Policy Committee of the Energy Trust Board of Directors

November 16, 2010, 4:00 – 5:15 p.m.

Attendees

Attending: John Reynolds, Roger Hamilton (by telephone), Alan Meyer (by telephone), Matt Braman, Kim Crossman, Fred Gordon, Margie Harris and John Volkman

1. Above 1aMW participants.

Matt Braman briefed the committee on his analysis of energy efficiency incentive spending on >1aMW participants. SB 838 prohibits the collection of supplemental energy efficiency revenues from customers who use more than 1aMW or spending such revenues for their benefit. When the law was first passed, a working group convened to discuss how this requirement would be met. An informal understanding was reached that a pre-and-post analysis should be done, i.e., if spending on these customers post-SB 838 is comparable to spending pre-SB 838, the requirement is met. Matt has worked with the utilities on this analysis, which was difficult because the utilities do not provide us with a full list of > 1 aMW customers. In light of limitations on current data sharing agreements, we secured information through non-disclosure agreements with an independent third party and used that information to estimate historic investments in this category. As a result of this analysis, we appear to be consistent with past investment levels and expect this to continue through 2011:

PGE annual averages	**2004-07**	**2008-10**
1149 Revenue	$ 29,028,736	$ 30,067,934
> 1aMW incentives	$ 3,402,348	$ 2,957,908
>1aMW % 1149 revenue	12%	10%
PAC annual averages		
1149 Revenue	$ 18,599,012	$ 17,889,567
> 1aMW incentives	$ 3,924,560	$ 3,011,765
>1aMW % 1149 Revenue	21%	17%

As we accelerate the industrial and new buildings programs, we expect it to be harder to ensure that incentive spending on > 1 aMW customers will not exceed baseline spending. A single mega-project or unexpected uptick in projects could bump us over the line. If this occurs, our informal understanding with OPUC staff is that we would have 1-2 years during which we would bring spending back in line. However, because this involves a legal constraint, the committee endorsed staff's suggestion that we approach the OPUC about developing a more formal understanding of the analysis to be completed, the time to correct any imbalance, etc. Alan noted that industrial customers are unlikely to agree to increase their public purpose fund charges. This is likely to lead to the question outlined in the strategic plan – can we achieve IRP or strategic plan goals without supplemental funding for large customers? Alan suggested that Energy Trust should not be held accountable to meet a goal for which funding is legally prohibited.

2. Contract policy wrinkle.

Currently, board approval is required for any Energy Trust contract, incentive or program cap over $500,000. Several programs use a competitive process to organize a pool of contractors with varying kinds of expertise who can be assigned to help particular firms save energy. We take this approach with allied technical assistance contractors, who do site studies, and with the new industrial initiatives, which help firms save energy in operations. Energy Trust signs no-dollar umbrella contracts with these contractors.

When a program participant signs an incentive form to participate in one of these initiatives, Energy Trust assigns a contractor with the appropriate expertise to work with the customer. At the point of assignment, Energy Trust issues a work order committing to pay the contractor a certain sum. In no case does this exceed $500,000. Funds for the work are included in annual program incentive budgets approved by the board, and payments are tracked by staff to the approved incentive budget.

The issue: As we budget incentive funding for the new pool of industrial contractors, we expect that at least one outside firm may receive more than $500,000 as payment for services in the coming year. Over time, we expect aggregate incentive payments to other firms may exceed $500,000 (not necessarily in a single year). It will remain the case that no single contract will exceed $500,000, but staff wanted to alert the board to the likelihood that aggregate payments to a contractor could exceed $500,000. John Reynolds suggested amending the current policy to make clear that the $500,000 trigger applies only to single contracts, not to aggregate payments under different contracts, and that staff report to the board after-the-fact when contract expenditures for a single contractor exceed $500,000. The committee agreed. At the next policy committee meeting, John Volkman will bring back draft policy language.

3. Briefings.

Reduced NEEA forecast: The days of big, low-cost CFL savings have ended, and in our service territory NEEA expects to acquire four megawatts less than expected. This will affect our ability to meet goal, and it occurs just as we are increasing our contribution to the NEEA budget. We still expect to meet our conservative-case electric goal, and will be at about 90% of our stretch electric goal.

Gas market transformation: Although many of NEEA's programs result in gas and electric savings, Energy Trust has never quantified these gas savings or counted them toward goals. To estimate NEEA gas savings, we hired a contractor to review NEEA cost effectiveness models and estimate total NEEA programs' gas savings in Energy Trust service territory. Staff proposes to claim gas savings from NEEA programs only if there was also an active Energy Trust program in that market. The 'Net Market Effects' column shows the additional savings we might claim; "Regional Total" is Energy Trust's territory:

Table 1: Verified Gas Savings in Energy Trust Territory, 2005 -2009[1] (Therms)

Program	Baseline	Local Incentives	Net Market Effects	Regional Total
ENERGY STAR® Washers	525,509	420,835	39,804	986,148
ENERGY STAR® Windows Existing Homes Only	436,515	79,860	284,312	800,687
NEEA's Commercial BetterBricks Program	35,188	0	434,002	469,190
NEEA's Industrial CEI Program	97,608	0	878,472	976,080
ENERGY STAR® Homes Northwest Code Change	12,141	0	516,835	528,976
Total			**2,153,425**	**3,761,081**

[1] Although all of these savings occurred in Energy Trust service territory, some savings cannot be claimed because some customers are not on the correct rate schedules. Details are provided in the report.

Matt Braman will work with program leads to identify what savings we could count.

EEAST report to OPUC: House Bill 2626, the energy efficiency and sustainable technology loan program (EEAST), requires Energy Trust to carry out pilots in investor-owned utility service territory, and to report on them to the OPUC. EEAST requires the OPUC to review the report, and order either full or partial implementation of the EEAST model. Our report documents our work with the Clean Energy Works-Portland pilot. The report recommends that we continue the pilot phase, and to defer a decision on full-scale implementation until more is learned about the model. The Clean Energy Works-Oregon grant will allow us to try pilots in other parts of the state. The OPUC seems receptive to our recommendation.