Board Briefing Paper
Draft Strategic Plans for the Business, Homes and Renewable Energy Sectors

July 28, 2010

Summary

The Business, Homes, and Renewable Energy Sectors have completed draft sector plans to achieve accelerated organization-wide strategic plan goals. The sector plans translate Energy Trust's general goals and activities into specific ideas and actions related to targeted markets within each sector. This approach created clarity, focus and accountability within each sector and also highlighted common themes.

Background

- In October 2009, Energy Trust began acting on organization redesign recommendations which included more emphasis on integrating strategic efforts at a sector level through newly created sector lead positions. The organization redesign also identified a number of themes, including customer focus and internal efficiency improvements to be addressed at all levels, including by sector.
- In December 2009, the board approved an updated organization strategic plan with aggressive savings and generation goals for the organization.
- The plan emphasized two overarching goals for the organization.

  Goal 1: Long-term, help utilities and their ratepayers acquire all cost-effective energy efficiency.

  Five-year goals:
  - Between 2010 and 2014, save 256 average megawatts of electricity, contingent on adequate funding, through efficiency and conservation
  - Between 2010 and 2014, save 22.5 million annual therms of natural gas, contingent on adequate funding, through efficiency and conservation

  Goal 2: Long-term, accelerate the rate at which new renewable energy generation is produced, helping to achieve Oregon's 2025 goal of meeting at least eight percent of retail electrical load from small-scale renewable energy projects.

  Five-year goals:
  - Between 2010 and 2014, achieve an additional 23 average megawatts of renewable energy
  - Flexibly expand markets including hydro, solar, geothermal, biopower and wind.
- In addition, eight activity areas were identified in the strategic plan.
- Energy Trust retained the Coraggio Group to help implement changes identified in the organizational redesign process, including the creation of new sector lead positions. As part of this follow-up work, Coraggio worked with the Business, Homes, and Renewable Energy Sectors to help translate the strategic plan goals into sector specific market strategies, risks and opportunities.

- The Industry and Agriculture Sector will create its draft strategic plan later this summer, for board review in September.
- Sector plans also included participation from Program Management Contractors.
- Sector strategic plans also form the foundation for the annual two-year budget and action plan process and its linkages to the 5-year organization strategic plan.

Discussion

- Each sector followed a similar process led by Coraggio Group:
    - Definition of sector specific vision, mission, leadership position, and measures of success.
    - Identification of key areas of focus for the sector in context of the vision, mission, leadership position and measures of success.
    - Program-specific analysis addressing key questions:
        - *What is and what is not working within your current program?*
        - *Based on analysis, who are the target customers and markets for each area of focus/strategies and activities?*
        - *What are the key opportunities within our program for savings by customer segment? How do we motivate customers to take action?*
        - *Are there other opportunities for cross-program/cross-selling opportunities?*
        - *What are the primary risks associated with these proposed strategies and areas of focus? What are the sign posts that we need to monitor? What are our planned responses to identified risks and sign posts?*
        - *How does each of the programmatic areas of focus/activities support ETO's enterprise-wide goals and activities outlined in the strategic plan?*
    - All program-specific plans were then integrated with their sector, revealing constraints and complementary efforts.
- Business Sector highlights
    - A challenging economy and limited access to capital will continue to impact consumer activity for efficiency projects. Communicating the value of energy efficiency and renewables and providing measures and services with low/no cost to the customer will help counter these barriers.
    - To achieve deeper savings the sector will focus on expanding long-term relationships with larger customers, and supporting project planning across all Energy Trust offerings.
    - More efficient codes and standards will cause a short term reduction in savings in New Construction; however, market transformation savings are expected to increase.

- Homes Sector highlights
  - Significant electric savings opportunities lie in market transformation associated with consumer electronics, code changes, and emerging technologies such as heat pump water heaters.
  - Gas savings potential will be driven by weatherization, HVAC and water heating measures.
  - Achieving savings cost-effectively will require us to continue to simplify our processes, expand our education efforts, grow our delivery network, and ensure quality installations and customer satisfaction.
- Renewable Energy Sector highlights
  - The technical potential of small scale renewable energy generation in Oregon is vast. Our challenge is to find economically viable projects and motivate and support project champions to develop these resources.
  - Our main strength is our niche ability to help develop early-stage markets through development assistance, education, and strengthening market delivery channels. In addition to acquisition goals we plan to add new, “soft goals” to reflect this work.
  - Over the next year we may need to choose which technologies and markets we continue to support as the cost of opportunities outstrips our funds.
- Three overarching themes affect all three sectors:
  - The difficult economic conditions continue to impact availability of capital for program participants, causing us to look to creative ways to support their needs such as focusing on low/cost opportunities, energy management planning and exploring new financing ideas and offer new tools for customers to participate.
  - Existing external assumptions upon which our programs are designed are changing. This includes codes and standards and the Business Energy Tax Credit. In each case, we’ve developed strategies to maximize opportunities and adjust our programs to new baseline assumptions.
  - Working closely with similar organizations and stakeholders will continue to be critical for all sectors. Coordination and collaboration with each utility, ODOE, NEEA, OPUC and market specific organizations has proven most effective towards meeting collective goals.

Next Steps

- Staff will present the draft Industry and Agriculture Sector plan for board review in September.
- The sector plans will shape the draft budget and action plan this fall. In that process, we will relate the activities in the sector plans to our long-term strategic goals.