

Board Meeting Minutes—178th Meeting

May 20, 2020

Board members present: Erik Andersson, Susan Brodahl, Melissa Cribbins, Ernesto Fonseca, Lindsey Hardy, Eric Hayes, Elee Jen, Alexia Kelly, Mark Kendall, Henry Lorenzen, Alan Meyer, Anne Root, Roland Risser, Letha Tawney (OPUC ex officio), Janine Benner (Oregon Department of Energy special advisor)

Board members absent: None

Staff attending: Michael Colgrove, Cheryle Easton, Wendy Bredemeyer, Amber Cole, Betsy Kauffman, Debbie Menashe, Emily Findley, Fred Gordon, Hannah Cruz, Jay Ward, Pati Presnail, Spencer Moersfelder, Julianne Thacher, Abby Spegman, Alina Lambert, Amanda Sales, Ivy Draughon, Alex Novie, Alina Lambert, Cameron Star, Greg Stokes, Lizzie Rubado, Sarah Castor, Amanda Potter, David McClelland, Karen Chase, Thad Roth, Matt Getchell, Tyrone Henry, Ryan Crews, Kate Wellington, Kenji Spielman, Adam Bartini, Brigid Gormley, Kelley Ellmer, Scott Leonard, Steve Lacey, Peter West

Others attending: Anna Kim (OPUC), Lisa McGarity (Avista), Jason Klotz (Portland General Electric), Rick Hodges (NW Natural), Ali Shei (City of Portland)

Business Meeting

Melissa Cribbins called the meeting to order at 9:33 a.m. and reminded the board consent agenda items can be changed to regular agenda items at any time.

General Public Comments

There were no public comments.

Consent Agenda

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

MOTION: Approve consent agenda

Consent agenda includes:

- February 25, 2020 Board Learning Session Minutes
- April 7, 2020 Board Orientation Minutes
- April 8, 2020 Board Minutes

Moved by: Eric Hayes

Seconded by: Mark Kendall

Vote: In favor: 10

Abstained: 0

Opposed: 0

President's Report (Melissa Cribbins)

Melissa Cribbins invited board members to provide updates on how the coronavirus is affecting their communities.

Ernesto Fonseca joined the call at 9:49 a.m.

Executive Director's Report (Michael Colgrove)

Michael Colgrove and Peter West shared information about Energy Trust's ongoing response to the coronavirus and new savings projections reflecting its impact. Staff reviewed early savings and generation estimates, which include efforts to mitigate impact on programs. The early estimates predict reaching 77% of electric goal and 91-107% of gas goal, which is partially due to a very large gas project; renewable energy generation is currently on track.

The board asked which sector was most impacted on the electric side. Staff said it is commercial and that attributed mainly to closures mandated by distancing protocols. The board asked if there has been interest in new energy-efficiency technologies because of the coronavirus and efforts to improve indoor air quality. Staff said no overall trends have emerged across the state. The board and staff discussed opportunities to support battery technology. While batteries are not eligible for Energy Trust incentives, they can be included as part of an eligible system and staff is pursuing work with Portland General Electric that may address this. The board expressed support for pursuing battery incentives in the future if Oregon Public Utility Commission were to allow it as part of Energy Trust's scope and noted other states have allowed this through valuation of peak demand.

Staff reviewed immediate and near-term program changes in response to the coronavirus. Immediate changes include program adjustments to allow incentive payments to continue, such as implementing direct deposit payments and pivoting program offerings to accommodate distancing protocols. The residential program is working to emphasize no- and low-cost offerings and expanding income-qualified offerings. Near-term business program changes include rolling out bonuses, expanding direct-install options and increasing lighting incentives.

Longer-term strategies include programs making more significant adjustments to incentives and trainings and promotions on the residential and commercial side. Staff shared that according to a recent study by Esource, most utilities expect the coronavirus to impact energy savings by an average of at least 10-20% or more.

The board said it appreciated this national perspective, noting some good things are coming from this. For example, the normalization of virtual channels could help drive Strategic Energy Management participation in more remote communities. The board encouraged Energy Trust to unleash the creative side of staff and allow them to accept new processes.

Committee Reports

Melissa Cribbins left the call at 10:52 a.m. and handed the meeting to Henry Lorenzen.

Audit Committee (Anne Root)

The committee recently discussed new accounting processes for the coming year. It also signed a letter to engage Moss Adams for a 401(k) audit that will begin May 18 and be delivered July 15. The committee will meet after that to review the findings.

Compensation Committee (Roland Risser)

The committee discussed changes to Energy Trust's retirement plan resulting from the Secure Act, which include changes to the ability to make hardship withdrawals without penalty and authorizing loan deferrals. There was a brief look at preliminary results of the plans fund showing no problems with performance. The committee discussed the performance management process for 2019 where members saw how plan participants performed and were rated for last year.

Evaluation Committee (Lindsey Hardy)

The committee reviewed an extended capacity heat pump study. A metering study that looked at a couple homes showed promising results. A billing analysis of a larger sample comparing the extended capacity model to other heat pump styles suggested there do appear to be savings over lower capacity heat pumps.

The committee also discussed a thermostat optimization pilot looking at demand response capability connecting to smart thermostats, which is done through an add-on to the device that allows it to save more energy. The board expressed approval for looking at increasing the number of supported thermostat options.

Finance Committee (Susan Brodahl)

The committee engaged the full board in a discussion about Energy Trust's net assets and reserves and its tolerance for risk in light of impacts from the coronavirus. The committee explained that Energy Trust has not yet seen a decrease in net assets since there is a delay and financials are still reflecting revenue from the heating season. In the event of a significant reduction in revenue later in the year, the committee wanted the board to be prepared to utilize reserve funding. The committee presented funding reserves year-over-year since 2018 and invited the board to provide feedback on risk tolerance for deploying net assets and spending down reserves in the event of significantly reduced revenue.

The board and staff engaged in a larger discussion about the purpose of reserves and how much is truly available since a portion of the assets are intended to cover incentive reservations and commitments and loan obligations. The board asked to what extent existing assets would allow the organization to cover liabilities and how reserves could be spent down given that the organization is not expected to use the full amount of this year's incentive budget. Staff said proactively spending them down would require utilities to make a tariff adjustment mid-year, which most utilities would be reluctant to do. The emergency contingency is for any catastrophic emergency such as an earthquake or natural disaster that would impact operations.

The board discussed the impact of utility tariffs on the energy burden of low-income households and how Energy Trust could be uniquely positioned to focus public purpose dollars in low-income communities. The OPUC's ability to differentiate rates by income is very limited, but Energy Trust may be able to deploy funds in a more targeted fashion to address this burden. Some utilities are already presenting rate cases this year. Staff recommended waiting to see what the resulting pressure will be on ratepayers.

The board asked if there has been any planning around how reductions in incentive spending compares with the potential reduction in revenue. Energy Trust is expecting lower expenditures than budgeted, but it is unknown what revenues will be. Staff said if the organization needs more money than it budgeted for, it would come out of the reserve account and that the use of reserves is already built into the process.

The board discussed what should be done if revenues were much lower than expected but expenditures haven't gone down. and what should happen if there are excess funds and an opportunity to help communities in trouble.

Staff said many of the strategies shared in the previous presentation are ways of distributing funding to vulnerable communities such as: accelerating access to low-income offerings; and updating criteria for income-qualified offers to expand access. Programs are using lessons learned from the last economic recession to guide this work. The board said there is an opportunity to think about helping small business customers recover.

The board concluded it should continue to assess financial risk going forward, but there is not a catastrophic situation yet. Signposts indicating further action would be actual funding receipts, discussions with utility partners and any discrepancies that may arise, and regional and national sources of information that show what utilities are seeing. So far, the organization has not seen any drop off in revenue directly correlated to the coronavirus response, which is partly attributed to the delay.

The board indicated it is not in favor of spending down funds proactively at this time and is comfortable with ways staff has determined to adapt that are already built into the process. However, it

acknowledged this discussion raised an important issue and has made it aware of the need to continue tracking closely and take careful consideration.

Melissa Cribbins returned to the meeting at 12:10 p.m.

Policy Committee (Henry Lorenzen)

The committee approved the appointment of Rick Hodges, manager of energy-efficiency programs at NW Natural, to the Conservation Advisory Council. Hodges will replace Holly Braun, who has served for many years on the council. The board discussed whether there was a policy of giving recognition to departing advisory council members. While there is no set policy, staff can provide a certificate of recognition when deemed appropriate. The board suggested creating a recognition cadence to acknowledge periodic milestones for long-serving members.

The council considered the option of applying for a Paycheck Protection Program loan but decided not to. The council reviewed a policy dated from 2002 called the Lost Opportunity Policy, which is no longer being used and found to be redundant with staff's current approach to acquiring energy efficiency. It recommended retiring the policy. Committee members also continued work on a conflict of interest policy and who it should apply to.

Resolution 911 Retiring the Lost Opportunities Policy

May 20, 2020

RESOLUTION 911 RETIRING THE LOST OPPORTUNITIES POLICY

WHEREAS:

1. **The Lost Opportunities Policy, attached as Attachment 1, was originally adopted by the board in 2002 to document the board's interest in providing guidance to Energy Trust to identify lost opportunities in the design of its energy efficiency programs. Lost opportunities are situations in which an opportunity to implement an efficient solution will be lost if not done when new equipment is selected and new facilities are constructed – while also taking advantage of opportunities to maximize efficiency by retrofitting functioning equipment near or at the end of useful life with more efficient equipment and optimizing the efficient operation of new equipment;**
2. **Beginning in 2008, with the passage of SB 838, Energy Trust is funded and is directed to capture all cost-effective energy efficiency savings, whether resulting from lost opportunities or not. As a result, the Lost Opportunities Policy is not a significant lens for program design.**
3. **The Lost Opportunities Policy was reviewed by the Policy Committee in April 2020 as part of the Committee's regular cycle of policy reviews;**
4. **Policy Committee members discussed whether the policy is still helpful guidance, given that the direction identified are incorporated into Energy Trust operations. Members believe that the policy is superfluous and, as a result, suggest that it be retired; and**
5. **The Policy Committee supports the suggested policy retirement and recommends approval by the full board.**

It is therefore RESOLVED that the Board of Directors hereby approves retirement of the Lost Opportunities Policy.

Moved by: Henry Lorenzen

Seconded by: Roland Risser

Vote: In favor: 13

Abstained: 0

Opposed:0

ATTACHMENT 1 (Proposed for Retirement)

4.04.000-P Lost Opportunities Policy

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	February 27, 2002	Approved (R85)	February 2005
Policy Committee	March 5, 2005	No change	February 2008
Policy Committee	March 18, 2008	No change	March 2011
Policy Committee	March 8, 2011	No change	March 2014
Board Decision	April 5, 2017	Approved (R799)	April 2020
Board Decision	May 20, 2020	Retired	

Purpose:

Provide guidance to Energy Trust efficiency programs to avoid lost opportunities – situations in which an opportunity to implement an efficient solution will be lost if not done when new equipment is selected and new facilities are constructed – while also taking advantage of opportunities to maximize efficiency by retrofitting functioning equipment near or at the end of useful life with more efficient equipment and optimizing the efficient operation of new equipment.

Background:

Lost opportunities can occur if efficiency is not built in at times when new equipment is being selected and new facilities are constructed. At these times, efficiency features can be installed that are impractical or much more costly to install at other times. For example, it may not be cost-effective to throw away a working air conditioner simply to replace it with a more efficient unit. However, when that air conditioner fails or is nearing failure, it may be cost-effective to pay for the incremental cost of purchasing the most efficient possible new unit instead of a standard new unit.

Energy Trust may set up specialized programs and incentives to work with designers, developers, vendors and customers to assure that high-efficiency equipment and designs are selected and installed during these events.

The question is how to balance between lost opportunities, “retrofit” and operational program offerings. Retrofit offerings encourage customers to replace or augment working equipment with more efficient equipment. Operational offerings help customers run equipment to meet their needs in the most efficient manner. While there are situations where Energy Trust can increase emphasis on lost opportunities, there are not enough of these opportunities to achieve Energy Trust’s efficiency goals. Furthermore, equity considerations argue that programs should be made available for some customers who rarely make capital investments on their own (e.g., small commercial customers and some public entities). Finally, given the high levels of Oregon building codes and national equipment standards, some lost opportunity savings are more expensive per kWh than some retrofit savings.

Policy:

- Energy Trust should avoid lost opportunities and focus appropriate amounts of its budget and program design efforts in that direction.

- This should be considered in the context of other issues and values that influence implementation decisions.
- Energy Trust should encourage comprehensive treatment of an end-use where this is practical to avoid creating lost opportunities by doing half the job.
- Financial resources should also be reserved for retrofit and operational program offerings, especially where these are low cost or serve customers who would not otherwise be served.
- Work with partners who have special resources to efficiently capture lost opportunities, e.g., Northwest Alliance, Consortium for Energy Efficiency, Oregon Department of Energy.

Strategic Planning Committee (Mark Kendall)

The committee is currently engaged in transitioning to implementation of the plan and tracking metrics. It recently reviewed a wire frame of a tracking dashboard and narrowed down the structure which will be presented as a proposal.

Conservation Advisory Council (Lindsey Hardy, Elee Jen, Alan Meyer)

The council last meeting featured updates from utilities and council members on their organizations' and businesses' coronavirus responses. The meeting was very well attended due to its virtual format. All five utilities reported suspending disconnects; Portland General Electric and Pacific Power are starting to see a minor overall decrease in usage and have seen businesses shutting down.

Diversity Advisory Council (Mark Kendall)

The council held a retreat in March, which generated many ideas about opportunities and topics for discussion at future meetings. It reviewed the results of a recent survey to prioritize topics and discussed ways to revise the council's charter. Members shared how each was experiencing the coronavirus in their community.

The board asked to what extend the action items focused on issues related to methodology to reach priority audiences through community-based organizations. It cautioned that work should focus on practical strategies to achieve equitable product delivery. Staff mentioned a few examples of how being able to leverage these relationships is already helping achieve results. Staff can leverage relationships quickly when something comes up, such as providing help overcoming a language barrier in order to serve a customer.

Renewable Energy Advisory Council (Susan Brodahl, Alexia Kelly)

The most recent meeting took the same format as the Conservation Advisory Council, with members providing updates about their organizations' coronavirus response. Members heard about the City of Portland's emergency operations and updated budget, while the Community Solar program continues to move forward and Portland Clean Energy Fund is moving forward with somewhat impacted revenues.

Strategic Plan Presentation (Hannah Cruz)

Hannah Cruz offered a summary of Energy Trust's most recent strategic plan, which concluded at the end of 2019. This plan was Energy Trust's fourth strategic plan and contained energy and operations goals with strategies to achieve them in the five-year period. Staff reviewed the goals outlined in the plan and provided context on how it was originally created with input from staff and board. Staff reviewed highlights from all years of the plan using results from a dashboard tool used to track progress on various metrics. Notably, at the end of 2019, Energy Trust exceeded all three energy goals around savings and generation and embarked on a learning pathway to determine how to better serve diverse customer groups to expand participation.

Staff then presented the new strategic planning dashboard that will be used to track progress toward the five focus areas in Energy Trust's 2020-2024 Strategic Plan. The dashboard has a new format than the one used previously. Board member Mark Kendall reviewed the process of crafting this plan and introduced the new dashboard tool, which is part of the implementation phase that will allow reporting on progress in the focus areas without duplicating quarterly reporting work.

The focus areas will be tracked using metrics that are either a measurable quantity or a distinct deliverable, which are each intended to create an outcome. Targets will also be used as mileposts to track the progress toward a metric. Staff briefly reviewed the 13 metrics and their targets, highlighting one metric from each focus area.

The board discussed its role in providing feedback on metrics and targets and with what level of detail it should respond to the content with questions and comments. The strategic planning committee invited further engagement of other board members who are interested in more detail about the process of developing the metrics. The board discussed whether some targets are sufficiently robust to measure progress; staff provided context that each metric was developed using methodology supported by relevant subject matter experts on staff.

The board noted one particularly sensitive target is around the diversity of the board of directors, suggesting that metric should have more opportunity for comment by the full board. Staff clarified that this target was about the future establishment of a metric, and staff and board discussed the pathway to create it and who should be consulted. Committee members invited input from the board on what role it would like to play in development and noted there are many ways that could happen.

The committee will come back to the board with the proposed process once one is established. The board reflected on the role of committees and the need to strike a balance between delegation of a robust workload and the need for a full board discussion for certain topics.

The board said distinctly quantifiable metrics are preferable to the extent possible. The board commented that focus area one about savings and generation appeared to be underrepresented within the metrics and asked staff to ensure enough focus on core work.

Staff presented the dashboard design and format for using it to track progress. Each dashboard page corresponds to a focus area and includes opportunities to enter responses, previous quarter highlights and ways to look ahead. The full board will receive an update annually each May.

The board expressed overall approval for the dashboard. It asked how the organization will operationalize the fourth metric, which refers to maximizing public purpose charge funding through forming partnerships. Staff is proposing to measure total energy savings from projects that leveraged additional funding from a partnership. The board and staff discussed why a more qualitative metric was chosen for focus area three, the outcome being a set of interviews with organizations and entities that are leveraging Energy Trust's expertise. The board recommended considering a more numeric measurement for this focus area in the future.

Lunch Break

The board took a break for lunch at 12:14 p.m. and reconvened at 12:45 p.m.

Annual Results

The board agreed to postpone this topic to the next meeting.

2019 DEI Operations Report (Tyrone Henry)

Tyrone Henry presented an update on progress toward Energy Trust's diversity, equity and inclusion goals in 2019. Highlights included the launch of the full Diversity Advisory Council, the adoption of diversity metrics from the Oregon Public Utility Commission and progress toward the 10 goals of the Diversity, Equity and Inclusion Operations Plan. Staff reviewed the goals and presented details on progress achieved for each one in 2019.

Henry Lorenzen left the meeting at 2:16 p.m. and returned at 2:54 p.m.; Roland Risser left the meeting at 3:00 p.m. and returned at 3:17 p.m.

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Regarding the goal for increasing residential participation, the board asked staff if there were any surprises from the success of forming partnerships with community-based organizations. Staff said since the barrier to entry is high for many customers, the level of support needed varies dramatically, which requires bringing in other partners in some cases.

The board asked if formal funding agreements existed with some delivery partners. There are agreements in some cases, such as a contract with Community Energy Project and a memorandum of understanding with Verde. The board encouraged continuing this type of funding for institutional capacity support to complement incentive dollars, noting these organizations are making good use of the capacity funding provided.

Regarding the goal for increasing commercial participation, the board asked what definition is being used for very rural and small and medium business categories. Small and medium businesses are defined as less than 100,000 kWh or 3,500 therms of usage per year. Very rural communities were identified using the U.S. Department of Agriculture definition that is based on access to services. The board appreciated learning about the importance of long-term relationships to this goal and recommended leveraging new infrastructure emerging as a result of coronavirus relief efforts to reach businesses.

Regarding the goal for increasing industrial participation, the board asked if outreach staff has learned any new ways to engage smaller manufacturers and producers and whether new marketing approaches are being considered. Outreach staff is joining forces with the custom program delivery contractor in Southern Oregon and will often team up on calls and engage in information sharing. Outreach staff is also making community connections with relevant professional groups, attending meetings and getting to know key players. The board appreciated the participation in Willamette Valley, particularly in the winery sector that is being impacted by changes to the restaurant supply chain.

On the goal for increasing participation in renewable energy, the board and staff discussed the use of penetration rate as a measurement for this goal. Staff explained this is based on distribution of projects in the most diverse census tracts and that this goal is meant to make distribution among service territory more representative. The goal was set as a percentage rather than a project or savings count because project volume was uncertain while creating the goal due to the loss of the state tax credit around that time.

On the goal for diverse recruitment and hiring, the board asked if there was any concern about bias in implementing a new process of collecting demographic information from applicants. Staff said during the intake process, demographic information is not directly linked to candidates during pre-screening. The board mentioned some concern about using the Portland metro area as basis for cultural and ethnic diversity while leaving rurality of staff unaddressed.

The board asked if staff is considering any alternatives to the Intercultural Effectiveness Survey to measure the goal of increasing cultural responsiveness within the organization. Staff said most of these tools are subjective and don't have a number output.

Ernesto Fonseca left the meeting at 3:49 p.m.; Janine Benner left the meeting at 4:08 p.m.; Susan Brodahl left the meeting at 4:18 p.m.

Adjourn

The meeting adjourned at 4:28 p.m.

The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, July 15, 2020. The location is to be announced.

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Signed: Mark Kendall, Secretary

Date