EnergyTrust of Oregon, Inc.

Joint Meeting Policy and Strategic Planning Committees of the Energy Trust Board of Directors

August 1, 10:00-11:30 am

Attending from the committees: Jason Eisdorfer, Tom Foley, John Reynolds

Attending from Energy Trust staff: Steve Lacey, Margie Harris, Sue Meyer Sample, Jan Schaeffer, Jill Steiner, John Volkman

The purpose of the meeting was to review and discuss staff's analysis of the idea of providing energy efficiency programs to Cascade Natural Gas Corporation's Washington customers.

Margie Harris reported on the staff's conclusions following review of the very useful analysis that was done for Energy Trust by consultants. Staff does not believe it is feasible to operate Cascade programs in Washington at this time, given the work we have to do to respond to new Oregon legislation and implement several infrastructure (accounting and IT) enhancements over the next 12-18 months.

In addition, the consultants' report showed that there is only modest stakeholder Oregon and Washington support for Energy Trust delivery of programs in Washington, and some significant stakeholder concerns. In Oregon, concerns revolve around the diversion of resources at a time of significant growth in Oregon. In Washington, concerns focus on (1) the effect of outsourcing on the development of program delivery capability within Cascade's organization and in the State of Washington and the (2) allegiance of the Energy Trust to its Oregon constituents. While many of these concerns could be addressed, we think it would not be wise to do so given competing demands. We think there is a reasonable chance, if timing were not an issue, Energy Trust could successfully deliver programs for Cascade in Washington, and we do not foreclose providing broader assistance at a later date.

We do propose to offer consulting support to Cascade. The consultants' report provides Cascade with many of the elements of a framework for contracting for efficiency programs, including a resource analysis and elements of program targeting and design. If Cascade wishes, we could help in several areas:

- Work with Cascade to outline program support activities and internal staffing requirements
- Help develop requests for proposals for program management contractors (PMCs) and internal program support
- Help identify qualified potential service providers
- Help develop proposal evaluation criteria
- Help establish contractual arrangements with PMCs that support Cascade goals
- Help develop specifications for systems to track program participation, spending and impacts
- Share information on processes for planning and budgeting
- Provide input on core functionality of systems to track program spending and impacts
- Help develop draft templates for regulatory reporting
- Provide ongoing help with PMC management, program performance and enhancement, e.g. incentive levels and marketing strategies

We think this approach will minimize major stakeholders concerns and provide Cascade access to the significant expertise built by the ET.

The committee members expressed regret that Energy Trust cannot deliver Washington program services at this time, but endorsed the staff's conclusions..