Board Decision (Consent Agenda)
Waiving Self-Direct Policy for Service Incentives for an Industrial Pilot

November 4, 2009

Summary

Waive application of the self-direct policy to service incentives for self-directors that participate in an industrial energy pilot project.

Background

- Oregon law allows entities that use over one average megawatt of electricity a year at a single site, if certified by the Oregon Department of Energy, to direct their own electric efficiency and renewable energy projects and deduct the cost from the public purpose charge on their electric bills. “self-directors,” in other words, do not pay a full public purpose charge.
- Under Energy Trust policy, self-directors have restricted access to Energy Trust incentives. The Energy Trust self-direct policy provides that self-directors qualify for a full Energy Trust incentive for a new project only if the self-director agrees not to use self-direct credits at the same site for 36 months.
- Under Energy Trust's Industrial Energy Improvement project, a two-year pilot, an Energy Trust Program Delivery Contractor (PDC) provides energy management services for a number of industrial customers. Average value per participant for these services is expected to be about $40,000 per site.
- In 2009, these services were characterized for accounting purposes as PDC costs. PDC costs are not assigned to particular customers, not treated as incentives, and so these services were not limited by the self-direct policy.
- Energy Trust's Finance Department has, appropriately, reclassified these costs as “service incentives” in 2010. Service incentives are covered by the self-direct policy.

Discussion

- Applying the self-direct policy in the second year of the pilot could significantly affect the results of the pilot. Some firms would likely drop out of the pilot if they are required to forego use of self-direct credits.
- Applying the self-direct policy also would increase the administrative complexity of the pilot.
- Staff estimates that no more than three participants in the second year of the pilot would encounter these issues.
- The Policy Committee reviewed this matter and endorsed staff’s proposal to waive the application of the self-direct policy to these services for no more than three self-directors that participate in year two of the pilot. The waiver would apply only to service incentives; staff would apply the 50% self-direct reduction to cash incentives for energy savings.

Recommendation

Waive application of the self-direct policy to service incentives for no more than three self-directors that participate in year two of the Industrial Energy Improvement pilot.

RESOLUTION 528
WAIVING SELF-DIRECT POLICY FOR SERVICE INCENTIVES FOR AN INDUSTRIAL PILOT

Whereas:

1. **Generally, Energy Trust supports projects of energy users who pay public purpose charges by which Energy Trust programs are funded.**
2. **Oregon law allows entities that use over one average megawatt of electricity a year at a single site to direct their own electric efficiency and renewable energy projects and deduct the cost from the public purpose charge on their electric bills.**
3. **Under Energy Trust policy, these "self-directors" qualify for a full Energy Trust incentive for a new project only if they agree not to use self-direct credits at the same site for 36 months.**
4. **Under Energy Trust's Industrial Energy Improvement project, a two-year pilot, Energy Trust provides energy management services for industrial customers, the average value of which is about $40,000 per site.**
5. **In 2009, these services were characterized for accounting purposes as PDC costs. PDC costs are not assigned to particular customers, not treated as incentives, and so these services were not limited by the self-direct policy.**
6. **Energy Trust intends to reclassify these costs as "service incentives" in 2010. Service incentives are covered by the self-direct policy.**
7. **Applying the self-direct policy in the second year of the pilot could significantly affect the results of the pilot, and increase the pilot's administrative complexity.**

It is therefore RESOLVED that the Board of Directors of Energy Trust of Oregon, Inc. waives application of its self-direction policy to service incentives paid through the Industrial Energy Improvement pilot for no more than three self-directors that participate in year two of the pilot.

Moved by: Seconded by:

Vote: In favor: Abstained:

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