EnergyTrust of Oregon, Inc.

Policy Committee of the Energy Trust Board of Directors

August 12, 2008, 3:00-5:00 pm

Attending: Jason Eisdorfer, Roger Hamilton, Caddy McKeown (by telephone), John Reynolds, Margie Harris, Fred Gordon, Steve Lacey (by telephone), Jan Schaeffer, Peter West, Kacia Brockman and John Volkman

1. Data sharing negotiations with utilities. Early this year we discussed generally with the OPUC staff, utilities and others the need to streamline how we share information with the utilities, to facilitate the increased collaboration that will be required with SB 838 supplemental efficiency funds. We have had preliminary discussions with utilities and have developed a set of draft proposals. Next steps are to meet with the OPUC and begin discussing specific language with the OPUC, utilities and others. The committee was in favor of making these proposals, recognizing that Energy Trust will have to satisfy the OPUC and interested parties that we have effective systems to protect the confidentiality of this information. It warrants emphasis that Energy Trust would not undertake residential telemarketing.

2. Renewable Energy Risk study. A contractor is conducting a multi-phase study of alternative approaches to investing in renewable energy projects of 20 MW and less. The study has produced an interesting group of alternative roles and approaches for Energy Trust, which when the study is completed, will be shared with the board, the RAC and others.

3. Strategic planning: schedule, draft vision, mission and goals. The committee discussed a schedule for further steps in revising the Energy Trust strategic plan, and draft vision, mission and goals statements. For this fall, the schedule shows September 3 board consideration of the draft vision, mission and goals statements, workshops on innovation/risk management (September) and SmartGrid/demand management (October). Development of other strategic plan elements would resume in early 2009, after the Energy Trust budget and action plan are determined. This timing will also make it possible for Energy Trust to take advantage of work that is being done by the NW Energy Efficiency Task Force, the NW Energy Efficiency Alliance strategic plan, and proposals emerging from the Governor's working groups on energy efficiency and renewable energy, which are addressing issues that overlap significantly with the Energy Trust strategic plan. The committee urged that the 2009 work on the plan be compressed if possible to finalize a plan in the Spring.

Margie briefed the committee on the NW Energy Efficiency Alliance's strategic planning process, including its draft vision, mission and goals. Margie and John Volkman, with help from the Energy Trust Management Team, have drafted vision, mission and goals that are meant to reflect the board's discussion at the June retreat. The committee discussed the draft in detail. Questions were raised, for example, about whether it is realistic to acquire "all" cost-effective energy efficiency by 2026; whether a goal is needed to support a market-penetration objective; and whether 2025 goals should be non-quantitative. Margie and John will revise the draft for presentation to the board on September 3rd.

4. NW Natural rate increase and Energy Trust response. Margie and staff have met with the OPUC and NW Natural about the company's exceptional rate increase (40%), and developed a media campaign to encourage people to soften the effects by participating in efficiency programs. At the September 3 board meeting, staff will propose a consent-agenda resolution authorizing an increase in one of our advertising contracts. The committee liked the materials that are being developed and thought this work made good strategic sense.

5. Status reports.

NW Energy Efficiency Task Force (NEET). NEET was convened by BPA in July and is now fully underway. The vision of the group is to: "significantly advance the region's energy efficiency achievement through greater regional collaboration, commitment, customer involvement, and pursuit of the most cost-efficient program strategies." NEET members represent the full Pacific NW and include a mix of policy, government, non-profit, utility and other business interests. The group is co-chaired by Steve Wright, BPA Administrator; Pat Reiten, President, Pacific Power and Tom Karier, NW Power and Conservation Council member from Washington. Ken Canon is the facilitator. Margie is a task force member. Energy Trust staff participate in most of the work groups:

1. Measuring What Matters (Phil Degens)
2. Emerging Solutions and Technology (Fred Gordon)
3. High Impact Energy Efficiency Initiatives (John Savage, OPUC, co-chair; Steve Lacey)
4. The Role of Marketing and Public Awareness in Energy Efficiency (Jan Schaeffer and Amber Cole)
5. Building the Energy Efficiency Workforce of the Future
6. Rethinking Governance and Energy Efficiency Policies (Pete Catching)

The next meeting of the full task force will be October 3. Work will be completed in mid-December. This is a good opportunity to surface proposals for consideration by top-level decision-makers.

Governor's Energy Efficiency Work Group: The group is developing several legislative concepts that will go to the Governor for legislative crafting. There will probably be one or more measures addressing efficiency financing, and one on carbon-neutral building codes. There is also discussion of expanding Energy Trust's purview in several respects (geography, fuel-types, utility territory), and energy disclosure requirements in connection with home sales. A proposal to allow renewable energy self-direction credits to be used for efficiency was rejected.

Renewable Energy Working Group: The group is likely to support a rate incentive for renewable energy production, much like the feed-in tariffs used in some European countries. The incentive rate would avoid the inefficiencies that have emerged in the current state energy tax credits (in which a developer may or may not have an Oregon tax liability to offset, pass-through mechanisms may or may not work, etc.).

6. Highlights of September 3 board meeting agenda

OSU combined heat and power mega-project. Staff expects to ask the board to approve a $2.2 million incentive to Oregon State University for a combined heat and power (CHP) project serving its Corvallis campus. At the standard incentive of $0.08/kWh, the project is good value. The $2.2 million incentive can be included in the 2009 budget.

Staff will ask the board to authorize on the consent agenda a change in the name of our counter-party in a funding agreement to support the ProLogis solar project. The former counter-party determined it could not develop the project at the agreed price, but PGE has stepped in. With PGE's participation, the project would be an even better deal for ratepayers.

A proposed biopower CHP project using an anaerobic digester fueled by farm residuals at Stahlbush Island Farms may be ready for board action on September 3. If so, we will send the board background information and a proposed resolution in time for the meeting.