

LEADING CHANGE

Annual Report 2006



EnergyTrust

of Oregon, Inc.

Dear Oregonians,

As 2006 came to a close, Energy Trust marked nearly five years of working with Oregon homeowners, businesses, utilities, trade ally contractors and other stakeholders to change the way we produce and use energy.

Together, we're making impressive strides with investments in energy efficiency and renewable energy development. Energy Trust has provided \$92 million to help Oregonians save and generate over 1.2 billion annual kilowatt hours of electricity and save over 4 million annual therms of natural gas. That's enough electricity to power 109,000 homes and enough natural gas to heat 9,000 homes.

In 2006, Oregonians helped us exceed our electric energy savings goal by 11 percent and increase gas savings by 76 percent compared to 2005. Wind turbine availability and cost impacted our renewable energy progress, and we expect new projects to generate 41 average megawatts in 2007.

Our accomplishments this year are especially meaningful given their direct benefits to our economy and our environment. Energy Trust investments have infused Oregon's economy with millions of dollars. The energy saved and generated is helping Oregonians cool global warming. Since our inception, our programs have helped remove over 2 billion pounds of CO₂ from our atmosphere. This equates to planting nearly 3,500 acres of trees or removing 183,000 cars from our roads.

Energy Trust programs help Oregonians make a difference—from Cannon Beach to Klamath Falls and Portland to Pendleton. By participating, Oregonians are demonstrating that energy independence and environmental responsibility remain important Oregon values.

Our board of directors and staff applaud Oregonians for their commitment to powerful change. We are honored to be a part of forging the clean energy path that must be our future. Thank you.



Margie Harris, *Executive Director*



Tom Foley, *President, Board of Directors*





Change is in the wind.

As our nation awakes to the challenges of global warming, Oregonians in record numbers are taking action through Energy Trust. Together, we've helped our state save and generate enough energy to power nearly half the homes in the city of Portland. In 2006 alone, Energy Trust programs offset 213,000 tons of CO₂ that would have been generated by fossil fuel power plants. We've only just begun.



Margaret Young

PRIDE OF OWNERSHIP RADIATES FROM MARGARET'S BEAVERTON HOME—FROM THE LUSH GARDEN OUTSIDE TO THE ENERGY-SAVING IMPROVEMENTS INSIDE. SHE USED ENERGY TRUST INCENTIVES TO SEAL DUCTS AND AIR LEAKS AND INSTALL INSULATION. NOW SHE'S TRIMMING HER ANNUAL ENERGY COSTS BY \$562 AND KEEPING 5,054 POUNDS OF CO₂ OUT OF THE ATMOSPHERE.

Changing How We Produce + Use Energy

IT'S AT THE HEART OF ENERGY TRUST'S MISSION, AND WE DO IT BY INVESTING IN EFFICIENT TECHNOLOGIES AND RENEWABLE RESOURCES THAT SAVE DOLLARS AND PROTECT THE ENVIRONMENT.

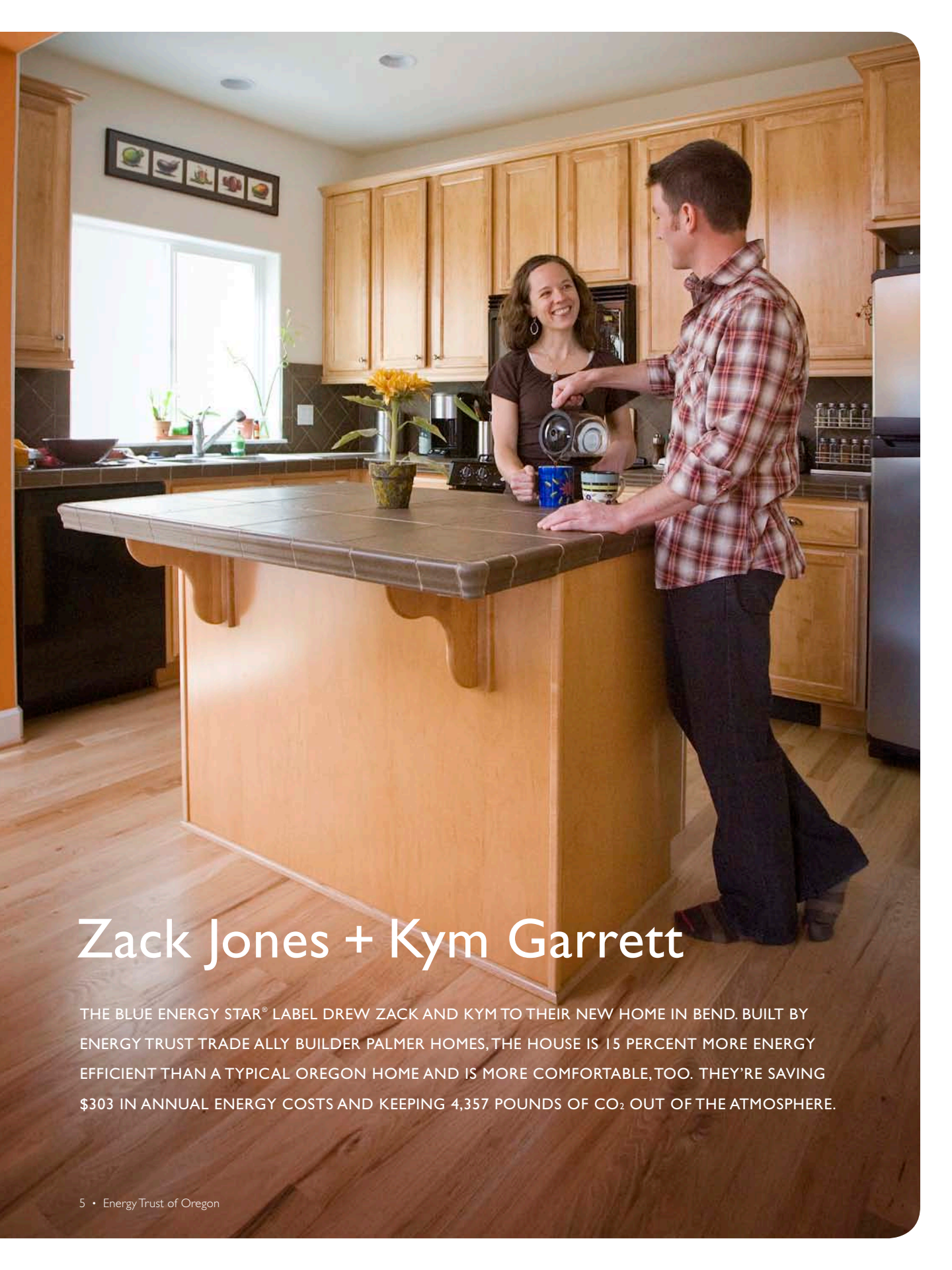
Goals •••

Energy Trust is working to meet the following goals by 2012:

- Save 300 average megawatts (aMW) of electricity, enough to power nearly one sixth of Oregon's housing stock
- Save 19 million annual therms of natural gas, enough to heat 40,000 homes
- Meet 10 percent of Oregon's electricity needs through renewable resources
- Expand participation by customers that have been hard to reach
- Help Oregon businesses thrive by promoting energy efficiency and renewable energy resources
- Encourage Oregonians to integrate energy efficiency and renewable energy into their daily lives

2006 Accomplishments •••

- Helped nearly 290,000 Oregonians save energy and money
- Saved nearly 25.5 aMW of electricity, enough to power 19,768 homes
- Saved nearly 2.3 million therms of natural gas, a 76 percent increase over 2005
- Significantly expanded the number of renewable projects to be completed in 2007 and beyond: 29 projects in construction, 34 projects in development
- Maintained low administrative costs
- Supported the growth of over 750 Oregon businesses that deliver our programs as trade allies in local communities
- Made significant progress toward 2012 goals: 41 percent of electricity savings, 23 percent of therm savings and 11 percent of renewable energy generation goals
- Improved air quality by offsetting 213,000 tons of CO₂ generated by fossil fuels, equal to taking over 37,500 cars off the road or planting over 700 acres of trees
- Generated \$11.8 million in wages and \$2.9 million in new business income and created over 400 new jobs



Zack Jones + Kym Garrett

THE BLUE ENERGY STAR® LABEL DREW ZACK AND KYM TO THEIR NEW HOME IN BEND. BUILT BY ENERGY TRUST TRADE ALLY BUILDER PALMER HOMES, THE HOUSE IS 15 PERCENT MORE ENERGY EFFICIENT THAN A TYPICAL OREGON HOME AND IS MORE COMFORTABLE, TOO. THEY'RE SAVING \$303 IN ANNUAL ENERGY COSTS AND KEEPING 4,357 POUNDS OF CO₂ OUT OF THE ATMOSPHERE.

Changing Home Sweet Home

IN 2006, MORE OREGONIANS TOOK ADVANTAGE OF ENERGY TRUST RESIDENTIAL ENERGY EFFICIENCY PROGRAMS THAN EVER BEFORE. THEY ARE SAVING ENERGY AT HOME THANKS TO THESE AND OTHER ACTIONS:

2006 Results •••

- 239,768 compact fluorescent lightbulbs installed or purchased
- 22,429 ENERGY STAR appliances purchased
- 6,007 Home Energy Reviews completed
- 14,689 single family, manufactured and multifamily homes weatherized
- 1,590 ENERGY STAR new homes built
- 161 solar water heating systems installed

Residential Programs •••

Home Energy Savings

We help owners identify energy-saving opportunities in existing single family, manufactured and multifamily homes, offer referrals to qualified contractors and provide cash incentives for improvements.

Efficient Home Products

We offer cash incentives to help Oregonians purchase ENERGY STAR qualified clothes washers and lighting. The program also provides free or discounted compact fluorescent lightbulbs through Energy Trust's online Home Energy Analyzer and Lights for Learning fundraising program.

Efficient New Homes

Energy Trust helps Oregon builders construct new single family and manufactured homes that meet ENERGY STAR standards.

Solar Water Heating

This energy efficiency program provides incentives to help homeowners preheat their water with warmth from the sun.



Stimson Lumber Company

A COMMITMENT TO SUSTAINABILITY IS DRIVING STIMSON TO INVEST IN ENERGY EFFICIENCY AT ITS FOREST GROVE MILL. IN 2006, STIMSON INSTALLED ENERGY EFFICIENT LIGHTING AND OTHER MEASURES WITH ENERGY TRUST INCENTIVES, REDUCING ELECTRICITY COSTS BY \$149,435 AND OFFSETTING CO₂ EMISSIONS BY OVER 1,800 TONS. ADDITIONAL IMPROVEMENTS WILL DOUBLE THOSE SAVINGS IN 2007.

Changing Business As Usual

IN 2006, OREGON COMMERCIAL AND INDUSTRIAL BUSINESSES AND INSTITUTIONS WORKED WITH ENERGY TRUST TO COMPLETE 2,525 PROJECTS THAT HELP REDUCE OPERATING COSTS, IMPROVE EFFICIENCY AND SLOW GLOBAL WARMING.

2006 Results •••

- 2,046 projects installed high efficiency measures such as energy efficient lighting and heating, ventilating and air conditioning equipment in existing buildings
- 245 highly efficient new commercial buildings constructed
- 229 production efficiency projects completed at industrial sites
- 5 commercial solar water heating systems installed

Commercial Programs •••

Building Efficiency

This program provides electric and gas energy-saving services and incentives for existing Oregon commercial and institutional facilities.

New Building Efficiency

Financial incentives for high efficiency electric and gas equipment, energy modeling and design assistance help customers maximize efficiency of commercial and industrial new construction projects, major renovations and additions to existing buildings.

Production Efficiency

Technical assistance and incentives help Oregon manufacturers and industrial, agricultural and wastewater operations improve electrical process efficiency.

Solar Water Heating

This energy efficiency program provides incentives to help businesses pre-heat their water with warmth from the sun.





Columbia Energy Partners

COLUMBIA ENERGY PARTNERS FOUNDER CHRIS CROWLEY, PICTURED WITH HIS DAUGHTER, EXPECTS TO GENERATE 1.3 AVERAGE MEGAWATTS OF ELECTRICITY EACH YEAR TO POWER THE CITY OF ARLINGTON. ENERGY TRUST PROVIDED AN ANEMOMETER TO MEASURE THE WIND AT THE COLUMBIA GORGE SITE AND EXPECTS TO PROVIDE INCENTIVES TO INSTALL THREE WIND TURBINES IN 2007.

Changing to Clean Energy

IN 2006, CONSTRUCTION BEGAN ON THREE LARGE RENEWABLE POWER PROJECTS, AND THE NUMBER OF SOLAR ELECTRIC SYSTEMS INSTALLED INCREASED BY 35 PERCENT OVER 2005. THESE SYSTEMS WILL GENERATE CLEAN RENEWABLE ENERGY FOR YEARS TO COME.

2006 Results •••

- 115 solar electric systems installed on homes
- 47 solar electric systems installed on commercial buildings
- Two biomass projects and a large wind project began construction that will be completed in 2007. These three projects represent 40.8 average megawatts from new clean renewable energy sources in Oregon.

Renewable Programs •••

Solar Electric

Cash incentives, technical services, industry support and referrals to qualified contractors help homeowners and businesses tap into the power of the sun.

Wind

This program supports single or small clusters of wind turbines and provides anemometers for assessing wind quality at proposed sites.

Biopower

Financial incentives and other support help launch projects that use organic waste as fuel to generate electricity.

Utility Scale Generation

This program works with utilities to develop large-scale renewable energy projects and cover the above-market costs of generation.

Open Solicitation

This program provides incentives and support for innovative renewable energy projects that aren't eligible for incentives through other Energy Trust programs.



LaCrosse Footwear

THIS PORTLAND COMPANY WANTED ITS NEW WAREHOUSE AND OFFICES TO WORK AS HARD AS THE BOOTS AND SHOES THAT IT MANUFACTURES. LACROSSE USED ENERGY TRUST INCENTIVES TO INVEST IN HIGH EFFICIENCY LIGHTING, HVAC EQUIPMENT AND RADIANT HEATING. THE COMPANY EXPECTS TO SAVE \$47,609 IN ELECTRICITY AND GAS COSTS EACH YEAR AND REDUCE CO₂ EMISSIONS BY NEARLY 274 TONS.

Year at a Glance

2006 ENERGY SAVINGS & GENERATION

Electricity ••• Savings & Costs

Sector	Savings/Average Megawatts	Levelized Cost/Kilowatt Hour
Residential	9.99	1.3¢
Commercial	6.57	1.5¢
Industrial	8.93	1.9¢
Total	25.49	1.6¢

Natural Gas ••• Savings & Costs

Sector	Savings/Therm	Levelized Cost/Therm
Residential	1,029,960	38.1¢
Commercial	1,264,638	15.1¢
Total	2,294,598	28.4¢

Renewable Energy ••• Generation & Costs

Program	Average Megawatts Generated	Levelized Cost/Kilowatt Hour
Solar Electric	0.09	14.0¢
Open Solicitation	0.01	19.6¢
Biopower	1.91	0.2¢
Total	2.00	1.00¢

Performance Measures ••• Oregon Public Utility Commission (OPUC)

2006 Energy Trust Performance Results	2006 OPUC Performance Measure
29.5 aMW electricity saved ('04-'06 average)	At least 20 aMW electricity saved (3-yr avg.)
1.6¢/kWh average levelized life-cycle cost ('06)	Average levelized life-cycle cost not exceeding 2¢/kWh
1.4 million annual therms natural gas saved ('04-'06 average)	At least 700,000 annual therms natural gas saved (3-year average)
28.4¢/therm average levelized life-cycle cost ('06)	Average levelized life-cycle cost not exceeding 30¢/therm
Behind 2006 targets; expected to exceed by 2007 with projects under construction for Pacific Power and in development for PGE*	12 aMW of new renewable energy: 9 aMW utility scale, 3 aMW small scale (3-year average)
Unqualified financial audit opinion	Unqualified financial audit opinion
Administrative costs were 6.5 percent of 2006 revenues	Administrative costs below 11 percent of annual revenues
High levels of customer satisfaction documented in evaluation results	Reasonable customer satisfaction rates
Value of energy saved exceeded cost	Value of energy saved must exceed cost

*Large-scale projects will more than exceed small-scale shortfall in 2007. Action underway to meet small-scale target by end of 2008.



Guido + Vito's Italian Eatery

THE PASTA AT THIS SEASIDE RESTAURANT IS DELIZIOSO AND ENERGY EFFICIENT. THAT'S BECAUSE GUIDO AND VITO'S INSTALLED ENERGY STAR EQUIPMENT WHEN IT WAS TIME TO BUY A NEW REFRIGERATOR AND FREEZER. WITH HELP FROM ENERGY TRUST INCENTIVES, THE KITCHEN IS NOW SERVING UP ENERGY SAVINGS OF \$130 PER YEAR.

Financial Highlights

BALANCE SHEET—DECEMBER 31, 2006

Assets	\$55,613,241
Liabilities	\$6,536,507
Net Assets	\$49,076,734

NET ASSETS

Unrestricted	\$36,350,048
Board Designated-PGE Master Agreement	\$12,500,000
Temporarily Restricted-PGE Wind Power Projects	\$226,686

EXPENSES BY UTILITY SERVICE TERRITORY

PGE	\$20,573,539
Pacific Power	\$17,953,000
NW Natural	\$9,086,221
Cascade Natural Gas	\$222,037
Avista	\$57,871
Total	\$47,892,668

EXPENSES BY DIVISION

Energy Efficiency	\$45,255,392
Renewable Energy	\$2,637,276
Total	\$47,892,668

PUBLIC PURPOSE REVENUE BY UTILITY SERVICE TERRITORY

PGE	\$29,528,680
Pacific Power	\$18,955,008
NW Natural	\$9,126,336
Cascade Natural Gas	\$315,329
Avista	\$175,710
Total	\$58,101,063



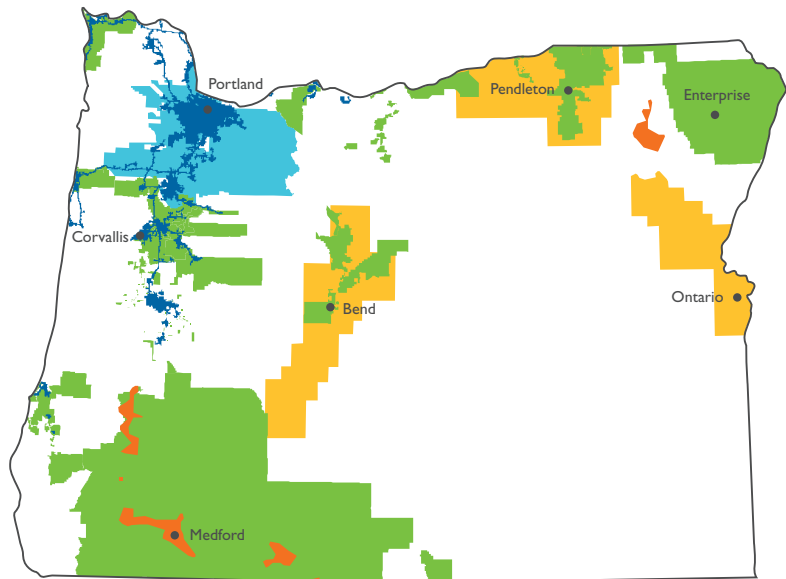
The Walker Family

DOUG AND BEVERLY WALKER ARE SO EXCITED ABOUT THE SOLAR SYSTEM ON THEIR GRANTS PASS HOME, THEY ENTERED IT IN ENERGY TRUST'S SOLAR PHOTO CONTEST. THE WALKERS INVESTED IN THE SYSTEM WITH HELP FROM AN ENERGY TRUST INCENTIVE. TODAY, OREGON SUNSHINE PRODUCES ABOUT 95 PERCENT OF THEIR ELECTRICITY, KEEPING NEARLY 11,000 POUNDS OF CO₂ OUT OF THE ATMOSPHERE.

Leading Change Across Oregon

WE SERVE 1.3 MILLION OREGON CUSTOMERS OF PORTLAND GENERAL ELECTRIC, PACIFIC POWER, NW NATURAL, AVISTA AND CASCADE NATURAL GAS, WHO FUND OUR SERVICES THROUGH UTILITY BILLS.

Service Territory •••



- Portland General Electric
- Pacific Power
- NW Natural
- Avista*
- Cascade Natural Gas



**ENERGY STAR New Homes and Products programs only.*

Change Agents

OUR WORK IS SHAPED BY A VOLUNTEER CITIZEN BOARD OF DIRECTORS AND TWO ADVISORY COUNCILS, WITH OVERSIGHT FROM THE OREGON PUBLIC UTILITY COMMISSION. WE MANAGE OUR PROGRAMS WITH A SMALL STAFF, DELIVER MOST OF OUR PROGRAMS THROUGH CONTRACTS WITH SERVICE PROVIDERS, AND PROVIDE SERVICES THROUGH A NETWORK OF OVER 750 BUSINESS TRADE ALLIES AROUND THE STATE.

Board Members

Photo at right, pictured left to right: **Caddy McKeown**, *Oregon Student Assistance Commission*; **President, Tom Foley**, *Tom Foley Consultants*; **Special Advisor, Bill Nesmith**, *Oregon Department of Energy*; **Vickie Liskey**, *Liskey Farms*; **Vice President, John Reynolds**, *University of Oregon*; **Secretary, Julie Hammond**, *Sage Insurance Center*; **Alan Meyer**, *Weyerhaeuser Company*. Not pictured: **Rick Applegate**, *City of Portland Bureau of Environmental Services*; **Jason Eisdorfer**, *Citizens' Utility Board of Oregon*; **Al Jubitz**, *Jubitz Family Foundation*; **Debbie Kitchin**, *InterWorks, LLC*; **Treasurer, John Klosterman**, *Rejuvenation, Inc.*; **Preston Michie**, *Bonneville Power Administration (consultant)*; **Ex-officio, John Savage**, *Oregon Public Utility Commission*

Conservation Advisory Council

Steve Bicker, *NW Natural*; **Jeff Bissonnette**, *Fair & Clean Energy*; **Julie Brandis**, *Associated Oregon Industries*; **Gary Curtis**, *West Wall Group*; **Suzanne Dillard**, *Oregon Department of Energy*; **Thomas Eckhart**, *UCONS LLC*; **Tom Eckman**, *Northwest Power Planning Council*; **Terry Egnor**, *Micro Grid*; **Margie Gardner**, *Northwest Energy Efficiency Alliance*; **Andria Jacob**, *City of Portland, Office of Sustainable Development*; **Don Jones**, *PacifiCorp*; **Ken Keating**, *Bonneville Power Administration*; **Lori Koho**, *Oregon Public Utility Commission*; **Mat Northway**, *Eugene Water & Electric Board*; **Paul Olson**, *Oregon Remodelers Association*; **Stan Price**, *Northwest Energy Efficiency Council*; **Lauren Shapton**, *Portland General Electric*; **Susan Steward**, *BOMA*; **Steve Weiss**, *Northwest Energy Coalition*

Renewable Advisory Council

Doug Boleyn, *Cascade Solar Consulting*; **Kyle Davis**, *Pacific Power*; **Angus Duncan**, *Bonneville Environmental Foundation*; **Troy Gagliano**, *Renewable Northwest Project*; **Thor Hinkley**, *Portland General Electric*; **Jeff King**, *Northwest Power & Conservation Council*; **Justin Klure**, *Oregon Department of Energy*; **Lori Koho**, *Oregon Public Utility Commission*; **Debra Malin**, *Bonneville Power Association*; **Chris Taylor**, *Horizon Wind Energy*; **Frank Vignola**, *University of Oregon*; **Steve Weiss**, *Northwest Energy Coalition*

Board Members •••



Energy Trust Staff •••





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