# Board Meeting Minutes – 108th Meeting

**October 5, 2011**

**Board members present:** Rick Applegate (by phone), Julie Brandis (by phone), Jason Eisdorfer, Julie Hammond, Jeff King, Debbie Kitchin, John Klosterman, Caddy McKeown, Alan Meyer, Bob Repine (ODOE special advisor), John Reynolds

**Board members absent:** Dan Enloe, Roger Hamilton, John Savage (OPUC ex officio)

**Staff attending:** Adam Bartini, Sarah Castor, Scott Clark, Amber Cole, Tara Crookshank, Kim Crossman, Phil Degens, Sue Fletcher, Hannah Hacker, Margie Harris, Ray Hawksley, Nancy Klass, Steve Lacey, Ted Light, Pati Presnail, John Volkman, Peter West, Eric Wilson

**Others attending:** Jim Abrahamson (Cascade Natural Gas), Sabine Brueske (Energetics Inc), Clark Fisher (Nexant), Claire Fulenwider, Ph.D. (NEEA Executive Director), Doug Heredos (Cascade Energy), Scot Davidson (NEEA), Juliet Johnson (OPUC), Don Jones, Jr. (Pacific Power), Rob Morton (Cascade Energy), Lauren Shapton (PGE), Roger Spring (Evergreen Consulting, Inc.), Dave Whitmore (Cascade Energy), Kendall Youngblood (PECI)

## Business Meeting

President John Reynolds called the meeting to order at 12:09 p.m.

## General Public Comments

There were none.

## 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**

Moved by: Debbie Kitchin Seconded by: Caddy McKeown

Vote: In favor: 7 Abstained: 0

Opposed: 0

Consent agenda included four items:

1) *August 17 board meeting minutes*

2) *August 17 Utility Strategic Roundtable minutes*
3) *Amending Equity Policy (Resolution 595)*

**RESOLUTION 595**

**AMENDING THE ENERGY TRUST EQUITY POLICY**

**WHEREAS:**

1. **Since 2002, Energy Trust has had an equity policy, intended to make programs available to all customer classes, to pay special attention to customers that have not had access to programs historically. The current policy is functioning appropriately.**
2. **The 2009-2014 Energy Trust strategic plan (pp. 18-19), covers much of the same ground, and is in certain respects more specific.**
3. **The only aspect of the policy that requires correction is that the 2009-2014 strategic plan will govern how the equity policy will be implemented over that time period.**

**It is therefore RESOLVED, that the board of directors of Energy Trust of Oregon, Inc. authorizes amendment of the board policy on equity as shown in the attachment.**

Vote: In favor: 7 Abstained: 0

Opposed: 0

**Attachment to Resolution 595 - Equity Policy**

***Introduction***

Recognizing the Energy Trust's long-term goals to save electricity and natural gas, and that other public purpose funds have been earmarked for schools and low income housing needs, the Energy Trust of Oregon, Inc., Board of Directors hereby adopts as policy using the following principles in designing energy efficiency programs and allocating funding among various electricity and gas customer classes:

***Policy***

- Make programs available to all electricity and gas customer classes by implementing programs in the residential, commercial, and industrial sectors.
- Design and implement programs for private utility electricity and gas customers that have not had access to prior conservation programs and/or where penetration rates have been historically low, such as rural or agricultural customers.
- Monitor penetration rates for all programs and adjust them as needed to ensure that all private utility electricity and gas customer classes are being served. The Energy Trust will pay particular attention to programs for underserved electricity and gas customers to ensure that they achieve penetration rates that are comparable to other successful programs operating to serve these markets.
- Improve program effectiveness to increase conservation savings and reduce costs, thereby making it possible to serve more households and businesses.
- Improve and disseminate information about the cost and availability of conservation in each private utility electricity and gas customer class.

~~The Energy Trust will strive for this kind of equitable distribution of programs over the next five years. Annual results may vary; however, the Energy Trust is committed to achieving these results over the course of the five-year program planning period~~.

4) *Executive Director compensation (Resolution 599)*

**RESOLUTION 599**

**EXECUTIVE DIRECTOR COMPENSATION**

**WHEREAS:**

1. **The Energy Trust's Executive Director Evaluation Committee has completed its review of the Executive Director's performance.**
2. **The Committee used published salary survey information for comparable Executive Director positions and Energy Trust's salary structure as the bases for determining proposed compensation.**
3. **The Committee determined that her performance is excellent and recommend an increase in her compensation package.**

**It is therefore RESOLVED:**

1. **That the Board of Directors of Energy Trust of Oregon, Inc., authorizes the following:**
   a. **A five point six percent performance-based increase in Executive Director's salary effective January 1, 2011, until the date the Board next approves an increase.**
   b. **An increase in annual accrued vacation time from five weeks per year to six weeks per year effective January 1, 2011.**
   c. **An increase in the award to the Supplemental Executive Retirement Plan (SERP) of $3,000 per year effective January 1, 2011.**
2. **That the Board amend the Executive Director's employment agreement in recognition of this resolution.**

Vote: In favor: 7 Abstained: 0

Opposed: 0

## President's Report

John Reynolds presented on passive homes. He showed a Eugene house being built as a certified passive solar house. To achieve greater levels of efficiency than required in building code, thicker insulation is required and solar gain is minimized. The passive house was originally developed in Germany, and in America, passive houses are certified by the Passive House Institute US. He showed pictures of the house in Eugene, highlighting wall construction, high-performance windows and doors and an 84 percent efficient heat exchanger. These more efficient measures have higher upfront costs, as to be expected in a new method of building.

*Rick Applegate joined the meeting by phone mid-way through John's report.*

## Energy Programs

Kim Crossman, with Eric Wilson, delivered the update for two completed requests for qualifications (RFQs) in the Production Efficiency program, as well as a Program Delivery Contractor (PDC) contract extension request. Kim said that although the custom track has been the program's main source of savings, over the past 3 years, the program has been expanding work with trade ally contractors through the industrial lighting and small industrial initiative.

***Program delivery contractor (PDC) for industrial lighting, Resolution 597.***
Eric Wilson presented. The Industrial Lighting program is trade ally driven, and the Industrial Lighting PDC will develop and train the Trade Ally Network, act as a technical resource for trade allies, Energy Trust staff and customers, enhance the lighting calculator and assist trade allies in submitting completed application forms. Industrial Lighting is one of the sector offerings that can apply to the majority of customers and is one of the highest volume program offerings in that respect.

Eric said the current Industrial Lighting program delivery contract will expire at year end. The program issued a request for qualifications in July 2011. Energy Trust received three intents to respond and two responses were submitted. Two Energy Trust staff members and one NEEA staff member served on the review panel. Eric listed the evaluation criteria for the submitted RFQs.

Eric said the selection was unanimous for Evergreen Consulting Group. Eric said Evergreen is highly qualified in lighting, experienced with large project processing and managing a pipeline and progress to goal. He said Evergreen is highly collaborative and will assign a senior lighting specialist to work directly with customers and custom track PDCs to drive deeper lighting savings. Evergreen also proposes to train its lighting specialists and private sector electrical distributors on Energy Trust's non-lighting industrial offerings to drive additional projects.

Eric reviewed the proposed contract details: a three-year contract with the option to extend two additional years in one-year increments. The estimated first year budget is $2.1 million, including delivery costs of $800,000 and incentives of $1.3 million. Staff will approach the board for the extension years provided contract extension criteria are met. The stretch savings goal is 17 million kWh at an expected cost of approximately $0.02 per kWh levelized. Eric said that in prior program years the program has achieved stretch goal.

Kim introduced Roger Spring of Evergreen. She said Evergreen has been the incumbent in Industrial Lighting for three years, and longer than that when its work with Existing Buildings is included.

John R. mentioned the board is always appreciative of seeing competition in RFQs.

Julie H: Were you disappointed in the response rate?
Kim: We were grateful we had a bidder in addition to Evergreen. Given Evergreen's role in the region and their work with Energy Trust, BPA, Pacific Power and others, they are very well known and I was originally concerned we would not receive any other bidders. The other bidder

is from California, and the company came in with a different proposal model, more of a call center-based, remote model versus a site visit, outreach model. Though a good design, for Production Efficiency, engagement with trade allies is hands-on and requires direct communication.

Debbie: One concern with the PMC/PDC model, is that over time, it evolves to be a smaller pool of responses. We do the rebidding process to get more opportunity for competition. Is there anything we can do to get more responses? This has been a board concern since the beginning.
Kim: This contract in particular follows what you just said. Evergreen is doing this work all over the region, and their work brings economies of scale as trade allies work region-wide. I recognize this does bring into light your concern. The other contracts in Production Efficiency are less like this.

Alan: How did the RFQ process address costs and savings?
Kim: In the RFQ, we used projected savings goals for 2012 from the Board approved 2011-2012 budget. We provided respondents our goal of reaching 17 million kWh and let the bids answer how they would approach reaching this goal in terms of staffing and what their projected budget would be to do so. The other bidder did not address how they would achieve 17 million kWh, which we did see in the winning RFQ.

John: Why did the third company not submit a response after it submitted an intent to respond?
Eric: We did not follow up and do not know why. They also submitted an intent to respond to the other industrial RFQ and didn't follow through.

**RESOLUTION 597**

**Authorizing a Program Delivery Contractor for Industrial Lighting**

**WHEREAS:**

1. **With assistance from an outside party, staff has conducted a fair and open procurement process to select a contractor to deliver Industrial Lighting program offerings for the next 3-5 years.**
2. **Evergreen Consulting Group, LLC was selected and contract terms are being negotiated.**
3. **Staff has assumed a total first year program delivery contractor budget for 2012 of approximately $2.15 million including a first year delivery contract cost of about $800,000, incentives of $1.3 million, and possible performance compensation.**
4. **Based on current assumptions, staff projects the following program savings and fully-loaded costs in 2011:**

| | **Electric** |
|---|---|
| **Savings (stretch)** | **17,000,000 kWh** |
| **$/Unit Savings (stretch)** | **$.13/kWh** |
| **Levelized Cost (stretch)** | **$.02/kWh** |

**Actual savings and costs will be reviewed by the Energy Trust board as part of the annual budget and action plan process.**

**It is therefore RESOLVED:**

1. **Subject to determination of a final contract amount based on the board-approved 2012 budget, the executive director is authorized to enter into a contract with Evergreen Consulting Group, LLC to deliver the Industrial Lighting offerings from January 1, 2012, through December 31, 2014.**
2. **First-year contract costs and savings goals included in the contract shall be consistent with the board-approved 2012 budget. Thereafter, the contract may be amended annually consistent with the board's annual budget decisions.**
3. **The final contract may include a provision allowing staff to offer up to two one-year extensions if the program delivery contractor meets certain established performance criteria.**
4. **Before extending this contract beyond December 31, 2014, staff will report to the board on the program delivery contractor's progress and staff's recommendation for any additional extension time periods. If the board does not object to extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director is authorized to sign any such contract extensions.**

Moved by: Alan Meyer Seconded by: Debbie Kitchin

Vote: In favor: 8 Abstained: 0

Opposed: 0

***Program delivery contractor (PDC) for small industrial initiative, Resolution 598.***
Eric presented. Eric said the Small Industrial Initiative program is similar to the Industrial Lighting program in that it is a trade ally delivery model, though it focuses on agriculture and small manufacturing. The agriculture sector is unique in that we focus largely on serving customers in rural areas. Eric explained the Small Industrial Initiative is a newer Energy Trust initiative, and the first contract started in 2009 and is ending this year. Cascade Energy currently holds the contract.

The program issued a request for qualifications in July 2011. Energy Trust received five intents to respond and four responses were submitted. Two Energy Trust staff members and one NEEA staff member served on the review panel. Eric listed the evaluation criteria for the submitted RFQs.

The Small Industrial Initiative PDC will develop and train the Trade Ally Network, act as a technical resource for trade allies, Energy Trust staff and customers, enhance the program calculators, assist trade allies in submitting completed application forms and explore new ways to serve small manufacturers.

Eric said Cascade Energy was unanimously selected because of its highly qualified staff with experience with the agriculture community, industrial process efficiency, program administration and trade ally support. He said Cascade Energy brought a lot of gas savings in, is highly

collaborative and forward thinking and will bring on a new outreach specialist that will offer increased support to trade allies and how we can better serve them. Eric said in 2010, Cascade Energy exceeded the stretch gas goal and exceeded the conservative electric goal.

Eric reviewed the proposed contract details: a three-year contract with the option to extend two additional years in one-year increments. The estimated first year budget is $3.2 million with delivery costs of $1.1 million, and incentives of $1.65 million for electric and $450,000 for gas. Staff will approach the board for the extension years provided contract extension criteria are met. The stretch savings goal is 11 million kWh at $0.02 per kWh levelized cost, and 275,000 therms at $0.24 per levelized therm.

Kim: The Small Industrial Trade Ally Network is a design that is not being used in industrial programs in other areas of the country. We have presented on this design at conferences because most industrial programs are custom. This program really is a new model. As the trade allies ramped up in the first years, they've built on their experience. But they are not technical experts, so there is a lot of work involved in getting them on board. Because this is a new way to do industrial efficiency, this hurt us in the bidding process. We did an RFQ because we have a program design that works and is bringing in cost-effective savings. For instance, two bidders were bidding a custom approach to achieve savings versus our trade ally driven program design. Even though they were qualified to deliver industrial savings, they didn't bid what we were asking for. The third bidder is a new entrant to the market with less than one year experience with energy efficiency and are solely focused on agriculture instead of both agriculture and small industry.

Kim introduced three representatives from Cascade Energy: Doug Heredos, Rob Morton and Dave Whitmore. Kim clarified the levelized cost goal at $0.024.

Jeff: Are savings goals annual?
Kim: This is the first year of the contract.

Jeff: Levelized cost is for how long of a measure life?
Kim: About 10 years. Which is interesting, achieving savings from these smaller customers was expected to be more expensive but after 3 years they are on track with what we are getting in the custom track.

Jeff: Can you explain more about the delivery versus incentive costs?
Kim: The Industrial sector overall tends to run at 30 percent delivery budget and 70 percent incentive budget, which is somewhat lower than other Energy Trust programs. We think we can keep delivery costs consistently low. What you see here is a good balance, and is actually lower than what our peers are doing.

Bob: Can you explain who the agriculture audience is now and in the future?
Kim: Oregon is the top nursery state in the nation and agriculture is important to Oregon's economy. They are primarily focused on irrigation measures, especially farmers looking for electric savings. 90 percent of potential electric savings in agriculture are in irrigation and this is our low-hanging fruit. Cascade Energy has been working with the Nursery Association and

we've gotten the majority of our program's gas savings from greenhouses. And the Nursery Association is taking up aggressive goals, and already working with NEEA and Cascade Energy on this. To expand our market visibility in agriculture, there is a lot of opportunity and those are tempered with challenges. We need to communicate with the agriculture sector directly as well as through trade allies. We work with industry associations such as nurseries, wineries and food processors. Lastly, distinguishing what is agriculture and what is industry is important for other programs, but for Energy Trust, we serve both audiences in the same program. Plus, the agriculture sector also is a key area to cross-promote renewable energy programs.

*Jason Eisdorfer joined the meeting at 12:39 p.m.*

**RESOLUTION 598**

**Authorize a Program Delivery Contractor for the Small Industrial Initiative**

**WHEREAS:**

1. **With assistance from an outside party, staff has conducted a fair and open procurement process to select a contractor to deliver the Small Industrial Initiative for the next 3-5 years.**
2. **Cascade Energy, Inc. was selected and contract terms are being negotiated.**
3. **Staff has assumed a total first year program delivery contractor budget for 2012 of approximately $3,200,000 including a first year delivery contract cost of about $1,100,000, incentives of $2,100,000, and possible performance compensation.**
4. **Based on current assumptions, staff projects the following program savings and fully-loaded costs in 2011:**

| | Electric | Gas |
|---|---|---|
| Savings (stretch) | 11,000,000 kWh | 275,000 Therms |
| $/Unit Savings (stretch) | $.23/kWh | $2.44/Therm |
| Levelized Cost (stretch) | $.024/kWh | $.24/Therm |

**Actual savings and costs will be reviewed by the Energy Trust board as part of the annual budget and action plan process.**

**It is therefore RESOLVED:**

1. **Subject to determination of a final contract amount based on the board-approved 2012 budget, the executive director is authorized to enter into a contract with Cascade Energy, Inc. to deliver the Small Industrial Initiative from January 1, 2012, through December 31, 2014.**
2. **First-year contract costs and savings goals included in the contract shall be consistent with the board-approved 2012 budget. Thereafter, the contract may be amended annually consistent with the board's annual budget decisions.**
3. **The final contract may include a provision allowing staff to offer up to two one-year extensions if the program delivery contractor meets certain established performance criteria.**
4. **Before extending this contract beyond December 31, 2014, staff will report to the board on the program delivery contractor's progress and staff's recommendation for any additional**

**extension time periods. If the board does not object to extension, contract terms would remain as approved in the most recent action plans, budgets and contract at the time of extension, and the executive director is authorized to sign any such contract extensions.**

Moved by: Julie Hammond Seconded by: John Klosterman

Vote: In favor: 9 Abstained: 0

Opposed: 0

Margie asked Kim to provide a quick briefing on the highly successful Industrial Energy Improvement (IEI) program and the recent enthusiastic meeting held at Energy Trust with participants.

Kim explained the IEI has been running for three years, and was a pilot for the first two years. She said IEI is the program's preeminent strategic energy management (SEM) offering, and followed after NEEA's five-year SEM pilot. In IEI, Energy Trust recruits eight to 12 companies into a cohort of typically non-competing industries. The program targets larger customers who have more opportunities for savings and promotes the cultures needed to support a strategic approach to managing energy. The program works for one year with the cohort, shifting training sessions from plant to plant and discussing SEM tactics, including energy tracking, employee engagement, goal setting, tracking progress, communicating out to the market and executive engagement. The program recently heard from the third cohort participants that prior to IEI, they typically did one-off projects with no plan or strategy. The projects competed with all capital projects they were doing. Over and over, participants said now they have a system, have an energy team, have someone responsible, have a list of 20 or more energy savings opportunities to focus on in the upcoming years and know how their plant uses energy, system by system. They have tracking in place to monitor continuous energy improvement, and said they will apply the same management tools to managing other energy aspects such as natural gas, other gases and diesel.

Kim said participants are planning to use these tools to manage their sustainability at every level. She said what is most exciting are the large amounts of savings that come in from each participant. The program averages 8 percent of total energy use per site saved during the implementation period, all from no-cost, low-cost and behavioral changes. Kim said this is a method sweeping the nation. The whole face of industrial energy efficiency is changing and it's revolving around SEM. The program is recruiting for the fourth cohort, with 17 good potential candidates. Kim said every time the program recruits for participants, the cohort is fully subscribed within six weeks. Kim said these are savings we book for the program, and what's unique, is there are no free riders. The savings are O&M savings, and have a shorter measure life of three years. As the program continues to evaluate persistence, it will see if the measure life can be extended. Kim said based on the evaluations conducted one year after the cohort has graduated, 100 percent are still tracking their energy use, on a regular basis, to tune their operations. Kim said she had expected 50 percent.

Jason: Is the hope that once they systemize and integrate, you won't see drop off in savings over time?
Kim: The expectation is once continuous energy management is systemized, you won't see erosion in savings, plus you'll see an increase in savings. The other upside is we are also getting more capital projects from these sites as a result of SEM implementation.

Julie: What are the sizes of these companies and where are they from?
Kim: We were Portland metro-centric in cohort 1. With cohorts 2 and 3, we reached out more, though it does involve traveling. We couldn't get a critical mass of companies in southern Oregon for a cohort model, so we have four contractors providing SEM for those that would rather do individual work instead of cohort work. We are also looking for larger energy users, as a cohort that have more in common. Next year, a pilot will be launched to do a cohort of small industrial sites.

***Program Delivery Contractor (PDC) for Production Efficiency custom track program briefing.***
John R: Does the board agree to extend the Production Efficiency Custom Track PDC contract with Nexant delivering on the contract? Are there any questions?

Julie H: Can you explain more on why they didn't meet their goals at first?
Kim: We needed to wait to see progress on year three, and they are meeting their goals this year. It takes a while to build a pipeline of industrial projects. The three other PDCs were incumbents when the Custom PDC contracts were awarded in 2008, and had built-up pipelines for the territories they serve. Nexant did not have that situation.

Julie H: How will you address the competition question brought up earlier where you either get incumbents with large pipelines or new contractors with no pipelines?
Peter: We had this issue with PECI in the New Buildings contract and Lockheed Martin for the Existing Buildings contract. We deal with this question in our contracts. We build into the contract an overlap period between the old contract holder and the new contract holder so the pipeline can get passed on and we don't lose it.
Margie: This is an expectation we communicate when we rebid, plus we want continuity for the customer experience and plan for and achieve this with the expected transition period.

Julie: How is Nexant doing to goal now?
Kim: Nexant is on track to meet conservative electric goal and exceed gas stretch goal. Nexant also brings in gas savings from Cascade Natural Gas as it is the central Oregon PDC. Also, for Nexant's territory, they went into a new territory where we hadn't had a physical presence before, and there wouldn't have been a pipeline to transfer in this case. In addition, there's not a critical mass of large industrial customers in the region they serve so acquisition costs are higher though still within OPUC metrics. We need patience as we build the program in this new area. Nexant is highly engaged with the local business community overall in Central Oregon and so has been an excellent source of cross-program referrals in this traditionally underserved area of the state.

Alan: But the savings on gas fell in 2010?
Kim: That drop is one project that fell off in 2010 and carried forward to close in 2011. The low number of high savings gas projects can make resultsspike from year to year. .

## Committee Reports

*Policy Committee.* Jason Eisdorfer presented.
The policy committee reviewed the equity policy, modifying the policy to recognize that the strategic plan outlines our approach to equity during the five-year plan period. Jason indicated the cost-effectiveness policy will be on hold at the OPUC's request. The committee will delay updates on the cost-effectiveness policy until staff has consulted further with the OPUC, likely a few board meetings away.

Jason said the strategic utility roundtables are coming to a close on the two-year pilot timeframe. Jason said the board needs to discuss whether we want to continue the roundtables and the frequency and makeup of those meetings. He said anecdotal feedback indicates the roundtables have been reasonably successful. Once the committee gets input from all participants, Jason will come back to the board with recommendations on how to proceed.

Julie: As a question to the board, does the roundtable give us information we wouldn't get otherwise? To me, beyond the Business Energy Tax Credit discussion, which was so unique in that I think we would have had a forum to discuss it anyway, I don't think so.
John R: For me, we are building relationships.
Jason: Staff will talk to the utilities, nonprofits and board on the logistics and how many times we meet. I also thought there were a few meetings that were very helpful and others less so. After talking to the participants, I will come back to the board with the committee's recommendation.

Rick: As far as who should reach out to the utilities, it might be that Jason and I could do that, given that the roundtable is a utility-board forum.

Jason asked John Volkman to describe the status of the data transfer rules. John said the next step in the process is for the OPUC to publish proposed rules, receive comments, address comments, and decide whether to amend the rules. The OPUC prefers the proposed rules to be pretty well agreed to when they are opened for public comment. The rules in the board packet were negotiated between Energy Trust, the utilities and interest groups in workshops the OPUC convened a few years ago. Energy Trust has heard that a utility that agreed to the negotiated rules then now has qualms. John  said the calendar outlined in the committee notes in the board packet is an optimistic scenario that assumed the OPUC would start rulemaking in September. That did not occur, and we are unsure how the process will proceed.

Juliet: The OPUC took the rules developed a few years ago, made editorial changes and sent them to those interested in the rulemaking. Feedback from one utility is that they are concerned about how the rules could affect fuel switching. Specifically, that utility has concerns that direct mailing enabled by the rules will induce fuel switching. We are taking this as an opportunity to examine cross-fuel concerns. We want all parties to be comfortable with the rules.

Julie: Was there a change in the leadership so this is new to the discussion? Or are these issues that weren't resolved before?
Juliet: The latter.
Jason: I have seen the OPUC conduct rulemaking processes in which the parties were not all agreed. It may be that there are some issues here that need a referee.
John V: The fuel switching issue came up two years ago when we were negotiating the rules and at the time, the utility indicated they could accept the rules. Now, the concerns around fuel switching have grown.
Julie: How does it impact us if not resolved?
John V: We want to make our work more efficient and responsive, and the existing rules undermine this.

Debbie: The ability to work better and smarter is limited with these (current) rules as we are unable to directly market and unable to match customers on the back-end with our evaluations.
Julie H.: Is this only a concern in-house with dual fuels?
Margie: The issue also comes down to trust, how we will use the information and whether one utility will be advantaged over another, or perceived as such.
Julie: What are the stats on customers fuel switching?
Margie: We need direction from the OPUC on how to proceed on data collection and analysis related to fuel switching, which is spilling over onto the data transfer agreement. The main difference between now and two years ago is that because the the gas furnace market has transformed, we no longer offer gas furnace incentives.

Julie H.: Under the cost-effectiveness policy, what is the non-energy benefit proxy?
John V: Examples are reduced carbon emissions, or more water put back in the river due to water efficiencies associated with a hydro project.
Phil Degens: We typically have a proxy for nonenergy benefits if we have energy benefits we can monetize and put in our cost-benefit analysis. But there are benefits like comfort that we have heard but we do not know how to monetize to capture this in the cost benefit analysis. So the proxy is for three years.

- ***Amending cost effectiveness policy, Resolution 596. The OPUC has requested the board postpone action on this policy.***

*Julie Brandis indicated she joined the meeting by phone at 1:19 p.m.*

## NEEA annual update

Claire Fulenwider, Ph.D., Executive Director NEEA. Margie introduced Claire, saying Claire is retiring after 3+ years at NEEA. Margie said the industry is sad to see Claire go; she has done so much in her years at NEEA.

Claire mentioned and recommended reading a report from Texas on the economic impact of efficiency programs.

Claire said she will give a briefing on NEEA activity in 2010, forecasts for 2011 savings, program highlights and activities with Energy Trust and 2012 operations. Claire introduced Scot Davidson of NEEA.

NEEA's 2010 results were described through the theme of "progress through partnership." NEEA's cumulative savings since its founding is 707 aMW; Claire called out the 2010 savings from the new business plan initiatives. Those savings are double what the new initiatives brought in during 2005; Claire said NEEA is improving its ability to introduce new things and capture more savings. In 2010, NEEA's target for regional savings was 15.6 aMW, and they achieved 20 aMW, which is about 34 percent above target. Net market effects were targeted at 6.6 aMW, and NEEA brought in 10 aMW. The net levelized cost was $0.017 per kWh. The 2010 Energy Trust share of total regional savings was 4.2 aMW of the 20 aMW total. Of the 17.8 aMW that are non-Energy Trust, 11.7 MW are connected directly to Energy Trust programs.

In 2011, NEEA worked to accelerate market adoption for home electronics; TVs brought in more savings than anticipated. NEEA worked with California, so differentiating their impact and NEEA's impact was difficult. Overall in the Pacific Northwest, NEEA provided $6.50 rebates to retailers on a product that sells for more than $1,200. Claire said the rebate was big enough to impact the profit margin of the retailers, which is small on this product, so much so they changed how they stocked the product and the rebate compelled retailers to approach manufacturers on what products are being developed to sell.

Claire said the BetterBricks initiative in the commercial sector was revamped in 2011 and brought in 3.8 aMW. NEEA also launched its 25inTENsity Challenge with nurseries, and is working with Energy Trust on the challenge. NEEA saw success in Oregon code changes in 2010, and results included 25 aMW savings potential for 2010-2014, new Oregon Reach Code and training for 138 people in Oregon on energy code in Energy Trust service territory. NEEA is also working on a commercial lighting pilot in partnership with 12 Energy Trust trade allies. It recruited 85 Portland buildings to participate in the competition Carbon4Square.

In the residential sector, NEEA also worked on filling the pipeline for ductless heat pumps; of which, there is significant interest in Oregon for the heating system with prices decreasing. Claire said NEEA assessed 30 buildings in Oregon with a potential for 30 percent or greater savings from deep retrofits. Claire said this is a challenge. NEEA is also working with Energy Trust and Earth Advantage on new homes specifications.

An agricultural initiative was kicked off in Energy Trust territory to facilitate regional energy-efficiency planning and implementation. NEEA is starting a heat pump water heater initiative and piloted a cold climate spec for ductless heat pumps.

For the 2011 forecast, Claire said the total regional savings are slightly above target, and net market effects are slightly below, largely due to the TV initiative and the California integration. Energy Trust's share of the savings are forecasted at 5.73 aMW, above the target of 5.65 aMW.

For the 2012 budget, NEEA's projects a $41 million budget, with the Energy Trust share at $8.6 million. Energy Trust is NEEA's second largest funder, after Bonneville Power Administration,

funding 20.8 percent of NEEA's budget. Claire said NEEA is holding its first annual stakeholder meeting on November 29, 2011.

Alan: For results achieved by sector in 2010, most of your savings are coming from residential, about 80 percent, yet Energy Trust allocates budget at 40 percent residential. Should we be allocating our budget to be in alignment?
Margie: The investment in NEEA is an investment you don't see right away and you see instead a few years down the road. It will take time to catch the commercial sector up to the residential sector. This is an important consideration in the new value metrics being developed at NEEA for commercial savings in particular.
Claire: NEEA itself is not satisfied with our work in the commercial sector. The work has been good but not necessarily measurable or documented, which is why it's changed. In industrial, we now have documented, for the first time nationally, behavior change savings. With SEM and CEI, when corporations take on energy goal planning and integrate with corporate planning, we are getting continuing and increasing savings.

Alan questioned again whether Energy Trust should budget to NEEA's strengths.
Claire: We are building a pipeline for commercial and industrial, and we are getting better. Historically, putting budget to residential would be correct but we are improving in the commercial and industrial sectors.
Scot: At roughly 10 percent of the region's investment in efficiency, NEEA's strategy should be applied to the greatest opportunities. But to get traction in the commercial and industrial sectors, it would be inadvisable to alter the investment strategy.
Jason: For the commercial deep retrofit program, are you going to document best practices from your initial experiences?
Scot: We are working on combining measures, building the relationships and overcoming the barrier of financing.

*Break at 2:02 p.m. The meeting reconvened at 2:19 p.m.*

## Committee Reports

*Audit Committee.* Julie Hammond presented.
The committee met today with Jared Holum of Perkins & Co. to review the focus of this year's audit, including IT and data migration internal controls. The auditor will also look at the changes made to the PMC, contractor and trade ally contracts. The audit report will be ready in March 2012 and sent to the OPUC in April 2012.

*Evaluation Committee.* Debbie Kitchin presented.
Debbie said the August 26 meeting covered the 2011 trade ally survey, an annual survey done for seven years to track the market and receive feedback on program changes. There were not as many respondents in 2011 as in 2010. In general, trade allies responding indicated a high satisfaction level with Energy Trust programs. Debbie said the top concern expressed is forms processing and this will always be something for us to work on. Currently, we are streamlining forms and adding online forms.

Jason: To what extent are we working with trade allies so they know why we have certain requirements on the forms?
Sue F: There are a few efforts underway related to online and print forms. For print forms, we reviewed forms for required fields and are now looking at a design improvement, using a trade ally focus group for input. This will hopefully reduce processing time and the frequency of missing information. For online forms, we are looking at putting more residential forms online and transitioning to an online trade ally enrollment process, which includes multiple steps to enroll right now.

Jeff: Can you explain why there were only 280 responses from 1,450 survey invitations?
Phil: We do have an issue with getting responses. Originally we had a 10 percent response rate; this year's rate is greater than the average. We use the report as an indicator of trends and not a consensus of the entire network.
Margie: We also solicit trade ally feedback through quarterly roundtables.
Phil: And they may also be contacted through other program evaluations.

Jeff: Can you explain more about the 25 percent of respondents who indicated Energy Trust programs have a negative economic impact?
Phil: Some things making that negative impression are year-to-year program changes, such as discontinuing an incentive. Overtime, the improvements outweigh the negatives. We can see that from positive responses to the question of whether trade allies expect to do more work with Energy Trust over the next year.
Jeff: So the negative is more a reaction of year-to-year changes.
Phil: Also, this year we scaled back on the open-ended questions due to processing time required so there are questions we've seen this year where we wish we had asked why.
Sue: This evaluation also provided insight into changes we can make to our roundtables and electronic communications. Our active trade allies are completing these evaluations.

Debbie continued the evaluation committee update. The next item covered at the August meeting was the 2009 Existing Homes building analysis for gas measures. Results were somewhat affected by the recession. Debbie said the program did achieve duct sealing savings. Also, when comparing a recession against the baseline, it will look like there's more energy efficiency going on but it may just be a temporary response to economic conditions. This is the first year a significant amount of homes participated in Home Performance with ENERGY STAR®.

Debbie said the third item covered at the August evaluation committee meeting was the thermal imaging pilot, which included flying over homes during cold nights to capture thermal heat loss. Data shows neighborhoods or areas that need energy-efficiency upgrades. The program pilot brought up concerns over privacy and how to go about identifying high opportunity communities for savings.

Alan: There still is concern over privacy.
Margie: I also echo that concern. What countered that concern is how much similar information is available from the internet on Google Maps, which is redefining the nature of what "privacy" means. It seems like this pilot has us joining the ranks that use that tool.

Jason: Do other places use this technique?
Phil: Contractor Watershed Scientists, and studies completed in Canada and Denmark use this technique. This pilot was 14,000 acres with 16,000 buildings that were geo-coded. After this, we are going to research on this test area to see what buildings actually require upgrades, link those buildings to our databases and analyze whether the buildings showing up in the thermal imaging are in need of efficiency upgrades. We need about another year of research to determine if this data can be used, how we will use the data and whether we would do this again. The data will hopefully tell us where to start targeting efforts.

Alan: It would be good to run this by the OPUC.
Margie: We ran it by the OPUC two years ago before we initiated the pilot. We can do so again.

Caddy: Would the data transfer agreement help if successfully resolved?
Phil: It would help if we were able to use information on bills to contact customers.

The board discussed the privacy issue and how to use any information that would come out of the pilot to potentially target customers.

Margie: The purpose behind the pilot is to look at and target neighborhoods of certain building stock. It’s all about how you use the data.

Phil clarified the process looked mainly at heat loss from roofs, which he said is notable as roof insulation is one of the most cost-effective insulation measures. Phil reiterated this pilot is more for research.

Debbie mentioned the latest evaluation committee meeting minutes from last Friday will be included in the next board packet, including staff responses to the 2011 Trade Ally Survey and Clean Energy Works Portland Pilot Program.

*Finance Committee*. John Klosterman presented.
The committee has not met since the last board meeting, and will meet on October 24. John referred board members to the financials information in the board packet. There were no questions.

## Staff Report

Margie Harris presented. She clarified these are brief presentations to cover subjects not already covered in the meeting. She described an industrial project done at Boise Paper Company in St. Helens. The mill received $317,000 for four individual projects, including a motor control center consolidation project.

Recent noteworthy activity. Margie described the launch of the fall bonus incentive in response to the sunset of the former Business Energy Tax Credit. The Products program launched an Oldest Fridge Contest and Ugliest Fridge Contest in September and winners will be selected in mid-October and awarded an Energy Trust qualified clothes washer, dishwasher, fridge or freezer of up to $1,000 in value. The contest attracted positive media interest and consumer

response, with 2,300 pickups scheduled in three weeks. Bob Repine mentioned he saw the fridge TV commercials and said Energy Trust could use the sunset of the appliance Residential Energy Tax Credit in 2012 as a way to push for more recycling.

Margie gave an update on Clean Energy Works; there were 274 test-ins in August, dropping from July, as the incentives are not as robust as they once were. There are 140 total Clean Energy Works Oregon projects completed. Overall, a goal of 1,200 loans is set for this year. To date, activity has been mostly Portland centric, with 2,200 applications received through the end of August. The program has recently rolled out in Rogue Valley, Klamath Falls and Bend. There is some concern on whether Energy Trust will be able to claim savings to meet annual 2011 goals depending upon the actual number of projects completed. Energy Trust also engaged with Clean Energy Works Oregon to revise our MOU and strengthen our working relationship.

Margie gave an update on the EEAST program; of which, Clean Energy Works Oregon is a part. Many Clean Energy Works Oregon projects count EEAST requirements. Of note is the average number of measures installed per project has been increasing through this model to 4.95. For comparison, Existing Homes averaged 3.6 measures per project in August 2010, and 4.4 measures per project in August 2011. Margie said this result of activity increasing per site is one of the original intentions of EEAST to achieve deep savings via a single investment at one time. The average follow-through rate from test-in to completion is 59 percent, and average savings per project of 1,700 kWh and 157 therms.

Margie said the Integrated Solutions Implementation project has a new project manager, Craig Johanson of Hitachi. Craig is familiar with Epicor software and is working very closely with Scott Clark, the new IT director. Communications to staff and PMCs is a focus. The ISI team is revising the project plan and schedule, and once defined, staff will be better able to assess a go-live date. Margie will come back to the board as part of the November meeting to provide an update. While we were originally quite optimistic about the project timeline, we are encountering situations that illustrate how different we are from Epicor's other clients.

Julie: Will this add additional costs to the approved project budget?
Margie: We are analyzing that now and will highlight that as part of the the November board meeting and our budget presentation.

Margie said staff has implemented one aspect of the integrated system. In Quarter 3, the Human Resource Information System through ADP was launched, moving timesheets and the Human Resources system online. The change will bring considerable efficiencies and greater ease of reporting capabilities.

Margie said staff is in high gear planning for the November move. The new space allows staff to all be on one floor, and can accommodate staffing level changes over time. The space is three points away from LEED® Platinum and Sue Meyer Sample is negotiating if we could and should close that gap. Margie said if we decide to do so, we'll come back to the board. The space is looking very nice, and the move date is the weekend before Thanksgiving weekend. The meeting room space will be a little more challenging in the new space as there are building support columns in the main conference room.

Margie said the second installation of the solar highway project is underway at the Baldock Safety Rest Area. John Reynolds attended the groundbreaking in August. The installation is a 1.75 MW ground-mounted PV array. John R. said there was a good turnout at the event, and the federal highway representatives had great enthusiasm for the Oregon Department of Transportation and Oregon's innovation. Bob Repine said this project is proudly an all-Oregon project featuring Oregon products. Margie said the system includes 7,000 SolarWorld panels over seven acres, inverters from Advanced Energy (PV Powered) of Bend and Advanced Energy Systems from Eugene is the installer. The project is expected to generate 1.97 million kWh per year, about 9 percent of what ODOT typically purchases from PGE. Bob mentioned he noticed the perimeter fence was installed when he drove by the site today.

Margie briefed the board on program trends:

- Existing Buildings had 50 percent growth and is seeing a higher volume of smaller projects. The Integrated Energy Management and Commercial Energy Improvement pilots are underway. The program collaborated with NEEA on a comprehensive lighting project.
- New Buildings had its second highest kWh savings month in August. Good closure of projects in the month of August for savings of 14 million kWh and 110,000 therms. The program is doing well with 245 enrollments for the year.
- Existing Homes is ahead of stretch goal in PGE, Pacific Power and Cascade Natural Gas territories. Clean Energy Works Oregon projects are expected to help the program meet goal in NW Natural territory. Savings Within Reach is going strong, and the fifth OPOWER report was sent in September. OPOWER opt-out rates remain low and preliminary indicators are positive and suggest savings will meet or exceed expectations.
- New Homes has reached 19 percent market penetration for EPS on new homes, beating the goal of 17 percent. Margie said she was at a green homes tour a few weeks ago and there was an EPS prominently displayed in every home.
- Energy Trust is co-funding the Oregon Leader Awards, which will be managed by the Oregon Department of Energy to showcase the best practices in industrial efficiency. Margie said this is a nice link to both the Governor's office and State.
- The final session of the five-part Refrigeration Operators Coaching initiative wrapped up. Five companies with a total of 11 operations people completed the series of trainings.
- Existing Buildings and Existing Homes conducted an energy audit at Mahonia Hall yesterday. Hopefully the audit will lead to improvements, as there are a lot of opportunities for efficiency even within historic constraints.

Margie profiled a recent program participant. Gates Furniture of Grant Pass had lagging sales due to the sluggish economy. The company is a Pacific Power customer and has been serving the community for four generations. Lighting and solar projects were completed at the site and Gates Furniture received $20,000 in Energy Trust incentives for both projects.

Margie concluded the presentation with an update on the Bike Commute Challenge, which is a big contributor to team building at Energy Trust. Staff biked nearly 7,000 miles, with Steve leading the way with a 22 mile round trip commute. Energy Trust ranked seventh in its business category, and second in the Energy Efficiency and Renewable Energy league. Margie thanked

Jed Jorgenson and Ted Light for organizing Energy Trust's involvement in the competition and thanked staff for initiating early morning and after-work meet-ups during the month.

Caddy mentioned she received an Energy Trust evaluation phone call. The caller did a great job and the evaluation was very comprehensive.

## Adjourn

The meeting adjourned at 3:18 p.m.

***Next meeting*.** The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, November 9, 2011, 12:00 p.m. at Energy Trust of Oregon, Inc., 851 SW Sixth Avenue, 12th Floor, Portland, Oregon

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Caddy McKeown, Secretary