EnergyTrust of Oregon, Inc.

CONSERVATION ADVISORY COUNCIL
Notes from meeting May 21, 2008

Attending from the Council:
Gary Curtis, Ecos
Suzanne Dillard, ODOE
Bruce Dobbs, BOMA and (for Steve Bicker) NW Natural
Joe Esmonde, IBEW
Lisa Espinosa, Cascade Natural Gas
Andrea Jacobs, City of Portland Office of Sustainable Development
Karen Meadows, BPA
Mat Northway, EWEB
Lauren Shapton, PGE
Steve Weiss, NWEC

Attending from the Energy Trust of Oregon:
Matt Braman
Pete Catching
Christian Conkle
Fred Gordon
Steve Lacey
Spencer Moersfelder
Elaine Prause
John Reynolds, Board of Directors
Jan Schaeffer
Greg Stiles
Kendall Youngblood

Others attending;
Dick Harmon, Industrial Areas Foundation
Andrew Ragen, Rogers Compressed Air
Aaron Wines, Lockheed Martin

1. Introductions

Steve Lacey reviewed the agenda and asked for self introductions.

2. 2008 Q1 report

Overview. Steve Lacey reported 4.3 aMW saved in Q1 is a 40% increase over Q1 '07. We are at 13% of the 2008 best case and 17% of our conservative case goal. Last year at this time we were at 9% of best case.

We saved 405,000 therms, nearly double what we got in Q1 '07. We are on track with expenditures. We are at 18% of our best case goal, double where we were in Q1 '07.

He noted completion of over 250 projects in the commercial sector, compared to 150 last year. We are ahead 50-40 in industrial projects. Residential projects are also running ahead of '07.

Levelized cost in the commercial sector is 3.8 cents, reflecting added outreach and staffing to ramp up for 838.

New Buildings. Spencer Moersfelder addressed accomplishments in the New Buildings program, which include achieving 10% and 27%, respectively, of the program's conservative '08 goals in Q1. He said they have contracted with Evergreen Consulting LLC for outreach to lighting contractors in the new construction market. They worked with Eco Northwest on a financial calculator tool and hosted "Form Meets Function," a gathering of architect and engineering firms to network and generate leads. They are doing more outreach to the design-build market. Advisory council members discussed the lighting tool. Lisa Espinosa asked for a report on activity in Cascade's territory.

Existing Buildings. Greg Stiles said activity in Q1 '08 is twice that over this period in '07. Expenditures are under budget a little, reflecting some behind-the-scenes work. He expects under budget figures to come down over the next two quarters. We received a 2008 ENERGY STAR award for our food service program. The fifth largest food service equipment dealer invited Energy Trust to train their national sales staff on energy efficient food service equipment. We continue working with BPA to coordinate equipment specs and standard incentives. We hosted lighting trade ally seminars in Portland, Coos Bay, Medford and Bend, drawing larger numbers of attendees than ever. Lisa asked what the focus on the foodservice training was; Greg said foodservice equipment, which is mostly gas. Other highlights Greg mentioned included a well-received presentation on "Moving the Foodservice Market in Oregon" at the Association of Energy Service Professionals' national conference, initiated a close relationship with Travel Portland, and collaborated with BetterBricks and BOMA on the second annual Office Energy Showdown contest in which commercial office buildings in the Portland areas compete against each other using the ENERGY STAR Portfolio Manager tool.

Production Efficiency. Elaine Prause reported the program claimed 11% of its annual conservative goal. They are behind in spending and savings on the gas side because the small industrial initiative is in launch phase. She noted the small industrial compressed air incentive calculation tool is now available, supported by seven new compressed air trade allies. She said they are seeing the effect of the recession as businesses seek low cost, no cost measures instead of making capital investments. She said the RFP for program delivery contractors for 2009-2011 is on the street.

Existing Homes. Christian Conkle noted the program is 11% of its conservative electric goal and 27% of its conservative gas goal. They are under budget. Steve Weiss asked to see average number of measures per home; Christian will get this, and also ask Diane to explain to Steve what factors account for the increased performance in Q1. Karen Meadows asked how we can be underspent but higher in levelized cost. Kendall said probably because we front-load infrastructure and marketing at the beginning of the year. Suzanne Dillard asked how many units multifamily buildings have. Christian said this ranges widely. Christian noted Energy Trust was title sponsor of the first Better Living Show in March at the Portland Expo Center. It attracted 22,500 attendees. Centerpiece was our 1,100 sf Good Energy home highlighting energy efficiency improvements and solar systems. Lisa asked how many of the Home Energy Reviews are gas versus electric, or both; Christian said he could provide this information. Gary Curtis asked how much of the Q1 HES savings are from CFLs; Christian said he could provide this information. Gary said the Corvallis Energy Challenge is creating spillover to the program Ecos is running to reach 60-80% of median income homes.

New Homes and Products. Kendall said the program is at 18% and 27% of its conservative electric and gas '08 goals. Over 255 efficient new homes were completed in Q1, about on par with 2007. Energy Trust incentives helped fund the purchase of 2,457 energy efficient clothes washers. She said Energy Trust received EPA's 2008 ENERGY STAR Program Delivery Award for our Change a Light, Change the World fundraiser initiative. We have initiated a process to create a web form for the clothes washer program. The program paid incentives for 255,000 specialty CFLs. She reported we have established an Oregon training partner group to populate an online trade ally calendar. The program participated in the Portland Home Builder's Association's Ultimate House show with over 20 efficient homes on display.

Solar Hot Water. Kacia Brockman said numbers are slightly lower than in '07 at this time but the number of commitments are up. She thinks contractors are in sales mode in reaction to the end of federal tax credits at the end of the year. She said we launched the Solar Now collaborative brand campaign was launched in conjunction with Solar Oregon, ODOE and City of Portland. We have a website, SolarNowOregon.org. She noted the solar energy review pilot, in which homeowners in the Portland area who have attended a free solar seminar can get a free assessment of a site for solar. The annual NW Solar Expo trained 200 new existing solar professionals and attracted 4,300 consumers. Kacia said there are 80 projects in the pipeline.

NEEA. Steve reported 519,342 CFLs sold in Energy Trust territory through the fall change-a-light CFL buy-down program. NEEA supported one of the region's major food processing plants in implementing a continuous energy improvement strategy. It supported the Legacy Health System in finalizing its strategic resource management plan in November, with expectations to achieve a 30% reduction in energy use over three years.

3. Production Efficiency incentive change

Elaine Prause reported the program has experienced delay, shelving of projects as the market turns down. The project pipeline has not improved as expected this year. Water/wastewater committed projects are on hold, as incentives are not enough to bring them to completion. She noted the Production Efficiency program incentives are not consistent with the Existing Buildings program. She reviewed the history of changes to custom incentive levels. We have not changed since Jan. 2007, when the custom incentive was raised from 12 cents to 15 cents per kWh. She showed the reduction over time in the percentage of project cost covered by incentives, from 65% in 2003 to 29% in 2007. She proposes to increase the custom incentive cap to match the Existing Buildings program's 50% of project costs, and increase the per kWh incentive to 20 cents. To match BETC, minimum payback would reduce to 12 months. Custom lighting incentives would remain at 15 cents/kWh not to exceed 30% of incremental cost.

John Reynolds asked what kind of more diverse project types would be helped by the incentive changes. Elaine mentioned refrigeration and dust collection.

In response to a question from Andrew Ragen, Elaine said the program is considering raising the incentive cap to 60% of project costs for the summer. Andrew said this would be helpful in pushing forward projects that have been put on hold.

Steve said we would like to implement this as of June 1 and asked for CAC advice. Gary Curtis thinks the change is warranted and suggested keeping this new offer stable for a long period of time. Lauren supported doing this. Mat Northway said he likes the change. He also supports long term stability, or at least two years in a row. Suzanne Dillard supports it and appreciates the consistency with BETC. Karen Meadows supports it too; BPA is looking at potentially bumping their incentives up to the same level. Andrea Jacobs thinks the change makes perfect change; she thinks the industry would be glad to see changes in the upward direction. Joe Esmonde offered 100% support. Bruce Dobbs thinks this would help move the market. He also said that, until you get some of the larger gas customers to pay the public purpose charge, we will be missing a lot of potential savings. Steve Weiss thinks we should have the conversation about re-opening discussions about serving/charging industrial gas customers. Fred noted some, maybe most, of these unserved customers are on a transport rate and buying gas from sources other than NW Natural.

4. Regional efficiency incentive change

Steve Lacey introduced Fred Gordon, who made the presentation. Fred mentioned the governor's energy efficiency working group, staffed by Dave Van't Hof. There are 40+ people on the team. Energy Trust is participating but not proposing legislation. Some ideas in discussion: bill financing, property tax financing, ideas for changing the wires charge, strengthening the code process, strengthening SEED, clearer accountability for energy costs/improvements in state government, more funding or flexibility for long-term investments (e.g., zero net energy buildings).

Fred said the Portland/Multnomah County Energy Plan is hosting similar discussions, with a lot of focus on financing, building ratings for new and resale, how to help with "leadership projects."

The PUC hosted a workshop on supply curves. There was a question of whether efficiency could be accelerated to make up the difference if a coal plant is shut down. We presented the dilemma of basing supply curves on "last year's technology. We need to make assumptions about new technologies and potential for behavior change.

He reviewed the Big and Bold Initiatives, noting that California and Oregon commissioners are committed to trying to promulgate some joint action on zero net energy new buildings and on appliance/electronics programs and standards. They are trying to set up a kickoff meeting to agree on key activities. Karen Meadows asked if NEEA is involved and whether BPA should be involved. Fred said questions like this are being considered at a level higher than him.

He noted the Western Climate Initiative has proposed carbon caps on generators, on utilities only if they own the generation or import from outside the WCI region. This means generators will each need to meet decreasing carbon caps. Some states auction credits, setting aside some of the revenue for ee and rr. But the money could also go to subsidizing something else. In the east, the air pollution control agencies are setting caps with no understanding of the role of energy efficiency and renewables. He thinks there could be a market for efficiency credits. He showed charts showing carbon associated with Energy Trust utilities. Steve Weiss noted the region's power plants are going to retire before 2050; when you combine the effect of taking them out and new renewables, you can keep carbon growth down.

Fred explained all of this is leading to our board strategic planning retreat in mid June.

Meeting adjourned at 4:00 pm. Next meeting tentatively scheduled for June 18. We may cancel the meeting if we have only one or two agenda items.