# Policy Committee of the Energy Trust Board of Directors

October 11, 2011

## Attendees

Jason Eisdorfer, Rick Applegate (by telephone), John Reynolds (by telephone), Amber Cole, Fred Gordon, Margie Harris, Steve Lacey, Sue Meyer Sample, John Volkman and Peter West

## 1. Utility strategic roundtables

At the last meeting, the committee decided it would be a good idea to sample individual utility views on future roundtables. After the discussion at the October 5 board meeting, the committee talked about who/how should make the utility contacts. The committee thought it best if board members are involved directly in the process and face-to-face discussions should be part of it. Staff will suggest a series of questions to guide the discussions, solicit suggested improvements, etc. Jason, John Reynolds and Rick will personally meet with the utility members and stakeholder representatives. Nancy will be asked to arrange meetings. The committee suggested staff address certain points raised at the last roundtable.

## 2. OPUC updates

Fuel switching and data transfer rules. As became evident at the last board meeting and roundtable, the information transfer rulemaking has apparently become linked with the fuel-switching issues that NW Natural has raised with OPUC staff. NW Natural surmises that when Energy Trust offers incentives for electric equipment and not for gas, the results may be that consumers steer away from gas equipment (furnaces) and toward electric equipment (heat pumps). Energy Trust has long encouraged NW Natural to raise such issues to the OPUC for discussion which they have now done. NW Natural requested information on our incentives across fuels. At the same time, the OPUC has asked for similar information, which Energy Trust is providing to them. Rather than Energy Trust responding individually to NW Natural, the OPUC will instead initiate a public process on this topic to engage all interested parties. This issue may delay progress on data transfer rules.

Cost-effectiveness policy. The OPUC asked us to pull the proposed cost-effectiveness policy amendments from the October 5 board meeting agenda. OPUC staff has since raised several questions, most of which can be readily addressed. One of the OPUC suggestions is to be more specific about how we define and capture non-energy benefits. Energy Trust staff will discuss this topic with OPUC staff and see how to proceed including whether more CAC discussion would be helpful. These issues may relate to the alternative energy efficiency financing study OPUC plans to do, as described in the next section.

Alternative energy efficiency financing. The Cool-Schools law (HB 2960B, section 6) requires the OPUC to evaluate alternative ways to finance energy conservation measures, i.e., energy efficiency power purchase agreements, packaging energy efficiency projects for sale to utilities as the equivalent of new energy generation, the potential avoided costs to ratepayers of such potential energy efficiency power purchase agreements, and associated monitoring and verification issues. A report is due to the legislature by December, 2012. We have information and perspectives on these subjects and the OPUC would like us to

participate. The committee talked about our level of involvement, which will be to provide factual information and not advocacy.

## 3. Off-system Pacific Power project.

In August, the board authorized up to $1,000,000 for an 800 KW irrigation district hydro project. The project is outside of Pacific Power service territory and will wheel power to Pacific for interconnection. Pacific expressed concern that its customers would have no net benefit from Energy Trust funding because Pacific would incur wheeling charges to move the project output to its system. The issue is important in the short term because staff expect to propose 3-4 other off-system projects in the next six months.

After the board meeting, staff took the matter forward and posed two questions to the RAC: (1) Should Energy Trust continue to consider off-system Qualified Facility (QF) projects eligible for Energy Trust funding? and, (2) If so, are there specific conditions for this funding? A majority of the RAC supported proceeding with these projects without additional conditions. The balance of the RAC supported these projects, and sought a middle ground through conditions such as an in-system preference if funds are limited, or additional review standards.

Staff also discussed the matter with Pacific, which prefers in-system projects for a variety of reasons. Most of these reasons relate to federal QF policy. The discussion did also identify ideas of what Energy Trust might do to improve upon the current process, including: early identification of potential projects in the pipeline; early engagement and communications with interconnection and rate staff at the utility; and, better shared understanding and alignment of purposes and investment criteria. For example, could in-system status be a tie-breaker, all other considerations being equal? Staff does not wish to constrain the program unduly, given that renewable energy is often located far from the utilities' load. The committee supported such measures. Staff will send Pacific a letter to this effect.

## 4. Budget.

Staff updated the committee on the draft budget. Work is continuing related to filings anticipated by all four utilities, which are gravitating to the no-mitigation part of the funding spectrum. In some cases this may impact our ability to reach IRP and stretch goals and/or to serve customer demand. We are also seeing evidence that the tax credit changes may be having a bigger impact than predicted, slowing down participation below what was projected with 2011 mitigation bonuses in place. This may result in additional carryover revenues which result in less funding needed in 2012. We anticipate all utilities will file by mid-October. In the meantime, negotiations continue. Energy Trust is also participating in ODOE rulemaking for the new tax credit programs.

## 5. Employment audit update.

Staff counsel provided the board with an analysis of the employment audit issues. It addresses issues raised by board members and provides background for the board's October 17 executive session with outside counsel.

## 6. CAC representative.

Staff proposed adding Scot Davidson, NEEA Director of Market Planning and Operations, to CAC. The committee approved.