

Board Meeting Minutes—160th Meeting

October 17, 2018

Board members present: Susan Brodahl, Melissa Cribbins, Ernesto Fonseca, Roger Hamilton, Lindsey Hardy, Eric Hayes, Elee Jen, Mark Kendall, Debbie Kitchin, Henry Lorenzen, Alan Meyer, Roland Risser, Anne Root, Steve Bloom (Oregon Public Utility Commission ex officio), Ruchi Sadhir (Oregon Department of Energy special advisor)

Staff attending: Amber Cole, Michael Colgrove, Hannah Cruz, Sue Fletcher, Steve Lacey, Pati Presnail, Peter West, Cheryle Easton, Fred Gordon, Jed Jorgensen, Betsy Kauffman, Debbie Menashe, Dave Moldal, Julianne Thacher, Wendy Bredemeyer

Others attending: Janice Boman (Embertec), Lynne Chicoine (Clackamas County Water Environment Services), Angela DeVita (Northwest Bank), Joe Esmonde, Anna Kim (OPUC), Dani Ledezma (Diversity, Equity and Inclusion consultant), Brendan McCarthy (PGE), Elaine Prause (OPUC), Kandi Young (OPUC), Linda Woodley (member of public)

Business Meeting

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

The board motioned to change the agenda order so that the president's report is first. Anne Root moved and Debbie seconded.

President's Report

Roger described the recent resignation of Energy Trust Board Member Eddie Sherman. He expressed regret about the resignation, and summarized Eddie's feedback to the board.

The board had recently convened to discuss Eddie's resignation and next steps. Roger expressed regret that Eddie felt isolated. Roger noted that he has reached out to Eddie several times and had not heard back. This morning, the board participated in a training and discussion session hosted by diversity, equity and inclusion consultant Dani Ledezma. She previously provided cultural competency training in February 2018.

Roger said the board is committed to enhancing diversity, equity and inclusion and continuous improvement, and agrees that Energy Trust has a responsibility to serve all communities. Last December, the board adopted a diversity, equity and inclusion policy. This commitment must permeate every aspect of Energy Trust's business. Staff are reaching out to communities of color, renters and moderate-income customers, and providing new ways to serve customers, such as through a new manufactured homes pilot. Staff developed a diversity, equity and inclusion lens to bring this thinking into operational decision-making.

Eddie's resignation signals the need to strengthen and continue the board's commitment to diversity, equity and inclusion. Roger referenced three efforts underway that support this commitment.

First, the board took steps to ensure greater board diversity through a new process developed this year to engage candidates. The new process seeks referrals from a broad network and seeks to ensure increased racial and geographic diversity on the board. The board nomination committee will continue building a pool of diverse candidates for future vacancies. The board is excited to present four exceptional board candidates today. As specified in Energy Trust's Diversity, Equity and Inclusion Operations Plan, Energy Trust's current focus is on understanding and improving services and outcomes for people and communities of diverse races, ethnicities, incomes and geographic representation. Diversity includes numerous other dimensions. It is incumbent on the board to reflect and respect a multitude of viewpoints.

Second, Energy Trust is establishing a new Diversity Advisory Council in early 2019 to provide advice to the board and staff in supporting Energy Trust's diversity, equity and inclusion goals. The board will identify members to attend Diversity Advisory Council meetings and bring insight and information back to the board.

Third, the board will continue to support Energy Trust's diversity, equity and inclusion goals in Energy Trust's Diversity, Equity and Inclusion Operations Plan. The plan was drafted in 2017 with input from stakeholders, and includes a three-year roadmap to accelerate diversity, equity and inclusion work across programs and internal operations.

Roger addressed staff. The board has discussed the impact of Eddie's letter on the organization and the staff. While Eddie's feedback was directed to the board, board members recognize that it impacts staff as well. The board respects and supports staff's work, especially regarding diversity, equity and inclusion, and will work with staff to ensure Oregon's diverse population is effectively represented on board and staff. The board is also working to arrange a time to meet with staff for more discussion on this topic.

General Public Comments

Linda Woodley as a member of the public described her prior consulting work with Energy Trust developing diversity, equity and inclusion initiatives and goals in 2016. She observes that Energy Trust has made little progress on its diversity, equity and inclusion work, and believes this is largely because the board has pushed back on staff's efforts. These efforts include hiring people of color and reaching underserved markets. Linda requested that the board delay a vote on the four new board members until more diverse communities can have more input on the selection process. She noted one board nominee has an inherent conflict of interest as an Energy Trust trade ally. Linda said she believes Energy Trust is not serving all customers, does not reflect diversity in requests for proposals, and does not have diverse suppliers.

Roger thanked Linda for her input, and noted the board takes her concerns seriously. Roger also clarified that trade allies are not contracted with Energy Trust.

Debbie Kitchin disclosed that her company is a trade ally and general contractor, and noted she discloses this every year. She does not see her status as a trade ally as a conflict of interest, and Energy Trust has conflict of interest policies and procedures to manage this, such as abstaining from votes where it could be an issue.

There were no additional 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. July 25, 2018, Board Meeting Minutes
2. Balanced Competition Policy Amendment—R851
3. Board Committee Assignments—R852

RESOLUTION 851 AUTHORIZING EDITORIAL CHANGES IN THE BALANCED COMPETITION POLICY

WHEREAS:

1. The Energy Trust Policy Committee reviews Energy Trust policies every three years to see if they require amendment.
2. The Balanced Competition Policy prohibits any Energy Trust contractor from being a prime contractor of more than three programs. The purpose of the policy is to ensure competition for Energy Trust program management contracts.
3. The policy is based on several years' experience managing program management contracts as the efficiency industry has grown and consolidated.
4. Currently, no single entity operates more than two Energy Trust program management contracts, which is consistent with the policy.
5. The Policy Committee and staff have reviewed the policy and recommend only editorial changes.

It is therefore **RESOLVED** that the Energy Trust Board of Directors authorizes editorial changes in the **Balanced Competition Policy** as shown in the attached.

Moved by: Anne Root

Seconded by: Debbie Kitchin

In favor: 9

Abstained: 0

Opposed: 0

**RESOLUTION 852
BOARD COMMITTEE APPOINTMENTS
(SUPERSEDES RESOLUTION 843)**

WHEREAS:

1. Energy Trust of Oregon, Inc. Board of Directors are authorized to appoint by resolution committees to carry out the Board's business.
2. The Board President has nominated new directors to serve on the following committees.

It is therefore **RESOLVED:**

1. This resolution supersedes Resolution 843, adopted by the board at its June 6, 2018, meeting.
2. That the Board of Directors hereby appoints the following directors to the following committees for terms that will continue until a subsequent resolution changing committee appointments is adopted:

Audit Committee
Anne Root, Chair
Melissa Cribbins
Mark Kendall
Karen Ward, outside expert
Roger Hamilton (ex officio)
Pati Presnail, staff liaison
Board Nominating Committee
Debbie Kitchin, Chair
Alan Meyer
Anne Root
Melissa Cribbins
Steve Bloom, OPUC (ex officio)
Roger Hamilton (ex officio)
Greg Stokes, staff liaison

Compensation Committee <i>(formerly 401(k) Committee)</i>
Melissa Cribbins, Chair
Mark Kendall
Roger Hamilton (ex officio)
Debbie Goldberg Menashe, staff liaison
Executive Director Review Committee
Melissa Cribbins, Chair
Debbie Kitchin
Roger Hamilton (ex officio)
Amanda Sales, staff liaison
Finance Committee
Susan Brodahl, Chair
Ernesto Fonseca
Debbie Kitchin
Anne Root
Roger Hamilton (ex officio)
Pati Presnail, staff liaison
Policy Committee
Alan Meyer, Chair
Ernesto Fonseca
Anne Root
Elaine Prause (ex officio)
Roger Hamilton (ex officio)
Debbie Goldberg Menashe, staff liaison
Program Evaluation Committee
Lindsey Hardy, Chair
Susan Brodahl
Alan Meyer
Ken Keating, expert outside reviewer
Jennifer Light, expert outside reviewer
Dulane Moran, expert outside reviewer
Jamie Woods, expert outside reviewer
Warren Cook (ex officio)
Roger Hamilton (ex officio)
Sarah Castor, staff liaison
Strategic Planning Committee
Mark Kendall, Chair
Susan Brodahl
Lindsey Hardy
Janine Benner, ODOE (ex officio)
Elaine Prause, OPUC (ex officio)
Roger Hamilton (ex officio)
Debbie Goldberg Menashe, staff liaison

3. **The executive director, general counsel or chief financial officer are authorized to sign routine 401(k) administrative documents on behalf of the board, or other documents if authorized by the Compensation Committee.**
4. **The board also acknowledges that the following board members have committed to attend advisory council meetings:**
 - a. **Conservation Advisory Council: Lindsey Hardy and Alan Meyer**
 - b. **Renewable Energy Advisory Council: Alan Meyer and Ernesto Fonseca**

Moved by: Anne Root

Seconded by: Debbie Kitchin

In favor: 9

Abstained: 0

Opposed: 0

Introduction of New Board Members

Debbie introduced a resolution to add four new members to the board, and described the board's process for seeking and evaluating new board members. Debbie invited potential new board members to introduce themselves.

Elee Jen, principal marketing and business development manager at Energy Performance Engineering LLC in Newberg, is excited to join the board because her company works with customers who have benefited from Energy Trust incentives. Elee said she is excited to help Energy Trust distribute more benefits to low-income customers and underserved customers.

Eric Hayes, state organizing coordinator for the International Brotherhood of Electrical Workers, has been with IBEW for 23 years and was also president of electrical workers minority caucus, which helps provide services to communities. Eric expressed a desire to serve the community and Oregon in this board position, and an interest in directly addressing issues, such as the diversity issues raised earlier, as a board member.

Roland Risser has more than 40 years of energy-related experience, including 31 years at Pacific Gas and Electric. After Pacific Gas and Electric, he worked at the U.S. Department of Energy for seven years and ran several programs. He created many of the innovations that allowed LEDs to be in market today and also started the Better Buildings Initiative.

Henry Lorenzen is an attorney, a dry land wheat farmer in Pendleton and an electrical engineer. His family has farmed in the Pendleton area for 118 years. He worked in Portland as an attorney, including with Bonneville Power Administration. He was recently the chair of the Northwest Power and Conservation Council. Henry said he is eager to help Energy Trust deliver energy efficiency, which is the least-cost, least-risk energy resource for the region.

Debbie described the new board recruitment process, including more outreach to different groups to identify candidates. The board intends to continue to broaden outreach for future board candidate searches.

Debbie explained the board nominating committee was seeking to add two board members at this time, and the committee expanded the number to four because of these excellent candidates nominated through the new process. The board is interested in receiving input from new board members and community groups as it continues to improve the outreach and nomination process. The board looks for diversity in geographic location, building expertise, political perspective, race and ethnicity. The board also seeks a variety of different skills and experience, and to represent Oregon as a whole.

In November, there will be an orientation session for new board members, and existing board members are invited to participate.

RESOLUTION 853 ELECTING ERIC HAYES, ELEE JEN, HENRY LORENZEN AND ROLAND RISSER TO THE ENERGY TRUST BOARD OF DIRECTORS

WHEREAS:

- 1. Ken Canon resigned his position on the board effective February 6, 2018. His position on the board has remained open and unfilled since that time.**

2. The board Nominating Committee has reviewed candidates for the board seat vacated by Ken Canon and nominates Eric Hayes, Coordinator of International Brotherhood of Electrical Workers to fill the remaining term through 2019.
3. Dan Enloe resigned his position on the board effective June 2018. His position on the board has remained open and unfilled since that time.
4. The board Nominating Committee has reviewed candidates for the board seat vacated by Dan Enloe and nominates Elee Jen, Principal of Business Development of Energy Performance Engineering to fill the remaining term though 2020.
5. John Reynolds resigned his position on the board effective June 2018. His position on the board has remained open and unfilled since that time.
6. The board Nominating Committee has reviewed candidates for the board seat vacated by John Reynolds and nominates Henry Lorenzen, former member and past chair of the Northwest Power and Conservation Council to fill the remaining term through 2019.
7. Eddie Sherman resigned his position on the board effective August 28, 2018. His position on the board has remained open and unfilled since that time.
8. The board Nominating Committee has reviewed candidates for the board seat vacated by Eddie Sherman and nominates Roland Risser, retired US Department of Energy Deputy Assistant Secretary, Renewable Power to fill the remaining term through 2021.

Moved by: Debbie Kitchin

Seconded by: Anne Root

In favor: 9

Abstained: 0

Opposed: 0

Staff Report

Community Solar Award

Michael Colgrove reminded the board that Energy Trust participated on a proposal to administer the Oregon's community solar program. A decision was made on that proposal, and one of the proposals with which we participated was selected. Following successful contract negotiations, Energy Trust will be a subcontractor for the community solar program. Contract negotiations are currently underway.

Steve Bloom added that the negotiations involve the Oregon Department of Administrative Services.

Budget and Organizational Review Implementation Planning

Staff completed recommendation reports for Energy Trust's budget process and organizational review. Staff selected two consultants to plan for implementation of the recommendations, including Slalom for the budget process and 1961 for the organizational review. Greg Stokes will manage those contracts and work with consultants to develop implementation plans based on the recommendations. Drafts are expected in early 2019.

Energy Programs

Clackamas County Water Environment Services Tri-City Water Pollution Control Facility Cogeneration Project

Jed Jorgensen, senior renewables program manager, and Dave Moldal, renewables program manager, presented on the Clackamas County Water Environment Services Tri-City Water Pollution Control Facility Cogeneration Project (WES Tri-City Cogeneration Project).

Jed provided context on Energy Trust's Other Renewables program. Other Renewables works under a different framework than Energy Trust's energy efficiency programs. Other Renewables helps reduce above-market costs for projects that generate energy from hydropower, biopower, wind and geothermal resources.

Staff evaluates Other Renewables projects based on costs to develop, construct and operate over 20 years, plus revenues. Staff compare those costs to costs of other energy sources and calculates reasonable rate of return for the developer. If costs exceed revenue on a 20-year basis, then the projects have above-market costs and Energy Trust can provide an incentive.

Dave Moldal introduced Lynne Chicoine of Clackamas County Water Environment Services. Dave provided a summary of biopower opportunities at wastewater recovery facilities in Oregon. Wastewater recovery facilities are ideal locations for energy efficiency and renewable energy because they are permanent, have a low cost of capital, are municipally owned, have heat and electric load, have full time staff, do long-term planning and are net metered.

There are 11 operating cogeneration projects at wastewater recovery facilities in Oregon, and Energy Trust has been involved in seven of those projects. Of the 11 cogeneration projects, four digest organic food waste and fats, oils and grease. By the end of 2019, there will be about 8.7 megawatts of biopower capacity at these facilities, generating 60,000 megawatt hours of renewable energy per year. They operate at 90 percent capacity factor, which is high. That's the equivalent of \$2.4 million in energy savings. There is more biopower potential in Oregon, but many tax credits and incentives have expired. Funding sources include Energy Trust incentives and utility voluntary funds.

The board clarified that WES Tri-City Cogeneration Project will extend the useful life of the cogeneration equipment.

The board discussed Energy Trust's evaluation of the project, which included the retail rate for price of power. Energy Trust does not consider methane or carbon reduction in its calculations, and does not calculate levelized costs like the energy efficiency programs. The board emphasized that Energy Trust's goals should be linked to the Northwest Power and Conservation Plan goals, and stated that Energy Trust should understand how externalities impact calculations and decisions.

Dave Moldal added that Metro recently passed an ordinance requiring businesses to separate food waste, which can be used to generate more power at water resource recovery facilities. This is the first instance of a government requiring separation and collection of food waste.

Dave continued that WES responded to Energy Trust's spring 2018 request for proposals. The facility provides wastewater treatment to Gladstone, Oregon City and West Linn. The cogeneration project is part of a \$33 million facilities upgrade project, including construction of new digester. WES plans to remove its existing cogeneration engine, which is too small and operating at low efficiency levels. WES will add new hot water boilers, a cogeneration engine, improved cogeneration heat recovery system and a new dual-membrane biogas system.

Energy Trust staff reviewed the project for site control, development and operations team expertise, permitting, interconnection and energy conversion technology, and WES is strong in all of these areas. This project will only use municipal wastewater solids, not food waste or fats, oils and grease.

WES also applied to PGE for a Renewable Development Grant, and the status of those funds is unknown.

WES is asking for a \$2.1 million incentive. The project will cost \$5.7 million total. These costs are in alignment with other biopower projects supported by Energy Trust. Construction is expected in 2019 and 2020 and commercial operation is expected in 2021, with enough biogas to operate at full output by 2029 or 2030.

Energy Trust's proposed incentive is \$1.8 million paid in two installments, one at commercial operation and one a year later based on renewable energy generation results. Staff anticipate the project will generate 4,300 MWh per year. The above-market cost is \$3.9 million, not taking into account potential funds from PGE.

The board clarified that Energy Trust's incentive is based on WES receiving a PGE Renewable Development Grant and requested that staff add this clarification to the resolution. If the project does not receive funds from PGE, Energy Trust will recalculate above-market costs and an Energy Trust incentive. Lynne Chicoine added that WES will proceed with the project whether it is funded by PGE or not.

The board noted that there are significant emissions reductions from this project, which will result in air quality benefits for the local community and the state. The board requested this information to be included in future presentations. The board asked if there is a diesel backup generation agreement with PGE, and whether it will remain intact. Lynne said yes.

Lynne clarified that WES would not flare biogas, because it intends to use this renewable resource.

The board requested that a resolution number be added and that a typo be corrected.

RESOLUTION 854 AUTHORIZING AN INCENTIVE FOR THE WES TRI-CITY COGENERATION PROJECT

WHEREAS:

- 1. In April 2018, Energy Trust began a competitive process to allocate incentives for renewable energy facilities in Portland General Electric service territory and Pacific Power territory. One application was received: the WES Tri-City Cogeneration Project.**
- 2. Water Environment Services of Clackamas County (WES) proposes to install a 600-kW cogeneration system at the existing Tri-City Water Pollution Control Facility, resulting in 4,324 MWh of generation annually, on average. Generation will offset electricity that would otherwise be purchased from Portland General Electric (PGE). Project construction is expected to begin 2019, with commissioning in 2020, and commercial operation in 2021.**
- 3. Staff finds that the project has significant strengths and is low risk. The project will be municipally owned, and WES is an experienced operator of a biogas cogeneration project. Staff sees no significant permitting challenges.**
- 4. Above-market costs are \$3,914,549 (present value) over a 20-year period if the project does not receive a Renewable Development Grant from PGE, or \$1,970,105 if the project receives a \$2.1 million grant from PGE.**
- 5. Staff proposes an incentive of up to \$1,800,000 to be paid in two installments. The first payment would be \$1,000,000 at commercial operation and \$800,000 no sooner than 12 months later based on a generation threshold.**
- 6. Staff proposes to request Renewable Energy Certificates (RECs) equivalent to 100% of the project's expected generation over 20 years.**

It is RESOLVED that the Executive Director is authorized to negotiate a funding agreement for up to \$1,800,000 in incentives to offset the above-market cost of the 600 kW cogeneration project owned by Water Environment Services of Clackamas County, consistent with the terms outlined above.

Moved by: Debbie Kitchin

Seconded by: Ernesto Fonseca

In favor: 13

Abstained: 0

Opposed: 0

Committee Reports

Roger asked new board members to join two committees.

Executive Director Review Committee (Melissa Cribbins)

The committee got input from a survey, have a draft of the review and will have final review in November.

Policy Committee (Alan Meyer)

The committee is discussing forming an executive committee to be a mechanism for acting quickly without gathering the full board. Draft anticipated for presentation at next board meeting.

Strategic Planning Committee (Mark Kendall)

The committee is meeting October 30 with staff. The committee has been working with staff on possible scenarios, and is on schedule for a draft of the 2020-2024 Strategic Plan for review by the May 2019 board retreat, with public distribution and comment between June and October 2019. The committee is looking forward to working with the new DAC next year to help shape the organization's next strategic plan.

Conservation Advisory Council (Lindsey Hardy)

The Conservation Advisory Council received a presentation on DEI data that was interesting and would be good for the board to see.

Adjourn

The meeting adjourned at 12:03 p.m.

The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, November 14, 2018, at 10:30 a.m. at Energy Trust of Oregon, Inc., 421 SW Oak Street, Suite 300, Portland, Oregon.

/s/ Mark Kendall
Signed: Mark Kendall, Secretary

14/Nov/18