CONSERVATION ADVISORY COUNCIL
Notes from meeting October 22, 2008

Attending from the Council:
Andrea Jacob, Portland OSD
Carollyn Farrar, NW Natural
Jeff Bissonnette, Fair and Clean Energy Coalition
Ann Grim, ODOE
Paul Case, Oregon Remodelers Association
Kathie Bernard, Cascade Natural Gas (participating by telephone)
Kari Greer, Pacific Power
Mat Northway, EWEB
Michael Early, ICNU
Lauren Shapton, PGE
Steve Weiss, Northwest Energy Coalition

Attending from the Energy Trust of Oregon:
Matt Braman
Pete Catching
Dan Enloe, board of directors (participating by telephone)
Diane Ferington
Fred Gordon
Steve Lacey
Elaine Prause
Sue Meyer Sample
John Reynolds, board of directors
Jan Schaeffer
Greg Stiles

Others attending;
Jeremy Anderson, WISE,
Alecia Dodd, CSG
Mark Hughey, Green Energy Management
Emily Moore, PECI
Bill Welch, EWEB

1. Introductions

Steve Lacey reviewed the agenda and asked for self introductions. He welcomed Paul Case, who replaces Paul Olsen as a representative of the Oregon Remodelers Association. He noted Hollie Meyer of NW Natural will be replacing Steve Bicker.

2. Preview 2009 Energy Trust budget

Steve Lacey noted that revenues may be insufficient to meet future demand and retain market momentum – across the board, in efficiency gas and electric and in renewable energy. We can continue with carryover funds in 2009 but will need more funding in 2010 to continue the momentum created in 2009. He noted we are discontinuing work with Avista, due to impact of the economic slowdown on housing starts and the reduced savings resulting (we currently support only new homes and products for Avista). He noted we are collaborating with Umpqua Bank in

offering an energy loan for homeowners doing efficiency and solar. We expect future savings and generation to be harder to acquire and therefore more costly.

Our forecast for year end '08 is 33.8 aMW, well within our range of 26.7-35.6 aMW. We forecast exceeding the stretch (best case) gas goal of 2.3 million annual therms by saving 2.5 million annual therms. Renewable energy programs expect to achieve 34.8 aMW in new generation, a dramatic increase over prior years and well over its stretch (best case) goal. Steve noted he is testing new terminology for best case goal ("stretch goal"), in light of the challenge explaining how we can exceed our best case goal.

He reviewed the 2009 efficiency emphases:

- Greater penetration within existing markets, emphasizing commercial sector (involves more marketing and outreach; and customer focus)
- Introduce more new efficient gas and electric technologies
- Complete integration of renewable and efficiency program delivery
- Continue capacity building to capture expanded opportunities
- Expanding trade ally network
- Collaborate and leverage initiatives regionally

He covered efficiency action plan budget themes:

- More marketing and outreach to existing small businesses and new commercial construction
- Pursue zero net energy new commercial building design
- Focus outreach to small industrial electric and gas customers
- Add near low-income residential initiative (60-80% median income)
- Explore behavior change strategies (Blueline energy monitors, Living Wise kits, Energy Performance Score)

Asked how we will identify near-low income eligible households, Diane said we are exploring different approaches. She welcomes advice. She noted the loan products will play a role. She said we will need income information to make sure they are eligible for our program and not for the low-income programs. Asked how these folks will be able to participate with no discretionary budget to offer, she said we might solicit matching funds from corporations looking for a tax write off.

Steve continued on areas of emphasis in 2009:

- Existing Homes – expand Home Performance with ENERGY STAR
- New Homes and Products – promote high performance home construction and specialty CFL uptake, increase refrigerator recycling
- Existing Buildings – concentrate on food service, lodging, office, health care, add laundries, data centers; integrate solar
- New Buildings – expand small-medium design-build participation, expand ENERGY STAR for buildings, design net zero energy pilot
- Production Efficiency – increase outreach to small-mid sized industrial customers

He reviewed 2009 stretch goals compared to 2008 plan. NEEA savings go down, largely because the CFL market is transforming and we will obtain fewer savings there. He noted the Existing Buildings budget in '09 will show the largest increase compared to other programs. He reviewed electric budget and savings totals for the remaining programs. He did the same on the gas side where savings will rise to 3 million therms.

Steve showed electric efficiency spending from 2004 through 2010. Because we expect to spend down all carryover funds in '09, in 2010 we either request more funds through the SB-838 utility incremental funding process where utilities increase rates to garner more savings or we reduce spending. The conversation with the OPUC, utilities and

Energy Trust about increased rates would begin in August. We would need $20 million more. Steve showed projected savings in '10, which differ by about 16 aMW depending on whether we are able to get additional funds. Fred noted the economic downturn could impact our ability to achieve the stretch goal in '09. He also noted the utility IRPs incorporate efficiency.

Steve noted the '09 budget increases the commercial sector proportion of the spending mix, which has historically been the lowest between the other two sectors, industrial and residential. In 2010, with more funds, the percentages would stay roughly constant.

Steve reviewed 2009 gas efficiency spending and savings. The Energy Trust will be in the same situation with gas expenditures in 2009 where we plan to spend down the remaining carryover leaving a $6 million shortfall in 2010 if additional revenues are not forthcoming. The same check-in process with the OPUC will be conducted in August. This check-in allows enough time to see what impact the economy is having on program expenditures and the need for additional revenues.

He showed a chart depicting carryover balances from 2001 through 2010, showing negative balances in 2009-10.

He noted themes for management and general spending:

- Continue process improvement and customer focus
- Simplify participation, including automating on-line forms
- Continue pursuing IT improvements – staffing; RFP for study of our systems for contact management, project tracking, contracting, and accounting
- Management audit (required every 5 years by OPUC)
- Communications/marketing will emphasize cross-program, customer-focused efforts; and website/e-communications improvements, including new staff position
- We will stay well within the legislative stretch goal of 9% of spending on management and general

He asked for general comments. Paul Case said our requirement for paper forms seems old fashioned. He can't even scan them and send them in electronically. Steve said we will pursue this.

Steve Weiss asked how flexible Energy Trust can be in shifting funds among programs. This may be necessary in a constrained economy. Steve said we have flexibility within programs and would seek approval to shift funds within sectors. Fred said we didn't attempt to predict the impact of the economic downturn in developing the budget, unsure of our ability to predict the impact with any accuracy.

Steve said the board will discuss the draft budget Nov. 12 and come back to CAC Dec. 3 for final comments.

3. Utility customer information transfer

John Volkman said we have a proposal to amend the OPUC administrative rule and Energy Trust policy on sharing consumer/participant information between electric utilities and Energy Trust. We are seeking feedback. The current rules restrict how Energy Trust and utilities can share data about customers or those who have participated in Energy Trust programs. Fred noted we use data on customer energy use in delivering services and evaluating program results.

Fred and John noted we're considering electric data sharing presently but would hope to make the same changes to our data sharing agreements with the gas utilities.

John explained reasons to change the administrative rule:

- Supplemental efficiency funds (SB-838) cannot benefit large customers; to comply we need their names and preferably their usage but under current rules, utilities cannot provide names without the business' consent

- We would like strategically to reach utility customers who pay into the public purpose fund but receive no benefit and need customer usage history to find those unserved utility customers
- We would like to more effectively evaluate programs

Our proposed changes:

- Provide consistency across all utilities by eliminating the opt-in (large customers) and opt-out (smaller customers) processes
- Energy Trust would provide consumers ways not to receive communications from Energy Trust
- Energy Trust would be able to contact customers who don't tell us they want to avoid further communications from Energy Trust
- However, Energy Trust would not do telemarketing to residential customers
- Energy Trust would share its information with utilities if it is coordinated and facilitates energy efficiency or renewable energy programs. Energy Trust would not share one utility customer's energy use with another utility.
- Utilities would not use Energy Trust information to monitor and evaluate Energy Trust programs, but may use it for routine customer service surveys, like those done by JD Power.

Dan Enloe commented the information could be subpoened. Steve Weiss noted the utilities have the information and could be subpoened too. Steve Lacey noted that the OPUC would hold the Energy Trust to the same standard as utilities in keeping consumer information secure.

Lauren asked whether utilities would need to share information from customers who have opted out of receiving PGE information. She said PGE would want to know any time Energy Trust would use the data to contact a customer.

John said we expect to ask the OPUC to initiate a rulemaking process that engages the public and stakeholders that we hope would conclude by the end of the first quarter of 2009.

Michael Early said the rule as proposed goes beyond meeting the need for identifying customers not required to pay 838 rates. He said the point of the original rule is to keep data confidential and expects large customers to be concerned about distributing those data more widely than is the case now.

Steve Weiss asked how much of a problem this is —are there enough small customers opting out that it has become a real issue for us, or is it truly worth addressing the opt-out issue? Is the real concern larger customers?

Steve said that currently about 3% of small customers opt out and as many as 20-30% of large customers do not opt in. Steve noted that the opt-out option was initially created due to Energy Trust lacking the operational history to demonstrate the ability to secure data and customers hadn't heard of us as of yet. Times have changed and these procedures don't suit our needs anymore. Energy Trust has demonstrated it is responsible and safe with consumer information

Michael Early noted that customers may not understand and bear hard feelings. Steve Weiss noted that customers don't want to be bothered repeatedly with the opt-out/opt-in requirements.

Jeff Bissonnette asked what an internal policy would look like to demonstrate what we are doing with the data.

John noted that we have a policy now that we could share. He suggested that we could have another meeting to go through it and discuss concerns.

Carollyn Farrar expressed concern that if we are contacting customers more, how would we make sure we are working with utilities to keep consistent messaging and contact with customers. For utilities it is about wanting to protect relationships with customers.

Steve responded that it wouldn't look much different than now, if anything our relationships have been getting stronger with the utilities and we want to continue to develop that.

Utilities noted the need to know what is going on. Carollyn noted an instance in which an ETO letter caused customer dissatisfaction with NWN. Lauren noted the need to have one contact for coordination, so we don't have too many people contacting customers.

Paul Case wanted to know if any proposals regarding this would go through the Energy Trust board before the OPUC. John replied that we have discussed it with the board policy committee. Steve noted that we have communicated with various stakeholders about this. We would create a policy and included would be specific descriptions of how we will treat the data and keep it safe.

4. Production Efficiency incentive cap

Presently Production Efficiency has an incentive cap of $500,000 per site per year. Program staff would like to increase it to $1,000,000 per site per year, but maintain a $500,000 per project cap. The reasoning for this is that currently projects get rejected or delayed if one site wants to do multiple projects in one year that exceed the cap, and we may be losing savings. It is not a common problem but it is something that has been run into. Steve noted that this program budget has significantly increased from the time this program rule was initiated and we will have ample money to ensure that not one project will be taking a majority of the program incentive dollars, which was the initial reason of the cap.

Dan Enloe noted that this is a good idea while we have lots of carryover for the next year and a half, but that once that runs out things might look differently with the current state of the economy.

Steve pointed out that even with our balanced budget scenario there will be ample dollars to ensure that no one site will take a large portion of incentive dollars.

John Reynolds noted that the $500,000 cap was a larger percentage of the budget when it was proposed, and that that is no longer the case. Steve Weiss noted that $1,000,000 seemed a more appropriate number at this point. Mat Northway said that it makes administrative sense to do this.

Steve asked if there is any concern or desire to re-visit this in the future. Dan said that his concerns were that one project wouldn't kill several smaller ones, and that the money would go towards highly efficient projects rather than moderately efficient projects, but that it seems we have controls in place to address those issues. Fred confirmed that we did.

All were in agreement to proceed with the raising of the cap to $1,000,000 from $500,000.

Meeting adjourned at 3:30 pm. Next meeting is December 3, 2008.