

Board Meeting Minutes—155th Meeting

December 15, 2017

Board members present: Ken Canon, Melissa Cribbins, Roger Hamilton, Lindsey Hardy, Mark Kendall, Debbie Kitchin, Alan Meyer, John Reynolds, Eddie Sherman, Janine Benner (Oregon Department of Energy special advisor), Steve Bloom (Oregon Public Utility Commission ex officio)

Board members absent: Susan Brodahl, Dan Enloe, Anne Root

Staff attending: Gwen Barrow, Kathleen Belkhatay, Scott Clark, Amber Cole, Michael Colgrove, Hannah Cruz, Phil Degens, Juliett Eck, Becky Engle, Sue Fletcher, Fred Gordon, Jed Jorgensen, Susan Jowaiszas, Betsy Kauffman, Corey Kehoe, Judge Kemp, Steve Lacey, Dave Moldal, Alex Novie, Amanda Potter, Lizzie Rubado, Dan Rubado, Thad Roth, Amanda Sales, Kenji Spielman, Cameron Starr, Greg Stokes, Julianne Thacher, Jay Ward, Peter West, Whitney Winsor, Lily Xu

Others attending: Jan Bomen, Emertec; John Charles, Cascade Policy Institute; Carol Dillin, Portland General Electric; Margie Harris; Rick Hodges, NW Natural; Bob Stull, Ecova; Maria Pope, PGE; Dave Rebets, PGE; Anne Snyder-Grassman, PGE

Business Meeting

Debbie Kitchin called the meeting to order at 10:35 a.m. She reminded the board that consent agenda items can be changed to regular agenda items at any time.

There was a change to the agenda. The president's report was moved to after lunch.

General Public Comments

The president may defer specific public comment to the appropriate agenda topic.

There were no public comments.

Consent Agenda

The consent agenda may be approved by a single motion, second and vote of the board. Any item on the consent agenda will be moved to the regular agenda upon the request from any member of the board.

MOTION: Approve consent agenda

Consent agenda includes:

1. November 8, 2017 Board meeting minutes
2. Amend and Extend Creative Services Contract with Coates Kokes—R824
3. Authorize a Contract with Affiliated Media for Advertising Costs—R825
4. Annual Determination Regarding REC Registration Requirements Resolution—R826

Moved by: John Reynolds

Seconded by: Mark Kendall

Vote: In favor: 9

Abstained: 0

Opposed: 0

PGE Direction and Vision

Debbie Kitchin introduced Maria Pope, the new chief executive officer of PGE, and Carol Dillon, vice president of customer strategies and business development.

Maria provided an overview of PGE direction and vision. Safety, reliability and affordability are core values for PGE. Customers expect near perfect reliability. PGE has 99.8 percent reliability. Generation plants operate with 90 percent plant availability. Forty percent of PGE's customers are residential, 40 percent are commercial and 20 percent are industrial. About 20 percent of residential customers

struggle to pay bills every month, and many of them receive state and federal subsidies. About 40 percent of residential customers are renters. Customers expect more and more from utilities. They expect clean energy, and they do not expect to pay more for it. They expect a high level of cyber security and data security.

Eddie Sherman joined the meeting at 10:41 a.m.

Maria described the challenges and opportunities ahead. The electric portion of the energy market is expected to double by 2040. Energy is increasingly decentralized and variable, including energy from new technologies such as wind and wave energy. PGE expects to see rapid technology changes. To meet customer needs, PGE must transition to this new future in a cost-effective and reliable fashion.

PGE hired Evolved Energy Partners to explore decarbonization for Oregon. Results of the study will be public. Other utilities are doing similar studies, including in California, New York and Vermont. Key themes are emerging, including decarbonization of the electric supply, expansion of electric uses and focus on smart technologies. PGE is making progress to decarbonize the energy supply. It expects to be 70 percent carbon free by 2040 based on investments driving down greenhouse gas emissions. Energy efficiency is a key part of this.

PGE is working on integration with the Western grid to dispatch the lowest-cost resources from Arizona to British Columbia. This allows the utility to take advantage of wind, solar and hydropower energy available. As California and Arizona generate excess energy, PGE can use it in the Pacific Northwest to increase reliability and keep costs low.

Commissioner Bloom noted he enjoyed a recent meeting with Maria and PGE staff, and requested that OPUC staff also visit PGE.

Maria continued that PGE is leveraging partnerships with software providers. Software and communication costs are coming down and resources are becoming more integrated. Commissioner Bloom noted that PGE computer models anticipate minor issues so that the utility address them prior to an outage.

Maria continued that being able to use distributed resources, such as batteries, will be increasingly important. It's also important how PGE will tie in with substations.

The board asked if PGE plans to integrate renewable energy systems at data centers with the utility's standby generation fleet. Maria responded that PGE is looking into this, including at a pilot in Colorado.

Maria continued that green energy choices are important to customers, and different customers want different things. For example, Multnomah County has decided to go 100 percent green. Working with ambitious customers helps PGE hone its interconnection between systems and move forward more quickly. PGE is working with people across the country to look at how they are handling distributed energy resources. The utility made a request to the OPUC to work with TriMet buses and create more electric charging stations.

The board asked about PGE's comfort with current net-metering policies and practices. Maria responded that the OPUC has opened a docket to look at this. PGE has about 92 megawatts of solar capacity currently. Capacity will be a challenge moving forward. Similar to the cell phone industry,

customers will change from paying for minutes to paying for functionality. The cost of energy will keep declining, but the cost of maintaining reliable system will increase. Utility pricing structure today does not recognize the costs of reliability.

The board asked if PGE is looking at the resource value of solar discussions to consider rewarding other things than amount of electricity generated. Maria responded that PGE is working with stakeholders and OPUC staff regarding this discussion.

The board discussed challenges to achieving its 70 percent carbon free goal by 2040 and the impact on rates for marginalized populations. Maria responded that some customers want to move fast, and PGE wants to bring all other customers along in a cost-effective way. PGE will work with faster customers as leaders to help everyone else move forward. Rates are currently set by rate class, and customer needs no longer segment by rate class. Technology is improving quickly enough that moving to green energy will not need to cost more. It's about balancing lower and higher cost energy sources. Prior technology investments are paying off. For example, PGE installed smart meters nine years ago and is using them now to understand customer needs.

The most aggressive customers want to move to clean energy quickly but don't want to pay more or sacrifice reliability. Marginalized populations are not able to participate at current rates. Large-scale wind today can be built and deployed at less than \$40, down from \$80 to \$120 a few years ago. Solar costs are also dropping. Large-scale solar is nearly as cost-competitive as wind. This is still more expensive than large hydropower, but large hydropower costs are also increasing due to fish management issues. Energy is a commodity, and commodity prices are declining. PGE's cost structure nine years ago was more than 50 percent energy and fuel costs. Today, PGE's cost structure is 25 to 30 percent energy and fuel costs. The utility watches prices carefully and tries to make rates increase at a lower rate lower than inflation. Energy efficiency is also a key part of PGE's future. Energy Trust's energy savings is equivalent to a power plant.

The Pacific Northwest is the third fastest growing region in the country. The Hillsboro area will require three new substations. Another growth example is the Portland South Waterfront expansion, which also requires a new substation. These new substations are very sophisticated and highly efficient.

The board asked if any large customers are interested in expanding their energy investments. Maria responded that this is not the case, but many of our customers have significant plans for growth. PGE is doing more work today to meet new customer needs than in the last decade. The landscape is also much more complicated today. Traffic is an issue. Land use is an issue. Staffing is an issue.

Maria described focus areas to support grid integration. This includes prioritizing communications, including expanding fiber optic networks. The utility is also putting in distributed automation and removing PCBs from transformers. It is also partnering with cities and counties, and each wants different things. The utility is also transforming its transportation fleet to be greener. PGE's goal is to keep energy clean, connected, equitable and affordable for all.

The board asked about the Boardman plant. Maria answered that PGE has proven that it is difficult but possible for the plant to support biomass. PGE is currently modeling air emissions to understand costs.

The board asked what PGE is doing with battery storage. PGE is working on a pilot project with the OPUC for 39 MW of energy storage.

The board asked how Energy Trust can help PGE integrate with battery storage and implement demand response programs. Maria responded that Energy Trust could help with the deployment of batteries, adding storage to renewable energy systems and supporting customer awareness.

Oregon Department of Energy Survey

Janine Benner presented on ODOE's energy survey. ODOE is working on its biennial energy report, and wants feedback from Energy Trust's board. The new report follows guidance from House Bill 2343 and will replace ODOE's biennial energy plan. The report is due on November 1, 2018. ODOE has a survey on its website to solicit input from general public. It is also asking experts like Energy Trust for feedback.

The report will be divided into three sections: understanding Oregon's energy landscape; policies; and opportunities, resource trends and new technologies. Topics will include battery storage, resiliency, renewable energy development and more.

She encouraged board members to think about the questions and submit input, and noted that she already received input from Energy Trust's Management Team.

The board requested to receive the questions and have a follow-up opportunity for input. The board noted that these questions pertain to Energy Trust's Strategic Plan and suggested adding them to a strategic planning committee agenda in early 2018.

Final Proposed 2018 Annual Budget and 2018-19 Action Plan

Michael Colgrove presented Energy Trust's final proposed 2018 annual budget and 2018-2019 action plan, including projected 2017 results and 2018 context, outreach and comments received, highlights of the budget and summary of key takeaways and customer benefits.

Mike summarized forecasted 2017 results. Energy Trust is forecasting strong 2017 year-end electric savings and renewable generation, and solid results for gas savings. Activity is driven by strong economy, new construction, LED adoption and projects at schools.

Energy Trust changed its savings strategy with NW Natural, which affects Energy Trust's ability to meet the NW Natural goal. In Cascade Natural Gas, there were a few projects delayed to 2018.

Overall, Energy Trust expects to achieve savings at lower levelized costs than expected. Staff expect to achieve 152 percent of renewable generation goal, with strong solar generation and strong Other Renewables project pipeline. Expenditures are trending down and reserves are trending above targets.

Context influencing the final proposed 2018 budget includes a stable economy driving high activity; diversifying population; changing policies, markets and technologies; lower savings per project; avoided cost shifts and cost-effectiveness challenges. The 2018 budget and action plan emphasizes diversifying participation, enhancing program methods and strategies, and managing change and preparing for the future. Energy efficiency will continue to be the least-cost energy source, even though it's getting harder to achieve as we go after the next increments of savings.

Energy Trust received public comments following a series of budget outreach activities from August to November. Outreach is an important part of the budget process because it helps the organization remain inclusive and transparent.

Commissioner Bloom noted that OPUC staff was concerned about NW Natural's questions in its budget comments, and asked why NW Natural staff were surprised. Mike responded that Energy Trust staff have had extensive conversations with NW Natural staff regarding that concern. The issue had to do with timing. Final budget numbers are not available until late in the year. The board asked what Energy

Trust is doing to address this issue, and Mike responded that it was one of the reasons for the budget review project. Energy Trust will present a proposed new budget process in early 2018 to OPUC and utility staff, and it will be proposed to board in April 2018. Stakeholder engagement is a high priority for the budget review project. Energy Trust plans to implement a new budget process in 2019 for its 2020 budget.

Mike provided highlights from budget comments, including from utilities, OPUC and other stakeholders. Energy Trust received overall support for the draft 2018 budget and 2018-2019 action plan. Comments mentioned concerns with changes in gas costs and savings, administrative and staffing costs, and the budget schedule and process.

The board asked what was the most unexpected and pertinent comment, and Mike responded that staff were not surprised by the comments. NW Natural's concerns reinforced the need to improve budget communications and timing. Mike added he was not expecting the electric utilities' comments on the use of contingency reserves.

Mike explained the factors shifting EPS new homes costs and savings from electric to gas. This came up at October Conservation Advisory Council meeting. Following that meeting, staff hosted a workshop with all gas utilities. Mike summarized the reason for the shift in savings and costs. First, Oregon's state energy code was updated in October, raising the efficiency baseline and limiting the savings Energy Trust can pursue. Second, Energy Trust received new avoided costs from utilities. Avoided costs for electricity went down so much that it shifted the relative value of electricity to gas savings. Electricity is no longer as valuable as gas savings. In the past, more of the savings and costs of EPS incentives were attributed to electric utilities and less to gas utilities. In 2018, slightly more of the savings and costs will be attributed to gas utilities and less to electric utilities. Another factor is that more new homes are expected to be built in 2018, which magnifies the impacts of these cost shifts.

The board asked if new home construction would eventually drop following economic cycles. Mike responded that at some point the economy will slow and there will be fewer homes built. However, the proportion of energy-efficient homes may change. The board noted that housing shortages and population growth would also have an impact.

The board asked if other factors could influence the shift in EPS new home costs and if Energy Trust's incentives are set correctly. Mike responded that staff review incentives on an ongoing basis, and EPS incentives are set at the level necessary to drive the market forward.

Mike summarized comments received from the OPUC, which included concern about Energy Trust's staffing and administration costs.

The board asked if the OPUC's performance metrics for Energy Trust will be set based on the Secretary of State audit. Mike responded that OPUC staff have already proposed 2018 performance metrics for Energy Trust in its budget comments, and other minimum performance metrics will be set based on savings and costs in the adopted budget. Mike summarized the OPUC's recommended changes to its performance metrics for Energy Trust. OPUC recommended that Energy Trust reduce its cap for staffing costs from 7.75 percent to 7.25 percent of total Energy Trust expenditures. The OPUC also recommended removing the cost of temporary contract employees from staffing costs for this staffing costs metric. Contract employees are a tool for Energy Trust to meet short-term needs without adding new full-time staff. In addition, OPUC staff added a 10 percent year-over-year cap for staffing and administrative costs increases. These caps take effect for the 2019 budget, and Mike noted that Energy Trust is already complying with them in 2018.

In 2018, Energy Trust will invest \$198.9 million to save 56.5 average megawatts and 6.91 million annual therms. Electric savings will increase very slightly and gas savings will decrease very slightly. Renewable generation will decrease due to the expiration of the State of Oregon's Residential Energy

Tax Credit. Energy Trust's overall spending will increase 0.1 percent due to more projects and slightly higher internal costs.

Mike summarized changes made to the draft budget, including reduction of the renewable energy goal due to cancellation of a project, change in allocation of NEEA costs to electric utilities, and reductions to staffing costs. The 2018 staffing costs include agency contractor costs. Without agency costs, Energy Trust's 2018 staffing costs are well below 7.25 percent threshold.

The board asked how the reduction to staffing costs will impact some of the requests from the OPUC. Mike responded that the OPUC's requests will be prioritized and will not be impacted.

Mike previewed projections for 2019, which will include a very slight increase in expenditures and decrease in savings. This is due to the same trends that are impacting the 2018 budget.

The board asked what percentage of healthcare costs are paid by employees. Mike responded that employees pay 8 percent of healthcare costs.

The board asked what contributes to the reduction of electric residential savings from 12 MW in 2016 to 12 MW in 2017. Peter West responded that the reduction is due to market adoption of LEDs due to our influence, changing the baseline for savings that can be acquired going forward.

The board asked about how costs are allocated for EPS. Mike explained that the EPS incentives will remain largely the same, but the portion of costs for gas utilities will go up proportional to costs for electric utilities. It helps builders to have a consistent incentive amount.

Debbie Kitchin asked for public comment on budget. There was no public comment.

The board took a break and convened for an executive session at 12:25 pm.

Moved by: Roger Hamilton

Seconded by: Eddie Sherman

Vote: In favor: 9

Abstained: 0

Opposed: 0

President's report

The board reconvened at 1:40 p.m.

Debbie Kitchin added an agenda item to vote on resolution 820 to authorize the submission of a community solar program proposal. This is a follow-up to the November board request to vote on approving Energy Trust's ability to respond to a request for proposals (RFP) to administer Oregon's community solar program.

The board noted the community solar program is aligned with and could provide an opportunity to promote Energy Trust's mission. Mike responded that administering the community solar program will help us reach new customers. The board noted the opportunity seems like a natural fit for Energy Trust.

The board asked what community solar projects would look like. Lizzie responded that projects could either be rooftop or ground-mounted. They will not be net-metered, and they would not serve any onsite loads. All electricity would be exported to the utility. Participants can only subscribe to a project in their utility's service territory. Pacific Power customers will be able to participate in projects located anywhere within Pacific Power's Oregon service territory.

The board noted that community solar would give the 40 percent of PGE's customers who are renters an opportunity to participate in solar. Renters don't have the option to make energy-efficiency and solar upgrades, so this gives renters some control.

The board asked if the bill credit will be more or less than the cost of participation. Lizzie responded that there's no guarantee about the economics of participation. There are a variety of models in other states. In Oregon, customers will have the option to pay for their subscription or ownership share on their utility bill and also receive credit on their bill. The board discussed what happens after investments are paid off. Lizzie explained that participants can either subscribe to a project or own a share. The board asked if the administrator has a role in protecting customers and ensuring projects are valid. Lizzie responded that the administrator will perform both of those roles.

The board asked about the source of Energy Trust's \$56,200 in unrestricted reserves that will be used to develop a proposal. Mike responded that these reserves have accumulated from private donations and consulting work. Peter added that the consulting work was from a contract to sell energy efficiency savings to Clark County in Washington. Energy Trust saved more energy at a lower cost than anticipated and therefore accumulated reserves. The \$56,200 in reserves are not derived from ratepayer dollars, however they are in the same reserve fund as dollars that are interest earnings from public purpose charge reserves.

The board commented that 160 MW is a lot of solar and seems ambitious. Lizzie explained that 160 MW is for an initial tier of capacity. The program may ultimately grow to be larger than 160 MW, but this initial capacity tier provides a check point to evaluate the program. In other states, such as Minnesota, there are many hundreds of MW of projects in application queues. In Oregon, there are currently more than 160 MW in the utilities' interconnection queues.

The board asked if there is a technical capacity limit. Lizzie explained that individual projects are limited in size to 3 MW. There is also a prohibition against co-location of projects. The OPUC conducted an extensive stakeholder process, and stakeholders want to allow for project diversity and make sure projects are distributed among communities.

Lizzie explained that projects can only be located in the territories of Oregon's three investor owned electric utilities, PGE, Pacific Power and Idaho Power.

Board members commented that the community solar program is an opportunity to provide more inclusive service delivery to customers who are not currently benefitting from Energy Trust. Eddie approved of Energy Trust's consideration of this opportunity, but noted that it will be a challenge to serve the low-income customers with community solar.

However, the board also reiterated concerns noted in the November board meeting about Energy Trust presenting a new business opportunity through a resolution to approve funding. The board reminded staff of the OPUC's advice that Energy Trust limit spending to the \$56,200 in unrestricted funds for its community solar proposal. The board also discussed potential risks, including potential stakeholder concerns that Energy Trust's attention could be diverted from its core work of securing cost-effective energy efficiency and lowering above-market costs of renewable energy. There are also risks that Energy Trust will not be awarded the community solar contract or that the community solar program will not be successful.

RESOLUTION 829

AUTHORIZING SUBMISSION OF A COMMUNITY SOLAR PROGRAM PROPOSAL

WHEREAS:

- 1. SB 1547, which the Oregon legislature adopted in 2016, directed the OPUC to develop a Community Solar program.**
- 2. Community Solar helps people who want to use solar power, but face barriers to putting panels on their own roof because they are renters, live in places where installation isn't allowed or isn't feasible, or cannot afford their own system.**

3. **The OPUC is inviting proposals for a Community Solar Program administrator to develop and administer a fee-for-service program. The costs required to fund the administrator for starting up the program will be funded through rates collected from all customers; once the program is operational, the administrator will be funded from program revenues collected from participants.**
4. **While submitting a proposal for this work is consistent with the 2015-2019 Strategic Plan, this will be one of the first times Energy Trust has submitted a proposal for non-SB 1149 funds. Because of this, the Board wanted to discuss this matter before a proposal is submitted. The procedure that should be followed in any future submissions will be reviewed by the Policy Committee for consideration by the Board at a future date.**

It is therefore **RESOLVED**:

1. **Staff is authorized to submit a proposal to the OPUC to administer a Community Solar Program as envisioned by SB 1547.**
2. **The Board Policy Committee is asked to recommend guidelines for submission of future proposals.**

Moved by: John Reynolds
Vote: In favor: 8
 Opposed: 0

Seconded by: Melissa Cribbins
Abstained: Alan Meyer

Debbie Kitchin then thanked Corey Kehoe, executive assistant, for all of her work on behalf of the board.

Committee Reports

Debbie Kitchin noted that board committee assignments will be evaluated in February 2018. There will be opportunities for board members to serve on finance committee. Debbie Kitchin anticipated that 2018 will be her last year as board chair.

Debbie Kitchin noted that there is a budget for board members to attend meetings and travel to trainings and events. Board members should get approval from Mike prior to signing up for events.

Audit Committee, Ken Cannon

Energy Trust's annual financial audit is underway, and updates will be provided in March or April.

Evaluation Committee, Alan Meyer

An evaluation concluded that heat pumps on manufactured homes are not cost-effective. A new pilot on ductless heat pumps is in development.

Finance Committee, Debbie Kitchin (for Susan Brodahl)

Through November, revenues were up slightly and expenses were down slightly compared to budget. As a result, reserves are slightly higher than anticipated. A lot of expenditures and revenues occur in November and December.

Policy Committee, Roger Hamilton

Heat pump water heater remediation efforts will sunset on December 31, 2017. Energy Trust had coordinated with Northwest Energy Efficiency Alliance to provide proactive financial assistance to help

customers replace or repair failing AirGenerate heat pump water heaters, but beginning in 2018, these customer support efforts will be wound down.

Strategic Planning Committee, Mark Kendall

The committee is planning for the board strategic planning retreat in May 2018, which will focus on new opportunities for Energy Trust's 2020-2024 Strategic Plan. The planned timeline for the committee's work in this coming year is to aim towards a draft 2020-2024 Strategic Plan for review at the 2019 board strategic planning retreat.

Diversity, Equity and Inclusion Initiative

Debbie Menashe, General Counsel, described Energy Trust's diversity, equity and inclusion initiative. She introduced the staff committee, which includes Peter West, Amanda Sales, Amber Cole, Sue Fletcher, Andy Eiden, Crystal Amaya, Corey Kehoe, Kathleen Belkhat, Alex Novie, Kenji Spielman, Andy Griguhn, Sarah Castor, Greg Stokes, Betsy Kauffman, Shelly Carlton, Lily Xu, Justin Buttles and Mike Colgrove. Staff also worked with Dani Ledezma, consultant and interim director of the Coalition of Communities of Color. Former executive director Margie Harris contributed as a consultant.

Debbie Menashe provided a history of the diversity, equity and inclusion initiative, described activities completed in 2017 and discussed plans for 2018 and beyond.

In Energy Trust's 2002 grant agreement, it was noted that Energy Trust's board of directors should be diverse and representative of customers. One of Energy Trust's first policies was the equity policy in 2002. In 2014, the board approved Energy Trust's current Strategic Plan with a strategy to expand customer participation. In 2015, Energy Trust made a business case for a diversity initiative. With the board's support, Energy Trust launched a diversity committee focused on organizational readiness; developing a diversity, equity and inclusion operations plan; and developing a diversity, equity and inclusion lens. In 2017, staff focused on operationalizing these efforts.

Staff hosted a workshop in January 2017, and received guidance to slow down and build relationships with communities. Staff paused and spent time developing relationships with leaders and community organizations around the state, and will continue to get feedback and input from these communities. Energy Trust invested in training for staff and hosted a staff diversity day, with guest speakers from organizations working with various communities in Portland.

In 2017, staff developed a diversity, equity and inclusion lens, which is a set of questions to apply to important decisions. Staff identified protocols for using the diversity, equity and inclusion lens, and employees will be trained to use the lens. Over time, staff will naturally apply these questions.

Also in 2017, staff developed a diversity, equity and inclusion operations plan. This is a big step toward operationalizing DEI. Staff will set baselines in 2018 to measure and report out on progress. The plan includes 10 goals. The first goal is data collection and analysis in 2018. The second goal is to engage with 50 culturally specific community based organizations by the end of 2020. The third goal is to increase intercultural effectiveness survey scores for staff and board by 20 percent by the end of 2020. The fourth goal is to increase diversity in recruiting and hiring by 25 percent by the end of 2020, and staff have started development of a strategy to recruit more candidates that are diverse.

The board asked for a definition of diversity in a hiring context. Energy Trust defined diversity in its diversity, equity and inclusion operations plan as any and all differences between and among people. Energy Trust will focus on communities of color, low- and moderate-income customers, and geography.

The board discussed terms used in the diversity, equity and inclusion plan, including class and low- and moderate-income customers and rural and geography. Not all communities outside of Portland are rural. Debbie Menashe acknowledged that staff are still working through definitions to ensure consistent language is used throughout the plan.

The board noted gender is not included as one of Energy Trust's diversity focus areas, yet two goals include increasing participation from women-owned businesses. Debbie Menashe responded that firmographic criteria are still in development. Minority- and Women-Owned Businesses certification is one way to reflect diversity in firms.

Debbie Menashe continued with her presentation. The fifth goal is to increase participation in Trade Ally Network by minority and women-owned business by 50 percent in 2020. The sixth goal is to increase projects completed by minority and women-owned trade ally business by 15 percent by end of 2020. The seventh goal is to increase the number of contracts executed by minority- and women-owned businesses by 15 percent by end of 2020.

The board asked how contracting with minority and women-owned businesses helps Energy Trust reach more customers that are diverse. Debbie Menashe responded that these businesses are part of different communities, and may be able to better serve those communities. For example, Energy Trust contracts with writers who have different perspectives and can write for different audiences.

The board asked if Energy Trust considered diversity, equity and inclusion in its extension of two creative services and media contracts. Debbie Menashe responded that staff do ask these questions regarding contracts. She added that staff just completed a competitive selection process for a web services contract, and staff asked questions related to diversity of candidates. Amber Cole, director of communications and customer service, added that Energy Trust has one main website and several microsites targeted to different customer types, such as business and residential customers.

Debbie Menashe continued that the eighth goal is to increase participation in energy efficiency programs by underserved populations by 20 percent by end of 2020. The ninth goal is to increase participation in RE programs by underserved populations by 20 percent by end of 2020. The tenth goal is to publish the diversity, equity and inclusion operations plan and progress toward goals.

The board discussed Energy Trust's diversity, equity and inclusion goals, and remarked that Energy Trust does not discriminate against any customer groups. Debbie Menashe responded that Energy Trust has no intent to discriminate, but that doesn't mean the organization is serving all customers equitably. Energy Trust needs to prove it is directly serving all customers. The board discussed the perception of some stakeholders that Energy Trust is not directly serving all customers.

Commissioner Bloom noted that the OPUC is invested in making Energy Trust more inclusive and more diverse, and appreciates all board perspectives and concerns being raised during this discussion. He acknowledged that diversity has been a priority for Energy Trust since its inception.

The board discussed phrasing of some aspects of the diversity, equity and inclusion operations plan, and staff noted areas where language could be more consistent. The board also asked why the table showing race and ethnicity of Oregonians adds up to greater than 100 percent, and Dani Ledezma explained that some Oregonians are in multiple census categories and the table is not intended to add to 100 percent.

The board discussed the goal of increasing diversity in recruiting and hiring by 25 percent by the end of 2020, and asked about Energy Trust's staff turnover rate. Debbie Menashe responded that Energy Trust has a staff turnover rate of roughly 7 to 10 percent annually. Some board members raised concerns that this goal will encourage Energy Trust to discriminate against some candidates that do not meet Energy Trust's targeted diversity criteria. Other board members responded that Energy Trust's staff capabilities would not be undercut by diversity goals. Rather, the diversity staffing goal would help Energy Trust find candidates from a larger pool of potential employees. A more diverse staff would strengthen Energy Trust by bringing more diverse perspectives and ideas, and it is necessary for a successful organization or business. The board pointed out that people of color are underrepresented on Energy Trust's staff and board.

The board discussed the focus areas Energy Trust selected for its diversity, equity and inclusion goals, noting that Energy Trust is limiting diversity to just a few categories.

The board discussed the importance of Energy Trust staff and board reflecting the diversity of customers in order to remain credible and serve customers. Another perspective was that focusing on diversity takes attention away from meeting Energy Trust's core goals of achieving cost-effective energy efficiency and renewable energy. The board also pointed out that there are systemic inequities embedded in everyone's experiences.

The board noted the sensitivity of this topic and appreciated the candid conversation.

Dani Ledezma provided background on Energy Trust's diversity, equity and inclusion strategy. The intent is to cultivate more opportunity and encourage innovative thinking. The three diversity focus areas were determined based on data about eligible Energy Trust customers who have not yet participated. By providing more opportunities for diverse staff, board and customers, Energy Trust is not taking opportunities away from other groups. Organizations can create more opportunities for everyone and optimize performance by removing barriers such as race, income and geography. Energy Trust's diversity, equity and inclusion plan shows willingness to grow, stretch and learn.

Debbie Menashe continued that Energy Trust's diversity, equity and inclusion work will continue in 2018, including formalizing roles for the staff committee. Staff and board trainings will also continue.

Roger introduced a resolution to update Energy Trust's diversity, equity and inclusion policy. The proposed policy includes a number of directives including the development of a diversity, equity and inclusion operations plan and the use of a diversity, equity and inclusion lens when making important decisions. The policy also commits the board to setting an ad-hoc board committee in February 2018. The majority of the policy committee recommends the board approve the proposed update policy.

The board requested a few updates to the diversity, equity and inclusion background document in board packets, including adding low-income on page four to make it consistent with the policy and updating the date to December 15, 2017.

In addition, the updated diversity, equity and inclusion policy authorizes Energy Trust to create a new Diversity Advisory Council. Debbie Menashe introduced Margie Harris to explain the recommendation to form a Diversity Advisory Council.

Margie performed contracted work to explore whether a Diversity Advisory Council would serve Energy Trust. Based on interviews with 43 people representing diverse communities, she strongly recommends that Energy Trust form a Diversity Advisory Council. Most of the people Margie interviewed had heard of Energy Trust but had not participated directly in programs or benefited directly from services. People from these communities indicated interest and willingness to help Energy Trust be more effective and serve more customers. A Diversity Advisory Council could enable Energy Trust to hear input more people and serve more communities. It could be a sounding board and provide feedback on strategies and program designs. It is additive to what the organization already does. A Diversity Advisory Council could help build trust and relationships with communities that Energy Trust needs to serve differently and better.

Debbie Kitchin asked if governance of Diversity Advisory Council would be similar to governance of Conservation Advisory Council and Renewable Energy Advisory Council. Margie responded that she envisions a similar structure and governance. Board members would vote on new members and approve meeting minutes. Membership will be different and recruitment will be important. The same topics that are presented to Conservation Advisory Council and Renewable Energy Advisory Council could go to a Diversity Advisory Council, such as proposed budgets and program strategies. A board member would also be on the council. It will be important to invest in council support from staff, board and outside facilitation.

Alan moved to amend the diversity, equity and inclusion policy to remove two instances of “presumed to be.” Ken seconded the motion. All nine board members voted in favor of this proposed revision.

The board also discussed whether to revise the second to last bullet of the policy as follows: “Energy Trust will enhance diversity, equity and inclusion on the board of directors. In order to enhance diversity, equity and inclusion on the board of directors, the board of directors shall appoint an ad hoc committee to identify goals and objectives for achieving this objective.”

Ken then moved to amend the policy to revise the second to last bullet as discussed so that it reads: “Energy Trust will enhance diversity, equity and inclusion on the board of directors. In order to enhance diversity, equity and inclusion on the board of directors, the board of directors shall appoint an ad hoc committee to identify goals and objectives for achieving this objective.” Alan seconded the motion. All nine board members voted in favor of this additional revision.

The board then voted on Resolution 828 regarding the revised proposed policy:

**RESOLUTION 828
DIVERSITY, EQUITY, AND INCLUSION POLICY**

WHEREAS:

- 1. Energy Trust’s board of directors adopted its Equity Policy in 2002 to ensure that Energy Trust are designed, evaluated and monitor programs to ensure they are available to all eligible utility customers.**
- 2. Energy Trust has been engaged in a diversity, equity, and inclusion initiative since 2015 to focus on how the organization can ensure that its programs are designed to be available to and utilized by all eligible customers.**
- 3. As part of the diversity, equity, and inclusion initiative, Energy Trust proposes revisions to its current Equity Policy to (i) outline more specific strategies to ensure that all eligible utility customers benefit from Energy Trust programs and (ii) demonstrate commitment to these strategies by the highest level of the organization.**
- 4. Acknowledging the breadth of revisions to the board’s current Equity Policy that this proposed Diversity, Equity, and Inclusion Policy represents, the Policy Committee inserted an annual review cycle for the policy to permit the Policy Committee and the board to more frequently monitor the application and impact of the policy and to take in and consider stakeholder and community comment on a more frequent basis.**
- 5. Energy Trust’s board Policy Committee has reviewed the proposed policy revision at its committee meetings on September 7, 2017 and November 20, 2017, and recommends forwarding the proposed revision to the full board for its review and approval. The recommendation from the Policy Committee is not unanimous.**

It is therefore RESOLVED that the Energy Trust Equity Policy is revised to be a Diversity, Equity, and Inclusion Policy as shown in Attachment 1.

Moved by: Roger Hamilton

Seconded by: Eddie Sherman

Vote: In favor: 8

Abstained: Ken Cannon

Opposed: 0

ATTACHMENT 1

4.08.000-P Diversity, Equity, and Inclusion Policy

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	May 22, 2002	Approved (R104)	May 2005
Policy Committee	March 5, 2005	Postpone review	11/05
Board Decision	September 7, 2005	Revised (R352)	September 2008
Policy Committee	December 2, 2008	Replaced references to numerical electric and gas goals	September 2011
Board Decision	October 5, 2011	Revised (R595)	October 2014
Board Decision	October 1, 2014	Revised (R714)	October 2017

Introduction

Energy Trust envisions a high quality of life, a vibrant economy and a healthy environment and climate for generations to come, built with renewable energy, efficient energy use and conservation. Energy Trust recognizes that to achieve this vision, all utility customers must benefit from our programs, but certain customers are underserved by our programs such as communities of color, rural communities, and low income customers.

Energy Trust commits to enhancing diversity, equity and inclusion in our programs and in internal operations in order to work to serve all communities and reach critical Energy Trust goals. We will advance diversity, equity and inclusion in our programs and internal operations through meaningful collaboration with our utility funders, trade allies, program allies, and customers and with geographic and culturally specific communities, organizations and businesses.

Policy

- Energy Trust will make programs available to all eligible electricity and gas customer classes by implementing programs in the residential, commercial, and industrial sectors.
- Energy Trust will monitor participation rates for all programs and adjust them as needed to ensure that all investor-owned utility electricity and gas customer classes in Energy Trust territory are being served.
- In addition to providing programs to reach all customer groups, Energy Trust will design and implement program strategies specifically to reach customers who have been underserved by Energy Trust programs, such as rural customers, communities of color, and low-income communities in Energy Trust service territory.
- Energy Trust will use a diversity, equity and inclusion lens through which to:
 - a. strategize and plan for Energy Trust program delivery
 - b. deliver programs and services
 - c. partner and collaborate
 - d. allocate resources
 - e. communicate and market
 - f. build our workforce
 - g. evaluate our work
- Energy Trust will develop a diversity, equity and inclusion operations plan that:
 - includes goals, objectives and activities
 - assesses and measures progress

- learns from mistakes and successes
- shares progress publicly on no less than an annual basis
- Energy Trust will establish a Diversity Advisory Council to provide advice and resources to the board of directors to support Energy Trust's diversity, equity and inclusion operations plan and to advise the board of directors on assessing and measuring progress toward goals of such plan.
- Energy Trust will enhance diversity, equity and inclusion on the board of directors. In order to enhance diversity, equity and inclusion on the board of directors, the board of directors shall appoint an ad hoc committee to identify goals and objectives for achieving this objective.
- For the first three years after adoption of these 2017 changes, the Energy Trust Policy Committee will review this policy annually to take account of new information and experience.

Staff Report

Mike Colgrove provided short staff report. The Secretary of State auditors are ready to present draft findings, and staff will hear initial findings next week. Mike will send an email update to the board with any significant results.

Mike thanked Corey Kehoe for her service and introduced Whitney Winsor, interim executive assistant.

Mike reflected on his first full calendar year as executive director of Energy Trust. It has been a record year with significant success and expansive exploration. Staff initiated organizational review and budget review projects. These project teams have gathered inputs from staff, board, OPUC, utilities and other stakeholders. Staff have completed research and synthesized recommendations to share with the board in 2018. Staff have explored new ways of thinking about and understanding customers through the lean startup methodology. Staff will continue to explore lean startup methodology in 2018 with focus on small business owners and low-income renters.

Energy Trust will continue to ensure it is serving and meeting the needs of all of our customers. Energy Trust's diversity, equity and inclusion initiative was a reason Mike was attracted to Energy Trust. The Environmental Protection Agency defines environmental justice as the fair treatment and meaningful involvement of all people regardless of race, color, national origin or income, with respect to the development, implementation and enforcement of environmental laws, regulations and policies. Disadvantaged communities will be disproportionately impacted by climate change. It's important that Energy Trust directly benefit these customers. It's not enough that these customers only benefit indirectly. Energy Trust's diversity, equity and inclusion work is designed to address the disparities in our impact. Regardless of the data, there is a perception that some communities are underserved. Perceptions do matter. Energy Trust will be better able to engage and serve underserved communities by increasing representation from these communities on its board.

Energy Trust has also started exploring expanding its reach, including new sources of funding and serving new customers. Community solar represents one of these opportunities. The organization needs to diversify funding, board, staff and customers. This work has reflected a year of divergence. Staff have re-examined processes, structure and effectiveness through the lens of the future. This will coalesce into next steps in 2018. This was all done while exceeding and meeting goals.

Mike learned a lot this year and will continue to learn and improve in 2018. He appreciates the board's continued patience, support and counsel in the new year.

Adjourn

The meeting adjourned at 4:06 p.m. **The next meeting of the Energy Trust Board of Directors** will be on Wednesday, February 21, 2018 at 10:30 a.m. at Energy Trust, 421 SW Oak, Suite 300, Portland, Oregon.

s/s Alan Meyer

Alan Meyer, Secretary