

Board Meeting Minutes—169th Meeting

October 28, 2019

Executive Session

The Energy Trust Board of Directors met in Executive Session prior to the public meeting and pursuant to bylaws section 3.19.1 to discuss internal personnel matters.

Attendance at the Public Meeting

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, Anne Root, Roland Risser, Letha Tawney (Oregon Public Utility Commission ex officio), Ruchi Sadhir (for Janine Benner, Oregon Department of Energy special advisor)

Board members absent: None

Staff attending: Melanie Bissonnette, Wendy Bredemeyer, Amber Cole, Michael Colgrove, Cheryle Easton, Becky Engel, Andy Griguhn, Steve Lacey, Betsy Kauffman, Debbie Menashe, Pati Presnail, Julianne Thacher, John Volkman, Jay Ward

Others attending: None

Business Meeting

Roger Hamilton called the meeting to order at 2:28 p.m. Reminder that consent agenda items can be changed to regular agenda items at any time.

Roger apologized for a recent incident at a policy committee meeting. The chair of the policy committee has agreed to resign his chairmanship by the end of the year. The board has taken measures to ensure this never happens again and has decided to create a code of conduct. The board recognizes that diversity, equity and inclusion is an area of growth.

The board welcomed new OPUC ex officio board member, Letha Tawney, who replaces Steve Bloom. Letha thanked the board for the opportunity to serve and emphasized that Energy Trust needs to engage all ratepayers to achieve all cost-effective energy efficiency.

General Public Comments

There were no public comments.

Resolution 881

Consent Agenda October 2019

October 28, 2019

RESOLUTION 881

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

- July 24, 2019 Board Meeting Minutes
- September 16, 2019 Strategic Plan Workshop Minutes

Motion by: Mark Kendall

Seconded by: Debbie Kitchin

Vote: In favor: 13
 Opposed: 0

Abstained: 0

Draft 2020 Budget and 2020-2021 Action Plan (Michael Colgrove)

Mike Colgrove, executive director, summarized Energy Trust's draft 2020 budget and described changes from stakeholder feedback. In 2020, Energy Trust will invest \$20.5 million of utility customer funds to save 45.6 average megawatts of electricity, save 6.8 million therms of gas and generate 3.36 aMW of renewable energy. Energy savings remain the least expensive energy resource for utility customers. Energy Trust will distribute \$111.7 million in incentives or 55% of total expenditures. Administrative costs remain low at 7.8%.

The board asked how cost per unit of energy generated compares to cost per unit of energy saved and requested this information be included in the budget.

Mike described the benefits that will accrue from 2020 investments and the market context that informed the budget. The budget was also informed by the 2020-2024 Strategic Plan focus areas, energy efficiency and renewable energy resource planning, and business planning and prioritization. Market context includes expected slowing of Oregon's economic growth, construction labor shortages and increasing materials costs.

The board discussed the impact of tariffs on LED costs, which is a factor in Energy Trust increasing incentives for commercial LEDs in 2019.

Mike described shifts in savings and costs as programs mature. Savings opportunities are shifting to smaller commercial and industrial projects. There are fewer projects in the pipeline for 2020 and programs are increasing incentives to improve payback periods.

External programs and policies present new opportunities, such as the Oregon Community Solar Program, Portland Clean Energy Fund, utility-led peak load management programs, and local community resiliency and sustainability planning.

The board discussed how these influencing factors impact projections of achievable energy efficiency.

Ernesto Fonseca left the meeting at 3:02 p.m.

Mike described Energy Trust's five annual goals for 2020 and the business planning process.

The board noted many new initiatives in 2020, and asked if any existing initiatives were discontinued. Mike clarified that the bulk of staff hours are dedicated to continuing initiatives.

The board asked how Energy Trust handles new activities when 99% of staff hours are allocated to planned activities. Mike explained that Energy Trust will prioritize new opportunities against existing initiatives. If new opportunities are a priority, staff will deprioritize other initiatives.

Mike described revenue projections, which are negotiated annually with utilities, and 2020 expenditures. The 2020 budget uses reserves to cover planned expenses in excess of anticipated revenue. Staffing and internal costs will go up slightly due to rising healthcare costs, staff compensation, a new full-time diversity lead staff position, a new half-time project manager and new staff to support the Oregon Community Solar Program. 2020 staffing costs are compliant with the OPUC performance measure. Internal costs will also increase to support implementation of new budget tools software and support for new Diversity Advisory Council.

The board asked if program staff costs are considered program delivery costs or staffing costs. Pati Presnail confirmed that all Energy Trust employees, including program staff, are included in staffing costs.

The board requested that expenditures and savings projections be added to the diversity, equity and inclusion action plan. Debbie Menashe, director of legal and HR, explained that many diversity, equity and inclusion costs are embedded in program budgets. Mike agreed to add this detail to the diversity, equity and inclusion action plan.

Mike described 2020 renewable generation, which is expected to increase nearly 50% over 2019. The Solar program is adjusting to changing policies and launching project development assistance incentives to support small projects that plan to participate in the Oregon Community Solar Program. Other Renewables will continue to focus on biogas projects and irrigation modernization.

In 2020, Energy Trust will support delivery of the Oregon Community Solar Program through a subcontract with Energy Solutions. This work is funded by new revenue that is separate from utility customer public purpose funding.

The board asked about the source of new Oregon Community Solar Program revenue, which is from ratepayers during the startup phase and will be from developers and subscribers after the startup period is complete.

Mike summarized gas savings for 2020, which are down 2% compared to 2019 gas savings.

The board discussed avoided cost increases.

Mike continued that electric savings for 2020 will be down 21% compared to 2019 electric savings.

The board discussed the tension between incentive levels and savings pipelines. If Energy Trust plans for higher levelized costs, it would enable the organization to achieve more savings. Letha Tawney explained that savings per project are declining because baselines moved up, not because less energy is being saved. Energy Trust has successfully bought down prices and advanced market transformation, which reduces the amount of savings Energy Trust can claim.

Mike described Energy Trust's success transforming the lighting market. LEDs are expected to remain cost-effective in some markets in 2020.

Mike described 2020 Northwest Energy Efficiency Alliance (NEEA) savings, which have historically been Energy Trust's biggest source of very low-cost savings. The volume of NEEA savings will decrease by 40% in 2020 because a residential battery charger standard is moving to a baseline practice. Levelized costs for NEEA are also going up slightly but are still very low cost.

The board asked for more information about the expected drop in NEEA savings, and Mike explained how NEEA's five-year business planning cycle impacts the volume of NEEA savings.

Mike reviewed levelized cost trends. Savings are slightly more expensive but remain much cheaper than what utilities would otherwise pay. The board clarified that levelized costs are projected out over the life of the resource.

Mike explained that Energy Trust works with utilities to balance rate impacts and to avoid any large rate increase in any given year. The board discussed how utility Integrated Resource Plans (IRP) impact expected savings and costs. Mike explained that IRPs inform all annual budgets. The board noted that energy efficiency is less expensive than energy utilities would otherwise buy from other sources.

Mike highlighted the organization's focus in 2020 on acquiring new sources of energy savings while managing costs. The 2020 budget includes more than 30 new measures, more than 30 new pilots and delivery approaches, and 25 system and process improvement initiatives.

The board appreciated the list of new efforts and requested a list of efforts that are discontinued. It's good to show that Energy Trust constantly re-evaluates activities to ensure they're the best value investments. Mike will bring the list of discontinued initiatives to the December board meeting.

The board expressed interest in continuing the discussion about achieving higher-cost, yet still cost-effective, energy savings. There are significant long-term bill savings benefits from investing in more energy efficiency in the near term. Mike shared that Energy Trust's new budget tool will help staff explore some of these scenarios.

2019 Management Review Report (Holly Valkama, 1961 Consulting)

Mike introduced Holly Valkama from 1961 Consulting to present the 2019 Management Review for approval. Energy Trust is required to conduct an independent management review every five years per its grant agreement with the OPUC. This year, Energy Trust suggested the management review focus on cost allocation, time tracking and innovation. Holly described highlights and recommendations for each focus area.

For cost allocation and billing, Holly was asked to assess if each process was appropriate and fair, specifically allocation for non-public purpose charge (PPC) funds, such as for the Oregon Community Solar Program and delivery of services to NW Natural customers in Southwest Washington. Holly concluded that current cost allocation methods fairly and appropriately distribute shared costs between PPC and non-PPC funding sources. In addition, Holly noted that large cross-organizational initiatives draw a lot of organizational resources, but they are allocated only to specific programs. Recommendations are to track time spent on major cross-functional and cross-organizational initiatives to shared cost centers rather than program cost centers, and to customize a program-specific shared cost markup percentage when pricing each non-PPC funded program.

For time tracking, Holly was asked to review practices for tracking time against programs and projects and recommend best practices and tools. Energy Trust's current time tracking is very high level. Recommendations include changing the time reporting cycle from every other week to weekly and reporting actual time worked for all employees rather than limiting time reported to 40 hours per week for salaried employees.

The board discussed the level of granularity that can be tracked in Energy Trust's payroll system. The system will support more detailed time tracking than is currently performed.

The board asked how many salaried employees are working more than 40 hours a week, if there is an issue with staff working overtime and if salaried employees receive comp time. Pati Presnail, director of finance, explained that Executive Team is aware that people must put in extra hours, and they hope that on balance the 40-hour workweek is a good standard. Debbie

Menashe added that salaried, exempt employees are not eligible to receive overtime pay. Most Energy Trust employees are salaried, but there are a few coordinator-level employees that are non-exempt. Managers and employees are empowered to take comp time, but it is not tracked in the payroll system.

Holly continued to describe recommendations for time tracking, which include requiring all contractors to record time in Energy Trust's payroll system and implementing a pilot to design and deploy project-based time tracking. The board noted that staff should not spend too much time tracking their hours.

Holly described recommendations for the last topic area: innovation. Holly was asked to review current practice and provide best practices on the proportion of efforts staff should spend on program innovation and design versus day-to-day delivery and program operations activities. Companies that have a healthy balance of innovation put 70 percent of resources into core activities and 30 percent of resources into program innovation. Energy Trust is close to this.

Recommendations are to be specific about problems the organization is trying to solve and where to focus innovation resources, allocate budget for adjacent and transformational innovation, adopt an innovation resourcing strategy and structures, and focus innovation efforts using existing PPC funding and collaboration with resource multipliers.

Ruchi Sadhir left the meeting at 4:29 p.m.

The board asked if staff had any concerns about the Management Review recommendations. Staff were not surprised by the findings. The recommendations suggest continuous improvement, not a major change in course.

Alan Meyer left the meeting at 4:33 p.m.

Resolution 883

Accept Management Review Report

October 28, 2019

RESOLUTION 883

ACCEPT MANAGEMENT REVIEW REPORT

WHEREAS:

- 1. The grant agreement between the Oregon Public Utility Commission (OPUC) and Energy Trust requires Energy Trust to contract at least every five years for an independent review and evaluation of the efficiency and effectiveness of Energy Trust operations.**
- 2. In May of 2019, the Energy Trust Board retained 1961 Consulting to conduct the review under the auspices of the Audit Committee.**
- 3. 1961 Consulting submitted the review in final form on October 1, 2019. The Audit Committee reviewed the recommendations and recommended that the board accept the review at its October meeting.**
- 4. The Board expresses its appreciation to the Audit Committee, 1961 Consulting, the OPUC and Energy Trust staff for their efforts.**

It is therefore RESOLVED:

- 1. That the Board of Directors of Energy Trust of Oregon, Inc. accepts the final 1961 Consulting management review and instructs the executive director to submit it to the Oregon Public Utility Commission.**
- 2. The Board and Executive Director are fully committed to carefully examining the report and taking appropriate follow-up actions in response to its findings and recommendations.**

Moved by: Melissa Cribbins

Seconded by: Eric Hayes

Vote: In favor: 11

Abstained: 0

Opposed: 0

Draft 2020 Budget and 2020-2021 Action Plan Continued (Michael Colgrove)

Anne Root left the meeting at 4:35 p.m.

Following up on the board's question about budget for diversity, equity and inclusion activities, Mike described the 2020 budget for staff and board diversity, equity and inclusion training; new diversity lead staff; diversity, equity and inclusion committee presentations and trainings; Diversity Advisory Council; and complying with OPUC diversity, equity and inclusion performance measures. These activities are budgeted at close to \$590,000. Additional diversity, equity and inclusion investments are embedded in program delivery costs. Peter West, director of programs, estimates that roughly \$4.75 million of program budgets are dedicated to identifiable diversity, equity and inclusion engagements, such as partnerships with Community Energy Project and Verde, to deliver offerings.

The board asked to see diversity, equity and inclusion funds included in annual diversity, equity and inclusion progress reports.

Letha Tawney recommended that Energy Trust staff be clear about how Energy Trust plans to achieve the goal of reaching all customers when presenting the budget to commissioners.

The board asked if public comments on the budget have been received yet. Amber Cole, director of communications and customer service, responded that public comments are still being received and will be sent to the board as soon as the public comment period closes.

Strategic Planning Committee: 2020-2024 Strategic Plan (Mark Kendall, Michael Colgrove, Debbie Menashe)

Mark Kendall commended board and staff for development of the 2020-2024 Strategic Plan, noting that the plan best positions Energy Trust to continue its successful and impactful work in a world of changing markets.

Debbie Menashe acknowledged the full board and the board strategic planning committee and noted that Energy Trust received more comments on the strategic plan than ever before due to increased outreach efforts.

The board observed that Energy Trust has been passive rather than proactive in describing its impacts in the context of climate change. Given the present national political climate, there's more interest in climate change. Energy Trust should be in tune with that and discuss its climate impact more.

Mike thanked Debbie Menashe and the board for a great strategic planning process and product. The next step is implementation. If the plan is approved today, staff will post the final plan online, communicate about it externally and develop performance indicator metrics. In spring, the board strategic planning committee will review plan metrics and a dashboard. In May 2020, staff will present these metrics and a final dashboard to the board. Mike requested that the board strategic planning committee maintain twice yearly meetings to make sure the plan stays in the forefront of the organization's work.

Board Decision R0882 Approving Energy Trust 2020-2024 Strategic Plan

October 28, 2019

Recommendation

Adopt and approve the proposed final Energy Trust 2020-2024 Strategic Plan.

RESOLUTION R882

APPROVING AND ADOPTING THE ENERGY TRUST STRATEGIC PLAN 2020-2024

WHEREAS:

5. Energy Trust is required by its grant agreement with the Oregon Public Utility Commission to adopt and revise a strategic plan at least every five years. The current plan, which covers the period 2015-2019, expires at the end of 2019.
6. Beginning in May 2017, Energy Trust carried out an extensive review and engagement process to inform the development of a 2020-2024 strategic plan.
7. A draft plan was discussed at the May 2019 board strategic planning workshop and released for comment this summer.
8. A revised draft plan was discussed by the full board at a meeting on September 16, 2019, and the board determined to forward the revised draft plan for review as a final proposed plan at the board’s meeting on October 28, 2019.
9. Staff and board members engaged the Oregon Public Utility Commission, Portland General Electric, Pacific Power, NW Natural, Cascade Natural Gas, members of our Conservation, Diversity and Renewable Advisory Councils, and many stakeholders through presentations and meetings throughout the state to invite and collect comments on the draft plan. The staff and board have carefully considered these comments.

It is therefore **RESOLVED** that the board of directors of Energy Trust of Oregon, Inc., adopts and approves the Energy Trust Strategic Plan 2020-2024.

Moved by: Debbie Kitchin

Seconded by: Roland Risser

Vote: In favor: 9

Abstained: 0

Opposed: 0

Adjourn

The meeting adjourned at 4:56 p.m.

The next regular meeting of the Energy Trust Board of Directors will be held on Friday, December 13, 2019 at 10:30 a.m. at Energy Trust of Oregon, Inc., 421 SW Oak Street, Suite 300, Portland, OR 97204

/K/ Mark Kendall
Signed: Mark Kendall, Secretary

12/12/2019
Date