EnergyTrust of Oregon, Inc.

Board Decision
Amending Contract Execution Policy

October 3, 2007

Summary

Amend the contract execution policy to allow department directors or their management-level designees to: (1) authorize program incentive payments involving less than $500,000 if they are processed in accordance with standardized program forms and procedures and subject to Energy Trust accounting and financial controls; and (2) sign agreements not involving a dollar expenditure.

Background

- Under the contract execution policy (see below), the executive director is authorized to sign contracts involving less than $500,000. Contracts involving more than $500,000 require board approval of basic terms. Contracts not involving a dollar expenditure may be signed by department directors.
- For programs administered by program management contractors (PMCs), the executive director signs a contract with the PMC, typically subject to board approval of the contract's basic terms.
- Once the contract is signed, incentive payments are authorized by approved PMC personnel. These payments are processed using standardized forms that have been developed by Energy Trust staff and the Energy Trust legal department.
- Once incentive payments are authorized by PMC personnel, checks are signed by authorized Energy Trust signatories. All expenditures are subject to the Energy Trust finance department's system of internal controls, audits, etc.
- In addition, the current policy authorizes department directors to sign agreements not involving a dollar expenditure.

Analysis

- With the transition of programs in-house, such as the production efficiency (PE) program, responsibility to approve incentives moves to Energy Trust. Approval of an incentive application is the equivalent of a contract, and so the contract execution policy applies.
- Under current policy, the executive director would have to sign incentive agreements. This requirement could become a barrier to project initiation or cause delays compared to the current PMC procedure.
- Most contracts not involving dollar expenditures are confidentiality agreements in which specific staff are allowed to review confidential information if they agree not to disclose it. These agreements often apply to the individual staff member who is given access to the information, not to department directors or Energy Trust as an organization.

Recommendation

- Amend the contract policy so that: (1) for programs administered in-house, incentive agreements involving less than $500,000, which are processed in accordance with standardized program forms and procedures that have been reviewed by the legal department, may be approved by the relevant department director or management-level staff designated by the department director; and (2) department directors may authorize managers to sign agreements not involving dollar expenditures.

RESOLUTION #449

APPROVING AMENDMENTS TO THE ENERGY TRUST CONTRACT EXECUTION POLICY

WHEREAS:

1. **For Energy Trust programs administered by program management contractors (PMCs), the executive director signs a contract with the PMC, typically subject to board approval of the contract's basic terms.**
2. **Once a program management contract is signed, incentive payments are authorized by approved PMC personnel. These payments are processed using standardized forms that have been developed by Energy Trust staff and the Energy Trust legal department.**
3. **Once incentive payments are authorized by PMC personnel, checks are signed by authorized Energy Trust signatories. All expenditures are subject to the Energy Trust finance department's system of internal controls, audits, etc.**
4. **With the transition of the production efficiency (PE) program in-house and responsibility to approve incentives to Energy Trust, Energy Trust's current contract execution policy would require incentive payments to be signed by the executive director. This process could become a barrier to project initiation or cause delays compared to the current PMC procedure.**
5. **In addition, current policy authorizes department directors to sign agreements not involving a dollar expenditure. Most contracts not involving dollar expenditures are confidentiality agreements in which specific staff are allowed to review confidential information if they agree not to disclose it. These agreements often apply to the individual staff member who is given access to the information, not to department directors or Energy Trust as an organization**

It is therefore RESOLVED that the board of directors of Energy Trust of Oregon, Inc.: amends the Energy Trust contract execution policy as follows:

Contract Execution and Oversight Policy

***Purpose**: The Energy Trust Board of Directors has delegated to the Executive Director authority to execute all contracts on behalf of the organization consistent with the bylaws, PUC grant agreement and governing law. This policy regulates the implementation of this authority.*

Policy:

1. All contracts shall be consistent with the bylaws, PUC grant agreement and governing law.

2. The Energy Trust legal department shall review as to form all contracts before submitting them to the Executive Director.

3. Contracts over the amount of $500,000:
   - No contract will be executed unless the Board of Directors has first reviewed and approved its basic terms.
   - When it approves basic contract terms, the Board may instruct the Executive Director to bring a final contract back to the Board for review and approval before the contract is executed.
   - The Executive Director shall not execute contract amendments that make major changes in contract terms (e.g., more than 10% change in funds obligated, more than 20% change in energy saved or produced, time by which savings will be achieved) unless the Board of Directors has first reviewed and approved the basic terms of the change.

4. Contracts under $500,000: The Executive Director or, if the Executive Director is unavailable, the General Counsel or corporate officer designated by the Executive Director, is authorized to execute contracts involving less than $500,000 without Board review or approval of basic terms.

5. For programs managed directly by Energy Trust staff, incentive agreements that involve less than $500,000, and are processed in accordance with standardized program forms and procedures that have been reviewed by the legal department may be approved by the relevant department director or management-level staff designated by the department director.

6. Personnel contracts and agreements: The Executive Director or, if the Executive Director is unavailable, the General Counsel or corporate officer designated by the Executive Director, may execute personnel contracts or contracts for personal or professional services without Board review or approval of basic terms.

7. Contracts not involving a dollar expenditure may be signed by the relevant director or his/her designated manager(s).

8. The Executive Director shall maintain contract records required for an independent audit.

Moved by: Seconded by:

Vote: In favor: Abstained:

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