Draft Board Meeting Minutes – 80th Meeting

February 13, 2008

Board members present: Rick Applegate, Tom Foley, Al Jubitz, Debbie Kitchin, John Klosterman, Vickie Liskey, Caddy McKeown, Alan Meyer, Preston Michie, John Reynolds and Jason Eisdorfer who attended the recognition event prior to the meeting.

Board members absent: Julie Hammond and John Savage

Staff attending: Fred Gordon, Margie Harris, Nancy Klass, Steve Lacey, Linda Rudawitz, Debbie Goldberg Menashe, Sue Meyer Sample, Jan Schaeffer, Peter West

Others attending: Jeremy Anderson, WISE; Steve Bicker, NW Natural; Joe Esmonde, IBEW #48; Betty Griffiths, Corvallis Sustainability Coalition, Bill Nesmith, Lori Koho, OPUC, Steven Johnson, Central Oregon Irrigation District

Prior to calling the meeting to order, the board and staff recognized outgoing board members Tom Foley and Bill Nesmith and thanked them for their contributions to Energy Trust's success. A number of energy leaders came for this portion of the meeting and took the opportunity to pay tribute to Tom Foley for eight years of service, the past three as president of the board. These included Tom Eckman and Charlie Grist, Northwest Power and Conservation Council; Margie Gardner and Angus Duncan, Bonneville Environmental Foundation; and Jeff Bissonnette, Fair & Clean Energy Coalition. Margie read personal notes from Rachel Shimshak, Renewables Northwest Project and Ralph Cavanaugh, Natural Resources Defense Council. A cake honoring Tom was presented and served to those in attendance.

Jason Eisdorfer left before the meeting was called to order.

Business Meeting

President Tom Foley called the meeting to order at 12:55 pm.

December 12, 2007, meeting minutes. Tom Foley drew attention to an error on page 8. Minutes will be changed to state that "both of Oregon's U. S. senators, as well as Congressmen Blumenauer and DeFazio, spoke" [at the Oregon Business Leadership conference].

MOTION: Approve minutes as amended from the December 12, 2007, meeting.

Moved by: Debbie Kitchin		Seconded by: Al Jubitz
Vote:	In favor: 10	Abstained: 0
	Opposed: 0	

Adopted on February 13, 2008, by Energy Trust Board of Directors.

General Public Comments

There were none.

Consent Agenda

The consent agenda may be approved by a single motion, second and vote of the board. Any item on the consent agenda will be moved to the regular agenda upon the request from any member of the board.

Amending contract execution policy (resolution #465).

RESOLUTION #465

APPROVING AMENDMENTS TO THE ENERGY TRUST CONTRACT EXECUTION POLICY

WHEREAS:

1. **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, governing law and board policy.**
2. **The board last amended the contract execution policy in October, 2007. The board now wishes to clarify that section 6 of the policy authorizes the executive director or her designee to sign staff or in-house contractor employment agreements, not agreements for other types of professional services.**

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

5.05.009-P Contract Execution and Oversight Policy

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	September 8, 2004		September 2007
Board Decision	February 13, 2008	Amended (R465)	February 2011

***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. Staff and in-house contractor employment agreements: The Executive Director or, if the Executive Director is unavailable, the General Counsel or corporate officer designated by the Executive Director, may execute staff and in-house contractor employment agreements 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: John Reynolds Seconded by: Vickie Liskey

Vote: In favor: 10 Abstained: 0

Opposed: 0

Adopted on February 13, 2008, by Energy Trust Board of Directors.

President's Report

Tom Foley said he recently served as a judge for a Legoland contest in which youth presented results of commercial building energy efficiency assessments. There were 56 entries; only one mentioned Energy

Trust. He suggested Energy Trust become more involved in efforts with youth who go home and talk to parents. Al Jubitz agreed, referring to Oregon Trout's strategy of reaching out to students in schools.

Vickie Liskey said she had a similar experience talking with an architecture student who had not heard of Energy Trust. Caddy McKeown said she has had experience on school boards and agrees that there are opportunities to collaborate with schools and organizations.

Tom suggested a meeting between Margie and the state organization named BEST to explore ways to connect Energy Trust to the public education system.

Committee Reports

Board Nominating Committee. Rick Applegate reported John Klosterman, Preston Michie and Al Jubitz agreed to be appointed to new three-year board terms. He said the committee is seeking an individual to fill Tom's vacated seat. The proposed slate referenced John Reynolds' willingness to serve as board president, Rick Applegate's agreement to serve as vice president, a proposal that Debbie Kitchin continue to serve as secretary, and John Klosterman continue as treasurer.

Electing board members to new terms of office (resolution #462).

RESOLUTION #462
ELECTING JOHN KLOSTERMAN, PRESTON MICHIE AND AL JUBITZ
TO NEW TERMS ON THE ENERGY TRUST BOARD OF DIRECTORS

WHEREAS:

1. **The terms of incumbent board members John Klosterman, Preston Michie, Al Jubitz and Tom Foley expire in 2008.**

2. **Tom Foley has announced his intention to retire from the board. The board nominating committee has recommended that the other three members' terms be renewed.**

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

1. **Elects John Klosterman, Preston Michie and Al Jubitz, incumbent board members, to new terms of office that begin in 2008 and end in 2011;**

2. **Requests the nominating committee to explore candidates to fill the vacancy left by Tom Foley, who is retiring.**

Moved by: Alan Meyer Seconded by: John Reynolds

Vote: In favor: 10 Abstained: 0

Opposed: 0

Adopted on February 13, 2008, by Energy Trust Board of Directors.

Electing officers (resolution #463).

RESOLUTION #463
ELECTING OFFICERS OF
ENERGY TRUST OF OREGON, INC.

WHEREAS:

1. **Officers of the Energy Trust of Oregon, Inc. (other than the Executive Director and a Chief Financial Officer) are elected by the Board of Directors at the board's annual meeting.**

2. **The Board of Directors nominating committee has nominated the following directors to serve as officers for 2008:**

   - **John Reynolds, President**
   - **Rick Applegate, Vice President**
   - **Debbie Kitchin, Secretary**
   - **John Klosterman, Treasurer**

It is therefore RESOLVED:

1. **That the Board of Directors hereby elects the following as officers of Energy Trust of Oregon, Inc., for 2008:**

   - **John Reynolds, President**
   - **Rick Applegate, Vice President**
   - **Debbie Kitchin, Secretary**
   - **John Klosterman, Treasurer**

Moved by: Caddy McKeown Seconded by: Preston Michie

Vote: 10 in favor 0 abstained

Opposed: 0

Adopted on February 13, 2008, by Energy Trust Board of Directors.

Margie said she has requested a formal letter of resignation from Bill Nesmith. Mike Grainey will suggest Betty Merrill, Bill's replacement at ODOE, to replace Bill as ODOE board Special Advisor.

Tom turned the meeting over to John Reynolds, newly elected board president.

Committee Reports

Audit Committee. Julie Hammond being absent, there was no report from the Audit Committee.

Finance Committee. John Klosterman introduced the December financial report. He noted the "hockey stick" effect occurred again as expected. He has observed a pattern of variances and remains interested in seeing whether activity can be distributed more throughout the year.

Rick Applegate left the meeting at 1:10 pm, during the Finance Committee report.

Program Evaluation Committee. Debbie Kitchin noted her committee often reviews evaluations in their draft stage. The ones in the packet are final.

Tom said he had a discussion yesterday with Fred and then with Debbie on the evaluation process. Given that some of the reports included in the packet refer to efforts 3-4 years ago, he wondered how valuable they are as a feedback tool to program managers. He recognized their value in validating savings. Fred said they are working on tightening the process, reducing it to a year.

Phil Degens noted some evaluation activities with shorter timelines, citing the annual trade ally survey. Though it does not go deeply into any one program, the survey is generally helpful. He is working with the Existing Building program to design a voluntary on-line survey that participants could take upon completion of a project. This could provide feedback on satisfaction with Energy Trust and insight into the participant's decisionmaking process. He noted some evaluations start too quickly, before program managers have completed participant files. Phil added reference to significant improvements made in FastTrack related to data collection necessary for evaluations.

Debbie added that process evaluations go more quickly than impact evaluations. She observed that draft evaluations are made available to program staff and provide helpful guidance.

Margie suggested the Evaluation Committee explore ways to make the process as useful as possible to managers and report back to the board about these.

Phil said we are starting work on the first annual participant attitude and awareness survey of residential customers.

John Reynolds noted the evaluations present widely varying realization rates and asked if any light could be shed on this. Debbie noted the packets contain the summaries only. Phil said one source of discrepancy in savings realization in the PE program is that baseline assumptions were sometimes more, or less, conservative than actual experience demonstrated. He said when there are a small number of projects, experience with one or two examples can distort average results significantly.

John asked Alan Meyer if he had any questions on the Production Efficiency program evaluation; Alan said he serves on the evaluation committee, had questions and they were answered during that committee's meeting. Alan noted there appears to be a significant time gap between draft and final reports for some evaluations. Phil explained various reasons for this.

John noted that 40% of ENERGY STAR new home purchasers were unaware their home had an ENERGY STAR rating. Fred Gordon suggested that since over half of our ENERGY STAR homes are also Earth Advantage homes, the homeowner may be aware of the more broadly marketed Earth Advantage brand. Debbie noted staff has already taken the initiative in educating the public in positioning energy efficiency as a solution to global warming. Phil pointed out that, of the 60% of ENERGY STAR home buyers who did know their new house had earned this rating, one-third of them purchased the home specifically because it met ENERGY STAR standards.

Preston Michie asked how realization rates are measured. Phil said we conduct inspections, analyze available data and sometimes use meters to calculate actual performance compared to original projections. Preston thinks on average we are doing well on realization rates. If we adjusted our estimates down, we might have better results. Phil said we intend to work further on how baselines are established.

Preston thinks the estimates of economic impacts are low. Tom noted the evaluation contractors assume participants would have less to spend, not more, if the public purpose charge did not exist, because they would be spending more for energy. Fred noted another factor in the low-seeming numbers is the cumulative effect of results from energy saving measures over the years.

Alan Meyer wondered why we do this analysis, if we are not required to. It looks like self promotion. Fred said while we are not required to do the work, we believe we can factor it into our calculations of societal benefits when doing cost benefit analyses. John Reynolds concurred. Margie said that, while OPUC commissioners have differing levels of interest in these numbers, she finds the information useful when speaking to different audiences.

Policy Committee. John Reynolds noted Jason had left the meeting and was unable to present the Policy Committee report.

One topic in the report concerned the challenges of accounting separately for interest income from different utilities. Lori Koho explained OPUC's interest in distinguishing between interest tied to contract spending (gas utilities) versus public purpose fund-related interest (electric utilities). She did not propose tracking electric or gas utilities separately. Sue Meyer Sample, commented on accounting issues. Margie noted bank fees could increase if separate accounts were to be established. Steve Lacey noted the new contractual funds coming forth from Pacific Power and PGE via 838 efficiency funding add further complexity to this issue.

Alan Meyer asked why it will take until 2009 to revise the strategic plan. Fred Gordon responded staff sees a number of issues, some complex, that need to be resolved before simply increasing goals. Margie said we still are uncertain about how much and when PGE 838 funds will begin to flow.

Margie stated NW Natural has approached Energy Trust about serving its 65,000 customers in Vancouver and Clark County. Of this number, 60,000 are residential customers and 5,000 are commercial customers. She noted this expansion opportunity is very different from the one we considered last year regarding Cascade natural gas. NW Natural's Washington customers are in the same Portland metropolitan area market. Washington customers see and hear our messages yet cannot participate. OPUC staff also informally understood the differences between this opportunity and the previous Cascade opportunity. Margie said she would move forward with a detailed study of serving NW Natural Washington customers only after the Washington Utilities and Transportation Commission had approved NW Natural's decoupling request.

John introduced the action item to adopt a 5.2% percent discount rate instead of the present 3%. He noted the lower the discount rate, the higher the future value of energy efficiency. Alan observed that if staff includes red-lined versions of changed documents in the packet, this helps the reader more quickly grasp what has changed. John said the only change was to the number itself. Alan noted language remaining in the policy states Energy Trust will "work over the next several months" to develop estimates of line losses specific to Oregon. As this is original language from the policy as initially adopted

in 2005, Alan wondered if the language should be updated. John declared a 10-minute break for staff to work on revisions to this language. New wording was entered into the policy document and redlined.

RESOLUTION #464

APPROVING AMENDMENTS TO THE ENERGY TRUST COST EFFECTIVENESS POLICY

WHEREAS:

1. **Energy Trust uses a three percent discount rate to evaluate efficiency programs for purposes of analyzing new measures and initiatives, developing supply curves and reporting on results. Utilities, in contrast, use higher discount rates for efficiency and other resource options.**
2. **When Energy Trust and utilities use different discount rates, the OPUC has a hard time evaluating efficiency costs compared to other resources in integrated resource planning. The problem becomes more significant with the passage of the Oregon Renewable Energy Act, which authorizes the utilities to seek supplemental efficiency funds. The OPUC intends to evaluate those filings using IRP data and analysis.**
3. **Energy Trust has discussed discount rate with OPUC and utility staffs in the context of other factors that affect the avoided cost of resource, factors such as avoided fuel and construction costs, savings from avoided transmission and distribution construction, avoided power delivery, CO2 benefits, the 10% conservation advantage from the regional power act, and hedge value of efficiency.**
4. **Energy Trust has communicated to the OPUC the importance of increasing the levelized cost performance measure that the OPUC uses to evaluate Energy Trust program performance. Without such an increase, using a higher discount rate could prejudice Energy Trust programs.**
5. **Assuming a higher levelized cost performance measure and considering the other avoided cost factors mentioned above, increasing the discount rate Energy Trust uses to qualify and evaluate measures and programs to 5.2% should not have a significant effect on Energy Trust programs.**

THEREFORE, the Energy Trust of Oregon, Inc. board of directors amends the Energy Trust cost-effectiveness policy as follows:

4.06.000-P Cost-Effectiveness Policy and General Methodology for the Energy Trust of Oregon

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	February 27, 2002	Approved (R83)	March 22, 2002
Board	March 22, 2002	Reviewed, Revised	April 3, 2002
Board	April 3, 2002	Reviewed, Revised (Minutes)	April 2005
Board	September 7, 2005	Revised (R353)	September 2008
Board	February 13, 2008	Revised (R464)	February 2011

Introduction

The Energy Trust of Oregon seeks a future that includes sufficient, stable, and affordable power available to all customers through sustained investment in energy efficiency and renewable resources that reduce the economic and environmental costs of using gas and electricity. To properly evaluate such investments, the Energy Trust of Oregon (Trust) evaluates energy saving projects and measures and analyzes how to compare their economic cost compares to alternative sources of gas and electric energy. In the past the Oregon Public Utility Commission (OPUC), the Northwest Power and Conservation Council (NWPPCC) and the Northwest Energy Efficiency Alliance (Alliance) have all used similar approaches and assumptions to analyze the cost-effectiveness of energy efficiency investments. This policy encompasses three generic perspectives – Consumer, Utility System, and Societal. It describes the key variables or economic model inputs that define these perspectives and allow the analyst to compare the cost of energy efficiency to conventional sources of gas and electrical energy.

Policy

The Energy Trust of Oregon adopts the Utility and Societal perspectives, as described below, as its primary perspectives for evaluating energy efficiency projects. It will also use the utility-system perspective as an additional tool to assure that the kWh saved per dollar invested by the Trust is reasonable. The Consumer perspective is used to help design projects.

The societal cost definition is in alignment with the OPUC docket no. UM-551's definition of Total Resource Cost (Societal) perspective as including total costs and total benefits in cost effectiveness calculations. The following costs will be included in the societal perspective:

1. Trust incentives paid to the participant
2. Trust administrative costs
3. Monitoring, evaluation and non-incentive costs of PMCs and Energy Trust staff
4. Oregon and local government administrative costs associated with incentives
5. The participants remaining out-of-pocket costs for the installed cost of the measures

The cost of tax credits to the State of Oregon will not be included, because they are considered to be a transfer, not a net cost to society. However, to the extent that they are significant, the administrative costs of those tax credits will be considered.

The Energy Trust will include the following benefits:

1. the value of the electrical and/or gas energy saved based on (1) the Regional Technical Forum long-term forecast of wholesale market prices for electricity and (2) the NW Natural gas price

forecast for gas, as long as it is reasonably consistent with the Regional Technical Forum forecast of gas prices for power plant fuel.

2. non-energy benefits as quantified by a reasonable and practical method and described in situations where they cannot practically be quantified
3. for electricity, bulk system transmission capacity benefits (both line loss and avoided transmission construction.
4. for electricity, transmission and distribution benefits, both line losses and avoided Transmission and Distribution construction.
5. natural gas capacity benefits are of a lesser magnitude and difficult to quantify, so the Energy Trust will not quantify them. Natural gas delivery loss benefits are also modest in magnitude. Local delivery losses will be considered to the extent that they are included in NW Natural price forecasts. Gas transmission losses are difficult to quantify and will be described.

In addition, the Energy Trust will apply in its analysis the 10% credit for energy efficiency as required under the Northwest Power Act and OPUC docket no. UM-551. This credit recognizes the benefits of conservation in addressing risk and uncertainty.

Both the Power Act and OPUC docket no. UM-551 also suggest consideration of external costs such as environmental costs associated with air pollution. The Trust will initially use a credit of $15.00 per ton of carbon dioxide and will update that figure as information improves.

Methodology

The following additional decisions have been made about implementation of this policy:

- For the near-term, the Pro-cost model, using marginal costs from the Aurora model, will be used to analyze the costs and savings of efficiency programs. The selection and specifics of these tools will be updated as time, resources, and opportunities permit to maximize transparency, time-dependent variations in resource value, and reasonableness.
- The Energy Trust of Oregon will adopt a ~~3%~~5.2% discount rate for comparing the costs and benefits of efficiency investments to other investments.
- The Energy Trust of Oregon will ~~develop~~ refine estimates of line losses specific to Oregon based on ~~prior utility filings if this provides an improvement over Regional Technical Forum estimates, and then update these with better information when it is available.~~new information from utilities.

The Energy Trust of Oregon will ~~investigate the use of data from prior PGE and PacifiCorp filings to enhance estimates used by the RTF for~~ consider avoided transmission and distribution costs attributable to efficiency measures ~~attributable to efficiency measures. The Energy Trust of Oregon will work over the next several months with PGE, PacifiCorp, the NWPPC, and others to improve these estimates.~~as appropriate.

The economic comparison will be presented as a benefit-to-cost ratio except for the consumer perspective that (for reference) will be presented as a two simple payback, one with non-electric benefits and one without non-electric benefits. The final decision on cost effectiveness will be based on the benefit-to-cost ratio for the Societal and Utility System perspectives (must pass both if data permits use of both) over the appropriate project period along with description and Board consideration of non-quantified costs and benefits. The Energy Trust will also consider other factors in selecting programs, as specified in the various strategic and action planning documents of the Energy Trust.

The cost-effectiveness analysis will include impact on the action of customers who do not directly participate and long term market effects (e.g., impact on long-term price, sales, or efficacy of efficient

technologies beyond the direct program participants) for projects where such effects are a significant and likely result.

In conclusion, an Energy Trust project should be reviewed from both the Utility system and the Societal perspectives, and if the Societal benefit-to-cost ratio is greater than 1.0, it should be considered cost effective.

Caddy McKeown asked for clarification if Tom was still a voting board member. Tom replied that his term on the board ends at the end of this meeting.

Moved by: Al Jubitz		Seconded by: Tom Foley
Vote:	In favor: 9	Abstained: 0
	Opposed: 0	

Adopted on February 13, 2008, by Energy Trust Board of Directors.

Renewable Energy

Juniper Ridge hydropower project (resolution #466). Betsy Kauffman introduced Steven Johnson, of the Central Oregon Irrigation District (COID), project developer. She noted the district owns 22 miles of canal. Putting in a pipe to conserve water also creates the opportunity to install a hydroelectric system that will operate 6.5 months per year irrigation system and generate 13,435 megawatt-hours per year. Energy Trust proposes to cover $1 million in above market costs and would claim 75% of the green tags. The cost per kWh of this project is lowest among Energy Trust's four hydro projects. John Reynolds asked if this is the all-time low-cost renewable energy project. Peter said big wind farms came in at a lower levelized cost.

Alan Meyer noted the resolution states payment of the incentive will be made upon commissioning the project or over time. He knows money has value over time and wondered if this had been taken into account. He noted the resolution establishes a $1 million payment and not an increased amount if paid over time. He asked what happens if power production falls below projections. Peter says we pay in proportion to output. Peter stated Energy Trust does account for the time value of money, recognizing the resolution was not clear on this point. Peter agreed that to maintain equivalent purchasing power an incentive paid in the first year would have to be more cash, if paid over time. Board members expressed confusion over the matter. Preston Michie argued it is to Energy Trust's advantage and the Irrigation District's advantage for Energy Trust to pay up front. Peter said COID has requested an up-front payment.

Both Margie and Peter stated that the point of the language in the resolution was simply to provide more flexibility and avoid having to come back to the board with changes such as those proposed for the Swalley contract. Allen and Tom expressed discomfort with the resolution not specifying the amount of cash to be paid, if the listed first year amount was instead paid over time. Steven Johnson confirmed his preference for an up-front payment. He explained the payment from Energy Trust would be established after the equipment had been installed, started generating power and its output is measured. Peter said that if, in the course of operation, generation falls short of targets, Energy Trust would be paid back proportionally. Allen objected to not charging interest on funds returned for under

production. Peter noted there are no such payback provisions for efficiency projects. He said it would be much more complicated and less supportive to negotiate agreements if interest amounts were accounted for and included.

Alan said he is willing to vote for this resolution so long as staff comes back at a future meeting with a business case for its approach. Caddy McKeown said we are in the incentive, not the banking business, and supported maintaining a simple approach. Preston thought Peter's approach created less "dry hole" risk for Energy Trust. Margie thought if we took the approach Alan suggested about charging interest on the renewable side, we should consider the impacts on the efficiency side, where we have not charged interest and have no payback requirements. John Klosterman thought it was a mistake to refer contract review at this detailed level to the board. John Reynolds asked staff to provide a report to the board on this issue at the next meeting. Peter agreed to come back at a future meeting with a review of how we approach these issues in contracting and project evaluation.

RESOLUTION #466

FUNDING FOR THE JUNIPER RIDGE HYDROPOWER PROJECT

WHEREAS:

1. **Central Oregon Irrigation District proposes to construct the Juniper Ridge Hydroelectric Project. The project is projected to have a nameplate capacity of 3.27 megawatts, operate during a 6.5 month irrigation season, and generate 13,435 megawatt-hours (MWh) per year.**
2. **The piping will eliminate water loss through the canal and restore over 20 cubic feet per second of water to the Deschutes River, which will benefit the river habitat, ESA-listed steelhead, and water quality.**
3. **At a cost of $653,594 per average megawatt, the project would be the most cost-effective hydropower project Energy Trust has funded.**

It is therefore RESOLVED:

The board of directors of Energy Trust of Oregon, Inc., authorizes the Executive Director to amend and execute a contract with the Central Oregon Irrigation District (COID) to pay up to $1,000,000 of the above-market costs of the electric generation aspect of this project, based on whether the project achieves the nameplate capacity consistent with the following terms:

1. **Payment of the incentive will be made upon commissioning of the project. COID will agree to the standard Energy Trust security arrangements appropriate for the final form of the incentive payment.**
2. **Energy Trust will take title to the first 75% of the project's green tags over 20 years.**

Moved by: Tom Foley Seconded by: Preston Michie

Vote: In favor: 8 Abstained: 0

Opposed: 0

Al Jubitz was out of the room during the vote.

Adopted on February 13, 2008, by Energy Trust Board of Directors.

At this point John Reynolds recognized Betty Griffiths of the Corvallis Sustainability Coalition and Jan Schaeffer to present information on the Corvallis Energy Challenge.

Jan Schaeffer introduced Betty Griffiths of the Corvallis Sustainability Coalition to describe a multi-pronged collaborative effort by the Coalition and Energy Trust called the "Corvallis Energy Challenge." Jan described how the Corvallis Energy Challenge is a community energy project that has resulted from the efforts of Conservation Services Group Home Energy Solutions program staff connecting with the City of Corvallis's sustainability office. Corvallis mayor, Charlie Tomlinson, has been promoting sustainability. He wanted to attend today's meeting, but a conflict prevented his attendance.

Energy Trust has been trying to find ways to deliver all of its programs in one community and to determine whether increased savings justify the additional cost of promoting programs in this way. Corvallis offered a willing location for such a trial effort. Betty Griffiths then described the enthusiastic response to Energy Trust's proposal from the Coalition, a grassroots organization with more than 70 organization members all interested in promoting sustainability efforts throughout the community. The Challenge launches March 3 and continues through February 2009.

During the kick off week, the president of Oregon State University and Barbara Ross, former state representative, will host Home Energy Reviews for the news media. Seventy Sustainability Coalition members also will have Home Energy Reviews completed. The reviews will also incorporate a quick assessment of the home's suitability for solar. Coalition members will be challenged to sign up 1,000 additional Home Energy Reviews by April 22.

Jan noted Energy Trust will work with the OSU Student Sustainability Center to hire and train students to conduct Home Energy Reviews during summer 2008. We will also work with the Corvallis Environmental Center to do walkthrough assessments of at least 50 small businesses in downtown Corvallis and nearby areas.

Jan noted that, following the reviews and assessments, the focus will shift to challenging homes and businesses to implement energy efficiency and renewable measures. We hope to see 500 homes implement 2 measures and 40 businesses implement at least one measure. The Production Efficiency program will reach out to large industrial customers in Linn and Benton counties. We anticipate seeing 65 solar systems installed over the year in Corvallis, a 50% increase from 2007.

Board members offered words of encouragement for the Challenge, and supported collaboration with the schools as well. John thanked Betty for her time and said he expects the Challenge to be successful.

Swalley Irrigation District hydropower project (resolution #467). Betsy Kauffman introduced the resolution. The board approved a resolution specifying incremental payment over 15 years at the August

meeting. To facilitate project completion, Swalley has requested that Energy Trust consider providing its funding in a lump sum upon commissioning rather than over time. In considering this request, staff noted an error in their above-market cost calculations. Staff corrected the cost calculations and recommends providing the revised above-market funding upon commissioning.

Alan noted the proposed change actually increased the net present value of the payment. Peter agreed. He said we thought we were paying 100% of the above-market costs and subsequently discovered we had significantly underestimated those costs in the financial modeling. The value in this resolution reflects a correct calculation of above-market costs, which are higher than those first approved.

Alan Meyer asked if Energy Trust initially was getting all the green tags. Peter said Energy Trust will take title to 100% of the green tags.

After discussions about revising and clarifying the proposed resolution, the board adopted the following resolution.

RESOLUTION #467

APPROVING A CHANGE IN THE TIMING OF FUNDING FOR THE SWALLEY IRRIGATION DISTRICT HYDROPOWER PROJECT

WHEREAS:

1. **In August, 2007, the board agreed to provide $916,386 for the Swalley Irrigation District project, which would generate electricity from a 750 kW generator at the end of the 5.1-mile irrigation pipe. Under the terms the board approved, Energy Trust would pay the incentive based on production over a fifteen year period based on actual generation.**
2. **Swalley has asked if Energy Trust will pay the entire incentive amount at the time the project begins commercial operation.**
3. **The above-market cost of the project has been corrected and with the change in the timing of the cash reflective of correct costs.**

It is therefore RESOLVED:

The board of directors of Energy Trust of Oregon, Inc., authorizes the Executive Director to amend and execute a contract with the Swalley Irrigation District to pay up to $916,386 of the above-market costs of the electric generation aspect of this project, based on whether the project achieves the projected 750 kW nameplate capacity, consistent with the terms approved in August 2007, with the following change:

1. **Payment of the full incentive may be made upon commissioning of the project;**
2. **Swalley Irrigation District must agree to security arrangements to ensure that Energy Trust is paid back if the project fails to meet minimum production levels; and**
3. **Energy Trust will take title to 100% of the project's green tags over 20 years.**

Moved by: Tom Foley Seconded by: Debbie Kitchin

Vote: In favor: 9 Abstained: 0

Opposed: 0

Adopted on February 13, 2008, by Energy Trust Board of Directors.

Staff Report

Feature presentation. *Presented before the board considered the Swalley Irrigation District resolution to accommodate guest from Corvallis.*

Highlights of staff report. Margie presented pre-true-up results of 2007 activity. Renewable programs added 46.9 aMW in new generation, a record. We expect 33.8 aMW of electricity savings, more than the 30 aMW the Northwest Power & Conservation Council expects of us each year and more than our best case savings target for the year of 32 aMW. Gas savings of 2.2 million annual therms are well above the conservative goal and slightly below the 2.4 million annual therm best case goal. Gas spending was under budget by only 3.2%, suggesting gas savings cost slightly more to acquire than anticipated.

She invited Steve Bicker to comment on NW Natural's invitation for Energy Trust to provide services in Washington. Steve said the company would not go forward unless Washington regulators approve decoupling. The scope is small, just over the river into Vancouver and Clark County. He said NW Natural is thinking about establishing an advisory committee in Washington to oversee this work. Steve Lacey described the approach to establishing the cost of the efficiency acquisition to be recovered in rates. John Reynolds noted we would need to get approval from the Oregon PUC.

Margie noted staff started the year with a worksession focused on strategic themes. These, included how to balance innovation and risk, especially in regard to emerging technologies; support for utility integrated resource planning; how we define and measure success; whether to expand or diversify services, including the proposal to move into southwest Washington; how to strengthen and expand stakeholder relationships and attract new partners to work with us to achieve desired results.

Margie noted she has been working with the California and Washington utility commissions to consider whether if working together on a common platform, we might achieve greater results. The most likely topics to be explored include appliance efficiency standards and zero net energy commercial buildings.

Margie mentioned the IT team has been reorganized. Several positions have transitioned from contractor or intern to Energy Trust staff.

She pointed out several meetings convened by BPA and Puget Sound Energy about exploring how to acquire more efficiency at lower cost – should we do more of the same or do different strategies? She expected regional collaboration to remain a major theme. .

A total of 25 new ENERGY STAR homebuilders signed up in the last quarter of the year, including four who have committed to building 100% ENERGY STAR homes. Margie reviewed the success of the Solar 4 Schools contest, resulting in sales of nearly 3,000 CFLs.

Q4 was a record-setting quarter for a number of programs. Single family home project volume hit a record high of 3,777 projects in December. Margie noted the fifth largest foodservice equipment dealer in the country invited Energy Trust to their 2008 national sales rally to train their entire sales force on energy efficient commercial foodservice equipment.

The new Oregon residential code, 15% above current code, takes effect in April.

PGE's Biglow utility scale project is on line. Pacific Power's Goodnoe Hills utility scale project is expected to be completed by this June. Margie added Caddy and John Reynolds will be attending the ribbon cutting for the Rough & Ready biopower project.

She acknowledged the charts for call volume and website visits are hard to read this time. She said the downturn in call volume in December is customary and associated with the holiday season. The fall-off in website visits was less.

Adam Serchuk has accepted a position with Vestas in their business development area. Debbie Kitchin noted discussion at the Puget Sound efficiency meeting she attended about the issue of workforce development and of increasing competition for talent. Margie drew attention to the Energy Trust positions transitioning from contractor or being recruited per the board's approval of the 2008 budget.

Vickie Liskey said she’s impressed with the level of detail in the staff report and asked how we product it for each meeting? Margie answered that this is an established means of reporting involving many staff tracking and sharing these results on a regular basis.

Lastly, Margie read from a letter written by a student who attended a recent conference in Florida at which Greg Stiles, Senior Business Sector Manager, presented on the topic of energy efficiency opportunities in the foodservice industry. In her letter, the student said Greg's enthusiastic and impressive presentation helped influence her to select energy efficiency engineering as her future career.

Adjourn

The meeting adjourned at 4:10 pm.

Next meeting. The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, April 9, 2008, 12:30 pm at Energy Trust of Oregon, Inc., 851 SW Sixth Avenue, 12th Floor, Portland, Oregon. The meeting is open to the public.