$50
$40
$30
$20
$10
$-
Jan
Feb
Mar
Apr
May
June
Revenue Budget
Revenue Actual
Expenses Budget
Expenses Actual


Total Revenue & Expenses - Actual vs Budget
2014
(in millions)
$20
$18
$16
$14
$12
$10
$8
$6
$4
$2
$-
Jan
Feb
Mar
Apr
May
June
Revenue Budget
Revenue Actual
Expenses Budget
Expenses Actual


Cumulative Incentives
Budget vs. Actual
2014
Budget Incentives Current Year
Actual
Last Year Month
(in millions)
$35
$30
$25
$20
$15
$10
$5
$-
Jan
Feb
Mar
Apr
May
June


Incentives
Budget vs. Actual
2014
Budget Incentives Current Year
Actual
Last Year Month
(in millions)
$8
$6
$4
$2
$-
Jan
Feb
Mar
Apr
May
June

R00407

For contracts with costs through: 7/1/2014

Energy Trust of Oregon
Contract Status Summary Report

Report Date: 7/22/2014

Contractor	Description	*City	Est Cost	Actual TTD	Remaining	Start	End
Administration							
		Administration Total:	**7,966,726**	**3,072,760**	**4,893,965**		
Communications & Outreach							
		Communications & Outreach Total:	**3,160,634**	**1,665,543**	**1,495,091**		
Energy Efficiency Programs							
Northwest Energy Efficiency Alliance	Regional Energy Eff Initiative	Portland	39,138,680	33,120,355	6,018,325	1/1/10	7/1/15
ICF Resources, LLC	PMC BE 2014	Fairfax	9,008,736	4,027,165	4,981,571	1/1/14	12/31/14
CLEAResult Consulting Inc	2014 HES PMC	Austin	7,595,520	3,487,558	4,107,962	1/1/14	12/31/14
Portland Energy Conservation, Inc.	PMC NHP 2014	Portland	6,965,473	3,099,696	3,865,777	1/1/14	12/31/14
Portland Energy Conservation, Inc.	2014 NBE PMC	Portland	4,735,000	2,180,540	2,554,460	1/1/14	12/31/14
Intel Corporation	Intel D1X Megaproject	Hillsboro	4,000,000	4,000,000	0	11/15/12	12/31/14
Lockheed Martin Services, Inc.	2014 MF PMC	Cherry Hill	3,569,068	1,501,176	2,067,892	1/1/14	12/31/14
Portland General Electric	PDC - PE 2014	Portland	2,314,600	904,564	1,410,036	1/1/14	12/31/14
Oregon State University	CHP Project - OSU	Corvallis	2,024,263	1,982,682	41,581	12/20/10	1/31/16
Energy 350 Inc	PDC - PE 2014	Portland	1,996,000	940,845	1,055,155	1/1/14	12/31/14
NEXANT, INC.	PDC - PE 2014	San Francisco	1,429,461	695,490	733,971	1/1/14	12/31/14
Cascade Energy, Inc.	PDC - PE 2014 Small Industrial	Walla Walla	1,234,100	576,585	657,515	1/1/14	12/31/14
RHT Energy Solutions	PDC - PE 2014	Medford	1,145,000	554,984	590,016	1/1/14	12/31/14
Evergreen Consulting Group, LLC	PE Lighting PDC 2014	Tigard	1,092,000	552,336	539,664	1/1/14	12/31/14
Northwest Power & Conservation Council	Annual Work Plan		874,652	845,716	28,936	3/20/12	12/31/14
Evoworx Inc.	EnergySavvy Online Audit Tool	Seattle	472,500	380,384	92,116	1/1/12	12/31/14
Clean Energy Works Oregon Inc	Clean Energy Works	Portland	448,500	300,000	148,500	1/1/10	6/30/14
OPOWER, Inc.	OPower Personal Energy Reports	Arlington	399,447	343,415	56,032	8/1/13	7/31/15
The Cadmus Group Inc.	PE Impact Eval 2012	Watertown	345,000	12,430	332,571	4/15/14	1/31/15
Cascade Energy, Inc.	SEM Curriculum	Walla Walla	329,080	18,195	310,885	5/1/14	4/30/16
Craft3	SWR Loan Origination/Loss Fund	Portland	305,000	0	305,000	6/1/14	6/30/15
Craft3	Loan Agreement	Portland	300,000	100,000	200,000	6/1/14	6/20/25
CLEAResult Consulting Inc	2014 HES WA PMC	Austin	277,600	91,545	186,055	1/1/14	12/31/14
The Cadmus Group Inc.	BE Impact Evaluation 2012	Watertown	250,000	155,737	94,263	1/1/14	12/31/14
EnerNoc, Inc.	Commercial SEM curriculum	Boston	216,915	0	216,915	6/27/14	5/30/15
J. Hruska Global	Quality Assurance Services	Columbia City	215,000	158,334	56,666	1/1/13	12/31/14
ICF Resources, LLC	NWN WA BE 2014	Fairfax	191,538	52,360	139,178	1/1/14	12/31/14
The Cadmus Group Inc.	NBE Program Impact Evaluation	Watertown	186,000	123,026	62,974	1/15/14	9/30/14
Northwest Energy Efficiency Alliance	Product Funding Agreement	Portland	171,851	152,619	19,232	6/5/14	12/31/15
Abt SRBI Inc.	Fast Feedback Surveys	New York	118,000	23,000	95,000	1/31/14	2/29/16
Navigant Consulting Inc	CORE Improvement Pilot Eval	Boulder	115,000	90,340	24,660	9/1/12	9/1/15
ICF Resources, LLC	NWN DSM Initiative 2014	Fairfax	113,850	44,800	69,050	1/1/14	12/31/14
Ecotope, Inc.	Gas Hearth Study	Seattle	105,104	105,096	8	10/10/13	9/1/15
The Cadmus Group Inc.	RTU Tune-up Evaluation	Watertown	105,000	68,025	36,975	1/1/14	12/31/14
Pivotal Energy Solutions LLC	EPS New Home dbase construct	Gilbert	100,000	0	100,000	7/1/14	6/30/16

*The city indicated is the contractor's mailing address, not necessarily the location where work was performed.

Contractor	Description	*City	Est Cost	Actual TTD	Remaining	Start	End
CLEAResult Consulting Inc	QA Reinspection Services	Austin	96,116	7,011	89,105	4/28/14	3/30/15
PWP, Inc.	NBE Process Evaluation	Gaithersburg	95,000	44,086	50,914	1/15/14	12/31/14
The Cadmus Group Inc.	Commercial Op Pilot Eval	Watertown	85,000	81,200	3,801	7/1/11	9/1/15
PWP, Inc.	Comm SEM Initiative Evaluation	Gaithersburg	52,000	48,879	3,121	7/1/12	9/30/14
ICF Resources, LLC	OSU CHP Performance Monitoring	Fairfax	50,000	22,790	27,210	7/1/13	6/30/14
KEMA Incorporated	NEEA 2014 Lighting Survey	Oakland	47,500	23,750	23,750	12/2/13	10/30/14
PWP, Inc.	SEM Intro Pilot Evaluation	Gaithersburg	40,000	21,490	18,510	10/28/13	10/2/15
CLEAResult Consulting Inc	New Homes QA Inspections	Austin	37,100	0	37,100	4/28/14	12/31/14
The Cadmus Group Inc.	Lighting Pilot Evaluation	Watertown	35,000	27,619	7,381	4/1/12	12/31/14
Apex Analytics LLC	Nest Pilot Evaluation	Boulder	32,000	26,180	5,820	11/15/13	10/31/14
David Lineweber	Heat Pump Study	Tigard	30,500	4,790	25,710	3/20/14	3/31/15
Btan Consulting	ESP Cert Boot Camp Evaluation	Madison	30,000	15,213	14,788	2/1/14	4/30/15
Energy Center of Wisconsin	Billing Analysis Review	Madison	30,000	1,110	28,890	11/1/13	12/31/14
MetaResource Group	Intel D1X Megaproject	Portland	30,000	8,343	21,657	10/10/11	12/31/14
Michael Blasnick & Associated	Billing Analysis Process	Boston	30,000	3,938	26,063	1/1/10	12/31/14
Seattle City Light	Lighting Design Lab	Seattle	30,000	0	30,000	1/1/14	12/31/14
The Cadmus Group Inc.	Pay For Performance Pilot Eval	Watertown	30,000	2,775	27,225	9/25/13	12/31/14
Pivotal Energy Solutions LLC	License Agreement	Gilbert	29,500	9,838	19,662	3/1/14	12/31/14
Stellar Processes, Inc.	BE Measure Evaluation	Portland	25,250	19,125	6,125	10/24/12	10/24/14
Portland General Electric	PGE Efficiency Seminars 2014	Portland	24,950	24,950	0	1/1/14	12/31/14
Triple Point Energy Inc.	SEM workshops	Portland	24,240	0	24,240	6/10/14	1/31/15
Northwest Energy Efficiency Alliance	NEEA Product Funding Agreement	Portland	20,000	20,000	0	2/1/14	3/1/15
WegoWise Inc	benchmarking license 2015	Boston	20,000	0	20,000	6/15/14	12/31/15
Oregon Assoc. of Clean Water Agencies	SEM Training - Round III		19,920	14,000	5,920	5/23/13	6/15/14
KEMA Incorporated	Market Lift Pilot Evaluation	Oakland	19,500	9,585	9,915	3/1/14	9/1/14
Consortium for Energy Efficiency	Membership Dues - 2014		18,889	18,889	0	4/16/14	12/31/14
Sheepscot Creative LLC	SEM Videos	Portland	15,000	8,000	7,000	4/22/14	9/30/14
MetaResource Group	Energy Performance Score Eval	Portland	14,500	14,475	25	9/1/13	5/30/14
ARAMARK Sports & Entertainment LLC	ACEEE conf hotel 2014	Pacific Grove	14,186	12,859	1,327	6/20/14	9/20/14
Navigant Consulting Inc	SEM workshop	Boulder	13,375	0	13,375	6/15/14	10/31/14
Consumer Opinion Services Inc	Residential Phone Surveys	Seattle	12,000	9,230	2,770	9/1/13	10/31/14
Lane Community College, NEEI Science Division	2014 Scholarship Grant	Eugene	10,600	0	10,600	1/1/14	12/31/14
Portland State University Foundation	Green Modular Classroom Proj	Portland	10,500	10,500	0	6/13/12	7/31/14
American Council for and Energy Efficient Economy	Advancing EE Programs		10,000	10,000	0	12/19/13	9/30/14
American Council for and Energy Efficient Economy	High Participation Rates		10,000	10,000	0	12/23/13	12/31/14
American Council for and Energy Efficient Economy	Game-Based EE Programs		10,000	10,000	0	12/23/13	10/31/14
American Council for and Energy Efficient Economy	Extended Motor Products Label		10,000	10,000	0	12/23/13	3/31/15

*The city indicated is the contractor's mailing address, not necessarily the location where work was performed.

Contractor	Description	*City	Est Cost	Actual TTD	Remaining	Start	End
American Council for and Energy Efficient Economy	ACEEE conference 2014		9,090	9,090	0	6/20/14	8/20/14
Bridgetown Printing Company	January 2014 Bill Insert	Portland	8,509	8,509	0	1/1/14	12/31/14
City of Portland Bureau of Planning & Sustainability	City of Portland Workshops	Portland	8,000	8,000	0	1/1/14	12/31/14
TRC Engineers Inc.	SEM workshop	Irvine	7,400	0	7,400	6/15/14	10/31/14
Northwest Environmental Business Council	Future Energy Conference 2014	Portland	6,500	6,500	0	2/13/14	12/31/14
Cascadia Region Green Building Council	Cascadia Green Bldgs Sponsor	Portland	5,000	5,000	0	1/15/14	1/15/15
Social Enterprises Inc.	GoGreen Sponsorship - 2014	Portland	5,000	5,000	0	3/14/14	10/31/14
The Cadmus Group Inc.	SEM workshop	Watertown	4,800	0	4,800	6/15/14	10/31/14
	Energy Efficiency Programs Total:		**93,054,863**	**61,281,719**	**31,773,144**		
Joint Programs							
D&R International LTD	Better Data Better Design	Silver Spring	133,500	25,000	108,500	4/30/13	7/31/14
Portland State University	Technology Forecasting		87,437	58,598	28,839	11/7/11	12/31/14
Research Into Action, Inc.	Residential Awareness Study	Portland	65,000	8,205	56,796	5/1/14	12/31/14
Watkins and Associates, Inc.	EPS & Solar Valuation Study	Portland	38,000	18,735	19,265	2/1/14	11/30/14
E Source Companies LLC	E Source Service Agreement	Boulder	36,500	36,500	0	2/1/14	1/31/15
The Cadmus Group Inc.	Evaluation Consultant	Watertown	29,210	29,125	85	6/20/13	2/28/15
KRH Consulting	Work Load Mangement	Portland	25,900	24,752	1,148	4/23/13	10/1/14
Navigant Consulting Inc	P&E Consultant Services	Boulder	22,530	22,530	0	1/15/14	12/30/15
Pinnacle Economics Inc	Economic Impacts Study	Camas	20,720	20,720	0	2/1/14	2/1/15
CoStar Realty Information Inc	Property Data	Baltimore	19,220	18,720	500	6/1/11	5/31/14
Glumac Inc	Planning Technical Analysis	Portland	15,000	15,000	0	10/17/12	10/17/14
American Council for and Energy Efficient Economy	ACEEE Sponsorships - 2014		7,500	7,500	0	1/1/14	12/31/14
Bruins Analysis and Consulting	Fast Feedback Reporting	Bremerton	6,000	0	6,000	6/1/14	4/30/15
	Joint Programs Total:		**506,517**	**285,384**	**221,133**		
Renewable Energy Program							
JC-Biomethane LLC	Biogas Plant Project Funding	Eugene	2,000,000	676,056	1,323,944	10/18/12	10/18/32
Oregon Institute of Technology	Geothermal Resource Funding	Klamath Falls	1,550,000	0	1,550,000	9/11/12	9/11/32
Central Oregon Irrigation District	COID Juniper Phase 2	Redmond	1,281,820	0	1,281,820	7/19/13	7/19/33
Farm Power Misty Meadows LLC	Misty Meadows Biogas Facility	Mount Vernon	1,000,000	500,000	500,000	10/25/12	10/25/27
Three Sisters Irrigation District	TSID Hydro	Sisters	1,000,000	0	1,000,000	4/25/12	9/30/32
Farmers Irrigation District	FID - Plant 2 Hydro	Hood River	825,000	0	825,000	4/1/14	4/1/34
Tioga Solar VI, LLC	Photovoltaic Project Agreement	San Mateo	570,760	570,760	0	2/1/09	2/1/30
City of Medford	750kW Combined Heat & Power	Medford	450,000	225,000	225,000	10/20/11	10/20/31
City of Pendleton	Pendleton Microturbines	Pendleton	450,000	150,000	300,000	4/20/12	4/20/32
RES - Ag FGO LLC	Biogas Manure Digester Project	Washington	441,660	331,245	110,415	10/27/10	10/27/25
RES - Ag FGO LLC	Biogas Manure Digester - FGO	Washington	441,660	110,415	331,245	10/27/10	10/27/25
Oak Leaf Energy Partners Ohio, LLC	BVT Sexton Mtn PV	Denver	355,412	0	355,412	5/15/14	12/31/34
CIty of Gresham	City of Gresham Cogen 2		330,000	0	330,000	4/9/14	7/9/34

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Contractor	Description	*City	Est Cost	Actual TTD	Remaining	Start	End
K2A Properties, LLC	Doerfler Wind Farm Project	Aumsville	230,000	203,970	26,030	5/20/10	5/20/30
Confederated Tribes of the Umatilla Indian Reservation	Small Wind Project Funding	Pendleton	170,992	0	170,992	7/25/13	12/31/28
Klamath Basin Geopower Inc	Henley Proj Dev Assistance	Reno	150,000	42,000	108,000	4/10/14	8/31/15
City of Astoria	Bear Creek Funding Agreement	Astoria	143,000	0	143,000	3/24/14	3/24/34
Bloomberg LP	Insight Services	San Francisco	114,800	85,983	28,817	4/1/11	1/1/15
Klamath Basin Geopower Inc	Poe Valley Proj Dev Assistance	Reno	112,874	63,000	49,874	4/10/14	6/30/15
Clean Power Research, LLC	PowerClerk License	Napa	104,278	0	104,278	7/1/14	6/30/15
Gary Higbee DBA WindStream Solar	Solar Verifier Services	Eugene	100,000	0	100,000	8/1/14	7/31/16
Gary Higbee DBA WindStream Solar	Small Wind Verifier	Eugene	100,000	0	100,000	8/1/14	7/31/16
Wallowa Resources Community Solutions, Inc.	Upfront Hydroelectric Project		100,000	15,790	84,210	10/1/11	10/1/15
Oregon Military Department	Kingsley Field Geothermal Proj	Salem	75,000	47,500	27,500	11/26/13	8/29/14
Deschutes Valley Water District	Early Development Assistance	Madras	68,373	0	68,373	7/23/13	12/31/14
Mapdwell LLC	Mapdwell Account	Boston	66,381	10,405	55,976	3/17/14	3/31/16
Mariah Wind LLC	Development Assistance Funding	Victor	65,300	0	65,300	10/25/13	12/31/14
The Cadmus Group Inc.	Residential Solar Mkt Research	Watertown	60,000	15,051	44,950	3/18/14	12/31/14
City of Klamath Falls	Klamath Falls Biopower Project	Klamath Falls	49,927	0	49,927	1/9/14	12/31/14
Clean Energy States Alliance	CESA Year 11 (2014)		39,500	39,500	0	7/1/13	6/30/14
Wallowa Resources Community Solutions, Inc.	Hydroelectric Pipeline		25,000	8,000	17,000	6/26/14	3/30/15
University of Oregon	UO SRML Contribution - 2014	Eugene	24,999	24,999	0	3/10/14	3/10/15
Robert Migliori	42kW wind energy system	Newberg	24,125	11,641	12,484	4/11/07	1/31/24
Solar Oregon	Education & Outreach Services	Portland	24,000	12,000	12,000	1/1/14	12/31/15
Bonneville Environmental Foundation	REC policy analysis	Portland	20,000	0	20,000	6/15/14	12/31/14
Ecofys US, Inc.	Renewable Energy Consultant	Corvallis	18,000	8,663	9,338	4/7/14	3/31/16
Farmers Conservation Alliance	Small-Scale Hydro Plant Review	Hood River	17,500	0	17,500	1/2/14	10/30/14
Warren Griffin	Griffin Wind Project	Salem	13,150	9,255	3,895	10/1/05	10/1/20
Clean Energy States Alliance	CESA ITAC		10,000	10,000	0	1/1/14	12/31/14
Garrad Hassan America Inc	RE Consulting Services	San Diego	6,841	6,841	0	6/11/13	2/28/15
OSEIA-Oregon Solar Energy Industries Assoc	OSEIA 2014 Conference		5,000	5,000	0	2/6/14	12/31/14
Solar Oregon	Solar Now! University Sponsor	Portland	5,000	5,000	0	3/28/14	12/31/14
eFormative Options LLC	RE Evaluation Consultant	Vashon	3,000	3,000	0	3/1/13	2/28/15
	Renewable Energy Program Total:		**12,643,352**	**3,191,073**	**9,452,279**		
	Grand Totals:		**117,332,092**	**69,496,480**	**47,835,612**		

*The city indicated is the contractor's mailing address, not necessarily the location where work was performed.

Notes on July 2014 Financial Statements

August 25, 2014

Revenue

July revenues were slightly less than expected, but our YTD revenue remains above budgeted amounts. We are $2.1 million above last year's revenue at this time.

Jul-14	YTD Actual	YTD Budget	YTD Var	YTD %
PGE	52,849,071	50,394,841	2,454,230	5%
PAC	32,150,289	30,588,034	1,562,255	5%
NWN	16,694,526	17,269,070	(574,544)	-3%
CNG	2,060,238	1,205,637	854,601	71%
Investment Income	120,875	45,500	75,375	166%
Total	103,874,999	99,503,082	4,371,917	4%

Reserves

Total Reserves at the end of July are shown below. The reserves for PGE and PacifiCorp continue to grow, but we are starting to see some decreases in the overall reserves for the gas utilities.

Reserves

	Actual 12/31/13 Amount	Actual 7/31/14 Amount	YTD % Change	Actual 6/30/14 Amount
PGE	24,483,032	39,767,710	62.4%	38,844,603
PacifiCorp	11,560,814	21,060,362	82.2%	20,368,332
NW Natural	8,569,670	14,192,144	65.6%	15,070,665
Cascade	658,260	1,741,293	164.5%	1,831,001
NWN Industrial	356,235	1,472,676	313.4%	558,158
NWN Washington	473,674	466,163	-1.6%	556,385
PGE Renewables	12,041,462	14,211,445	18.0%	14,040,854
PAC Renewables	11,793,715	13,445,004	14.0%	13,490,737
Contingency Reserve	5,000,000	5,000,000	0.0%	5,000,000
Contingency Available	2,993,710	3,127,985	4.5%	3,103,114
Total	77,930,572	114,484,784	46.9%	112,863,851

Expenses

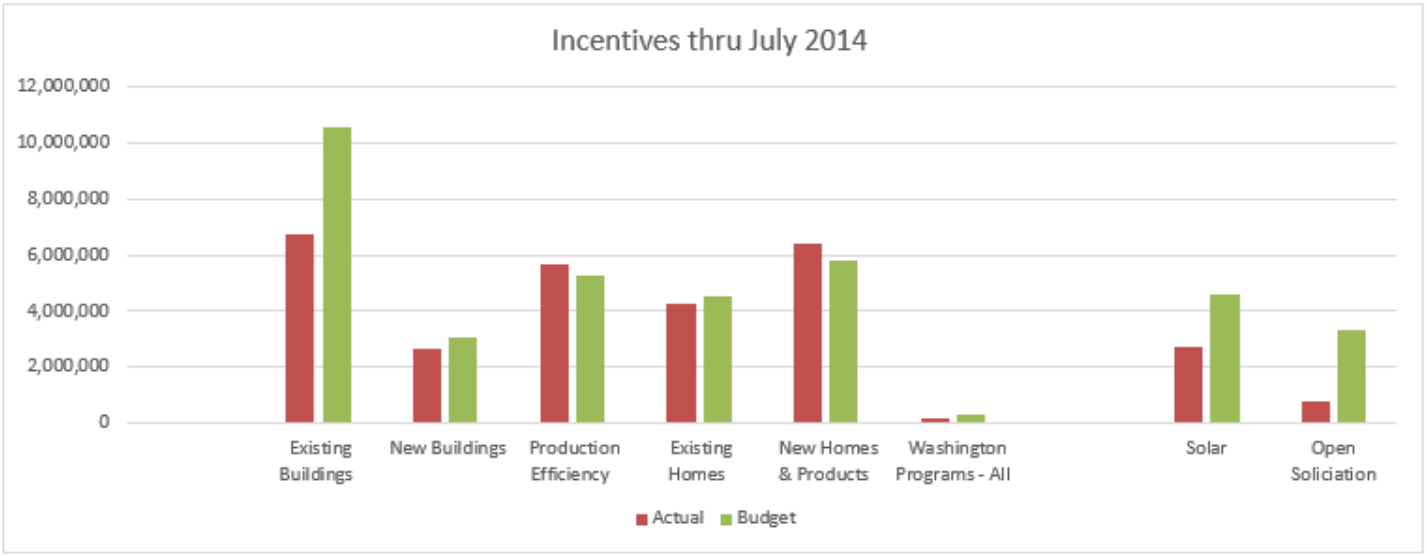
We continue to spend at a higher rate than last year. We have spent almost $8 million more than we did at July 31, 2013 ($67 this year vs. $59 last year). However, we are still $13 million below our budgeted spending of $80 million for the year.

Incentive Expenses

In July we were short of budgeted incentives by $780,000 (13%). The following graph shows how each of the programs is doing relative to their budgeted amount. Most of the programs are fairly close to budget.

The Existing Buildings program is underspent by $3.8 million compared to budget. The program is short almost $1 million on the gas side ($1.8 budget vs. $0.9 actual) and $2.9 million on the electric side ($8.7 budget vs. $5.8 actual) Existing Buildings program staff predict incentive expenditures will increase significantly by December with bonuses, caps and other actions taking effect. Total incentive expenditures will still come in below budget, but by a narrower margin than year-to-date.

Renewables incentives are underspent by $4.4 million. As discussed last month, projects from solar have been delayed and are expected to occur in either late 2014 or 2015. And other renewable incentives, including a $1.55 million payment to OIT for a geothermal project and a $.7 million payment for the Three Sisters Hydro project have been pushed back to later this year.



Total Incentives
Year-to-Date 2014

Incentives thru July 2014

	Actual	Budget	Variance	Var %
Existing Buildings	6,726,162	10,556,584	3,830,422	36%
New Buildings	2,629,804	3,057,432	427,628	14%
Production Efficiency	5,678,456	5,294,064	(384,392)	-7%
Existing Homes	4,228,200	4,494,793	266,593	6%
New Homes & Products	6,420,912	5,822,549	(598,363)	-10%
Washington Programs - All	179,473	312,665	133,192	43%
Solar	2,703,387	4,595,617	1,892,230	41%
Open Soliciation	765,593	3,316,018	2,550,425	77%
Total Incentives	29,331,987	37,449,722	8,117,735	22%
Energy Efficiency Only	**25,863,007**	**29,538,087**	**3,675,080**	**12%**

Total Incentives
Year-to-Year Comparison

July 2014 v July 2013

	Current Year	Prior Year	Variance	Var %
Existing Buildings	6,726,162	4,912,975	(1,813,187)	-37%
New Buildings	2,629,804	3,324,951	695,147	21%
Production Efficiency	5,678,456	5,017,339	(661,117)	-13%
Existing Homes	4,228,200	3,473,877	(754,323)	-22%
New Homes & Products	6,420,912	4,528,616	(1,892,296)	-42%
Washington Programs - All	179,473	186,059	6,586	4%
Solar	2,703,387	1,873,523	(829,864)	-44%
Other	765,593	551,376	(214,217)	-39%
Total Incentives	29,331,987	23,868,712	(5,463,275)	-23%
Energy Efficiency Only	**25,863,007**	**21,443,817**	**(4,419,190)**	**-21%**

Energy Trust of Oregon
BALANCE SHEET
July 31, 2014
(Unaudited)

	Jul 2014	Jun 2014	DEC 2013	Jul 2013	Change from one month ago	Change from Beg. of Year	Change from one year ago
Current Assets							
Cash & Cash Equivalents	66,975,266	71,158,883	76,484,638	87,013,636	(4,183,617)	(9,509,372)	(20,038,370)
Restricted Cash (Escrow Funds)	0	0	0	252,704	0	0	(252,704)
Investments	52,678,359	47,499,987	25,270,363	4,980,363	5,178,372	27,407,996	47,697,995
Restricted Investments (Escrow Funds)	0	0	77,988		0	(77,988)	0
Receivables	162,615	151,373	8,276	8,709	11,242	154,339	153,905
Prepaid Expenses	765,818	760,796	526,087	811,770	5,022	239,731	(45,952)
Advances to Vendors	1,872,443	2,037,922	2,015,420	1,753,938	(165,479)	(142,977)	118,505
Current Portion Note Receivable	10,000	10,000			0	10,000	10,000
Total Current Assets	**122,464,500**	**121,618,960**	**104,382,771**	**94,821,120**	**845,540**	**18,081,729**	**27,643,380**
Fixed Assets							
Computer Hardware and Software	1,434,324	1,474,056	1,401,967	1,368,867	(39,731)	32,357	65,457
Software Development	504,730	342,691			162,039	504,730	504,730
Leasehold Improvements	313,333	313,333	313,333	313,333	0	0	0
Office Equipment and Furniture	600,662	600,662	600,662	600,662	0	0	0
Total Fixed Assets	**2,853,050**	**2,730,742**	**2,315,962**	**2,282,863**	**122,308**	**537,087**	**570,187**
Less Depreciation	(1,657,328)	(1,668,761)	(1,500,494)	(1,362,779)	11,434	(156,833)	(294,549)
Net Fixed Assets	**1,195,722**	**1,061,980**	**815,468**	**920,083**	**133,742**	**380,254**	**275,638**
Other Assets							
Rental Deposit	64,461	64,461	61,461	64,461	0	3,000	0
Deferred Compensation Asset	544,596	534,727	552,641	449,688	9,869	(8,044)	94,908
Long Term Portion Note Receivable	90,000	90,000			0	90,000	90,000
Total Other Assets	**699,058**	**689,189**	**614,102**	**514,149**	**9,869**	**84,956**	**184,908**
Total Assets	**124,359,280**	**123,370,129**	**105,812,341**	**96,255,353**	**989,151**	**18,546,938**	**28,103,927**
Current Liabilities							
Accounts Payable and Accruals	8,263,825	8,858,337	26,326,508	6,714,725	(594,512)	(18,062,683)	1,549,100
Salaries, Taxes, & Benefits Payable	698,402	748,328	631,548	643,213	(49,926)	66,854	55,189
Total Current Liabilities	**8,962,227**	**9,606,665**	**26,958,055**	**7,357,937**	**(644,438)**	**(17,995,829)**	**1,604,290**
Long Term Liabilities							
Deferred Rent	356,751	357,822	364,244	350,013	(1,070)	(7,492)	6,738
Deferred Compensation Payable	547,396	534,727	552,641	449,688	12,669	(5,244)	97,708
Other Long-Term Liabilities	8,123	7,065	6,830	14,064	1,058	1,293	(5,941)
Total Long-Term Liabilities	**912,270**	**899,614**	**923,714**	**813,765**	**12,657**	**(11,444)**	**98,506**
Total Liabilities	**9,874,497**	**10,506,278**	**27,881,769**	**8,171,702**	**(631,781)**	**(18,007,272)**	**1,702,795**
Net Assets							
Temporarily Restricted Net Assets	0	0	77,988	252,704	0	(77,988)	(252,704)
Unrestricted Net Assets	114,484,783	112,863,851	77,852,585	87,830,947	1,620,932	36,632,198	26,653,835
Total Net Assets	**114,484,783**	**112,863,851**	**77,930,572**	**88,083,651**	**1,620,932**	**36,554,211**	**26,401,132**
Total Liabilities and Net Assets	**124,359,280**	**123,370,129**	**105,812,341**	**96,255,353**	**989,151**	**18,546,938**	**28,103,927**

Energy Trust of Oregon
Cash Flow Statement-Indirect Method
Monthly 2014

	January	February	March	April	May	June	July	Year to Date
Operating Activities:								
Revenue less Expenses	12,906,165	10,113,897	6,583,587	6,287,830	215,826	(1,174,025)	1,620,932	$ 36,554,212
Non-cash items:								
Depreciation	27,123	27,123	28,713	28,418	28,418	28,473	28,298	$ 196,565
Loss on disposal of assets								$ -
Receivables	3,902	(49)	-	-	174	(1,003)	1,003	$ 4,027
Interest Receivable	1,292	663	(27,109)	(112,939)	(33,215)	25,187	(12,245)	$ (158,366)
Advances to Vendors	680,371	678,630	(1,650,387)	365,028	768,936	(865,080)	165,479	$ 142,977
Prepaid expenses and other costs	(151,035)	100,837	11,507	42,345	(28,712)	(209,651)	(5,022)	$ (239,731)
Accounts payable	(19,456,433)	(797,502)	1,417,700	(423,975)	1,401,061	464,334	(594,512)	$ (17,989,327)
Payroll and related accruals	70,280	(88,799)	76,891	(14,227)	38,978	15,743	(37,257)	$ 61,609
Deferred rent and other	(3,988)	51,851	(945)	(10,714)	(13,739)	(113,739)	(9,882)	$ (101,156)
Cash rec'd from / (used in) Operating Activities	(5,922,323)	10,086,651	6,439,957	6,161,766	2,377,727	(1,829,761)	1,156,794	$ 18,470,810
Investing Activities:								
Investment Activity (1)	992,503	992,840	(232,102)	(18,552,646)	(4,712,080)	(713,502)	(5,178,372)	$ (27,403,359)
(Acquisition)/Disposal of Capital Assets	-		(46,620)	-	-	(368,159)	(162,039)	$ (576,818)
Cash rec'd from / (used in) Investing Activities	992,503	992,840	(278,722)	(18,552,646)	(4,712,080)	(1,081,661)	(5,340,411)	$ (27,980,177)
Cash at beginning of Period	76,484,637	71,554,817	82,634,307	88,795,542	76,404,658	74,070,305	71,158,883	76,484,637
Increase/(Decrease) in Cash	(4,929,820)	11,079,491	6,161,235	(12,390,880)	(2,334,353)	(2,911,422)	(4,183,617)	(9,509,366)
Cash at end of period	$ 71,554,817	$ 82,634,307	$ 88,795,542	$ 76,404,658	$ 74,070,305	$ 71,158,883	$ 66,975,266	$ 66,975,266

(1) As investments mature, they are rolled into the Repo account.
Investments that are made during the month reduce available cash.

Energy Trust of Oregon
Cash Flow Projection
January 2014 - December 2015

	Actual							Adjusted Budget				
	January	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**
Cash In:												
Public purpose and Incr funding	17,726,777	18,539,933	16,486,831	15,278,872	12,455,507	11,442,506	11,823,698	10,800,000	10,400,000	13,000,000	11,300,000	13,800,000
From other sources	3,902	(49)	12,500	-	1,074	(1,003)	1,003	-	-	-	-	-
Investment Income	12,036	10,159	(15,526)	(95,411)	(10,883)	49,508	12,626	7,000	7,000	7,000	7,000	7,000
Total cash in	17,742,715	18,550,043	16,483,805	15,183,461	12,445,698	11,491,011	11,837,327	10,807,000	10,407,000	13,007,000	11,307,000	13,807,000
Cash Out:	22,672,537	7,470,551	10,322,571	27,574,340	14,780,049	14,402,435	16,020,945	11,800,000	15,900,000	15,000,000	17,400,000	36,900,000
Net cash flow for the month	(4,929,822)	11,079,492	6,161,234	(12,390,879)	(2,334,351)	(2,911,424)	(4,183,618)	(993,000)	(5,493,000)	(1,993,000)	(6,093,000)	(23,093,000)
Beginning Balance: Cash & MM	76,484,640	71,554,817	82,634,309	88,795,543	76,404,659	74,070,305	71,158,882	66,975,263	65,982,263	60,489,263	58,496,263	52,403,263
Ending cash & MM	**71,554,817**	**82,634,309**	**88,795,543**	**76,404,659**	**74,070,305**	**71,158,882**	**66,975,263**	**65,982,263**	**60,489,263**	**58,496,263**	**52,403,263**	**29,310,263**
Future Commitments												
Renewable Incentives	20,900,000	21,000,000	14,200,000	14,200,000	14,300,000	17,100,000	16,800,000	16,100,000	15,600,000	15,800,000	16,000,000	16,000,000
Efficiency Incentives	39,500,000	47,800,000	44,400,000	44,100,000	43,000,000	49,400,000	49,400,000	48,500,000	47,400,000	47,300,000	47,900,000	48,900,000
Emergency Contingency Pool	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Commitments	65,400,000	73,800,000	63,600,000	63,300,000	62,300,000	71,500,000	71,200,000	69,600,000	68,000,000	68,100,000	68,900,000	69,900,000
Escrow Cash Balance												
Beginning Balance	77,989	77,989	77,993	4,637	4,637							
Net Escrow (Payments)/Funding			(73,356)		(4,637)							
Interest Paid on Escrow Balances		4										
Ending Escrow Balance (1)	77,989	77,993	4,637	4,637	-	-	-	-	-	-	-	-

(1) Included in "Ending cash & MM" above

Dedicated funds adjustment: reduction in available cash for commitments to Renewable program projects with board approval, or when board approval not required, with signed agreements
Committed funds adjustment: reduction in available cash for commitments to Efficiency program projects with signed agreements
Cash reserve: reduction in available cash to cover cashflow variability and winter revenue risk
Escrow: dedicated funds set aside in separate bank accounts

Energy Trust of Oregon
Cash Flow Projection
January 2014 - December 2015

	2015 Round 2 Budget											
	January	**February**	**March**	**April**	**May**	**June**	**July**	**August**	**September**	**October**	**November**	**December**
Cash In:												
Public purpose and Incr funding	15,500,000	16,100,000	15,400,000	14,100,000	11,800,000	11,000,000	11,900,000	11,100,000	10,700,000	12,600,000	11,800,000	14,400,000
From other sources												
Investment Income	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000	8,000
Total cash in	15,508,000	16,108,000	15,408,000	14,108,000	11,808,000	11,008,000	11,908,000	11,108,000	10,708,000	12,608,000	11,808,000	14,408,000
Cash Out:	19,900,000	9,300,000	13,400,000	11,100,000	9,700,000	14,300,000	13,300,000	11,300,000	13,800,000	12,200,000	14,800,000	41,000,000
Net cash flow for the month	(4,392,000)	6,808,000	2,008,000	3,008,000	2,108,000	(3,292,000)	(1,392,000)	(192,000)	(3,092,000)	408,000	(2,992,000)	(26,592,000)
Beginning Balance: Cash & MM	29,310,263	24,918,263	31,726,263	33,734,263	36,742,263	38,850,263	35,558,263	34,166,263	33,974,263	30,882,263	31,290,263	28,298,263
Ending cash & MM	**24,918,263**	**31,726,263**	**33,734,263**	**36,742,263**	**38,850,263**	**35,558,263**	**34,166,263**	**33,974,263**	**30,882,263**	**31,290,263**	**28,298,263**	**1,706,263**
Future Commitments												
Renewable Incentives	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000	16,000,000
Efficiency Incentives	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000	48,900,000
Emergency Contingency Pool	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000	5,000,000
Total Commitments	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000	69,900,000
Escrow Cash Balance												
Beginning Balance												
Net Escrow (Payments)/Funding												
Interest Paid on Escrow Balances												
Ending Escrow Balance (1)	-	-	-	-	-	-	-	-	-	-	-	-

(1) Included in "Ending cash & MM" above

Dedicated funds adjustment: reduction in available cash for commitments to Renewable program projects with board approval, or when board approval not required, with signed agreements
Committed funds adjustment: reduction in available cash for commitments to Efficiency program projects with signed agreements
Cash reserve: reduction in available cash to cover cashflow variability and winter revenue risk
Escrow: dedicated funds set aside in separate bank accounts

Energy Trust of Oregon
Income Statement - Actual and Prior Yr Comparison
For the Seven Months Ending July 31, 2014
(Unaudited)

	July				YTD			
	Actual	Actual Prior Year	Prior Year Variance	Variance %	Actual	Actual Prior Year	Prior Year Variance	Variance %
REVENUES								
Public Purpose Funds-PGE	2,722,282	2,555,785	166,496	-6.5%	22,277,172	20,770,677	1,506,496	7%
Public Purpose Funds-PacifiCorp	2,037,858	2,041,912	(4,054)	0.2%	16,317,523	15,421,415	896,107	6%
Public Purpose Funds-NW Natural	477,561	863,057	(385,496)	44.7%	14,118,647	17,426,071	(3,307,424)	-19%
Public Purpose Funds-Cascade	46,452	56,797	(10,345)	18.2%	2,060,238	1,422,138	638,101	45%
Total Public Purpose Funds	**5,284,153**	**5,517,550**	**(233,398)**	**4.2%**	**54,773,580**	**55,040,301**	**(266,721)**	**0%**
Incremental Funds - PGE	3,605,506	3,635,890	(30,384)	0.8%	30,571,899	29,516,119	1,055,779	4%
Incremental Funds - PacifiCorp	1,909,689	1,966,996	(57,307)	2.9%	15,832,766	15,338,047	494,719	3%
NW Natural - Industrial DSM	1,024,350	575,946	448,404	-77.9%	2,048,702	1,151,892	896,810	78%
NW Natural - Washington			0	0.0%	527,177	645,551	(118,374)	-18%
Contributions			0	0.0%	13,400	930	12,470	1341%
Revenue from Investments	24,872	7,766	17,106	-220.3%	120,875	50,469	70,406	140%
TOTAL REVENUE	**11,848,570**	**11,704,149**	**144,421**	**-1.2%**	**103,888,400**	**101,743,310**	**2,145,089**	**2%**
EXPENSES								
Program Subcontracts	3,344,861	3,507,357	162,497	4.6%	26,851,571	25,688,477	(1,163,094)	-5%
Incentives	5,206,720	3,526,438	(1,680,282)	-47.6%	29,331,987	23,868,714	(5,463,273)	-23%
Salaries and Related Expenses	834,737	764,237	(70,500)	-9.2%	6,103,695	5,589,356	(514,339)	-9%
Professional Services	668,297	316,060	(352,238)	-111.4%	3,717,542	2,620,696	(1,096,846)	-42%
Supplies	5,030	2,172	(2,858)	-131.6%	23,812	18,205	(5,607)	-31%
Telephone	4,405	4,491	86	1.9%	31,036	30,434	(602)	-2%
Postage and Shipping Expenses	1,276	968	(308)	-31.9%	7,207	6,231	(976)	-16%
Occupancy Expenses	47,846	59,323	11,477	19.3%	376,340	387,739	11,398	3%
Noncapitalized Equip. & Depr.	54,173	55,281	1,108	2.0%	391,971	369,254	(22,717)	-6%
Call Center	13,325	41,778	28,452	68.1%	86,869	393,480	306,611	78%
Printing and Publications	6,971	7,431	460	6.2%	78,542	82,947	4,406	5%
Travel	6,728	9,745	3,017	31.0%	73,485	85,607	12,122	14%
Conference, Training & Mtng Exp	7,060	8,373	1,313	15.7%	101,618	74,376	(27,242)	-37%
Interest Expense and Bank Fees		(35)	(35)	100.0%	2,000	443	(1,557)	-352%
Insurance	8,339	9,455	1,116	11.8%	59,505	57,066	(2,439)	-4%
Miscellaneous Expenses			0	0.0%	3,016	590	(2,426)	-411%
Dues, Licenses and Fees	17,871	12,160	(5,712)	-47.0%	93,992	67,594	(26,398)	-39%
TOTAL EXPENSES	**10,227,638**	**8,325,231**	**(1,902,407)**	**-22.9%**	**67,334,189**	**59,341,208**	**(7,992,981)**	**-13%**
TOTAL REVENUE LESS EXPENSES	**1,620,932**	**3,378,917**	**(1,757,986)**	**52.0%**	**36,554,211**	**42,402,102**	**(5,847,891)**	**-14%**

Energy Trust of Oregon
Income Statement - Actual and YTD Budget Comparison
For the Seven Months Ending July 31, 2014
(Unaudited)

	July				YTD			
	Actual	**Budget**	**Budget Variance**	**Variance %**	**Actual**	**Budget**	**Budget Variance**	**Variance %**
REVENUES								
Public Purpose Funds-PGE	2,722,282	2,569,089	153,192	6%	22,277,172	20,878,721	1,398,452	7%
Public Purpose Funds-PacifiCorp	2,037,858	2,200,295	(162,437)	-7%	16,317,523	15,337,200	980,323	6%
Public Purpose Funds-NW Natural	477,561	698,711	(221,151)	-32%	14,118,647	14,107,763	10,885	0%
Public Purpose Funds-Cascade	46,452	57,411	(10,959)	-19%	2,060,238	1,205,637	854,601	71%
Total Public Purpose Funds	**5,284,153**	**5,525,507**	**(241,354)**	**-4%**	**54,773,580**	**51,529,320**	**3,244,260**	**6%**
Incremental Funds - PGE	3,605,506	3,635,890	(30,384)	-1%	30,571,899	29,516,120	1,055,779	4%
Incremental Funds - PacifiCorp	1,909,689	2,189,386	(279,697)	-13%	15,832,766	15,250,834	581,933	4%
NW Natural - Industrial DSM	1,024,350	1,257,878	(233,528)	-19%	2,048,702	2,515,756	(467,054)	-19%
NW Natural - Washington					527,177	645,551	(118,374)	-18%
Contributions					13,400		13,400	0%
Revenue from Investments	24,872	6,500	18,372	283%	120,875	45,500	75,375	166%
TOTAL REVENUE	**11,848,570**	**12,615,161**	**(766,591)**	**-6%**	**103,888,400**	**99,503,081**	**4,385,318**	**4%**
EXPENSES								
Program Subcontracts	3,344,861	4,245,181	900,321	21%	26,851,571	28,525,351	1,673,780	6%
Incentives	5,206,720	5,987,343	780,623	13%	29,331,987	37,449,723	8,117,736	22%
Salaries and Related Expenses	834,737	939,615	104,878	11%	6,103,695	6,859,639	755,945	11%
Professional Services	668,297	894,386	226,089	25%	3,717,542	5,666,810	1,949,268	34%
Supplies	5,030	4,588	(441)	-10%	23,812	32,118	8,307	26%
Telephone	4,405	5,484	1,079	20%	31,036	38,608	7,572	20%
Postage and Shipping Expenses	1,276	1,183	(93)	-8%	7,207	8,283	1,076	13%
Occupancy Expenses	47,846	64,275	16,429	26%	376,340	449,924	73,584	16%
Noncapitalized Equip. & Depr.	54,173	85,180	31,008	36%	391,971	565,477	173,506	31%
Call Center	13,325	15,000	1,675	11%	86,869	105,000	18,131	17%
Printing and Publications	6,971	11,858	4,887	41%	78,542	83,008	4,467	5%
Travel	6,728	17,773	11,045	62%	73,485	140,908	67,422	48%
Conference, Training & Mtng Exp	7,060	32,195	25,135	78%	101,618	239,290	137,672	58%
Interest Expense and Bank Fees		417	417	100%	2,000	2,917	917	31%
Insurance	8,339	9,167	828	9%	59,505	64,167	4,662	7%
Miscellaneous Expenses		268	268	100%	3,016	1,878	(1,138)	-61%
Dues, Licenses and Fees	17,871	8,390	(9,481)	-113%	93,992	108,269	14,277	13%
TOTAL EXPENSES	**10,227,638**	**12,322,303**	**2,094,665**	**17%**	**67,334,189**	**80,341,371**	**13,007,182**	**16%**
TOTAL REVENUE LESS EXPENSES	**1,620,932**	**292,858**	**1,328,074**	**453%**	**36,554,211**	**19,161,711**	**17,392,500**	**91%**

Energy Trust of Oregon
Statement of Functional Expenses
For the Seven Months Ending July 31, 2014
(Unaudited)

	Energy Efficiency	Renewable Energy	Total Program Expenses	Management & General	Communications & Customer Service	Total Admin Expenses	Total	Budget	Variance	% Var
Program Expenses										
Incentives/ Program Management & Delivery	$52,598,535	$3,585,023	$56,183,558				$56,183,558	$65,975,074	$9,791,516	15%
Payroll and Related Expenses	1,790,337	552,207	2,342,544	1,104,117	513,703	1,617,820	3,960,364	4,306,485	346,121	8%
Outsourced Services	2,022,252	180,049	2,202,301	185,314	734,773	920,087	3,122,387	4,941,060	1,818,673	37%
Planning and Evaluation	1,482,207	51,095	1,533,302	1,074		1,074	1,534,376	1,630,851	96,475	6%
Customer Service Management	372,372	15,354	387,726				387,726	393,192	5,466	1%
Trade Allies Network	221,542	10,027	231,569				231,569	274,625	43,056	16%
Total Program Expenses	**58,487,245**	**4,393,754**	**62,880,999**	**1,290,504**	**1,248,476**	**2,538,981**	**65,419,979**	**77,521,288**	**12,101,309**	**16%**
Program Support Costs										
Supplies	7,269	2,015	9,284	5,344	2,237	7,580	16,864	22,665	5,801	26%
Postage and Shipping Expenses	2,731	904	3,636	1,023	545	1,568	5,204	4,826	(378)	-8%
Telephone	1,510	496	2,006	1,018	617	1,635	3,641	8,129	4,488	55%
Printing and Publications	70,484	2,366	72,850	848	2,365	3,213	76,063	80,134	4,071	5%
Occupancy Expenses	114,040	37,492	151,532	63,321	34,527	97,848	249,380	292,207	42,827	15%
Insurance	18,031	5,928	23,959	10,012	5,459	15,471	39,431	41,674	2,243	5%
Equipment	8,383	31,242	39,625	3,289	1,793	5,083	44,708	14,014	(30,694)	-219%
Travel	23,400	13,432	36,832	13,651	9,199	22,850	59,681	113,666	53,985	47%
Meetings, Trainings & Conferences	28,879	10,172	39,051	24,408	4,371	28,779	67,831	157,415	89,584	57%
Interest Expense and Bank Fees				2,000		2,000	2,000	2,917	917	31%
Depreciation & Amortization	28,794	9,466	38,260	15,988	8,718	24,705	62,965	61,712	(1,253)	-2%
Dues, Licenses and Fees	33,470	12,573	46,043	6,838	3,196	10,034	56,076	79,110	23,034	29%
Miscellaneous Expenses	3,016		3,016				3,016	1,367	(1,649)	-121%
IT Services	829,846	106,054	935,900	173,928	117,522	291,450	1,227,350	1,940,246	712,896	37%
Total Program Support Costs	**1,169,853**	**232,140**	**1,401,993**	**321,668**	**190,548**	**512,216**	**1,914,210**	**2,820,082**	**905,872**	**32%**
TOTAL EXPENSES	**59,657,098**	**4,625,894**	**64,282,992**	**1,612,173**	**1,439,024**	**3,051,197**	**67,334,189**	**80,341,371**	**13,007,181**	**16%**

OPUC Measure vs. 9%	**4.3%**

ENERGY TRUST OF OREGON
Year to Date by Program/Service Territory
For the Seven Months Ending July 31, 2014

	ENERGY EFFICIENCY								
	PGE	PacifiCorp	Total	NWN Industrial	NW Natural	Cascade	Oregon Total	NWN WA	ETO Total
REVENUES									
Public Purpose Funding	$17,220,135	$12,707,826	$29,927,961		$14,118,647	$2,060,238	$46,106,846		$46,106,846
Incremental Funding	30,571,899	15,832,766	46,404,665	2,048,702			48,453,367	527,177	48,980,544
Contributions									
Revenue from Investments									
TOTAL PROGRAM REVENUE	**47,792,034**	**28,540,592**	**76,332,626**	**2,048,702**	**14,118,647**	**2,060,238**	**94,560,213**	**527,177**	**95,087,390**
EXPENSES									
Program Management (Note 3)	1,482,659	892,600	2,375,259	63,297	599,095	72,981	3,110,631	79,598	3,190,229
Program Delivery	12,484,908	7,559,414	20,044,323	226,552	2,560,133	366,684	23,197,690	138,991	23,336,681
Incentives	13,578,135	7,639,387	21,217,523	529,564	3,559,631	376,815	25,683,534	179,473	25,863,007
Program Eval & Planning Svcs.	1,336,401	742,132	2,078,533	35,727	471,920	43,804	2,629,987	37,728	2,667,715
Program Marketing/Outreach	1,197,682	730,264	1,927,946	13,523	485,232	38,501	2,465,202	25,647	2,490,849
Program Quality Assurance	22,975	21,519	44,494	0	24,826	1,103	70,423	0	70,423
Outsourced Services	127,857	86,397	214,254	3,088	52,372	4,714	274,428	0	274,428
Trade Allies & Cust. Svc. Mgmt.	241,238	172,678	413,917	2,693	152,068	9,561	578,237	15,676	593,913
IT Services	391,545	235,464	627,007	9,391	160,714	13,398	810,512	19,335	829,847
Other Program Expenses - all	170,909	98,359	269,267	6,181	45,186	5,362	325,996	14,012	340,008
TOTAL PROGRAM EXPENSES	**31,034,309**	**18,178,214**	**49,212,523**	**890,016**	**8,111,177**	**932,923**	**59,146,640**	**510,460**	**59,657,100**
ADMINISTRATIVE COSTS									
Management & General (Notes 1 & 2)	778,319	455,897	1,234,217	22,321	203,422	23,398	1,483,358	12,801	1,496,159
Communications & Customer Svc (Notes 1 & 2)	694,728	406,933	1,101,661	19,924	181,574	20,884	1,324,042	11,427	1,335,469
Total Administrative Costs	1,473,047	862,830	2,335,878	42,245	384,996	44,282	2,807,400	24,228	2,831,628
TOTAL PROG & ADMIN EXPENSES	**32,507,356**	**19,041,047**	**51,548,402**	**932,262**	**8,496,173**	**977,204**	**61,954,042**	**534,688**	**62,488,730**
TOTAL REVENUE LESS EXPENSES	**15,284,678**	**9,499,548**	**24,784,225**	**1,116,441**	**5,622,474**	**1,083,033**	**32,606,173**	**(7,511)**	**32,598,662**
NET ASSETS - RESERVES									
Cumulative Carryover at 12/31/13 (Note 4)	24,483,032	11,560,814	36,043,846	356,235	8,569,670	658,260	45,628,011	473,674	46,101,685
Change in net assets this year	15,284,678	9,499,548	24,784,225	1,116,441	5,622,474	1,083,033	32,606,173	(7,511)	32,598,662
Ending Net Assets - Reserves	**39,767,710**	**21,060,362**	**60,828,071**	**1,472,676**	**14,192,144**	**1,741,293**	**78,234,184**	**466,163**	**78,700,347**
Ending Reserve by Category									
Program Reserves (Efficiency and Renewables)	39,767,710	21,060,362	60,828,071	1,472,676	14,192,144	1,741,293	78,234,184	466,163	78,700,347
Assets Released for General Purpose									
Emergency Contingency Pool									
TOTAL NET ASSETS CUMULATIVE	39,767,710	21,060,362	60,828,071	1,472,676	14,192,144	1,741,293	78,234,184	466,163	78,700,347

Note 1) Management & General and Communications & Customer Service Expenses (Admin) have been allocated based on total expenses.
Note 2) Admin costs are allocated for mgmt reporting only. GAAP for Not for Profits does not allow allocation of admin costs to program expenses.
Note 3) Program Management costs include both outsourced and internal staff.
Note 4) Cumulative carryover at 12/31/2013 reflects audited results.

ENERGY TRUST OF OREGON
Year to Date by Program/Service Territory
For the Seven Months Ending July 31, 2014

	RENEWABLE ENERGY				TOTAL			
	PGE	PacifiCorp	Total	Other	All Programs	Approved budget	Change	% Change
REVENUES								
Public Purpose Funding	$5,057,037	$3,609,697	$8,666,734		$54,773,580	$51,529,320	$3,244,260	6%
Incremental Funding					48,980,544	47,928,261	1,052,283	2%
Contributions				13,400	13,400		13,400	
Revenue from Investments				120,875	120,875	45,500	75,375	166%
TOTAL PROGRAM REVENUE	**5,057,037**	**3,609,697**	**8,666,734**	**134,275**	**103,888,399**	**99,503,081**	**4,385,318**	**4%**
EXPENSES								
Program Management (Note 3)	302,282	273,260	575,541		3,765,770	3,809,912	44,142	1%
Program Delivery	46,213	46,496	92,709		23,429,390	24,622,633	1,193,243	5%
Incentives	2,117,757	1,351,223	3,468,980		29,331,987	37,449,723	8,117,736	22%
Program Eval & Planning Svcs.	46,689	34,002	80,691		2,748,406	3,085,719	337,313	11%
Program Marketing/Outreach	39,295	19,501	58,796		2,549,645	3,527,218	977,573	28%
Program Quality Assurance	0	0	0		70,423	149,417	78,994	53%
Outsourced Services	54,460	37,196	91,657		366,085	1,297,492	931,407	72%
Trade Allies & Cust. Svc. Mgmt.	17,047	8,334	25,381		619,294	667,818	48,524	7%
IT Services	56,471	49,582	106,054		935,901	1,479,510	543,609	37%
Other Program Expenses - all	75,619	50,467	126,086		466,094	523,948	57,854	11%
TOTAL PROGRAM EXPENSES	**2,755,833**	**1,870,061**	**4,625,895**		**64,282,995**	**76,613,390**	**12,330,395**	**16%**
ADMINISTRATIVE COSTS								
Management & General (Notes 1 & 2)	69,334	46,680	116,014		1,612,173	2,110,493	498,320	24%
Communications & Customer Svc (Notes 1 & 2)	61,887	41,667	103,554		1,439,024	1,617,491	178,468	11%
Total Administrative Costs	131,221	88,347	219,568		3,051,197	3,727,984	676,788	18%
TOTAL PROG & ADMIN EXPENSES	**2,887,052**	**1,958,410**	**4,845,462**		**67,334,189**	**80,341,374**	**13,007,183**	**16%**
TOTAL REVENUE LESS EXPENSES	**2,169,983**	**1,651,289**	**3,821,271**	**134,275**	**36,554,211**	**19,161,707**	**17,392,504**	**91%**
NET ASSETS - RESERVES								
Cumulative Carryover at 12/31/13 (Note 4)	12,041,462	11,793,715	23,835,177	7,993,710	77,930,572	62,609,764	15,320,808	24%
Change in net assets this year	2,169,983	1,651,289	3,821,271	134,275	36,554,208	19,161,707	17,392,501	91%
Ending Net Assets - Reserves	**14,211,445**	**13,445,004**	**27,656,448**	**8,127,985**	**114,484,783**	**81,771,471**	**32,713,312**	**40%**
Ending Reserve by Category								
Program Reserves (Efficiency and Renewables)	14,211,445	13,445,004	27,656,448	3,127,985	109,484,783			
Assets Released for General Purpose								
Emergency Contingency Pool				5,000,000	5,000,000			
TOTAL NET ASSETS CUMULATIVE	14,211,445	13,445,004	27,656,448	8,127,985	114,484,783	81,771,471	32,713,312	40%

Note 1) Management & General and Communications & Customer Service Expenses (Admin) have been allocated based on total expenses.
Note 2) Admin costs are allocated for mgmt reporting only. GAAP for Not for Profits does not allow allocation of admin costs to program expenses.
Note 3) Program Management costs include both outsourced and internal staff.
Note 4) Cumulative carryover at 12/31/2012 reflects audited results.

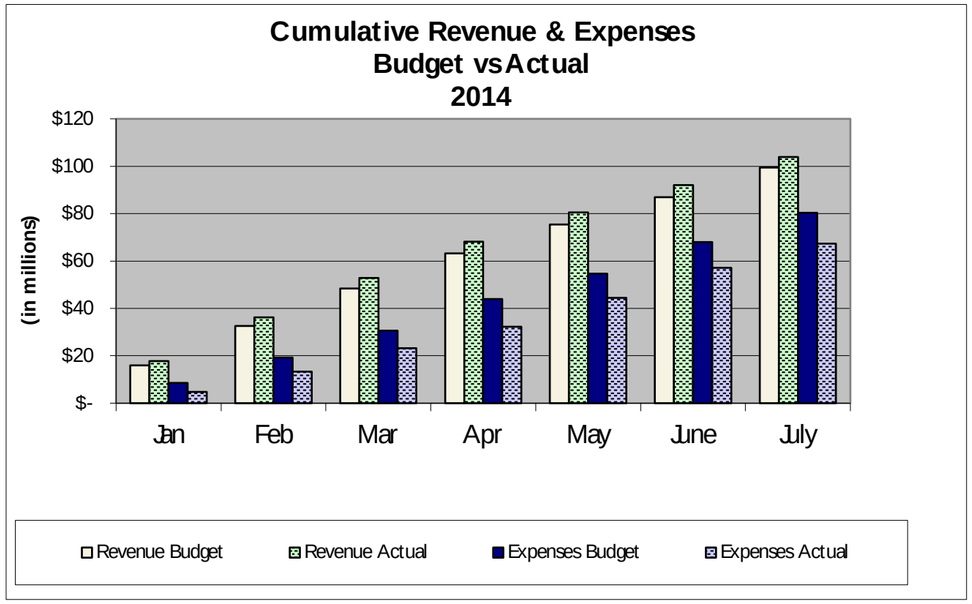
Energy Trust of Oregon
Program Expense by Service Territory
For the Seven Months Ending July 31, 2014
(Unaudited)

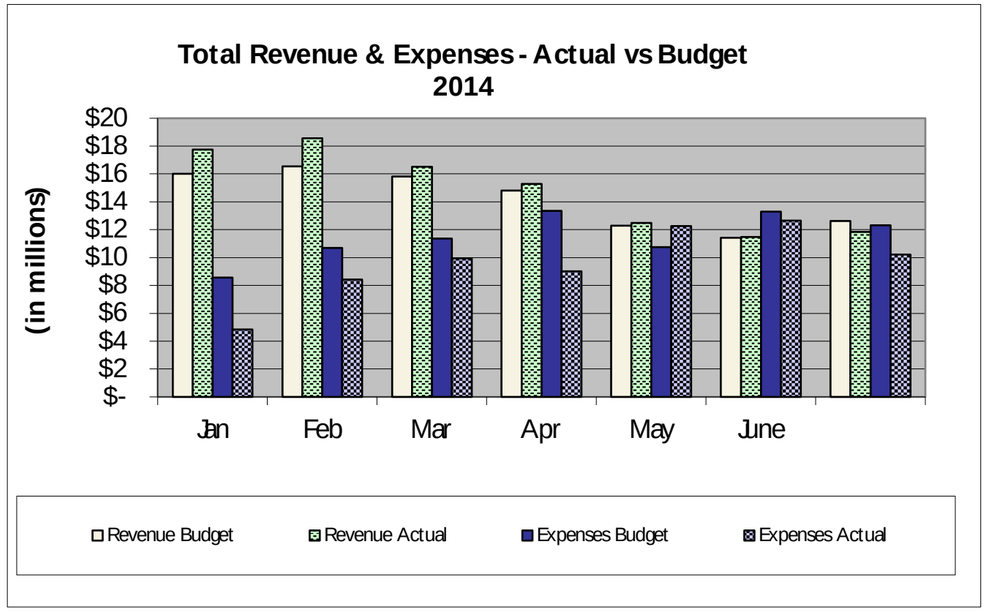
	PGE	Pacific Power	Subtotal Elec.	NWN Industrial	NW Natural Gas	Cascade	Subtotal Gas	Oregon Total	NWN WA	ETO Total	YTD Budget	Variance	% Var
Energy Efficiency													
Commercial													
Existing Buildings	8,918,635	4,943,217	13,861,852	215,941	1,600,098	311,833	2,127,871	15,989,723	180,489	16,170,212	21,021,576	4,851,364	23%
New Buildings	4,448,516	877,454	5,325,970	213,097	669,891	82,032	965,020	6,290,990		6,290,990	7,037,784	746,794	11%
NEEA	879,031	663,129	1,542,160		29,203	1,864	31,068	1,573,228		1,573,228	1,601,469	28,241	2%
Total Commercial	**14,246,182**	**6,483,800**	**20,729,982**	**429,038**	**2,299,192**	**395,729**	**3,123,959**	**23,853,941**	**180,489**	**24,034,430**	**29,660,829**	**5,626,399**	**19%**
Industrial													
Production Efficiency	7,117,245	4,402,210	11,519,455	503,224	260,197	189,475	952,896	12,472,351		12,472,351	12,684,353	212,002	2%
NEEA	355,692	268,330	624,022					624,022		624,022	769,406	145,384	19%
Total Industrial	**7,472,938**	**4,670,539**	**12,143,477**	**503,224**	**260,197**	**189,475**	**952,896**	**13,096,373**		**13,096,373**	**13,453,759**	**357,386**	**3%**
Residential													
Existing Homes	3,594,371	3,366,480	6,960,851		3,950,193	175,520	4,125,713	11,086,564	179,985	11,266,549	12,616,094	1,349,545	11%
New Homes/Products	5,911,976	3,553,188	9,465,163		1,957,388	214,616	2,172,004	11,637,167	174,214	11,811,381	12,257,193	445,812	4%
NEEA	1,281,889	967,040	2,248,929		29,203	1,864	31,068	2,279,997		2,279,997	2,277,601	(2,396)	0%
Total Residential	**10,788,236**	**7,886,708**	**18,674,944**		**5,936,784**	**392,000**	**6,328,784**	**25,003,728**	**354,199**	**25,357,927**	**27,150,888**	**1,792,961**	**7%**
Energy Efficiency Program Costs	**32,507,356**	**19,041,047**	**51,548,402**	**932,262**	**8,496,173**	**977,204**	**10,405,640**	**61,954,042**	**534,688**	**62,488,730**	**70,265,476**	**7,776,746**	**11%**
Renewables													
Solar Electric (Photovoltaic)	2,421,180	1,127,411	3,548,591					3,548,591		3,548,591	5,934,765	2,386,174	40%
Other Renewable	465,872	830,999	1,296,871					1,296,871		1,296,871	4,141,131	2,844,260	69%
Renewables Program Costs	**2,887,052**	**1,958,410**	**4,845,462**					**4,845,462**		**4,845,462**	**10,075,896**	**5,230,434**	**52%**
Cost Grand Total	**35,394,407**	**20,999,457**	**56,393,864**	**932,262**	**8,496,173**	**977,204**	**10,405,640**	**66,799,504**	**534,688**	**67,334,189**	**80,341,372**	**13,007,183**	**16%**

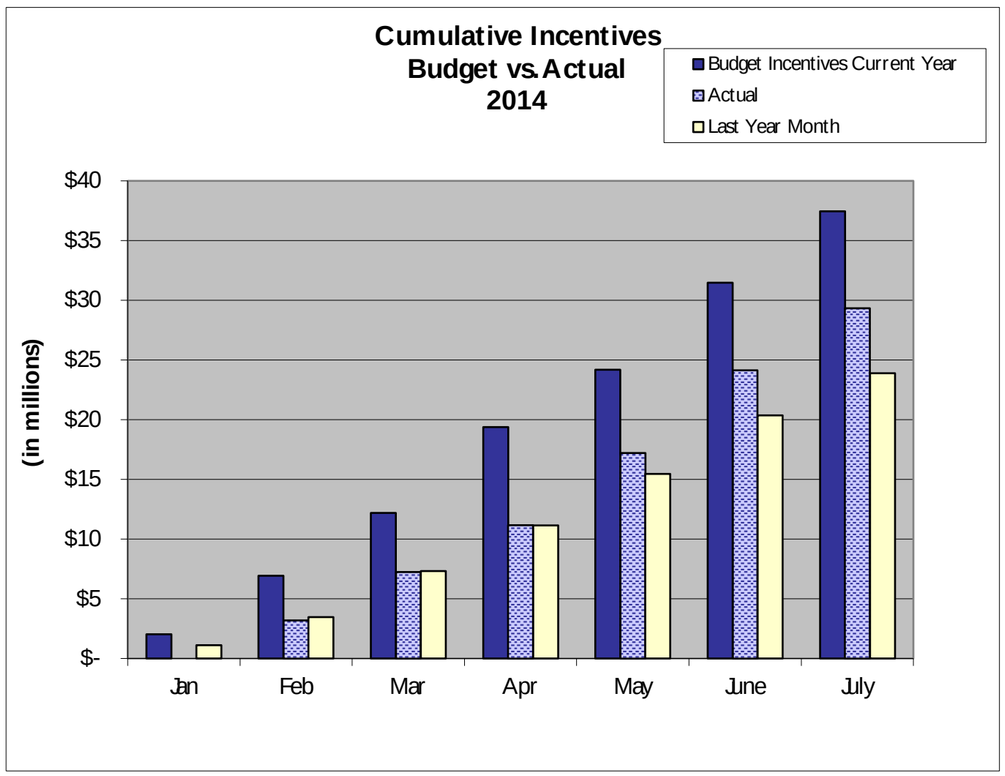
Energy Trust of Oregon
Administrative Expenses
For the 3rd Quarter and Seven Months Ending July 31, 2014
(Unaudited)

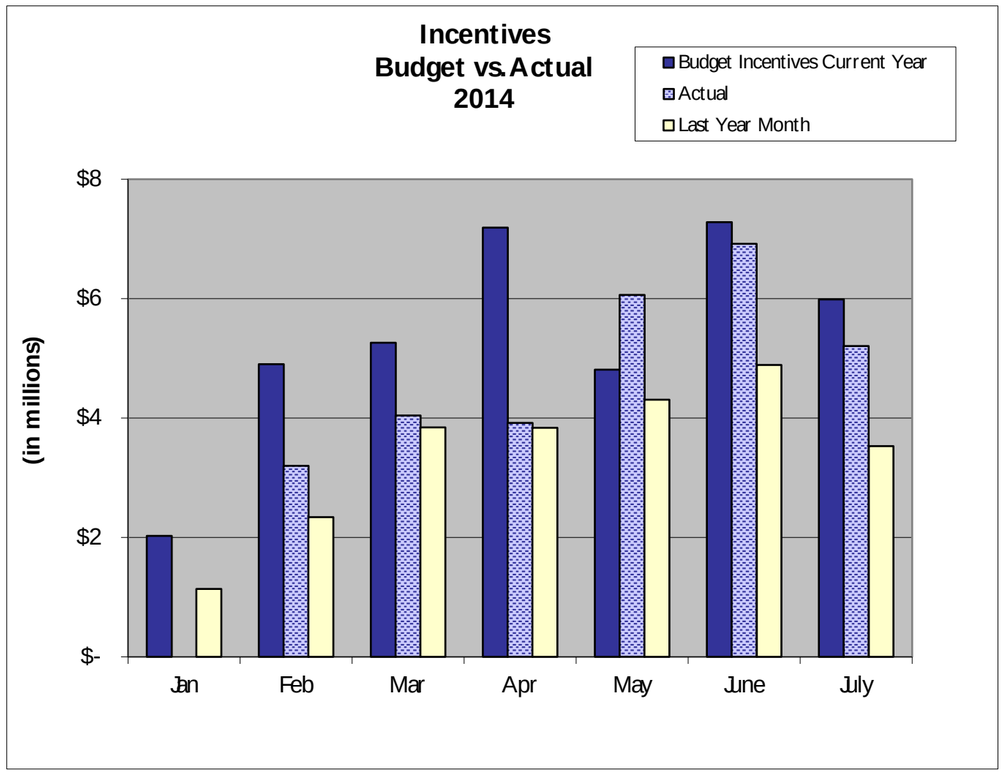
	MANAGEMENT & GENERAL						COMMUNICATIONS & CUSTOMER SERVICE					
	MONTHLY	QUARTERLY	QUARTER	YTD			MONTHLY	QUARTERLY	QUARTER	YTD		
EXPENSES	ACTUAL	BUDGET	REMAINING	ACTUAL	BUDGET	VARIANCE	ACTUAL	BUDGET	REMAINING	ACTUAL	BUDGET	VARIANCE
Outsourced Services	$18,000	$107,017	$89,018	$183,442	$331,707	$148,265	$302,864	$265,300	($37,564)	$734,773	$619,033	($115,740)
Legal Services	1,120	13,750	12,630	1,872	32,083	30,212						
Salaries and Related Expenses	150,645	535,105	384,460	1,104,117	1,230,912	126,795	74,446	298,515	224,069	513,703	696,535	182,831
Supplies	913	1,950	1,038	1,940	4,550	2,610		240	240	381	560	179
Telephone		545	545	180	1,272	1,092		490	490	160	863	704
Postage and Shipping Expenses				24		(24)		250	250		583	583
Noncapitalized Equipment								250	250		583	583
Printing and Publications	22	75	53	284	175	(109)	1,275	1,750	475	2,057	4,083	2,026
Travel	1,305	13,305	12,000	13,651	31,045	17,394	295	9,500	9,205	9,199	22,167	12,968
Conference, Training & Mtngs	4,071	44,210	40,139	24,208	85,457	61,249	61	5,500	5,439	4,262	12,833	8,572
Interest Expense and Bank Fees		1,250	1,250	2,000	2,917	917						
Miscellaneous Expenses		180	180		420	420						
Dues, Licenses and Fees	3,500	2,380	(1,120)	6,838	5,093	(1,745)	100	400	300	3,196	933	(2,263)
Shared Allocation (Note 1)	13,067	46,437	33,370	98,615	108,821	10,206	6,852	31,378	24,526	53,772	73,532	19,761
IT Service Allocation (Note 2)	19,373	101,017	81,644	173,928	274,952	101,025	13,090	68,257	55,167	117,522	185,784	68,262
Planning & Eval	115	409	294	1,074	1,087	13						
TOTAL EXPENSES	**212,130**	**867,630**	**655,500**	**1,612,173**	**2,110,492**	**498,319**	**398,983**	**681,829**	**282,847**	**1,439,024**	**1,617,491**	**178,466**

Note 1) Represents allocation of Shared (General Office Management) Costs
Note 2) Represents allocation of Shared IT Costs


Cumulative Revenue & Expenses
Budget vs Actual
2014
(in millions)
$120
$100
$80
$60
$40
$20
$-
Jan
Feb
Mar
Apr
May
June
July
Revenue Budget
Revenue Actual
Expenses Budget
Expenses Actual


Total Revenue & Expenses - Actual vs Budget
2014
(in millions)
$20
$18
$16
$14
$12
$10
$8
$6
$4
$2
$-
Jan
Feb
Mar
Apr
May
June
Revenue Budget
Revenue Actual
Expenses Budget
Expenses Actual


Cumulative Incentives
Budget vs. Actual
2014
Budget Incentives Current Year
Actual
Last Year Month
(in millions)
$40
$35
$30
$25
$20
$15
$10
$5
$-
Jan
Feb
Mar
Apr
May
June
July


Incentives
Budget vs. Actual
2014
Budget Incentives Current Year
Actual
Last Year Month
(in millions)
$8
$6
$4
$2
$-
Jan
Feb
Mar
Apr
May
June
July

R00407

For contracts with costs through: 8/1/2014

Energy Trust of Oregon
Contract Status Summary Report

Report Date: 8/18/2014

Contractor	Description	*City	Est Cost	Actual TTD	Remaining	Start	End
Administration							
		Administration Total:	**7,498,209**	**2,899,618**	**4,598,591**		
Communications & Outreach							
		Communications & Outreach Total:	**3,145,379**	**2,012,794**	**1,132,585**		
Energy Efficiency Programs							
Northwest Energy Efficiency Alliance	Regional Energy Eff Initiative	Portland	39,138,680	33,120,355	6,018,325	1/1/10	7/1/15
ICF Resources, LLC	PMC BE 2014	Fairfax	9,008,736	4,672,128	4,336,608	1/1/14	12/31/14
CLEAResult Consulting Inc	2014 HES PMC	Austin	7,595,520	4,060,049	3,535,471	1/1/14	12/31/14
Portland Energy Conservation, Inc.	PMC NHP 2014	Portland	6,965,473	3,564,923	3,400,550	1/1/14	12/31/14
Portland Energy Conservation, Inc.	2014 NBE PMC	Portland	4,735,000	2,500,909	2,234,091	1/1/14	12/31/14
Intel Corporation	Intel D1X Megaproject	Hillsboro	4,000,000	4,000,000	0	11/15/12	12/31/14
Lockheed Martin Services, Inc.	2014 MF PMC	Cherry Hill	3,569,068	1,751,889	1,817,179	1/1/14	12/31/14
Portland General Electric	PDC - PE 2014	Portland	2,314,600	1,113,544	1,201,056	1/1/14	12/31/14
Oregon State University	CHP Project - OSU	Corvallis	2,024,263	1,982,682	41,581	12/20/10	1/31/16
Energy 350 Inc	PDC - PE 2014	Portland	1,996,000	1,072,625	923,375	1/1/14	12/31/14
NEXANT, INC.	PDC - PE 2014	San Francisco	1,429,461	803,321	626,140	1/1/14	12/31/14
Cascade Energy, Inc.	PDC - PE 2014 Small Industrial	Walla Walla	1,234,100	670,708	563,392	1/1/14	12/31/14
RHT Energy Solutions	PDC - PE 2014	Medford	1,145,000	633,798	511,202	1/1/14	12/31/14
Evergreen Consulting Group, LLC	PE Lighting PDC 2014	Tigard	1,092,000	636,187	455,813	1/1/14	12/31/14
Ecova Inc	Products PMC Transition	Spokane	976,090	0	976,090	7/31/14	12/31/14
Northwest Power & Conservation Council	Annual Work Plan		874,652	845,716	28,936	3/20/12	12/31/14
Evoworx Inc.	EnergySavvy Online Audit Tool	Seattle	472,500	405,384	67,116	1/1/12	12/31/14
OPOWER, Inc.	OPower Personal Energy Reports	Arlington	399,447	343,415	56,032	8/1/13	7/31/15
The Cadmus Group Inc.	PE Impact Eval 2012	Watertown	345,000	26,235	318,766	4/15/14	8/31/15
Cascade Energy, Inc.	SEM Curriculum	Walla Walla	329,080	26,169	302,911	5/1/14	4/30/16
Craft3	SWR Loan Origination/Loss Fund	Portland	305,000	1,500	303,500	6/1/14	6/30/15
Craft3	Loan Agreement	Portland	300,000	100,000	200,000	6/1/14	6/20/25
CLEAResult Consulting Inc	2014 HES WA PMC	Austin	277,600	124,358	153,242	1/1/14	12/31/14
The Cadmus Group Inc.	BE Impact Evaluation 2012	Watertown	250,000	188,718	61,282	1/1/14	12/31/14
EnerNoc, Inc.	Commercial SEM curriculum	Boston	216,915	0	216,915	6/27/14	5/30/15
J. Hruska Global	Quality Assurance Services	Columbia City	215,000	170,755	44,245	1/1/13	12/31/14
ICF Resources, LLC	NWN WA BE 2014	Fairfax	191,538	66,031	125,507	1/1/14	12/31/14
The Cadmus Group Inc.	NBE Program Impact Evaluation	Watertown	186,000	172,854	13,146	1/15/14	9/30/14
Northwest Energy Efficiency Alliance	Product Funding Agreement	Portland	171,851	152,619	19,232	6/5/14	12/31/15
Abt SRBI Inc.	Fast Feedback Surveys	New York	118,000	27,999	90,001	1/31/14	2/29/16
Navigant Consulting Inc	CORE Improvement Pilot Eval	Boulder	115,000	95,125	19,875	9/1/12	9/1/15
ICF Resources, LLC	NWN DSM Initiative 2014	Fairfax	113,850	56,703	57,147	1/1/14	12/31/14
Ecotope, Inc.	Gas Hearth Study	Seattle	105,104	105,096	8	10/10/13	9/1/15
The Cadmus Group Inc.	RTU Tune-up Evaluation	Watertown	105,000	68,640	36,360	1/1/14	12/31/14
Pivotal Energy Solutions LLC	EPS New Home dbase construct	Gilbert	100,000	0	100,000	7/1/14	6/30/16

*The city indicated is the contractor's mailing address, not necessarily the location where work was performed.

Contractor	Description	*City	Est Cost	Actual TTD	Remaining	Start	End
CLEAResult Consulting Inc	QA Reinspection Services	Austin	96,116	7,011	89,105	4/28/14	3/30/15
PWP, Inc.	NBE Process Evaluation	Gaithersburg	95,000	58,290	36,710	1/15/14	12/31/14
The Cadmus Group Inc.	Commercial Op Pilot Eval	Watertown	85,000	81,200	3,801	7/1/11	9/1/15
PWP, Inc.	Comm SEM Initiative Evaluation	Gaithersburg	52,000	50,799	1,201	7/1/12	9/30/14
KEMA Incorporated	NEEA 2014 Lighting Survey	Oakland	47,500	23,750	23,750	12/2/13	10/30/14
PWP, Inc.	SEM Intro Pilot Evaluation	Gaithersburg	40,000	21,490	18,510	10/28/13	10/2/15
CLEAResult Consulting Inc	New Homes QA Inspections	Austin	37,100	0	37,100	4/28/14	12/31/14
The Cadmus Group Inc.	Lighting Pilot Evaluation	Watertown	35,000	27,619	7,381	4/1/12	12/31/14
Apex Analytics LLC	Nest Pilot Evaluation	Boulder	32,000	29,970	2,030	11/15/13	10/31/14
David Lineweber	Heat Pump Study	Tigard	30,500	12,940	17,560	3/20/14	3/31/15
Btan Consulting	ESP Cert Boot Camp Evaluation	Madison	30,000	15,213	14,788	2/1/14	4/30/15
Energy Center of Wisconsin	Billing Analysis Review	Madison	30,000	1,110	28,890	11/1/13	12/31/14
MetaResource Group	Intel D1X Megaproject	Portland	30,000	8,343	21,657	10/10/11	12/31/14
Michael Blasnick & Associated	Billing Analysis Process	Boston	30,000	3,938	26,063	1/1/10	12/31/14
Seattle City Light	Lighting Design Lab	Seattle	30,000	0	30,000	1/1/14	12/31/14
The Cadmus Group Inc.	Pay For Performance Pilot Eval	Watertown	30,000	2,775	27,225	9/25/13	12/31/14
Pivotal Energy Solutions LLC	License Agreement	Gilbert	29,500	9,838	19,662	3/1/14	12/31/14
Stellar Processes, Inc.	BE Measure Evaluation	Portland	25,250	19,125	6,125	10/24/12	10/24/14
Portland General Electric	PGE Efficiency Seminars 2014	Portland	24,950	24,950	0	1/1/14	12/31/14
Triple Point Energy Inc.	SEM workshops	Portland	24,240	12,328	11,912	6/10/14	1/31/15
Northwest Energy Efficiency Alliance	NEEA Product Funding Agreement	Portland	20,000	20,000	0	2/1/14	3/1/15
WegoWise Inc	benchmarking license 2015	Boston	20,000	0	20,000	6/15/14	12/31/15
KEMA Incorporated	Market Lift Pilot Evaluation	Oakland	19,500	16,410	3,091	3/1/14	9/1/14
Consortium for Energy Efficiency	Membership Dues - 2014		18,889	18,889	0	4/16/14	12/31/14
Sheepscot Creative LLC	SEM Videos	Portland	15,000	12,000	3,000	4/22/14	9/30/14
ARAMARK Sports & Entertainment LLC	ACEEE conf hotel 2014	Pacific Grove	14,186	12,859	1,327	6/20/14	9/20/14
Navigant Consulting Inc	SEM workshop	Boulder	13,375	2,328	11,048	6/15/14	10/31/14
Consumer Opinion Services Inc	Residential Phone Surveys	Seattle	12,000	10,153	1,847	9/1/13	10/31/14
Lane Community College, NEEI Science Division	2014 Scholarship Grant	Eugene	10,600	0	10,600	1/1/14	12/31/14
American Council for and Energy Efficient Economy	Advancing EE Programs		10,000	10,000	0	12/19/13	9/30/14
American Council for and Energy Efficient Economy	High Participation Rates		10,000	10,000	0	12/23/13	12/31/14
American Council for and Energy Efficient Economy	Game-Based EE Programs		10,000	10,000	0	12/23/13	10/31/14
American Council for and Energy Efficient Economy	Extended Motor Products Label		10,000	10,000	0	12/23/13	3/31/15
Bridgetown Printing Company	January 2014 Bill Insert	Portland	8,509	8,509	0	1/1/14	12/31/14
City of Portland Bureau of Planning & Sustainability	City of Portland Workshops	Portland	8,000	8,000	0	1/1/14	12/31/14
TRC Engineers Inc.	SEM workshop	Irvine	7,400	1,485	5,915	6/15/14	10/31/14
Northwest Environmental Business Council	Future Energy Conference 2014	Portland	6,500	6,500	0	2/13/14	12/31/14
Cascadia Region Green Building Council	Cascadia Green Bldgs Sponsor	Portland	5,000	5,000	0	1/15/14	1/15/15

*The city indicated is the contractor's mailing address, not necessarily the location where work was performed.

Contractor	Description	*City	Est Cost	Actual TTD	Remaining	Start	End
Social Enterprises Inc.	GoGreen Sponsorship - 2014	Portland	5,000	5,000	0	3/14/14	10/31/14
The Cadmus Group Inc.	SEM workshop	Watertown	4,800	0	4,800	6/15/14	10/31/14
	Energy Efficiency Programs Total:		**93,478,443**	**64,138,251**	**29,340,192**		
Joint Programs							
D&R International LTD	Better Data Better Design	Silver Spring	133,500	25,000	108,500	4/30/13	7/31/14
Portland State University	Technology Forecasting		87,437	58,598	28,839	11/7/11	12/31/14
Research Into Action, Inc.	Residential Awareness Study	Portland	65,000	10,510	54,491	5/1/14	12/31/14
Watkins and Associates, Inc.	EPS & Solar Valuation Study	Portland	38,000	18,735	19,265	2/1/14	11/30/14
E Source Companies LLC	E Source Service Agreement	Boulder	36,500	36,500	0	2/1/14	1/31/15
The Cadmus Group Inc.	Evaluation Consultant	Watertown	29,210	29,125	85	6/20/13	2/28/15
KRH Consulting	Work Load Mangement	Portland	25,900	24,752	1,148	4/23/13	10/1/14
Navigant Consulting Inc	P&E Consultant Services	Boulder	22,530	22,530	0	1/15/14	12/30/15
Pinnacle Economics Inc	Economic Impacts Study	Camas	20,720	20,720	0	2/1/14	2/1/15
Glumac Inc	Planning Technical Analysis	Portland	15,000	15,000	0	10/17/12	10/17/14
American Council for and Energy Efficient Economy	ACEEE Sponsorships - 2014		7,500	7,500	0	1/1/14	12/31/14
Bruins Analysis and Consulting	Fast Feedback Reporting	Bremerton	6,000	0	6,000	6/1/14	4/30/15
	Joint Programs Total:		**487,297**	**268,969**	**218,328**		
Renewable Energy Program							
JC-Biomethane LLC	Biogas Plant Project Funding	Eugene	2,000,000	676,056	1,323,944	10/18/12	10/18/32
Oregon Institute of Technology	Geothermal Resource Funding	Klamath Falls	1,550,000	0	1,550,000	9/11/12	9/11/32
Central Oregon Irrigation District	COID Juniper Phase 2	Redmond	1,281,820	0	1,281,820	7/19/13	7/19/33
Farm Power Misty Meadows LLC	Misty Meadows Biogas Facility	Mount Vernon	1,000,000	500,000	500,000	10/25/12	10/25/27
Three Sisters Irrigation District	TSID Hydro	Sisters	1,000,000	0	1,000,000	4/25/12	9/30/32
Farmers Irrigation District	FID - Plant 2 Hydro	Hood River	825,000	0	825,000	4/1/14	4/1/34
Tioga Solar VI, LLC	Photovoltaic Project Agreement	San Mateo	570,760	570,760	0	2/1/09	2/1/30
City of Medford	750kW Combined Heat & Power	Medford	450,000	225,000	225,000	10/20/11	10/20/31
City of Pendleton	Pendleton Microturbines	Pendleton	450,000	150,000	300,000	4/20/12	4/20/32
RES - Ag FGO LLC	Biogas Manure Digester Project	Washington	441,660	441,660	0	10/27/10	10/27/25
RES - Ag FGO LLC	Biogas Manure Digester - FGO	Washington	441,660	110,415	331,245	10/27/10	10/27/25
Oak Leaf Energy Partners Ohio, LLC	BVT Sexton Mtn PV	Denver	355,412	0	355,412	5/15/14	12/31/34
CIty of Gresham	City of Gresham Cogen 2		330,000	0	330,000	4/9/14	7/9/34
K2A Properties, LLC	Doerfler Wind Farm Project	Aumsville	230,000	211,832	18,168	5/20/10	5/20/30
Confederated Tribes of the Umatilla Indian Reservation	Small Wind Project Funding	Pendleton	170,992	0	170,992	7/25/13	12/31/28
Klamath Basin Geopower Inc	Henley Proj Dev Assistance	Reno	150,000	42,490	107,510	4/10/14	8/31/15
City of Astoria	Bear Creek Funding Agreement	Astoria	143,000	0	143,000	3/24/14	3/24/34
Bloomberg LP	Insight Services	San Francisco	114,800	94,883	19,917	4/1/11	1/1/15
Klamath Basin Geopower Inc	Poe Valley Proj Dev Assistance	Reno	112,874	63,000	49,874	4/10/14	6/30/15

*The city indicated is the contractor's mailing address, not necessarily the location where work was performed.

Contractor	Description	*City	Est Cost	Actual TTD	Remaining	Start	End
Clean Power Research, LLC	PowerClerk License	Napa	104,278	98,935	5,343	7/1/14	6/30/15
Gary Higbee DBA WindStream Solar	Solar Verifier Services	Eugene	100,000	2,205	97,795	8/1/14	7/31/16
Gary Higbee DBA WindStream Solar	Small Wind Verifier	Eugene	100,000	0	100,000	8/1/14	7/31/16
Wallowa Resources Community Solutions, Inc.	Upfront Hydroelectric Project		100,000	15,790	84,210	10/1/11	10/1/15
Oregon Military Department	Kingsley Field Geothermal Proj	Salem	75,000	75,000	0	11/26/13	8/29/14
Deschutes Valley Water District	Early Development Assistance	Madras	68,373	0	68,373	7/23/13	12/31/14
Mapdwell LLC	Mapdwell Account	Boston	66,381	10,405	55,976	3/17/14	3/31/16
Mariah Wind LLC	Development Assistance Funding	Victor	65,300	0	65,300	10/25/13	12/31/14
The Cadmus Group Inc.	Residential Solar Mkt Research	Watertown	60,000	23,406	36,594	3/18/14	12/31/14
City of Klamath Falls	Klamath Falls Biopower Project	Klamath Falls	49,927	0	49,927	1/9/14	12/31/14
Clean Energy States Alliance	CESA Year 12 (2015)		39,500	0	39,500	7/1/14	6/30/15
Energy Efficiency Funding Group Inc	Learning to SEE training	San Francisco	34,825	0	34,825	7/7/14	9/30/14
Wallowa Resources Community Solutions, Inc.	Hydroelectric Pipeline		25,000	8,000	17,000	6/26/14	3/30/15
University of Oregon	UO SRML Contribution - 2014	Eugene	24,999	24,999	0	3/10/14	3/10/15
Robert Migliori	42kW wind energy system	Newberg	24,125	11,641	12,484	4/11/07	1/31/24
Solar Oregon	Education & Outreach Services	Portland	24,000	14,000	10,000	1/1/14	12/31/15
Bonneville Environmental Foundation	REC policy analysis	Portland	20,000	0	20,000	6/15/14	12/31/14
Ecofys US, Inc.	Renewable Energy Consultant	Corvallis	18,000	8,663	9,338	4/7/14	3/31/16
Farmers Conservation Alliance	Small-Scale Hydro Plant Review	Hood River	17,500	10,000	7,500	1/2/14	10/30/14
Warren Griffin	Griffin Wind Project	Salem	13,150	9,255	3,895	10/1/05	10/1/20
Clean Energy States Alliance	CESA ITAC		10,000	10,000	0	1/1/14	12/31/14
Garrad Hassan America Inc	RE Consulting Services	San Diego	6,841	6,841	0	6/11/13	2/28/15
OSEIA-Oregon Solar Energy Industries Assoc	OSEIA 2014 Conference		5,000	5,000	0	2/6/14	12/31/14
Solar Oregon	Solar Now! University Sponsor	Portland	5,000	5,000	0	3/28/14	12/31/14
eFormative Options LLC	RE Evaluation Consultant	Vashon	3,000	3,000	0	3/1/13	2/28/15
	Renewable Energy Program Total:		**12,678,177**	**3,428,235**	**9,249,942**		
	Grand Totals:		**117,287,505**	**72,747,867**	**44,539,638**		

*The city indicated is the contractor's mailing address, not necessarily the location where work was performed.

Financial Glossary

(for internal use) - updated August 9, 2012

Administrative Costs

Costs that, by nonprofit accounting standards, have general objectives which enable an organization's programs to function. The organization's programs in turn provide direct services to the organization's constituents and fulfill the mission of the organization.
i.e. management and general and general communication and outreach expenses

I. **Management and General**
- Includes governance/board activities, interest/financing costs, accounting, payroll, human resources, general legal support, and other general organizational management costs.
- Receives an allocated share of indirect costs.

II. **General Communications and Outreach**
- Expenditures of a general nature, conveying the nonprofit mission of the organization and general public awareness.
- Receives an allocated share of indirect costs.

Allocation

- A way of grouping costs together and applying them to a program as one pool based upon an allocation base that most closely represents the activity driver of the costs in the pool.
- Used as an alternative to charging programs on an invoice–by–invoice basis for accounting efficiency purposes.
- An example would be accumulating all of the costs associated with customer management (call center operations, Energy Trust customer service personnel, complaint tracking, etc). The accumulated costs are then spread to the programs that benefited by using the ratio of calls into the call center by program (i.e. the allocation base).

Allocation Cost Pools

- Employee benefits and taxes.
- Office operations. Includes rent, telephone, utilities, supplies, etc.
- Information Technology (IT) services.
- Planning and evaluation general costs.
- Customer service and trade ally support costs.
- General communications and outreach costs.
- Management and general costs.
- Shared costs for electric utilities.
- Shared costs for gas utilities.
- Shared costs for all utilities.

Auditor's Opinion

- An accountant's or auditor's opinion is a report by an independent CPA presented to the board of directors describing the scope of the examination of the organization's books, and certifying that the financial statements meet the AICPA (American Institute of Certified Public Accountants) requirements of GAAP (generally accepted accounting principles).

- Depending on the audit findings, the opinion can be unqualified or qualified regarding specific items. Energy Trust strives for and has achieved in all its years an unqualified opinion.
- An unqualified opinion indicates agreement by the auditors that the financial statements present an accurate assessment of the organization's financial results.
- The OPUC Grant Agreement requires an unqualified opinion regarding Energy Trust's financial records.
- Failure to follow generally accepted accounting principles (GAAP) can result in a qualified opinion.

Board-approved Annual Budget

- Funds approved by the board for *expenditures* during the budget year (subject to board approved program funding caps and associated policy) for the stated functions.
- Funds approved for *capital* asset expenditures.
- Approval of the general allocation of funds including commitments and cash outlays.
- Approval of expenditures is based on assumed revenues from utilities as forecasted in their annual projections of public purpose collections and/or contracted revenues.

Carryover Funds

- In any one year, the amount by which revenues exceed expenses for that year in a designated category that will be added to the cumulative balance and brought forward for expenditure to the next budget year.
- In any one year, if expenditures exceed revenues, the negative difference is applied against the cumulative carryover balance.
- Does not equal the cash on hand due to noncash expense items such as depreciation.
- Tracked by major utility funder and at high level program area--by EE vs RE, not tracked by program.

Commitments

- Represents funds obligated to identified efficiency program participants in the form of signed applications or agreements and tracked in the project forecasting system**.**
- If the project is not demonstrably proceeding within agreed upon time frame, committed funds return to incentive pool. Reapplication would then be required.
- Funds are expensed when the project is completed.
- Funds may be held in the operating cash account, or in escrow accounts.

Contract obligations

- A signed contract for goods or services that creates a legal obligation.
- Reported in the monthly Contract Status Summary Report.

Cost-Effectiveness Calculation

- Programs and measures are evaluated for cost-effectiveness.
- The cost of program savings must be lower than the cost to produce the energy from both a utility and societal perspective.
- Expressed as a ratio of energy savings cost divided by the presumed avoided utility and societal cost of energy.
- Program cost-effectiveness evaluation is "fully allocated," i.e. includes all of the program costs plus a portion of Energy Trust administrative costs.

Dedicated Funds

- Represents funds obligated to identified renewable program participants in the form of signed applications or agreements and tracked in the project forecasting system.

- May include commitments, escrows, contracts, board designations, master agreements.
- Methodology utilized to develop renewable energy activity-based budgets amounts.

Direct Program Costs

- Can be directly linked to and reflect a causal relationship to one individual program/project; or can easily be allocated to two or more programs based upon usage, cause, or benefit.

Direct Program Evaluation & Planning Services

- Evaluation services for a specific program rather than for a group of programs.
- Costs incurred in evaluating programs and projects and included in determining total program funding caps.
- Planning services for a specific program rather than for a group of programs.
- Costs incurred in planning programs and projects and are included in determining program funding expenditures and caps.
- Evaluation and planning services attributable to a number of programs are recorded in a cost pool and are subsequently allocated to individual programs.

Escrowed Program (Incentive) Funds

- Cash deposited into a separate bank account that will be paid out pursuant to a contractual obligation requiring a certain event or result to occur. Funds can be returned to Energy Trust if such event or result does not occur. Therefore, the funds are still "owned" by Energy Trust and will remain on the balance sheet.
- The funds are within the control of the bank in accordance with the terms of the escrow agreement.
- When the event or result occurs, the funds are considered "earned" and are transferred out of the escrow account ("paid out") and then are reflected as an expense on the income statement for the current period.

Expenditures/Expenses

- Amounts for which there is an obligation for payment of goods and/or services that have been received or earned within the month or year.

FastTrack Projects Forecasting

Module developed in FastTrack to provide information about the timing of future incentive payments, with the following definitions**:**

- Estimated-Project data may be inaccurate or incomplete. Rough estimate of energy savings, incentives and completion date by project and by service territory.
- Proposed-Project that has received a written incentive offer but no agreement or application has been signed. Energy savings, incentives and completion date to be documented by programs using this phase. For Renewable projects-project that has received Board approval.
- Accepted-Used for renewable energy projects in 2nd round of application; projects that have reached a stage where approval process can begin.
- Committed-Project that has a signed agreement or application reserving incentive dollars until project completion. Energy savings/generations, incentives and completion date by project and by service territory must be documented in project records and in FastTrack. If project not demonstrably proceeding within agreed upon time frame, committed funds return to incentive pool. Reapplication would then be required.
- Dedicated-Renewable project that has been committed, has a signed agreement, and if required, has been approved by the board of directors.

Incentives

I. **Residential Incentives**

- Incentives paid to a residential program participant (party responsible for payment for utility service in particular dwelling unit) exclusively for energy efficiency and renewable energy measures in the homes or apartments of such residential customers.

II. **Business Incentives**

- Incentives paid to a participant other than a residential program participant as defined above following the installation of an energy efficiency or renewable energy measure.
- Above market cost for a particular renewable energy project.

III. **Service Incentives**

- Incentives paid to an installation contractor which serves as a reduction in the final cost to the participant for the installation of an energy efficiency or renewable energy measure.
- Payment for services delivered to participants by contractors such as home reviews and technical analysis studies.
- End-user training, enhancing participant technical knowledge or energy efficiency practices proficiency such as “how to” sessions on insulation, weatherization, or high efficiency lighting.
- CFL online home review fulfillment and PMC direct installations.
- Technical trade ally training to enhance program knowledge.
- Incentives for equipment purchases by trade allies to garner improvements of services and diagnostics delivered to end-users, such as duct sealing, HVAC diagnosis, air filtration, etc.

Indirect Costs

- Shared costs that are “allocated” for accounting purposes rather than assigning individual charges to programs.
- Allocated to all programs and administration functions based on a standard basis such as hours worked, square footage, customer phone calls, etc.
- Examples include rent/facilities, supplies, computer equipment and support, and depreciation.

IT Support Services

- Information technology costs incurred as a result of supporting all programs.
- Includes FastTrack energy savings and incentive tracking software, data tracking support of PMCs and for the program evaluation functions.
- Includes technical architecture design and physical infrastructure.
- Receives an allocation of indirect shared costs.
- Total costs subsequently allocated to programs and administrative units.

Outsourced Services

- Miscellaneous professional services contracted to third parties rather than performed by internal staff.
- Can be incurred for program or administrative reasons and will be identified as such.

Program Costs

- Expenditures made to fulfill the purposes or mission for which the organization exists and are authorized through the program approval process.
- Includes program management, incentives, program staff salaries, planning, evaluation, quality assurance, program-specific marketing and other costs incurred solely for program purposes.
- Can be direct or indirect (i.e. allocated based on program usage.)

Program Delivery Expense

- This will include all PMC labor and direct costs associated with: incentive processing, program coordination, program support, trade ally communications, and program delivery contractors.
- Includes contract payments to NEEA for market transformation efforts.
- Includes performance compensation incentives paid to program management contractors under contract agreement if certain incentive goals are met.
- Includes professional services for items such as solar inspections, anemometer maintenance and general renewable energy consulting.

Program Legal Services

- External legal expenditures and internal legal services utilized in the development of a program-specific contract.

Program Management Expense

- PMC billings associated with program contract oversight, program support, staff management, etc.
- ETO program management staff salaries, taxes and benefits.

Program Marketing/Outreach

- PMC labor and direct costs associated with marketing/outreach/awareness efforts to communicate program opportunities and benefits to rate payers/program participants.
- Awareness campaigns and outreach efforts designed to reach participants of individual programs.
- Co-op advertising with trade allies and vendors to promote a particular program benefit to the public.

Program Quality Assurance

- Independent in-house or outsourced services for the quality assurance efforts of a particular program (distinguished from program quality control).

Program Reserves

- Negotiated with utilities annually, with a goal of providing a cushion of approximately 5% above funds needed to fulfill annual budgeted costs. Management may access up to 50% of annual program reserve without prior board approval (resolution 633, 2012).

Program Support Costs

- Source of information is contained in statement of functional expense report.
- Portion of costs in OPUC performance measure for program administration and support costs.
    - Includes expenses incurred directly by the program.
    - Includes allocation of shared and indirect costs incurred in the following categories: supplies; postage and shipping; telephone; printing and publications; occupancy expenses; insurance; equipment; travel; business meetings; conferences and training; depreciation and amortization; dues, licenses,

subscriptions and fees; miscellaneous expense; payroll & related expense; outsourced services; and an allocation of information technology department cost.

Project Specific Costs (for Renewable Energy)

- Expenses directly related to identified projects or identified customers to assist them in constructing or operating renewable projects. Includes services to prospective as well as current customers.
- Must involve direct contact with the project or customer, individually or in groups, and provide a service the customer would otherwise incur at their own expense.
- Does not include general program costs to reach a broad (unidentified) audience such as websites, advertising, program development, or program management.
- Project-Specific costs may be in the categories of; Incentives, Staff salaries, Program delivery, Legal services, Public relations, Creative services, Professional services, Travel, Business meetings, Telephone, or Escrow account bank fees.

Savings Types

- **Working Savings/Generation:** the estimate of savings/generation that is used for data entry by program personnel as they approve individual projects. They are based on deemed savings/generation for prescriptive measures, and engineering calculations for custom measures. They do not incorporate any evaluation or transmission and distribution factors.
- **Reportable Savings/Generation:** the estimate of savings/generation that will be used for public reporting of Energy Trust results. This includes transmission and distribution factors, evaluation factors, and any other corrections required to the original working values. These values are updated annually, and are subject to revision each year during the "true-up" as a result of new information or identified errors.
- **Contract Savings**: the estimate of savings that will be used to compare against annual contract goals. These savings figures are generally the same as the reportable savings at the time that the contract year started. For purposes of adjusting working savings to arrive at this number, a single adjustment percentage (a SRAF, as defined below) is agreed to at the beginning of the contract year and is applied to all program measures. This is based on the sum of the adjustments between working and reportable numbers in the forecast developed for the program year.
- **Savings Realization Adjustment Factors (SRAF):** are savings realization adjustment factors applied to electric and gas working savings measures in order to reflect more accurate savings information through the benefit of evaluation and other studies. These factors are determined by the Energy Trust and used for annual contract amendments. The factors are determined based on the best available information from:
  - Program evaluations and/or other research that account for free riders, spill-over effects and measure impacts to date; and
  - Published transmission and distribution line loss information resulting from electric measure savings.

Total Program and Admin Expenses (line item on income statement)

- Used only for cost effectiveness calculations, levelized cost calculations and in management reports used to track funds spent/remaining by service territory.
- Includes all costs of the organization--direct, indirect, and an allocation of administration costs to programs.
- Should not be used for external financial reporting (not GAAP).

Total Program Expenses (line item on income statement)

- All indirect costs have been allocated to program costs with the exception of administration (management and general costs and communications & outreach).
- Per the requirements of Generally Accepted Accounting Principles (GAAP) for nonprofits, administrative costs should not be allocated to programs.
- There is no causal relationship—costs would not go away if the program did not exist.

Trade Ally Programs & Customer Service Management

- Costs associated with Energy Trust sponsorship of training and development of a trade ally network for a variety of programs.
- Trade Ally costs are tracked and allocated to programs based on the number of allies associated with that program.
- Costs in support of assisting customers which benefit all Energy Trust programs such as call center operations, customer service manager, complaint handling, etc.
- Customer service costs are tracked and allocated based on # of calls into the call center per month.

True Up

- True-up is a once-a-year process where we take everything we've learned about how much energy programs actually save or generate, and update our reports of historic performance and our software tools for forecasting and analyzing future savings.
- Information incorporated includes improved engineering models of savings (new data factor), anticipated results of future evaluations based on what prior evaluations of similar programs have shown (anticipated evaluation factor), and results from actual evaluations of the program and the year of activity in question (evaluation factor).
- Results are incorporated in the Annual Report (for the year just past) and the True-up Report (for prior years).
- Sometimes the best data on program savings or generation is not available for 2-3 years, especially for market transformation programs. So for some programs, the savings are updated through the annual true-up 2 or 3 times

Tab 6

Policy Committee Meeting

August 12, 2014, 3:30–5:00 pm

Attending by phone and videoconference
Roger Hamilton, Rick Applegate, Ken Canon, Alan Meyer, John Reynolds

Attending at Energy Trust offices
Fred Gordon, Debbie Menashe

Policies for Review

1. Economic Development Policy

The board approved "Economic Development Policy" is up for Policy Committee review. The Economic Development Policy, originally adopted by the board in 2004 in connection with discussions with State of Oregon economic development personnel, has not been revised since. Staff reviewed the policy with committee members and suggested some updating and simplifying language revisions. The proposed revision of greatest substance increases the identified cap for staff-authorized renewable project funding commitments from $125,000 to $500,000. This proposed increase is intended to make the policy consistent with current staff authority for renewable energy project commitments. The Policy Committee agreed with staff's recommended revisions, and recommended that the revised policy be presented to the full board for approval as a consent agenda item.

2. Equity Policy

The board approved "Equity Policy" is up for routine, three-year review. Staff proposed no changes, but committee members suggested removing some of the existing specific and detailed implementation language from the policy so that it provides only the higher level policy direction. Staff promised to return to the Policy Committee with suggested revisions to reflect the committee discussion at the committee's next meeting.

Renewable Energy Advisory Council (RAC) Member Appointment

In accordance with RAC and board rules, Policy Committee consent is required for formal membership on Energy Trust's advisory councils. Staff requested Policy Committee consent for appointment of Elizabeth McNannay.

Elizabeth McNannay, the owner of Resource Consultants, is one of the region's foremost experts on renewable energy grant-writing and funding opportunities. She specializes in assisting government entities, rural small businesses, farms, ranches, non-profits and tribes fund and implement renewable energy and energy efficiency projects. Elizabeth and her staff have successfully written approximately 100 USDA Rural Energy for America Program (REAP) grants. She currently serves on the Board of Directors of the Oregon Solar Energy Industry Association (OSEIA) and has experience conducting both financial and technical reviews of projects. Committee members agreed that Elizabeth will bring relevant expertise to the RAC and approved her appointment.

Update

OPUC Dockets on Cost Effectiveness Exceptions

Fred updated the committee on the two OPUC cost-effectiveness exception dockets. The commissioners issued a decision in the docket regarding gas measures. In that docket, UM 1696, exceptions for small measures were granted in various programs. Exceptions were not granted for solar water heating, certain small motors for commercial installations, and wheel line levelers for irrigation. A plan for winding down program delivery for these measures is beginning.

With respect to the gas measure cost-effectiveness exception request, an initial OPUC staff memo was distributed the day of this committee meeting. Staff has not yet had a full opportunity to review and analyze the draft report, but on first read, it appears that staff is not recommending that the OPUC grant exceptions to most single family and multi-family insulation measures. In addition, OPUC staff expresses skepticism about Energy Trust's prescriptive duct sealing pilot. Staff will continue to review the draft memo. A public workshop is scheduled for August 26, 2014. Energy Trust staff will provide another update at the next Policy Committee meeting.

The meeting adjourned at 4:30 pm. The next meeting of the Policy Committee is on September 9, 2014, 3:30-5:00 pm. Roger advised that he would be on vacation and not in attendance. Alan agreed to chair the next committee meeting.

Policy Committee Meeting

September 9, 2014, 3:30–5:00 pm

Attending by phone and videoconference
Ken Canon, Alan Meyer, John Reynolds

Attending at Energy Trust offices
Scott Clark, Kim Crossman, Fred Gordon, Steve Lacey, Debbie Menashe, Peter West, Courtney Wilton

Policies for Review

1. Equity Policy

At the committee's last meeting, committee members suggested a number of changes to the Equity Policy to eliminate specific examples and ensure that it provides appropriate high-level policy direction. A revised draft was prepared and presented to the committee members to reflect the discussion. The Policy Committee accepted the staff's proposed revisions and suggested that the word "eligible" be added in the first bullet of the policy language to clarify that programs are to be made available to "eligible" electricity and gas customer classes. With that addition, the Policy Committee recommended that the revised policy be presented to the full board for approval as a consent agenda item.

2. Screening New Opportunities Policy

The board approved "Screening New Opportunities Policy" is up for routine, three-year review. The purpose of this policy, which was adopted originally by the board in 2004, is to document the organization's willingness to identify and act upon new strategic opportunities. Staff proposed no changes to the policy, indicating that the policy was consistent with regular strategic planning, budget and action planning processes, but that could also be considered superfluous to the requirements and processes in the Energy Trust/OPUC Grant Agreement and ongoing organizational operations regularly overseen and monitored by the board. Committee members discussed that the Screening New Opportunities policy appears to cover a topic addressed in other ways by the organization and the board. Committee members agree that the policy is superfluous, and, therefore, recommends retiring it. The Policy Committee recommends that a resolution be prepared to retire the Screening New Opportunities Policy, and that such resolution be presented to the board for approval as a consent agenda item.

Preview of Board Meeting Presentations

1. Project Requiring a Waiver of Program Incentive Caps (Megaproject Approval)

Under the board approved "Policy on Waiving Program Incentive Caps," (also known as the "Megaproject" policy), board approval is required for efficiency project incentive awards expected to exceed $500,000. To qualify for board approval, such projects must meet three criteria: (1) project sites must suspend self-direction for a minimum of three years; (2) adequate incentive budget must be available; and (3) incentive levels are expected to provide energy savings at a cost per annual unit of energy saved that is less than current savings cost levels for the applicable program.

Kim Crossman, Energy Trust Industry and Agriculture Sector Lead, presented information on a proposed new large incentive award for an Intel project. Energy Trust has previously provided incentive funding to Intel for a project that required board approval under the "megaproject"

policy. Kim reported that program staff has been engaged with Intel for some time about a second proposed “megaproject.”

Kim explained details of the project, which is the second phase (Mod 2) of Intel’s D!X chip fabrication construction project in Hillsboro. In December 2011, the board approved funding for the first phase (Mod 1) of this project. Incentive payments were made over a three year period from beginning in 2012. Incentives paid for the Mod1 project were $4 million dollars resulting approximately 72 million kWhs in energy savings at levelized cost of less than $.004 kWh.

The Mod 2 project presents similar, and even better opportunities for Energy Trust with an estimated savings potential of 93 million kWhs in energy savings potential. Energy Trust will propose to Intel a total incentive of up to $2 million dollars. An incentive award of this amount would result in savings at a cost per kWh of substantially less than average incentives in the Industrial program.

Kim explained that adequate incentive budget is available in the Industrial program, but because Intel is a large customer of PGE, funding is limited to SB 1149 public purpose funding only. Although, as previously discussed with the Policy Committee, the large customer funding cap has not been reached yet for PGE customers, staff does analyze projects with the cap in mind. Funding for this project could reduce funding for other projects at large customer sites in PGE territory in the future. Staff would, therefore, propose limiting annual increments of incentive awards to $800,000 with the intent of minimizing potential annual restrictions in available funds for large customers in PGE territory.

Committee members discussed the project and expressed support. Concerns were, however, expressed that the three year self-direction prohibition under the “Megaproject Policy” may not be appropriate in all cases and that the policy should permit a more tailored approach depending on the project. Staff will review the self-direct policy and schedule time at a future committee meeting to discuss.

Committee members also inquired about how the baseline for a project like Mod 2 was set given the recent previous Mod 1 project. Kim described the third party analysis undertaken to determine the baseline and savings potential. Kim also described how Energy Trust ongoing work with Intel supports the company’s continued efforts to install highly efficient equipment and processes which would not be included without the connection to our program. Kim also advised committee members that Intel executives will be present at the next board meeting to describe this important relationship and Energy Trust’s significance to these projects.

2. Update on ISI Project

Scott Clark, Energy Trust IT Director previewed his full board update on the status of the Integrated Solutions Implementation Project phase 2 (ISI). ISI is an IT development project that will replace FastTrack, our existing project, measure, and incentive tracking system. Scott explained current status of ISI phase 2 and the possibility of some delay in final adoption in order to provide time for sufficient program staff participation and involvement. Scott explained that providing more time for program staff engagement will be important to the ultimate success of the project, but it may have timeline and budget implications. Committee members asked Scott to include some background and context of the entire ISI project in his update presentation to the full board, and Scott agreed to do so.

The meeting adjourned at 5:00 pm. The next meeting of the Policy Committee is on November 18, 2014, 3:30-5:00 pm.

Tab 7

Renewable Energy Advisory Council Meeting Notes

July 23, 2014

Attending from the council:
Brittany Andrus for Juliet Johnson, Oregon Public Utility Commission
Robert Grott, Northwest Environmental Business Council
Kari Greer, Pacific Power
Suzanne Leta-Liou, Atkins
Matt Mylet, One Pacific Coast Bank
Elizabeth McNannay, Oregon Solar Energy Industries Association
Michael O'Brien, Renewable Northwest
Rebecca O'Neil for Matt Krumenauer, Oregon Department of Energy
Peter Weisberg, The Climate Trust

Attending from Energy Trust:
Chris Dearth
Matt Getchell
Fred Gordon
Hannah Hacker
Jed Jorgensen
Betsy Kauffman
Debbie Menashe
Elaine Prause
Gayle Roughton
Thad Roth
Lizzie Rubado
Julianne Thacher

Others attending:
John Charles, Cascade Policy Institute
Bill Eddie, OneEnergy
Todd Gregory, Obsidian Renewables
Laurie Hutchinson, Obsidian Renewables
Alan Meyer, Energy Trust board
John Reynolds, Energy Trust board
Imogen Taylor, Obsidian Renewables
Sean Foster, Portland General Electric

Welcome and introductions
Betsy Kauffman called the meeting to order at 9:00 a.m. and reviewed the agenda. The agenda, notes and presented materials are available on Energy Trust's website at www.energytrust.org/About/public: meetings/REACouncil.aspx.

1. Energy Trust Strategic Plan update
Elaine Prause gave a presentation on the Energy Trust draft 2015-2019 Strategic Plan. The public comment period opens July 25 and closes August 26, and the draft plan will be posted at www.energytrust.org/strategicplan for review and comment through an online form. The Renewable Energy Advisory Council last saw the plan in March. Since then, the board of directors reviewed a proposed draft plan at its June workshop and then again at a recent board Strategic Planning Committee meeting. The current draft includes proposed long-term energy efficiency and renewable energy goals, and five-year energy efficiency, renewable energy and operations goals and strategies.

Elaine explained the purpose of setting a five-year goal, which pushes the organization to stretch beyond what is required to meet Integrated Resource Planning targets with cost-effective energy efficiency and to help Oregon in meeting 8 percent of retail electric load with small-scale renewable energy projects. On the renewable energy side, the most visible change in the plan is the order of goals: the market and project development assistance goal is first, followed by a 10 average megawatt generation goal. The plan lists specific renewable energy strategies as well as cross-cutting strategies that apply to all energy programs.

Staff asked for council feedback on the overall draft plan. Rebecca O'Neil commended Energy Trust staff for the pace of the plan development and for keeping it on schedule.

Betsy Kauffman provided further details on how the draft plan's four renewable energy strategies may be implemented for various technologies, as well as the renewable energy sector's individual strategic plan. For the strategy on using a portfolio approach, Betsy explained that Energy Trust will support all eligible technologies, but in individual annual budgets and action plans, allocation of staff time and dollars may emphasize one technology over another as markets shift. The next strategy, project and market development, will receive more focus than in prior years. Staff will support the project and marketing development strategy by reducing project cost, collaborating with other organizations and engagement with the market. For the third strategy, the sector will maintain a competitive approach to identify and fund new Other Renewables and large solar projects, a strategy that has proven effective in recent years. Rebecca offered to help coordinate promotion of Energy Trust competitive selection processes with the Oregon Department of Energy's Renewable Energy Development Grants. The final strategy is to pursue strategic partnerships that leverage non-energy benefits, for example, biopower projects helping manage waste.

Rebecca asked about how the strategic plan leverages other Energy Trust resources, such as communications and planning departments. Lizzie Rubado responded that a solar marketing plan is in development, building on other communications efforts. Currently, Solar is included in Energy Trust's program awareness campaign and efficiency programs cross-promote renewable energy opportunities. In addition, an upcoming study on soft costs of solar leverages Planning group resources.

Robert Grott noted that one of Energy Trust's important roles is to document and disseminate institutional knowledge about renewable energy, including information about market needs and barriers. Other members agreed. Matt Mylet mentioned that he looks to Energy Trust for recommendations on what projects merit investment.

Suzanne Leta-Liou asked about the relative value of helping markets versus simply paying more and larger incentives. She also requested an update on the state's progress to meeting 8 percent of retail electrical load from small-scale renewable energy projects. Thad Roth responded that the Oregon Department of Energy is assessing progress to the goal; he estimates about 2 percent of retail load is currently from small-scale renewable energy projects.

Michael O'Brien asked what percent of the public purpose charge goes to renewable energy. Thad responded that, by statute, about 17 percent of the public purpose charge that comes to Energy Trust is designated for renewable energy efforts.

Bill Eddie of OneEnergy stated that a goal of 10 aMW of generation is too low. Solar activity is expected to increase in 2016. Bill suggested that Energy Trust consider asking applicants for renewable support to submit a deposit. This would help ensure that applicants are serious and generate revenue. Thad responded that Energy Trust needs to balance this with the need to avoid adding additional financial burden to developers.

Rebecca asked if Energy Trust plans to support community solar funding models and enabling technologies, such as smart inverters or batteries, that improve the value of the power system. Energy Trust can play an educational role, if not a funding role, in these efforts. Thad responded that Energy Trust considers enabling technologies as included in energy benefits. Regarding community solar, standard solar projects are the priority as directed by the Oregon Public Utility Commission. Large solar, such as community solar, is a lower priority. Jed Jorgensen noted that

staff is exploring how the community ownership model could apply to other technologies, such as hydropower.

Elizabeth McNannay applauded the emphasis on coordinating resources, such as coordinating Energy Trust's requests for proposals with the Oregon Department of Energy's Renewable Energy Development Grants.

Debbie Menashe invited additional feedback on the draft strategic plan through an online form or by phone by August 26, 2014.

2. Quarter two dashboard and results

Thad presented information on generation and accomplishments for the second quarter. Meeting the sector's annual generation goal is chiefly driven by large projects. The sector installed just under 3 million kWh through Quarter 2. The sector expects to achieve about half of the budgeted generation goal of 4.49 aMW in 2014. Committed projects expected to complete in 2014 include the Oregon Tech geothermal project and Three Sisters Irrigation District hydropower project, both of which were delayed from Quarter 2 to Quarter 3 of 2014. Three projects, including two Solar Capacity Standard projects in Pacific Power service territory and the City of Gresham wastewater treatment project in PGE territory, will shift from 2014 to 2015 and make up the bulk of the generation shortfall for 2014. One biogas project was canceled due to poor market financials.

Thad described the project pipeline for the remainder of 2014. Staff saw strong residential solar activity, especially in third-party owned installations. Solar created a separate incentive for third-party owned installations. Staff implemented small incentive reductions in reaction to this high demand. The non-residential market continues to be challenged with the absence of the state Business Energy Tax Credit. The program received many new non-residential reservations for project funding in response to increased incentives implemented in late 2013, but project installations lag. More non-residential solar installations are expected in the latter half of the year. In response to a question from Suzanne, Lizzie confirmed that market engagement has decreased in absence of Business Energy Tax Credits.

The pipeline for Other Renewables projects is weak, with few responses to RFPs received in Q2. Staff expect to have unallocated incentive funds in 2014. These unallocated non-solar incentives will be moved to the Solar budget with the funding priority to be supporting standard solar programs first, cover the shortfall in demand from the PGE Solar RFP, and to consider large-scale solar projects for any remaining funding. As a result of shifting funds, staff expect to fully allocate the 2014 activity budget.

3. Solar competitive solicitation

Thad provided an update on the results of a recent competitive solicitation for larger solar projects, which announced $1 million in funding available with a funding cap of $499,000 per project. Eligible projects must be non-residential, net-metered facilities with a capacity between 250 to 2,000 kW. The project must also have a system host commitment. Staff streamlined the application process by requesting less detail up front, and requested additional information from projects with winning bids. Four applications were submitted, and projects were ranked based on system cost, dollars/watt$_{DC}$. System costs for the four submitted projects were between $2.60 and $3.05/watt$_{DC}$, which is notably less than the average $4/watt$_{DC}$ system costs for projects less than 250 kW completed in 2013.

The program offered preliminary reservations to the two top bidders, and offered the remaining bids preliminary reservations based on funds that were made available from Other Renewables

unallocated funds. This requires moving about $700,000 of Other Renewables unallocated funds to Solar. Bidders will submit additional information by September 15, at which point Energy Trust will engage in contracts with projects.

Suzanne noted that Energy Trust provides incentives about 30 percent of project costs, compared to about 50 percent from Business Energy Tax Credits.

4. Presentation of solar project proposed for funding

Thad presented the 6.21 MW_{DC} (5.0 MW_{AC}) Old Mill Solar project proposed for an incentive of $490,000. This project would help Pacific Power meet its Solar Capacity Standard requirement. The Old Mill Solar project is recommended to replace the Stone House Solar project that was selected in 2013 and subsequently terminated. The project is expected to achieve commercial operation by December 2015, with a project cost of $14.6 million and expected generation of 11,400 MWh. The site is located in southern Oregon between Klamath Falls and Lakeview. The capacity factor is 21 percent based on DC rating. The developer and site owner is Obsidian Renewables, which has completed 22 projects in Oregon to date including two Solar Capacity Standard projects. Swinerton Builders will perform construction and operations and maintenance services.

Old Mill Solar is located within the Pacific Power control area, and the utility is conducting a System Impact Study to be completed in August 2014. Because Old Mill Solar was previously an industrial site, system infrastructure is present. The project is zoned industrial, has a conditional use permit, completed its Wetlands Delineation and does not require an archeological study.

This project is a negotiated Power Purchase Agreement and Energy Trust is focused on helping reduce the final PPA price paid by Pacific Power. The project has received a Renewable Energy Development Grant and an Oregon New Market Tax Credit. The project will also benefit from System Upgrade Credits and consolidated tax benefits. The 25-year PPA is currently under negotiation. Dollars-per-watt system cost is about $2.35/$watt_{DC}$.

The total revenue is approximately $15.5 million, and the total expense is approximately $17 million, including $14.6 million for construction. Above-market cost increased for tax impact is $2.6 million, based on standard avoided-cost rates. Energy Trust must demonstrate that a project has above-market cost, and can only pay incentives up to the amount of above-market cost. A $490,000 incentive is well under above-market cost, and is under Energy Trust's threshold requiring board approval for incentives $500,000 or greater.

Pacific Power plans to complete the project by the end of 2015 to receive two-for-one Renewable Energy Certificates. Pacific Power will receive 100 percent of the Renewable Energy Certificates for 25 years. The Energy Trust incentive lowers the PPA rate by $3 to $6.

John Reynolds asked about hydropower projects in the pipeline. Jed responded that there are no open applications in Pacific Power territory, and staff is working on building the pipeline.

5. Public comment

No public comment.

6. Meeting adjournment

Betsy thanked the council members for their participation and adjourned the meeting at 11:25 a.m. The next full council meeting is scheduled for September 3, 2014.

Conservation Advisory Council Meeting Notes

July 23, 2014

Attending from the council:
Warren Cook, Oregon Department of Energy
Wendy Gerlitz, Northwest Energy Coalition
Garrett Harris, Portland General Electric
Scott Inman, Oregon Remodelers Association
Juliet Johnson, Oregon Public Utility Commission (phone)
Don Jones, Jr., Pacific Power
Karen Horkitz, Northwest Energy Efficiency Alliance
Don MacOdrum, HP Guild
Jamie McGovern for Jeff Bissonnette, Holly Meyer, NW Natural
Citizens Utility Board
Stan Price, Northwest Energy Efficiency Council

Attending from Energy Trust:
Adam Bartini
Tom Beverly
Amber Cole
Kim Crossman
Diane Ferington
Debbie Goldberg-Menashe
Fred Gordon
Marshall Johnson
Oliver Kesting
Spencer Moersfelder
Elaine Prause
John Volkman

Others attending:
Christina Cabrales, CSG
Scott Davidson, Clean Energy Works
Cameron Gallagher, Nexant
Mark Kendall, Energy Trust board
Keith Kueney, CAPO
Alan Meyer, Energy Trust board
Andrew Morphis, CLEAResult
Lonny Peet, Nexant
William Ranes, CLEAResult
Bob Stull, PECI
Samantha Taylor, CSG
Becky Walker, PECI

1. Welcome and introductions

Kim Crossman convened the meeting at 12:10 p.m. and reviewed the agenda. The agenda, notes and presentation materials are available on Energy Trust's website at: www.energytrust.org/About/public-meetings/CACMeetings.aspx.

2. Old business

Kim Crossman: June notes went out with the Conservation Advisory Council packets. There were no additional questions or comments.

> Kim provided an update on large customer funding constraints, summarizing a presentation from the April Conservation Advisory Council meeting. Under SB 838 legislation, large customers greater than <1 aMW per year, do not contribute to SB 838 and are not intended to benefit from this additional efficiency funding. The methodology

used to comply with this provision of the legislation was to develop the baseline portion of public purpose SB 1149 spending on incentives to these customers pre-SB 838, and keep the average portion of SB 1149 funds spent on incentives after SB 838 below the baseline percentage. When spending exceeded this baseline, we would act to reduce funding to large customers and bring average spending back under the baseline percentage within a few years. Our expectation was that we would cross this line in PGE territory once we analyzed 2013's spending.

Results from 2013 show that we spent 18.1 percent of public purpose funding on <1 aMW customers, which is under the established baseline of 18.4 percent in PGE.

We decided to build 2014 goals and budgets without planning spending on large customers, in accordance with our agreements that we wait to act until we cross that baseline. Our analysis shows that spending on large customers in 2014 may be lower than it was in 2011-2013 and we may not cross the baseline at the end of 2014. We are looking at program design changes that reduce spending on large customers, and are trying to minimize the impact of these actions on savings.

We won't have new data on this until we close 2014 in spring of 2015. If we cross the line in 2014, we will need to make decisions about what we do to cut funding, and will as Conservation Advisory Council for input. Round one 2015 budgets assume that we don't cross the line,.

Jamie McGovern was an author of Citizens' Utility Board, CUB, comments regarding this large customer funding constraint, which were submitted as part of a PGE rate case. These comments address policy and rate issues underlying the constraint.

Jamie McGovern: In PGE's most recent rate case, we looked at the possibility that Energy Trust would cross the large customer funding cap, and we wouldn't want to lose the potential for large savings large customers provide. The cap was determined based on SB 838 language, with large customers not paying 1149 funds and not receiving direct benefits. Look at CUB's testimony on page 20 on the website. I'm open to comments or questions and you can reach me at Jamie@oregoncub.org.

Not all energy-efficiency goals can be achieved if large customers with huge savings potential are limited. We see smaller projects as possibly less cost-effective, and this limitation may hamper potential savings that would benefit everyone. In 2015 and 2016, we may see higher chances of crossing the threshold. It's a problem when the Integrated Resource Plans, IRPs, go out to 2030.

Kim: We will not need to act in our first round 2015 budget. We will continue to pay close attention.

Wendy Gerlitz: Northwest Energy Coalition plans to provide supporting testimony for CUB in this rate case.

Juliet Johnson: I'm glad we didn't reach the spending cap, and it looks like industrial spending may be smaller this year than last year. There may be some resistance from industrial customers during the review of the PGE rate case. The commissioners will have to decide: to what would you attribute the potential reduction in PGE spending on these customers?

Kim: On a side note, I want to remind everyone that large customers are all types of customers, including colleges, hospitals and other institutions, and large industries.

The third item is docket number UM 1622, which is open. The period for comment closes tomorrow, and the OPUC hearing is next Tuesday. Conservation Advisory Council members can submit comments throughout the docket process.

3. 2015-2019 Strategic Plan draft (discussion)

Elaine Prause presentated on the draft 2015-2010 Strategic Plan. The plan will be posted on Energy Trust's website and emailed to all advisory council members on Friday, July 25. Public comments will be accepted through August 26. The initial draft incorporated feedback from the Conservation Advisory Council in March, and the board provided guidance at a strategic workshop in June.

We expect that substantial efficiency resource is available, but there are several challenges. We need to be very conscious of cost-effectiveness, and this applies across the board. Renewable project economics are tough too. Federal and state support we counted on in the past is no longer there.

Themes in the strategic plan include adapting to change, continuous improvement in operations and updating approaches to meet customer needs. The long-term renewable goal aims to help meet the state's goal of providing 8 percent of retail sales by 2025 with renewable systems smaller than 20 MW. The energy-efficiency goals are about obtaining all cost-effective, achievable savings. The plan also includes operational goals.

Stan Price: Can you provide more context on the board's discussion of vision and mission?

Elaine: We heard a lot of feedback about sticking to our core mission. We can be open to new things within our core mission and strategies.

Alan Meyer: The board sees Energy Trust as having a clearly and narrowly defined charter. We need to stay within it.

Elaine: We have five-year goals and annual budget goals, and this plan helps us think further out. Especially on the energy-efficiency side, there are things we can do now to increase the cost-effective resource in the future. Operations goals are about supporting these other goals.

Energy efficiency goals are 240 aMW and 24 million therms. We started with the 20-year resource assessment. The additional resource is from emerging technologies likely to come available in the next five years. On the electric side, there are additional large opportunities like large data centers and combined heat and power projects that are not necessarily in our resource assessment. They aren't characterized in our outreach version of the plan.

The gas cost effectiveness docket is also in the works. It could change how we deliver gas residential programs

Scott Inman: How do these goals compare to the Strategic Plan goals of the last five years?

Elaine: Over the past five years, we achieved about 26 million therms and 270 aMW, assuming we meet our 2014 goals. We're not growing but it's not a sharp decline.

Holly Meyer: Both gas and electric have declined at the same rates. In the last five years, the growth rates have been parallel. Some of it may be from interrelationships between gas and electric programs.

Jamie: Historically, have your goals underestimated what actually happened?

Elaine: For the last five year plan, we slightly exceeded targets, achieving about 102 percent of electric goals and exceeding gas goals by about 14 percent.

> The four top strategies in the draft 2015-2019 Strategic Plan are to continuously improve programs to meet customer needs, manage total cost of efficiency, replenish the portfolio with new resources and expand customer participation.

Juliet: The plan is aspirational but well-balanced. The ways you achieve those goals will show up in annual budgets. I'm pleased with the draft.

Stan Price: What percentage of customers are repeat customers? Percentages and geographic dispersions would be helpful.

Amber Cole: In our quarterly reports to OPUC, we added a table that shows geographic data for each quarter, so we are just on the cusp of doing this.

Holly: The strategic plan seems comprehensive. You are looking to optimize programs serve more customers, work with other organizations like NEEA and make operations as efficient as possible. I'm happy with it.

Elaine: Renewable generation goals include generation and development of markets. Our above-market cost share is increasing, so money isn't going as far. The four renewable strategies include a focus on markets with multiple benefits. The board advised this approach be applied to energy efficiency as well, so we will add it to the cross-cutting strategies.

> Effective partnerships, efficient operations and being ready for changes are cross-cutting goals. We need to be strategic about setting up relationships with organizations that provide resources that help us meet our goals. We need to be efficient with our support resources. We need to continue doing what we do well and be ready for new opportunities.

Juliet: I like the part about being ready for changes. Can you summarize what that looks like operationally? Cost accounting should be set up for those opportunities.

Elaine: Operations goals address how we set up for this internally. We have a management review underway, concurrent with strategic plan development.

> August 26 is the comment deadline for the draft 2015-2019 Strategic Plan. There's a comment form on the website with a series of questions we would like you to answer. You can email additional, written comments to any of us, and they can be attached to the comment form. We plan to come back to Conservation Advisory Council in September with feedback received. After that, we will go to the board in October 1 for approval to inform our budget.

Holly: What about building Oregon's leadership into the plan, and using what Energy Trust has learned to inform other states? This is more about raising all the boats nationally. It's also our responsibility as a leader to mentor and teach others.

Jamie: If other states start adopting what we've learned, there are economies of scale that help us as well.

Warren Cook: That's part of our responsibility as the fourth most energy-efficient state in the nation, according to American Council for an Energy-Efficient Economy. I encourage you to continue to pursue benchmarking.

Fred Gordon: We have received feedback that we should only do this type of work when it will directly benefit our goals. We do lots of networking all over the country and world. We engage in a deliberate way, but as a nonprofit we have to ration our resources.

Wendy: I've been engaged in energy-efficiency discussions related to the Environmental Protection Agency's 111d. I hear that the state goals are set on an aggressive level, but there are concerns that the public utilities don't have the same great savings rates as Energy Trust. It may be good to look at how you help other entities in Oregon. How can you support and help the rest of the state?

Juliet: The strategic plan includes innovative goals for reducing barriers to renewable energy development, and it would be good to share those case studies. I appreciate Fred's comments. I think Energy Trust can provide a lot of insight, but this may not be the best use of staff time. Strategic partners are a great way to help us get information out through the right channels.

Kim: Energy Trust has been researched by national nonprofits that seek to spread best practices. I might do one day's worth of work to gather some information, but the nonprofit then does a month's worth of work to write their papers. This seems like a good way to get our info out to peers in other states or organizations.

4. Q2 dashboards (information)

Kim: Energy Trust Q2 2014 dashboards indicate savings and progress to goals through Q2. We are close to our goals in PGE and Pacific Power territory, and are meeting goals in NW Natural territory. We are exceeding goals in Cascade Natural Gas territory.

5. 2014 year-to-date savings and 2015 budget concepts: industry & ag sector (discussion)

Kim presented on the sector's activity and savings in Q2. The industrial sector is coming up short in Cascade Natural Gas territory. Savings to date in Cascade Natural Gas territory are from one project. Our savings in this territory come from only four or five projects, so one project can dramatically impact us. We are now providing 20 percent bonuses in Cascade Natural Gas territory to help us reach goal in 2014 keep building a pipeline. The bonus led to a new project that came in last week. As of the end of Q2 2014, we don't see a need for bonuses outside of Cascade Natural Gas territory.

Mark Kendall: How many customers participate in Cascade Natural Gas territory each year?

Kim: Three or four. It's not unusual for two-thirds of the savings to come from one customer's project. Most industrial customers in Cascade territory are transport. For some customers, the eligible gas load is a tiny portion of their energy.

Kim: Strategic Energy Management, SEM, and custom projects are part of the custom track. The streamlined track provides savings for simpler measures delivered through trade allies, and result in a high volume of smaller projects. We made a change to our delivery strategy this year, and Program Delivery Contractors, PDCs, now have budget to promote all possible upgrades instead of just custom projects. Custom PDCs now serve all sizes of customers in their geographic territory.

> Adam Bartini, program manager for the streamlined track, did a lot of work to enable PDCs to promote streamlined measures, including creating detailed scoping templates. These types of delivery design changes are multi-year initiatives, so we'll see some savings this year and more next year. We still need to better arm the PDCs to offer more, and this will be reflected in the 2015 budget. They need things like a tablet-based scoping tool to give the customer a report by the end of a meeting. It's part of our continuous process improvements.
>
> In terms of building tools and other infrastructure of the program, not having a Program Management Contractor, PMC, is a challenge. PMCs are large organizations that operate in multiple utility territories, so they have robust tools. Industry and agriculture staff do all of the administrative work done by PMCs in other programs. We also have PDCs that are entirely market-facing and do not have marketing, program management or other administrative work in their scope. They deliver the program to customers or to trade allies.

Karen Horkitz: Has Energy Trust looked at the reasons for bringing Production Efficiency in house and evaluated the benefits of this strategy?

Alan Meyer: I was on the board when we made this decision. When you run a business that has a small number of large customers, you sell directly to them. We started with a distributor business model for all programs, including Production Efficiency. We found that the customers could be treated in a way that better met their needs by bringing the program in house. That delivery model wouldn't work with residential customers because there are too many. I think we made the right decision.

Don Jones: Pacific Power does it the same way in other states where we deliver these programs. We segment things similarly to Energy Trust, and with larger customers we use the direct model because basically everything is custom.

Mark: Energy Trust is undergoing a five-year management review, and the contractor is looking at value and performance by utility and market sector. The findings will be out at the end of the summer and will be integrated into the 2015-2019 Strategic Plan.

Kim: Production Efficiency won an exemplary program award from ACEEE last year. After we took things in house, there were fewer layers of management and we were more able to innovate, make changes and run pilots. Going forward, the challenge is a need to invest in things PMCs would already have.

Mark: Have we seen a rebound in lighting this year with the emergence of LEDs?

Kim: This year, we raised our custom incentive for lighting because it needed to be equivalent to other custom savings, and it also opened the door for LEDs to come flooding in. The incentive change had a big effect on savings, along with changes in LEDs. So far this year, 54 percent of industrial lighting savings came from LEDs. In 2013, 13 percent of savings came from LEDs. In 2012, zero savings were from LEDs. This is probably the fastest change I've seen in this field.

> We are building out a toolkit of standardized SEM curriculum and tools, which will allow us to hire more contractors to deliver SEM. We have 11 participants committed for our first cohort in Southern Oregon and we are recruiting in Central Oregon now. We didn't expect this kind of uptake in areas that don't have a lot of exposure to SEM.
>
> We provided SEM training to more than 100 companies in our first five years, and would like to bring this to scale now, reaching an additional 200-300 customers in the next five years. We'll run at least 30 to 50 customers through our program next year. You'll hear more about SEM in the next five-year strategic plan. You can see our video case studies about Kettle Foods and Purdy painting products on the website.

Garrett Harris: How small can SEM be scaled down?

Kim: After running the Core pilot, we scale SEM down to customers who spend about $50,000 per year on gas and electric combined. The SEM commitment involves a lot of staff time for customers, but they love it because training needs are such a pain point for them. This is free training, which is why it has taken off.

Holly: You were focusing on larger customers for a long time. Is this plan to serve smaller industries going to cost a lot more? What's the driver and what's the downside?

Kim: Under SB 838, there are limitations on what we can spend on large customers. Working now to better serve small customers gives us flexibility to diversify savings in the long run. Savings from small customers will likely cost more than savings from large customers, but there is room to spend more as Production Efficiency's levelized costs are fairly low.

Holly: It costs more but is under the incentive cap for <1 aMW customers. Does it allow Energy Trust's overall energy-efficiency costs to be cheaper?

Kim: We don't know yet. If we see anything showing up as a cost-effectiveness problem, we'll dial it back. SEM and other operations and maintenance programs yielded surprising savings in the last several years with only small cost increases.

Scott: Do these smaller projects help you reach goals and impact the spending cap for large customers?

Kim: It doesn't help us move the large customer spending cap.

> What's different here is that changes due to the recession happened in a short timeframe. As companies rebound, change has happened slowly and hasn't been as visible. Investments in Portland seem to be growing. Some international companies are coming in. There is more savings potential if manufacturing is booming. When they were cutting back, we got unexpected savings because they kept their staff busy on operations and maintenance. Now that business is booming, will customers they have time to work on energy efficiency?

6. Q2 2014 dashboard and 2015 budget concepts: commercial sector (discussion)

Oliver Kesting: Oliver presented on the commercial sector's activity and savings in Q2. The commercial sector includes Existing Buildings, New Buildings, multifamily and commercial SEM.

> The sector is behind historic accomplishments for electric savings. Commercial SEM is lagging due to the timing of projects, and we expect SEM to come in ahead of goals by year-end. The sector is on track to exceed goals in Cascade Natural Gas territory and approach the goal in NW Natural. Existing Buildings is behind in gas savings, but New Buildings and multifamily are ahead in gas savings. Incentive spending is running lower than budgeted for equivalent savings.
>
> To help meet goals in 2014, Existing Buildings and multifamily are planning an increase to the base custom gas incentives. Existing Buildings and multifamily also launched prescriptive bonuses. New Buildings launched enrollment bonuses for new multifamily projects to help get attention of multifamily projects early in the design process. New Buildings is also exploring an increase in lighting incentives.
>
> Interest and activity in New Buildings is at an all-time high, with 152 enrollments across all territories in Q2.

Mark Kendall: What market share does that represent in terms of interested projects? Is our share growing?

Oliver: We're getting the majority of square footage in the new construction market.

Becky Walker, PECI: We are determining the exact share.

Oliver: Data centers are hard to predict. In PGE territory, we have one data center project that shifted to 2016, which impacts savings. Faucet aerators and showerheads are the majority of multifamily savings. We have streamlined the enrollment process for mid-stream buy-downs for clothes washers, refrigerators and water heaters, and we expect to see more distributors enroll in the future.

> In Existing Buildings, we continue to work with Oregon Department of Energy on schools, and expect of a lot of school construction this summer.
>
> Oliver presented on the 2015 budget concepts for the commercial sector. The budget concepts line up with the overall strategic plan, with 17 percent of gas savings from SEM. We are working to mitigate a dip in gas savings in Existing Buildings with incentive changes.
>
> As far as the overall state of the market, updates to code and federal lighting standards have ratcheted up the baselines, making it harder to get savings. New measures and approaches like LEDs are becoming more cost-effective, and operations and maintenance is gaining momentum. There are cost-effectiveness challenges given the new avoided costs, and that will limit how much support we can provide for some measures. The State Energy Incentives Program, the revised Business Energy Tax Credits, offers some limited opportunities to work with the Oregon Department of Energy.

In the Existing Buildings program, large customers consistently use our programs, but small to mid-size customers need more nudging. SEM is working for larger customers. LED lamp prices are dropping, and we are rolling them into prescriptive measures. Street lights are an area of focus with municipalities.

We launched a pilot through LED distributors in 2013, which was successful and will continue. We continue to focus on comprehensive lighting. We launched prescriptive bonuses for cooler doors, packaged terminal heat pumps, boilers with steam traps and foodservice equipment in 2014. The SEM curriculum will be standardized, and we are contracting for new SEM managers. We are working on streamlined lighting installation for small customers who have T12s in their storefronts, including direct installation at a low cost to customers. On the Pay for Performance pilot, we are negotiating contracts now.

On the New Buildings side, there are several strong areas. Packaged incentives through Market Solutions make things easier for smaller customers. We are working with NEEA on code compliance and market transformation. New Buildings is supporting comprehensive lighting design, Solar Ready incentives and technical support for customers trying to reach net zero.

Multifamily is faced with low vacancy rates, which is great for new building construction but tough for comprehensive retrofits because units are occupied. We redesigned the custom track by streamlining forms. We continue to offer instant savings measures, and expect to provide services to more than 20,000 dwelling units in 2014. Savings from weatherization and windows are challenging due to tax credit changes, but we will continue to support these measures through engagement and assistance to the trade allies.

Scott: The state program actually has substantial weatherization opportunities. Right now it's oriented toward systems. It's tough to do the work to qualify projects. The money is there, but no one can take advantage of it. Is anything being done to streamline the process? The Small Premium Project program is straightforward and easy, but the larger weatherization projects are difficult. Competitive bid processes are not working well for weatherization.

Warren: Linkage with actual incentives is better than gambling for a potential tax credit.

Kim: There are lots of challenges with competitive incentive design in industrial, too.

Oliver: Multifamily is also running several pilots including, memory care and MPower.

For 2015, we are focusing on serving underserved customers. We are looking at how we can bring SEM to smaller customers. We have a regional outreach strategy for rural areas, midstream buy-downs and targeting of operations and maintenance incentives. We've done a lot on developing the business case for energy efficiency and we will continue on that path. We are also focusing on continuous improvements and expanding services in geographic areas. We are exploring using data for targeted marketing and helping customers find opportunities. Incentive packages will make it easier to capture all the opportunities.

The risks for 2015 include the funding for <1 aMW sites, which would impact hospitals, universities and similar large customers. Avoided cost reductions have reduced cost-effectiveness.

In multifamily, we will rebid the PMC contract, and are bringing on new SEM providers. HB 2801 could create program design challenges if there are rules created regarding treatment of cost-effectiveness at a whole building level.

Mark: We talked about streamlined direct delivery for small customers. What does that look like?

Oliver: In the SEM bid process, we asked what the new contractors would do for smaller customers. Some are taking a prescriptive approach while others are exploring streamlined regression analysis. For retrofits, the multifamily PMC, ICF, is working on direct installation of T12 to T8 lighting. We will pay up to 80 percent of the cost, with the customer paying the remainder. We will target communities and tell them on the spot how much it will cost for replacement, and trucks will be ready in the community. As part of this RFP process, we are asking bidders to propose a financing strategy.

Mark: Are they looking at a range of options going all the way to LED?

Oliver: It will be very streamlined at this point, rather than several options. Oliver requested comments and ideas on 2015 budget comments from Conservation Advisory Council members in the next few weeks.

7. Q2 2014 dashboard and 2015 budget concepts: residential sector (discussion)

Diane Ferington: Diane presented on residential sector savings and activity in Q2 2014. The residential sector is on track to achieve savings goals in 2014. In Cascade Natural Gas territory, we have achieved more than 50 percent of our annual goal for Existing Homes. We have reached 123 percent of the goal for LEDs as well. Other products are moving slower than anticipated, so there's room for more LEDs.

Diane presented on residential sector budget concepts for 2015. Key aspects include empowering contractors to serve customers. The online trade ally portal is launching and provides the ability to see projects and their status. We are looking at upstream and midstream strategies to focus on moving core products and water heaters. We plan to expand the adoption of EPS, including adding it for small multifamily and manufactured homes. HB 2801 compliance is a theme. We're doing more targeted marketing.

We'll use bonuses as in the past. New gas measures, lending ally development and emergency water heater replacement will be included. The desire to look at other approaches with voluntary on-bill to support specific measures will require more dialog with utilities. We want to balance dependence on instant savings measures with core measures.

Mark Kendall: Are we making meaningful progress with RMLS?

Diane: The focus on real estate professionals is strong in 2015. New Homes will have a $25 spiff for listing EPS information in RMLS. Real estate agents don't upload EPS information to RMLS as often as they should.

Don MacOdrum: This is a good time to mention that this year's Home Performance Conference will focus on home valuation with appraisers and real estate professionals, and we are also

feeling like there was some success in HB 2801 rule-making. What would be involved in getting EPS into tax assessment records, since they populate RMLS?

Holly: I was part of the SB 2801 meetings. From a gas company perspective, it looked like you were moving to one tool that would be consistent. Right now there are still three main scores that don't allow for apples-to-apples comparisons. Without agreeing on one score, I don't know how it educates and moves the market.

Diane: There was commentary around the need for one score, but the natural market will determine that. There isn't a dominant driver like there is for EPS. Washington is looking at EPS also. That's the purview of the Oregon Department of Energy, which currently approves three systems for use. The market will decide which scores get traction.

Wendy: I was in the meetings, and I think it was premature to move to one score. It was too early to get Oregon to adopt one score. Maybe in a couple of years we will have experience with enough scores to adopt one scoring tool.

Wendy: It also includes the public utility districts and co-ops, and they aren't all ready.

Diane: Clean Energy Works is delivering EPS in volume for existing homes. Clean Energy Works also delivers EPS scores in Oregon outside of Energy Trust territory so that will be a lot of homes. In 2015, we are shooting for 27 percent market share based on new home permits for EPS, and Clean Energy Works will score more than 5,000 homes in 2014 with preliminary scores.

Don: Energy Trust, Earth Advantage and Cake Systems can help the rest of the state establish scores. It can also allow non-Home Performance contractors to score homes. Energy Trust and Clean Energy Works can possibly break the boundaries.

Mark: This is critical to transforming the Existing Homes market.

Warren: Energy features and valuation standards need to be established. The next step is for a stakeholder panel to determine direction. We may not be able to train a homeowner to recognize a good number if they are only interested in dollars. There is a tremendous amount of momentum we shouldn't stand in front of.

Diane: In 2015, one of our biggest challenges will be responding to the avoided gas cost docket. We are going into budgeting with that unknown factor, but we will bring more information here as we learn more.

Mark: What are the new gas strategies?

Marshall: We have a pilot to test inclusion of prescriptive air sealing and we are about 10 percent toward our target quota. A second effort will be to test the ability of smart thermostats to reduce gas consumption. Puget Sound Energy is working on a measure for smart thermostats, and we'll learn from them. We are supporting NEEA's conversations with gas companies and how NEEA can play a role. We are also looking at heat pump water heaters for gas and combination heating and water heating gas systems.

Fred: NEEA is conducting a field test on a gas absorption heat pump water heater. If it's successful, would the region's gas program funders want to make it a regional initiative? We are

looking to expand hearths and exploring adding gas adjunct to NEEA's electric efforts for commercial rooftops and dryers?

Diane: We'll put out a request for proposals for behavioral approaches. The Pacific Power high user OPower effort will finish up August of next year, and will be evaluated.

8. Measure review: hearths (discussion)

Marshall Johnson presented the results of two recent market studies and a metering study and proposed changes to residential direct vent fireplaces for 2015.

> The current hearth offering includes two tiers of efficient fireplaces. Tier one is 65 to 69.9 percent fireplace efficiency, FE, which is not the same as annual fuel utilization efficiency, or AFUE. Tier two is for hearths with 7.0 FE or greater. We also paid extra incentives for an IP ignition system instead of a standing pilot. About 81 percent of the models had a standing pilot light. Efficiency savings result from both the ignition and the fireplace itself. Tier two products have grown over the past four years.
>
> We surveyed vendors and distributors and conducted a metering study to determine how frequently people use the fireplaces compared to our 2009 assumptions.

Paul Sklar: Hearths in the 65 to 69 FE tier were not a large part of the market, but have room to grow in the 70+ area.

Holly: Moving the non-participants wouldn't help then. They're free riders. You have more room to grab in the 65 to 69 FE area?

Marshall: It doesn't appear there is a large market in the 70+ range and we're trending toward promoting the most efficient ones.

Fred: We are trying to find people who are planning to buy relatively high-quality, high-cost hearths for heating, and persuade them to buy efficient hearths. We don't want to sell much more expensive equipment unless the consumer heats for many hours of the year. So far our work has been about a core market that buys a certain type of hearth, but vendors sell multiple options so it's not that simple. We also don't know much about hearths in new home construction.

Holly: Energy Trust surveyed the larger trade allies, so the study may not represent the entire market.

Marshall: It's an indication of a prominent segment of the market that carries higher-efficiency hearths.

Holly: Are there low-efficiency hearths that could be brought up to higher efficiency? Maybe you don't drop the bottom tier?

Fred: When we presented this to Northwest Natural, we identified five to seven potential studies on different portions of this complex market. This was to give us a baseline and tell us if there were enough load hours to make it worthwhile. There are more opportunities to explore for related markets now that this is done.

Marshall: Our influence has been about 1,300 out of 7,000 hearths. The gas furnace market share was at about 65 percent when we pulled out. Everyone rallied around this condensing technology. For hearths, it appears there is still a fair amount of room for us to continue to influence the market. We assumed in 2009 that the average unit was about 62 FE. Based on these results, we think the average FE is 66.8. There has been a general increase, we think.

Garrett: How many of these 1,300 hearths were new rather than replacements?

Paul: We can get the number to you.

Fred: Our premise was that we weren't putting enough money on the table to influence buying a hearth or not. A lot were replacing wood or oil, or adding a gas hearth when they had a gas furnace.

Paul: We used brand data from participating distributors to determine the baseline efficiency. We want to have a higher efficiency requirement for the top tier.

Paul: We originally assumed hearths would be used 20 hours per week, but they came in at more like 15 hours. The thermal efficiency savings were 19.9 therms for tier one models and 31.6 for tier two models, excluding pilot lights. Ignition system savings are on par with efficiency savings, if not more.

Marshall: The net to gross adjustment was 19 percent for IP pilots, and are now at 31 percent; especially at the higher efficiency tier.

Mark: You can't get one for less than $3,000: that's the catch.

Marshall: Aesthetics play a big role. It's difficult to separate efficiency costs from total costs. We don't see a single average incremental cost at this point. The 75+ tier does seem to have a narrower range, and we do seem to influence that market.

Wendy: This may be something where you want to influence the manufacturers more than the customers.

Paul: We did a distributor survey to pursue that angle. The aesthetic features appear to be independent of the efficiency ratings.

Wendy: If the end consumer is using many different factors to decide, are there ways to influence what's available to buy?

Marshall: We've established relationships with retailers to get the message out to customers. We are now working with vendors. We have 680,000 gas customers. We're a small market to get a manufacturer's attention, so we need to aggregate resources with other parties to make it work.

Warren: This is similar to washers and TVs. Customers look at other factors than energy efficiency.

Karen: Standards will be the key.

Paul: They do appear to be cost-effective at these incentive levels.

Karen: Was there an evaluation of this? What did you conclude about free-ridership? When looking at the program, did you draw a conclusion about your influence?

Marshall: From Fast Feedback surveys, about 45 percent of customers seemed to be free riders. There was some noise in the survey since NW Natural promotes under their brand, so it may be outside Energy Trust recognition. 45 percent is a big number.

Fred: We have an open question about free riders. We have influenced the market very quickly. When we picked up the spec, one manufacturer retooled their line around our spec and credited us for that. We did a study years ago, but did not build a full framework to analyze market transformation. The distributors aren't well trained in talking about efficient markets, so their answers are limited. We may not be able to tell exactly what happened but we are digging deeper to find out.

Marshall: We intend to claim pilot ignition savings in 2015, and it looks like we'll continue to promote hearths in the tier we're moving away from. We also plan to claim savings from the distributor who said we had an influence.

> Going forward, we are forecasting a small number of projects in the new tier next year. We are trying to determine the best way to do this. We are working to determine if it fits within the NEEA framework.
>
> We are responding to information and the market is moving fast. We'll do a bonus for the more efficient technologies. It's more of a stocking incentive for 75+ FE products. We'll add a new higher tier next year. By the end of the hearth season, we hope to see more products available in the market.
>
> We don't know what the new incentive looks like yet. We will discontinue the lower incentive.

Holly: I thought you were keeping the lower tier to keep people from putting in standing pilot lights.

Marshall: We are looking to maintain an influence on preventing standing pilot lights, but won't promote the lower efficiency tier. We may promote models that don't have standing pilot lights. We may encourage IP installations in all units. We blended the IPI and thermal efficiency savings together so the consumer doesn't see the difference.

Warren: It used to be $110 dollars for the ignition module. But now there's a remote so that's the cost. It's interesting to get to a measure with an incremental cost unrelated to the savings. It exists, but we can't tease it out. Thanks to this research, we'll also look at a 2015 measure starting at 70 FE, and probably two tiers, also.

Marshall: It's great to have Oregon Department of Energy's participation and support to help bolster our market transformation case.

Warren: You should be able to take credit for everything above 70, because they those models didn't exist before you entered the market.

Scott Davidson: There's a big push to reduce wood smoke. Is there an opportunity to capture that with Department of Environmental Quality?

Paul: Some of these hearths did replace wood fireplaces. In those cases, the savings we looked at were the fireplace they would have bought versus the more efficient.

Scott Davidson: There's a perfect opportunity to capitalize on other market requirements that the efficiency dollars can help achieve other societal benefits. This relates to your earlier presentation on the strategic plan and role of leveraging resources.

Mark: These are just UL and not Environmental Protection agency listed?

Paul: They are UL.

Fred: With ductless heat pumps, we worked with the state program on conversions. However, fuel conversion is not our objective.

Scott Davidson: Having a boundary that's permeable that allows you to leverage other opportunities.

Mark: Certain air sheds have bounties on non-EPA rated stoves. I don't know how you manage that collaboration on incentives. Maybe we do negotiate how the incentives stack on.

Warren: It's one of those market expansions where you need to manage attainment.

9. Public comment

Scott Davidson: There was a decision in Salem on 1696 electric cost exceptions. That docket has been quieter than 1622 gas. What are the thoughts on that?

Fred: I assume there will be a published decision. Elaine wrote a great memo proposing exceptions for electric measures. For most measures, the OPUC agreed. Insulation measures were moved to the gas docket to figure out at once. They decided not to give exceptions for one heat pump measure and one irrigation measure. They agreed with us about timing of some upgrades to screening tools. Solar water heating came up and they refused the electric exception. I'm assuming gas will be the same.

> Our next conversation will be with Juliet about measures that are not cost-effective and were not granted an exception. We think solar pool heaters are cost effective.

Don MacOdrum: Was there anything in commissioners' questions and comments that seemed especially germane to 1622?

Juliet: They are opposed to things with low total resource cost ratios.

Fred: Commissioner Savage wanted information on unit cost and savings to understand payback.

Don McOdrum: Commissioner Savage questioned free ridership, lost opportunities, low benefit/cost ratios and the money being spent elsewhere.

10. Meeting adjournment

The meeting adjourned at 4:30 p.m. The next Conservation Advisory Council meeting is scheduled on September 3, 2014.

Renewable Energy Advisory Council Meeting Notes

September 3, 2014

Attending from the council:
Jason Busch, Oregon Wave Energy Trust
Shawn Foster (for Bruce Barney), Portland General Electric
Robert Grott, Northwest Environmental Business Council
Juliet Johnson, Oregon Public Utility Commission
Suzanne Leta-Liou, Atkins
Elizabeth McNannay, Oregon Solar Energy Industries Association
Matt Mylet, Beneficial State Bank
Michael O'Brien, Renewable Northwest Dick Wanderscheid, Bonneville Environmental Foundation
Frank Vignola, Solar Monitoring, University of Oregon
Peter Weisberg, The Climate Trust

Attending from Energy Trust:
Karen Chase
Chris Dearth
Matt Getchell
Jenny Hall
Jed Jorgensen
Betsy Kauffman
Dave McClelland
Debbie Menashe
Dave Moldal
Elaine Prause
Thad Roth
Lizzie Rubado
Courtney Wilton

Others attending:
Diane Broad, Oregon Department of Energy
Bill Eddie, OneEnergy
Kari Greer, Pacific Power
Wendy Koelfgen, Clean Energy Works
Alan Meyer, Energy Trust board
John Reynolds, Energy Trust board

1. **Welcome and introductions**

Betsy Kauffman called the meeting to order at 9:30 a.m. and reviewed the agenda. The agenda, notes and presented materials are available on Energy Trust's website at www.energytrust.org/About/public: meetings/REACouncil.aspx.

2. **Strategic Plan update**

Elaine Prause thanked the council for comments on the Energy Trust draft 2015-2019 Strategic Plan and provided an update.

Elaine: We received wide-ranging comments from a broad spectrum of stakeholders. We're currently reviewing comments related to plan implementation and effectiveness and making sure that staff will see those ideas. The proposed final 2015-2019 Strategic Plan will go to the board of directors for review and potential approval on October 1.

3. **Solar Water Heating**

Thad: Oregon Public Utility Commission stated in July that Energy Trust can no longer support solar water heating measures for electrically heated homes. OPUC may make a ruling in October that we can also no longer support solar water heating for natural gas-heated homes. As we know more, we will update you, trade ally contractors and customers.

Frank Vignola: How was cost-effectiveness calculated? What happens if the price of solar water heating comes down?
Juliet Johnson: The commission's policy is to look at Total Resource Cost. The benefit-cost ratio for solar water heating is about 0.1, and cost-effective measures have a benefit-cost ratio of 1.0 or higher. The price would have to change significantly to make solar water heating cost-effective, unless the calculations were to change.

Jason Busch: What mechanism allows the OPUC to decide what measures Energy Trust will fund?
Elaine: Investment discussions for renewables are about above-market costs. On the efficiency side, the benefit-cost ratio is the regulatory framework.
Alan Meyer: Energy Trust is a creature of the OPUC. We were created to do what the OPUC has been charged with doing.
Elaine: The OPUC decided that non-energy benefits couldn't get the ratio even close to 1.0.
Juliet: The OPUC serves as a regulator of investor-owned utilities that essentially have monopoly power. The commissioners watch over the work of Energy Trust in the same way to ensure that ratepayers are being looked after properly.

Jason: Does someone have to contest a measure for the OPUC to investigate?
Juliet: Avoided costs change as utilities do their planning. When Energy Trust notices benefit-cost ratios for some measures change significantly based on new costs, Energy Trust brings them to the OPUC. In some cases there are grounds to make exceptions. We could not make an exception in this case
Thad: There will be more discussion of this at the Conservation Advisory Council meeting this afternoon. You are invited to attend. We are committed to coming up with a transition plan for this, and we'll keep you apprised.

4. **Request for proposals for Other Renewables**

Betsy: Energy Trust received three applications for project installations and none for project development assistance. Two of those project installation applications were rejected. The third, a biopower project in Pacific Power territory, is still being evaluated. Thad will talk more about the remaining funds in Portland General Electric territory.

5. **Competitive solicitation for large solar projects**

Dave McClelland: Energy Trust received four applications for large solar projects, all requesting less than $500,000 in incentives. Funds will be held for all projects through a three-month preliminary reservation period until September 15.

> As funds become available from Other Renewables, the sector plans to use these funds for large solar projects. We still have $2 million available for large solar projects. We will conduct a competitive selection process, and applicants will have six weeks to submit applications.

Thad: Energy Trust's funding priorities support project development assistance, the standard Solar program and the Other Renewables program. These funding priorities have been approved by the board, OPUC and Renewable Energy Advisory Council. If there is unallocated funding once these programs receive support, we will consider moving funds to large scale or custom solar projects. That is what we are doing in this circumstance.

6. **Budget themes for Other Renewables and Solar programs**

Thad: Staff will present on themes and activities in the 2015 budget for the Solar and Other Renewables programs. Market conditions are challenging for renewable energy projects. The

low cost of natural gas has a significant effect on non-solar projects because it creates low avoided cost rates. Tax incentives are limited. Themes in the 2015 budget include supporting a portfolio of technologies, improving project performance and having flexibility to shift incentives to address new opportunities.

Betsy presented budget themes for the Other Renewables program, beginning with an update on 2014.

Betsy: Two biopower projects were cancelled due to the low wholesale price of power and the fact that the projects didn't get Business Energy Tax Credits. These projects were led by national developers, and project potential looked better in other states.

> There are two biopower projects under construction that are focused on fats, oil and grease.
>
> In 2015, we will focus on pipeline development, using current project owners as mentors and collaboration with other groups that can bring expertise and funding to projects. We will continue to use competitive solicitation processes in PGE and Pacific Power territories for project development assistance incentives more than $40,000 and installation incentives more than $150,000. Projects requesting funding below these incentive caps can apply anytime.

Dick: Given the lull, can we hold the money in surplus until we have a better opportunity to spend it?
Thad: In Energy Trust's early days, we were in our early phase of program operations: developing programs to deliver resources and developing market understanding. In that phase, we had unallocated funds. Starting in 2009, we spent down those funds to capture other benefits in the market that worked well with our incentives. We're close to having spent down all of these previously unallocated funds. It's possible we'll accumulate funds again, but we are inclined to move dollars to projects that are feasible now.

Alan: At the board retreat, we discussed bundling benefits. I didn't see that mentioned here. I
Betsy: Bundling benefits is implicit in our strategy. It's part of finding synergistic opportunities for collaboration in biopower and hydropower efforts. We hope to work with groups that can contribute staff time and dollars.

Elizabeth McNannay: Of the 19 projects currently receiving project development assistance, how many do you think will turn into projects?
Betsy: We estimate that 20-25 percent of these projects will come to fruition.
Thad: That's over a period of time—not necessarily now.
Betsy: We need to create a wide funnel.

Matt Mylett: What is the plan for sharing funding opportunities with the market? Given the long lead time, you need to assure applicants that there will be funds available.
Betsy: We do a lot of outreach to let people know we have money available and our budget is stable. We have a consistent allocation of funds every year.
Jed: We have done a good job of communicating about available funds through prior requests for proposals. We only reallocate Other Renewables funds to Solar when there is not uptake.
Betsy: We are often in discussion with those who are planning projects. If there are channels where we're not present, we would like to know about that.

Juliet: What are you thinking about 111(d)?

Thad: It's preliminary, but we're focused on the next year or two.
Jed: Rebecca O'Neil at the Oregon Department of Energy and I have been talking about how hydropower, geothermal and other technologies may have a role to play.

Dave presented on 2015 budget themes for the Solar program.

Dave: Commercial solar sales are up. Increased incentives in 2013 helped to create activity in the commercial solar market. Our incentives, without a state tax credit, are enough to move the market, based on the lower cost of systems. The residential market is up as well, and our incentive rates seem to be enough to keep things moving.

> We are on track to exceed the standard program goal and OPUC benchmark in 2014. However, cancellation of a large custom project in Pacific Power territory makes it unlikely to the program will meet our budget goals for custom and standard solar.
>
> Equipment prices decreased by about one-half in the last four years. Soft costs remain high, including customer acquisition and administrative costs. Our plan is to focus efforts on soft cost reduction, beginning with our own internal process improvements. We know there's opportunity to impact soft costs because we see such a wide range of pricing from different contractors.

Robert Grott: Have you communicated with Washington about their plan to reduce soft costs?
Dave: Yes, we're involved in the Northwest solar community's effort. A lot of the work has been done to get Washington caught up with Oregon. We have to figure out what we can do next.

Dick: What do you see in the residential market with third-party leasing?
David: Third-party leasing had taken over the market, especially in PGE territory. Nearly 80 percent of systems installed in PGE territory and 30 percent of systems in Pacific Power territory used third-party leasing. We increased incentives in Pacific Power territory to help direct owners of systems. The market for direct-owned systems has increased by about 50 percent, and the market for third-party leased systems is up by 45 percent.

Juliet: Why is there a discrepancy between the two utilities?
Dave: We have one third-party leasing trade ally that is focused on the Portland metro area.
Dick: It has to do with incentive rates, too. Pacific Power has lower rates.

Matt: Contractors will take the margin of savings as revenue if you only focus on decreasing their costs. Are you going to talk to customers as well to ensure they look at multiple bids?
Dave: We apply pressure by decreasing incentives. We find that solar projects are either on or off. When they're on, we have to step down incentives.

Robert: Have community solarize programs run their course?
Dave: Yes, but there are still some opportunities, such as Rogue solar.

Chris: How much of soft costs are permitting and review by local authorities?
David: It's a small portion, but the City of Portland just dropped their permit costs by about 50 percent and we know that makes a difference.

7. **Hydropower strategic plan**

Jed presented on a draft strategic plan for hydropower, including the current state of the market and strategies for the coming five years. Parallel to the organization-wide strategic planning

process, renewable energy staff have been developing technology-specific plans. Feedback from Renewable Energy Advisory Council members is requested.

Jed: In 2008, Energy Trust started to focus on hydropower opportunities. Our resource assessment told us that some opportunities were better than others. Permitting was a barrier. The bulk of our work has been with irrigation districts. That will remain the focus as listed in the draft plan.

> Future hydropower costs are likely to be impacted by the cost of natural gas, the availability of outside funds and tax credits. These factors may change.
>
> There are three strategies in the plan, and all are interrelated. Hydropower can be a way to save water, which is a big focus of other organizations right now. There are multiple opportunities for water savings, especially for irrigators. Revenues from hydropower systems can be leveraged to pay for future water conservation projects. There may also be multiple potential projects in a given district. We've done four projects over the last six years with Farmers Irrigation District. We will also do outreach to individual irrigators. We are working on a way to develop those projects with no out-of-pocket costs to the owner.

Suzanne: Are there enough developers to support the work with small irrigators?
Jed: No, but there are organizations that are interested in helping out. This won't be a Solar City type of model and there aren't that many projects, but we can increase the number of projects with this strategy.

Alan: I like the creative approach you're taking.

Suzanne: I noticed a lot of emphasis on dollar-per-kilowatt, rather than kilowatt-hour. It is best to use kilowatt-hour.
Thad: We are in the process of focusing on the levelized cost of energy as a way to value the cost of these projects on a kilowatt-hour basis.

Jed: Water conservation will benefit other organizations. Energy Trust can only value the energy savings.
Suzanne: From a customer perspective, it would be helpful to see the holistic value of water and energy savings.
Jed: Good point. Hood River County recently did a study for water savings that provides a good example of how to do that.

Robert: This approach is intelligent and aligns with the strategic plan. You're trying to change the market with engagement and outreach.

Matt: It makes sense to take the perspective of the customer.

Peter Weisberg: Do you know the potential for water savings versus energy generation?
Jed: It varies, but it's got to make sense for the customer. It is determined by what the customer values.
Thad: We're learning how to make the case for a project based on what we expect will be the customer's leading driver.

Diane Broad: I appreciate the overall approach. Overall comments from the Oregon Department of Energy, primarily Rebecca, are that we agree on district opportunities, market size and challenges. We would like to see Energy Trust remain open about water infrastructure

and water storage opportunities. There could be a big regional opportunity around aquifer storage and recovery, so we would like to keep the conversation open on items that could gain momentum quickly.
Jed: I'm pleased to hear that the aquifer storage could move more quickly. We're not sure these systems will have above-market costs. Pendleton's system paid for itself in two years and had no above-market costs.

Diane: Related to your goal, is there a minimum program size that makes sense for your team? Looks like hydropower could be the largest of renewables.
Thad: That's challenging to determine because it's based on other market conditions. We're looking at balancing market interest and market cost. We also know we have budget limitations, and need to achieve balance between the two utilities.
Betsy: From a staffing perspective, we realize that there is opportunity and we'll be pulling others into the effort.

Peter: We heard a bit about innovative financing. Is that third-party financing?
Jed: No, the system would be owned by the irrigator, but the other entity would receive some benefit until it's paid off. This is much more like an energy services company approach.

Betsy: Are the categories in the document appropriate? We would like feedback.

Diane: Risk would be good to address.
Suzanne: Not just risk but risk implication.
Betsy: In terms of staff implications?
Diane: Yes, opportunity cost.

8. **Public comment**
No public comment.

9. **Meeting adjournment**
Betsy thanked the council members for their participation and adjourned the meeting at 11:40 a.m. The next full council meeting is scheduled for October 22, 2014.

Conservation Advisory Council Meeting Notes

September 3, 2014

Attending from the council:
Jim Abrahamson, Cascade Natural Gas
Jeff Bissonnette, Citizens' Utility Board of Oregon
Kyle Diesner (for Andria Jacob), City of Portland Bureau of Planning and Sustainability
Wendy Gerlitz, Northwest Energy Coalition
Kari Greer (for Don Jones), Pacific Power
Garrett Harris, Portland General Electric
Karen Horkitz, Northwest Energy Efficiency Alliance
Scott Inman, Oregon Remodelers Association
Juliet Johnson, Oregon Public Utility Commission
Don MacOdrum, Home Performance Guild of Oregon
Holly Meyer, NW Natural
David Murphy (for Brent Barclay), Bonneville Power Administration
Stan Price, Northwest Energy Efficiency Council

Attending from Energy Trust:
Sarah Castor
Karen Chase
Amber Cole
Kim Crossman
Diane Ferington
Sue Fletcher
Debbie Goldberg-Menashe
Fred Gordon
Jackie Goss
Andy Hudson
Marshall Johnson
Oliver Kesting
Steve Lacey
Ted Light
Spencer Moersfelder
Elaine Prause
Thad Roth
Kate Scott
Andrew Shepard
Ed Wales
Jay Ward
Peter West
Courtney Wilton

Others attending:
Mark Kendall, Energy Trust board
Alan Meyer, Energy Trust board
Celeste Becia, CLEAResult
Christina Cabrales, Conservation Services Group
Scot Davidson, Clean Energy Works
Dawn Doberenz, Evergreen Consulting Group
Tyler Pepple, Industrial Customers of Northwest Utilities
William Ranes, CLEAResult
Roger Spring, Evergreen Consulting Group
Bob Stull, PECI

1. Welcome and introductions

Kim Crossman convened the meeting at 1:30 p.m. and reviewed the agenda. The agenda, notes and presentation materials are available on Energy Trust's website at: www.energytrust.org/About/public-meetings/CACMeetings.aspx.

2. Old business

Kim Crossman mentioned July minutes were included in the Conservation Advisory Council packets. There were no additional questions or comments from the council. Holly Meyer affirmed that reviewing notes is a useful practice.

Elaine Prause provided a brief update on the draft 2015-2019 Strategic Plan. August 26 was the deadline for submission of public comments on the draft plan. Energy Trust received comments from a variety of stakeholders, including Oregon Public Utility Commission staff, utilities, industry stakeholders, attendees of Energy Trust's webinar and hosted presentation, attendees of Pacific Power business customer roadshow events around the state and Energy Trust staff. Comments are now being reviewed and addressed, and a summary of comments will be made publicly available. The proposed final 2015-2019 Strategic Plan will go to the board of directors for review and potential approval on October 1.

Mark Kendall: What themes did you notice in public comments?
Elaine: There were no comments suggesting major changes to the plan. Several comments were at the tactical, not strategic, level. Those ideas will be shared with program managers and other staff to consider in future budget and action planning. Some comments indicated that the renewable energy generation goal is too conservative.

3. Electric avoided costs and impacts on savings in 2015

Elaine Prause summarized recent changes in electric avoided costs and impacts on savings in 2015, following up on a presentation made to the Conservation Advisory Council in April 2014.

Elaine: When Energy Trust updated electric avoided costs earlier this year, avoided costs declined for some measures. Impacts of updating electric avoided costs are minimal to Energy Trust's portfolio. In a comparative analysis of 2013 results, only 5.5 percent of 2013 electric portfolio savings were not cost-effective using the updated avoided electric costs. This is evenly split between custom and prescriptive measures.

> Per UM 1696, Energy Trust proposed measures with exceptions for 2014 to be reworked in 2015. The Oregon Public Utility Commission approved cost-effectiveness exceptions for several measures. Energy Trust will refile requests for cost-effectiveness exemptions for duct insulation and multifamily ceiling and floor insulation with UM 1622, which addresses gas cost-effectiveness exceptions.
>
> A few prescriptive measures were not approved for cost-effectiveness exceptions: solar water heating, 1-horsepower motors for commercial and wheel-line levelers for irrigation. The latter two measures are expected to have limited impacts on customers and savings. Discontinuation of solar water heating measures will have greater impact. Staff are working on a transition plan to discontinue these measures now, including a communications plan to trade ally contractors and stakeholders. More detail will be presented to the Conservation Advisory Council in October or November.

Juliet Johnson: Was single-family wall insulation granted an exception?
Elaine: Single-family wall insulation passed the cost-effectiveness test and did not need an exception.

Mark: Did Energy Trust include its role in quality control as a non-energy benefit for measures that did not pass the cost-effectiveness test?
Elaine: No, quality control was not specified as a non-energy benefit.

Elaine: Changes to custom measures may impact program savings, including lighting and HVAC measures for Existing Buildings, multifamily and New Buildings programs and ductless heat pumps for Existing Homes.

Holly Meyer: Is multifamily a separate sector? It could be considered one.
Elaine: Multifamily is an initiative within the Existing Buildings program.

Elaine: Comments are due on the gas cost-effectiveness docket to the Oregon Public Utility Commission on September 15, and there will be a public meeting on September 30. Energy Trust expects to report outcomes of the gas cost-effectiveness docket at the next Conservation Advisory Council meeting.

4. **LED technology overview and market uptake**

Dawn Doberenz is training and education manager at Evergreen Consulting Group, Energy Trust delivery contractor for commercial and industrial lighting. Dawn presented on the rapid evolution of LED technologies and market uptake observed in recent years. The presentation included an overview of LED technology, as well as history, benefits, applications, costs and predictions for growth.

Dawn Doberenz: LED technology has rapidly grown and been adopted by the market. After six years on the market in 2013, LEDs had reached a market share of more than 4 percent. In comparison, compact fluorescent light bulbs had achieved only 0.01 percent of market share after six years on the market in the 1980s. The number of qualified LED products grew from approximately 22,000 on January 1, 2014, to 54,000 on August 20, 2014.

> Linear fluorescent lighting currently makes up more than 75 percent of installed lighting in commercial buildings globally, so there is a great opportunity for upgrading buildings to LED lighting. LED lighting is increasingly part of Energy Trust commercial and industrial projects. LED lighting provides half or more of lighting savings in Energy Trust commercial and industrial programs (50 percent for commercial buildings, 63 percent for industrial buildings and 75 percent for multifamily buildings). The remaining lighting savings are from lighting controls and high-efficiency fluorescent lighting upgrades.

Holly: As LED technology gets more efficient, more applications may be invented, leading to higher energy use.

Dawn: LEDs remain more expensive than fluorescent alternatives, yet prices are rapidly decreasing. LED applications include track lighting, high bay and low bay lighting, lighting in freezers and outdoor lighting. New applications are likely to emerge and be adopted by the market.

Alan Meyer: When upgrading commercial and industrial lighting to LEDs, will entire fixtures need to be replaced?
Dawn: Yes, fixtures will probably be replaced with new technology.

Holly: Does LED technology work well with solar technology?
Dawn: Yes, there are actually some solar-powered LED fixtures in the market.
Peter West: Energy Trust recently used LEDs under canopies mounted with a solar electric system in a parking lot.

Mark: The variety of LED products has increased rapidly. Is the market expected to stabilize? Availability of products in stores is inconsistent. Will there be standards set for ballasts?

Fred Gordon: There are minimum threshold standards; however, there is not consistency between utilities on standards. Products are changing very quickly.

Scott: What is the average cost of LEDs?
Fred: There are good ENERGY STAR® products available at or below $10. The quality of LEDs available in stores right now is variable.

5. Northwest Energy Efficiency Alliance gas market transformation initiative
Jeff Harris, Northwest Energy Efficiency Alliance, presented the gas market transformation initiative, a preliminary business plan for gas efficiency, which was developed collaboratively with Energy Trust, Northwest Gas Association, Puget Sound Energy, Avista, NW Natural and Cascade Natural Gas.

Jeff Harris: NEEA created a five-year business plan for 2015-2019, with costs of about $18 million. The plan could result in annual savings for 280 million therms at a weighted average levelized cost of 28 cents per therm. The plan has been approved by the NEEA board of directors.

> In 2010, NEEA adopted a fuel-neutral mission. NEEA also adopted some key policies that shaped this plan, which are that NEEA will not promote fuel switching, provide cross subsidies between gas and electric and diminish existing electric market transformation work.
>
> The scope of the gas market transformation initiative includes five gas technology initiatives: gas heat pump water heaters, combination space and water heating systems using gas heat pump water heater technology, hearth products, gas clothes dryers and rooftop HVAC equipment. The initiative will also include assessing the market for new technologies, an independent mid-cycle evaluation and a natural gas advisory committee made up of current Natural Gas Collaborative members.
>
> NEEA expects benefits from an integrated approach to gas and electric market transformation. The business plan leverages existing business infrastructure and processes from NEEA's electric market transformation activities to minimize costs. Water heaters are a good example of synergy between electric and gas market transformation efforts. Nationally, water heaters are split roughly equally between electric and gas. Supporting both gas and electric market transformation allows NEEA to offer a more compelling value proposition.
>
> To launch the gas market transformation initiative in January 2015, the next steps include operations planning, funding contracts and check-ins with state regulatory agencies. NEEA reached out to all gas utilities in five states, and not all of the utilities wanted to participate directly.

Scot Davidson, Clean Energy Works: I'm concerned about fuel neutrality given that gas prices are low right now.
Jeff: NEEA will focus on improving efficiency of existing gas products.

Mark: Will NEEA do any behavioral work?
Jeff: New opportunities will be considered as they arise.

Kim: Does supporting gas market transformation allow NEEA to capture savings from its existing efforts that are fuel neutral, such as Strategic Energy Management?

Fred: Energy Trust is already tracking and booking gas savings achieved through NEEA's fuel-neutral efforts. NEEA's gas market transformation initiative is just getting started and the five technology initiatives are just a starting point.

Holly: NW Natural is excited to work with NEEA on gas market transformation efforts.

Jim Abrahamson: I would like to acknowledge NEEA for keeping Cascade Natural Gas informed of gas market transformation efforts. Cascade Natural Gas will not participate because added costs would negatively impact the cost-effectiveness of Cascade Natural Gas's efficiency programs. Cascade Natural Gas may work with the Gas Technology Institute on different gas market transformation efforts, such as creating an experimental program in gas heat pump development. We'll be talking to the Washington Utilities and Transportation Commission, so these decisions are tentative.

Kari Greer: Is Avista participating?
Jeff: Avista is participating in all three states it serves.

6. Residential Trade Ally Portal

Diane Ferington, residential sector lead, and Andrew Shepard, project manager, demonstrated Energy Trust's new web tool created to help Existing Homes trade allies improve service to customers.

Andrew Shepard: The Trade Ally Portal gives trade allies visibility into information about their Energy Trust projects. By using the portal, trade allies can see pending applications for incentives and identify applications that need additional information, which expedites payment and saves administrative time. Trade allies can also confirm that incentive payments have been made for their customers. They can also see the energy savings and carbon reduction impacts of their projects, which can be used in trade ally marketing efforts.

Alan: Will trade allies receive email alerts when incentive applications are missing information?
Diane: The onus is on the trade allies to check the portal. Existing processes are still in place to alert trade allies when information is needed for incentive applications. Additional portal functionality will be developed and improved on an ongoing basis.

Andrew: The Trade Ally Portal allows trade allies to update their information with Energy Trust, such as contact information, primary contact or adding new employees. The portal gives trade allies more visibility into Energy Trust's Existing Homes star rating system and provides information to help them achieve higher star ratings. The portal also features information about Business Development Funds. Finally, the portal drives trade allies to submit incentive applications online, rather than on paper, which reduces administrative time.

Kari: I would like to have a similar interface for utilities.

Andrew: The portal was developed with extensive trade ally input, and it is currently being used by five trade allies and will gradually extend to 100 trade allies in the next year.

7. Proposed residential measure changes for 2015

Marshall Johnson, Existing Homes program manager, presented proposed residential measure changes for 2015, including adjusting incentive levels, tiers and/or qualifications for windows, gas fireplaces, air sealing, pool pumps and solar water heating. Outcomes of the cost-effectiveness docket are unknown at this time, and Energy Trust is making assumptions that measures will not be given cost-effectiveness extensions.

Marshall: Energy Trust provides advanced notice to trade allies on measure changes, and strives to provide more than the 30-day minimum notice. Energy Trust is now working to update internal materials and systems to prepare for these changes in 2015.

> Proposed changes to windows measures in 2015 include increasing U-Values and changing incentive amounts. For tier one windows, incentives will decrease from $2.25 to $1.75 per square foot. For tier two windows, incentives will be increased from $3.50 to $4.00 per square foot. Energy Trust presented results of market study and savings evaluation for windows measures to the Conservation Advisory Council in June 2014.

Scott Inman: What does a 0.27 U-Value window look like on a Total Resource Cost test?
Marshall: This measure is cost-effective on the TRC, because we use the incremental cost from a 0.30 efficiency level.

Scott: Will windows measure changes apply to multifamily properties?
Marshall: These changes are for Existing Homes only.

Marshall: Proposed changes to gas fireplace measures in 2015 include increasing the minimum Fireplace Efficiency rating for tier one gas fireplaces from 65 percent to 70 percent, and increasing the minimum Fireplace Efficiency rating for tier two gas fireplaces from 70 percent to 75 percent. Incentives will remain $200 for tier one fireplaces, and will increase from $250 to $300 for tier two fireplaces. Significant energy savings can still be achieved through gas fireplace installations. Energy Trust will also work mid-stream with fireplace vendors to promote hearth products that meet pilot ignition requirements but not Fireplace Efficiency rating requirements.

> Changes to air sealing measures are also proposed for 2015. Energy Trust provides incentives for whole-house air sealing through Home Performance, Savings Within Reach and existing manufactured homes tracks. Energy Trust proposes removing the Home Performance whole-house air sealing incentive for gas-heated homes in 2015. The Total Resource Cost for electrically heated homes is still acceptable. Incentives will remain $150 for Savings Within Reach and existing manufactured homes.

Garrett: How do these measure changes impact Clean Energy Works?
Marshall: Clean Energy Works is an aggregator of Energy Trust incentives. It passes Home Performance incentives on to customers, so a reduction in this incentive means fewer incentive dollars passed through Clean Energy Works to participants.

Holly: Why is the Total Resource Cost benefit cost ratio different for electrically and gas-heated homes?
Fred: Analysis of electrically heated homes relies on the Regional Technical Forum rather than billing sample data.

Scott: Will these measure changes be impacted by outcomes of UM 1622?
Marshall: Energy Trust proposed removing these measures in a cost-effectiveness report submitted to the Oregon Public Utility Commission, and a recent Oregon Public Utility Commission memo indicated air sealing measures will likely be discontinued.
Juliet: Energy Trust recommended discontinuation of these measures. The commission will likely support this recommendation.

Marshall: Energy Trust is testing an alternative approach to air sealing by providing a prescriptive specification rather than the current measure which requires a diagnostics component to testing reductions. This pilot will conclude at the end of this upcoming heating season.

Scot Davidson, Clean Energy Works: Elimination of this measure and other Home Performance measures will have a devastating effect on the Home Performance industry and Clean Energy Works, in which the state has invested $10 million. Non-energy benefits are not prescribed values in Total Resource Cost calculations.

Don MacOdrum: I share Scot's concerns. If incentives for whole-home air sealing go away, how will that impact Blower Door technology and assessments to ensure safety of home occupants? The Home Performance Guild of Oregon will still try to persuade the commission to preserve these incentives. When are results of the prescriptive air sealing pilot expected?
Marshall: We are early in the pilot process, and approval from the Oregon Public Utility Commission is needed to continue the pilot through the end of the heating season. The pilot will test the effects of combining air sealing and ceiling insulation. A resulting measure would specify that air sealing is part of the ceiling insulation measure specification.

Juliet: The Oregon Public Utility Commission wants Energy Trust to proactively eliminate measures that are not cost-effective. I acknowledge there is some uncertainty until results of the docket are available in October. How would unexpected docket results impact Energy Trust's 2015 budget and measure changes?
Marshall: Energy Trust would be able to adjust to unexpected docket results.
Juliet: I advise Energy Trust to carry on as if measures will be discontinued.

Karen Horkitz: If whole-home air sealing measures are discontinued, will Energy Trust evaluate whole-home savings with and without air sealing?
Fred: We disaggregate individual measures based on billing data. We have estimates of energy savings by measure based on statistical models.

Holly: I'm concerned that offering incentives for electric measures and not gas measures will cause market confusion. It sends a message that electricity is worth conserving but not gas.

Scot: Can Energy Trust really disaggregate measures and judge the impact of each measure? We want people to understand that homeowners make decisions differently than businesses, based on other considerations besides money. The home operates as a system. We should start looking at residential energy efficiency in a new way.
Peter: The Existing Homes program will have to change. The whole program has a high-service, high-touch delivery model that isn't passing the Utility Cost Test. To remedy this, the Existing Homes budget for 2015 will need to feature a redesign of the program. We are cognizant of the go-to-market implications of unwinding a highly complex set of offerings and the impacts on trade allies and consumers. Given the timing of the docket late in the development of the draft budgets, the redesign will likely be somewhat of a rough draft when you see it at the next Conservation Advisory Council meeting.
Juliet: There will be changes coming down the road. To commissioners, energy efficiency is a resource that must be compared to other resources. Energy Trust needs to bring the Utility Cost Test up above 1.0. This will require program changes, not just cutting incentives.

Holly: What is the levelized cost for air sealing?
Fred: It's high.

Marshall: Pool pump incentives will change from $350 to $200. The initial incentive was set high for market introduction and this reduction was planned.

Kari: How many pool pump incentives does Energy Trust provide?
Marshall: Not many.

Marshall: Solar water and pool heating incentives will be discontinued for homes with gas and electric water heating.

Holly: Dow do we consider the energy-efficiency and renewable energy components of solar water heating measures?
Peter: Oregon Senate Bill 1149 designated solar water heating as an energy-efficiency measure, and it needs to pass the same test as the other efficiency measures. Prices of solar water heating have more than doubled in the past five years. The reasons for increased prices are beyond Energy Trust's control.
Marshall: More cost-effective water heating measures have emerged, as well.

Marshall will provide updates on these residential measure changes at the next Conservation Advisory Council meeting.

Holly: If Energy Trust has fewer cost-effective measures, will the public purpose charge go down?
Peter: Existing Homes is just one of eight programs and represents a smaller proportion of Energy Trust energy savings. We still have significant savings we can reach in products, new construction and with commercial and industrial businesses.
Jim: Energy Trust must balance the public purpose charge with utility Integrated Resource Plans and Energy Trust's potential to save energy.

8. Public comment
No public comment.

9. Meeting adjournment
The meeting adjourned at 4:25 p.m. The next Conservation Advisory Council meeting is scheduled on October 22, 2014.

Tab 8

Briefing Paper
Integrated Solutions Implementation Project Update
October 1, 2014

Summary
In April 2014, Phase 2 of the Integrated Solutions Implementation (ISI) project began the development stage of the project. A decision was made to develop a series of three releases of functionality to replace FastTrack, the system currently used by Energy Trust to track program management and delivery and the system of record for tracking recognized energy savings and generation. This briefing paper provides a status update on the project, identifying recent accomplishments and plans for the remainder of 2014 and first half of 2015.

Background
- The ISI project was initiated to achieve several objectives in support of program goals, including improvements to our processes, increased data quality and systems improvements to modernize and strengthen integration among our systems and with external parties.
- The project began with a process analysis in January 2011, with potential solutions identified during much of 2011.
- In September 2011, a project assessment was initiated and led to a revised final implementation approach by December 2011. Fundamental to this revised approach was dividing the project into two phases, with phase 1 completed in October 2012 and the projection for phase 2 completion in 2013. Staff has provided regular board updates on phase 1 and phase 2 of the project since December 2011.
- The project completed preliminary planning for phase 2 at the end of 2012. At that time staff decided the IT group should focus on other Energy Trust priorities for most of 2013 and changed the phase 2 target completion to late 2014.

Phase 2 Completed Activities
1. Created project Steering Committee to provide project oversight. The committee reviews project status updates and makes critical project decisions.
2. Formed project team comprised of technical and functional members. Confirmed scope and approach of the proposed solution with the team. Held formal project kick-off in early April 2013.
3. On-boarded project manager from Hitachi Consulting. This resource serves as overall project manager and lead of our Agile development process.
4. Completed high-level assessment of technology, development and functionality approach based on review of requirements and potential technical approaches.
5. Three functionality releases were determined:
    - Release #1: Extension of Customer Relationship Management (CRM) system to allow for moving data and functionality relating to customer sites to CRM.
    - Release #2: Functionality to administer all master data, including measures, markets, and offerings as examples.

    - Release #3: Core functionality of tracking customer projects, measures, and savings/generation.

6. Engaged contract development resources based on RFQ responses. These resources supplement internal staff to complete project deliverables.
7. Developed change management approach and plan. Project is searching for a contract resource to implement this plan.
8. Documented release #1 requirements based on process mapping created in earlier phase of the ISI project. Validated requirements with project team and stakeholders.
9. Mapped existing data relating to customer sites to new data model and validated data with project team.
10. Completed major development efforts for release #1. All significant functionality for this release is complete, and only minor adjustments remain.
11. Migrated all sites data into CRM test environment. This migration included several elements of the new data model that were successfully migrated from FastTrack in the test environment.
12. Began development efforts for release #2 and release #3. Different skill sets are needed on each of these releases, and the project was able to utilize all resources effectively by beginning simultaneous development.
13. Met with internal staff to review go-live plan for release #1 and determined that programs would benefit from additional time for education of data model changes, testing of the new system, and determining any required business process changes.
14. Steering Committee decided to push go-live for release #1 to early February 2015. This option, which had been anticipated, will allow programs additional time and postpone any significant systems changes until after the busy season in Q4 and completion of the close of the year.

Phase 2 Planned activities

1. Additional engagement with programs and program management contractor (PMC) representatives. This will involve education on significant data model changes, testing of individual functionality, testing of mock transactions through the test system, and decisions and documentation on any required business process changes.
2. Identify contract resource to lead and execute change management plan. This resource will fill a project gap by providing necessary yet challenging to find expertise.
3. Training, go-live, and post-launch support for release #1 to move sites functionality to CRM shifted from October to early February 2015.
4. Continue requirements validation with stakeholders, development work, and iterative development and demos on releases 2 & 3.
5. Map existing data structure to the new data model and validate those mappings with the project team and stakeholders.
6. Complete development of new functionality to integrate ETO systems with external parties as part of release 3. An architecture and approach has been chosen, and this development work has already begun.

7. Convert existing data from old system(s) into new systems as part of go-live for each of the releases.
8. Deliver training to prepare all end users to begin using the new systems following the update processes.
9. Release new solution components, assess successes and issues, and enhance as necessary.

Timeline

The project had initially planned to release functionality in 2014. Given the decision to postpone the go-live of release #1 (sites in CRM), this first release of functionality will instead be in February 2015. Development on the subsequent releases is still on-going and will continue. The project is targeting major development to be completed by the end of Q1 2015. Release #2 (to administer master data) and release #3 (core functionality) are targeted for go-live in Q2 2015.

Budget

- Staff budgeted a total of $3.0 million for completion of ISI Phases 1 and 2.
- Phase 1, which included deploying CRM, was completed in 2012 at a cost of $1.4 million.
- Work on Phase 2 started in Q4 2013. Expenses through July 2014 on phase 2 totaled $567,000.
- The project is forecasting expenditures for August through December 2014 to be approximately $700,000, bringing total cost of phase 2 to approximately $1.27 million.
- The project anticipates a balance of approximately $333,000 by year end.
- Staff recommends carrying 2014 year-end balance forward for activities in 2015 and also expects that additional funding beyond the balance brought forward will be required to complete the project by Q2 2015. Staff is still detailing anticipated final development and deployment costs for phase 2 work in early 2015. This will be highlighted and presented to the board during the 2015 budget request authorization process.

Tab 9

Glossary of Energy Industry Terms

Glossary provided to the Energy Trust Board of Directors for general use. Definitions and acronyms are compiled from a variety of resources. Energy Trust policies on topics related to any definitions listed below should be referenced for the most up-to-date and comprehensive information. Last updated May 2014.

Above-Market Costs of New Renewable Energy Resources
The portion of the net present value cost of producing power (including fixed and operating costs, delivery, overhead and profit) from a new renewable energy resource that exceeds the market value of an equivalent quantity and distribution (across peak and off-peak periods and seasonally) of power from a nondifferentiated source, with the same term of contract. Energy Trust board policy specified the methodology for calculating above-market costs.

Aggregate
Combining retail electricity consumers into a buying group for the purchase of electricity and related services. “Aggregator” is an entity that aggregates.

Air Sealing (Infiltration Control)
Conservation measures, such as caulking, better windows and weatherstripping, which reduce the amount of cold air entering or warm air escaping from a building.

Ampere (Amp)
The unit of measure that tells how much electricity flows through a conductor. It is like using cubic feet per second to measure the flow of water. For example, a 1,200 watt, 120-volt hair dryer pulls 10 amperes of electric current (watts divided by volts).

Anaerobic Digestion
A biochemical process by which organic matter is decomposed by bacteria in the absence of oxygen, producing methane and other byproducts.

Average Megawatt (aMW)
One megawatt of capacity produced continuously over a period of one year. 1 aMW equals 1 megawatt multiplied by the 8,760 hours in a year. 1 aMW equals 8,760 MWh or 8,760,000 kWh.

Avoided Cost
(Regulatory) The amount of money that an electric utility would need to spend for the next increment of electric generation they would need to either produce or purchase if not for the reduction in demand due to energy-efficiency savings or the energy that a co-generator or small-power producer provides. Federal law establishes broad guidelines for determining how much a qualifying facility (QF) gets paid for power sold to the utility.

Base Load
The minimum amount of electric power delivered or required over a given period of time at a steady rate.

Benefit/Cost Ratios
By law, Oregon public purpose funds may be invested only in cost-effective energy-efficiency measures—that is, efficiency measures must cost less than acquiring the energy from conventional sources, unless exempted by the OPUC.

Energy Trust calculates Benefit/Cost ratios (BCR) on a prospective and retrospective basis. Looking forward, all prescriptive measures and custom projects must have a total resource cost test BCR > 1.0 unless the OPUC has approved an exception. As required in the OPUC grant agreement, Energy Trust reports annually how cost effective programs were by comparing total costs to benefits, which also need to exceed 1.0.

Biomass
Solid organic wastes from wood, forest or field residues which can be heated to produce energy to power an electric generator.

Biomass Gas
A medium Btu gas containing methane and carbon dioxide, resulting from the action of microorganisms on organic materials such as a landfill.

Blower Door
Home Performance test conducted by a contractor (or energy auditor) to evaluate a home's air tightness. During this test a powerful fan mounts into the frame of an exterior door and pulls air out of the house to lower the inside air pressure. While the fan operates, the contractor can determine the house's air infiltration rate and better identify specific leaks around the house.

British Thermal Unit
The standard measure of heat energy. The quantity of heat required to raise the temperature of 1 pound of liquid water by 1 degree Fahrenheit at the temperature at which water has its greatest density (approximately 39 degrees Fahrenheit).

Cogeneration (Combined Heat & Power or CHP)
The sequential production of electricity and useful thermal energy, often by the recovery of reject heat from an electric generating plant for use in industrial processes, space or water heating applications. Conversely, may occur by using reject heat from industrial processes to power an electricity generator.

Compact Fluorescent Light Bulbs (CFL)
CFLs combine the efficiency of fluorescent lighting with the convenience of a standard incandescent bulb. There are many styles of compact fluorescent, including exit light fixtures and floodlights (lamps containing reflectors). Many screw into a standard light socket, and most produce a similar color of light as a standard incandescent bulb.

CFLs come with ballasts that are electronic (lightweight, instant, no-flicker starting, and 10–15 percent more efficient) or magnetic (much heavier and slower starting).Other types of CFLs include adaptive circulation and PL and SL lamps and ballasts. CFLs are designed for residential uses; they are also used in table lamps, wall sconces, and hall and ceiling fixtures of hotels, motels, hospitals and other types of commercial buildings with residential-type applications.

Conservation
While not specifically defined in the law or OPUC rules on direct access regulation, "conservation" is defined in the OPUC rule 860-027-0310(1)(a) as follows: Conservation means any reduction in electric power or natural gas consumption as the result of increases in efficiency of energy use, production or distribution. Conservation also includes cost-effective fuel switching.

Although fuel switching is part of the definition, this aspect of the rule has not been operationalized as of March 2013.

Cost Effective
Not specifically defined in SB 1149. The OPUC has a definition which refers to a definition from ORS 469.631 (4) stating that an energy resource, facility or conservation measure during its life cycle results in delivered power costs to the ultimate consumer no greater than the comparable incremental cost of the least-cost alternative new energy resource, facility or conservation measure. Cost comparison under this definition shall include but not be limited to: (a) cost escalations and future availability of fuels; (b) waste disposal and decommissioning cost; (c) transmission and distribution costs; (d) geographic, climatic and other differences in the state; and (e) environmental impact. ORS 757.612 (4) (SB 1149) exempts utilities from the requirements of ORS 469.631 to 469.645 when the public purpose charge is implemented.

By law, Oregon public purpose funds may be invested only in cost-effective energy-efficiency measures—that is, efficiency measures must cost less than acquiring the energy from conventional sources, unless exempted by the OPUC.

Cumulative Savings
Sum of the total annual energy savings over a certain time frame while accounting for measure savings "lives." (For example, if a measure is installed for each of two years, the cumulative savings would be the sum of the measure installed in the first year, plus the incremental savings from the savings installed in the second year plus the savings in the second year from the measure installed in the first year.)

Decoupling
A rate provision which reduces or eliminates the degree to which utility profits are driven by the volume of electricity or gas sold. Decoupling is thought by its proponents to reduce utility disincentives to support efficiency. There are many specific variants employed in different states and with different utilities.

Direct Access
The ability of a retail electricity consumer to purchase electricity and certain ancillary services from an entity other than the distribution utility.

Economizer Air
A ducting arrangement and automatic control system that allows a heating, ventilation and air conditioning (HVAC) system to supply up to 100 percent outside air to satisfy cooling demands, even if additional mechanical cooling is required.

Energy Management System (EMS)
A system designed to monitor and control building equipment. An EMS can often be used to monitor energy use in a facility, track the performance of various building systems and control the operations of equipment.

ENERGY STAR®
ENERGY STAR is a joint Environmental Protection Agency and Department of Energy program that encourages energy conservation by improving the energy efficiency of a wide range of consumer and commercial products, enhancing energy efficiency in buildings and promoting energy management planning for businesses and other organizations.

Energy Use Intensity (EUI)
A metric that describes a building's energy use relative to its size. It is the total annual energy consumption (kBtu) divided by the total floor space of the building. EUI varies significantly by building type and by the efficiency of the building.

Enthalpy
Enthalpy is the useful energy or total heat content of a fluid. Ideally, the total enthalpy of a substance is the amount of useful work that substance can do. Enthalpy is used in fluid dynamics and thermodynamics when calculating properties of fluids as they change temperature, pressure and phase (e.g. liquid to liquid-vapor mixture). In HVAC, refrigeration and power cycle processes, enthalpy is used extensively in calculating properties of the refrigerant or working fluid. Additionally, in HVAC applications, enthalpy is used in calculations relating to humidity. An enthalpy economizer is a piece of HVAC equipment that modulates the amount of outdoor air entering into a ventilation system based on outdoor temperature and humidity.

Environmental Protection Agency (EPA)
Founded in 1970, this independent agency was designed to "protect human health and safeguard the natural environment." It regulates a variety of different types of emissions, including the greenhouse gases emitted in energy use. It runs several national end-use programs, like ENERGY STAR, SmartWay, Smart Growth programs and green communities programs.

Evaluation
After-the-fact analysis of the effectiveness and results of programs. *Process and Market Evaluations* study the markets to be addressed and the effectiveness of the program strategy, design and implementation. They are used primarily to improve programs. *Impact evaluations* use post-installation data to improve estimates of energy savings and renewable energy generated.

Feed-in Tariff
A renewable energy policy that typically offers a guarantee of payments to project owners for the total amount of renewable electricity they produce; access to the grid; and stable, long-term contracts.

Footcandle
A unit of illuminance on a surface that is one foot from a uniform point source of light of one candle and is equal to one lumen per square foot

Free Rider
This evaluation term describes energy efficiency program participants who would have taken the recommended actions on their own, even if the program did not exist. Process evaluations include participant survey questions, which lead to the quantification of the level of free rider impacts on programs that is applied as a discounting factor to Energy Trust reported results.

Geothermal
Useful energy derived from the natural heat of the earth as manifested by hot rocks, hot water, hot brines or steam.

Green Tags (Renewable Energy Credits or RECs)
A Green Tag is a tradable commodity that represents the contractual rights to claim the environmental attributes of a certain quantity of renewable electricity. For wind farms, the environmental attributes include the reductions in emissions of pollutants and greenhouse gases that result from the delivery of the wind-generated electricity to the grid.

Here's how emission reductions occur: When wind farms generate electricity, the grid operators allow that electricity to flow into the grid because it is less expensive to operate, once it has been built, than generators that burn fossil fuels. But the electricity grid cannot have more electricity flowing into it than is flowing out to electricity users, so the grid operators have to turn down other generators to compensate. They generally turn down those that burn fossil fuels. By forcing the fossil fuel generators to generate less electricity, wind farms cause them to generate fewer emissions of pollutants and greenhouse gases. These reductions in emissions are the primary component of Green Tags.

Green Tags were developed as a separate commodity by the energy industry to boost construction of new wind, solar, landfill gas and other renewable energy power plants. Green Tags allow owners of these power plants to receive the full value of the environmental benefits their plants generate. They also allow consumers to create the same environmental benefits as buying green electricity, or to neutralize the pollution from their consumption of fossil fuels.

Green Tags are bought and sold every day in the electricity market. Tens of millions of dollars in Green Tags are under contract today. They are measured in units, like electricity. Each kilowatt hour of electricity that a wind farm produces also creates a one-kilowatt hour Green Tag. Wind farm owners may sell Green Tags to other purchasers, remote or local, to obtain the extra revenues they need for their wind farms to be economically viable.

Gross Savings
Savings that are unadjusted for evaluation factors of free riders, spillover, and savings realization rates. Energy Trust reports all savings in net terms, not gross terms, unless otherwise stated in the publication.

Heat Pump
An HVAC system that works as a two-way air conditioner, moving heat outside in the summer and scavenging heat from the cold outdoors with an electrical system in the winter. Most use forced warm-air delivery systems to move heated air throughout the house.

Heating, Ventilation and Air Conditioning (HVAC)
The mechanical systems that provide thermal comfort and air quality in an indoor space are often grouped together because they are generally interconnected. HVAC systems include: central air conditioners, heat pumps, furnaces, boilers, rooftop units, chillers and packaged systems.

Hydroelectric Power (Hydropower)
The generation of electricity using falling water to turn turbo-electric generators.

Incremental Annual Savings
Energy savings in one year corresponding to the energy-efficiency measures implemented in that same year.

Incremental Cost
The difference in cost relative to a base case, including equipment and labor cost.

Instant-savings Measure (ISM)
Inexpensive energy-efficiency products installed at no charge, such as CFLs, low-flow showerheads and high-performance faucet aerators. Predominately used by the Existing Homes program and multifamily track to provide homeowners and renters with easy-to-install, energy-saving products.

Integrated Resources Planning (Least-Cost Planning)
A power-planning strategy that takes into account all available and reliable resources to meet current and future loads. This strategy is employed by each of the utilities served by Energy Trust, and for the region's electric system by the Northwest Power and Conservation Council. The term "least-cost" refers to all costs, including capital, labor, fuel, maintenance, decommissioning, known environmental impacts and difficult to quantify ramifications of selecting one resource over another.

Interconnection
For all distributed generation—solar, wind, CHP, fuel cells, etc.—interconnection with the local electric grid provides back-up power and an opportunity to participate in net-metering and sell-back schemes when they are available. It's important to most distributed generation projects to be interconnected with the grid, but adding small generators at spots along an electric grid can produce a number of safety concerns and other operational issues for a utility. Utilities, then, generally work with their state-level regulatory bodies to develop interconnection standards that clearly delineate the manner in which distributed generation systems may be interconnected.

Joule
A unit of work or energy equal to the amount of work done when the point of application of force of 1 newton is displaced 1 meter in the direction of the force. It takes 1,055 joules to equal a British thermal unit. It takes about 1 million joules to make a pot of coffee.

Kilowatt
One thousand (1,000) watts. A unit of measure of the amount of electricity needed to operate given equipment.

Large Customers (with reference to SB 838)
Customers using more than 1 aMW of electricity a year are not required to pay electric conservation charges under SB 838. Additionally, Energy Trust may not provide them with services funded under SB 838 provisions.

Least Cost
The term "least-cost" refers to all costs, including capital, labor, fuel, maintenance, decommissioning, known environmental impacts and difficult to quantify ramifications of selecting one resource over another.

Levelized Cost
The level of payment necessary each year to recover the total investment and interest payments (at a specified interest rate) over the life of the measure.

Local Energy Conservation
Conservation measures, projects or programs that are installed or implemented within the service territory of an electric company.

Low-income Weatherization
Repairs, weatherization and installation of energy-efficient appliances and fixtures for low-income residences for the purpose of enhancing energy efficiency. In Oregon, SB 1149 directs a portion of public purpose funds to Oregon Housing and Community Services to serve low-income customers. Energy Trust coordinates with low-income agencies and refers eligible customers.

Lumen
A measure of the amount of light available from a light source equivalent to the light emitted by one candle.

Lumens/Watt
A measure of the efficacy of a light fixture; the number of lumens output per watt of power consumed.

Market Transformation
Lasting structural or behavioral change in the marketplace and/or changes to energy codes and equipment standards that increases the adoption of energy-efficient technologies and practices. Market transformation is defined in the Oregon Administrative Rules.

Megawatt
The electrical unit of power that equals one million watts (1,000 kW).

Megawatt Hour
One thousand kilowatt hours, or an amount of electrical energy that would power approximately one typical PGE or Pacific Power household for one month. (Based on an average of 11,300 kWh consumed per household per year.)

Methane
A light hydrocarbon that is the main component of natural gas and marsh gas. It is the product of the anaerobic decomposition of organic matter, enteric fermentation in animals and is one of the greenhouse gases.

Monitoring, Targeting and Reporting (MT&R)
A systematic approach to measure and track energy consumption data by establishing a baseline in order to establish reduction targets, identify opportunities for energy savings and report results.

Municipal Solid Waste
Refuse offering the potential for energy recovery. Technically, residential, institutional and commercial discards. Does not include combustible wood by-products included in the term “mill residue.”

Net Metering
An electricity policy for consumers who own (generally small) renewable energy facilities (such as wind, solar power or home fuel cells). "Net," in this context, is used in the sense of meaning "what remains after deductions." In this case, the deduction of any energy outflows from metered energy inflows. Under net metering, a system owner receives retail credit for at least a portion of the electricity they generate.

Net-to-Gross
Net-to-gross ratios are important in determining the actual energy savings attributable to a particular program, as distinct from energy efficiency occurring naturally (in the absence of a program). The net-to-gross ratio equals the net program load impact divided by the gross program load impact. This factor is applied to gross program savings to determine the program's net impact.

Net Savings
Savings that are adjusted for evaluation factors of free riders, spillover and savings realization rates. Energy Trust reports all savings in net terms, not gross terms, unless otherwise stated in the publication.

Nondifferentiated Source (Undifferentiated Source)
Power available from the wholesale market or delivered to retail customers.

Non-energy Benefit (NEB)
The additional benefits created by an energy-efficiency or renewable energy project beyond the energy savings or production of the project. Non-energy benefits often include things like water and sewer savings (e.g. clothes washers, dishwashers), improved comfort (e.g. air sealing, windows), sound deadening (e.g. insulation, windows), property value increase (e.g. windows, solar electric), improved health and productivity and enhanced brand.

Path to Net Zero Pilot (PTNZ)
The Path to Net Zero pilot was launched in 2009 by Energy Trust's New Buildings program to provide increased design, technical assistance, construction, and measurement and reporting incentives to commercial building projects that aimed to achieve exceptional energy performance. Approximately 13 buildings worked with New Buildings to develop strategies to save 60 percent more energy than Oregon's already stringent code through a combination of 50 percent energy efficiency and 10 percent renewable power. The pilot demonstrates that a wide range of buildings can achieve aggressive energy goals using currently available construction methods and technology, as well as by testing innovative design strategies.

Photovoltaic
Direct conversion of sunlight to electric energy through the effects of solar radiation on semi-conductor materials. Photovoltaic systems are one type of solar system eligible for Energy Trust incentives.

Public Utility Commissions
State agencies that regulate, among others, investor-owned utilities operating in the state with a protected monopoly to supply power in assigned service territories.

Public Utility Regulatory Act of 1978 (PURPA)
Federal legislation that requires utilities to purchase electricity from qualified independent power producers at a price that reflects what the utilities would have to pay for the construction of new generating resources. The Act was designed to encourage the development of small-scale cogeneration and renewable resources.

Qualifying Facility (QF)
A power production facility that generates its own power using cogeneration, biomass waste, geothermal energy, or renewable resources, such as solar and wind. Under PURPA, a utility is required to purchase power from a QF at a price equal to that which the utility would otherwise pay to another source, or equivalent to the cost if it were to build its own power plant.

Renewable Energy Resources
a) Electricity-generation facilities fueled by wind, waste, solar or geothermal power or by low-emission nontoxic biomass based on solid organic fuels from wood, forest and field residues
b) Dedicated energy crops available on a renewable basis
c) Landfill gas and digester gas
d) Hydroelectric facilities located outside protected areas as defined by federal law in effect on July 23, 1999

Renewable Portfolio Standard
A legislative requirement for utilities to meet specified percentages of their electric load with renewable resources by specified dates, or a similar requirement. May be referred to as Renewable Energy Standard.

Retrofit
A retrofit involves the installation of new, usually more efficient equipment into an existing building or process prior to the existing equipment's failure or end of its economic life. In buildings, retrofits may involve either structural enhancements to increase strength, or replacing major equipment central to the building's functions, such as HVAC or water heating systems. In industrial applications, retrofits involve the replacement of functioning equipment with new equipment.

Roof-top Units (RTU)
Packaged heating, ventilating and air conditioning unit that generally provides air conditioning and ventilating services for zones in low-rise buildings. Roof-top units often include a heating section, either resistance electric, heat pump or non-condensing gas (the latter are called “gas-paks”). Roof-top units are the most prevalent comfort conditioning systems for smaller commercial buildings. Generally small (<10 ton) commodity products, but very sophisticated high-efficiency versions are available, as are units larger than 50 tons.

R-Value
A unit of thermal resistance used for comparing insulating values of different material. It is basically a measure of the effectiveness of insulation in stopping heat flow. The higher the R-Value number, a material, the greater its insulating properties and the slower the heat flow through it. The specific value needed to insulate a home depends on climate, type of heating system and other factors.

SB 1149
The Oregon legislation enacted in 1999 allowing for the creation of a third party, nonprofit organization to receive approximately 74 percent of a 3 percent utility surcharge (public purpose charge) and deliver energy-efficiency and renewable energy programs to the funding Oregon ratepayers of Portland General Electric and Pacific Power. Energy Trust was approved by the OPUC to deliver the services. The rest of the surcharge is distributed to school districts and Oregon Housing and Community Services.

SB 838
SB 838, enacted in 2007, augmented Energy Trust's mission in many ways. Most prominently, it provided a vehicle for additional electric efficiency funding for customers under 1 aMW in load, and restructured the renewable energy role to focus on generation plants that produce less than 20 aMW. SB 838 is also the legislation creating the state's Renewable Portfolio Standard and extended Energy Trust's sunset year from 2012 to 2026.

SBW Consulting, Inc
A consulting firm based in Bellevue, WA, with expertise in facility energy assessments, utility conservation programs and program evaluations.

Sectors
For energy planning purposes, the economy is divided into four sectors: residential, commercial, industrial and irrigation.

Self-Directing Consumers
A retail electricity consumer that has used more than one average megawatt of electricity at any one site in the prior calendar year or an aluminum plant that averages more than 100 average megawatts of electricity use in the prior calendar year, that has received final certification from the Oregon Department of Energy for expenditures for new energy conservation or new renewable energy resources and that has notified the electric company that it will pay the public purpose charge, net of credits, directly to the electric company in accordance with the terms of the electric company's tariff regarding public purpose credits.

Societal Cost
Similar to the total resource cost as including the full cost to install a measure including equipment, labor and Energy Trust cost to administer and deliver the program, societal cost also includes any costs beyond those realized by the participant and Energy Trust associated with the energy-saving project. Typically additional societal benefits are seen with energy-efficiency projects that can be difficult to quantify and include in the Societal Cost Test for cost effectiveness.

Solar Power
Using energy from the sun to make electricity through the use of photovoltaic cells.

Solar Thermal
The process of concentrating sunlight on a relatively small area to create the high temperatures needed to vaporize water or other fluids to drive a turbine for generation of electric power.

Spillover
Additional measures that were implemented by the program participant for which the participant did not receive an incentive. They undertook the project on their own, influenced by prior program participation.

Therm
One hundred thousand (100,000) British thermal units (1 therm = 100,000 Btu).

Total Resource Cost
The OPUC has used the “total resource cost” (TRC) test as the primary basis for determining conservation cost-effectiveness as determined in Order No. 94-590 (docket UM 551). SB 1149 allows the “self-directing consumers” to use a simple payback of one to 10 years as the cost-effectiveness criterion.

Tidal Energy
Energy captured from tidal movements of water.

U-Value (U-Factor)
A measure of how well heat is transferred by the entire window—the frame, sash and glass—either into or out of the building. U-Value is the opposite of R-Value. The lower the U-Value number, the better the window will keep heat inside a home on a cold day.

Wave Energy
Energy captured by the cyclical movement of waves in the ocean or large bodies of water.

Watt
A unit of measure of electric power at a point in time, as capacity or demand. One watt of power maintained over time is equal to one joule per second.

Wind Power
Harnessing the energy stored in wind via turbines, which then convert the energy into electricity. Mechanical power of wind can also be used directly.

Weatherization
The activity of making a building (generally a residential structure) more energy efficient by reducing air infiltration, improving insulation and taking other actions to reduce the energy consumption required to heat or cool the building. In practice, “weatherization programs” may also include other measures to reduce energy used for water heating, lighting and other end uses.

Energy Industry Acronyms

AAMA	American Architectural Manufacturers Association	Trade group for window, door manufacturers
A/C	Air Conditioning	
ACEEE	American Council for an Energy-Efficient Economy	Environmental Advocacy, Researcher
AEE	Association of Energy Engineers	
AEO	Annual Energy Outlook	
AESP	Association of Energy Services Professionals	Energy services and energy efficiency trade org
A+E	Architecture + Energy	Outreach program for architects
AFUE	Annual Fuel Utilization Efficiency	The measure of seasonal or annual efficiency of a furnace or boiler
AgriMet	Agricultural Meteorology	Program for soil moisture data
AIA	American Institute of Architects	Trade organization
AIC	Association of Idaho Cities	Local government organization
aMW	Average Megawatt	A way to equally distribute annual energy over all the hours in one year; there are 8,760 hours in a year
AOI	Associated Oregon Industries	
APEM	Association of Professional Energy Managers	
ARI	Air-Conditioning and Refrigeration Institute	AC trade association
ASE	Alliance to Save Energy	Environmental advocacy organization
ASERTTI	Assocation of State Energy Research and Technology Transfer Institutions, Inc.	
ASHRAE	American Society of Heating, Refrigeration, and Air Conditioning Engineers	Technical (engineers) association
ASME	American Society of Mechanical Engineers	Professional organization
ASiMi	Advanced Silicon Materials LLC	Manufacturer of polysilicon with plants in Moses Lake and Butte Mountain
AWC	Association of Washington Cities	Local government trade organization
BACT	Best Achievable Control Technology	
BCR	Benefit/Cost ratio	See definition in text
BEF	Bonneville Environmental Foundation	Nonprofit that funds renewable energy projects
BETC	Business Energy Tax Credit	Oregon tax credit
BOC	Building Operator Certification	Alliance funded project that trains and certifies building operators
BOMA	Building Owners and Managers Association	
BPA	Bonneville Power Administration	Federal power authority
C&RD	Conservation & Renewable Discount	BPA program
CAC	Conservation Advisory Council	
CARES	Conservation and Renewable Energy System	Defunct consortium of Pacific Northwest PUDs
CCS	Communications and Customer Service	A group within Energy Trust
CCCT	Combined Cycle Combustion Turbine	

CEE	Consortium for Energy Efficiency	National energy efficiency group
CEWO	Clean Energy Works Oregon	
CFL	Compact Fluorescent Light bulb	
CHP	Combined Heat and Power	
CNG	Cascade Natural Gas	Investor-owned utility
ConAug	Conservation Augmentation Program	BPA program
CHT	Coefficient of Heat Transmission (U-Value)	A value that describes the ability of a material to conduct heat. The number of Btu that flow through 1 square foot of material, in one hour. It is the reciprocal of the R-Value (U-Value = 1/R-Value.
COU	Consumer-Owned Utility	
COP	Coefficient of Performance	The Coefficient of Performance is the ratio of heat output to electrical energy input for a heat pump
CT	Combustion Turbine	
CUB	Citizens' Utility Board of Oregon	Public interest group
Cx	Commissioning	
DG	Distributed Generation	
DSI	Direct Service Industries	Direct Access customers to BPA
DOE	Department of Energy	Federal agency
DSM	Demand Side Management	
EA	Environmental Assessment	
EASA	Electrical Apparatus Service Association	Trade association
ECM	Electrically Commutation Motor	An Electrically Commutation Motor, also known as a variable-speed blower motor, can vary the blower speed in accordance with the needs of the system
EE	Energy Efficiency	
EER	Energy Efficiency Ratio	The cooling capacity of the unit (in Btu/hour) divided by its electrical input (in watts) at standard peak rating conditions
EF	Energy Factor	An efficiency ratio of the energy supplied in heated water divided by the energy input to the water heater
EIA	Energy Information Administration	
EIC	Energy Ideas Clearinghouse	Washington State University program that provides energy-efficiency information, Alliance funded project
EMS	Energy Management System	See definition in text
EPA	Environmental Protection Agency	Federal agency
EPRI	Electric Power Resource Institute	Utility organization

EPS	Energy Performance Score	Brand name used by Energy Trust for the rating that assesses a newly built or existing home's energy use, carbon impact and estimated monthly utility costs
EQIP	Environmental Quality Incentive Program	
EREN	Energy Efficiency and Renewable Energy Network	DOE program
ESS	Energy Services Supplier	
EUI	Energy Use Intensity	See definition in text
EWEB	Eugene Water & Electric Board	Utility organization
FCEC	Fair and Clean Energy Coalition	Environmental advocacy organization
FEMP	Federal Energy Management Program	
FERC	Federal Energy Regulatory Commission	Federal regulator
GHG	Greenhouse gas	
HER	Home Energy Review	A free visit to a customer's home by an Energy Trust energy advisor to assess efficiency and provide personalized recommendations for improvement
HSPF	Heating Season Performance Factor	
HVAC	Heating, Ventilation and Air Conditioning	
ICNU	Industrial Consumers of Northwest Utilities	Trade interest group
ICF	ICF International	Existing Buildings Program Management Contractor
ICL	Institute for Conservation Leadership	
IDWR	Idaho Department of Water Resources	State agency
IEEE	Institute of Electrical and Electronic Engineers	Professional association
IESNA	Illuminating Engineering Society of America	
IOU	Investor-Owned Utility	
IRP	Integrated Resource Plan	
ISIP	Integrated Solutions Implementation Project	
ISM	Instant-Savings Measure	See definition in text
kW	Kilowatt	
kWh	Kilowatt Hours	8,760,000 kWh = 1 aMW
LBL	Lawrence Berkeley Laboratory	
LED	Lighting Emitting Diode	Solid state lighting technology
LEED	Leadership in Energy & Environmental Design	Building rating system from the U.S. Green Building Council
LIHEAP	Low Income Housing Energy Assistance Program	
LIWA	Low Income Weatherization Assistance	
LOC	League of Oregon Cities	Local government organization
MEEA	Midwest Energy Efficiency Alliance	Midwest Market Transformation organization, Alliance counterpart
MLCT	Montana League of Cities and Towns	Local government organization

MLGEO	Montana Local Government Energy Office	Local government organization
MT&R	Monitoring, Targeting and Reporting	See definition in text
MW	Megawatt	Unit of electric power equal to one thousand kilowatts
MWh	Megawatt Hour	Unit of electric energy, which is equivalent to one megawatt of power used for one hour
NAHB	National Association of Home Builders	Trade association
NCBC	National Conference on Building Commissioning	
NEB	Non-Energy Benefit	See definition in text
NEEA	Northwest Energy Efficiency Alliance	
NEEC	Northwest Energy Efficiency Council	Trade organization
NEEI	Northwest Energy Education Institute	Training organization
NEEP	Northeast Energy Efficiency Partnership	Northwest market transformation organization, Alliance counterpart
NEMA	National Electrical Manufacturer's Association	Trade organization
NERC	North American Electricity Reliability Council	
NFRC	National Fenestration Rating Council	
NRC	National Regulatory Council	Federal regulator
NRCS	Natural Resources Conservation Service	
NRDC	Natural Resources Defense Council	
NREL	National Renewable Energy Lab	
NRTA	Northwest Regional Transmission Authority	
NWEC	Northwest Energy Coalition	Environmental advocacy organization
NWBOA	Northwest Building Operators Association	Trade organization
NWFPA	Northwest Food Processors Association	Trade organization
NWN	NW Natural	Investor-owned utility
NWPPA	Northwest Public Power Association	Trade organization
NWPCC	Northwest Power and Conservation Council	Regional energy planning organization, "the council"
NYSERDA	New York State Energy Research & Development Authority	New York public purpose organization
OBA	Oregon Business Association	Business lobby group
OEFSC	Oregon Energy Facility Siting Council	Authority to site energy facilities in Oregon
ODOE	Oregon Department of Energy	Oregon state energy agency
OPUC	Oregon Public Utility Commission	
OPUDA	Oregon Public Utility District Association	Utility trade organization
OPEC	Organization of Petroleum Exporting Countries	
ORECA	Oregon Rural Electric Cooperative Association	Utility trade organization
OSD	Office of Sustainable Development	
OSEIA	Solar Energy Industries Association of Oregon	Volunteer nonprofit organization dedicated to education/promotion
OTED	Office of Trade & Economic Development	Washington State agency
P&E	Planning and Evaluation	A group within Energy Trust
PDC	Program Delivery Contractor	Company contracted with Energy

		Trust to identify and deliver industrial and agricultural services to Energy Trust customers
PEA	Pacific Energy Associates	
PECI	Portland Energy Conservation, Inc.	Energy Trust Program Management Contractor
PGE	Portland General Electric	Investor-owned utility
PG&E	Pacific Gas & Electric	California investor-owned utility
PMC	Program Management Contractor	Company contracted with Energy Trust to deliver a program
PNGC	Pacific Northwest Generating Cooperatives	
PNUCC	Pacific Northwest Utilities Conference Committee	
PPC	Public Power Council	National trade group
PPL	Pacific Power	
PSE	Puget Sound Energy	Investor-owned utility
PTC	Production Tax Credit	
PTCS	Performance Tested Comfort Systems	Alliance project that promotes the efficiency of air-systems in residential homes
PTNZ	Path to Net Zero pilot	See definition in text
PUC	Public Utility Commission	Oregon and Idaho PUCs
PUD	Public Utility District	
PURPA	Public Utility Regulatory Policies Act	See definition in text
QF	Qualifying Facility	
RAC	Renewable Energy Advisory Council	
RE	Renewable Energy	
REIT	Real Estate Investment Trust	
RETC	Residential Energy Tax Credit	Oregon tax credit
RFI	Request for Information	
RFP	Request for Proposal	
RFQ	Request for Qualification	
RNP	Renewable Northwest Project	Renewable energy advocacy group
RSES	Refrigeration Service Engineers Society	Trade association
RTF	Regional Technical Forum	BPA funded research group
RTU	Rooftop HVAC Unit Tune Up	Rooftop HVAC unit tune up, an Existing Buildings incentive offering
SCCT	Single Cycle Combustion Turbine	
SCL	Seattle City Light	Public utility
SEED	State Energy Efficient Design	Established in 1991, requires all state facilities to exceed the Oregon Energy Code by 20 percent or more
SEER	Seasonal Energy Efficiency Ratio	A measure of cooling efficiency for air conditioners; the higher the SEER, the more energy efficient the unit

SGC	Super Good Cents	Alliance project & legacy BPA & utility program that promotes the sales of SGC homes
SIS	Scientific Irrigation Scheduling	Agricultural information program
SNOPUD	Snohomish Public Utility District	Washington State PUD
SEIA	Solar Energy Industries Association	Volunteer nonprofit organization dedicated to education/promotion
SWEEP	Southwest Energy Efficiency Partnership	Southwest market transformation group, Alliance counterpart
T&D	Transmission & Distribution	
TNS	The Natural Step	
TRC	Total Resource Cost	See definition in text
TXV	Thermal Expansion Valve	
	University of Oregon Solar Monitoring Laboratory	Solar resource database
U-Value		The reciprocal of R-Value; the lower the number, the greater the heat transfer resistance (insulating) characteristics of the material
USGBC	U.S. Green Building Council	Sustainability advocacy organization responsible for LEED
VFD	Variable Frequency Drive	An electronic control to adjust motion
WAPUDA	Washington Public Utility District Association	Utility trade organization
WNP	Washington Nuclear Power Plant	
WPPSS	Washington Public Power Supply System	Also called "whoops"
WUTC	Washington Utilities and Transportation Commission	
Wx	Weatherization	
W	Watt	