

Energy Trust of Oregon, Inc.
Third Quarter Report to the Oregon Public Utility Commission
Summary

October 23, 2003

Third Quarter Accomplishment Highlights as of September 30, 2003

Finance:

- Revenues are slightly ahead of budget from all sources, totaling \$36.2 million vs. \$34.8 million budgeted.
- Program expenditures at \$14.6 million (not including \$3.8 million in an escrow fund for wind production) are lower than budget due to an extended program rollout schedule. The rate of program expenditures is expected to significantly increase in Q4 and beyond as programs are fully implemented and mature.
- Administrative costs (inclusive of general awareness marketing) at 4% of revenue, are well within budget and are expected to remain so for the remainder of the year.
- Outstanding program contract commitments are \$52 million, reflecting multiple contracts and multi-year terms; 99% of these funds remain in the state of Oregon, stimulating Oregon businesses and the state economy.

General Program and Activity Highlights:

- Due to actual experience and a desire to preserve quality, program implementation rates are slower than originally projected, impacting the rate of savings accumulated to date.
- Historically, the majority of efficiency savings occur in the heating season between November and February; indicators of this predictable "hockey stick" are present, and are expected to increase year-end savings.
- Overall electric energy savings total 67,11,579 kilowatt hours, year to date.
- Renewable energy production to date equals 161,622 kilowatt hours.
- By using an economic multiplier model, Energy Trust activities through mid-year 2003 are estimated to result in nearly \$40 million in additional state production of goods and services, over 300 more jobs and over \$10 million in additional wages.
- A very robust network comprised of 265 trade allies remains the primary delivery mechanism for the majority of programs; this growing number of businesses helps encourage the development of competitive markets and services for energy efficiency and renewable energy.
- The distribution of energy efficiency and renewable energy activity by service territory continues to be monitored; with results to be analyzed and reported annually.
- The cost per average megawatt for both energy efficiency and for renewable energy production is also being tracked, with results to be analyzed and reported annually.

Energy Efficiency Programs:

- Seven energy efficiency programs are fully implemented including: Utility Transition programs; the Northwest Energy Efficiency Alliance, Building Efficiency, Home Energy Savings, Production Efficiency, New Building Efficiency, and LED Traffic Signals.
- Energy Trust "Quick Savings" pilot programs and utility transition programs are concluding, with services largely being integrated into long-term Energy Trust programs.
- Brand recognition in the market place is a significant challenge; a strong presence is desired to attract high levels of program participation and volume.
- The number of referrals projected from utilities is less than assumed and expected and especially low from PGE.
- The Energy Trust coordinated with the Northwest Energy Efficiency Alliance to design new residential programs for launch early in 2004, including new residential construction and home energy appliance programs.
- The Bonneville Power Administration and the Energy Trust signed a licensing agreement for the Bright Way solar water heating program.

Renewable Energy Programs:

- The Solar Electric program moved from the early launch phases to substantial activity, with commitments for new installations resulting in achievement of overall program goals. Because of the lag to install these systems, actual installations shown in the tables were far fewer. Please note:
 - Fourth quarter installations are expected to result in an additional 15 residential systems for PGE and 56 additional residential systems for Pacific Power for a total of 209,000 kWh, well above the one-year goal.
 - An additional 7 commercial systems for Pacific Power for an additional 18,700 kWh are expected for next quarter.
 - The Solar Electric program design has attracted attention with inquiries from Puget Sound Energy, Sacramento Municipal Utility District and City of Ashland Municipal Utility to license and replicate program elements.
- Project construction for the 41 MW Combine Hills Ranch large-scale wind facility is nearly complete, with production expected by year end.
- Participation in PGE's Integrated Resource Plan resulted in the Energy Trust committing up to \$9 million for renewable energy projects that have been solicited through a request-for-proposals process.
- The Energy Trust will play a similar role in an upcoming Pacific Power request-for-proposal for renewable resources.
- The Open Solicitation program continues to attract innovative ideas, with 8 projects funded in 7 different cities, representing 7 different technologies. Included is the largest solar electric installation in the Northwest and a small wind turbine powering irrigation for a pear orchard.
- The Three-mile Farms biogas project in Boardman continued to be "on hold" pending a re-review of the technical installation plans.

Evaluation:

- The first nine months of 2003 focused on the design and start-up of the overall evaluation activity; 5 evaluation products were completed in this timeframe:
 - A process and a market evaluation of the Green LED Traffic Light Pilot program
 - A market assessment of Windows Free-Riders in the Residential Transition program

- A market assessment of the Economic Impacts of Energy Trust Investments in Renewable Energy and Efficiency
- Process Evaluations of the Transition Commercial and Residential New Construction Programs
- The Green LED Traffic Light report concluded that, while the market for green LED traffic signals was being transformed, there was still a large market potential, including many smaller jurisdictions where little had been done due to lack of funds and infrastructure. As a result of these findings, a long-term program, the LED Traffic Signal program, was launched and will offer services through mid-2005.
- Residential Windows study results showed that over 40% of the savings attributed to windows in the Utility Transition program would have happened even in the absence of any program. Because the number of windows installed was so small, results could only be used as an indicator of an issue, and were used in the design of the New Home Energy Savings program for 2003.
- The two process evaluations of the Transition New Construction Programs essentially confirmed the assumptions that went into the Energy Trust's design of the Residential and Commercial New Construction Programs to be launched during 2003 and 2004.

Marketing and Communications:

- Calls to the Energy Trust 1-866 ENTRUST call center number during Q3 more than doubled the number of calls in Q2. Over half of the callers were interested in Home Energy Savings services.
- Total visits to Energy Trust web pages continued to rise in Q3, peaking in July at 7,319. The average for the quarter, 6,488, represented a 7% increase over Q2 visits.
- Advertising placements in Q3 were targeted to increase awareness of the Energy Trust, particularly among stakeholder groups. Ads announcing the commercial programs were placed in the Building Owners & Managers Association (BOMA) directory, *Oregon Business Magazine*, Oregon Restaurant Association *Main Ingredient* (with related editorial), *Business Journal* and *AOI Business Viewpoint*.
- Advertising to reach consumer audiences included a general ad in 17 local papers, solar seminar ads in Bend, Medford- and Portland-area papers, an ad in the *Tour of Solar Homes* magazine and advertising as well as editorial placement for a special section in *Oregon Home Magazine*.
- Brochures for the Solar programs and New Building Efficiency programs were designed and printed. A trade show display was created for the New Building Efficiency program. The Energy Trust's first three case studies were printed.
- The Energy Trust had a presence at county fairs, conducted 4 solar seminars, sponsored and staffed an exhibit at the American Institute of Architects' northwest regional conference; and exhibited at the Portland area Tour of Sustainable Homes in September.

Partnerships and Outreach:

- The Energy Star partnership with efficient clothes washer manufacturers produced 2,611 coupons redeemed (2,020 electric; 591 gas), saving 469,224 kWh of energy.
- The Energy Trust managed the distribution of approximately 15,000 of *Tour of Solar Home* magazines, fulfilling a request from the Oregon Department of Energy (ODOE). In collaboration with ODOE, Energy Trust created a logo and statewide calendar of activities for Energy Awareness Month 2003.

- Meetings of the Energy Trust Conservation Advisory Council and Renewable Energy Advisory Council were held August 16 and September 17. Public meetings of the Energy Trust Board of Directors took place July 2 and August 7.
- Strategic plan and action plan documents are being updated to incorporate goals and descriptions for gas efficiency programs and other changes. The draft documents will be available for discussion at public meetings, including board and advisory council meetings, and posted on the Energy Trust web site. Targeted outreach to key stakeholders will also take place prior to adopting final plans in December.