EnergyTrust of Oregon, Inc.

Draft Board Meeting Minutes – 73rd Meeting

May 9, 2007

Board members present: Rick Applegate, Tom Foley, Julie Hammond, Al Jubitz, Debbie Kitchin, Vickie Liskey, Caddy McKeown, Alan Meyer, Bill Nesmith, John Reynolds

Board members absent: Jason Eisdorfer, John Klosterman, Preston Michie, John Savage

Staff attending: Tom Beverly, Phil Degens, Fred Gordon, Michel Gregory, Margie Harris, Betsy Kauffman, Nancy Klass, Steve Lacey, Debbie Menashe, Brooke Nelson, Linda Rudawitz, Sue Meyer Sample, Jan Schaeffer, Adam Serchuk, Greg Stiles, John Volkman, Peter West

Others attending: Susan Anderson, Executive Director, City of Portland Office of Sustainable Development; Steve Bicker, NW Natural; Melanie Bissonnette, contractor; Don Jones Jr., PacifiCorp; Lori Koho, OPUC; Jerry Paige, Total Comfort; Lee Rahr, City of Portland Office of Sustainable Development; Joelle Steward, PacifiCorp; Mark Tallman, PacifiCorp

Business Meeting

President Tom Foley called the meeting to order at 12:10 pm.

Agenda

Alan Meyer asked to have the first item on the consent agenda concerning amendments to the confidentiality policy removed to permit board discussion.

March 28, 2007, Meeting Minutes

John Reynolds noted a correction on page 19, second paragraph concerning the legislative update, correcting it to read "John Reynolds asked about a bill to give homebuilders (not homeowners) tax credits for building renewable energy and energy efficiency into their homes."

MOTION: Approve minutes from the March 28, 2007, meeting, as corrected.

Moved by: Alan Meyer Seconded by: John Reynolds

Vote: In favor: 9 Abstained: 0 Opposed: 0

Adopted on May 9, 2007, by Energy Trust Board of Directors.

Consent Agenda

Adopting a revised gas goal for the 2007-2012 strategic plan, resolution #436.

RESOLUTION #436
ADOPTING A REVISED GAS GOAL FOR THE 2007-2012 STRATEGIC PLAN

WHEREAS:

1. **At its November, 2007 meeting, the Energy Trust board approved a 2007-2012 strategic plan with a gas savings goal of 19 million therms, subject to further analysis.**
2. **Energy Trust staff conducted further analysis to assess the appropriateness of this goal considering: addition of program implementation for Cascade Natural Gas Corporation and Avista Corporation; recognition of savings achieved through market transformation efforts of Energy Trust; and change of the levelized cost performance metric for gas savings.**
3. **Based on this analysis, 21 million therms represents an achievable but robust goal for Energy Trust gas program activity based on current funding.**

It is therefore RESOLVED:

The Energy Trust board adopts a gas goal of 21 million annual therms by 2012, for incorporation into the 2007-2012 strategic plan as shown in Attachment 1. This goal may be revised later to reflect changes in scope or funding of Energy Trust activities.

Moved by: Debbie Kitchin Seconded by: Caddy McKeown

Vote: In favor: 9 Abstained: 0 Opposed: 0

Adopted as part of the consent agenda on May 9, 2007, by Energy Trust Board of Directors.

ATTACHMENT 1

ENERGY TRUST OF OREGON, INC.
2007-2012 STRATEGIC PLAN

I. Introduction

A. Energy Trust

The Energy Trust of Oregon, Inc., began operating in March 2002, funded by revenues collected from customers of Pacific Power and Portland General Electric pursuant to a 1999 Oregon law (SB1149). Energy Trust invests these funds on behalf of customers to further electric energy conservation and efficiency, renewable energy development and energy market transformation. Energy Trust began operating natural gas efficiency programs for NW Natural in 2003 and for Cascade Natural Gas Corporation and Avista Corporation in 2006.

Proposed Energy Trust Mission Statement, Vision and Goals

Mission statement:

To change how Oregonians produce and use energy by investing in efficient technologies and renewable resources that save dollars and protect the environment.

Vision:

Imagine meeting the future energy needs of Oregonians in a way that lowers energy cost, adds comfort to homes, strengthens our economy and leaves our environment healthier for generations to come. This will happen when we use energy efficiently and create renewable energy. The people at Energy Trust are committed to this future.

Goals:

1. *Save 300 average megawatts of electricity.*
2. *Save 21 million annual therms of natural gas.*
3. *Help Oregonians meet 10 percent of their electric energy needs from renewable resources.*
4. *Expand participation by customers that have been hard to reach historically.*
5. *Help businesses to thrive by promoting energy efficiency and renewable energy.*
6. *Encourage Oregonians to integrate energy efficiency and renewable energy in daily life.*

The following item was pulled from the consent agenda upon request of Alan Meyer: *Amending policy on information submitted by program participants, contractors and bidders to allow disclosure of certain non-residential information to BPA, resolution #438.*

Alan explained he supported the measure but felt wording was confusing. He has worked with John Volkman to amend the wording as shown below.

RESOLUTION #438
AMENDING POLICY ON INFORMATION SUBMITTED BY PROGRAM PARTICIPANTS, CONTRACTORS AND BIDDERS TO ALLOW DISCLOSURE OF CERTAIN NON-RESIDENTIAL INFORMATION TO BPA

WHEREAS:

1. **In September 2004, the board adopted a policy on maintaining the confidentiality of information submitted to Energy Trust by program participants. The policy protects the confidentiality of all residential participants in Energy Trust programs, and assures that Energy Trust will supply only limited information about non-residential participants (name, city or county of business, Energy Trust services or incentive payments, and energy saved or generated as a result of Energy Trust services or incentives) to the Oregon Public Utility Commission, the legislature and other state agencies.**
2. **In December 2006, the board authorized Energy Trust to enter into agreements with PGE and Pacific Power to provide**

services on their behalf for the Bonneville Power Administration's Conservation Rate Credit Program.

3. **Bonneville Power Administration (Bonneville) needs certain information on program participants for purposes of verification and reporting. If it requires more information than the policy would allow Energy Trust to report to the OPUC and state entities, Bonneville would sign a confidentiality agreement.**

It is therefore RESOLVED:

That the Energy Trust board amends its policy on Information Submitted by Program Participants, Contractors and Bidders to afford Bonneville access to the same information that Energy Trust *reports* to the OPUC and state entities, as shown in the attached revised policy.

Moved by: Alan Meyer Seconded by: Rick Applegate

Vote: In favor: 9 Abstained: 0

Opposed: 0

Adopted on May 9, 2007, by Energy Trust Board of Directors.

Attachment

4.17.000-P
Policy on Information Submitted by Program Participants, Contractors and Bidders

History			
Source	Date	Action/Notes	Next Review Date
Policy Committee	5/24/04	Review and discussion	8/24/04
Policy Committee	8/24/04	Reviewed for board action	9/9/04
Board	9/9/04	Action postponed pending further review and discussion	9/21/04
Board	7/6/05	Approved (R345)	7/08
Policy Committee	4/17/07	Amended for board action (R438)	5/9/07

Purpose: Energy Trust and its contractors acquire information from utilities, program participants and others. This document establishes Energy Trust policy on collection, use and disclosure of information about program participants. This policy also addresses confidentiality of contracts and bid information. The policy does not apply to information that is in the public domain.

1. **Energy Trust will inform participants of this policy**
   Participants in Energy Trust programs will be advised of the contents of this policy by appropriate means (e.g., on program application forms, the Energy Trust web site and oral communications). Energy Trust and its contractors will offer participants a copy of this policy.

2. Energy Trust protects information covered by utility information transfer agreements

Utilities provide Energy Trust with information about energy consumers on condition that it is treated confidentially. This information is covered by "information transfer agreements" negotiated with the utility. Energy Trust will not afford access to information protected by utility information transfer agreements to anyone who has not signed a confidentiality agreement consistent with the information transfer agreements. However, if Energy Trust obtains written, oral (documented electronically or in writing), or electronic consent from an Energy Trust program participant, information relating to such participant is no longer subject to utility confidentiality agreements, and instead is governed by sections 4-5 of this policy. Energy Trust may disclose to utilities the names of Energy Trust program participants to ensure that Energy Trust information is accurate.

3. Energy Trust and those it works with use Participant Information only for Energy Trust purposes

A. Definition of Participant Information: "Participant Information" means information obtained from program participants that refers specifically to the participant by name, address, or other personally identifiable characteristics.

B. Generally. Energy Trust employees, contractors and sub-contractors will use Participant Information only for Energy Trust purposes. Contractors who receive Participant Information from Energy Trust may not disclose it to any other party unless required by law or the other party has by contract or other written agreement agreed to protect such information consistent with this Energy Trust policy. Contractors will consult with their Energy Trust contract manager when in doubt.

C. Collaborative analysis. Energy Trust analyzes Participant Information and aggregates it with other information to plan, evaluate and report on Energy Trust programs. If consistent with section 3 and if the shared data do not reveal Participant Information, Energy Trust may share such aggregated information with other analysts, recognizing that some of these analysts work for organizations with their own information disclosure policies and requirements.

D. Using Participant Information in marketing. Before using Participant Information in case studies, brochures, press releases, advertisements, marketing or other publicity material, Energy Trust and/or its contractors will obtain participant approval.

E. Information provided to government entities

(1) Energy Trust will treat residential program participant information as confidential. Energy Trust may report individual residential participant information if it does not identify the participant by name, address, telephone or other information that would allow identification of the individual.

(2) For non-residential programs, Energy Trust may include the following information in reports to the Bonneville Power Administration, the legislature, the Oregon Public Utility Commission ("OPUC") and other state agencies as necessary to meet Energy Trust responsibilities:

- participant name
- city or county of business
- Energy Trust services or incentive payments provided to the participant, or
- energy saved or generated as a result of Energy Trust services or incentives.

(3) Before providing Participant Information other than information listed in section 3.E(2), Energy Trust will obtain participant approval.

4. Contracts

A. Except for contracts that concern personnel matters, contracts to which Energy Trust is a party will not be treated as confidential. For purposes of this policy "contract" does not mean program application materials.

B. If a contract specifically identifies as confidential sensitive business records or financial or commercial information that is not customarily provided to business competitors, Energy Trust will treat such information as confidential. However, Energy Trust may disclose all other information in the contract.

C. Subject to litigation or other legal disclosure and/or audit requirements, Energy Trust will not disclose information submitted in response to requests for proposals or other solicitations.

5. Audit

Energy Trust will afford auditors full access to participant information for purposes of audit.

6. Resolving issues

In the event the OPUC requests from Energy Trust information that a participant has reasonably designated as Confidential Information, Energy Trust will follow the procedure specified in section 3.c of the Grant Agreement between Energy Trust and the OPUC (available at http://www.energytrust.org/Pages/about/who_we_are/puc_funding_agreement.PDF).

General Public Comments

Solar Now Campaign presentation by Susan Anderson, Executive Director, City of Portland Office of Sustainable Development (OSD).

Susan Anderson invited board members to a party at EcoTrust June 26. The purpose of the gathering is to identify 100 community leaders who will commit to installing solar systems on their home or business. Susan explained why the city is now focused on solar, mentioning global warming impacts. She said their focus over the next 10-20 years will be on how to mitigate such impacts. The City of Portland and Energy Trust have worked side by side on a number of projects. The city has a goal to reduce CO2 emissions to 10% below 1990 levels by 2010. A lot of the emission reductions will come from the transportation and land use sectors. Other steps include energy efficiency (vegetables) and renewables (dessert). The city is contracting to have 100% of its electricity load served by 50 MW of wind. A new city-wide biofuel ordinance requires 5% biodiesel in all diesel and 10% ethanol in all gasoline. With so much going on at the national, state and city level, she said it's time to approach this on the personal level. The city's solar goal is 400 residential and business solar installations annually.

In partnership with Energy Trust, the city has started a solar promotion called Solar Now. Four solar workshops this year have already attracted a total of 500 people. OSD is following up to help them work with contractors and apply for tax credits. She's employing a "Avon" strategy, starting with leaders like Energy Trust board members to get them to put systems on their roofs, and then attracting their friends and acquaintances to do the same.

Al Jubitz said he doesn't have time to deal with contractors, get the right panels, etc. He asked if Sue had contemplated a website that would let you fill out information about your home and a week later we'll hear from you. Sue said that's similar to what the program is doing. John Reynolds said he sees a lot of equipment but no architectural approach such as passive solar design. Sue acknowledged the point and said it would be good to add to the material.

Tom Foley asked about new solar technology. Kacia Brockman said the federal government is investing in research and development and that some new, higher efficiency systems may be available in five years. Tom asked about Portland's solar access ordinance. Sue said it still exists for existing homes. However, the ordinance cannot keep neighbor's trees from growing up to block access. Tom asked if there is any room for property tax relief. Kacia said the value of solar systems is exempt from property taxes under state law.

Margie noted there still is a $15,000 out-of-pocket cost and asked how to lower this barrier. Sue said she wants contractors to be able to offer loans. Debbie said there are financial institutions that take applications from remodelers and provide financing to qualified customers. She thinks it should be easy to apply this model to solar contractors. Tom suggested exploring whether big investors might want to lease residential solar systems. Sue said they have been attracted by this model, which is how Flexcar works – they lease the cars, and the car suppliers take the tax credits.

Kacia said the cost is affected by demand, which has been outstripping supply. She added that manufacturers are ramping up to correct this imbalance. The other issue is delivery. As the market matures, these costs may increase, as installers begin hiring staff and paying benefits.

Tom asked what SB 838 would do to the solar program. Peter said we will have more money to go deeper into the market and create more multi-year partnerships. Under current law we're constrained by the 2012 end date.

Debbie asked about the June event. Sue said the 10 who have already agreed to go solar will be announced at the event, and guests will include 100 candidates who are new to solar and able to afford the purchase.

Al asked if radiant solar heating systems can completely heat a home. Kacia noted we get the least amount of sun when we need the most heat. Systems can be designed to work to heat a home during the shoulder seasons. Debbie noted it's expensive to retrofit a home with radiant heat.

Sue said they're going to analyze whether property values rise when solar systems are added.

Rick Applegate left the meeting at 12:55 pm.

President's Report

Tom Foley described his meetings with Puget Sound Energy and their interest in becoming a green utility. He has a small contract with Climate Trust and is also working for an organization looking at demand response, transmission and distribution changes and their effects on line losses. Next week he meets with Goldman Sachs, who is getting involved in carbon markets. He believes such activities could affect the way we do business.

Finance Committee

In the absence of John Klosterman, Debbie Kitchin made introductory comments on behalf of the finance committee. She noted staff has made improvements in the area of forecasting spending. She introduced Sue Meyer Sample to discuss the cash reserve transfer resolution.

2007 cash reserve transfer, resolution #437. Sue Meyer Sample noted that in August 2006, the board approved a process to transfer funds from cash reserves generated by interest earnings. This approach included a method for calculating interest earnings on renewable energy funds placed in escrow for future projects. In December 2006, the Board reviewed and adopted the reserve fund guidelines which described the circumstances under which funds could be requested from excess interest earnings. Using those guidelines to fund renewable projects with interest earnings, both staff and the finance committee recommended using the simpler interest income transfer. The board reviewed the proposed revised cash reserve transfer approach to direct an additional interest income allocation of $600,000 from the budgeted cash reserve balance to fund additional renewable energy projects in 2007.

RESOLUTION #437
2007 CASH RESERVE TRANSFER

BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors approves an additional interest income allocation of $600,000 from the budgeted cash reserve balance to fund additional renewable energy projects in 2007, in accordance with Attachment A .:

Moved by: John Reynolds Seconded by: Vickie Liskey

Vote: In favor: 8 Abstained: 0

Opposed: 0

Adopted on May 9, 2007, by Energy Trust Board of Directors.

Al Jubitz commented on the "dashboard." He is concerned about shortfall of 2008 committed projects and suggested setting goals for commitments. Steve Lacey and Sue noted that we created the tool to make sure we don't overcommit funds. Al asked if we are on track to meet 2007 and 2012 goals; Margie said we are. Board members continued the discussion. Debbie said the finance committee will consider at its next meeting whether and how to modify the dashboard to better reflect status of progress toward goals.

The Energy Trust of Oregon
Year to Date by Program / Service Territory - joint costs allocated at program level
Budget 2007-B-05.1 March rebudget, with seasonality change- Approved
For the Twelve Months Ending December 31, 2007
(Unaudited)

	ENERGY EFFICIENCY						RENEWABLE ENERGY				TOTAL
	PGE	PacifiCorp	NW Natural	Cascade	Avista	Total	PGE	PacifiCorp	Total	Other	All Programs
REVENUES											
Public Purpose Funding	$22,295,922	$15,035,184	$9,247,863	$889,636	$278,000	$47,746,605	$6,656,993	$4,534,421	$11,191,414		$58,938,019
CRC Funding	1,100,000	800,000				1,900,000					1,900,000
Revenue from Investments										2,325,038	2,325,038
TOTAL PROGRAM REVENUE	**23,395,922**	**15,835,184**	**9,247,863**	**889,636**	**278,000**	**49,646,605**	**6,656,993**	**4,534,421**	**11,191,414**	**2,325,038**	**63,163,057**
EXPENSES											
TOTAL PROGRAM EXPENSES	**24,469,345**	**18,420,294**	**9,114,769**	**724,280**	**218,449**	**52,947,137**	**6,847,537**	**5,179,940**	**12,027,477**		**64,974,614**
ADMINISTRATIVE COSTS											
Management & General (Note 1 & 3)	816,748	615,831	306,747	24,457	7,481	1,771,264	229,074	173,287	402,361		2,173,625
Communication & Outreach (Note 2 &3)	311,142	210,592	122,987	11,831	3,697	660,249	88,531	60,303	148,834		809,084

As Approved

Total Administrative Costs	***1,127,890***	***826,423***	***429,734***	***36,288***	***11,178***	***2,431,513***	***317,605***	***233,590***	***551,195***		***2,982,708***
TOTAL PROGRAM & ADMIN EXPENSES	***25,597,235***	***19,246,717***	***9,544,503***	***760,568***	***229,627***	***55,378,650***	***7,165,142***	***5,413,530***	***12,578,672***		***67,957,323***
TOTAL REVENUE LESS EXPENSES	***(2,201,313)***	***(3,411,533)***	***(296,640)***	***129,068***	***48,373***	***(5,732,045)***	***(508,149)***	***(879,109)***	***(1,387,258)***	***2,325,038***	***(4,794,266)***
Net Assets from prior years	*11,387,299*	*(8,447,380)*	*6,870,552*	*93,290*	*117,837*	*10,021,598*	*25,517,626*	*9,189,002*	*34,706,628*	*4,348,508*	*49,076,734*
Interest attributed	*1,740,000*	*1,160,000*				*2,900,000*		*1,100,000*	*1,100,000*	*(4,000,000)*	*0*
TOTAL NET ASSETS CUMULATIVE	***10,925,986***	***(10,698,913)***	***6,573,912***	***222,358***	***166,210***	***7,189,553***	***25,009,477***	***9,409,893***	***34,419,370***	***2,673,546***	***44,282,468***

As Proposed & Reflecting Additional Revenue

Total Administrative Costs	***1,127,890***	***826,423***	***429,734***	***36,288***	***11,178***	***2,431,513***	***317,605***	***233,590***	***551,195***		***2,982,708***
TOTAL PROGRAM & ADMIN EXPENSES	***25,597,235***	***19,246,717***	***9,544,503***	***760,568***	***229,627***	***55,378,650***	***7,165,142***	***5,413,530***	***12,578,672***	***0***	***67,957,323***
TOTAL REVENUE LESS EXPENSES	***(1,567,416)***	***(3,028,071)***	***39,855***	***147,598***	***48,373***	***(4,359,662)***	***(369,586)***	***(761,345)***	***(1,130,930)***	***2,433,906***	***(3,056,688)***
Net Assets from prior years	*11,387,299*	*(8,447,380)*	*6,870,552*	*93,290*	*117,837*	*10,021,598*	*25,517,626*	*9,189,002*	*34,706,628*	*4,348,508*	*49,076,734*
Interest attributed	*1,740,000*	*1,160,000*				*2,900,000*	*600,000*	*1,100,000*	*1,700,000*	*(4,600,000)*	*0*
TOTAL NET ASSETS CUMULATIVE	***11,559,883***	***(10,315,451)***	***6,910,407***	***240,888***	***166,210***	***8,561,936***	***25,748,040***	***9,527,657***	***35,275,698***	***2,182,414***	***46,020,046***

Audit Committee

Julie Hammond said the audit committee is in the process of selecting a financial auditor for 2007. Earlier today, they interviewed three candidates. Pending the outcome of reference checks, they have decided to stay with Perkins & Co. for the next two years. The committee will coordinate with Sue Meyer Sample to determine compensation and other final contract terms.

Policy Committee

Margie mentioned the notes should reflect Tom Foley's attendance at the policy committee meeting April 17.

John Volkman reported the policy committee discussed OPUC's interest in seeing Energy Trust work with utilities to use the same assumptions for discount rates and resource availability. While both OPUC and Energy Trust staff will continue collaborating, a couple of policy issues have come up that are in discussion with commissioners.

John said the committee reviewed the public interest policy and recommends no changes.

Tom reviewed the draft agenda for the board strategic planning retreat June 8-9. Julie Hammond said she hopes adequate time will be provided for discussion of items at the end of the agenda, and possibly that too much time is allotted to discussion of legislative issues. Bill Nesmith suspects we'll know more by early June. The legislature wants to adjourn early. Alan Meyer noted if the renewable energy standard passes in anything close to its current form, he will want to revisit some Energy Trust policies.

Julie also noted comments reported in the CAC and RAC notes during discussion of evaluations that suggest Energy Trust is not as effective and efficient as we could be. She thinks these items should be discussed by the board, although not necessarily at the strategic planning worksession. Debbie suggested waiting for the program evaluation committee item.

John said the staff strategic planning committee met yesterday. They recommend adding discussion of the program delivery model to the worksession agenda. He also noted the renewables team discussion is broader than pending legislative bills. Julie noted press in Bend stating a $35 million investment in geothermal energy is pending, and wondered if Energy Trust should focus on this technology, and – picking up on a comment by John Reynolds – on wave energy.

Margie noted that P.S. Reilly, from the Athena Institute, spoke at a conference she recently attended and described the changing environment resulting from more and more people engaged in sustainable practices and concerned with global warming. Margie will be talking to P.S. on Friday about her availability to deliver a similar talk to the board during the workshop.

Program Evaluation Committee

Debbie Kitchin said the evaluation committee met last month with Margie Gardner from the Northwest Energy Efficiency Alliance (NEEA) to discuss market transformation outcomes and accomplishments. At this point we're getting great bang for our buck in the residential sector, the product of 10 years of investment in this sector. Comparatively, we're only at the start of investments in the commercial and

industrial sectors and will need to wait a while to see results. The committee also reviewed results of the 2004 new building efficiency impact evaluation, the results of which will be combined with those from the 2005 evaluation to have a more representative sample. The irrigation process evaluation and the solar impact evaluation, and staff response to both, were included in the packet. Debbie welcomed questions from the board.

Board members discussed with Phil Degens, evaluation manager, the finding that billing analysis suggested less reduction in total energy consumption from photovoltaic systems than expected, even though the systems were delivering very close to the expected amount of generation. Staff intends to survey the same participants after three years to further examine the energy reduction shortfall.

Board members briefly discussed the program delivery model.

Regarding the NEEA evaluation, Alan Meyer noted Margie Gardner said, "NEEA is not driven by megawatt hour savings by sector." They put their money where they expect the greatest savings. He wonders if we should allocate their savings/spending among our programs differently. Fred agreed that NEEA does not allocate funds primarily by funding from each sector to determine program funding to each sector, although it is a secondary consideration. NEEA initially focused on residential, where they saw low-hanging fruit. After a few years they shifted more of their resources into commercial and industrial. Fred noted at least half of the Alliance activities are joined at the hip and interdependent with Energy Trust initiatives – such as new homes – so it is difficult to look at the savings and costs from the NEEA efforts in isolation. Alan thinks adding NEEA spending and savings to our program results distorts the picture and makes it difficult to evaluate the performance of our programs. Fred added that care is taken to avoid double counting of savings results.

Pilot Irrigation Initiative Program Process Evaluation. Tom Foley noted this evaluation finds fault with Energy Trust for being inflexible and rigid. Phil pointed out Energy Trust's response to the comments in the evaluation. He noted the irrigation program was designed to operate with many of the features of a full-blown program, but we characterized it as a pilot; perhaps pilot projects should have a simpler design. Tom asked if the full report substantiated assertions regarding inflexibility and inability to collaborate. Alan Meyer said this program is not a good example from which to generalize. He said the evaluation committee discussed how to structure staff responses to be broader and more forward-looking. Tom said two key issues that made this program less effective than it otherwise would have been were 1) that participation in the federal Equip program was easier and 2) the fact that the big rate increase facing irrigators ended up being phased in.

Margie noted that such results are useful in that our standard for evaluation is very high, higher than those our peer organizations embrace. This ripples through our programs, requiring collection of verifiable data. She thinks as we move into a carbon-constrained economy, the need for rigor in counting our savings will become even greater.

Legislative Update

Tom asked Bill Nesmith to provide an update. Bill said the tax credit bills are moving forward. There will be a public hearing tomorrow and that he expects the bills to move forward next week, after the final revenue forecast is available. The BETC bill includes significant benefits for developing renewable resources and high performance new home construction. It would give credits to developers, while RETC rewards homeowners. He said the renewable energy standard bill is not a slam dunk because of its complexities.

Jason Eisdorfer joined the meeting at 2:20 pm.

Jason said the renewable energy standard bill would be sent back to committee for a couple of quick amendments and is expected back on the house floor in a couple of days.
Bill said another bill requires 1.5% of budgets for new public buildings to be for solar. A bill backed by the American Institute of Architects promoting sustainable design is in process. The forest products industry was concerned about LEED, which uses a sustainable wood certification that does less than an alternate certification to promote use of Oregon wood products. The provision was watered down and now the Oregon Department of Energy will determine which certification to use.

Break

The board took a 10-minute break at 2:25 pm.

Energy Efficiency Program

Bill Nesmith was out of the room.

Steve Lacey and Fred Gordon presented a plan to accelerate natural gas savings acquisition. Fred said that two of the three largest gas uses are high efficiency water heaters and commercial rooftop units. He stated that he does not expect attractive, modest-cost efficiency options to be available on the market until at least 2008. Tom asked if he should pursue solar water heating backed by a tankless water heater. Fred said we currently have a tankless water heater pilot, and have a lot to learn about how much energy tankless water heaters actually save in homes. A monitoring program is planned. He noted the presentation in the packet covers all the ways we currently are or will be exploring to acquire more gas savings. Fred and Tom discussed using methane gas from biological sources to replace natural gas.

Renewable Energy Program

John Reynolds introduced a proposal to pay up to $4.5 million of the above-market costs of a 94-megawatt Goodnoe Hills East project. Peter West joined Mark Tallman of Pacificorp and both represented the proposal. Peter noted that in August 2006, Energy Trust approved $2.25 million each for the above-market costs of two 56-megawatt Pacificorp wind projects, called Goodnoe Hills East and Goodnoe Hills West. Pacificorp recently learned it would be unable to proceed with the West project and instead wants to increase the output of the East project from 56 MW to 94 MW. They say the project is still anticipated to come on line in 2007. Pacificorp has asked Energy Trust to retain the $4.5 million in combined above market cost payment for this new project.

Peter said the output expected from the revised East project is 20% lower than that expected from the combined output of the original proposal. Installed costs are comparable to those at PGE's Biglow Canyon project. Despite the smaller size, the above-market costs of the revised single project are less than Energy Trust paid for the 41 MW Combine Hills project in 2003 on an energy or capacity basis.

The new request translates into $147,686/aMW. Funding from Energy Trust for other biomass and community wind projects has ranged from $232,000 to $1.7 million per aMW. Staff concluded the costs for the revised project justify the request.

Alan Meyer asked how green tag ownership would be handled. Peter said we would own 30-56% of the tags, in proportion to our share of above market costs and depending on funding other states contribute. Mark Tallman said for the first five years, the tags would be traded using the same methodology planned for the initial two-phase project. After that, a new allocation would be considered allowing other states to take more of the tags. If other states do participate, PacifiCorp would refund to the Energy Trust a proportional share of the incentive costs.

Tom asked if we are paying more of the avoided costs than previously anticipated. Peter said he thinks we're paying about the same amount. Mark said the methodology applied for the initial project was not changed. Jason asked if other states are aware of this proposal; Mark said he is not certain. Jason explained that Pacificorp is engaging in a multi-state discussion about how it deals with renewable energy certificates (green tags) and renewable portfolio standards. He thinks the agreement that Pacificorp and Energy Trust came up with is good for the time being.

Before the vote, Tom Foley asked Peter to make sure the project complies with our green tag policy. Al Jubitz voiced concern about the increased project price. John Reynolds noted Energy Trust is paying about a third less per aMW for this project than we paid for Combine Hills. Julie Hammond asked if the project came in as it is now, and we did not have a previous commitment, would we fund it? Peter said he evaluated this project on its merits and concluded it deserves Energy Trust support.

Jason thinks participation by Energy Trust assures a higher percentage of green tags coming to Oregon than would otherwise be the case.

Peter said the new project leaves unchanged the percentage of above market costs. Peter said he would do a calculation to re-confirm.

Al proposed to table action until green tag information was provided. There was no second.

Goodnoe Hills contract amendment, resolution #439.

RESOLUTION #439

GOODNOE HILLS WIND PROJECT

WHEREAS:

1. **Energy Trust's renewable energy goal calls for Energy Trust to achieve 150 aMW by 2012; the Oregon Public Utility Commission (OPUC) performance measures call for 9 average megawatts (aMW) per year as a three-year rolling average.**
2. **To help achieve these goals and objective, in 2005, Energy Trust and PacifiCorp entered into a Master Funding Agreement designating funds for utility-scale projects yet to be determined. Under the agreement, specific projects would be funded through individual funding agreements.**
3. **In August, 2006, Energy Trust approved $2.25 million each for the above-market costs of two 56-megawatt PacifiCorp wind projects, called Goodnoe Hills East and Goodnoe Hills West.**

4. **Pacific recently learned that it would be unable to proceed with the Goodnoe West project and instead proposes to increase the output of the East site from 56 MW to 94 MW, to come on line in 2007.**
5. **Staff has analyzed the project and determined that the above-market costs of the proposed project would justify an Energy Trust subsidy of up to $4.5 million.**

It is therefore RESOLVED that the Board of Directors of Energy Trust of Oregon, Inc.:

Authorize the Executive Director to amend the Project Funding Agreement for the Goodnoe Hills East wind project (authorized in resolution 401, August 23, 2007) to pay up to $4.5 million of the above-market costs of a 94-megawatt Goodnoe Hills East project.

Moved by: John Reynolds Seconded by: Vickie Liskey

Vote: In favor: 8 Abstained: 0

Opposed: 1 Al Jubitz voted no because he thinks we are paying more for the power than we have to.

Adopted on May 9, 2007, by Energy Trust Board of Directors.

Staff Report

Communications and marketing feature presentation. Margie noted we are starting a new feature today, to occasionally spotlight different aspects of Energy Trust programs and activities when we have time on meeting agendas. The idea came to her when she attended a strategic planning staff retreat in March at which program managers presented information on their activities and strategies. Margie introduced Jan Schaeffer to make this first feature presentation about the marketing and communications team.

Jan introduced her team: Spencer Plumb, Brooke Nelson, Denise Olsen, Tom Beverly and Michel Gregory. Michel showed clips of four recent television news stories involving Energy Trust. Jan reviewed the start-up work of the marketing communication team, including a branding identity study in 2002 and the first branding guidelines manual in 2003. The guidelines are updated each year and add coherence and consistency to a myriad of materials depicting the Energy Trust brand to Oregonians.

Bill Nesmith returned to the meeting during showing of the media clips.

In 2003, the website was established and call center opened. The website is the #1 entry point for people contacting us; it gets a half million discrete visits each year. Jan noted almost all our marketing is program-driven and is oriented toward getting people to participate in our programs. The guidelines help Energy Trust's staff and contractors communicate Energy Trust's look and feel using "one voice." She noted the challenge inherent in such a decentralized creative process. In spite of making every effort to meet our requests, the materials submitted for review do not always succeed. Our team rewrites

redesigns is inherently inefficient. She hopes the program delivery model study will result in new ways to make the review process more efficient.

Looking ahead, she said we are thrilled to be riding the "Green Wave" of unprecedented awareness and interest in topics like global warming and sustainability. For the past 6-8 months, we've added global warming and energy independence references to our messaging. We encourage people to think about their own carbon footprint and help them understand that when they take action to incorporate energy efficiency and renewable energy into their home lives and business worlds, they are reducing their own carbon footprint and doing their part to cool global warming.

At this juncture, staff is considering prospects for Energy Trust to focus more intently than ever on our goal #5 – to encourage Oregonians to integrate energy efficiency and renewable energy into their daily lives. It's "call to action" time, as Margie says. People are eager to learn what they can do. Doors are opening for us to work with different partners and new media to reach ever-wider circles of consumers newly awakening to the concerns that brought all of us together to Energy Trust. It is a very exciting time to be here in this place with this purpose.

Caddy McKeown said she appreciates being able to match faces to names on email. Other board members expressed appreciation for the quality of work created by the communications and marketing team.

IT operations work plan accomplishments. Margie introduced Linda Rudawitz, IT manager, to present accomplishments of the operations work plan effort that began slightly less than a year ago. Linda noted she began by instituting an "IT Redoux" meeting last July that identified four critical focus areas – ease of use for FastTrack and Goldmine, data integrity, reporting consistency and reliability, and long-term direction and evolution of systems. She said significant progress has been made in each of these areas.

To improve ease of use, a single login now provides access to files, reporting and FastTrack. FastTrack response times are greatly improved. Major FastTrack data entry screens have been enhanced based on user suggestions. Goldmine data entry screens have also been simplified. Automatic transfer of site details from Goldmine to FastTrack has minimized duplicate data entry.

To improve data integrity, critically required items were identified, Goldmine contacts color coded, error reporting capability added, site attribute list standardized, measure attributes requiring data entry, improved consistency between FastTrack and Great Plains, and added program data for sector and goals.

Within reporting, FastTrack data entry and validation for project reports was simplified, redundant Excel system tracking eliminated in the New Homes program, new PMC reporting capabilities added, support materials for quarterly reports "automated", improved the feedback loop for PMC report review and input, and developed an efficiency programs progress report.

Benefits resulting from these changes include improved communications, reduced data entry time, fewer errors, eliminated duplicate Excel systems, and more accurate and useable reports. She acknowledged contributors to the improvements.

Linda noted the Enterprise Architecture Study now underway by Moss Adams is assessing IT requirements and system design options, including staffing and structural considerations, and will recommend improvements. A preliminary report is due in June, and findings will be reviewed in July. A response and implementation plan will be prepared in August for implementation this fall.

Debbie Kitchin said she thinks the work the team has done is remarkable. Jason Eisdorfer commends Margie for giving staff a chance to present to the board what they are doing. He thinks staff should be extraordinarily proud of what they have done, and giving them the opportunity to come to the board and tell us about it is a good thing. Tom Foley asked if system improvements will be sufficient or are we facing the need for new systems; if so, will we have lead time to transition? Linda noted some possible new directions for Goldmine and Great Plains; FastTrack is the system most difficult to replace. In any case, there will be time to transition, she said. Al Jubitz commented that Linda and her team have done a remarkable job in the past few months.

Margie provided the top 10 highlights from her staff report. She noted a contract with Cascade Natural Gas to study whether Energy Trust is in a strong position to deliver services to their Washington customers. No commitment has been made and at the end of the process, both parties will have a product that will allow them to evaluate this opportunity. The process includes conversations with the Washington State Transportation and Utility Commission and the OPUC. Al asked which way the wind is blowing at OPUC. Margie thinks it depends on what the study shows about impacts on our organization. She said she would not recommend going forward with anything that would our ability to fulfill our commitments to Oregonians.

Margie noted that 8 of the 10 BEST Award winners had taken advantage of Energy Trust incentives.

Next week on Tuesday, Margie will present the 2006 annual report and 2007 Q1 report to the OPUC.

She noted Energy Trust has received the Blue Works award from the City of Portland Office of Sustainable Development for exemplary workplace recycling and other sustainability practices. Vickie said she thinks the new plastic-free board packet is easier to use. Margie said it was easier and quicker to create, less expensive and better for the environment.

She noted efforts to integrate solar outreach into our home and business energy solutions. Al asked if there has been any progress on unifying our forms with BETC forms. Margie said we've gone about as far as we can to make them similar, because the forms require different information. Tom Foley challenged Linda to figure out a way to combine them. Linda explained how we might be proceeding toward this end. Bill Nesmith said ODOE is beta-testing having their residential be available online. It's a work in progress. There's no barrier to doing this, and over time we'll probably figure out how to do it.

Margie noted we are reaching out to smaller gas industrial customers, who pay the gas public purpose charge.

She then briefly described the "flip" model of third-party financing for solar used for the Portland Habilitation Center project as a way to increase the number of non-profit and public projects over the next year.

She noted Peter has joined the governor's solar energy working group.

Steve Lacey said two or three energy efficiency programs will be re-bid through the issuance of competitive RFPs this summer. They include the Home Energy Solutions program in the residential sector and within the commercial sector, the Existing Buildings program. The Production Efficiency program for industrial customers may be a third.

Al asked if we know how long web visitors stay on the site, and asked if we had surveyed web visitors for their impressions of the site's usability. Jan said we are planning to engage a web design specialist to analyze the usability of our site and provide recommendations.

Adjourn

The meeting adjourned at 4:30 pm

Next meeting. The next regular meeting of the Energy Trust Board of Directors will be a strategic planning worksession held Friday-Saturday, June 8-9, 2007, 9:00 am at Reed College, Vollum Lounge, Portland, Oregon. The workshop is open to the public.