Hannah Hacker

From: Jeff Bissonnette <jeff@oregoncub.org>
Sent: Friday, September 05, 2014 12:55 PM
To: Amber Cole; Hannah Hacker
Subject: CUB Comments on ETO Strategic Plan

Amber and Hannah:

Thanks for the opportunity to receive a briefing on the draft ETO Strategic Plan. We really appreciated the opportunity to hear about the plan directly. Here are some of our thoughts regarding the plan and some points that your strategic planning committee and the overall Board may want to consider as the plan moves into the finalization stage. Those thoughts are centered around three key points.

First, it is important to CUB to note that ETO is the crown jewel in Oregon's energy policy. For the purposes of energy efficiency and small renewables, ETO serves as the utility in acquiring clean, low-cost resources on behalf of customers to deliver long-term value. ETO is the critical element in acquiring those base resources and is the critical element in keeping customers' costs low overall.

Second, there are three sub-issues that need to be considered as your strategic plan is developed. Each of these issues could affect how ETO conducts its business going forward and certainly within the timeframe of the strategic plan draft.

a) ETO needs to align its supply curve analysis in a deeper way to the forecasts and analysis being done by the Lawrence Berkeley National Laboratory. Their models are considering the long-term impact of resource acquisition and ETO's forecasts of its work needs to mirror that approach rather than the shorter time horizons of 4-5 years that you have traditionally done. This will facilitate better long-term planning around efficiency resource acquisition. PGE has committed in its current IRP to undertaking this kind of work with you and we strongly encourage that dialogue and similar conversations with all of your stakeholders.
b) ETO is well-aware of the issue of industrial efficiency and the current limitations around funding to acquire the resource contained in that sector. This issue will need to be resolved in the early part of the period covered by the strategic plan. If it is not, the first bullet (Long-term energy efficiency goal of the first goal (Energy Efficiency), stated as "Acquire all achievable, cost-effective energy efficiency for utility customers" is endangered.
c) ETO is also well-aware of the issue of gas cost-effectiveness. CUB is concerned that the dynamics around the issue will not only inhibit ETO's ability to continue effective programs to acquire efficiency but may undermine the long-term ability to maintain the infrastructure that helps customers reduce overall usage. CUB is cognizant of the period of the late 1990s where, on the electric side, efficiency was not "cost-effective" until the Western Energy Crisis occurred in 2000 and 2001 and suddenly, many measures became extremely cost-effective and ratepayers paid millions of dollars in rates than would have been required if the overall energy usage would have been lower, as it would have been if efficiency investments would have continued. The basic question is: what is the long-term cost of not lowering energy usage, not just cost-effectiveness today?

The last point we'd like to raise for consideration stems directly from the last two sub-issues we just discussed. That is the risk that is inherently present in the strategic plan and we believe that risk should be highlighted as part of the plan. Unlike perhaps any other time in ETO's history, issues like the ability to acquire industrial efficiency or gas cost-effectiveness call into question the ability of ETO to meet the outlined strategic goals. Those elements are far outside ETO's ability to control but represent a significant risk to the organization's strategic direction. CUB believes that risk should be acknowledged and discussed as part of the strategic plan in order to begin to think about how to mitigate the risk but also to underscore that Oregon's very policy goal of acquiring all cost-effective efficiency is endangered. How does ETO position itself to confront that risk?

Again, we appreciate the opportunity to offer comments. We'd be happy to engage in fuller conversation with either your strategic planning committee or the Board on any of the points we've raised.

Please know that we are very proud of Energy Trust and look forward to being a part of continued growth and success of your efforts.

Regards,

Bob Jenks
Executive Director