Board Decision
Amending Board Program Approval Policy

September 19, 2012

Summary

Clarify that the board policy on program approval allows staff to shift funds among program budgets within a given sector, including renewable energy.

Background

- Before December 2008, the board policy on program approval did not allow staff to move budgeted funds from one program to another without board approval.
- In December 2008, the board changed the policy to allow staff to shift funds among program budgets within a given sector. However, the policy appears inadvertently to have defined "sector" as energy efficiency program sectors even though the minutes of the December 2008 board meeting suggest that renewable programs were meant to be included in the policy change.

Discussion

- Staff proposes to amend policy to include "renewable energy" as a program sector, thereby allowing staff to shift funds between programs in the renewable energy sector.
- The policy committee reviewed this change at its September 4, 2012 meeting and approved it.

Recommendation

Adopt changes to the Energy Trust policy on program approval, by adopting Resolution 646.

RESOLUTION 646

AMENDING BOARD PROGRAM APPROVAL POLICY

WHEREAS:

1. **Before December 2008, the board policy on program approval did not allow staff to move budgeted funds from one program to another without board approval.**
2. **In December 2008, the board changed the policy to allow staff to shift funds among program budgets within a given sector. However, the policy inadvertently defined "sector" to include only energy efficiency program sectors, whereas the board intends the renewable sector also to be included in this policy**

It is therefore RESOLVED:

1. **The board policy on program approval is amended to clarify that staff may shift funds between programs in the renewable energy sector, as shown in the attached.**

Moved by: Seconded by:

Vote: In favor: Abstained:

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

4.22.000-P Program Approval Process

History			
Source	**Date**	**Action/Notes**	**Next Review Date**
Board Decision	February 16, 2005	Approved (R319)	February 2008
Policy Committee	April 15, 2008	No changes	April 2011
Board Decision	December 19, 2008	Amended (R498)	December 2011
Board Decision	March 7, 2012	Amended (R620)	March 2014

Purpose:

1. Historically, the Board has approved programs in resolutions that specify projected energy savings and cost/aMW and estimated budget allocations for such items as incentives, marketing, administration and evaluation. Specific terms of program management have typically been addressed in separate resolutions authorizing program management contracts.
2. Experience has shown that if staff and contractors adhere to the original terms and conditions identified in Board resolutions authorizing programs, the programs may lose momentum while staff seeks approval to change program delivery, and considerable Board and staff time are consumed in complex and confusing adjustments.
3. Energy Trust has enough experience with these programs to warrant revising this process to make it more efficient.

It is therefore RESOLVED:

1. The Energy Trust of Oregon, Inc., Board of Directors hereby authorizes all existing programs to:
   a. Operate under a not-to-exceed budget cap established by the Board in the annual budget approval process or by special resolution; staff is authorized to manage the program within this budget until the next annual budget review; staff may move budgeted funds from one program to another within the same program sector (residential, commercial, ~~and~~ industrial and renewable energy) without board approval.
   b. Be managed to achieve a stretch energy savings and cost/aMW goal, recognizing that actual performance may achieve only a more conservative level below which the program would be reevaluated.

2. The Board will continue to review and approve program management contract terms.

3. Staff will provide the Board with quarterly status reports based on energy savings by program and sector (not individual contract). Reports would identify issues regarding program performance, such as:
   a. a program's long-term cost-effectiveness is trending in a negative direction, and/or the program is not expected to be cost-effective once it hits steady-state.
   b. the program is not expected to achieve significant savings over its life.
   c. a quarterly report shows that a program is trending below the conservative goal, the Board may call for an action plan to address the short-fall.

4. Staff will provide an update to the board on any movement of funds from one program to another at the next board meeting following such movement.

5. The Board retains discretion to modify or discontinue a program if it is not meeting expectations.

6. The Board will use the budget and action plan process to review, modify and adjust program goals and budget caps.