

2022 Draft Budget Public Comments and Staff Responses

Overview of Public Comment Process and Purpose

Staff invited public feedback on the draft budget and action plan to prepare a final proposed budget for the board of directors' consideration and adoption. The formal public comment period was October 3 to October 20, 2021, with opportunities for informal feedback made available prior to and after these three weeks. In addition, staff conducted expanded stakeholder outreach to obtain additional perspective and context on the priorities and needs of customers and communities.

Written comments and informal feedback were shared with Executive Team members and budget managers across the organization. Members of the board also attended public advisory council meetings where early guidance and draft program action plans were discussed.

Public feedback can result in revisions to budget and action plan details or can influence how staff implements budgeted activities the following year. Comments also provide an opportunity for staff to better understand the priorities of organizations and individuals, and how the budget and action plan supports those priorities.

The board of directors receives all submitted written comments with staff's responses to reference during its consideration and vote to adopt the final proposed budget.

How Comments Were Collected

Staff promoted the public comment period on Energy Trust's website, on social media accounts and blogs, through email and at a virtual workshop. Communications directed people to www.energytrust.org/budget for all budget materials and encouraged written comments.

Staff received written comments from seven organizations: the Oregon Public Utility Commission (OPUC), three of five partner utilities, one nonprofit organization, a municipality and a member of the public. Copies of written comments follow in **Appendix 1**.

In addition to requesting written comments, staff welcomed informal feedback:

- At September meetings of the Conservation Advisory Council, Diversity Advisory Council and Renewable Energy Advisory Council
- At September and October board Finance Committee meetings
- During multiple individual meetings with each utility and OPUC staff from August through November
- At a virtual workshop on October 13 with 50 participants, including the board and members of the three advisory councils

Written Comments and Staff Responses

Staff appreciates all the written comments and informal feedback stakeholders and members of the public provided on the Draft 2022 Budget and 2022-2023 Action Plan. We observe the vast majority of comments are supportive of our plans and intentions. No significant changes were made to the final proposed budget and action plan based on the written comments beyond

slight adjustments to provide more detail in the action plan and adjusting the formatting of the financial statements. We recognize the time commitment involved with attending budget meetings and reviewing our budget materials, and we thank interested parties for submitting their written comments.

Excerpted Comments by Avista	Staff Responses
<p>The Company supports the 2022 budget and action plan and thanks you for your work this year.</p>	<p>We appreciate the time and effort of Avista staff in reviewing the draft budget materials, especially the ongoing collaboration and coordination with Lisa McGarity and Ryan Finsilver.</p>
<p>Our partnership is paramount to achieving Avista’s natural gas clean energy goals by 2045 while ensuring energy affordability for our customers. It is important for the Energy Trust to continue working towards reducing program and administrative costs while innovating to provide world class energy efficiency programs to precipitate energy savings and allow options for customers.</p>	<p>We value our partnership with Avista and agree that cost-effective natural gas energy efficiency investments can reduce customer costs and help utilities meet their greenhouse gas reduction goals.</p> <p>As an organization, we continuously look for efficiencies to keep manageable our administrative and program delivery costs. This includes administrative processing and cost efficiencies through program management and program delivery contract management.</p> <p>We are also seeking innovative ways to make utility customer funding go further by seeking opportunities to leverage other, non-utility customer funding. For example, in 2021 we continued our pilot with Community Action Organization in Washington County that pairs Energy Trust funds with funds from Oregon Housing and Community Services to help customers benefit from more or larger weatherization and HVAC projects. We will explore in 2022 expanding this co-funding with other low-income community action agencies.</p>
Excerpted Comments by City of Gresham	Staff Responses
<p>The City of Gresham would like to encourage ET [Energy Trust] to work closely with the Oregon Clean Fuels Program which encourages the increased use of renewable electricity and renewable natural gas for vehicles.</p> <p>As the Gresham WWTP [Wastewater Treatment Plant] looks at ways to expand biogas production and potentially renewable electricity production that would net-export to the grid, the City would like to encourage ET</p>	<p>We greatly appreciate the City of Gresham’s trailblazing investments in renewable energy solutions and energy efficiency at the city’s water resource recovery facility, as well as our ongoing partnership. Public purpose funding for renewable energy generation continues to be limited to those generation projects that benefit Pacific Power and Portland General Electric utility customers. We recognize the emerging energy benefits that may result from increased biogas production at waste reclamation facilities using anaerobic digestion, like renewable natural gas, electric vehicle charging and energy resilience.</p>

<p>to provide technical support and grant opportunities that may include partnering with ODOE and the Clean Fuels program. Setting aside some funding in the ET “Other Renewables Program” specifically to evaluate and potentially provide those types of grant opportunities would be encouraged.</p>	<p>Ratepayer funds are proposed in the 2022-23 budget for project development assistance in support of biogas projects. In addition, we are collaborating with investor-owned utilities, the Oregon Department of Energy, and the Oregon Department of Environmental Quality as the Oregon Clean Fuels Program moves from rulemaking into implementation.</p>
<p>Excerpted Comments by Marissa Houlberg</p>	<p>Staff Responses</p>
<p>I would like to see the window replacement offering expanded to an offering that includes just replacing the glass. Our home was built in 1976 and over the last few years have experienced seals breaking. We do put off replacing the windows with broken seals for quite some time and only replace when they have become intolerable.</p>	<p>Thank you for your comment and the actions you are taking to reduce your home energy usage. Our cash incentives are designed to help offset the cost of purchasing higher efficiency technologies than the typical or standard technology. This is the case with windows, too, where the incentive is to help offset the increased cost of purchasing windows with higher energy performance levels.</p> <p>Energy Trust does not currently offer an incentive for glass-only window improvements due to the low value of the energy savings. Our current residential window measure is based on the U-value of high-performance windows (which relies on the combination of glass, framing and installation) beyond what is typically installed.</p> <p>We will be re-evaluating our window offers in 2022 and exploring how we may be able to support other window related energy-saving improvements that may align more closely with the approach you cite.</p>
<p>Excerpted Comments by OPUC</p>	<p>Staff Responses</p>
<p>In order to better target energy efficiency investments:</p> <ul style="list-style-type: none"> • Report net peak load budget impacts starting with the 2024 budget. • Prepare processes to identify those measures that maximize greenhouse gas reduction impacts for electric and gas utilities based on the time of day and year. 	<p>We understand the benefits energy efficiency can deliver during high peak load events, including grid resilience and greenhouse gas reduction. We are piloting several efforts with utilities to better understand how to deploy and measure the impacts of energy efficiency during peak energy consumption periods at a local level. Significant work has been completed in the past three years on developing and implementing targeted load management pilots and other targeted partnerships with utilities. We will continue these targeted efforts in 2022 as they are in support of our 2020-2024 strategic plan and 2022 organization goals.</p> <p>We welcome the opportunity to work with the OPUC and our partner utilities on identifying where investments can be targeted in the future to lower peak demand and reduce</p>

	<p>greenhouse gas emissions. We will also begin to assess our systems for planning, modelling, measure analysis, program tracking and reporting to identify enhancements that can support the ability to better identify and target peak opportunities and help inform carbon emission mitigation strategies for utility integrated resource plans. We acknowledge the OPUC wants to ensure we have the systems and resources in place to plan, target and report on investments in the near future that deliver benefits during peak load events.</p> <p>With current staffing constraints, staff will perform a needs assessment and system enhancement requirements exercise for budget consideration of a 2023 implementation timeframe.</p>
<p>In preparation for the environmental justice metrics discussion: Work with utilities to identify environmental justice communities in their service territories.</p>	<p>We are eager to participate in the OPUC’s public process to set equity metrics on the investments we make on behalf of utility customers. This is a welcome and necessary requirement.</p> <p>We agree it is important to reach out to environmental justice communities to better understand their needs and priorities, and work with them to learn how energy efficiency and renewable energy can become better solutions for their community members. Only by doing so can we deliver on our vision of clean, affordable energy for all.</p> <p>As you know in recent years we have been investing time and resources to develop relationships with organizations serving communities of color, rural customers and customers with low incomes. We plan to continue and build on this work in 2022. Our Diversity, Equity and Inclusion operations plan for 2022 and beyond will be centered on continuous community engagement and feedback. We will share our learnings with our utility partners, and we will seek ways to coordinate efforts so we are more effective together and can reduce the demand on environmental justice communities.</p>
<p>In preparation for the environmental justice metrics discussion: Estimate the prevalence and impacts of alternative fuels within the service territory.</p>	<p>We will work to determine the prevalence of oil, propane, wood, pellets and other alternative fuels in customer homes to support conversations on replacing inefficient and potentially unhealthy heating sources with higher-efficiency technologies.</p> <p>Possible sources of information include the Northwest Energy Efficiency Alliance’s 2016-2017 Residential Building Stock Assessment (RBSA) and Census data. A preliminary</p>

	<p>review of 2016-2017 RBSA data shows that oil/kerosene, pellets, propane or wood make up 8.5% of primary heating fuels in Oregon’s single-family homes and 12.4% of primary heating fuels in manufactured homes. In the region, the vast majority of multifamily homes are heated with electricity (88%) and gas (11%) with the remainder heated by wood (1%).</p> <p>In addition, Energy Trust will continue to collect site-specific data on home heating fuels through home energy assessments/walkthroughs and via other program participation vehicles (e.g. data that has been collected in conjunction with ductless heat pump offers since 2020). Once we have a better understanding of the number of homes in Energy Trust territory that use alternative fuels, we will work with OPUC staff to discuss the need for additional analyses to better estimate cost and other impacts on the occupants of these homes.</p>
<p>In preparation for the environmental justice metrics discussion: Research opportunities to provide low-cost cooling measures.</p>	<p>The deadly heat wave in July 2021 underscored the growing importance of cooling options in Oregon homes and apartments. In 2021 we funded cooling workshops to provide homeowners and renters with no-cost cooling tips via Community Energy Project, and started planning for outreach and support to cooling/heating shelters in preparation of future extreme weather events.</p> <p>We began a small pilot in 2021 to explore wall-mounted heat pumps as a potential measure in existing single-family and multifamily homes that can be installed using existing 110-volt outlets and without requiring an electrician. It’s possible a broader range of installers could support the effort, including weatherization companies, multifamily facility managers or homeowners.</p> <p>In late 2021 we began research on the efficiency and cost-effectiveness of cooling measures in central, zonal and portable applications. We will continue this research, including collaboration with NEEA and national organizations like American Council for an Energy-Efficient Economy and Consortium for Energy Efficiency, in preparation for the HB 3141 equity metrics public process led by the OPUC.</p> <p>We will continue these existing research and outreach efforts while looking for additional opportunities to support customers during extreme weather events.</p>

Excerpted Comments by Pacific Power	Staff Responses
Pacific Power continues to value the resource acquisitions and customer benefits delivered by Energy Trust of Oregon on behalf of our customers.	We appreciate the time and effort of Pacific Power staff in reviewing the draft budget materials, especially the ongoing collaboration and coordination with Kari Greer, Erik Anderson and Cory Scott.
As communities emerge from the continued economic impacts of 2021, Energy Trust and Pacific Power must improve mutual engagement on community initiatives.	We appreciate our current collaborations with Pacific Power on community initiatives. We agree that by improving our coordination and mutual engagement we will better understand community needs and engage on initiatives that will deliver the greatest benefit for those communities.
<i>Regarding organizational goals 2 and 3 on “community-led approaches,” “new funding opportunities,” “relationships with organizations where there is mutual benefit,” and “grid value”:</i> ETO [Energy Trust of Oregon] coordination with Pacific Power well in advance of commitments is increasingly important to ensure actual value will be delivered to the local grid.	We recognize the growing importance for delivering value to local communities and for utilities to maintain grid integrity. In 2022, we will be developing with Pacific Power a more formalized coordination process that will enable greater visibility into Energy Trust activities and commitments that affect Pacific Power and its customers.
Pacific Power has been working closely with Portland General Electric (PGE) and the Oregon Public Utility Commission (OPUC) on implementing elements of House Bill 3141. We fully expect adjusted collection mechanisms to be in place by the end of 2021 to facilitate a smooth transition into a new utility funding stream for energy efficiency effective January 1, 2022.	Thank you for your focus and attentiveness on updating tariff filings to comply with HB 3141 legislation requirements.
<i>Regarding HB 3141 requirements for Pacific Power and Energy Trust to jointly develop utility-specific budgets, action plans and agreements:</i> Although ETO and Pacific Power are not implementing this language for 2022 activities and budgets, the informal engagement thus far and the remainder of 2022 planning and budgeting provide a great opportunity to strengthen the foundation of collaboration between respective organizations that will be built on for 2023 budgets and plans.	We appreciate our current collaborations with Pacific Power at multiple levels within the organization to plan for and deliver customer programs. We recognize and value the deliberation Pacific Power staff have invested in our existing budget development process, and we look forward to implementing the outcomes of a more formalized planning and budgeting approach that will result from an OPUC-led process in the first half of 2022.

Excerpted Comments by Portland General Electric	Staff Responses
<p><i>Regarding HB 3141 requirements for PGE and Energy Trust to jointly develop utility-specific budgets, action plans and agreements:</i> Although ETO [Energy Trust of Oregon] and PGE are not implementing this language for 2022 activities and budgets, the informal engagement thus far and the remainder of 2022 planning and budgeting provide a great opportunity to strengthen the foundation of collaboration between PGE and ETO, which will be furthered for 2023 budgets and plans.</p>	<p>We appreciate our current collaborations with PGE at multiple levels within the organization to plan for and deliver customer programs. We recognize and value the deliberation PGE staff have invested in our existing budget development process, and we look forward to implementing the outcomes of a more formalized planning and budgeting approach that will result from an OPUC-led process in the first half of 2022.</p>
<p>To ensure continued coordination PGE is aligning its leadership and support staff around the need to improve collaboration with ETO as a key partner in the delivery of PGE's long-term imperatives to decarbonize, electrify, and perform.</p>	<p>Thank you for your commitment to working with us to serve PGE customers.</p>
<p>We support ETO's work on low and no cost ductless heat pumps and would prefer ETO focus efforts to expand heat pump offerings at the expense of incenting further air conditioning build out.</p>	<p>While heat pumps provide both heating and cooling to customers, there are situations where customers will choose to add air conditioning to their existing heating system. We believe we should provide cost-effective efficiency options for this customer choice. This is particularly important given the increased frequency of extreme hot weather and its impact on customer health.</p>
<p>PGE is working closely with Pacific Power and the Oregon Public Utility Commission (OPUC) to implement elements of HB 3141 and fully expects adjusted collection mechanisms to be in place by the end of 2021 to facilitate a smooth transition into a new utility funding stream for energy efficiency effective January 1, 2022.</p>	<p>Thank you for your focus and attentiveness on updating tariff filings to comply with HB 3141 legislation requirements.</p>
Excerpted Comments by Small Business Utility Advocates	Staff Responses
<p>Overall the 2022 Energy Trust Budget reflects the Energy Trust's significant administrative sophistication and also its technical sophistication of financing energy improvements and generation among multiple players. This 2022 Draft Budget including</p>	<p>Thank you for your review of the budget materials on behalf of small commercial utility customers and for the ongoing participation in our public meetings and program activities by Diane Henkels and others.</p>

<p>Action Plan does address appropriate shifts to address equity and recent legislation.</p>	
<p><i>Comments regarding document formatting, labeling and other context and accessibility changes included:</i></p> <ul style="list-style-type: none"> • The Overview pages could include brief summary of the shifts and legislative changes that lie behind the Draft Budget • Regarding financial statements: <ul style="list-style-type: none"> - pages could be paginated - could include a table of contents - better labeling • Repeat in action plans the name of that section's action plan, like under "Key Activities" 	<p>Thank you for your comments on the accessibility of our budget and action plan materials. Improving document accessibility and clarity on the information presented is important to us. We adjusted the action plan headings to provide clarity about which group the key activities belong to and we added page numbers and a table of contents to the financial statements based on these suggestions. We will continue to examine our materials for improvements in future budget cycles.</p>
<p>Revenue from utilities shows an increase [over] time. It could be clarified whether and how these trends of predicted economic growth take into account the language present elsewhere in the 2022 Draft Budget re difficult to predict impacts of COVID-19.</p>	<p>Annual utility revenues are determined and informed through a combination of energy efficiency resource potential identified in utility integrated resource plans submitted to the OPUC, market intelligence and economic trends, prior year expenditures, project pipelines, current year strategic priorities and other factors. While the impacts of COVID-19 are difficult to precisely predict, we anticipate increases in 2022 revenues and expenditures are needed to meet forecasted customer demand and to achieve higher-cost savings in rural communities and small business settings, as well as for low-income customers and communities of color.</p>
<p><i>Regarding the Planning Assumptions memo:</i> It is difficult to understand what is the impact on small business of the “new financing options and increasing choice among existing and new market entrants.”</p>	<p>Consistent with the qualification in the memo, financing does not seem to significantly influence small commercial customers to take action. However, small business customers can access the Existing Buildings Small Business Energy Advisor for help in identifying incentives. They routinely talk with small commercial customers about financing options such as the Portland Clean Energy Community Benefits Fund (PCEF) and Commercial Property Assessed Clean Energy (CPACE) as applicable.</p>
<p>Concern that small commercial customers will be left out of planning.</p>	<p>Thank you for sharing this concern. The Existing Buildings program is launching a specific offer for small businesses, with an emphasis on businesses led by people of color and rural businesses. This offer will include increased incentives and use a closed Trade Ally Network to focus specifically on this market.</p>

<p><i>Regarding more efficient foodservice equipment appliance standards coming into effect in 2022:</i> SBUA suggests including estimated metrics on the anticipated energy improvements from appliances.</p>	<p>Going forward, we plan to look at additional savings opportunities and measures with efficiency levels that go beyond the new Oregon appliance standards resulting from HB 2062.</p>
<p><i>Regarding Table 1 in the Measure Cost-Effectiveness Exceptions memo:</i> SBUA would like to see here examples that busy business people could envision of some measure exceptions referenced, and especially of Measure Exception A where the measure produces significant non-quantifiable, non-energy benefits. Alternatively, provide a link to such examples.</p>	<p>In 2022, cost-effectiveness exceptions in the retrofit commercial setting are for equipment installed in multifamily buildings.</p> <p>Examples of non-quantifiable non-energy benefits (Criteria A under UM 551) are improved comfort and reduced noise achieved through wall insulation in multifamily buildings, as well as single-family homes. We can't quantify the benefits of comfort or quiet, but we know they have real impact on residents' quality of life.</p> <p>An example of a measure included for consistency with other demand-side management programs in the region (Criteria C) is our support of gas-heated new manufactured homes. Manufactured homes are sold at dealerships that are not necessarily in close proximity to where the home will be sited. Often, at the time of purchase neither the sales team nor the purchaser knows which utilities will serve the site or which heating fuel will be selected. By aligning our offer with other utilities throughout the region and offering the measure regardless of furnace fuel we ensure seamless customer service and encourage the manufactured home industry to produce efficient products.</p>
<p>SBUA suggests including a link to a quality biography in any reference to the "RAY" [Fellow] in any document Energy Trust produces mentioning Young or "RAY" for a long while.</p>	<p>The Ray Arliner Young (RAY) Conservation Diversity Fellowship is named for Dr. Roger Arliner Young, an American scientist and the first Black woman to receive a doctorate degree in zoology. More information about Dr. Arliner is available at www.rayfellowship.org/about.</p> <p>Recruitment for the proposed RAY fellowship position, and all proposed positions, will not commence until after the board takes action on the final proposed budget in December.</p>
<p><i>Regarding the organization goals:</i> Consider substituting small business "energy costs" for "energy demands" as businesses would see "costs" as their bills and that relates to ratemaking.</p>	<p>Thank you for taking an interest in the wording of Energy Trust's annual goals. We kept the term "energy costs" in the 2022 goals because we know that it resonates with customers, particularly business customers. Managing and lowering energy costs are primary drivers for making investments. As such, energy cost savings are a key message for communicating impact in customer-facing success stories.</p>

<p>SBUA may be able to facilitate the contact and information with small commercial utility customers and also those who are not utility customers per se.</p>	<p>Thank you. We value SBUA's interest in our programs and for providing a small commercial customer perspective. We look forward to continuing to work with you in 2022 to better understand the needs and challenges facing small commercial customers.</p>
<p><i>Regarding working with small commercial customers:</i> SBUA looks forward to appropriate collaboration and if there are metrics anticipated with the anticipated energy savings, SBUA would appreciate seeing those in the 2022 Energy Trust Budget document if those figures are not already present.</p>	<p>In the 2021 Diversity, Equity and Inclusion operations plan, we established a 2021 goal to serve 1,082 small and medium businesses and 54 customers in very rural areas. A goal which we expect to exceed.</p> <p>In developing the DEI operations plan for 2022, we will be focusing on community engagement in order to better understand and continue to focus on the needs of our underserved customers, including small commercial customers that are community organizations, rural or led by people of color. We will also seek through community engagement help in identifying gaps in our current data and metrics and what more meaningful metrics could be to serve these customers. While metrics can be useful indicators of progress, we are shifting our approach to be less driven by metrics based on our currently available data and information, and to be more driven by community need.</p>

APPENDIX 1: Copies of Written Comments

The list below includes the organizations and individuals that submitted written comments for consideration by the board of directors and staff. Copies of their letters or emails follow in alphabetical order.

1. Avista (utility)
2. City of Gresham (municipality)
3. Melissa Houlberg (individual)
4. Oregon Public Utility Commission, OPUC (state agency)
5. Pacific Power (utility)
6. Portland General Electric, PGE (utility)
7. Small Business Utility Advocates, SBUA (nonprofit organization)



Avista Corp.

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Toll Free 800-727-9170

October 20, 2021

Michael Colgrove
Executive Director
Energy Trust of Oregon
4321 SW Oak St, Ste. 300
Portland, OR 97204

RE: Avista Utilities Comments – Energy Trust of Oregon 2022 Budget and Action Plan

Dear Michael:

Avista Corporation, dba Avista Utilities (Avista or the Company), offers the following remarks in the buildup of the 2022 budget and action plan for its energy efficiency programs administered through the Energy Trust of Oregon.

This year was again an unprecedented year for Oregonians. From rebuilding in fire affected areas, to economic recovery, Avista appreciates how Energy Trust has rolled up its sleeves to work with all customers with a focus towards diverse and rural communities in our service territory.

Our partnership is paramount to achieving Avista's natural gas clean energy goals by 2045 while ensuring energy affordability for our customers. It is important for the Energy Trust to continue working towards reducing program and administrative costs while innovating to provide world class energy efficiency programs to precipitate energy savings and allow options for customers. The Company supports the 2022 budget and actions plan and thanks you for your work this year.

If you have any questions regarding these comments, please contact me at (541) 858-4719, or by email at lisa.mcgarity@avistacorp.com.

Sincerely,

Lisa McGarity
Energy Efficiency Program Manager

From: Alan Johnston

Received: Tue Oct 19 2021 14:28:49 GMT-0700 (Pacific Daylight Time)

To: Information - Energy Trust

Cc: andrew.degner@greshamoregon.gov; Shannon Martin; tam.driscoll@greshamoregon.gov

Subject: Budget Comment

[EXTERNAL]

Energy Trust of Oregon's Draft 2022 Budget and 2022-2023 Action Plan Comments:

The City of Gresham would like to encourage ET to work closely with the Oregon Clean Fuels Program which encourages the increased use of renewable electricity and renewable natural gas for vehicles. These potential fuel sources are prevalent and possible at many wastewater treatment plants (WWTP) and renewable biogas producing facilities across the state. The Gresham WWTP has a history of working closely with ET on its very successful WWTP biogas cogeneration system and would encourage ET to expand grant opportunities in partnership with the Clean Fuels Program. By working closely with the state and ET on study's and design and construction grants related to project development with the Clean Fuels Program, ET could encourage the development of these kinds of projects that lower the carbon footprint of vehicle operation across the state. As the Gresham WWTP looks at ways to expand biogas production and potentially renewable electricity production that would net-export to the grid, the City would like to encourage ET to provide technical support and grant opportunities that may include partnering with ODOE and the Clean Fuels program. Setting aside some funding in the ET "Other Renewables Program" specifically to evaluate and potentially provide those types of grant opportunities would be encouraged.

Thanks

Alan Johnston, PE | Senior Engineer | WWTP Program
City of Gresham | 1333 NW Eastman Parkway | Gresham, OR 97030
503.618.3454 work | 503.803.0470 cell | alan.johnston@greshamoregon.gov

From: Marissa Houlberg

Received: Fri Oct 15 2021 12:03:40 GMT-0700 (Pacific Daylight Time)

To: Information - Energy Trust

Subject: Budget feedback - window glass replacement included

[EXTERNAL]

I skimmed a bit of the budget and I am not certain where my comment fits in. We appreciate all the efforts to reduce our energy consumption and have found several Energy Trust programs beneficial to guiding us along the right path. I would like to see the window replacement offering expanded to an offering that includes just replacing the glass.

Our home was built in 1976 and over the last few years have experienced seals breaking. We have found it is far less expensive to replace just the glass and have been pleased with the work done by a Tigard business. We have no interest in replacing all of our windows and are happy to replace only the ones with considerable condensation between the glass.

We do put off replacing the windows with broken seals for quite some time and only replace when they have become intolerable.

Thank you for opening your process to the general public and reading my thoughts,

Marissa

Sent from my iPad



Oregon

Kate Brown, Governor

Public Utility Commission
201 High St SE Suite 100
Salem, OR 97301-3398
Mailing Address: PO Box 1088
Salem, OR 97308-1088
503-373-7394



December 7, 2021

Michael Colgrove, Executive Director
Energy Trust of Oregon
421 SW Oak, Suite 300
Portland, OR 97204

Dear Michael:

We appreciate the opportunity to comment on the Energy Trust of Oregon's 2022-2023 Budget and Action Plan. We adopt the recommendations of the OPUC Staff summarized in more detail in the memo and discussed at the Commission's November 16, 2021 Special Public Meeting.

We encourage and support Energy Trust and Staff to continue to communicate openly and regularly regarding operations, community outreach and challenges, and opportunities associated with achieving targets.

We applaud the Energy Trust for its results so far in 2021, despite ongoing disruptions stemming from the COVID-19 pandemic. Those results deliver significant least cost resources for utility customers that contribute to controlling overall bills. We look forward to those results continuing into 2022, and to working with Energy Trust and stakeholders to achieve the targets set in this upcoming year's budget, and to face together the many exciting issues ahead.

OREGON PUBLIC UTILITY COMMISSION

Megan W. Decker
Chair

Letha Tawney
Commissioner

Mark R. Thompson
Commissioner

**PUBLIC UTILITY COMMISSION OF OREGON
STAFF REPORT
SPECIAL PUBLIC MEETING DATE: November 16, 2021**

REGULAR X CONSENT _____ EFFECTIVE DATE _____ NA _____

DATE: November 10, 2021

TO: Public Utility Commission

FROM: Anna Kim

THROUGH: Bryan Conway, JP Batmale, Sarah Hall

SUBJECT: ENERGY TRUST OF OREGON:
Presentation of 2022 Draft Budget and 2022-23 Action Plan.

STAFF RECOMMENDATION:

Adopt Staff's comments and recommendations on Energy Trust of Oregon's (Energy Trust) Draft 2022 Budget and 2022-2023 Action Plan.

DISCUSSION:

Issue

Whether the Commission should adopt Staff's comments and recommendations on Energy Trust's Draft 2022 Budget and 2022-2023 Action Plan.

Applicable Law

In 1999, Oregon Revised Statute (ORS) 757.612 was first adopted and established the public-purpose charge (PPC). The PPC provided funding for new cost-effective local energy conservation, new market transformation, energy efficiency for the state's K-12 public schools, the above-market costs of new renewable energy resources, and new low-income weatherization. Along with authorizing the Commission to direct the manner in which PPC funds are collected and spent, the statute also gave the Commission the authority to direct PPC funds to a nongovernmental entity as described in ORS 757.612(3)(d). This non-profit would implement the part of the PPC that is set aside for cost effective energy conservation, market transformation initiatives, and programs that addressed the above-market costs of new renewable energy resources.

Under 2021's House Bill (HB) 3141, the relevant sections of which become operative January 1, 2022, the legislature authorizes expenditures under the portion of the public purpose charge administered by the nongovernmental entity to include the above-market costs of new renewable energy resources and customer investments in distribution system-connected technologies that support reliability, resilience, and the integration of renewable energy resources with the distribution systems of electric companies. HB 3141 further amends ORS 757.054 to authorize the collection of charges from retail electric customers to fund the planning and pursuit of cost-effective energy efficiency measures and to allocate a portion of those funds to a nongovernmental entity. See Or Laws 2021 Ch. 547 Sec. 1, 3, 25. Amendments to the public purpose charge under HB 3141 specifically do not affect actions taken before the operative date of January 1, 2022, by a nongovernmental entity related to funds collected through public purpose charges and to the nongovernmental entity prior January 1, 2022.

Energy Trust is a nonprofit, nongovernmental entity with which the Commission has contracted for investment of the public purpose charge and the pursuit of cost-effective energy efficiency measures.

In December 2005, Energy Trust and the Commission executed the current grant agreement that guides Energy Trust operations. The contract details parties' obligations and describes methods for accountability and oversight, such as submitting an annual budget report to the Commission for review. Specifically, section 3.a.ii of the grant agreement stipulates that Energy Trust will:

...develop an annual calendar budget on or before November 15 of each year and a final budget, approved by Energy Trust's board of directors, on or before December 31 of each year. The budget will include projected revenues to be received under this Agreement, other revenues to be received, and describe proposed expenditures in such a manner as may be requested by the PUC. The budget will also contain information that may permit the reader to evaluate the Energy Trust's total administrative costs and whether such costs may be considered reasonable, and provide a comparison of actual revenues and expenditures received through the first three full quarters and an estimation of projected expenditure for the remaining fourth quarter of the current year, as compared to the current year's budget.

Annually, the Commission reviews and comments on Energy Trust's budget and action plan to ensure that it presents a sound plan to achieve authorized objectives and keeps certain overhead costs below agreed upon thresholds.

Analysis

Energy Trust proposes a budget with \$213 million in expenditures for 2022. The vast majority of these funds (98 percent) are for activities overseen under the Oregon Public Utility Commission (OPUC) grant agreement and past orders to support energy efficiency and small-scale renewables.¹ The remaining two percent of planned expenditures support separate contracts for the OPUC's Community Solar Program, Northwest Natural in Washington, additional funds for Northwest Natural's GeoTEE pilot, PGE's Smart Battery Pilot, PGE's storage pilot, and Energy Trust's development funds.

The numbers presented in this memo refer to the OPUC portion of Energy Trust's budget minus Community Solar unless otherwise noted. These numbers come from Energy Trust's Draft 2022 Budget for 2022 through 2023 and are compared to Energy Trust's Amended 2021 Budget.

Budget Background

Energy Trust's Draft Budget and Action Plan is made available to stakeholders and the public in a series of meetings and through the Energy Trust website. The complete Draft Budget and Action Plan was posted online at www.energytrust.org on October 6, 2021. Energy Trust presented an overview of the 2022 Budget and Draft 2022-2023 Action Plan at a public workshop on October 13, 2021.

Energy Trust discussed the Draft Budget and Action Plan with OPUC Staff at an informal workshop on September 17. Energy Trust met with electric and gas utilities for the first round of budget discussions on August 24. The second round of budget discussions with the OPUC and utilities took place the week of September 20. A final round of meetings will be held in early November to finalize revenue requirements. Additional meetings with utilities have been scheduled as needed throughout the process.

The Commission's Special Public Meeting scheduled for November 16, 2021, is the opportunity for the public and the Commission to consider and comment on Staff's assessment of the Draft Budget and Action Plan. The Energy Trust Board will receive a Final Proposed 2022 Budget and 2022-2023 Action Plan in early December and will consider it for adoption at the December 17, 2021 Board meeting.

¹ The OPUC Grant directs the administration of utility funding for energy efficiency and small-scale renewables.

Status of 2021 Budget Action Items

As part of the review of each Energy Trust annual budget, the Commission makes suggested recommendations for Energy Trust to adopt over the course of the next year. The 2021 Budget contained specific action items to be conducted during 2021. Energy Trust has completed four out of six action items, to date. Two items are in process. The table below captures the Commission-approved recommendations from last year’s budget, and Energy Trust’s progress toward completion.

OPUC Recommendations for 2021	Status
1. Continue to focus on identifying and developing residential measures, particularly those with greater peak impacts.	Completed and ongoing
2. Continue to develop peak modeling capability. Meet with Staff quarterly to review progress.	In progress and ongoing
3. In future budgets, include measure exception costs in the measure exception memo.	Completed and ongoing
4. Implement a supplier diversity tracking system. Report quarterly on progress.	In progress
5. Develop a longer-term strategy to align staffing with outreach goals. Complete before next proposal to increase staffing.	Completed
6. Ensure administrative costs in the 2022 budget do not exceed 8 percent of revenues.	Completed

Energy Trust has invested in activities related to studying peak loads for Action Item No. 2, but due to turnover in the planning group, these activities could not be fully completed. Staff continues to work with Energy Trust to expand Energy Trust’s understanding and modeling of peak loads and reflect this knowledge by providing more sophisticated analysis and goals in the draft 2024 budget.

Energy Trust is behind schedule on Action Item No. 4 for implementing a supplier diversity tracking system. Energy Trust determined that this project required more time than anticipated because of underestimating the timeline for properly scoping the project. Energy Trust expects to complete the project in 2022.

Energy Trust completed Action Item No. 5 by presenting to Staff a longer-term strategy on staffing and outreach goals. Energy Trust completed this analysis in anticipation of requesting additional positions in this budget.

2021 Budget Amendment

In 2020, Energy Trust increased incentives in an effort to counter the effects of the COVID-19 pandemic on energy efficiency acquisition. In early 2021, Energy Trust discovered that it had underestimated the demand for certain increased incentives,

particularly in the commercial and industrial sectors. Energy Trust was slow to identify the extent of this demand because of communications disruptions from the COVID-19 pandemic, exacerbated by a delayed change in contractors.

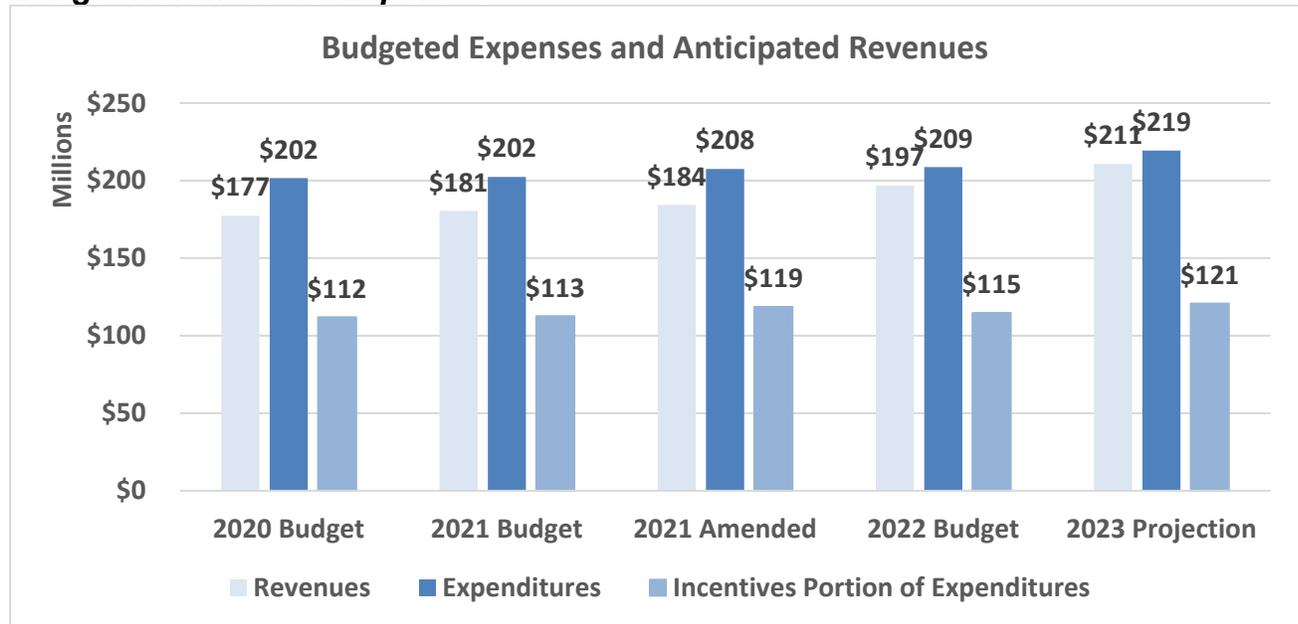
In response, Energy Trust worked with the utilities to take corrective action to reduce incentives, pause future incentive commitments for some programs, and develop multi-year options to resolve the shortfall. The Energy Trust Board approved an amended budget on May 19, 2021, that led to collecting an additional \$3.8 million from utility customers combined with spending from existing reserves to deliver additional cost-effective energy efficiency.

For the 2022 budget, Energy Trust continues to implement a more aggressive budget management plan, including active management of popular commercial measures, monthly budget forecasting, and more frequent reporting from contractors. Energy Trust discussed raising additional revenues in 2022 with the individual utilities, and 2022 revenues in this draft budget reflect the tariff adjustments negotiated with the utilities.

2022 Budget Overview

Energy Trust proposes \$208.7 million in expenditures in 2022 for OPUC grant activities, out of a total \$213 million budget for the entire organization. The OPUC grant portion is an increase of 3.1 percent from the original 2021 budget and an increase of 0.6 percent of the amended 2021 budget. Over half of these expenditures are expected to be paid out as incentives. Energy Trust proposes to collect \$196.8 million in revenues, an increase of 6.8 percent from 2021. This increase in 2022 revenues is to help pay for increased spending that occurred in 2021 while acquiring available savings, and pay for acquiring more energy savings in 2022 than previously forecasted.

Budget Revenues vs. Expenses²



	2020 Budget	2021 Budget	2021 Amended	2022 Budget	2023 Projection
Revenues	\$177,369,785	\$180,547,579	\$184,343,709	\$196,802,744	\$210,826,043
Expenditures	\$201,623,746	\$202,397,951	\$207,508,304	\$208,732,917	\$219,440,344
Incentives Portion of Expenditures	\$111,909,140	\$112,563,205	\$118,559,097	\$114,684,799	\$120,711,957

Both the 2021 amended budget and 2022 budget reflect the responses to the budget overrun from early 2021. After drawing down existing reserves, Energy Trust requested additional funds in 2021 and 2022 to compensate for the increased demand in energy efficiency incentives even after rolling back incentive increases and restricting some offers. Revenues in this budget increase in 2022, while incentives decline to replenish some of the reserves spent on additional incentives in 2021. The table below shows revenue changes by utility.

² Note: This chart does not show carryover reserves, which are used to smooth out operations from year to year and reduce rate impacts.

Revenue from OPUC Grant Funds by Utility

	2021 Budget	2021 Amended	2022 Budget	% Change from 2021 Amended
PGE	\$87,636,646	\$90,675,546	\$94,652,540	4.39%
PacifiCorp	\$60,448,675	\$61,205,905	\$62,815,351	2.63%
NW Natural	\$26,708,386	\$26,708,386	\$31,324,086	17.28%
Cascade	\$3,310,580	\$3,310,580	\$3,567,475	7.76%
Avista	\$2,443,292	\$2,443,292	\$4,443,292	81.86%

The gas utilities have seen overall significant budget increases. With the 2022 budget, the gas utility budgets are increasing an average of 8.8 percent a year over five years. These come with growing interest in peak savings and carbon reductions. Overall, the natural gas utilities have smaller budgets with smaller reserves, and see larger fluctuations than the electric utilities. Based on the timing of the information and with smaller reserves, the gas utilities were impacted more in relative terms by the budget overruns in 2021, resulting in no adjustment in mid-year but a higher change in 2022. The gas utilities were overall supportive of increasing spending to acquire more energy efficiency, particularly for carbon reductions in the near-term.

Starting in 2022, under Section 9(1)(e) of HB 3141, the legislature requires that the nongovernmental entity, Energy Trust, develop utility-specific budgets and action plans jointly with the funding public utilities. The action plans must reflect stakeholder feedback gathered through a public process managed by the nongovernmental entity and the relevant public utility, as overseen by the Commission. Energy Trust will be required to file with the Commission the entity’s budget, action plan, and quarterly and annual reports for public review. Staff will begin considering how these requirements may be supported at the Commission level in the first half of 2022.

Predicted Outcomes

Energy Trust’s budget forecasts gas and electric savings, electric renewable generation, and greenhouse gas reductions associated with these activities. Staff also discusses below the outcomes related to Energy Trust’s work in diversity, equity, and inclusion.

Energy Efficiency Savings

In 2022, Energy Trust predicts acquiring 50.1 aMW of savings (5.7 percent more than 2021) and 6.52 million therms (6.6 percent more).

Energy Savings

	2021 Budget	2021 Amended	2022 Budget	2023 Projection
Electric savings (aMW)	44.96	47.43	50.13	52.91
Gas savings (MMth)	6.11	6.12	6.52	6.92

Looking at the sector level, compared with 2021, Energy Trust predicts an increase in residential electric savings with a slight decrease in commercial for 2022. These predictions are driven by Energy Trust’s predictions on ongoing COVID-19 impacts on the market, including ongoing interest in energy efficiency investment with a delayed large industrial project.

Sector-Level Electric Savings

	2021 Budget	2021 Amended	2022 Budget
Residential aMW	7.6	7.6	10.5
Commercial aMW	21.2	22.3	21.8
Industrial aMW	16.1	17.5	17.8

On the gas side, compared to 2021, Energy Trust predicts a modest increase across all three sectors. These budgets are also driven by predictions of market impacts of COVID-19 with ongoing interest in energy efficiency investment.

Sector-Level Gas Savings

	2021 Budget	2021 Amended	2022 Budget
Residential MMth	2.32	2.32	2.55
Commercial MMth	2.44	2.44	2.50
Industrial MMth	1.36	1.36	1.48

Renewables Generation Acquisition

Currently, the renewables program is divided into two programs: Solar and Other Renewables. Energy Trust anticipates ongoing strong demand for small-scale solar while anticipating a very small hydroelectric project to come online in 2022.

Generation Supported by Energy Trust

	2021 Budget	2021 Amended	2022 Budget
Solar (aMW)	2.9	2.9	4.00
Other Renewables (aMW)	0.6	0.6	0.01

Consistent with HB 3141, Energy Trust will begin developing incentives for distribution system-connected technologies in 2022. Staff is working with Energy Trust as it considers the appropriate definition of new terms in the bill and may lead to a different allocation within the renewables budget once this guidance is finalized later this year. HB 3141 also requires that Energy Trust spend 25 percent of renewables funds on activities, resources, and technologies that serve low and moderate income customers starting next year. Energy Trust already expects to be close to the 25 percent target in 2021, and expects to be able to spend 25 percent in 2022.

Peak Savings

Staff believes that is crucial for Energy Trust to be able to target peak savings, and more importantly, adjust based on changes to the net system peaks due to renewables. As more renewables come online, the value of energy efficiency to the grid will shift over time. Energy efficiency has always contributed to the reduction of system peaks, and overall load reductions enable more flexibility in the system as a whole. Now, the time of day at which energy efficiency is most valued will evolve. Energy Trust must have the flexibility and planning capability to adjust with these changes. Staff proposes that Energy Trust go beyond reporting on peak load impacts and begin targeting them, starting with the 2024 budget. Staff will work with Energy Trust in 2022 on how this information should be reported.

Diversity, Equity, and Inclusion (DEI) Activities

Energy Trust established an internal initiative for diversity, equity, and inclusion, which aims to increase participation among those who are currently underrepresented among participants. Energy Trust is making a deliberate effort to incorporate DEI principles across the organization and through its activities. Energy Trust has been working with Staff and stakeholders to develop DEI metrics to both stimulate and capture progress on DEI activities. As a result, DEI activities are distributed across the budget in various places. Some highlights:

DEI Specialist: Energy Trust proposes adding an additional full-time employee (FTE) for a DEI specialist to assist on related projects.

DEI Operations Plan: Energy Trust is implementing a new DEI Operations plan for 2022 and beyond. Leading up to this, Energy Trust is continuing to strengthen

relationships with stakeholders to establish ongoing engagement around the DEI plans.

Manufactured Homes Replacement Program: Energy Trust was granted an exception from cost effectiveness requirements to support replacement of manufactured homes with energy efficient models. Energy Trust is currently transitioning from a pilot to a program to be launched at the beginning of 2022.

Ductless heat pump pilot: Energy Trust requested an exception from cost effectiveness requirements for a pilot to test delivery mechanisms for ductless heat pump installations for energy burdened customers.

Through HB 2475, OPUC can potentially address energy burdens through bill reduction measures or programs.³ Some of Energy Trust's activities have the potential to be adapted or expanded to reduce energy burdens through HB 2475 if the Commission authorizes programs through that mechanism. The ductless heat pump pilot is an example of such an opportunity that could potentially be offered through HB 2475. While the Commission evaluates these options, reducing energy burdens through energy efficiency is a key consideration for DEI. Staff encourages Energy Trust to continue to identify opportunities where energy efficiency can best mitigate energy burdens. Staff is particularly interested in offers that are targeted to customers who are at risk of being in arrears by leveraging utility data.

HB 3141 requires the Commission to establish performance metrics for Energy Trust related to environmental justice communities.⁴ In 2022, Staff will lead a docket for the development of environmental justice metrics that the Commission must define for the first four year period by the end of 2022. Staff appreciates Energy Trust's ongoing efforts to improve tracking capabilities in recent years.

In preparation for these discussions, Staff recommends that Energy Trust study the prevalence and impact of alternative heating fuels such as wood, propane, and heating oil in its service territory. Staff also recommends that Energy Trust collect information on how to provide low-cost cooling by revisiting a 2017 report on air conditioning with any new information available through NEEA and other sources. These are two of the areas that stakeholders identified as ways to reduce energy burdens during the UM 2114 workshop on energy efficiency. Staff will request that the utilities involved in this docket be prepared to provide information that may help identify environmental justice communities at highest risk of disproportionate impacts, and anonymized energy usage data to help better assess opportunities and appropriate metrics.

³ OR Laws 2021, Ch. 90, Section 7.

⁴ OR Laws 2021, Ch. 547, Section 11.

Greenhouse Gases

Energy Trust anticipates that the 2022 action plan will result in 4.5 million tons of carbon dioxide reductions, which is a 12.5 percent increase from 2021. Energy Trust anticipates greater carbon savings because the mix of energy-saving measures for 2022 last longer than the mix in 2021, leading to larger lifetime savings. These shifts to longer-lasting measures were more evident in industrial and existing buildings programs.

In addition to these projections, Energy Trust's energy efficiency and renewables work will be crucial in implementing the State's decarbonization goals. This includes the Commission's work plan to implement the Governor's Executive Order 20-04, and greenhouse gas reduction targets found in HB 2021. Staff sees this manifesting in many ways in the Energy Trust budget. Notably, for future budgets, by increasing the expected compliance cost for carbon reduction, the relative value of energy efficiency will increase.

Further, to the extent that Staff has asked Energy Trust to identify and target net peak measures so that EE benefits the system in the future, Energy Trust in 2022 should identify and begin pursuing opportunities for the greatest greenhouse gas reductions that are also cost-effective on an energy basis considering that the electric and gas utilities are subject to their respective goals in HB 2021 and EO 20-04. This will require the utilities to share more granular levels of historic and forecasted emission data (e.g., hourly) so that energy efficiency can be compensated accordingly when energy reduction patterns best align with a utility's greenhouse gas reduction needs.

Delivery Costs

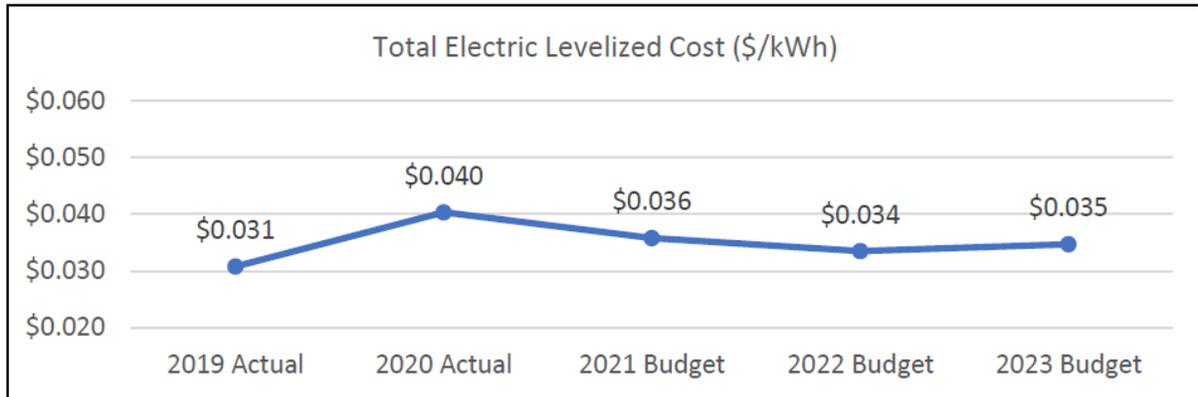
Overall, expenditures on electric savings acquisition will remain the same and natural gas expenditures will increase by 11 percent.

Expenditures by Fuel

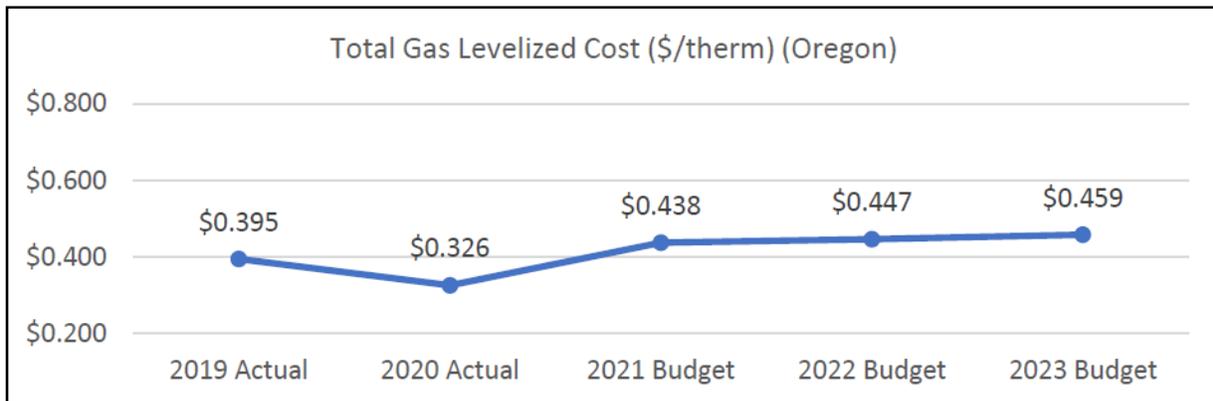
	2021 Budget	2021 Amended	2022 Budget
Electric costs	\$144,608,762	\$149,991,886	\$149,256,428
Gas costs	\$34,536,446	\$34,346,587	\$38,060,040

What is more indicative of costs is the average cost per therm and kWh. Levelized costs are the average dollars per unit saved amortized over the lifetime of the measures. The estimated levelized cost for electric savings is expected to decrease five percent, and gas is expected to increase by two percent.

Electric Levelized Costs⁵



Gas Levelized Costs⁶



In recent years, Energy Trust has predicted notably increasing levelized costs for gas. Energy Trust cautions that these costs are not a trend, and many factors led to these forecasts, with no dominant factor.

While levelized costs are an important indicator of performance, Staff anticipates net peak reductions, greenhouse gas reductions, and other forms of targeted energy efficiency to alleviate energy burden or localized distribution needs will become as important in future budgets.

⁵ Energy Trust's Draft 2022 Annual Budget and 2022-2023 Action Plan p. 27.

⁶ Energy Trust's Draft 2022 Annual Budget and 2022-2023 Action Plan p. 28.

Administrative Costs

Administrative costs fall under the following categories:

- Employee Salaries & Fringe Benefits if not directly related to program delivery,
- Agency Contractor Services if not billed to program delivery,
- Planning and Evaluation Services if not billed to program delivery,
- Advertising and Marketing Services if not billed to program delivery,
- Other Professional Services if not billed to program delivery,
- Travel, Meetings, Trainings, & Conferences,
- Dues, Licenses, and Fees,
- Software and Hardware,
- Depreciation & Amortization,
- Office Rent and Equipment,
- Materials Postage and Telephone, and
- Miscellaneous Expenses.

Administrative costs are projected to increase by \$1,307,960 – or 9.3 percent – in 2022. Overall, the total administrative costs for 2022 are slightly below the performance metric limit, which is a maximum 8 percent of revenues.

Administrative Costs

	2021 Budget	2021 Amended	2022 Budget	2023 Projection
Administrative Costs	\$14,296,224	\$14,084,001	\$15,391,961	\$16,264,685
Revenues	\$180,547,579	\$184,343,709	\$196,802,744	\$210,826,043
Percent of Revenues	7.92%	7.64%	7.82%	7.71%

Last year, Energy Trust initially proposed a slightly larger administrative budget at just below the 8 percent limit, but was able to reduce the budget by \$71,000 for the final budget. In response to the cost overruns earlier in 2021, Energy Trust reduced administrative costs an additional \$212,000 as part of the effort to compensate for the increased energy efficiency acquisition.

Energy Trust cites increased spending on DEI-related activities, including targeted advertising, the delayed supplier diversity tracking system that was originally expected to launch in 2021, professional services to support Board initiatives, IT investments, and staffing costs (discussed in next section).

While this proposed administrative budget is within the required range, Staff is concerned at the overall increase from what was originally expected in 2021, and at how close it is to the maximum within the performance metric. Staff notes that revenues

are increasing in 2022 and 2023 partially to replenish reserves that were used to pay for increased expenditures in 2021. Staff understands that some of these projects in 2022 are one-offs that will not be repeated in 2023. Staff will keep this context and longer history in mind when reviewing the 2023 budget.

Staffing Costs

The proposed budget includes a 6.4 percent increase in staffing costs from 2021. This increase is a combination of a forecasted eight percent increase in healthcare costs, and proposed additions to Energy Trust staff. This budget assumes a 6.3 percent overall increase in compensation, which is inclusive of merit increases and promotions, and includes 1.3 percent in market-based adjustments. There is not a separate adder for inflation or cost of living.

Staffing Costs

	2020 Budget	2021 Amended	2022 Budget	2023 Projection
Staffing Budget	\$15,053,097	\$16,130,842	\$17,170,337	\$18,229,408
Annual Change \$		\$1,077,745	\$1,039,495	\$1,059,071
Annual Change %		7.2%	6.4%	6.2%

In this budget, Energy Trust proposes to hire:

- One full-time energy program fellow with two-year terms in partnership with an organization dedicated to increasing diversity in the energy industry. Last year, Energy Trust requested two of these fellowships. Energy Trust requests a third fellowship that will have a one-year overlap that will replace one of the existing two fellowships once they expire.
- One DEI specialist who will support the implementation of DEI initiatives.
- One general ledger accountant in the finance department. Energy Trust has been using a contractor accountant to fulfill this function and expects this work to be ongoing.

Overall, Staff is supportive of these additional positions. Staff believes the DEI specialist position is consistent with Energy Trust’s increased DEI focus through HB 3141. Staff believes converting the accountant position will reduce overall costs, manage future risk, and serve as a good investment in the long term. The temporary fellowship will help the initiative be more successful by allowing overlap for incoming fellows.

Since the posting of the draft budget, Energy Trust has informed Staff that there is new market survey information available about staffing costs that indicates Energy Trust is

not keeping up with the market. Energy Trust will provide more information with an increased staffing budget in the final budget proposal to its Board.

Conclusion

In 2021, Energy Trust experienced challenges, both new and ongoing, driven by the COVID-19 pandemic. In 2022, Energy Trust will still be correcting for the unanticipated demand for energy efficiency investments that materialized near the end of 2020. In addition to the ongoing changes in the market, Energy Trust will play a key role in meeting many large policy goals by supporting the transition to cleaner energy, reducing energy burdens, and providing services to a wider range of customers. Staff concludes that there is a need today to flexibly target peak value and analyze existing information to target DEI.

Based on the review of this budget, Staff makes the following recommendations.

In order to better target energy efficiency investments:

1. Report net peak load budget impacts starting with the 2024 budget.
2. Prepare processes to identify those measures that maximize greenhouse gas reduction impacts for electric and gas utilities based on the time of day and year.

In preparation for the environmental justice metrics discussion:

1. Work with utilities to identify environmental justice communities in their service territories.
2. Estimate the prevalence and impacts of alternative fuels within the service territory.
3. Research opportunities to provide low-cost cooling measures.

PROPOSED COMMISSION MOTION:

Adopt Staff's comments and recommendations on the Draft 2022 Budget and Draft 2022-2023 Action Plan for Energy Trust of Oregon.

October 20, 2021

Michael Colgrove
Executive Director
Energy Trust of Oregon
421 SW Oak Street, Suite 300
Portland, OR 97204

RE: Comments on Energy Trust 2022 Annual Budget and 2022-2023 Action Plan

Dear Mike,

For the past 20 years, our customers have contributed to Energy Trust of Oregon (ETO) and in turn have received valuable assistance in lowering their energy use and investing in renewable energy. The resulting energy savings and renewable generation are important resources within the larger portfolio that contribute toward our ability to deliver safe, reliable, clean, affordable and equitable service to our customers. We appreciate the work Energy Trust has invested in developing and presenting your draft 2022 budget and 2022-2023 action plan to Pacific Power, other funding utilities, and interested stakeholders around the state. We would like to offer the following comments and have identified the following opportunities for the upcoming year:

- Looking forward, 2022 and 2023 will continue to be years of significant rebuilding for our communities. COVID, wildfires, and the resulting infrastructure and economic impacts have been felt by all our customers, most significantly by low-income families throughout rural Oregon. As communities emerge from the continued economic impacts of 2021, Energy Trust and Pacific Power must improve mutual engagement on community initiatives.
- Regarding Energy Trust's Action Plan Goal 3 to "pursue new funding opportunities" to "[develop] relationships with organizations where there is mutual opportunity to pursue complementary activities or access other sources of funds" and to "[enhance] grid value with the utilities," ETO coordination with Pacific Power well in advance of commitments is increasingly important to ensure actual value will be delivered to the local grid. The same holds true for Goal 2 to "[e]xpand support for community-led approaches to increase access to clean energy."
- Pacific Power has been working closely with Portland General Electric (PGE) and the Oregon Public Utility Commission (OPUC) on implementing elements of House Bill 3141. We fully expect adjusted collection mechanisms to be in place by the end of 2021 to facilitate a smooth transition into a new utility funding stream for energy efficiency effective January 1, 2022.

- Going forward, HB3141 envisions Pacific Power and ETO jointly developing utility-specific budgets, action plans and agreements, reflective of stakeholder feedback gathered through a public process managed by ETO and the utility. Although ETO and Pacific Power are not implementing this language for 2022 activities and budgets, the informal engagement thus far and the remainder of 2022 planning and budgeting provide a great opportunity to strengthen the foundation of collaboration between respective organizations that will be built on for 2023 budgets and plans.

Pacific Power continues to value the resource acquisitions and customer benefits delivered by Energy Trust of Oregon on behalf of our customers. In conclusion, we are looking forward to continuing good work in 2022.

Sincerely,

A handwritten signature in black ink that reads "Cory Scott". The signature is written in a cursive, flowing style with a long horizontal line extending to the right.

Cory Scott
Managing Director, Customer Solutions



Portland General Electric

121 SW Salmon Street • Portland, OR 97204
portlandgeneral.com

Energy Trust of Oregon
421 SW Oak, Suite 300
Portland, OR 97204

October 20, 2021

Re: PGE Comments on 2022 Budget and 2022-2023 Action Plan

PGE appreciates the invitation to provide formal comments on the Energy Trust of Oregon (ETO) Draft 2022 Budget and 2022-2023 Action Plan.

PGE is grateful for the multiple opportunities to collaborate with ETO on its 2022 planning. Going forward, House Bill (HB) 3141 envisions PGE and ETO jointly developing utility-specific budgets, action plans and agreements, reflective of stakeholder feedback gathered through a public process managed by ETO and PGE. Although ETO and PGE are not implementing this language for 2022 activities and budgets, the informal engagement thus far and the remainder of 2022 planning and budgeting provide a great opportunity to strengthen the foundation of collaboration between PGE and ETO, which will be furthered for 2023 budgets and plans. To ensure continued coordination PGE is aligning its leadership and support staff around the need to improve collaboration with ETO as a key partner in the delivery of PGE's long-term imperatives to decarbonize, electrify, and perform.

PGE has just one comment. Heat pumps offer year-round value to the customer (heating and cooling) and the electric system. This is especially true for our environmental justice communities who are disproportionately impacted by climate change and disaster events. For this reason, we support ETO's work on low and no cost ductless heat pumps and would prefer ETO focus efforts to expand heat pump offerings at the expense of incenting further air conditioning build out.

Additionally, PGE is working closely with Pacific Power and the Oregon Public Utility Commission (OPUC) to implement elements of HB 3141 and fully expects adjusted collection mechanisms to be in place by the end of 2021 to facilitate a smooth transition into a new utility funding stream for energy efficiency effective January 1, 2022.

Thank you,

Jake H Wise
Portland General Electric

To: Energy Trust of Oregon via e-mail only to info@energytrust.org
Re: Comments by Small Business Utility Advocates (SBUA) re 2022 Draft Budget
Date: 10/20/21

Overall the 2022 Energy Trust Budget reflects the Energy Trust's significant administrative sophistication and also its technical sophistication of financing energy improvements and generation among multiple players. This 2022 Draft Budget including Action Plan does address appropriate shifts to address equity and recent legislation. SBUA agrees w/the Action plan categories and appreciates the more explicit inclusion of small business in the Action Plan. It is important that small businesses, which are responsible for most of Oregon's workforce and also a sizable amount of the State's economy, are considered. Small business might review this Budget with an eye for how Energy Trust accounts and plans for the moneys paid monthly as part of their energy bills to fund the Energy Trust and its work. This includes comments from perspective of small business generally and including small commercial ratepayers.

Budget Overview¹:

The Overview pages could include brief summary of the shifts and legislative changes that lie behind the Draft Budget, perhaps brief explanation of HB 3141 (2021) for example, and also key legislation that lies at the heart of Energy Trust funding structure like SB 1149 (1999) and SB 838 (2007), and include other legislation referenced in the Budget (e.g. HB 1444 and HB 1257), not to mention HB 2475 (2021) etc. as legislative framework impacting energy.

Financial Statements²:

These pages reflect the Energy Trusts sophistication in financing and producing corresponding documents. Realizing that the financial statements are not likely supposed to be narrative at all, still explanatory narrative could be in a cover page or, as mentioned above, in the Overview.

1. Financial Statement pages could be paginated for easier reference and see above comment re explanatory narrative. Perhaps Include a table of contents or an explanation at the top or bottom of the the different financial statement regarding what the page represents.
2. Financial statement could be more understandable to the average experienced business person with better labelling of the information. For example, the financial statement page 6(?) includes column "OPUC Efficiency" at almost \$100,500,000, and larger sums under that. Also and related, it is unclear to which statutorily authorized funds the figures refers. What exactly "OPUC" does related to the Energy Trust budget should be explained at the outset, especially where OPUC oversees the Energy Trust.
3. Re Revenue section, more explanation would serve the Energy Trust's goal of being more accessible and its plan to increase outreach. The revenue information should include more specificity in the revenues, perhaps in a footnote that describes the different categories and identifies their sources, E.g. "Utilities provide revenue by collecting 3% of (most) ratepayer bills to fund the Energy Trust work per SB 1149." Contracts includes contracts between Energy Trust and xxx, yyy (include entity examples, perhaps largest organizations does Energy Trust contract), with same method applied to Grants and Investments, and include reference where the interested business person could look for more information re revenue.

¹ https://www.energytrust.org/wp-content/uploads/2021/10/Budget-Overview_2022-Budget.pdf

² https://www.energytrust.org/wp-content/uploads/2021/10/Financial-Statements_2022-Budget.pdf

4. Re revenue from Utilities: Shows an increase each time—Revenue from Utilities 178,129,076 187,344,583 192,917,693 194,306,051 200,153,618 214,176,917

COMMENT: It could be clarified whether and how these trends of predicted economic growth take into account the language present elsewhere in the 2022 Draft Budget re difficult- to-predict impacts of COVID-19. “In short, the persistence of the COVID-19 pandemic and new market uncertainty brought about by the delta variant may be offset by a seemingly improving economy and by a robust Energy Trust program pipeline. These conditions are both fluid and unprecedented in Energy Trust’s history. Some conflicting indicators are hard to interpret, making future conditions, and resulting outcomes, difficult to predict.”³

Supporting Memos⁴:

At certain points in the 2022 Draft Budget it is unclear who is the intended reader. SBUA assumes it is the public to which Energy Trust directs its comment period, and therefore includes small business owners and managers.

Re Planning Assumptions, according to Energy Trust’s contractor CLEAResult:

“...Residential and commercial segments will benefit from new financing options and increasing choice amongst existing and new market entrants. In the residential segment, we are seeing new financing models emerge that focus on the consumer’s lifestyle and comfort preferences, rather than on traditional energy savings as the value driver. These emerging offers are positioned ‘as-a-service’ similar to other on-demand products that today’s consumer is accustomed to purchasing. In the commercial segments, we are seeing similar trends towards ‘as-a-service’ financing options where third parties invest project capital and energy users pay for upgrades over time. This model effectively shifts energy efficiency upgrades from a capital expense to an operating expense, where most customers are accustomed to paying for utility expenses. Bundling is growing in popularity as well for both segments where efficiency and distributed energy resources such as solar are financed together offering the energy user more attractive economics than is possible with independent projects.”

COMMENT: It is difficult to understand what is the impact on small business of the “new financing options and increasing choice among existing and new market entrants.” This language is hard to understand for a small business.

COMMENT: SBUA is concerned that small commercial customers will be left out of this planning and if that is not the case then it would be helpful to articulate that more in the Budget documents. “In 2021, large customer spending caps in place under SB 838 (2007) were repealed when HB 3141.”

COMMENT: SBUA understands that (in part?) due to changes to Oregon appliance standards from HB 2062 (p 7) are changing baselines for a number of measures, notably, commercial food service equipment (fryers, steam cookers, dishwashers), and that fryer measures, which are popular commercial gas measures, will sunset mid 2022 as a result. SBUA suggests including estimated metrics on the anticipated energy improvements from appliances.

³ The Supporting Memo p3 notes Given these labor shortages, smaller companies may not have the capacity to keep pace with customer demand. See also Id p9 re uncertainty.

⁴ https://www.energytrust.org/wp-content/uploads/2021/10/Supporting-Memos_2022-Budget.pdf

Total Resource Cost:

The OPUC has directed Energy Trust to apply the Total Resource Cost Test benefit/cost ratio and Utility Cost Test benefit/cost ratio to ensure that Energy Trust is responsibly investing ratepayer funds (p 10). The Draft Budget Memo says together, the tests assess the value of the energy-efficiency investment compared to a utility supplying the same amount of energy and determine whether energy efficiency is the best energy buy for a utility and for all utility customers, and there are exceptions to this in the OPUC Order 94-590.

COMMENT: Table 1 List of Measure Exceptions That Will Be Active in 2022. SBUA would like to see here examples that busy business people could envision of some measure exceptions referenced, and especially of Measure Exception A where the measure produces significant non-quantifiable, non-energy benefits. Alternatively, provide a link to such examples.

Energy Efficiency Levelized Cost Trends and Managing Future Costs:

Additionally, Energy Trust is currently exploring how partnerships with community-based organizations and other community entities, such as cities and counties, can help engage new customers we have historically underserved. While these partnerships require an investment of time and resources, we believe they will unlock savings that, over time, will contribute to a portfolio of reasonably priced, cost-effective savings.

Roger Arliner Young “RAY”: Great idea to include a RAY Fellow. The footnote of the RAY should absolutely include explanation of who “RAY” is/was and perhaps, respectfully, why chosen for energy conservation where Young’s background seemed to focus on biology.⁵

COMMENT: SBUA suggests including a link to a quality biography in any reference to the “RAY” in any document Energy Trust produces mentioning Young or “RAY” for a long while.

Action Plans⁶:

COMMENT: SBUA agrees generally with the four action plan categories though suggests considering substituting small business “energy costs”(p1) for “energy demands” as businesses would see “costs” as their bills and that relates to ratemaking.

COMMENT: This document is well-presented generally and SBUA appreciates the more specific inclusion of how Energy Trust plans to work with small business! It would be helpful if each “Key Activities” section included the section to which it refers, e.g. “Key Activities of General Management”, “Key Activities of DEI”, etc.

COMMENT: Reminder that SBUA works with small commercial customers which is a group of utility customers underserved by the Energy Trust, and may be able to facilitate the contact and information w/small commercial utility customers and also those who are not utility customers per se. Note SBUA’s involvement with local governments regarding COVID-19 and with small businesses re creation of PacifiCorp dba Pacific Power Marketing Education & Outreach Plan for small commercial aka Schedule 23 general service customers. SBUA looks forward to appropriate collaboration and if there are metrics anticipated with the anticipated energy savings, SBUA would appreciate seeing those in the 2022 Energy Trust Budget document if those figures are not already present.

This concludes SBUA comments, thank you for your consideration.

⁵ <https://www.bbc.com/future/article/20200930-arliner-young-the-black-biologist-failed-by-science>

⁶ https://www.energytrust.org/wp-content/uploads/2021/10/Action-plans_2022-Budget.pdf

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