Renewable Energy Advisory and Conservation Advisory Council Joint Session Meeting Notes

May 9, 2018

Attending from the councils
Erik Anderson, Pacific Power
JP Batmale, Oregon Public Utility Commission
Warren Cook, Oregon Department of Energy
Tony Galuzzo, Building Owners and Managers Association
Wendy Gerlitz, Northwest Energy Coalition
Danny Grady, City of Portland Bureau of Planning and Sustainability
Kari Greer, Pacific Power
Lisa McGarity, Avista
David Moody, Bonneville Power Administration
Michael O'Brien, Renewable Northwest
Adam Schultz, Oregon Department of Energy
Frank Vignola, University of Oregon
Dick Wanderscheid, Bonneville Environmental Foundation
Jason Zappe, PGE

Attending from Energy Trust
Mike Bailey
Shelly Carlton
Quinn Cherf
Amber Cole
Hannah Cruz
Andy Eiden
Becky Engel
Sue Fletcher
Matt Getchell
Jeni Hall
Joe Hernandez
Marshall Johnson
Jed Jorgensen
Oliver Kesting
Steve Lacey
Scott Leonard
David McClelland
Dave Moldal
Pati Presnail
Thad Roth
Zack Sipple
Art Souza
Greg Stokes
Scott Swearingen

Others attending
Thomas Farringer, EC Electric
Rick Hodges, NW Natural
Alan Meyer, Energy Trust board
John Reynolds, Energy Trust board

Executive Summary
Staff presented a new budget process proposal, seeking feedback. Staff and council members discussed questions about the process of aligning with utility integrated resource plans (IRPs), potential challenges and risks.

The meeting convened at 12:10 p.m.

1. Budget Review Process
Energy Trust staff Hannah Cruz, Jed Jorgensen, Oliver Kesting and Pati Presnail presented a budget process proposal, which addresses the objectives to improve communication

effectiveness and involvement of stakeholders in the development of the organization's annual budget and action plans. Staff has presented the new process to Energy Trust's management team, Oregon Public Utility Commission (OPUC) staff, utility staff and Energy Trust's board finance committee to collect feedback. Staff requested feedback from the Renewable Energy Advisory Council and Conservation Advisory Council during this exploratory phase. If the proposal is supported by the board of directors and remains viable through implementation planning processes later in the year, the goal is to implement this budget process for the 2020 planning year.

Staff acknowledged the lengthy and intensive workload that is required to build the budget for all parties involved, and the challenges in aligning the budget process with stakeholders' business processes, such as IRP processes. Staff also acknowledged some perceptions that feedback is not well incorporated into the final product. Therefore, stakeholders would like to be involved earlier in the process to digest information and provide input, and ultimately be more collaborative in the process.

Alan Meyer: Is the budget part of the business plan?
Oliver Kesting: The business plan includes the three-year sector strategy, three-year program action plans and the draft budget ranges.

Alan: You note a five-year strategy process but three-year budgets. That equals 6 years in total?
Pati: It's intentionally staggered.

John Reynolds: Do you anticipate the most change in year three?
Oliver Kesting: We have less visibility that year, so yes, there could be more change. The ranges are intended to provide some flexibility through reserves and across years, and we would anticipate less certainty in year three. That should be considered when determining the ranges.

Frank Vignola: During legislative years, they may make changes that impact your plan and budget. How will that be factored in? Why not a two-year or four-year plan?
Oliver Kesting: We will need to take legislative implications into consideration.

Lisa McGarity: Are IRP plans in three-year cycles?
Oliver Kesting: Each utility has a different schedule for their IRP so there isn't a way to get perfect alignment for everyone.

Suzanne Leta: I am glad to see Energy Trust condense the budget parts of the process and put more focus on the planning. I don't see anything about ensuring more integration with the efficiency and renewable energy work you do. I encourage you to increase this, especially for distributed projects.
Oliver Kesting: We can possibly address this integration in the work groups.

Alan Meyer: Do reserves refer to flexibility with utilities?
Pati Presnail: Yes.

Alan Meyer: Do you look at changes to the way we conduct forecasting? One concern is needing to have more confidence in later years' forecasts.
Pati Presnail: We are always open to new ways to complete forecasting. Working groups hopefully will also bring some new processes.

John Reynolds: One potential advantage is that in years that have a big spike at the end of the year, we would spend less time in the later part of the year planning.

Michael O'Brian: The action cycle in year three aligns with the planning year for the subsequent budget cycle. Is that a lot to do at the same time?
Jed Jorgensen: The planning years will be heavy, yes, but we currently run a budget process every year while managing programs, so we are not overly concerned.

Alan Meyer: I like the collaborative aspect of this. I'm reasonably sure stakeholders can dedicate resources to this. Can Conservation Advisory Council member organizations dedicate resources to this?
Wendy Gerlitz: As long as we know the schedule and it is predictable, I don't think it's a concern for our organization.
Adam Schultz: Outside organizations may not have staff continuity over the five-year process. That could be a challenge or a downside.

Wendy: I don't understand how this does or does not integrate with IRP processes. Can you explain?
Oliver Kesting: IRP processes for each utility are all on different timelines. IRPs feed into our plan, and our plan feeds the utility IRPs. We are trying to give a longer-term vision for our plan so we can provide that to the utilities.

Frank: The IRP planners end their processes at the end of the calendar year. Can you shift your planning cycle to fall between October and September, so it's done before the end of the calendar year?
Oliver Kesting: We looked at shifting to a different budgeting calendar and didn't see a lot of advantages.
Jed Jorgensen: In other states where similar programs' fiscal years aren't tied to the calendar year, we observed a shift in programmatic "hockey sticks," when the majority of savings and generation activity occurs, to the fiscal calendar. There isn't a benefit there in and of itself.

Suzanne Leta: Have you tried to identify cost savings with this new plan? Will this save Energy Trust money?
Oliver Kesting: That will have to be evaluated in the next phase of planning. We don't see a lot of reduction in staff time. It's more a shift in timing to a time of the year that is less time intensive and dedicated to achieving energy goals, and a deeper focus on engaging stakeholders.

Hannah Cruz: What do the council members think about the three-year versus annual process regarding action planning? Do you desire more engagement every year?
Warren Cook: Once we get used to the schedule, it'll be alright. There's opportunity to obfuscate one program over another because there's distance between the budget and action planning. Is the five-year strategic planning process an unchangeable number?
Jed: It would require a change in our grant agreement with the OPUC.

Warren Cook: The Oregon Department of Energy budget process is similar in the distance between budgeting and implementation. We face similar challenges.

Wendy Gerlitz: Sometimes program changes are presented to the Conservation Advisory Council that are controversial or important, because they have special dynamics. It would be good for staff to anticipate those issues and bring them to the council sooner in the process. It

feels too late to give advice and that you don't have time to incorporate our feedback. Can you bake into the process issues identification and bring them earlier?
Oliver Kesting: Yes, the purpose of the work groups is to be more proactive in identifying issues and getting stakeholder input earlier.
Jed Jorgensen: That is also the intention of the key drivers and metrics: to identify what we should look at and project over time, so we can identify problems.

Warren Cook: In years when a utility's IRP process aligns with this process, is there a risk that the IRP plan could be better defined? Or can there be IRP-responsive changes?
Oliver Kesting: We'll explore that in the next phase.

Lisa McGarity: Have you looked at past performance as an indicator for how a three-year plan will work? How accurate are you with annual plans now and how comfortable are you on a three-year plan?
Pati Presnail: Our ability to manage that has improved over the last several years. We have a philosophy to go after all cost-effective savings. When you forecast, you're predicting a future, and there will naturally be unknowns. The budget ranges and the impact of reserves will be complex.

Alan Meyer: The forecast is key. When we do three-year plans, we have to have an accurate forecast of the three years.
Pati Presnail: There have been years in the past that staff only looked at one year. We have changed how we look at that, and now emphasize a longer view as best as we can.

Staff thanked the councils for their feedback. The next steps are to present the budget review recommendation to the board at its June 6 meeting.

The meeting adjourned at 1:15 p.m.