

**Progress Report to the Oregon Public Utility Commission
Quarter 2 April – June 2003
September 2, 2003**

Introduction

This Energy Trust progress report covers the period April – June 2003, the second quarter of our calendar year budget. The report provides an update on activities completed during this timeframe and directly corresponding to our Two-year Action Plan for 2003-2004.

I. Energy Efficiency Programs

A. Utility Transition Programs

- Utilities continued to provide services and transition customers to Energy Trust programs as they become available.
- PGE completed 358 residential projects and 73 commercial projects this quarter, equal to 8,139,947 kWh installed and a total of 13,103,429 kWh installed this year. PGE believes it will achieve its transition agreement savings projections of 79,061,000 kWh by December 31, 2004.
- Pacific Power completed 64 residential projects and 15 commercial projects waiting to enroll in Energy Trust's Production Efficiency Program.
- Industrial customers transitioned to the Energy Trust Production Efficiency program effective in May.
- Services for commercial and industrial new construction will transition to the Energy Trust New Building Efficiency program as of August 1.
- Residential new construction services will continue to be provided through the transition agreements until the Energy Trust new residential program is initiated later this winter.

B. 2002 Quick Saving Programs ("Pilot Programs" in Action Plan)

Ia. Mobile home duct sealing

- This pilot program was incorporated into the long-term Energy Trust Home Energy Savings program where approximately 100 homes per week are being served by contractors working throughout Energy Trust service territory.

Ib. Green Light Emitting Diode (LED) traffic light program

- This pilot program is continuing as a stand-alone offering through the City of Portland, Office of Sustainable Development (OSD). OSD continued its effective contract management and relationship-based, peer-to-peer marketing and six project applications were received this quarter, expected to result in 1,058,728 kWh/yr savings by year-end.

Ic. Restaurant Energy Management Systems (EMS) program

- Services and incentives to restaurant owners which began under this pilot effort were made available through the long-term Energy Trust Building Efficiency program.
- The program was marketed primarily through the Oregon Restaurant Association and Associated Oregon Industries.

Id. Small scale energy loan program (SELP)

C. Long-term Programs

I. Commercial & Industrial – existing

a. Building Efficiency Program

- Program interest, participation and savings steadily increased during the quarter, with 2,019,989 kWh installed and nearly \$112,000 paid to participants so far this year.
- The program is marketed through over 130 Trade Allies representing lighting, heating, cooling, and ventilation companies who in turn promote Energy Trust incentives to their customers.

b. Production Efficiency Program

- This program enables participants to achieve large-scale savings and recover up to 50% of project costs within 18 months.
- Early interest was expressed from large industrial customers who “filled the pipeline” with projects; wastewater treatment facilities were particularly responsive.
- Four companies with specific industrial expertise and field contacts were retained to serve targeted customers.
- The Industrial Customers of Northwest Utilities played a critical role in program development and helped select specialized contractors to serve their membership.
- With Aspen Systems, Inc. the Energy Trust won an award for “best promotional campaign” at the NW Manufacturing Technology and Industrial Trade show.

2. Commercial & Industrial –new – New Building Efficiency Program

- With the utility program for commercial and industrial new construction ending July 31, we began transitioning efficiency services for existing commercial and industrial customers.
- Began negotiations with SAIC, program management contractor for the New Building Efficiency program.
- Outlined technical and financial assistance, equipment and design choice assistance, feasibility studies and help with building commissioning opportunities, to be delivered in August.

3. Residential – existing – Home Energy Savings Program

- This program has received the most inquiries to date from interested participants, with over 1,895,017 kWh installed and nearly \$400,000 paid in incentives.
- Nearly 40 weatherization, window, heat pump certified and duct certified contractors are actively promoting the program state-wide.
- 10 compact florescent bulbs are provided free to participants.
- Call center volume and web page visits have steadily increased.

4. Residential – new – New Home Energy Savings program

- Began developing a new construction, lighting and appliances program to be dovetailed with the NW Energy Efficiency Alliance for early 2004 launch.

5. Develop supporting programs (no activity slated for this quarter).

D. Northwest Energy Efficiency Alliance (see also Section III A., below)

- Program implementation focused on new strategies for the industrial and residential sectors.
- The Alliance’s BetterBricks program achieved significant success working with designers to incorporate daylighting into new building design.
- The Alliance held the grand opening of its daylighting laboratory in Portland.

E. Self-directed Large Businesses

- The policy guiding participation by self-directed businesses across all programs was implemented.
- Assisted businesses in analyzing the relative merits of self-direction compared to Energy Trust program offerings.

F. *Other Programs*

I. Solar Thermal

- Launched initial program modeled after the successful Brightway program pioneered by Eugene Water and Electric Board (EWEB).
- Pre-qualified contractors for the Brightway program, the combined solar thermal and solar electric program, and for conducting solar inspections.
- Initiated hiring a coordinator to integrate programs for solar electric power and solar thermal into the Energy Trust efficiency programs for residential, commercial and industrial energy users.

II. Renewable Resource Programs

A. *Open Solicitation Program*

- Full operation of the Umpqua Community Development solar photovoltaic/thermal project began.
- Approved the Albany hydroelectric project to produce 2,561,000 kWh.
- Negotiated contract for the Tigard Clean Water Services microturbine biogas project.
- Apeasay Orchards owner applied for a wind-powered irrigation project site permit.
- Received application for a small wind project in the City of Portland.
- Received application for a large-scale 120,000 kWh photovoltaic installation at Kettle Foods.

B. *Wind Program*

- Signed contracts with Eurus Wind and PacifiCorp to develop the 41 MW Combine Hills Wind Turbine Ranch in Umapine, Oregon, dedicating \$3.8 million to defray the above-market costs of the project.
- Eurus site preparation and road building began immediately. The project is expected to produce power starting at the end of 2003.
- Revised the marketing plan for the anemometer program to increase the pace of applications and achieve the goal of six systems in the field by the end of 2003.
- Set aside up to \$9 million to invest in PGE request for proposal for renewable energy generation and will help evaluate projects submitted.
- Monitored PacifiCorp Integrated Resource Planning process in anticipation of participating in the acquisition of renewable energy resources at a future date.
- Review of standard interconnection and ancillary services costs for renewable resources undertaken with BPA.

C. *Photovoltaic Program (Solar Electric program)*

- Designed and approved the solar electric (photovoltaic) program with input from the Renewable Advisory Council and the Oregon Office of Energy.
- Launched program with a goal of supporting market transformation for photovoltaics (PV) in Oregon.
- Retained solar contractors and inspectors and provided corresponding training.

- Made commitments to three PV installations for 7.1 kilowatts of capacity.
- Developed program marketing and website materials.
- Developed and approved approaches to conduct small and large scale demonstration PV projects, and to grant PV equipment to training centers for use in a curriculum for solar installers.
- Began contract negotiations with the University of Oregon to collect performance data from six solar installations around the state.

D. *Biomass Program* – No significant activity this quarter.

E. *Other programs*

- Held three cross-program training sessions for Building Efficiency ATACs and Home Energy Reviewers.

III. Strategic Alliances and Market Transformation

A. *Northwest Energy Efficiency Alliance*

- Continued to capitalize on Alliance initiatives, with the highest interest in small sewage treatment plant efficiency.
- Continued joint technical services and marketing for efficiency in hospitals, small groceries, and new schools.
- Maintained energy efficiency in management of voltage and related issues in the utility power distribution system.
- The Alliance approved funding for its residential new construction program, to be centered on Northwest EnergyStar levels for new homes, and also encourage efficiency at levels exceeding that standard. The program will focus on single family and manufactured housing.

B. *Other Partnerships*

1. *Bonneville Power Administration*

- Continued joint development of common program specifications to create greater coherence and ease of use in both the efficiency and renewable energy markets.
- Finalized integrated photovoltaic and solar hot water programs, to be marketed under a common name throughout BPA and Energy Trust service territories.

2. *NW Natural*

- Signed a Memorandum of Understanding to guide the cooperative efforts of the Energy Trust and NW Natural to promote and achieve energy efficiency.
- Finalize a contract to fund new and enhanced Energy Trust efficiency programs for residential and commercial gas consumers.
- Perused joint program planning and design to integrate gas measures into the Home Energy Savings program beginning July 1.
- Began design work to integrate gas measures into the Building Efficiency program as of August 1.

IV. Planning and Evaluation

A. *Energy Trust General Plans*

- Refined plans to evaluate the gas components of efficiency programs, including residential retrofit and commercial new construction programs.
- Contract negotiations began with PGE and Pacific Power to complete the transfer of consumer information to the Energy Trust in compliance with OPUC temporary administrative rule changes on this subject (AR456 and OAR 860-038-0540). The information will be used primarily to evaluate Energy Trust programs. Similar discussions were initiated with Northwest Natural, who is participating in this information transfer independent of the temporary rule.

B. *Efficiency and Renewable Resource Assessments*

- Produced a draft report regarding small industrial retrofit customer needs and program options.
- Developed initial estimates for residential and commercial gas efficiency measure costs and savings.

C. *Cost-effectiveness Analysis*

- Used the gas resource assessment to screen residential gas measures for cost effectiveness and incorporate them into the Home Energy Savings Program.
- Conducted preliminary review of commercial gas efficiency measures to assist in design of the gas elements for the Building Efficiency Program.

D. *Utility Least-cost and Transmission/Distribution Planning*

- Continued dialogue with both PGE and PacifiCorp regarding opportunities to focus efficiency and renewable energy resources and thereby defer transmission and distribution (T&D) investments.

E. *Best Practices* – No activity this quarter

F. *Evaluation*

- Completed contracts to evaluate two Energy Trust “Quick Savings” pilot programs, including the Restaurant Energy Management System program and the Small-Scale Energy Loan Program buydown.
- Initiated numerous additional evaluations, including the 2002 Manufactured Housing Duct Sealing Program and the initial process evaluations for the Building Efficiency Program and Home Energy Savings Program.
- Began an assessment of the solar thermal energy market to help guide program development and further refine the strategy to create a viable solar water heating market.

V. **Marketing and Communication**

A. *Communications and Outreach*

- Experienced over three-fold increase since Q1 in calls to toll-free number (1,627 calls). Doubling of unique visits per month to www.energytrust.org (average 3,991 visits per month). 1.4% increase in email inquiries sent to info@energytrust.org (120 inquiries).
- Installed a web-based contact management system with more than 3,000 entries for use by Energy Trust staff, the call center, and program management contractors.

- Presented Energy Trust program opportunities in Grants Pass, Albany, Sutherlin and Portland, as well as at a variety of conferences, meetings, and other sponsored events.
- Continued marketing coordination efforts with key stakeholders, including program management contractors, trade group representatives and utility officers.
- Issued three press releases on first year successes, solar electric program and Combine Hills wind project groundbreaking.

B. *Marketing*

- Placed a general awareness advertisement in 17 local newspapers statewide and complemented this with program-specific advertisements in targeted magazines.
- Created a general Energy Trust brochure and four program brochures. Program management contractors produced collateral including door hangers, promotional refrigerator magnets, brochure inserts, newsletters, and direct mail pieces.
- Developed trade show exhibits for five programs and displayed them at trade shows and conferences.
- Participated in a retail lighting workshops in Astoria and Grants Pass, and used the approach as a model for new community outreach initiatives.
- Co-sponsored a regional and national EnergyStar promotion featuring rebate coupons for EnergyStar washers with promotions appearing in 17 newspapers around state.
- With Oregon Office of Energy, cosponsored the Net Energy Homes Conference held in May 2003. Initiated joint planning with the Oregon Office of Energy to promote Energy Awareness Month in October 2003.

VI. **Internal Operations and Administration**

A. *Financial Management and Budget*

- Monitored public purpose revenue receipts for the quarter and the year-to-date, which continue to be very close to budget.
- Program expenses as compared to budget for the quarter are somewhat under spent, as new Energy Trust programs begin to attract participants. This trend is expected to reverse beginning in winter 2004 as full program implementation coincides with the heating season.
- Maintained administrative and communications/outreach expenses for the quarter and year-to-date in line with budget at 4% of revenue.
- The June outstanding contract commitments schedule reflects that approximately 99% of Energy Trust awarded contract dollars remain in the state of Oregon, with 1% flowing to out-of-state sources.
- Reached \$55 million in net outstanding contractual commitments during the quarter, with planned expenditures to occur through 2004.
- Enhanced accounting systems with new financial reporting software to ease ability to track expenditures by service territory.
- Developed an initial risk management plan including appropriate contractual provisions and insurance coverage.

B. *Contract Preparation and Management*

- Further streamlined and improved the request for proposal process for both energy efficiency and renewable resource programs.
- Simplified and improved standard documents and contract provisions based upon user feedback and experience.

C. *Reporting and Information Systems*

- Initiated design of a program tracking system to assess detailed energy savings and energy generation and provide essential program evaluation information.
- The program tracking system will also facilitate efficient incentive processing and appropriate internal controls, with a focus on integration with our contact management and financial management systems.

D. Board of Directors

- Appointed Julie Hammond of Redmond to the Board of Directors and provided an orientation.
- Amended the by-laws to add ex-officio board member from the Oregon Office of Energy and subsequently confirmed Deputy Director Bill Nesmith to this position.
- Created an independent audit committee and appointed four members, including an outside representative. Outlined and began a process to competitively select an outside auditor.