Board Strategic Planning Workshop
Reed College, Portland, Oregon

June 3, 2011

Workshop called to order at 8:12 a.m., introductions – John Reynolds

Board members present: John Klosterman, Caddy McKeown, Julie Brandis, Rick Applegate, Jason Eisdorfer, Roger Hamilton, Jeff King, John Reynolds, Debbie Kitchin, Julie Hammond, Dan Enloe, Bob Repine (Oregon Department of Energy special advisor), John Savage (Oregon Public Utility Commission ex-officio)

Board members absent: Dan Davis, Alan Meyer

Staff attending: Pete Catching, Sue Meyer Sample, Steve Lacey, Amber Cole, Peter West, John Volkman, Fred Gordon, Sue Fletcher, Hannah Hacker, Margie Harris, Elaine Prause, Debbie Blanchard, Jed Jorgensen

Others attending: Nick Viele (c3 Strategy and retreat facilitator), Scott Nelson (Governor's office), Tom Eckman (Northwest Power and Conservation Council), Jim Abrahamson (Cascade Natural Gas), Lauren Shapton (Portland General Electric), Bill Edmonds (NW Natural), Juliet Johnson (OPUC), Dawn Doberenz (Evergreen Consulting), Murali Varahasamy (Lockheed Martin), Chris Mayou (Earth Advantage), Michael Early (Industrial Customers of Northwest Utilities), Carol Dillin (PGE), Verlea Briggs (PGE), Holly Meyer (NW Natural)

Welcome address – John Reynolds

John Reynolds recently attended conferences in New Orleans, Louisiana and Raleigh, North Carolina, and noticed a stark difference between two similar power entities – the Bonneville Power Administration and the Tennessee Valley Authority. Both were founded to provide flood control and low cost hydropower. Looking at the American Council for an Energy Efficient Economy rankings: the Northwest is in the top 10 most efficient states while the states largely covered by TVA are in the upper 40s. John was asked at the conferences how the Northwest does so much efficiency when rates are lower.

Theoretically, the TVA has more of an incentive for efficiency as they have higher rates. In renewable energy policy rankings, California and Oregon ranked 1 and 2, while the TVA is again at the bottom. John said we are fortunate to work within a culture of energy efficiency and clean energy development. How can we best take advantage of these opportunities?

Margie: Bob Balzar used to be in charge of efficiency programs at Seattle City Light and now works at TVA. He is trying to bring our NW culture and 30-year history to TVA.

John R. introduced Nick Viele, a management consultant with c3 Strategy whose focus is strategy and planning. Nick works with nonprofits to capitalize on opportunities and manage internal operations, and is today's facilitator.

Presentation: Efficiency Now Efficiency Later: A tale of two strategies – Tom Eckman

Tom Eckman is the manager of conservation resources at the Northwest Power and Conservation Council, and models and develops conservation resources and conservation program design.

How will the region's story of energy efficiency be described in the future?

Best of times: The region's "affair" with competitive retail market had waned. IRP was "in". Incremental funding represented nearly half of Energy Trust of Oregon's electric efficiency.

Worst of times: Efficiency programs nearly always corrected market failures with money. Efficiency programs focused on many widgets that will soon be required by code and standards. Economic stimulus funding was ending.

It was the age of wisdom: The Council's 5th plan savings were exceeded every year, by better than 40 percent in some cases—900+MW instead of target 700MW.

It was the age of foolishness: Reliance on savings from CFLs masked the increasing cost of acquiring efficiency from other measures. Accelerated installation of renewable resources was exacerbating a West-wide wholesale power market surplus reducing market prices, and natural gas prices were down again.

It was the season of light: Efficiency acquired in ever increasing quantities, federal appliance efficiency standards and state energy codes.

It was the season of darkness: Action on climate change did not make the national agenda. Only the cost of efficiency and renewable energy are itemized on customer bills – focusing attention on the least-cost resource when money is being spent on other more expensive resources.

It was the spring of hope: 40 percent more efficiency was acquired in the past decade than we did in the prior two decades combined. From 1978 to now, this last decade has been the longest sustained run ever.

It was the winter of despair: Growing market power surplus at low prices that will pique the interest of some utilities; and they may seek to increase retail demand.

Still, mass quantities of efficiency are available. The supply curve in the Council's 6th plan indicates 6,000 MW at less than $100/MWh can be booked via conservation. There is still more that isn't included in the plan (electronics in homes, TVs is 500 MW). The baseline is moving faster than we expected, with generation resources mixed in with conservation resources. In the

least-cost plan for conservation development by 2030, there is around 5,000-6,000 aMW of conservation (whether you put a price on carbon or not). Of the 750 futures the Council tests, the pace of conservation deployment does not vary significantly across them, especially in the near term. In the short run, the answer is the same: do 2,000 megawatts of conservation.

We ramped up significantly from 2005 and 2010 using CFLs. Our lost opportunity curve tapers off in 2020 as we build better and have better appliances. Conservation potential diminishes after 2023 or so. Lost opportunities in retrofits disappear as buildings are built better. This chart is current technology only, with no forecast of new technology represented.

The 6th plan projects meeting 90 percent of load growth with conservation. We need both energy efficiency and renewable energy. This will reduce carbon dioxide emissions 15 percent below 1990 levels by 2020. Load growth picks up after 2025 as the model runs out of current available technology. Tom clarified this is for electric only and generation serving the region.

Meeting the 6th plan's energy efficiency goals decreases consumer's bills, if you compare the cost to consumer with and without conservation. With the plan: rates increase by a small amount while bills are lower by a larger amount. Without the plan: rates are lower and bills are higher.

Are the plan targets doable? Recent utility programs and Energy Trust have exceeded their near-term targets. Ramp rates support proposed pace. State codes and federal standards support medium term pace (new water heater, clothes washer, dishwasher, fridge/freezer, heat pump, central AC). In the midterm, we won't have as many options to pursue and theoretically, we won't need as many options). Market driven changes show increasing "non-programmatic" improvements in energy efficiency such as the "Wal-Mart effect": they'll take the money on the table and they're doing it on their own as well.

Since 1978, utility and BPA programs, energy codes and federal standards have produced almost 4,300 aMW of savings: 25 percent from codes, 25 percent from standards, 50 percent from programs. Those results mean we have built the equivalent of the John Day, the Dalles, Chief Joseph and Grand Coulee hydro dams on the Columbia system. We've saved 1,500 aMW in last 15 years.

We can sustain a legacy. Over the next 20 years we can stretch the output of all hydro projects. By the end of 2028, will have re-created the 30 largest hydro projects, almost doubling the capacity of what the hydro system can provide.

Rick: What is the relationship between fish survival and the 6th plan?

Tom: It puts less pressure on environment as we're building a system with no impact on fish and wildlife. The Council looked at dam removal and what happens is we're looking at a fossil fuel system to replace it.

Rick: Exactly. There are a number of reasons energy efficiency is important.

Jason: We now have law in one state (WA) and a legal path in the other state (OR) to remove 2,000 MW of coal. Does the plan include this?

Tom: Yes.

Roger: Have you looked at the effect of reduced bills increasing consumption?

Tom: The rebound effect/take back effect. Yes, we have included this. There are two types:

- Rebound effect driven by desire to increase comfort (can heat low income home now) and productivity (higher output for less kWh, produce more)
- Spending effect is the larger effect - more wealth leads to more spending. We take the money we save and buy a more energy intensive product. If you look at energy consumption/GDP, it has decreased over the last several years.

However, there are no macro-level data demonstrating the latter effect.

Debbie K: Referred to the conservation graph, the ebb and flow to achievements over time, and seeing the rate of conservation decrease with energy surpluses.

Tom: Conservation cost is paid up-front in the first year. This concern is real, concern going back to the landscape in the 80s. Currently, renewables development is high, gas costs low, and a depressed economy makes conservation look unattractive.

Bob: Do you factor in any incentive programs?

Tom: Plan assumes that utilities and Energy Trust pay for it or it is acquired through codes and standards.

Debbie: Can you highlight the forecast of gas prices going down and what is leading this?

Tom: There's less of a connection between gas prices and oil prices, especially with shale gas and fracking. We use a range of prices when forecasting gas load.

John S: What is the acquisition strategy throughout the region in the next five years to meet plan targets?

Tom: The new CFL is electronics and TVs and NEEA is doing this; new technologies on electric side (heat pump water heaters are 500 MW of the plan), ductless heat pumps typically represent a market where you don't have gas competition and have resistance heat. In the commercial sector: diversify to lighting design and controls, not just changing out bulbs. Need these to meet the 2015 goal.

Jason: Where do smart grid and meters fit in?

Tom: It's unknown. There might not be anything for a decade. We don't have an explicit marker in the plans for smart grid. Near term advantage would be learning what people use electricity for. From an efficiency standpoint it's more of an intelligence gathering. From the perspective of the system, it will have more of an effect as you manage loads and reduce voltage.

Margie: Does the plan address electric vehicles and storage?

Tom: One scenario of X percent of electric vehicles by 2030, a fairly optimistic outlook that assumes night time charging, there's a small effect on peak use.

Roger: Do you include climate change effects?

Tom: Load forecast has growing summer peak as ACs come on-line. On the planning side, looking at impact of river flows on hydro system (drought season changes). This is more long-term, and speculative, while the forecast for ACs is more known in the next 15 years.

John K: Exclusion of technology forecasting effect, what if there's a great discovery?

Tom: We don't assume any new technology that's going to either create greater loads or be our saving grace. This is the Council's standard practice since its beginning, in 1982. Chances are you're going to see it coming at least five years in advance (the Council's planning cycle), plus IRP planning is on a two-year schedule.

Julie B: Heat pump water heater deployment?

Tom: Available retail now (GE, Ecomagination) and testing them in the labs. Hope to have results by end of this summer.

John R: To what extent is this remarkable increase in energy efficiency savings due to technology that couldn't be foreseen in the first 20 years?

Tom: Classic case of CFLs, not in plans 1-3. In plan 4, thought we would get three bulbs per household by 2020. Today, there are 6-8 on average per household. In plan 5, assumption of 25 bulbs by 2025 (CFLs, LEDs, high-efficiency incandescent). Other side is heat pump water heaters, which have been in the plans but have not matured on the market to bring the savings.

John R: Do you see LEDs as being the same story as the CFL?

Tom: Lumen output is roughly the same between the two technologies. Theoretically, LEDs could be twice as efficient as CFLs but we're only at half of that potential.

Rick: Housing stock sizes?

Tom: We cover a range of household sizes in our 750 scenarios.

Introduction to energy program presentations – Margie Harris

Tom painted a great backdrop for the rest of today. There are many opportunities for us to pursue and if we can capture these opportunities sooner, we will have a greater return on our investments. Four main areas of focus for the day:

Gas efficiency

- Straightforward challenge
- Have exceeded our goals
- Familiar with the market and its challenges
- Work closely with NW Natural and Cascade Natural Gas to secure funding to meet their IRPs
- Grown our savings: 2.5 million annual therms in 2008 to 4.6 million in 2010. Almost doubled in three years.
- Need to reach more customers, different customers and continue growing our savings.

Electric efficiency

- Challenges are different than gas
- Via redesign and strategic plan, we are dramatically increasing electric efficiency: strategic plan projects 73 percent more by 2014 with SB 1149 and SB 838 funding
- Now linked to PGE and Pacific Power IRP targets
- Grown electric savings rather steeply and met most goals
- CFLs are a big portion and we are going to have to transition away from them as codes and standards take effect. No silver bullet to replace this technology—know less about this, will need various strategies and will need to remain nimble: “it’s like trying to change tires on a car while accelerating from 40 to 80 mph”.

Renewable energy

- In 2007, our mission changed from working with utility-scale systems to smaller and mid-scale projects of 20 MW or less. Our focus is now exclusively on smaller projects and more diverse technologies.
- It takes considerably longer to complete these smaller projects, which require more handholding and working with those who have vision and not necessarily extensive experience or capital. These efforts are more costly than a larger scale utility project with a known technology. Smaller projects are also more sensitive to policy changes (e.g. state tax credits). Plus, we have a fixed/limited budget via our SB 1149 funding mechanism.
- The question is how to best serve these renewable energy markets and measure our progress?

Managing risks and opportunities

- Constraints: Our state has a significant revenue deficit, the future of Oregon Department of Energy tax credits which we depend upon are unknown, we still have high unemployment, and a depressed economy. Available capital is growing slightly but not at the same level we've seen in the past, especially for larger commercial and industrial projects.
- How can we acquire more of the least expensive resources available? We need to diversify from new sources and technologies and the costs will likely increase.
- We've always had challenges and opportunities and we've always managed risks in our program design and strategic planning
- Slide shows how Energy Trust manages risks and opportunities in a variety of ways, including through strategic planning, sector planning, operational planning, annual budgeting and two-year action plans. All but the last part related to operational planning is in place; staff will outline our risk management approach during budget and action planning later this year.
- Tools available
  - Diversification: We don't rely on any one technology, approach or strategy. For example, as the new construction market declined, we trained homebuilders on Northwest ENERGY STAR® Homes so they can build to this standard when the market picks up. Residential energy saver kits and operations and maintenance strategies were used for the commercial and industrial sectors because less capital is available for upfront investments.
  - Organizational agility: Willingness to look within and define new priorities as needed. Lately, emphasized the customer experience, customer focus, and operational efficiencies. Proof is we delivered higher results than we've seen before while customer satisfaction levels remained high.
  - Diligence: Analysis and due diligence when reviewing large investment opportunities (mega-projects) and also in our contracts and field strategies. It's at the core of our work.

These tools are part of the culture of our organization and how we do our work. We've applied them over the past years and they have helped us accelerate our acquisition rates. We have and will continue to adjust to a market with little or no tax credits, and will continue to work in a slowly recovering economy. Our ability to remain vibrant and relevant is because we employ all these tools and strategies.

Today's discussion is about this type of strategic thinking.

Quotes to keep in mind as you hear presentations today: "All who have accomplished great things have had a great aim, have fixed their gaze on a goal which was high, one which sometimes seemed impossible." Orison Swett Marden. And "Opportunity is missed by most because it is dressed in overalls and looks like work." Thomas Edison.

Break at 9:24 a.m. Retreat resumed at 9:40 a.m.

Gas efficiency programs outlook – Fred Gordon

Tom presented a great view of electric efficiency and renewable energy roles in the Northwest; remember that the Council's focus is on electric efficiency whereas our focus includes gas efficiency, too.

Fred showed a graph of gas savings achieved after 2011 true-up comparisons to stretch, conservative and strategic plan goals. We've been hitting the stretch goals. 2010 was a phenomenal year, partly because free riders went down, net savings increased (improved counting method); plus, we added more industrial achievements. Overall activity accelerated.

2010 gas savings by program: Existing Buildings (39 percent); Industrial for the first time a big piece of the pie (more diversified program, as well as our pilot program with NW Natural for serving firm and interruptible customers, not transport which are the largest users). Eclectic savings came in from a variety of measures including controls, heat recovery and insulating heated pipes. The industrial pilot has now moved to permanent program status. On graph, the asterisk with Existing Homes is a typing error.

2010 residential gas savings by measure: showerheads and aerators generated the largest savings, including those from energy saver kits, schools, utility campaigns; this will reach saturation in a few years. Insulation and tank water heaters are growing; furnaces are shrinking. There are a lot of houses to reach as we haven't done the volume in gas as we have on the electric side.

In 2010, we grew our existing markets. New Homes is low due to the market, industrial is a significant adder. Good news all around. Also did especially well with no-cost, low-cost measures.

Debbie K: On commercial side, it does take longer to accelerate
Fred: Also, our marketing pace is high. Can we sustain this activity?

Gas efficiency is at an earlier stage of development, a lot is available. We're saving about 0.6 percent of utility base load each year. Saved 1.3 percent of electric load.

Challenges: These are classic marketing challenges as the programs are younger.

Expanding our customer base

Consider broadening participation among medium-motivated segments

Push comprehensiveness

- High-service/deep retrofit approaches to home retrofit increases delivery and contractor bid cost.

John S: How do you define where this works? Fred: We're on a learning curve; we have a few tools and need to see how to get the savings and how much it will cost. Clean Energy Works Oregon focuses on comprehensiveness and financing, and the question is who needs and will use financing? Can we sustainably serve low-income with financing? How many people want this? Who wants to do one measure at a time? Who wants conventional financing? How do you transfer this to a low-cost approach? There are still different aspects being tried out.

John S: It would be useful if Energy Trust articulated how to test this. This will be very important. Margie: From Clean Energy Works Oregon board perspective, focusing on reducing transaction costs per loan while still getting the homes where you can go deepest. John S: Regardless of income level? Margie: We can reach lower income, but not lowest income. John S: Need a concrete way to test this.

Debbie: There are a lot of factors loaded onto this delivery mechanism including workforce goals, etc and you can't test just one factor. Will this change so you can test the different elements of the bundle or will you just test different bundles? Fred: We have a Home Performance option without the loan features of Clean Energy Works Oregon, this gives us some differentiation. Clean Energy Works Oregon does come with a bundle of workforce and federal requirements.

Jason: How core is the deep retrofit to Energy Trust goals or Council goals? Fred: On electric side, last time we checked weatherization is 4 percent of the total efficiency supply. On the gas side, weatherization is a large part of the curve. Clean Energy Works Oregon is a segment strategy.

Test new approaches for marketing, including

- Behavior
  - OPOWER for residential is promising and unknown. We're running a pilot because we don't know exactly how much it will save here.—Reminder that the home energy monitor pilot failed to produce significant savings. John R: Updates on OPOWER? Fred: Second report was delivered, pilot is proceeding, some data system issues, a small group of customers who opted out. There is customer satisfaction management we have to do and we won't know the savings until more time goes by. It will take a few months to get initial data, and no one knows persistence of these savings.
  - Behavioral management of energy efficiency is most successful in industrial—about 1/3 of planned savings for 2011—and we're top in the nation in this area. The next question is can we do more. Julie B: How do you target these companies and managers? Fred: Small industrial program is trade ally driven and we push to prescriptive measures. Large industrial program is personal marketing driven. Utility account representatives are often engaged, depending on the customer and account. Long-term relationship building.
    a. Home water heat - identify markets for this technology

- Commercial rooftop heating, third biggest end user; we have a tune-up procedure and are working with Consortium for Energy Efficiency to engage manufacturers to get condensing boilers for heating on rooftop space conditioning systems.
  - Gas price fluctuations; near impossible to forecast prices
  - Showerhead market saturation is near and we'll need to replace this volume. Once they are gone, average cost for Existing Homes will increase as this is one of the cheapest measures available right now.
  - Keeping programs cost effective and maintaining/increasing savings
  - Consider non-energy benefits
  - Focus even more on cost management
  - Focus on installation quality to improve savings
  - Continue to assess value and cost of deep retrofit/finance approaches and higher-service outreach approaches
  - Evaluations showing some measures are saving less than forecasted. But on the commercial side, looks like the supply curve is underestimating the potential for gas savings from HVAC and controls. We're looking into this.

Details on meeting these challenges will be addressed in the budget and action plans.

Discussion

John S: Where are the opportunities? Fred: Residential: Insulation, duct sealing, air sealing. Not as many gas as electric appliances. We are beginning to crack water heating with more efficient, affordable gas tank water heaters. We are working on getting them stocked by distributors. Commercial: controls, insulation, heat recovery from refrigeration in space heating. Industrial: heat recovery. We are 10-20 years behind on gas measures when compared to electric.

John R: Tank, not tankless water heaters? Fred: New highly efficient tank gas water heaters are less expensive than tankless and we can do more of them. Tankless is a moderate volume product. Tank water heaters are potentially a high volume product. Also looking at condensing water heaters. Tankless may not prove to be cost effective.

Jeff: Potential for large-scale industrial heat recovery and cogeneration? Fred: For reasons of state policy, fossil-fired cogeneration is considered an electric efficiency technology. There are also cogeneration opportunities on the renewable energy side. It's difficult to forecast what we can do. For industrial, a lot of the data you need is proprietary and locked in with long-term supply contracts.

Jason: Gas industrial program status Fred: For NW Natural, the industrial gas pilot ended and has been rolled into our ongoing programs. We expect to scale it up modestly. Did a little less heat recovery than expected, are finding savings in other measures, we are doing well. It's a growth program.

Jeff: Regarding homes- to what extent are you dealing with an inventory of fuel conversions? Seems there was a lot of this in the 1990s. Fred: We factor it in as best as we know. Think we are getting around 9 percent of the weatherization resource potential per year in our programs. We're doing a regional building survey to get a better idea of the remaining potential and learn how much weatherization has already been done in the housing stock. We'll know results in a year or two. Most homes have some insulation but there's a lot of floor and attic, plus duct sealing, left to do. We are mostly out of the furnace market, though we are claiming market transformation savings. We are a few years from a federal standard on furnaces.

Caddy: For the base load survey, can you differentiate from urban and rural? Fred: To a limited degree. We are monitoring the furnace market to make sure that most of the units being sold are efficient. The Federal tax credit just decreased from a maximum of $1500 to a maximum of $500. Once the market volatility in response to this change settles down, we'll go out to suppliers to ask again to see what the efficient share of sales is.

Bob R: Can you build off any community action agency data to help the low-income sector, either renter or homeowner? Fred: We try to work with, complement low-income agencies, through multifamily retrofit and mobile home duct repair. They have their own SB 1149 funding and gas company funding. With ARRA, that funding has been fairly flush. We coordinate cross-referrals. Their business model is different than ours in that they go deep and pay the full cost of improvements as well as some repairs. Bob: Do you build off the energy assistance programs? Peter W: We're working on those relationships and it's an incomplete picture. Bill Edmonds: NW Natural also runs our own low-income program, which often connects with bill assistance and low-income agencies. Fred: We also do work with low-income new construction.

Jason: Deep retrofits as a means to an end. Are you still trying to determine whether this is a niche tool or a scalable tool? Fred: The question is how big the niche is. This helps determine how Clean Energy Works Oregon will administer this type of financing that appeals to two out of three people. Elaine Prause went to a national conference on financing; there are 50 financing programs out there of which this is one. We are ahead of most in terms of getting customers enrolled. Examining this approach will take two years at least. Margie: The financing system provided by Clean Energy Works is more favorable than other tools with the ability to borrow more for a longer term.

Debbie K: What do we do if this is viewed as a panacea but it's not cost effective? Does it turn into the Hood River example? If the costs are high, will it threaten the industry? Fred: Clarifying that we do not run Clean Energy Works Oregon. We provide incentives, marketing, and technical assistance similar to our own programs. CEWO is a separate Federally funded nonprofit. Margie is on the board of Clean Energy Works Oregon and we collaborate and it is not a centerpiece of our program strategy. Different customers want different things.

Bill Edmonds: Acknowledging challenges of getting equipment installed but another challenge is making the equipment available on the market. Can you talk more about this? Fred: We are a part of the Consortium for Energy Efficiency, a national consortium of program delivery entities.

They are the ones who set the standard for high-performance equipment, such as ballasts. Through their coordination, we were part of a group integral to pushing that standard and as a result, we can book savings from the standard because of our efforts. We are working with manufacturers directly through CEE to make condensing rooftop boilers for commercial buildings available. Biggest gas end uses: furnaces, water heaters (just getting the new technology; helping move it via a stocking incentive to distributors) and rooftop heating (not yet available in the market).The gas utilities have developed a cadre of furnace installers who also install water heaters. These will be useful as early adopters of the new efficient gas water heating technology. .

Electric efficiency programs outlook – Fred Gordon

Electric efficiency programs face challenges we have previously discussed:

- Future of tax credits in Oregon and federal (federal was cut by a third this year form many household efficiency measures)
- Lower forecasted avoided costs may make fewer efficiency measures cost effective
- Limitations on funding for customers greater than 1 aMW (limited to SB 1149, SB 838 does not includes these customers)
- Marketing to less engaged customers, getting deeper savings

On the positive side, recovering economy likely to increase efficiency opportunities.

Showed a graph of electric savings achieved after true-up 2011 compared to stretch, conservative and strategic plan goals. Not meeting all of our stretch goals, and this may be due more to our forecasting abilities and supply curves. Large decrease in 2009 savings (NEEA) and a leap in 2010 (moved a lot of equipment), resulted in a successful year. In 2010 we were back on the strategic plan track. The question is can we sustain this?

John S: Relationship between the three goals (PUC performance measures, utility IRP, board goals)? Fred: For intent, the IRP and board goals are the same. Now we are syncing everything up, a few years ago we had 34 different goals.

2010 electric savings by program: Savings largely from Production Efficiency and Existing Buildings. NEEA is a smaller piece partly because a lot of their savings are from CFLs, right now they are the cheapest thing and there's not much more available. That's because we assume that markets would be purchasing a lot by now regardless of our efforts.

Current measures that will drop out of our portfolio

- Items headed for codes and standards: Industrial, HVAC, refrigeration, multifamily, and a range of other measures that are not immediately effected by standards Together these measures deliver two thirds of our savings. About one third of what we get may leave our programs, and, we can capture only some of that toward our

goals through market transformation. This is success! And, it does leave our programs with the question of "what's next?"

- Measures that will drop out are largely low-cost measures, with the exception of New Homes and a couple of other measures. The opportunities for additional savings are each small, measures and many are complicated, loads are smaller. If new construction picks up, it might add 1 aMW for commercial, 1 aMW for residential - we don't have precise numbers but it will have a small impact on the overall picture. This does not assume we can get net zero buildings and it will take a while to get them in any quantity.

New electric measures that might come in (see chart in presentation)

- Estimated gap of 13-16 MW to fill with measures that are dropping out.
- *Offered now, getting started*: We know these measures are technically available and we have started marketing them or are getting started. 3.2 aMW/year at about $0.03/kWh. Many forms of market transformation are already assumed as part of our forecast of NEEA savings, and do not appear here as "additional savings."
- *Technically ready, thorny sales issues*: 1 aMW at $0.04 to $0.05/kWh. These all exhibit serious difficulties in terms of technical delivery or marketing that we haven't solved yet.
- *Maybe ready in 1-3 years:* 7-10 aMW at $0.05/kWh
- *Possible in 5 years*: 5 aMW (or not); speculative cost
- Overall, savings available is not entirely certain. We don't know which of these measures, after the first 3.2 aMW, will work out. It is pretty certain that the costs will increase to acquire the savings, as more expensive measures enter the mix. In 2013, our projected goal is to acquire 56 aMW (10 aMW more than what we achieved in 2010). Looking forward, we expect to lose 13 aMW of measures, replaced by only 3 aMW of high-confidence measures. Market transformation may reduce gap by 4-5 aMW. That means we expect a gap of about 4-10 aMW in 2013.
- Options to close the gap
  - Accelerate new technologies and delivery approaches: Focus first on opportunities that are certain, but we will need to do much more.
  - Create technology action plan: Identify technologies that are critical and not being addressed elsewhere. Identify Energy Trust's role. Designate a lead. Reconsider resources as necessary.
  - Behavioral approaches: A lot of techniques and experiments and not a lot of data and evaluation. Julie H: Was the Corvallis Energy Challenge a good approach?

Peter: It was great from a community building point of view. We invested more to get the savings from installed measures. We are working to confirm whether some behavioral savings resulted in addition to these measures. Without a highly structured approach to quantifying specific behavioral savings, it's difficult to measure these results.

- Invest in market evaluation to prove market transformation, determining our influence in standards and codes. Debbie K. supports this approach and says we need more.
- Other opportunities to augment savings, with medium confidence: Industrial measures; new residential and commercial construction growth and marketing (need to figure out how to increase program volume and get additional savings beyond codes); book market transformation savings from new codes and standards (clothes washers).

Discussion

Roger: What about white roofs, green roofs. Fred: White roofs are not viable for most buildings in our climate because you have to heat more in the winter (than in California or other climates). Green roofs have very modest energy savings in relation to their costs and are done largely for other reasons. We are working with organizations similar to us on non-energy benefits, and we discuss how much effort to expend with organizations that are non-energy oriented and do visionary things.

John S: Of the gap, how much is NEEA work and how much is Energy Trust work? Fred: We are pushing much to NEEA but a lot is joint work- they may build the infrastructure, but if it involves delivering equipment and incentives to buildings, it's through us and our peers throughout the region. John S: Are NEEA's action items the same as we are seeing here? Fred: Yes, minus the gas as they don't serve the gas market. Energy Trust plays a modest role on the electric side in developing new technologies. Our staffing and funding are limited in this area and we rely on NEEA to lead where possible.

John S: Still need clarity on your approach to making up the gap. Another approach would be to adjust your target downward to what's actually cost effective and achievable. The fact that you're not incenting programs because of transformation is a success. Fred: With respect to how we set our targets, they are both aspirational and based on supply curves. To meet our targets, we need to move up the supply curve. If we don't find new technologies and learn how to reach difficult markets faster, we're going to get less efficiency. You're right; saturation of a market is a win. The question is where we are going to get the savings in 2013. John S: This seems to be a broader question than Energy Trust can answer. Is it a regional question? Margie: It's not just new technology. John S: What's the gap approach? Margie: We have been enjoying savings from known technologies and there is a coalescence of market transformation, codes and standards happening all at the same time. The gap is more starkly visible than it has been in the past. Add to this that we have to replace known measures with those that are not

yet known or proven. That will require more managed risks and investments and diversity to see what works. John S: The larger insight is what the transition is. Fred: And expect the costs to go up.

Jason: What happens to the rest of the portfolio as you spend more to get the missing 10 aMW? Fred: If we want to continue building volume, average costs will go up significantly. Right now we are at a quarter of the cost of generation, in a few years it will go to 1/3, and then half. Julie H: It sounds like we're going from low-hanging fruit to the harder to acquire—I'm seeing that we need to put on our overalls and go to work. Wonder if we need to work more on the behavioral side of savings, getting the "to do" list to be checked off sooner. Fred: Agree there is a lot of work for greater uptake.

Group brainstorm on electric and gas efficiency presentations:

Of everything you just heard, what excited you the most?

Rick/Julie H/Bob/John S: Trade allies can help with the thorny savings

John R/Debbie/Jeff: Behavioral opportunities

Jason/Rick/Roger: The challenge we have here is the product of our success. We helped move markets and codes. We shouldn't forget that. This opens new opportunities and horizons.

Julie B/Caddy/John K: Technology action plan. Moving up the cost ladder because of what we accomplished.

Of everything you just heard, what concerned you the most?

Julie B/Caddy/John K: Are our targets correct considering what we are seeing in the market? Didn't really discuss implications of the Business Energy Tax Credits or Residential Energy Tax Credits. Do we have the right goal?

Jason/Rick/Roger: Electric-side, transitioning from traditional weatherization to new areas that have significant risks, less certain technologies and timelines. How do we take credit for moving markets? Still struggling with the math of increasing costs.

John R/Debbie/Jeff: Squeeze between cost-effectiveness on gas (gas costs lower) but savings costs increasing on electric side. Backlash potential as we enter a time of costs going up.

Rick/Julie H/Bob/John S: Business Energy Tax Credit and Residential Energy Tax Credit impacts and what we do moving forward. How the analysis was done, which was primarily done on technologies versus markets (one opportunity is foreclosed homes).

What additional questions do you have in hopes we can answer them today, or get you the answers at a later date?

All board members: State energy tax credits.

Fred: We can provide some idea of the impacts of state tax credits on the programs. The chart projecting impacts if there is no or little Business Energy Tax Credit or Residential Energy Tax Credit was shown. Renewable Energy: impact is high (will reduce aMW); Existing Buildings, high; Existing Multifamily, high; Industrial, high; New Buildings, moderate; New Homes, impacts advanced homes only; Products, uncertain; home lighting, none; Existing Homes, home retrofit, modest, only selected measures (duct sealing, solar water heat)

If the tax credits go away, $35-$42 million that has matched our incentives will not be available. Currently, we are unable to quantify how many people would not participate without state energy tax credits.

Bob: The uncertainty around the credits is a budget issue, not a technology issue.

Fred: Presentations do not include this potential issue. Margie: It is a double effect; costs are increasing and if there is no tax credit, costs will increase even more. Fred: We need to go after new markets anyway. We're going to have to get smarter at marketing and outreach just to keep pace. We have addressed the most willing consumers, or will have done so soon. We will need better marketing to reach more and different people and to go deeper just to keep volume steady in addition to considering the other issues. The tax credits and the technology gap present additional problems that must be solved. We know we need marketing to fill our marketing gap; how do we fill the measure gap? Market transformation is important, but there's always going to be retrofit available for savings, because the market moves gradually.

Break at 11:45 a.m. Retreat resumed at 12:18 p.m.

Energy Trust and Oregon's clean energy agenda – Scott Nelson

Scott Nelson is Governor Kitzhaber's advisor on jobs and economic development and helping lead the anticipated preparation of the Governor's 10-year energy plan. Early this term, the Governor gave 2-3 major addresses on energy. Scott will stick to the majority of that messaging and looks forward to a more informal presentation and discussion with the board.

Between January-March 2010, during the gubernatorial campaign, an action plan around energy was developed, which led with "efficiency first". There's no such thing as too much efficiency, and the side benefits, starting with jobs, make efficiency the "fatted calf". President Bill Clinton's speeches continually promote efficiency as a job creator.

Development has just begun on the Governor's 10-year plan: we started with an internal document prioritizing efficiency, renewable energy, transportation and governance. Assuming these goals are valid, are we headed in a direction to get there? And governance may be a solution to streamline the myriad agencies involved. Where is the governance structure? Who is the authority? The plan will take both a state and regional approach. We are working on a vision statement. First thing is "don't do what's already being done", use what we have to help determine our direction—make a catalog of what's happening in the market. External engagement will occur in a few months and ideally we will have a semblance of a 10-year plan

by fall 2011. Energy Trust will of course be intimately involved. Again, guiding principles are efficiency first and don't reinvent the wheel.

Discussion

Roger: California set a high bar with their 33 percent RPS. Will this energy plan incorporate this ambition? Scott: Governor aims to be as ambitious as possible with renewable energy generation. We have a relatively ambitious plan already and the first priority is to protect that. Roger: And there's a nexus between an RPS and rural economic development. Scott: Yes, exactly.

John R: I can understand efficiency first; at the moment, efficiency is 90 percent of our budget and renewables 10 percent. But there's a difference between "first" and "only" and I'm concerned I don't see renewable energy represented at all. We currently have a 25 percent by 2025 RPS, at the time it was passed it looked ambitious, but now it doesn't look as ambitious. The 10-year plan only gets us to 2021; what will the state do to help push this renewable energy standard, especially as Energy Trust can only invest in smaller scale systems. Scott: To be aggressive in a targeted way and use financial incentives to build. Renewables are being contemplated in the plan.

Debbie: What is your take with where things are on the state energy tax credits now and for the next biennium? Scott: The best answer is we don't know; in other words, I can't talk about the specifics. The Governor's goal is to do everything we can to make sure we are on a gentle downward path in terms of money available. We don't want to build infrastructure around tools that go away. It is not lost on the Governor that economic developments in the past years are partially due to the tax credit programs.

Dan: What is the view on moving upstream and incentivizing R&D in Oregon or our region? Scott: We are pursuing the theory of economic development that makes Oregon's economy more resilient by making sure what we're interested in has a base in our state, and can be deployed here as well as worldwide (China, India). In a fiscally-conscious time like this, we're going to take small steps. We did our best to keep funds in the Oregon Innovation Council, as they support Oregon BEST, our main arm for R&D. In addition, the Governor is talking about a 3-state collaborative around energy efficiency. We believe we need a financing mechanism for the built environment to keep Oregon at the forefront.

John S: Can you lay out the steps for your biomass initiative? Also, more about your regional collaborative and if we should broaden NEEA to the inland Western states. Scott: The initial collaborative will be Washington and California. John S: There is a lot of interest from the inland Western states and utilities in participating. Scott: NEEA will be a critical communication channel. On biomass, we want to secure money for the forest collaborative. Having a biomass industry is directly related to merchantable timber being accessed in the right ways on public lands. Also, need incentives for thermal biomass in institutions. There is also the possibility of keeping the door open with Boardman.

Jason: Over the last few years, a system has emerged between utilities, governments, Energy Trust and consumers. In your planning process, is there a stage where we all sit down and look at our roles? Scott: This clearly has to happen, though the schedule hasn't been set yet. We do need to bring private capital to the table for deep retrofits.

Rick: Will you consider an alternative target for renewables, and what do you anticipate to be the toughest piece of the 10-year plan? Scott: Every piece will be difficult; we have a 20th century system that must be moved to satisfy our emerging, new needs in the 21st century. Considering the RPS, we're not going to move backwards on it.

Julie B: Where is the angst coming from in terms of modifying the RPS? Scott: Just like anything else, when the game starts to shift, everyone wants their out. Julie B: On innovation, and Oregon BEST is critical on the innovation front, what is the role universities play and the sense that private businesses have that Oregon doesn't lead the nation in innovation? Scott: The material is there, we just need to start marketing our state. And we're doing our best to keep the Oregon Innovation Council funded.

Jason: Energy Trust runs into the same issue of telling the story of what we bring to Oregon. Energy Trust was really an innovative idea 10 years ago and we've exceeded expectations.

Rick: Energy Trust was borne out of a Governor's working group in 1996. The public purpose fund is real money going to real megawatts and real jobs.

Caddy: Do you see the Governor appointing an energy advisor? Scott: Yes and the when is unknown. The advisor's role will depend on the person. We are just time-constrained right now, and hiring is slow. We have many staff with backgrounds in energy and we can rely on that until the advisor is hired.

Jeff: What will the broader objectives be for the plan? Scott: The idea is there needs to be a broader view of our landscape from siting and permitting to statewide mandates.

Recap on efficiency – all

Jason: Given our gap analysis for electric and other challenges, coupled with the uncertainty around tax credits, do we need to reanalyze our strategic plan and aMW goals? Fred: We work within a different landscape where we are tied to utility IRPs . We are in conversations with those utilities on whether the IRP goals should be less and we haven't started the conversation around altering the strategic plan goals. It looks like we will be recommending adjusting our goals down slightly. Margie: This is a two-step process and we are doing the first, engaging with the board around these issues. The second is the outcomes from the legislature. In tandem, we are looking at how our OPUC performance metrics are set.

Debbie: It might be premature to look into altering strategic goals, which are on a five-year horizon since we are in the first year of our plan. Plus, working with the IRP goals seems like the first strategy. Fred: At some point, many of the tax credits won't be available. The question now

is do we risk achieving less savings or do we ask for more revenue (to keep pace with IRP and potential)? Or is it a combination of both? One benefit is we are surrounded by states that don't have tax credits and we can look there to see what motivates people.

John S: What are loads doing, which Energy Trust should see via revenues they are receiving. Margie: We receive revenues based on quarterly utility forecasts and we lack month-to-month data on loads. We do inquire and receive anecdotal information from utilities on market changes they observe and experience.

Renewable energy programs – Elaine Prause

Renewables are also seeing challenges going forward and it's all about how we will remain effective with a constrained budget.

Both PGE and Pacific Power are on track to meet their RPS targets and don't see a need for significant additional investment until 2018. In addition, their voluntary green power programs are in the top three in terms of participants. Also, Energy Trust is limited to investing in smaller scale systems, under 20 MW. Lastly, the RPS legislation initiated a community goal of meeting 8 percent of RPS with smaller scale systems.

Smaller projects require more handholding and time than larger projects: we're working with less experienced project owners, less developed delivery markets, business decisions rely heavily on other incentives (tax credits, grants) and they are moving targets. Local community and system benefits increase because the resource is closer to the grid yet these benefits are not quantified. Energy Trust's role is primarily to fill knowledge and funding gaps. This is unique to Energy Trust and involves upstream support and reducing early development barriers. Half of Energy Trust's renewable energy budget goes to standard solar, with projects typically less than 3 MW (projects greater than 5 MW would go beyond our budget). We have a mix of public and private projects and only 1 of 10 non-solar projects are actually completed (while 90-95 percent of solar projects are completed). The Renewables Sector has 2 approaches to serving the industry: standard solar and other (custom) renewable.

Energy Trust installed generation pie chart: Biopower 54 percent, hydro 20 percent, solar photovoltaic 25 percent, small wind less than 1 percent and geothermal 1 percent. Even though it is over half of our installed generation, the number of biopower projects contributing is greatly smaller (a handful) compared to over 2,700 solar projects.

Program drivers slide

In 2010, we thought we would be at 108 aMW (strategic plan); in actuality we are at 103 aMW. We did meet our OPUC metric of a minimum of 3 aMW of generation on a 3-year rolling average. (The biggest factor in project delays and cancellations has been the uncertainty surrounding state energy tax credits.)

Market goals for each technology. We are working to clearly define what we can impact in the market over the next five years.

Trends in renewable energy program influences: What we see is growing demand combined with uncertainty around the Business Energy Tax Credit and federal support. This will result in depleting our carryover funds as the pipeline fills up. Today, there is no carryover left for Pacific Power and the PGE carryover fund is being brought down by about $2 million per year. This means less program flexibility. We are left with choices. Do we think we can meet our goals while supporting all technologies, expanding markets, leveraging other funds and bringing early stage development assistance to projects. With input from the Renewable Energy Advisory Council, our course of action is to focus on early stage development. Other options on the table were “narrowing focus to two technologies”, “maximizing aMW generated”, or supporting “onsite generation only” while “business as usual” was not really considered an option.

John S: I see your role as mining market opportunities, How is this role different from what you have done so far? Peter: We have expanded into dairy digesters and a nonstandard wastewater treatment plant. And beyond standard solar, our influence is just an incentive at the end of a project. We look at each technology differently and focus on where our assistance is most needed. Elaine: And we are looking to do more by shifting where our assistance is most needed – different for different technologies. Peter: And by being more explicit about what we are doing. Currently, we are more upstream, making that more engrained in our program delivery and taking it further, into construction loans.

We’ll continue to support a full range of renewable technologies, and we’ll shift more of our funding into early development support. We’d still have custom project incentives and with a growing pipeline, we are discussing ways to deploy a competitive RFP strategy or other tools to disburse custom project incentives. This will result in less generation coming on line and a need to revise our performance targets. Standard incentives (solar and small wind) will continue. In the end, our focus is bringing better projects to the market.

Pros: Plays to our strengths, fills a market need, a good match to our scale of funding, results in better projects, supports a range of resources

Cons: Requires tight balancing of limited funds, downward pressure on solar budget, greater reliance on other incentives (grants, tax credits)

Setting progress goals in the face of expected decreased generation. Prefer doing baseline market assessments, determining what we can impact and then setting goals and action plans based on that. The progress goals would be a mix of quantitative and qualitative.

Jason: What you are proposing is difficult. We would move from a progress metric that is obvious and easy to something that appears to be based on subjective criteria. How will we identify, get consensus on and then meet such a goal? This will be a hard exercise. Would recommend using caution on Energy Trust’s side and leniency on the OPUC side. In addition,

you'll need to manage public perception and understanding. How do you measure and then talk about quantitative goals?

Roger: The important part of our renewables program is that it is a visible technology, where efficiency is not. That makes me conclude that qualitative goals are more important than quantitative. We want people to see these projects.

John S: I think in terms of progress in certain technology markets. What is success when you go after irrigators, when you go after biomass, etc? We can talk about year to year installations but does that mean success? I think you're in the right area on your thinking. I think more in terms of your "dairy initiative" than "small wind". What is success in each technology application?

Julie H: Benefits of Energy Trust is we can be more strategically placed, and go to where we are truly needed.

Dan: Suggest taking more risk and innovation around installing small wind. Enhance acceptance of the technology.

Risks and challenges

Tight balancing act

- Tension between supporting solar projects vs. custom projects, especially in Pacific Power territory
- Choices between supporting one technology vs. another, which we haven't really had to do yet
- Competition for pool of custom incentive funds

Solar may be further constrained due to growing demand and a desire for balance among technologies

John R: Haven't prices/watt of solar been going down? Doesn't this mean an improved system as above-market costs would also go down? Elaine: Prices have been declining but in the short term, remain higher than other technologies and need subsidies. Reaching grid parity is the goal.

Potential state and federal support eliminated

Elaine showed a slide of how much above-market costs would increase if there was no Business Energy Tax Credit, and on average, the above-market costs would increase three-fold.

Majority of projects are 10 MW and less. Could be a community wind project between 10 and 20 MW, or maybe geothermal or biopower.

If state energy tax credit incentives are eliminated, we will need to fundamentally shift our programs and will bring options back to the board.

Bob Repine left the retreat

Group brainstorm on renewable energy presentation:

Of everything you just heard, what excited you the most?

Dan E/Julie H: Rural wind. Siting supply close to need.

John R/Debbie/Jeff: Renewables specific market goals (pp 5 of the PowerPoint handout). Not doing a "one size fits all" approach.

Jason/Rick/Roger: Reinventing role in smaller renewables; get to target needs and maximize value

Julie B/Caddy/John K.: New technology and market transformation

Of everything you just heard, what concerned you the most?

Dan E/Julie H: Concerned we're looking at older data. Want to see costs over time and how costs/kWh have changed in the last five or so years and tell us what the drivers are for each technology.

John R/Debbie/Jeff: Easy to imagine solar and wind, when we hear there are only 10 irrigation districts, that sounds limiting. What are the potentials for all technologies, and what percentage have we done already?

Jason/Rick/Roger: Seems the direction we want to go is a direct flip of our original purpose and how we have established ourselves. Also, how many different expectations will there be across technologies and across regions. How will you redefine your fundamental purpose and role?

Julie B/Caddy/John K.: Business Energy Tax Credit and Residential Energy Tax Credit

What additional questions do you have in hopes we can answer them today, or get you the answers at a later date?

Debbie: On risks and challenges chart, sounds like you want to be more selective of the projects we support? Peter: Yes, as funds become limited, we'll have to narrow how many, and what, projects we support. Julie H: The opportunity is to take the market opportunities for each program, make a check list on how to get there and use that to help you measure. This also brings visibility, transparency to your decisions.

Julie B: Are we still operating on the best policy? And are we comfortable with the answer? The world has changed significantly since 1149 was drafted. Peter: Are you asking us to develop a policy statement as to why we do renewables? Julie: If we could reinvent the section of this law

to make it easier for you to make investment decisions that would be more valuable to our customers, would you? Are you constrained by the current law? Jason: For example, most RPS policies have an overall target and sub goals - carve outs such as the community energy goal. In Oregon, we decided not to have carve-outs and instead have Energy Trust focus on smaller-scale projects. Peter: This is where I would pull it back and ask the utilities if they would rewrite anything to meet distributed generation goals. The danger is you get into policy turf. Margie: I don't feel constrained by the current legislation. I see this as more about working within those assumptions and costs while also evaluating and measuring our success differently given we now have an RPS. The projects we are focused on need more handholding and the focus is more on transforming markets. On the efficiency side, the smart grid and EVs also weren't on the table when the legislation was written.

Rick: It would be useful in the next few months to pull together a strategic plan committee and have a conversation about what we think this all means (tax credits, challenges presented here on both efficiency and renewables) in the context of our strategic plan's relevance.

Debbie: What percentage of load is the voluntary green power programs from PGE, Pacific Power and NW Natural? [Staff will send the board the recent NREL press release on this topic.]

Dan: Why do 9 out of 10 projects fall out? Is this where we can take learning opportunities so we don't see the same projects coming through that don't meet expectations. Could a press release be sent out on projects that got funding and why they got funding?

Rick: The challenges we are facing will be faced by all the key actors in this industry.

Staff would like to come back to the board on recasting goals by technology. Will also bring price/watt information. Peter appreciates the concerns around the non-quantifiable goals.

Energy Trust and consulting – Margie Harris

John S left the retreat.

Energy Trust is often approached by other entities interested in how we do what we do. Especially interested in our third-party model and how we set up, deliver, monitor and QC our programs, how we set up our IT systems and how we track projects. This interest has grown each year. We have meetings with people from China, India, Australia and Guam. We don't charge for this. We try to keep it very low cost and to minimize impact on our time.

This is a question for the board: Should we keep it the way it is or explore this market, identify the potential products and offer such services for a fee? We would want to know potential customers, other companies to leverage vs. compete with and if such a market seems viable, develop a strategy to reach it. There are benefits to such exchanges and we always learn something via information exchange with others. At a minimum, we could "tip toe" into the consulting waters to package our existing products in such a way that we save time and recover our costs. We would also need an independent non-ratepayer source of funding to support the

initial market analysis. Whatever we pursued, we would have to remain focused on our core mission. Does the board believe staff should investigate by pursuing independent funding to explore this consulting option?

Rick: This is a good question and potential opportunity. How would the OPUC view this? Margie: We don't know, and we would consult with the OPUC depending on what the board says today. In preliminary discussion prior to this meeting, John S. did want to make sure we stayed true to our core mission as we did when we moved into southwest Washington for NW Natural programs there.

Roger: Want this to be consistent with our core mission. Would you use ratepayer dollars? This does force you to know more about the market and our place in it. And we would have to grow our resources to offer this type of service.

Julie H: Have requests escalated? Why this question now? Margie: This has escalated for me, and perhaps for others in the organization. (Staff affirmed.) We don't accept a lot of requests because of the time constraint. The question: is it worth our while to invest in a study to evaluate this potential opportunity? Julie: Would the service have a limited shelf life as these practices get more attention and become more known. Could you offer a handful of seminars, provide a manual and distribute those materials? We should share the information but given our current structure, is there another way?

Dan: Has experience that organizations that move into consulting find it to be more difficult than expected. Suggests offering the information in levels: free and on up to a steep price.

Jeff: It's valuable to have the interaction, two-way flow of information. But these types of inquiries will go away if you charge for them. Margie: Do you want to explore how deep that market is, and what it will look like if we start charging for these services? We need an assessment of who is the customer, what are they interested in and if/what are they willing to pay. We are not at a position to recommend anything one way or the other right now.

Jason: You're asking should you explore the idea and can you pull it off, but we're to answer just the first question now. There is a value to this and value to elements of society learning about our experiences. Concerns include making sure ratepayers take no risk for it (don't pay for it), how do you support it so staff isn't working between the two. It's a benefit both to Energy Trust and the ratepayers, as well as those interested in this model, to explore the option.

Julie B: Would be interested in knowing how much time you currently spend on this. Which isn't worrisome unless staff time is severely hampered. Do we need to evaluate this or can we stay the course? I like the idea of offering a seminar-style approach. Julie noted that writing funding proposals is also time intensive.

John R: In favor of Energy Trust looking into this. The opportunity is great. For example, we have a gap between the TVA and the BPA. And we are set up to receive donations from other sources and don't think it will take a huge revision of our charter.

Roger: It's seems natural to respond to inquiries into how we operate, especially with the interest in reducing greenhouse gas emissions.

Julie H: This would be a positive way to continue to promote what's happening in our state. And if we go to a seminar format, you can limit how many you do and the time invested.

Debbie: No objections if we got a grant to explore our options and to figure out if people would pay for it. Still concerned about pursuing the grant and the time needed. In addition, would want OPUC feedback before moving forward with any of the options.

Caddy: Also interested in pursuing the evaluation. Also agree to the seminar, conference model and charging people to come here.

John K: Support the exchange of information. Supportive of looking more closely at it, and see it as a societal obligation.

Group recap: Margie looking for a nod of approval from the board to pursue a study of the market for Energy Trust consulting, look for grants to fund the study, estimate how much time it would take to apply for the funds, and to get feedback from the OPUC first.

Julie B: Can we make this simpler? Is there an appropriate amount of time for our leader to travel and share experiences? I don't know if we need to add a consulting side to our work.

Margie: There's a range of interest, from those wanting information, wanting the seminar style to those wanting someone by their side as they get set up (Nova Scotia). We need an assessment to see what people would buy and who would buy it. The idea being those inquiring for our services would work with staff, not just me, because I answer only one tier (executive). Oftentimes it's the mechanics others want to know. In addition, we are a relatively flat organization and this would offer an opportunity to expand staff skill sets.

Jeff: What is the ultimate goal? Make money? Save staff time? Spread the message and methods? How do we meet the goal most effectively?

Rick: Where do the calls go now?

Margie: There are a variety of calls. For me, they often happen when I'm out and about. Also calls come in when legislation is developing in other places. People are specifically interested in the third-party model, and there aren't a lot of third parties like us (beyond Vermont, Wisconsin, Maine, Nova Scotia and Michigan). Requests come in to me, Amber, Fred, others.

John K: Could you have an intern style set-up, where they come in and learn?

John R: For example, we produced a resource that is being used nationwide that we don't earn any money from, our hydro permitting guide.

Margie: I'm interested in recouping our costs and sharing our knowledge in a more efficient way. As well as to learn other's techniques and methods. The vision is it wouldn't become a large consulting arm. It's a basic way of recovering our costs, packaging our information and helping others in a systematic way.

Jason: We should move forward but there is the concern that if they only want to talk to key people, we could lose a management level staff member for long enough time periods that we become compromised.

Rick: Do we actually learn from these experiences?

Margie: Yes, I learn more about us and I learn about the motivators, targets and markets others have. We hear objective comments and feedback from others that help us strengthen our strategies and approach.

Julie H: Originally thought you were asking to disseminate information, not going out to do actual consulting work. Caution that you then are serving two masters. Julie B. thought this as well. And could you look at human resource options, such as sabbaticals. Anxious about how ratepayers will be impacted and what they would say.

Margie: Hear from most board members to take this to the next step and explore an assessment. Talk to the OPUC first. Write a scoping paper on the goal this strategy would meet while minimizing time spent and come back to the board.

Summary and closing – Retreat adjourned at 4:01 p.m.

John R. The next few months will be very interesting; we need to be creative in working on our gaps. Feel this should have been scheduled a month later so we know more about the tax credits.

Margie: Acknowledgement to staff for preparations, to Nancy for logistics, and to Nick for facilitation.

_____

Caddy McKeown, Secretary