

# Board Meeting Minutes—159<sup>th</sup> Meeting

July 25<sup>th</sup>, 2018

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**Board members present:** Susan Brodahl (attending by phone), Ernesto Fonseca, Melissa Cribbins, Roger Hamilton, Lindsey Hardy, Mark Kendall, Debbie Kitchin (attending in Portland), Alan Meyer, Eddie Sherman (attending in Portland), Janine Benner (ODOE ex officio)

**Board members absent:** Steve Bloom (Oregon Public Utility Commission ex officio), Anne Root

**Staff attending:**

In Klamath Falls: Michael Colgrove, Shelly Carlton, Sue Fletcher, Karen Chase, Peter West, Debbie Menashe, Alex Polley

In Portland: Becky Rein, Auric Armstrong, Quinn Cherf, Lindsey Dierksen, Mike Bailey, Erika Kociolek, Sarah Castor, Tara Crookshank, Amber Cole, Phil Degens, Becky Engel, Fred Gordon, Steve Lacey, Amanda Potter, Mark Wyman

**Others attending:**

In Klamath Falls: Scott Scheuneman (RHT Energy), Ross Finney (RHT Energy), Amber Peavyhouse (Oregon Energy Green), Angalee O'Connor (RHT Energy), Ben Reher (Evergreen Consulting), Greg Henderson (Southern Oregon Business Magazine), Gary Kuleck (OIT), Brain Fox (OIT), Dr. Mason Terry (OIT), Dr. Nagi Naganathan (OIT), Kari Greer (Pacific Power), Todd Andres (Pacific Power), Amie McAulifee (Lost River Booster Club), Kelly Morris (Klamath County)

In Portland: Brian Miller (PGE), Rob Morton (Cascade Energy), Beth Glynn (Cascade Energy), Erik Holman (Cascade Energy), Mike Christianson (Energy 350), Chris Smith (Energy 350)

By phone: Anna Kim (OPUC), Desiree Sideroff (Craft3), Jeff Harris (NEEA), Sam Walker (Stillwater Energy), Callie Lawson (Craft3). There were several additional participants by phone, however they were not identified by name on the phone log.

## Welcome and Introduction

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Roger Hamilton called the meeting to order at 10:03.

Roger let the attendees know that the meeting was being broadcast to the Portland office and board members, staff and the public are attending by phone and at both locations. Board members introduced themselves and provided background on their work and experience on the board. Roger described his connection to the area and Oregon Tech, including his family ranch in the area, past role as a county commissioner in Klamath County for eight years, and time spent teaching at Oregon Tech. He expressed positive regard for the area, university and the people who live here as well as its rich history and unique geology.

## Oregon Institute of Technology Welcome and Opening Remarks

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Oregon Institute of Technology (Oregon Tech) President Nagi G. Naganathan (Dr. Nagi) welcomed the board. He introduced his colleagues at Oregon Tech in the audience: Gary Kuleck (provost and president for academic affairs), Brian Fox (vice president for finance and administration), and Dr. Mason Terry (director of Oregon Renewable Energy Center).

Dr. Nagi said that he joined Oregon Tech in 2017 impressed by the great assets of the school. He described several initiatives underway at the university including research to understand awareness of Oregon Tech and student perceptions. Dr. Nagi said that there is opportunity to increase awareness of the university and the full range of degrees offered, and that student satisfaction and results are very

positive. Over the next 10 years, Dr. Nagi said that he would like Oregon Tech to be a globally recognized polytechnic. He wants Oregon Tech to be the university of choice for distinctive professionals, students and employers within the industry.

Dr. Nagi described the history of the campus as related to renewable energy, including geothermal, first observed by snow melting more quickly on this location. He said that Oregon Tech offered the first Bachelor of Science degree in renewable energy engineering in the nation. He also highlighted the Oregon Renewable Energy Center on campus, funded for the first time last year. Dr. Nagi would like Oregon Tech to be among the top three picks for students interested in becoming energy professionals. There have been 300 graduates in renewable energy engineering since 2005.

The university continues to grow and a new \$54 million building is under construction. During construction, this project will create 300 jobs in the community. The building will include a maker's space, and the university will invite businesses and the community inside. Dr. Nagi hopes that Energy Trust staff will attend the dedication in the not-too-distant future.

Dr. Nagi encouraged attendees to spread the word about Oregon Tech and closed by thanking the board for coming to Oregon Tech and wished members a productive meeting.

The board asked whether student housing is on campus. Brian Fox said that there are two dorms and most freshman live on campus.

The board took a break from 10:36 to 10:46.

## **Board Meeting – Call to Order**

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Roger Hamilton called the meeting back to order at 10:46. This is the 159th board meeting going back to 2003. Roger reviewed the agenda.

*Eddie Sherman joined board meeting at 10:45.*

Melissa moved to approve the agenda and Lindsey seconded the motion. All approved. Roger mentioned that the board strategic planning topic may be shortened to stay on schedule.

## **General Public Comment**

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Roger invited public comment. There was no public comment at this time.

## **Consent Agenda**

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*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**

Alan Meyer voted to approve the agenda and Melissa Cribbins seconded. All in favor.

Consent agenda includes:

1. May 17 - 18 2018, Strategic Planning Workshop meeting minutes
2. June 6, 2018, Board meeting minutes
3. Committee assignments—R843

**RESOLUTION 843  
BOARD COMMITTEE APPOINTMENTS  
(SUPERSEDES RESOLUTION 837)**

**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 837, 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:

<b>Audit Committee</b>
Anne Root, Chair
Melissa Cribbins
Mark Kendall
Karen Ward, outside expert
Roger Hamilton (ex officio)
Pati Presnail, staff liaison
<b>Board Nominating Committee</b>
Debbie Kitchin, Chair
Alan Meyer
Anne Root
Eddie Sherman
Steve Bloom, OPUC (ex officio)
Roger Hamilton (ex officio)
Greg Stokes, staff liaison
<b>Compensation Committee (formerly 401(k) Committee)</b>
Melissa Cribbins, Chair
Mark Kendall
Roger Hamilton (ex officio)
Debbie Goldberg Menashe, staff liaison
<b>Executive Director Review Committee</b>
Melissa Cribbins, Chair
Debbie Kitchin
Roger Hamilton (ex officio)
<b>Finance Committee</b>
Susan Brodahl, Chair
Ernesto Fonseca

## Board Committee Assignments—R843

July 25, 2018

Debbie Kitchin
Anne Root
Roger Hamilton (ex officio)
Pati Presnail, staff liaison
<b>Policy Committee</b>
Alan Meyer, Chair
Ernesto Fonseca
Eddie Sherman
Anne Root
Elaine Prause (ex officio)
Roger Hamilton (ex officio)
Debbie Goldberg Menashe, staff liaison
<b>Program Evaluation Committee</b>
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
<b>Strategic Planning Committee</b>
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: Alan Meyer      Seconded by: Lindsey  
Hardy

Vote:            In favor: 8                    Abstained: 0  
                      Opposed: 0

## **President's Report**

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Roger Hamilton thanked OIT and provided background on Energy Trust results and benefits over time, including 700,000 sites served, 13,000 clean energy systems, \$7.6 billion in bill savings, and 22.8 million tons of carbon dioxide avoided. He described local examples that we are proud of such as at OIT and Sky Lakes Medical Center. Roger provided a map of Energy Trust supported projects in Klamath and Lake Counties. In Klamath County, results have included 11,000 total customer sites served and 191 renewable power systems supported.

## **Staff Report**

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### ***Business Planning Process***

Mike reported that the management team has been working with 1961 Consulting for 2020-2024 strategic planning. He provided an overview of the business planning process conducted with directors and staff—assessing hours needed for work deemed business-as-usual and new initiatives where discrete projects were proposed.

The board asked for examples of new initiatives and whether we have the appropriate level of resources to do business-as-usual work. Mike pointed out that there is additional capacity, but not enough to take on all the new ideas. The exercise showed that we were 12 percent over capacity. Mike provided examples of proposed new initiatives eliminated from the business plan, including a brand refresh and a SharePoint online record retention project. Other examples of reduced business-as-usual work included: board and advisory council notes, multiday visits by Mike around Oregon, and an industrial program scoping tool.

Mike covered the organizational goals—characterized as outcomes—which emerged from business planning. He provided examples of initiatives falling under those goals. He noted that the management team will take a careful look at all new activities. Mike described it as an interesting learning process that allowed the management team to have conversations as a group and have greater insight and clarity on the other groups' work.

The board commented that it appeared to be a good process and asked whether staff thought it was a good and accurate reflection of the work. The board also wondered whether 1961 Consulting gave guidance on the appropriate level of detail. Mike said that the organization tends to prefer more detail and so went further into detail than normally recommended this first time.

The board asked if activities were attached to goals and Mike responded yes—the business-as-usual items were nested under these goals. Goals will likely be used as a guide for new initiatives next year.

The board appreciated that Energy Trust is a learning organization, looking at how we do the work and remaining relevant by focusing on what we need, could and want to do.

The board probed whether this exercise told us that the strategic planning process is working. Mike said yes, and that we will need metrics and targets for each of the six outcomes.

The board wondered if the elimination in travel would impact whether Mike attends the trade ally forums. Mike said he will still have other travel, like trade ally forums, and combine that travel with visits to customers in the area.

### ***High Bay Lighting Update***

Mike reported that savings from commercial and industrial lighting is off to a strong start, and the Industrial program is planning to pause its “Performance Plus” program and manage incentives a little differently to keep from going too far over budget. Existing Buildings and Multifamily are near or just below goal for lighting savings.

The board asked whether lighting design would be paused, and Peter said no. The board brought up an issue of continuing with customers who are already committed to a lighting project, and Peter offered assurance that any customers already in the project development process will be able to finish and receive our incentives.

The board wondered what staff learned from these strong results in the industrial sector, and Peter responded that it was partially due to a few high-performing trade allies.

### ***Secretary of State Audit***

Mike stated that the Secretary of State issued its findings in June, and staff appreciated this opportunity to show how we manage costs. The Secretary of State’s auditing process took over a year, and the report determined that Energy Trust administrative costs were reasonable and Oregon Public Utility Commission oversight of Energy Trust was appropriate. The audit found that Energy Trust consistently spends below our cap for administrative costs and processes are sound. Staff appreciated this acknowledgement. The three recommendations in the audit report will be implemented through January.

The board congratulated staff and noted this positive outcome is unusual given Oregon state agency audits in recent years.

The board asked who paid for the audit. Mike responded that we did not pay for the Secretary of State staff’s time, and the board commented that state agencies are normally asked to pay.

### ***Executive Assistant Transition***

Mike pointed out that this was the last day for his executive assistant, and explained some staffing transitions regarding board support. Elizabeth Fox is now responsible for office management, allowing Cheryl Easton to do board management work and strategic planning project management. This essentially creates a “board liaison position. The human resources team has posted a senior administrative assistant position to support Mike and management team.

### ***Strategic Planning Update***

Committee chair Mark Kendall and staff liaison Debbie Menashe covered this topic. Mark stated that the retreat was a good opportunity to kick off the plan. Next steps are developing a draft plan in late spring, holding outreach on the draft over the summer, and working to a final plan in October 2019.

Debbie stated that the team has been developing a work plan, and calendar invites will go out soon for the next Strategic Planning Committee meeting. Debbie reported that 1961 Consulting and Holly Valkama have been engaged to support the strategic plan development process which will be guided by a Michael Porter's strategic planning framework. Energy Trust's Strategic Planning Committee and internal staff want to continue working with Holly Valkama and using this framework. Phase one of Michael Porter's approach includes developing plan building blocks: a strengths and capabilities map, a current "unique role of value" statement, and key drivers for scenario planning. Developing these building blocks is undertaken before drafting a plan. Mike presented Energy Trust key drivers at the board workshop in May, such as Integrated Resource Planning, policy and the regulatory environment, workforce and talent. The team wants to test those key drivers and identify which to use in planning. They will look at where they intersect and see if those are appropriate to use.

The next strategic plan period will look ahead to the sunset date of SB 1149 and funding implications. Staff will engage in discussion with Oregon Public Utility staff on future SB 1149 funding and potential legislative approaches.

The board wondered when the straw man would come in. Debbie stated that funding discussions with OPUC will need to precede that so we know more about the regulatory and policy environment. We have meetings with OPUC staff in September, and we'll be testing concepts in October with Renewable Energy Advisory Council and Conservation Advisory Council. A straw man draft plan will be developed in phase two, the plan drafting process.

Debbie described phase two, plan drafting. Three workshops will be held through January 2019: one each with the committee, staff, and the Conservation Advisory Council and Renewable Energy Advisory Council. The board will be informed and engaged along the way.

The draft plan will be presented at the May 2019 workshop and public engagement will occur in summer 2019.

The board asked if the team is thinking about engagement with trade allies. Debbie responded that trade allies are included in the engagement after there is a draft plan, but we can talk about whether to bring them in earlier.

## **Board Learning Topic: Awareness and Education as a Long-Term Investment in Program Engagement**

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Sue Fletcher and Shelly Carlton, managers in Energy Trust's communications and customer service group, provided a presentation on the boarding learning topic of awareness and education. This presentation is about the role of education and awareness in driving long-term savings and for potentially underserved groups.

Shelly described the marketing process and how Energy Trust uses a variety of marketing channels and innovates strategy through feedback. Through some recent feedback and market research, it was observed that some customers need additional education to engage in program services.

The board asked if the role of education is about helping get customers into and moving through the stages of awareness and participation. Shelly responded yes.

Shelly continued that over the last two years, research has identified underserved audiences and helped us learn more about their motivations, as well as helped identify effective education methods for engagement in energy programs and awareness.

The board asked if the education research referenced is our website, and staff agreed to make sure it is available there. Shelly highlighted a finding that energy education is a predictor of paying more attention to energy use, talking to friends about energy, and purchasing an energy-efficient product.

The board asked what it means to have low participant unaided awareness. Shelly explained it is when a participant has trouble recalling Energy Trust without hearing our name earlier in the survey. Sue mentioned that utilities are also a source of information that participants point to when asked this question, and we leverage their communications to customers as well.

Shelly highlighted focus groups with moderate-income attendees with no post-high school education. Attendees had high interest in saving energy, but some skepticism about energy and energy products; were eager to share information but had some misinformation; had a long list of projects to take on, but a short list of friends and family they would call for help. They referenced do-it-yourself projects and educational videos on YouTube as a source of information.

Shelly noted that if we provide education on energy, we both increase awareness and drive customer participation down the road. We need to provide more and better educational content to ensure that we are offering helpful information that can be shared by word of mouth.

Shelly explained that communications and customer service staff have been exploring a few methods for developing and delivering educational content.

Shelly described a new advertising campaign to be released by Energy Trust this summer, which is intended to increase awareness of Energy Trust in a way that leads to action.

Sue closed the presentation by describing the desired education and awareness outcomes, and offered key questions under consideration for staff and board.

The board expressed skepticism about advertising solely to increase awareness, stating that awareness on its own has no value but that understanding what Energy Trust does is more valuable. Other comments were that awareness can offer benefits of engaging new customers and keeping stakeholders informed about the work. While it is difficult to measure the benefits of awareness, the board noted that it is important.

Sue said that we see benefits of awareness particularly as it might engage new customers. Mike said that the Northwest Energy Efficiency Alliance board is talking about the value of an educated consumer to a trade ally contractor.

The board asked what staff needs, and if staff is working with the evaluation committee. Sue said that we value guidance from the board related to the scope of this work and we do not anticipate significant changes in our work in this area in the 2019 budget. Amber said that staff will keep the board informed on this work through future budget action plans.

## **Energy Programs**

### ***Production Efficiency***

Amanda Potter, sector lead for the industrial and agriculture sector, presented on the new custom track program design for production efficiency and recent Request for Proposals process and decision.



Amanda said the decision was made to combine the delivery of custom, strategic energy management and technical services into one program and contract. She mentioned several key drivers including reduction in coordination time, greater flexibility, streamlined program processes and fewer touch points for customers.

The Request for Proposals was issued in March and proposals were received in April. Respondents could bid for all three territories but were informed that only one contractor would be selected as the prime for each territory. Four proposals were received for territory one, four for territory two, and two for territory three. Proposals were scored by territory, but those that were selected were the top three scorers across the board. The selection criteria included cost and energy savings, strength and cohesion of team, strength of the proposal and diversity, equity and inclusion.

The staff recommendation is: Territory 1 – Cascade Energy, Territory 2 – Energy 350 and Territory 3 – RHT Energy.

These respondents brought strong technical expertise, were cost competitive, and provided ideas on how to reach underserved customers. Amanda highlighted strengths of each organization.

The board mentioned that this decision displaced the Portland General Electric – Customer Technical Services team as one of the contractors and asked how that decision was accepted by PGE. Amanda commented that PGE is focused on customer service and a smooth transition. Peter said that we are talking with them about a longer transition, in particular on the Intel megaproject.

The board noted that we will no longer have pools of Allied Technical Assistance Contractors. Amanda said that the winning bidders have the full set of skills needed of ATACs and for delivering Strategic Energy Management. All have engaged some technical partners to provide the full services.

The board noted that this is a good example of streamlined business management practices in response to customer need.

## **RESOLUTION 844**

### **AUTHORIZE A PROGRAM DELIVERY CONTRACT WITH CASCADE ENERGY, INC. FOR THE PRODUCTION EFFICIENCY PROGRAM CUSTOM TRACK—TERRITORY 1**

#### **WHEREAS:**

- 1. With the assistance of outside expertise, Energy Trust staff has conducted a fair and open procurement process to select three Program Delivery Contractors to manage and deliver Production Efficiency program services for the next three to five years.**
- 2. Cascade Energy, Inc. was selected to deliver Production Efficiency Custom Track Program Delivery Contractor services for the program's designated Territory 1.**
- 3. Staff has assumed and estimated a total first-year custom Territory 1 program budget for 2019 of approximately \$5.7 million, which includes approximately \$2.55 million in total contracted program delivery and \$3.15 million in first-year incentives.**
- 4. Actual savings and costs will be reviewed by the Energy Trust board as part of the annual budget and action plan process. Based on current assumptions, staff estimates the following program savings and costs per unit savings:**

	<b>Electric</b>	<b>Gas</b>
<b>Savings</b>	<b>25 million kWh</b>	<b>250,000 therms</b>
<b>\$/Unit Savings</b>	<b>\$0.211 per kWh</b>	<b>\$1.62 per therm</b>

**It is therefore RESOLVED:**

- 1. Subject to determination of a final contract amount based on the board-approved 2019 budget, the executive director or his designee is authorized to enter into a contract with Cascade Energy, Inc. to be Production Efficiency Custom Track Program Delivery Contractor for Territory 1 for an initial term from January 1, 2019, through December 31, 2021.**
- 2. First-year contract costs and savings goals included in the contract shall be consistent with the board-approved 2019 Production Efficiency budget and two-year action plan. Thereafter, the contract may be amended consistent with the board's annual budget and action plan decisions and the executive director or his designee is authorized to sign any such contract amendments.**
- 3. The final contract may include a provision allowing staff to offer one-year extensions beyond the initial term if the Program Delivery Contractor meets certain established performance criteria. In no event would the total term of the contract plus extensions exceed five years.**
- 4. Before extending this contract beyond the initial term, staff will report to the board on the Program Delivery Contractor's progress and staff recommendation for any additional extension time periods. If the board does not object to extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director or his designee is authorized to sign any such contract extensions.**

Moved by: Melissa Cribbins

Seconded by: Alan Meyer

Vote: In favor: 9

Abstained: 0

Opposed: 0

**RESOLUTION 845  
 AUTHORIZE A PROGRAM DELIVERY CONTRACT WITH ENERGY 350, INC.  
 FOR THE PRODUCTION EFFICIENCY PROGRAM CUSTOM TRACK—  
 TERRITORY 2**

**WHEREAS:**

1. With the assistance of outside expertise, Energy Trust staff has conducted a fair and open procurement process to select three Program Delivery Contractors to manage and deliver Production Efficiency program services for the next three to five years.
2. Energy 350, Inc. was selected to deliver Production Efficiency Custom Track Program Delivery Contractor services for the program’s designated Territory 2.
3. Staff has assumed and estimated a total first-year custom Territory 2 program budget for 2019 of approximately \$8.5 million, which includes approximately \$3.5 million in total contracted program delivery and \$5 million in first-year incentives.
4. Actual savings and costs will be reviewed by the Energy Trust board as part of the annual budget and action plan process. Based on current assumptions, staff estimates the following program savings and costs per unit savings:

	<b>Electric</b>	<b>Gas</b>
<b>Savings</b>	<b>37 million kWh</b>	<b>455,000 therms</b>
<b>\$/Unit Savings</b>	<b>\$0.206 per kWh</b>	<b>\$1.99 per therm</b>

**It is therefore RESOLVED:**

1. Subject to determination of a final contract amount based on the board-approved 2019 budget, the executive director or his designee is authorized to enter into a contract with Energy 350, Inc. to be Production Efficiency Custom Track Program Delivery Contractor for Territory 2 for an initial term from January 1, 2019, through December 31, 2021.
2. First-year contract costs and savings goals included in the contract shall be consistent with the board-approved 2019 Production Efficiency budget and two-year action plan. Thereafter, the contract may be amended consistent with the board's annual budget and action plan decisions and the executive director or his designee is authorized to sign any such contract amendments.
3. The final contract may include a provision allowing staff to offer one-year extensions beyond the initial term if the Program Delivery Contractor meets certain established performance criteria. In no event would the total term of the contract plus extensions exceed five years.
4. Before extending this contract beyond the initial term, staff will report to the board on the Program Delivery Contractor’s progress and staff recommendation for any additional extension time periods. If the board does not object to extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director or his designee is authorized to sign any such

Moved by: Alan Meyer

Seconded by: Melissa Cribbins

Vote: In favor: 9

Abstained: 0

Opposed: 0

**RESOLUTION 846  
 AUTHORIZE A PROGRAM DELIVERY CONTRACT WITH RHT ENERGY, INC.  
 FOR THE PRODUCTION EFFICIENCY PROGRAM CUSTOM TRACK—  
 TERRITORY 3**

**WHEREAS:**

1. With the assistance of outside expertise, Energy Trust staff has conducted a fair and open procurement process to select three Program Delivery Contractors to manage and deliver Production Efficiency program services for the next three to five years.
2. RHT Energy, Inc. was selected to deliver Production Efficiency Custom Track Program Delivery Contractor services for the program’s designated Territory 3.
3. Staff has assumed and estimated a total first-year custom Territory 3 program budget for 2019 of approximately \$4.15 million, which includes approximately \$2.25 million in total contracted program delivery and \$1.9 million in first-year incentives.
4. Actual savings and costs will be reviewed by the Energy Trust board as part of the annual budget and action plan process. Based on current assumptions, staff estimates the following program savings and costs per unit savings:

	<b>Electric</b>	<b>Gas</b>
<b>Savings</b>	<b>19 million kWh</b>	<b>253,000 therms</b>
<b>\$/Unit Savings</b>	<b>\$0.188 per kWh</b>	<b>\$2.29 per therm</b>

**It is therefore RESOLVED:**

1. Subject to determination of a final contract amount based on the board-approved 2019 budget, the executive director or his designee is authorized to enter into a contract with RHT Energy, Inc. to be Production Efficiency Custom Track Program Delivery Contractor for Territory 3 for an initial term from January 1, 2019, through December 31, 2021.
2. First-year contract costs and savings goals included in the contract shall be consistent with the board-approved 2019 Production Efficiency budget and two-year action plan. Thereafter, the contract may be amended consistent with the board's annual budget and action plan decisions and the executive director or his designee is authorized to sign any such contract amendments.
3. The final contract may include a provision allowing staff to offer one-year extensions beyond the initial term if the Program Delivery Contractor meets certain established performance criteria. In no event would the total term of the contract plus extensions exceed five years.
4. Before extending this contract beyond the initial term, staff will report to the board on the Program Delivery Contractor’s progress and staff recommendation for any additional extension time periods. If the board does not object to extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director or his designee is authorized to sign any such contract extensions.

Moved by: Mark Kendall

Seconded by: Lindsey Hardy

Vote: In favor: 9

Abstained: 0

Opposed: 0

***Production Efficiency***

Amanda said that resolution 847 would allow program funds to be moved across sectors for transition activities in 2018.

The board asked if there are any issues with moving these resources based on utility service territory. Peter said that there are no issues, these funds are in the general budget and will receive our standard allocation.

**RESOLUTION 847  
AUTHORIZE 2018 BOARD-APPROVED PROGRAM FUNDS TO BE MOVED  
ACROSS SECTORS**

**WHEREAS:**

1. **Energy Trust staff requests authorization to move up to \$350,000 of board-approved 2018 New Buildings program funds to the Production Efficiency program.**
2. **The funds will be used to support Production Efficiency Program Delivery Contractor transition activities in 2018.**

**It is therefore RESOLVED:**

1. **Staff is authorized by the board to move up to \$350,000 in board-approved 2018 New Buildings program funds across sectors to the industrial Production Efficiency program.**

Moved by: Melissa Cribbins

Seconded by: Ernesto Fonseca

Vote: In favor: 9

Abstained: 0

Opposed: 0

***Residential Programs***

Mark Wyman, senior program manager in residential, provided a summary of the motion, Resolution 848, and background on the manufactured home replacement pilot and relationship with Craft3.

Mark stated that this resolution will use excess contingency reserves for establishment of a \$1 million manufactured home replacement loan fund. It will be a direct loan agreement with Craft3 and Craft3 would directly loan to customers. The savings realized from treatments in older, distressed homes do not materialize as they would in single family homes, and the repair costs can exceed the value of the home. Research conducted by Portland State University found a low natural replacement rate for manufactured homes. If there is not an intervention, these homes would not be replaced on their own, and the homes have significant damage and post a variety of risks and challenges for those who live in them.

The replacement of these homes can help with a gap in affordable housing. Manufactured housing is one of the largest sources of naturally occurring affordable housing. The homes can be purchased on average for \$42,000.

Mark described the pilot as a partnership with multiple organizations. The other partner organizations include St Vincent de Paul, CASA of Oregon, NeighborWorks Umpqua and Oregon Housing and Community Services. He described the pilot's research components and objectives, and showed the

pilot incentive grid to distinguish the resource acquisition, need for financing and the loan fund. The incentive investments are different funds than what is proposed here with Craft3.

Energy Trust is trying to create opportunities with this pilot for low-income households. This pilot is targeted at manufactured home parks. Households lease the land and own the houses. Some are owner occupied. Owners have few financing options. Chattel loans are the traditional financing mechanism for manufactured home purchase. They have higher rates and shorter terms compared to other mortgage products. The financing model is about throughput from the factory. Energy Trust saw a need to work with a mission-oriented lender to finance home replacement, and for there to be some separation with actors in this space.

Craft3 sees this opportunity as tied to their mission. The result will be access to capital, competitive terms, saving for maintenance and packaging of grants. Solar is also a possibility on these homes. The interest rates and terms are in development, and Mark reported that they are looking at 6 percent over 15 years. It will always be a set rate and time. There will also be a prorated commitment from the owners for maintenance.

This agreement will be modeled after Energy Trust's past work with Craft3 in the Savings Within Reach program. It will aim to serve customers of all utilities, including natural gas partners. We are providing seed capital to Craft3 at a 15-year term, however we will not seed a loss reserve.

The goal is to keep costs to one-third of a household's income. Next steps were described as working with Craft3 toward a September launch of this loan product. Energy Trust is also looking for other opportunities for capital. There is another group at the state considering this issue too. As other funds come in, it would displace or augment this capital. We are taking this step now because we see an opportunity to do something of value and have willing partners and customers, in addition to capturing the energy savings associated with home replacement.

Roger stated that the board has two issues, the merits of the loan fund and the use of the reserve funds. The board clarified that we are not really using contingency reserves. We are using excess funds that are in the reserves. The board suggested changing the language of the resolution to "excess funds in the contingency reserves."

The board asked where did the excess funds come from. The funds were from interest went into reserve funds, and we had \$2-3 million in excess of target amounts. This has since been changed.

The board asked how the first cohort would be selected. Mark said that this is a partnership with CASA of Oregon, St. Vincent de Paul and NeighborWorks Umpqua. The partners help establish relationships and represent the perspective of the communities.

The board asked if this will cover the incremental cost and if there are maximum loan amounts.

The board asked if Craft3 is known to borrowers. Mark said that there is a lot of value in bringing community development financial institutions to this market. For these personal property loans, it is difficult for someone else to get engaged.

Desiree Sideroff and Adam Zimmerman from Craft3 added that this type of lending provides challenges. Most lenders will see these as high risk. While Craft3 has not done many loans of this nature, we have done work in the consumer leading space for underserved customers with fair loans across Oregon and Washington in rural areas.

The board asked if the terms are competitive, and Mark responded yes.

The board wondered if manufacturers will be reluctant to participate because they won't have earnings from loans. Mark said that it is about throughput for the manufacturers, and this helps to generate

throughput. We think that they see this as positive. He also noted that we have existing programs to visit manufactured home dealerships and are getting them ready to facilitate these transactions.

The board asked if there will be manufactured homes that won't qualify for the current retrofit incentives available now. Mark said that no. We are interested in introducing more options. We have some customers that will do improvements and nothing prohibits them from doing that.

Alan Meyer moved that a modification be made to the resolution included in the board packet. He moved that the language "excess funds in the" be added before the words "contingency reserves" in the title, line #4, and line #5.

Melissa Cribbins seconded the motion. All approved the resolution with the additional language.

**RESOLUTION 848  
USING EXCESS FUNDS IN THE CONTINGENCY RESERVES ACCOUNT  
ORGANIZATION POOL FOR ESTABLISHMENT OF A MANUFACTURED  
HOMES REPLACEMENT LOAN FUND WITH CRAFT3**

**WHEREAS:**

1. Energy Trust, with authorization from the OPUC, launched a pilot to serve manufactured homes by facilitating the replacement of pre-1995 manufactured homes with high-efficiency models through a combination of an Energy Trust incentive, third-party grants and low-interest loans from local, nonprofit lenders. This pilot is referred to as the Manufactured Homes Replacement Pilot.
2. Through work in the Manufactured Homes Replacement Pilot, Energy Trust staff has identified that financing is a barrier to participation.
3. Building off the successful work between Energy Trust and Craft3 to establish and support of On Bill Repayment Financing programs, Energy Trust has been working with Craft3 to develop a new loan product to support participants in the Manufactured Homes Replacement Pilot and address the financing barrier to participation.
4. Energy Trust proposes to enter into a third loan agreement with Craft3 to fund a manufactured homes replacement loan fund. To fund the loan to Craft3, Energy Trust staff is proposing using the excess funds in the Organization Contingency Reserves pool of Energy Trust's Contingency Reserves.
5. Energy Trust's Using Reserve Accounts Policy requires prior board approval before utilizing the Contingency Reserves Account organization pool. Energy Trust staff recommends utilizing the excess funds in the organization pool for establishment of a loan fund with Craft3 for a manufactured homes replacement financing offering.

**It is therefore RESOLVED:**

1. The Executive Director is authorized to use up to \$1,000,000 currently accounted for in the Contingency Reserves Account organization pool funds to establish a manufactured homes replacement loan fund with Craft3 (the Manufactured Homes Loan Fund); and
2. Energy Trust is authorized to negotiate and enter into a 15-year revolving loan agreement with Craft3 to provide the capital for establishment of the Manufactured Homes Loan Fund, with terms and conditions that provides repayment to Energy Trust with interest, provides for termination procedures for the loan agreement

**resolution in the event that Energy Trust ceases operations in 2025 and otherwise provides Energy Trust ratepayer funds with sufficient protection.**

Moved by: Alan Meyer

Seconded by: Melissa Cribbins

Vote: In favor: 9

Abstained: 0

Opposed: 0

## **Committee and Advisory Council Reports**

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### ***Finance Committee, Susan Brodahl***

Susan reported that revenue is close to last year. Reserves are ticking up, which we expect to draw down at year-end. The contingency funds available year-to-date amount is where the Craft3 loan for manufactured homes is coming from. This will drop the number to \$3 million. That difference will be put back into reserves listed above the utility programs.

The board pointed out that the Existing Buildings program and Residential program are running low, but that's an issue of timing, and that we are running \$20 million ahead of last year, building reserves we do not want to build. Pati responded that this is according to plan. We will find a way to more clearly indicate in future reports that this is where we meant to be. Peter indicated that we expect to be at or over goal for all utilities. PGE will be low based on one project and we have a pipeline that may get us into reserves by the end of the year.

The first four to five months of the year is typically the lowest spending. Mike clarified that this is where we meant to be at this point. The board pointed out the cash flow projection. We are tracking future commitments, and there are some sizable dollars there. Industrial projects aren't flowing like we expected them to flow, which is having this impact.

### ***Evaluation Committee, Lindsey Hardy***

Lindsey reminded the board that the evaluation committee notes are in the packet, and that we have talked about most of the studies. Lindsey asked the board if there were any questions and mentioned that Phil and Sarah are available to answer questions about reports, which are also on the web site.

The board wondered what other evaluations should be expected. Phil said to expect the Industrial 2016-17 impact evaluation, Existing Buildings 2017 Impact evaluation, an Existing Buildings process evaluation, a report on New Buildings market research, and later, an operations and maintenance persistence study. Sarah noted a trade ally survey in the field that will be at the next evaluation committee.

The board said that evaluation is at the heart of how we determine savings. They acknowledged that the group does great work, and very thorough, lengthy reporting.

### ***Policy Committee, Alan Meyer***

Alan noted that the June 21 meeting moved to June 27, and many members were unable to make it. Alan mentioned that combined heat and power still seems appropriate although not being used much. He also mentioned the procedure for evaluating funding opportunities beyond the public purpose charge. He reported that Eric Anderson of Pacific Power, Andrea Johnson of Green Empowerment, April Snell of Oregon Water Resources Congress, and James Valdez of Spark Northwest are all joining



the Renewable Advisory Council. The committee looked at contractors who receive more than \$500k, Mike reported on new funding opportunities, and Amber reported on the Secretary of State audit.

Alan directed the group to the pink tab in the board packet. Alan introduced this as a procedure for when we come across items that are good things for us to do, but not appropriate for public purpose charge use. This process is meant to cover what is necessary to get us to the point of making a proposal on work that does not fall under the current agreement.

With this approach we will consider if the work aligns with the purpose statement, can be pursued under existing policies, provides primary benefits to ratepayers, and if it builds on current knowledge and expertise. If the work enhances what we're already doing, there is no need to go through this process. The Clean Energy States Alliance low-income solar grant is an example. It is not a new program, but enhances a current program.

The board asked if the opportunity is under \$50,000 and what happens when a project of this type is something that the policy committee dislikes? Mike indicated that this was a learning opportunity and that the number was arbitrary, but is indicative of a very small investment. The board pointed out that they would not want to get sideways with the policy committee, and \$50,000 seems like a lot. Mike pointed out that there are very few of these types of things and suggested additional criteria. The board suggested that they strike the mention of retroactive.

The board also indicated the importance of remaining flexible and relevant. The board said the statement "does not detract from Energy Trust's ability to do Oregon Public Utility Commission work" seems interpretable. Is there a process to make a determination with them so that the OPUC agrees with this? Board mentioned that Elaine is on the committee. The board pointed out that Energy Trust is unique, and Steve Bloom is an ex-officio member of the board, and OPUC staff attend meetings regularly.

Mike asked if it should just go to the committee. The board agreed that it should, so that the OPUC is always aware.

#### ***Board Nominating Committee, Debbie Kitchin***

Debbie reported that the board has an announcement for three open positions, and are looking for member diversity, different perspectives, and representation from different areas of the state, Portland and Eastern Oregon, and experience providing services to low-income communities or managing legal issues for a large organization.

Interested people should send a statement of interest with brief bio or other background documents by August 17. Several have been received so far. Interviews will take place in late August through early September.

The board wondered if we had reached out to past board members. Debbie mentioned that they are putting together a nominating committee that includes past board members.

#### ***Conservation Advisory Council, Lindsey Hardy and Alan Meyer***

Lindsey and Alan provided an update. The last meeting finalized the Conservation Advisory Council operating principles, the result of a process in January/February to look at how the Conservation Advisory Council operates and ensure we are reporting back to the board effectively. Strategic planning

and dashboard, unique value, and strengths were covered. There was a discussion around the meaning of the word sustainable. Could be a discussion in future.

Conservation Advisory Council also had discussion on transitioning Energy Trust reporting to gross savings from net, based on a presentation from Fred. There was an in-depth discussion with the Council on the merits of setting goals and reporting savings using gross savings, as compared to the current practice of using savings that are adjusted for free riders and spillover (net savings). In response to a question. CAC members asked questions about how free ridership and spillover will be handled, and how Energy Trust will know when it's time to exit a market. Council members were supportive of transitioning Energy Trust to gross savings goals and reporting, although there were a few follow-up questions and significant interest in further understanding how Energy Trust decides when to end or reduce incentives.. In response to a board question, Fred explained that most Northwest utilities, and many utilities nationwide, set goals based on gross savings.

### ***Renewable Energy Advisory Council, Alan Meyer***

Alan reported that there was a resilient communities' presentation, and Japan's recovery was provided as an example. A large earthquake in the Portland-area will create isolation, and is a reason for us to continue to invest in standalone systems. Energy Trust should be committed to that going forward.

Mike stated that Conservation Advisory Council and Renewable Energy Advisory Council notes are an area where we will look to save staff time in 2019, related to the earlier conversation about business planning. Since the Conservation Advisory Council and Renewable Advisory Council are advisory councils to the board, finding time-efficient ways to have the advisory councils summarize their discussion at the end of each topic and specify their advice to the board will be a.

The board clarified that they would like staff to talk to Conservation Advisory Council and Renewable Energy Advisory Council about this change, and Mike concurred. The board appreciates the need to reduce staff time, but also appreciates capturing and attributing dialogue and questions as they provide helpful context regarding stakeholders. Even small differences in opinions are helpful to know.

The board noted that at times the full advisory council meeting cannot be heard by phone. In these cases, notes help put the pieces together.

## **Closing Comments**

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Greg Henderson from the Southern Oregon Business Magazine stated that he was grateful for the invite and impressed with the content and board dialogue. He once heard that if you found yourself at a conference and were the smartest person in the room, you were at the wrong conference. If that is true, then, Greg said, he is not planning to leave this room.

## **Adjournment**

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The board adjourned at 2:55pm

The meeting adjourned at 2:55p.m. **The next meeting of the Energy Trust Board of Directors** will be on Wednesday, October 17, 2018 at 10:30 a.m. at Energy Trust, 421 SW Oak, Suite 300, Portland, Oregon.

\_\_\_\_\_/s/ Mark Kendal, Secretary\_\_\_\_\_  
Mark Kendall, Secretary