EnergyTrust of Oregon, Inc.

CONSERVATION ADVISORY COUNCIL
Notes from meeting Sept. 19, 2007

Attending from the Council:
Steve Bicker, NW Natural
Bruce Dobbs, BOMA
Joe Esmonde, IBEW #48
Charlie Grist, NW Power & Conservation Council
Andria Jacobs, City of Portland Office of Sustainable Development
Karen Meadows, BPA (replacing Ken Keating)
Mathew Northway, EWEB
Paul Olson, Oregon Remodelers Association
Lauren Shapton, PGE

Attending from the Energy Trust of Oregon:
Fred Gordon
Diane Ferington
Steve Lacey
Brooke Nelson
Elaine Prause
Jan Schaeffer
Jill Steiner
Kendall Youngblood
Spencer Moersfelder
Tom Beverly

Others attending;
Jeremy Anderson, WISE
William Gold, PE Consulting
Chuck Klang
Doug Oppedal, Evergreen/Energy Trust

1. Introductions

Steve Lacey reviewed the agenda and asked for self introductions. He noted the October agenda will be devoted to the 2008 budget and action plan.

2. Q2 results

Steve reported Energy Trust acquired 4.78 aMW in Q2. He noted that Q2 results had achieved 32% of goal. At end August, we were at 69% of the conservative goal, 52% of the best case goal. On the gas side, we saved 431,458 therms, 35% of the conservative case goal for the year. August was a big month for gas as well.

He noted 1,200 home energy reviews in Q2, and 2,890 single family homes retrofitted. 4,800 clothes washers were sold. 564 commercial buildings were treated.

New Buildings. Spencer noted we are doing well on the gas side because one large CHP project closed that was not expected to complete. He noted an increase in projects in the pipeline attributing that to more outreach. They are expected to be complete in 2009 or 2010.

Existing Buildings. Greg Stiles said we're tracking well on the electric and gas savings side. This program more than any other has a year-end hockey stick effect. We were underspent 41% on the electric side due to delays in project completion. He noted the recompete of the Program Management Contract concluded with selection of Lockheed Martin. This was the second time they've had to recompete. There was stiff competition. Lockheed Martin was selected because their proposal included ideas for expanding the program and improved quality control. In other program news, Greg noted a series of marketing materials have been created for the lodging and foodservice/restaurant market. We've been working closely with the Oregon Lodging Association and Oregon Restaurant Association. We worked hard with the RTF to get these measures approved so they can be used by BPA throughout the region.

Production Efficiency. Elaine Prause said the apparent shortfall in meeting goal was the result of the large S.P. Newsprint project slipping into Q3. She noted the Blue Heron project is currently achieving 70% of expected savings due to market conditions. China is siphoning off the supply of recycled paper that Blue Heron uses as a raw material. She noted commitments for 15 projects through the small industrial initiative, totaling 663,508 kWh savings and $100,891 incentive payments. She also launched a food processing initiative, only to discover these companies are too busy during summer to pay attention; they will refocus in October.

Home Energy Solutions – Existing Homes. Diane Ferington noted we are overspent on gas, and have savings to match. Costs are covered by the surplus carryover gas funds. She noted energy advisors have been trained to promote solar measures during home energy reviews. She noted this program also went through a recompete process. CSG was the only company to respond. They nevertheless received a thorough review before the selection committee agreed to select them. Paul Olson asked if we were looking for homes with old solar water heating systems that could be retrofit or replaced. Kacia said we are getting a new intern. Depending on his/her skills, she might assign this person to this task.

ENERGY STAR New Homes & Products. Kendall Youngblood noted electric savings are strong thanks to the Spring CFL promotion cooperatively marketed with BPA; the new home market is gravely affected by the sub-prime market collapse and savings expected from this sector are significantly lower than projected. The premium efficiency clothes washer program is at 64% of goal, CFL fundraiser is 109% compared to 2004-5; the manufactured home program had a strong uptake. She noted the new homes program finalized and rolled out paperwork for ENERGY STAR multifamily homes. To offset the downturn in the housing market, the team is working to increase therm savings through stand-alone measures, including tankless water heaters. Charlie Grist asked if the penetration rate stayed strong; Kendall said it is growing. Builders continue to sign up in record numbers; they just aren't building.

Solar water heating. Kacia Brockman said we are short of goal but growing compared to past years. Attendance at the Solar Expo this year was double last year's attendance. A lot of people said they've heard of solar in the news and are just beginning to think about it. She noted focus groups conducted recently with solar participants and those who had attended solar workshops or obtained solar information kits. This will lead to new messaging to be included in our materials. She distributed the 2007 Green + Solar Magazine. The increase in BETC to 50% for renewable systems includes commercial solar water heating systems. She looks forward to rule changes that would raise the ceiling on costs of solar water heating systems that are eligible for tax credits. If this were done, it would dramatically move the market, she thinks.

NW Energy Efficiency Alliance. Steve said they appear to be on track for savings and expenditures. Bruce notes the NEEA work tends to be more focused on O&M, while Energy Trust focuses on capital investments. He has observed some instances of lack of communication. Steve noted the Alliance sponsored a contest with BOMA to recognize the most energy efficient Portland office buildings using

the ENERGY STAR Portfolio Manager benchmarking platform. In the industrial sector, the Alliance supported EnVinta One-2-Five assessments.

Steve Bicker wondered if we think we'll get as much gas savings this year as last. Steve Lacey said we are shooting for 2.4 million therms. We achieved 2.3 million therms last year.

3. Energy Trust trade ally network oversight

After an introduction by Steve Lacey, Tom Beverly presented information on our plans to centralize administration of the trade ally network. Right now each program has its own trade ally network. Trade allies must sign up separately for each program. Each PMC separately collects the materials, licenses etc. The result is confusion. Trade allies have asked for the system to be improved. We propose to hire a central trade ally coordinator to streamline the communication and administration. PMC trade ally coordinators would continue to provide program outreach and support services. They will be responsible for field training on program-specific matters.

Steve said the trade ally coordinator also will coordinate the ATAC network that will be brought in house. Contracts would be between engineering firms and Energy Trust. This is being done in part for the same reasons noted above and due to Production Efficiency and Existing Buildings requiring ATAC services. Under current practices there would be duplicative agreements with Energy Trust, the Existing Buildings PMC and the ATAC, it makes sense to reduce administrative burden for all parties by having one contract with Energy Trust. He asked for input.

Joe Esmonde recalled three years ago trade contractors got frustrated getting through hoops. He hopes the result will be more of his folks joining the network. Numerous other CAC members joined in discussion about details, Steve concluded there was general agreement that centralizing administration of trade ally sign-ups and processing would be an improvement over status quo. Steve said the coordinator staffing request and notification of this change in practice will go to the board in October.

4. SB 838 Incremental Efficiency Funding

Fred Gordon said this law permits PGE and Pacific Power to fund additional efficiency spending . PUC and utilities have agreed that it will be justified through their integrated resource planning processes. Energy Trust is working with utilities to identify potential savings above what the public purpose charges in SB1149 funds will pay for. This could amount to $15 million in the first year. Customers over 1 aMW are exempted from paying for these programs, although the definition of who these customers are is not yet settled. We are working closely with PGE and Pacificorp to integrate their and our efforts under the proposals. Funding amounts are highly preliminary and subject to change during the rate filing process to occur over the next few months. PGE plans to file October first and may include some money for them to help market ET efficiency programs.

This means Energy Trust will no longer go after only the low hanging fruit. It involves increasing volume in established markets and develop markets that currently have low participation. Levelized costs will go up. We will work closely with utilities to develop coordinated marketing. We will focus on creating more bundled offerings and market them better. We will develop more niche incentives and products.

We would only increase incentives in 2008 only where it is fairly clear that money is the primary inhibitor of volume. We will continue to provide integration with tax credits in how we present service offerings to customers. We will take some risks to help verify new products through demonstrations and pilots. We continue to push national action to get efficient gas and electric products into the market.

Karen Meadows said she hears us say we could double the savings. Fred answered we may not hit the target right on the nose in year one but we think we could do a lot more than we've been doing. Most of the opportunity is in commercial, some in small industrial and new small buildings and in residential. Steve Lacey said 2008 is going to be a build year ramping up focused initiatives developed in 2007 under current programs.

Bruce Dodds said there's been a lot of buzz with building owners recently regarding how helpful Energy Trust has been and how difficult it has been to work with ODOE on tax credits. Fred invited more detail. Bruce provided the example of a remodel seeking to put in controls; ODOE said this is code and wouldn't give tax credits. Fred said an evaluation will determine whether those projects need tax credits and incentives or not to move forward.

Charlie Grist thinks a lot of the opportunity is through lighting. Fred Gordon talked about Energy Trust's intent to take on a community energy project in an Oregon community. Andria Jacobs suggested we contact a new economic development person in OSD, Tom Osdoba, who is interested in innovative strategies for neighborhood-wide involvement in major renewable energy and sustainability initiatives.

Karen said BPA recently finished looking around the country at cutting edge approaches. PG&E has relationships with 40 or so cities, whose programs allow them to reach segments that utility programs typically don't reach. Puget Sound just did research on CFLs: who are not buying them yet. She thinks coordination is helpful to all. Fred said we're doing research on mini-split heat pumps; he thinks the RTF is going to take on the deeper monitoring research on mini-splits. We will provide Karen a link to Energy Trust's Community Energy Study.

Bruce noted other strategies such as split metering in multifamily homes, so renters can control their own usage. Lauren Shapton said increasingly owners are charging renters, splitting the bills evenly.

Fred said that ET will bring more detail to the October CAC meeting. He noted it's difficult to pinpoint spending and savings for submarkets and individual technologies in resource assessments and forecasts. The tools are more reliable at providing aggregate answers. Lauren said PGE had hired the same consultants that did the resource assessment for Energy Trust to help pull together their forecasts for their SB838 efficiency funding proposal.

The meeting adjourned at 3:45 pm

The next meeting will be Oct. 17, 2007. Main agenda topic will be budget.