EnergyTrust of Oregon, Inc.

Board Decision
Amending the Program Approval Process

December 19, 2008

Summary

Allow staff flexibility to move budget funds between program budgets within a given sector (residential, commercial and industrial).

Background

- The current board policy on program approval (attached) provides that the board must approve any shift of budget funds between programs.

Analysis

- Allowing staff flexibility to move funds between programs within the same program sector (residential, commercial and industrial) would enable Energy Trust to respond more quickly to market changes and demands and to capitalize on new opportunities.
- This flexibility will be particularly valuable in the challenging economic times we expect in the coming year(s).
- Staff will provide an update of the action taken at the next board meeting.

Recommendation

Amend the policy on board approval of programs as shown in resolution number 498.

RESOLUTION 498
AMENDING THE PROGRAM APPROVAL PROCESS

WHEREAS:

1. **The current board policy on program approval (attached) provides that the board must approve any shift of budget funds between programs.**
2. **Allowing staff flexibility to move budgeted funds between programs within the same program sector (residential, commercial and industrial) would allow Energy Trust to respond more quickly to market changes and demands and to capitalize on new opportunities.**
3. **This flexibility will be particularly valuable in the challenging economic times we expect in the coming year(s).**

4. **Staff will provide an update of the action taken at the next board meeting.**

It is RESOLVED that the board of directors of Energy Trust of Oregon, Inc. amends the policy on the Program Approval Process by revising section 1.a to read: "staff may move budgeted funds from one program to another within the same program sector (residential, commercial and industrial) without board approval."

Moved by: Seconded by:

Vote: In favor: Abstained

Opposed:

4.22.000-P Program Approval Process

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	February 16, 2005	Approved (R319)	February 2008
Policy Committee	April 15, 2008	No changes	April 2011

Purpose:

1. **Historically, the Board has approved programs in resolutions that specify projected energy savings and cost/aMW and estimated budget allocations for such items as incentives, marketing, administration and evaluation. Specific terms of program management have typically been addressed in separate resolutions authorizing program management contracts.**

2. **Experience has shown that if staff and contractors adhere to the original terms and conditions identified in Board resolutions authorizing programs, the programs may lose momentum while staff seeks approval to change program delivery, and considerable Board and staff time are consumed in complex and confusing adjustments.**

3. **Energy Trust has enough experience with these programs to warrant revising this process to make it more efficient.**

It is therefore RESOLVED:

1. **That the Energy Trust of Oregon, Inc., Board of Directors hereby authorizes all existing programs to:**
   a. **Operate under a not-to-exceed budget cap established by the Board in the annual budget approval process or by special resolution; staff is authorized to manage the program within this budget until the next annual budget review; staff may ~~not~~ move budgeted funds from one program to another within the same program sector (residential, commercial and industrial) without board approval.**
   b. **Be managed to achieve a best-case energy savings and cost/aMW goal, recognizing that actual performance may achieve only a more conservative level below which the program would be reevaluated.**

2. **The Board will continue to review and approve program management contract terms.**

3. **Staff will provide the Board with quarterly status reports based on energy savings by program and sector (not individual contract). Reports would identify variances and reasons for them, including:**

a. **Where long-term cost-effectiveness is trending ($/aMW or levelized cost per kWh and therm) compared to the most recent action plan forecast, and whether the program is apt to be cost-effective once it hits steady-state.**
b. **Whether the program is expected to achieve significant savings over its life.**
c. **If a quarterly report shows that a program is trending below the conservative end of its authorized $/aMW range, the Board may call for an action plan to address the short-fall.**

4. **The Board retains discretion to modify or discontinue a program if it is not meeting expectations.**

5. **The Board will review program status at Board meetings on a rotating basis so that all programs are reviewed over the course of a year.**

6. **The Board will use the budget and action plan process to review, modify and adjust program budget caps.**