EnergyTrust of Oregon, Inc.

Workshop on Innovation and Risk Management

October 8, 2008

Attending: John Reynolds, Jason Eisdorfer, Debbie Kitchin, John Klosterman, Betty Merrill and Caddy McKeown (by telephone).

Ed Sheets facilitated the meeting. He reviewed the workshop agenda and then asked Margie Harris to address the purpose of the workshop.

Purpose of the workshop (Margie Harris)
Margie welcomed the board members and thanked Pete Catching, Fred Gordon, John Volkman, Nancy Klass, Steve Lacey and Peter West for organizing the workshop. The workshop is a follow-up to the June strategic planning retreat. A second workshop on potential roles related to smart grid and demand response is scheduled for early 2009.

Margie said her remarks have three purposes: (1) set the stage for today's discussion; (2) discuss other activities that provide context for what we are doing; and (3) describe outcomes we hope for from today's discussion.

Setting the stage: Many in our field are posing the same question: "How do we get more energy efficiency and renewable energy as soon as possible?" This is a different question than the one we have asked in the past. In the past, the question has been "How do we get as much energy efficiency and renewable energy as we can for limited funds?" We have been constrained by funding, and to some extent by skepticism that energy efficiency and renewable energy are real resources when compared to traditional generation. Now we are less constrained by funding, largely because energy efficiency and renewable energy are seen as essential to achieving urgent policy goals that require us to throttle back on traditional generation – to reduce reliance on fossil fuel, and to reduce greenhouse gas emissions.

Utilities have limited resource options. Coal has high emissions; carbon capture and storage technology is still in development; hydropower is mostly developed; nuclear faces regulatory obstacles; and gas faces cost, storage and distribution issues.

The cost of energy efficiency is so low compared to alternatives that utilities can save money while achieving societal goals. For this reason, people want as much of it as fast as possible, and they are prepared to invest what it takes to get it. They just want to know how much we could do and how fast we could do it if funding were not a constraint. The importance of renewable energy is evidenced by renewable portfolio standard laws and renewable energy tax incentives meant to offset its comparatively high development cost.

Last week's bail-out bill illustrates how this interest in growing clean energy to shrink reliance on fossil fuels is playing out. The bill has $10.9 billion in renewable energy tax incentives, $3.5 billion in incentives for energy conservation and efficiency, and $2.6 billion for clean fuels and vehicles. These incentives are partly offset by $17 billion raised by freezing deductions for oil and gas producers and increasing an Oil Spill tax.

The question for Energy Trust is how to respond to this burst of interest in clean energy, and the urgent needs that underlie it. Should we do more of what we are already doing, certainly doing it better but staying with the same basic investments? Should we branch into new investments that could bring bigger returns? How should we evaluate the risks in seeking these bigger returns? In the case of renewable energy, how do we best develop 20 megawatt and smaller projects? Do we branch into more or different areas, or focus in fewer areas?

We have given much thought to how we can do more of what we are doing, and do it better. We are, and we have many improvements under way, e.g.:

- Gaining a greater understanding of our markets through more research
- Investing in more sophisticated understanding of consumer behavior and attitudes toward energy efficiency, renewable energy, climate change
- Making it easier for people to invest in energy efficiency and RE by simplifying the website and developing online forms
- Removing barriers by providing new loan options, like the arrangement we have just completed with Umpqua Bank, and on-bill financing.
- Exploring renewable energy options, via a study by Summit Blue consulting.

Today we want to talk about what there may be beyond that. What should we be considering that will position us for bigger advances, the next generation of clean energy, the long-term challenges?

The background material we sent you last week identified some of the approaches we see. I won't take you through those because Fred and Peter will. But those are a starting point. Reactions to those ideas are welcome, but if you have others, we need them in the discussion.

Related activities: Work by other groups may influence what we ultimately pursue. The NW Energy Efficiency Task Force (see http://www.nwcouncil.org/energy/neet/Default.asp), the NW Alliance (see http://www.nwalliance.org/participate/reviewanddrafts.aspx), Governor Kulongowski's efficiency and renewable energy working groups, various state, multi-state, regional and national bodies working on climate change plans and legislation. The NW Alliance expects to adopt a strategic plan the end of October. The NW Energy Efficiency Task Force is scheduled to adopt recommendations in early January, 2009. The Oregon legislature will begin work this winter and we may see energy legislation late spring or early summer. And, of course, the upcoming elections will result in a new Administration in Washington, DC. Any and all of these things could affect our thinking about the concepts we discuss today and we will keep you apprised of these developments.

Outcomes: Today we are going to explore new options. We don't need decisions today, but hope to get a sense of your interest and/or disinterest in various areas. With that, staff can come back to you early next year with fleshed-out analysis of the options in which you are most interested.

This is an exciting time! At the NW Energy Efficiency Task Force meeting last week, Ralph Cavanagh emphasized the importance of investment in research and development, and argued that if we do not experience some degree of failure, we will never learn what works best, and what the next generation of efficiency will be. John Savage agreed, saying we should expect to spend more, take greater risks, and accept that there will be some "dry holes." We need to do

this to move forward, to gain insights and experience, to learn, to develop products and future markets.

We have an able facilitator in Ed Sheets, we are glad for his help. Let's dig in.

Energy efficiency program innovation and risk (Fred Gordon)
Energy Trust puts its resources into many types of innovation now, and it all requires close attention:

- accelerating marketing
- developing niche approaches to markets (e.g., auto repair, near-low income)
- streamlining processes (e.g., online forms)
- selectively raising incentives
- reexamining avoided costs, e.g., hedge value, carbon, line losses, transmission and distribution cost deferral, the 10% cost advantage for conservation, etc.
- leveraging, leveraging, leveraging, alliances, alliances and alliances.

Today, we are not asking the board to pick projects. Rather, we are discussing types of innovation, using projects as examples, and asking where Energy Trust should focus its efforts.

Over the past year, we have asked ourselves how energy efficiency grows and how much there may be. We evaluated NW Power Council supply curves over the past 26 years and drew several lessons, which are in a paper from Energy Trust at the ACEEE summer study this year and buttressed by another paper that David Goldstein wrote for the same conference:

- Supply curves tell us how much we can get from what we already know how to do;
- In general, past supply curves understated what was actually achieved;
- We can't determine from paper studies how much will be available in the future; we expect there to be more, and likely significantly more savings, but can find out how much only by promoting better products and programs measuring savings; and this can only happen if we take chances, albeit managed chances.

Going forward, we see five types of potential innovation:

1. Pay High Incentives: National Grid, for example, pays 70% of the cost of small commercial retrofit projects. We have room to pay a lot more for savings while still passing the cost-effectiveness test. We do not consider this a real innovation, but a tool we use now in cases where there is no better way to get important savings. We are inclined to keep it that way, at least until we test some of the alternative ways to accelerate markets, such as targeted marketing, and find out if lower-cost approaches like on-bill or local improvement district financing come through from the legislature and utilities. Modest incentives help build sophisticated businesses that know how to invest in efficiency and know how to sell it, rather than relying entirely on subsidies to drive sales and justify investments. However, we acknowledge that high incentives can get things done when time and alternatives are short.

Discussion:

- Jason said we should be clear about what problem we are trying to solve before using this alternative. Fred said that high incentives can be useful where time is a paramount consideration.
- Betty said ODOE is considering different incentives for different situations. Higher incentives would be reserved for situations where there is significant potential payoff that can only be realized by paying higher freight.
- Debbie said this is a tool you can use if evaluation data show it would address a key barrier, but it doesn't make sense as a broad strategy.
- John Reynolds said that if we are able to persuade people that conservation is a wise investment, we won't need this option.
- John Klosterman agreed that this is a niche strategy; he would not want to pay more than needed to "tip" things, except in exceptional cases. Fred observed that tipping is a better way to encourage efficiency because it helps build market incentives and avoid having them hinge on Energy Trust subsidies.

2. Invest in deeper, long-term strategies to change the way businesses invest in efficiency. For example, the NW Alliance's work with hospital chains, industrial clusters, property managers, design firms, and developers to help them develop business plans and organizational changes to fund efficiency, manage for and track profits from it. Or the coordinated Oregon, California and Washington effort to find ways to achieve zero net energy commercial buildings by 2030. Both cases require working intensively with industry and building sectors to identify ways to incorporate energy efficiency in their business strategies. These efforts involve risk because precise outcomes are hard to predict, and in the case of zero net energy, most of the savings may not be acquired for 10 or 15 years.

Discussion:

- Jason observed that it will be impossible to achieve climate goals if businesses don't invest in efficiencies with longer paybacks than 12-to-16 months.
- Margie observed that few people can invest in all efficiency opportunities at once. Decisions are made incrementally, over time, and as finances warrant. For this reason, building long-term relationships with businesses is essential.
- Debbie commented that zero net energy should be in our mix, but would not want to make a disproportionate investment in it. It would be helpful if our strategic plan described an approach to investing in it over a period of years.
- John Reynolds noted that zero-net has a lot of support nationally, from the AIA and municipalities, and one of the beauties of the idea is that it anticipates incremental investments. Features can be added to buildings as they become affordable, as long as the building is designed to accommodate them.
- Betty said that current OPUC performance measures would make it hard to undertake measures with uncertain, long-term results, particularly where later increments of investment are more difficult and expensive, which is often the case.
- Jason agreed that the OPUC needs to be supportive of such things if we are to undertake them. He also supported Debbie's notion of balancing these things with other investments, and looking at a long-term pattern.
- Fred noted that the OPUC has been a leader in this area, and has asked Energy Trust for ideas on how to adjust performance measures to address this issue.

- John Klosterman said that businesses will naturally focus on cost-drivers. Unless energy and efficiency are in that category, it will be hard to get their attention. He thinks this is a difficult prospect and is cool to the idea.

3. Research, development and demonstration. There is potential to increase savings by testing new technology, e.g., ductless heat pumps for homes, integrated design, and direct/indirect evaporative cooling. The first two examples are commercial or near-commercial technologies whose application in this region is untested. The last example works technically and could lead to big savings by eliminating the need for compressors in cooling, but would require years of testing and refinement to create a competitive product. A subgroup of the NW Energy Efficiency Task Force is looking at a regional approach for this kind of development and testing. If that is unsuccessful, Energy Trust could undertake this type of activity in some cases, and we could "pass the hat" among other entities to fund other initiatives *ad hoc.* However, this would be slow and labor-intensive.

   Discussion:
   - Jason said this is an area that gives him most concern. How would we choose what to invest in? Do we have the expertise to make these judgments? How could Energy Trust make a difference in this area? Why Energy Trust and not California or federal entities? If a technology is far enough along to fit into another area in which we are engaged, e.g., zero-net buildings, investing in R, D & D may make sense, but otherwise this area is a concern.
   - Caddy agreed, and is also concerned whether R, D & D is within our mandate.
   - John Reynolds observed that ideas like integrated design could have big impacts. Oregon is a prime spot for exploring ideas like evaporative cooling.
   - Betty said these sound more like demonstration projects than research.
   - Fred agreed, and observed that if Energy Trust were involved in this area, it would need a portfolio of projects in order to diversify risk. The chance of failing in any given project would be high.
   - Jason said if we want to explore this, we would need a clear set of criteria to help decide when we get engaged, how far upstream we focus, etc. Fred said the NW Task Force has developed a description of what stages are ripe for ratepayer-funded research, and what type of criteria might apply. He will share them with the board.
   - Ed summarized the conversation: we need to see how R, D & D funding would fit into Energy Trust's larger portfolio, but the board is reluctant to invest in things that are too far from commercial availability. John Reynolds said that is fair, but we should also not be too focused on what is available now, we need also to have our eyes on a longer horizon.
   - Margie asked if Energy Trust might want to take initiative to seek out manufacturers and developers to become engaged in a certain type of efficiency innovation, rather than waiting for them to come to us. Debbie said we would need criteria to decide.
   - John Reynolds suggested we might have an open solicitations program for efficiency. Debbie said others are already doing that.

4. Changing how people think about energy use. There is potential to increase energy efficiency and conservation by helping people become more aware of their energy use, its costs, and its impact on the environment. For example: a marketing campaign linking efficiency and lessened climate change; investing in feedback devices (e.g., Blueline

monitors) to save energy and change consciousness; K-12 education programs that focus on tangible actions.

Discussion:

- Caddy said she is quite interested in this area and would like to see Energy Trust expand its involvement.
- Jason said that energy conservation, not just efficiency, will play a key role in meeting climate objectives and it will take a change in consciousness.
- Betty said Energy Trust should work closely with the Department of Energy on this so we don't duplicate efforts.
- Margie said we are headed toward doing a lot more market research to understand how our customers think, how markets are segmented, and how we can reach them more effectively. This work requires investment. Is the board supportive?
- Debbie asked if marketing isn't more a utility function? She could see Energy Trust participating with utilities in it, but is it an Energy Trust role?
- Betty said that ODOE is currently overwhelmed with interest in energy tax credits, a 64% increase on applications. 250 applications in one day. If you invest too much in advertising, you have to be sure you can accommodate the interest.
- Margie said our current marketing is very broad. We leverage the utilities work, but it is relatively limited. The kind of research we would like to do would help us to become a lot more sophisticated.
- John Reynolds said market research would allow us to better gauge incentive levels and shape programs. He would be less enthused about paying a lot for advertising.
- Caddy agreed with John. We are dealing with many different audiences; what works in Portland won't necessarily work in Coos Bay.
- Debbie's concern is how much Energy Trust should do compared to others.
- Fred said the kind of research we have in mind would represent a big increase in sophistication-there is no evaluated experience with marketing efficiency by linking it to climate change mitigation.
- Jason said he supports the idea of more market research.

5. <u>Using public purpose funds to leverage other funds</u>. The objective is to overcome "first-cost" barriers – participants who cannot come up with the initial cost of investing in efficiency – but do it without paying much higher incentives. For example, we have just reached agreement with Umpqua Bank to offer attractive rates for efficiency loans. Energy Trust could guarantee loans to help near-low income participants. It could create a guarantee pool to reduce utilities' risk in on-bill financing for efficiency improvements. If the legislature approves local improvement district financing for efficiency projects, we could offer technical assistance to local government to pursue such ventures.

   Discussion:

   - Jason observed that CUB, Energy Trust and others have been trying to overcome financing obstacles for a long time. Some of the financing alternatives that appear to be headed toward the legislature could change this picture significantly. So, one question is timing. We may not be in a position to make a good judgment until the legislative session concludes.
   - Debbie supports these ideas, but wonders how they are different from what we are already doing.

- Fred said these things would put more money and credibility at risk, and would probably require us to hire expertise we don't have now. Energy Trust's FTE and management capability for complex new areas may be a bigger constraint than funds.
- Margie observed that this is a much broader strategy than the project- or measure-specific focus of current programs. Financing devices could have wider impacts.
- Debbie is concerned about legal, regulatory and other issues in these ideas.
- Betty said that these strategies are keys to penetrating efficiency markets more deeply and effectively, helping people and firms to undertake more efficiency measures than they otherwise could.
- Fred acknowledged Debbie's concern -- these strategies are fraught with complexity that must be managed, but if we are successful they appear to be the best ways we can think of to accelerate efficiency from existing technologies.
- Steve Weiss observed that Salem Electric has been engaged in on-bill financing for 25 years. This is a well-worn path, not an area where legalities are untested.
- Debbie acknowledged this, and said the question is what is Energy Trust's role?
- Steve and Fred reiterated that it may be too early to make judgments until the legislative session ends, but this is a highly significant set of issues.
- Don Jones said that on-bill financing was one of Pacific's first offerings. They have found that it works only because the utility can disconnect power if the bill is not paid. Otherwise, these are unsecured loans that lenders consider too risky. Pacific is exploring the idea, but Energy Trust may need to share the risk to make it happen.

Ed asked if there are other opportunities that haven't been discussed.

- Steve Weiss suggested that Energy Trust consider initiatives like the Hood River project, where we go into a community to generate high levels of penetration.
- Jason said that if we are about to dive into Smart Grid and smart meters, we might shape programs to support that. Fred said Smart Grid is a diverse subject that we plan to engage at a workshop in early 2009.

Break

Ed noted that the first part of the agenda had generated more discussion than anticipated, and we are behind schedule. He suggested moving into the renewable energy discussion and then discuss criteria for evaluating potential innovations.

Renewable energy program innovation and risk (Peter West)
The renewable program develops new renewable resources that otherwise would not occur. We do it by addressing market barriers, working with customers on projects, and funding costs that can not be recovered by revenues, credits and other benefits.

We focus on the dominant resource types and proven technologies: wind, solar and biomass. The Open Solicitation Program is a modest outlet for new technologies and approaches. We take a portfolio approach, with a balance of customer types, applications and technologies. We play a role in furthering distributed generation located off the grid.

Senate Bill 838 directed us to support smaller projects, 20 megawatts and less. Projects of this scale require more support sooner in the process. Development takes longer, and there is a higher rate of fall-out, i.e., projects that don't achieve operation.

We try to expand market support for these smaller projects. We do so by funding studies, assistance & assessments, we facilitate new financing approaches, and we work with municipalities to develop projects.

We are also developing niche approaches for hydropower, small wind and small geothermal. We are testing ways to penetrate hard-to-reach markets more deeply, dairy and waste water treatment plants.
Overall, we approach risk management consistent with the approach we take with energy efficiency. We try to balance our portfolio with large, medium and small projects, we look for a variety of resource types, and a mixture of mature and newer technologies. We focus on commercial technologies, but we define that broadly. Projects don't have to be in Oregon, the technology doesn't have to be used extensively, and we make limited investment in near-commercial and emerging technologies. We are more conservative than efficiency in that we require projects to repay our incentives if the project doesn't perform.

We asked a consultant, Summit Blue, to study our programs in light of existing and emerging opportunities. Here are the options they described:

Expanding our current role. We see several areas where we could expand:

(1) More project facilitation, e.g., providing studies of environmental impacts or interconnection, financial modeling, or matching sponsors with developers and financiers. It helps keep the project pipeline full and speeds project development, but it also requires staff time, costs more, and therefore involves greater "dry-hole" risk.

(2) Fund more demonstrations of close-to-market technologies, which help ensure an emerging supply of innovation and fill holes in the market, but are riskier.

(3) Lock in program budgets, so that if a budget isn't expended in one year, it would carry over into the next. This would limit our flexibility to move funds around to meet demand, but it could provide more stability for sectors (e.g., solar). This option would be more feasible if we ran fewer programs.

Revisit existing policies. We could revise current policies to make it easier for projects to be developed:

(1) We could revise our green tag policy to allow project developers or owners to buy our green tags later at a fixed price. Or allow customers like municipalities to own a higher percentage of green tags and retire them to their own account, thus allowing them to take more credit for "green" energy development. These approaches would mean bigger incentives for projects, but could contribute fewer green tags toward renewable portfolio requirements and expose ratepayers to risk of paying for green tags twice.

(2) We could reduce repayment requirements in funding agreements. This would make it easier for new firms to enter the market and bring the renewable program more in line with efficiency programs. It also could entail more risk of funding projects that don't produce energy as anticipated.

New roles. We could become involved in:

(1) Pre-construction financing. This would primarily benefit small hydro and large solar projects. It would entail more risk and could tie up a lot of our funds. However, we could adopt limits and do it in combination with lenders, via loan guarantees.

(2) Equity investing: we could put our money into projects earlier (now, we pay only when the project is in commercial operation) and take an ownership position. This can fill a hole in the market for small projects and facilitate third-party financing. We would still be limited to paying the above-market increment of project costs, but we could be repaid from project revenues.

(3) Insuring fuel supply. This is primarily an issue in biopower and geothermal projects, where a guarantee would help with lenders and financers are concerned about long-term fuel supply, and could lower project costs. However, it would be costly unless limited, and increase our dry-hole risk.

(4) Purchasing equipment. Equipment is the biggest obstacle to community wind projects. By purchasing a supply of turbines we could speed development, but we probably cannot absorb the cost. However, we could buy solar panels to secure volume discounts.

(5) Creating model programs for customer-owned utilities. We have been asked for this kind of service.

Current funding and staff are spread thin, and so expansion in one area is likely to mean contraction in another, absent more funding. So, the question to ask about the above possibilities is whether any of them is interesting enough to justify re-ordering our priorities? Or do we need to focus more narrowly rather than more broadly, and eliminate some of the things we do now?

Discussion:

- Debbie asked why we should incur more risk to encourage projects, if we don't have enough funding and staff to do what we are doing now? What problem are we trying to solve? Peter said we may need to make it easier for projects so that we can maintain existing demand. The market is already pushing us to take greater risk. However, there is a danger that if we do too much, Energy Trust will drive the market rather than allowing the market to develop. But if we don't take enough risk, we won't fuel innovation.
- John Klosterman said it may make more sense to have fewer programs, at least for the time being unless and until we have more funds.
- Peter said that if he were picking programs, he would pick wind, solar and biomass.
- John Reynolds said that eliminating programs would be particularly painful because Oregon has so many different resources that lend themselves to renewable energy.
- Caddy asked why there was no mention of wave energy projects. Peter said we had commissioned a study and we and the Oregon Wave Energy Trust had agreed that the technology is not mature enough to warrant Energy Trust involvement.
- Margie said she hates to turn away projects for lack of resources, which is already happening in PacifiCorp territory. However, under the OPUC grant agreement, we can't lobby the legislature for more funds.

- John Klosterman asked if there are reasons we shouldn't take these opportunities to do something more or different. Peter said there is the danger of Energy Trust programs eclipsing the market.
- John Klosterman asked where Peter thought the best opportunities were. Peter said equity investment; guaranteeing pre-construction loans, primarily those extended by the State Energy Loan Program; and buying low-cost equipment like solar panels.
- Debbie said in deciding whether to do these things, she would want to know that they are addressing specific barriers. We can then do pilot programs to see if we can address a barrier with these techniques. But start with the barriers.
- Peter said all these options would address barriers – except perhaps revising the green tag policy, which may be a red herring. But staff could rank the barriers and match them with particular strategies.
- Lori Koho said she is hearing two different kinds of barriers in this discussion: (1) market barriers; and (2) barriers to participation in Energy Trust programs. The distinction should be borne in mind.
- John Reynolds asked if we can satisfy OPUC performance measures with projects that generate electricity but for which Energy Trust doesn't own the green tags? Peter said the law (SB 1149 and 838) are silent. Lori said she interprets the law to at least strongly imply that we must own the green tags. Peter said that could work, but may require different performance measures. Fred added that it could also require us to forego opportunities to build markets and new technologies with longer-term time horizons.
- Ed said he thought he heard John Reynolds ask for a prioritized set of opportunities to explore. John Reynolds said yes, he is interested not just in risk but opportunity.
- Peter said he would do that, and he also thinks the board needs to explore alternatives to repayment requirements. John Reynolds suggested we might be able to impose more requirements in boom times and ease them during busts.
- Debbie said she has concerns about tying up money in multi-year budgets. It may be OK where there is reliable demand, as in solar. Caddy and John Klosterman said they are comfortable exploring multi-year budgets.

Criteria for evaluating opportunities

Ed asked if the board would like to move on to discuss criteria with which to evaluate opportunities. In Attachment 3, staff listed several criteria as starting points:

- Size of potential return
- How soon?
- Likelihood of success
- Likelihood of creating a market
- Manageability:
  - Can we envision and measure success well enough to gauge progress?
  - Would accountabilities, expectations or permissions need to change?
  - Would new management systems be needed?

Discussion:

- Debbie said she likes the idea of criteria, and would also consider whether the whole portfolio is appropriately balanced and diverse. Betty agreed with the need for balance and diversity.
- Jason said it would be nice to think that we can also drop activities that aren't paying off, not just adding. Resources will always be scarce.

- Other criteria:
    - staff expertise and core competence are additional element of manageability (Debbie and Betty);
    - geographic distribution, given that our funding utilities have different service territories (Betty)
    - whether others are or should take the lead (Debbie)
    - impact on core programs (Margie)
- For John Reynolds, "how soon" is the least urgent criterion. It is a factor, but not a driver. Betty said that there is a lot of pressure for more/sooner in policy discussions. Fred said there are conflicting signals about this -- there are different strategies for getting larger savings and generation in the long run versus the short run, and sometimes policymakers seem to equate one with the other.
- John Klosterman would like to see part of the budget reserved for innovation but board attendance at the workshop was too limited to come to a conclusion about it. He would like to see a list of prioritized and weighted criteria
- John Reynolds said given how hard it was to schedule this workshop, and how limited the turnout, we should look for a date now for the SmartGrid/Demand Response workshop.
- John Klosterman said he couldn't tell if there are other big issues staff would like the board to address. Is there anything unspoken? Are there any sacred cows?
- Fred said if we are hearing that the board is more open to taking earlier and greater financial risks on projects than in the past, we will have slain a sacred cow.
- Margie said financing is the biggest obstacle. We can be more assertive there and in market research. We also need to think about how we approach conservation – doing less, not just being more efficient – behavior change, and workforce training.

Next steps: Margie said the board will see some of the concepts discussed today addressed in the budget and action plan, and in a draft strategic plan in early 2009. And we will discuss Smart Grid/Demand Response in early 2009. What we do will also be affected by the legislature and other processes, as events unfold, and we can expect the landscape to continue to shift.