Board Decision (Consent Agenda)
Amending Policy on Waiver of Program Incentive Caps

November 4, 2009

Summary

Adopt an amendment to the policy allowing waiver of limits on incentives to clarify that no program incentive may exceed $500,000 without board approval.

Background

- In 2003, the board approved a policy for the Production Efficiency Program allowing staff to waive the normal dollar limits for projects involving very low-cost savings. Waiver was viewed as a way to jump-start the Production Efficiency Program.
- In 2006, the board modified the policy to require board approval for such a waiver, in view of constrained budgets. The board also broadened the policy to cover other programs.
- The current policy requires board approval for any incentive that exceeds the relevant program incentive cap (see attached). The policy does not limit incentives to any specific dollar amount.
- Under a separate policy, the Executive Director is allowed to sign contracts without board approval only if they do not exceed $500,000.

Discussion

- Although no program currently allows incentives of more than $500,000, for the sake of clarity, staff and the policy committee suggest that incentives be capped at the same level that applies to the Executive Director's contracting authority.
- Staff also recommends deleting the policy's introductory paragraph, which is unique to the history of the Production Efficiency Program.

Recommendation

Modify the policy allowing waiver of incentive caps to clarify that no program incentive may exceed $500,000 without board approval.

RESOLUTION 527
WAIVER OF FUNDING CAPS IN ENERGY TRUST PROGRAMS

Whereas:

1. **Energy Trust policy requires board approval for any incentive that exceeds the relevant incentive cap of the Production Efficiency, Building Efficiency and New Buildings programs.**
2. **The policy does not limit incentives to any specific dollar amount, however, under a separate policy, the Executive Director is allowed to**

sign contracts without board approval only if they do not exceed $500,000.

3. **Although no program currently allows incentives of more than $500,000, for the sake of clarity, staff and the policy committee suggest that incentives be capped at the same level that applies to the Executive Director's contracting authority.**

It is therefore RESOLVED that the Board of Directors of Energy Trust of Oregon, Inc. amends the policy allowing waiver of limits on incentives to clarify that no program incentive may exceed $500,000 without board approval, as shown in the attached mark-up.

Moved by: Seconded by:

Vote: In favor: Abstained:

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

ATTACHMENT 1

4.20.000P Policy on Waiving Program ~~Production Efficiency Program Funding~~Incentive Caps

~~Introduction~~

~~Recognizing the Energy Trust's long-term goals to attain 300 average megawatts of electricity and 19 million annual therms of natural gas, and that there are opportunities in the industrial sector to secure substantial energy savings at low acquisition cost, the Energy Trust board has given staff flexibility to waive the incentive cap for extraordinarily cost effective industrial projects.~~

~~Policy~~

The board may approve exceptions to ~~the Production Efficiency, Building Efficiency and New Building Efficiency~~ program incentive limits (which may exceed $500,000 per incentive only with board approval) for projects that meet the following criteria:

1. **Exemptions require suspension of self-direction for a minimum of 3 years.**
2. **Exemptions will be approved only if there is available incentive budget.**
3. **Projects are expected to save energy at a cost per annual unit of energy saved ($ per annual kilowatt-hour/therm) to Energy Trust that is less than the current incentive levels for the applicable program.**