Policy Committee of the Energy Trust Board of Directors

October 12, 2010, 4:00-5:15 pm

Attending: Jason Eisdorfer, Alan Meyer, John Reynolds, Rick Applegate (by telephone), Margie Harris, Peter West, Steve Lacey, Amber Cole, Fred Gordon, John Volkman, Oliver Kesting, Scott Swearingen

1. Multi-Family Program contract award. As part of Energy Trust's organizational redesign, the multi-family initiative was moved from the homes group to the business group where it is better aligned with decision-making associated with multifamily commercial property owners, property managers and property investors. This summer, the business group issued an RFP for multi-family program management contractor services beginning in 2011. Three proposals were submitted. The proposal review team included staff and Mark Johnson from BPA. Staff reviewed the merits of the various proposals. The proposal review team unanimously recommends a proposal led by Lockheed Martin, which partnered with Fluid Market Strategies and Evergreen Engineering. Lockheed's team and proposal have many strengths. Staff will notify contractors tomorrow and initiate negotiations with Lockheed. Assuming negotiations go well, staff plans to ask the board to approve contract terms at the November board meeting. The committee also discussed the degree of competition in the process. The RFP was set up to encourage proposers to form teams. Considering the various entities represented on the teams, staff feels there was a healthy competition.

2. Policy review:

    a. Economic development. Energy Trust adopted the economic development policy in 2004 with the expectation that Energy Trust needed a quick-response capability to help economic development departments of utilities and government agencies to keep or recruit businesses to Oregon. Given that these opportunities are few and that staff quickly responds when they do arise, the policy has had little or no practical effect. Staff recommended retiring it. Alan agreed, saying that we serve the ratepayers of our funding utilities, and are not a general economic development agency. John Reynolds asked if retiring the policy may send an undesirable message; John Volkman said that the strategic plan makes clear our role in economic development. Margie noted that she will be taking vacation time and paying her way to join Governor Kulongoski on an economic development mission to Israel, focused on clean technology, efficiency and renewable energy. It may offer an opportunity to contribute to economic development work. She also participates on the state's green jobs council. Thus, we are engaged in economic development in various ways. Jason suggested that there may be risk in appearing to pull back from economic development, and is inclined to continue the policy for another three years. In case we get requests for economic development help, the policy sets out our parameters. The committee decided to let the policy stand.

b. Green tags. When the green tag policy came up for routine, three-year review last fall, the renewable energy staff suggested the policy be clarified to allow Energy Trust to cap its REC share at its *pro rata* contribution to above-market cost. The committee asked staff to give it more thought and review it with the RAC. After a deeper look, staff decided the policy is workable as written, and that no modification was needed. Staff recommended no change in the policy. The committee concurred.

3. Legislative update: Our educational meetings with legislators has mostly concluded, and we think it was helpful in informing legislators about what Energy Trust is, what it has accomplished, and how it operates. The budget deficit makes the upcoming legislative session particularly difficult to predict. We have had several meetings with ODOE and others about BETC/RETC. There is some discussion of redirecting public purpose funds to schools and public building efficiency and to research and development. Margie has talked with consumer-owned utility representatives about how we can voluntarily cooperate with COUs. The idea of utility efficiency power purchase agreements is also being discussed; there are questions about how it would work, how it would make sense, etc. We have promised to analyze what would happen if we moved our levelized cost from 3.5 cents to 5 cents/kWh. Staff is tracking these and other policy concepts and otherwise preparing to respond if we are asked to share our experience.

4. Heads up:

a. The Oregon Employment Division plans to audit Energy Trust employment records and practices October 18-19. The audit will check compliance with Oregon employment laws, payment of unemployment insurance, etc. We have no indication that the audit is other than routine.

b. Cascade Policy Institute report: Alan Meyer reported word that the Cascade Policy Institute may be preparing a report criticizing Energy Trust spending. We have not been contacted by the Institute recently, or seen such a report.