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MEMO

Date: August 1, 2008
To: Board of Directors
From: Philipp Degens, Evaluation Manager
Elaine Prause, Sr. Industrial Sector Manager
Subject: Staff Response to the 2006 Production Efficiency Process and Impact Evaluation

The impact evaluation of the Production Efficiency (PE) program covered the fourth program year, the first full program year that used the reservation system. The evaluation shows that the program is doing a good job at delivering the predicted savings with a 102% realization rate. The program also did much better at predicting savings as the variance of the predicted to estimated savings is lower than that found in the earlier program years.

After lengthy discussion and review by the Evaluation Committee and staff, a new free rider estimation method was adopted. This resulted in a free rider rate just under 20% and similar to that of the last evaluation[1]. However, estimates are not directly comparable as the method used to estimate them were different.

The evaluation also indicates that the program is viewed favorably by participating firms as most are satisfied with the program and program representatives and often include PE in future investment decisions. Participants are also viewed as a good resource for future projects.

The PE program has made headway into the industrial sector as Energy Trust has worked with firms representing 25% of the manufacturing employment in Oregon. However, Energy Trust sees that it needs to expand the program and attract more nonparticipating firms. The PE program offerings of incentives and information fits in well with the stated needs of nonparticipants many of whom are actively involved in controlling energy costs.

Vendors appear to be a good prospective channel for program services. The Small Industrial Initiative is expected to increase the volume of activity and attract new vendors, as well as expand into the smaller harder to serve markets. Increasing vendor exposure and experience with the program may also help in the long-term to increase the Allied Technical Assistance Contractor (ATAC) pool.

Energy Trust is in the process of finalizing ATAC study guidelines. This has involved both the Program Delivery Contractors (PDCs) and ATACs.

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[1] The 2003-2005 Evaluation estimated the free rider rate to be 17%. The program had an overall 9% savings weighted free rider rate because the Mega-Projects, who had a zero percent free rider rate, were included in the program total.