Board Decision

Providing Programs to Certain NW Natural Industrial and Commercial Customers

May 6, 2009

Summary

Extend energy efficiency services to certain NW Natural industrial and commercial customers.

Background

- NW Natural has received OPUC approval to recover rate revenues to provide energy efficiency services to certain NW Natural industrial and commercial customers for the next two years (the customers are on several rate schedules: industrial firm sales customers; interruptible sales customers; and large commercial customers receiving firm sales or interruptible sales under industrial tariffs).
- These customers comprise about 900 accounts. Some are firm energy customers and some are interruptible sales customers. These customers have not participated in Energy Trust programs previously.
- To provide these services, NW Natural would pay Energy Trust $900,000 in the first year and $1.75 million in the second year, but no more than $500,000 per year for interruptible customers.

Discussion

- Staff estimates that about 295,000 therms of energy savings could be cost-effectively attained from the proposed programs in the first year, increasing to 500,000 per year in the second year.
- The cost of acquiring these savings would be approximately $3.00 per first-year therm, assuming that the costs are alignment with the natural gas incentives currently delivered in the Existing Buildings program.
- These services have not been provided previously to these customers, and we believe customers will welcome them. We plan to deliver services using existing efficiency programs and contractors. Contractors will provide some additional outreach at the outset, but the service should look seamless to customers as part of a complete package of industrial and commercial energy efficiency services. The scope of the effort relative to overall program delivery will be in alignment with the funding levels (gas incentives are less than 10% of incentives across commercial and industrial programs).
- The addition of these services will require some initial effort for the planning, legal, marketing and PE and EB staff. These efforts include the negotiation of contracts with NW Natural, planning and coordination with NW Natural industrial account managers, revisions to forms, and development of an approach to track spending across Existing Buildings and Production Efficiency programs to assure that budgets are carefully and cooperatively managed for this discrete account. Once established, these services will not require much additional staff effort other than budget tracking and annual reporting.

- Program management, program delivery and other contracts would need to be amended to carry out this proposal. Under board policy, the executive director may execute contract amendments without board approval as long as they do not entail more than 10% change in funds obligated, or more than 20% change in energy saved or produced. Contract amendments for these services would involve less than these amounts. Accordingly, if the board follows this policy, the contract amendments would not require board authority.

Recommendation

Staff believes providing these services would enhance Energy Trust's relationship with NW Natural and save energy. The policy committee supported the proposal. Staff recommends that the board endorse the proposal by adopting resolution #514, below.

RESOLUTION 514

NW NATURAL INDUSTRIAL PROGRAM

WHEREAS:

1. **NW Natural proposes to contract with Energy Trust to provide energy efficiency services, over a two-year trial period, to the NW Natural industrial firm sales customers, interruptible sales customers, and commercial customers receiving firm sales or interruptible sales.**
2. **About 295,000 therms of energy savings could be cost-effectively attained from programs serving these customers in the first year, increasing to 500,000 per year in the second year.**
3. **The cost of acquiring these savings would be approximately $3.00 per first-year therm, assuming costs are in alignment with the gas incentives currently delivered through Existing Buildings.**
4. **To provide these services, NW Natural would pay Energy Trust $900,000 in the first year and $1.75 million in the second year, but no more than $500,000 per year for interruptible customers**

It is therefore RESOLVED that the board of directors of Energy Trust of Oregon, Inc.:

1. **Endorses the proposal for Energy Trust to provide efficiency services to these NW Natural customers in Oregon.**
2. **The executive director requires no additional authority to receive funds from NW Natural for this purpose, or to execute contract amendments to provide these services.**

Moved by: Seconded by:

Vote: In favor: Abstained:

Opposed: [list name(s) and, if requested, reason for "no" vote]