

Quarter Two 2007 Report to the Oregon Public Utility Commission

April 1, 2007, through June 30, 2007

This Energy Trust quarterly report covers the period April 1, 2007, through June 30, 2007, the second quarter of the year (Q2). The report addresses progress toward 2007 and 2012 energy saving and renewable energy generation goals and includes corresponding revenue and expenditure information. The number of completed projects and incentives paid during the quarter and year-to-date (YTD) cost-benefit ratios for the six largest Energy Trust programs are included along with other quarterly activity highlights.

I. QUARTERLY HIGHLIGHTS

I. General

- Approximately 19% of the 2007 electric savings goal was reached during the second quarter. Cumulatively, programs have saved 131.36 average megawatts of electricity since inception. When savings from self-directed industrial projects are added, the total represents 50% of Energy Trust's 2012 goal.
- Preliminary projections show that energy efficiency electric savings are expected to exceed conservative year end goals and come very close to meeting best case goals.
- Preliminary gas savings for the quarter were 431,458 annual therms representing 24% of the 2007 gas savings goal. To date, gas efficiency programs have saved 5.0 million annual therms of natural gas.
- Energy efficiency annual gas therm savings are also expected to exceed conservative year end goals by approximately 10% and continue to be below best case goals.
- Based on current forecasts, incentive spending is expected to be 96% of budget at year end.
- Overall electric efficiency expenditures for the quarter were 20% below budget, a variance that falls within normal limits. Projects completed during the quarter are expected to save 4.78 average megawatts at an estimated cost of 1.7¢ per kilowatt hour.
- Gas expenditures for the second quarter were 25% over budget. Projects completed during the quarter are expected to save 431,458 annual therms at a year-to-date levelized cost of 39.2¢ per therm.
- While renewable energy programs are progressing well, it is too early to forecast overall year-end performance compared to goals.
- Public purpose revenues were \$15,147,868 for the quarter; \$700,000 (5%) more than budgeted. Total quarterly expenditures were \$10,244,295, 16% below budget.

2. Residential efficiency programs

- Q2 saw a 76% increase over Q1 in number of existing homes served. Energy efficient measures such as sealed ducts, insulation, high efficiency space heating equipment and energy efficient windows were installed in 2,890 single family homes, 716 multifamily units and 151 manufactured homes. Of these, 1,002 homes received electric efficiency measures and 2,460 received gas efficiency measures, with 295 sites saving both gas and electricity.
- Energy Trust incentives helped fund the construction of over 292 efficient new homes, 69% increase over Q1. Of these, 142 have electricity-saving measures, 7 have gas-saving measures,

and 143 have both electricity- and gas-saving measures. Incentives helped purchase 36 electrically- heated and 17 gas-heated new efficient manufactured homes.

- During the second quarter Energy Trust incentives helped fund the purchase of 4,801 energy efficient clothes washers, a 19% increase over Q1. The washers were installed in 1,993 homes with electric hot water and 2,808 homes with gas hot water.
- Solar water heating systems were installed in 23 homes with electric hot water and 25 homes with gas hot water.
- Bonus incentive offers and growth of participation in Home Performance with ENERGY STAR® has led to an increasing number of homes installing multiple measures.
- The Bonneville Power Administration Change a Light Big-Box CFL specialty promotion ended in June. The promotion was a tremendous success with almost all bulbs sold.
- Lights for Learning is now *Change a Light, Change the World*. The new name was unveiled with a new website, press release, and marketing materials which were made available to participants in time for an Earth Day kick-off.
- ENERGY STAR New Homes, in conjunction with Oregon Department of Energy conducted the first verifier training in May, attracting over 20 attendees.

3. Commercial efficiency programs

- During the second quarter, high efficiency measures including energy efficient lights and HVAC equipment were installed in 564 commercial buildings, a more than four-fold increase over Q1. Average incentive payment per site was \$715. Of this total, 278 buildings received electric efficiency measures, 280 buildings received gas efficiency measures, and 6 buildings saved both gas and electricity. Solar water heating systems were installed at 6 commercial sites.
- A total of 48 highly efficient new commercial buildings were completed this quarter, a 71% increase over Q1 and nearly even with the record 51 completions in Q3 of 2006. Average incentive payment per site was \$12,875.
- Marketing materials for the hotel/motel lodging initiative were finalized including a new fact sheet and web page.
- The Existing Buildings program is working closely with the Oregon Lodging Association to promote the lodging initiative, offering incentives for in-room high efficiency package terminal heat pumps, lighting sensors, efficient icemakers and more.
- The New Buildings program recently completed statewide outreach in all major communities to promote the program and attract projects resulting in more rapid enrollment of projects than ever before.
- NW Energy Efficiency Alliance sponsored a contest with the Building Owners and Managers Association (BOMA) to recognize the most energy efficient Portland office buildings using the ENERGY STAR Portfolio Manager benchmarking platform.
- NW Energy Efficiency Alliance provided education and technical assistance to architects and design engineers on a number of high profile projects, including Portland State University's recreation building, Portland's DaVinci Middle School, Shriner's Hospital for Children, Good Samaritan West Tower addition (Corvallis), Providence Hood River Hospital, Canby High School, and Happy Valley Elementary and Middle School.

4. Industrial efficiency programs

- Electric energy-saving projects were completed at 44 manufacturing firms, equal to 43 completions in Q1. The average incentive payment per site was \$13,228.
- Cascade Energy Engineering, a program delivery contractor for the Production Efficiency program, launched an operations and maintenance focused pilot project consisting of a short-

term, focused facility review and offer of one year of engineering assistance in return for implementation of identified no/low cost measures.

- After discussion with the Conservation Advisory Council and board, Energy Trust will simplify the delivery structure for the Production Efficiency program for internal management starting in 2008. The change eliminates a management layer unique to this program, allowing stronger communication and relationships between program delivery contractors, industrial customers and Energy Trust.
- Estimated savings of 74,618 MWh for 2006 for the Blue Heron 2005 project were finalized by Energy Trust, Blue Heron, and Climate Trust using through a revised savings methodology agreed upon by all parties. Savings are currently 70% of original estimates due to changes in market conditions that are making it more difficult for the company to secure reasonably priced waste paper needed for the de-ink pulping process. Foreign markets are overbidding the market and shipping most US waste paper to China where the paper manufacturing industry is thriving due to low cost power derived from coal.
- Fifteen projects were committed or completed through the new Small Industrial Initiative, totaling 663,508 kWh savings and \$100,891 incentive payments.
- NW Energy Efficiency Alliance supported EnVinta One-2-Five assessments, a diagnostic tool for managing energy costs and systems, in concert with PGE and Pacific Power, for Norpac Foods Plants in Stayton and Salem, Sabroso's Woodburn plant and Georgia Pacific Camas. This industrial-focused program leads businesses through the process of incorporating energy efficiency into their business practices by securing buy-in from senior management and plant floor staff.

5. Renewable energy programs

- Energy Trust signed an agreement with PGE to provide \$6 million in support for the 125.4 MW first phase of the Biglow Canyon Wind Farm. The project is expected to be on line by the end of the year.
- Energy Trust signed a revised agreement with Pacific Power to provide \$4.5 million in support for the 94 MW GoodNoe Hills East Wind project, also expected on line by the end of the year.
- A record-high 43 residential solar electric systems were installed in this quarter, topping previous records of 37 and 36 installations in Q1 '07 and Q2 '06, respectively. In addition, solar electric systems were installed on 10 commercial buildings during the quarter.
- As a result of our outreach efforts to Multnomah County, the county approved a resolution to pursue a megawatt of solar, to be financed using a third-party financing arrangement. Staff met with Clean Water Services, TriMet, and the city of Portland's Water Bureau to discuss similar approaches to solar installations.
- Funded by a grant from the Interstate Renewable Energy Council, Energy Trust hosted an industry workshop on how to permit and inspect solar electric systems. 118 solar and electrical professionals attended, including 51 jurisdictional and county inspectors.
- Energy Trust committed up to \$5 million for a 15.8 megawatt biomass cogeneration project that will also provide steam for Warm Springs Forest Products Industries, the Confederated Tribes of Warm Springs' wood products enterprise. By using clean wood fuel from forest fuels reduction and forest restoration projects in Central Oregon, saw mill residuals and other clean materials, the project will result in healthier forests.
- Staff initiated conversations with three wood products firms about biomass cogeneration projects and potential feasibility studies.
- Energy Trust signed a Declaration of Cooperation for the Oregon Solutions Animal Byproducts project, and committed to co-fund a market assessment.

- Energy Trust reached an in-principle agreement with the Oregon Dairy Farmers Association to provide project facilitation services for dairy digester projects.
- A feasibility study was begun for the City of Woodburn Wastewater Treatment Plant.
- Staff completed a feasibility study for Clean Water Services, a USDA Section 9006 application for Gervais Biopower and scoping studies for Scenic Fruit and Heard Farms.
- The Renewable Advisory Council supported staff's proposal for the East Portland Community Center 90 kW solar project.
- Energy Trust co-sponsored and helped plan the Northwest Environmental Business Council's "Making Renewable Power Projects Happen" event on April 24 attracting over 300 attendees.
- Service incentives are assisting three projects in obtaining USDA Value-Added Production Grants for community wind feasibility studies.
- A service incentive is helping the China Hollow Community Wind project obtain a \$500,000 USDA Section 9006 equipment grant.
- Energy Trust hosted a turbine supply agreement seminar with Alan Merkel from Stoel Rives, with community wind developers, USDA, ODOE and Energy Trust representatives attending. Alan Merkel is a nationally recognized attorney for turbine purchases.

6. Revenues and expenditures

- \$15,147,868 in public purpose funds were received during the quarter, with expenditures at \$10,244,295.
- A total of \$4,358,833 in incentives was paid.

7. OPUC performance measures

- Performance against the following 2007 Performance Measures will be reported in the Energy Trust 2007 annual report.

Category	Measures
Energy Efficiency	At least 20 aMW computed on 3-year rolling average Levelized cost of not more than two cents per kWh
Natural Gas	700,000 therms computed on 3-year rolling average Levelized cost of not more than 40 cents per annual therm *
Renewable Energy	At least 15aMW At least 9 aMW from projects in utility Integrated Resource Plans At least 3 aMW from a variety of small-scale projects Both computed on 3-year rolling average
Financial Integrity	Unqualified financial audit
Administrative & Program Support Costs	Keep below 11% of revenues
Customer Satisfaction	Demonstrate reasonable customer satisfaction rates through program evaluation customer surveys; report complaint statistics
Benefit/Cost Ratios	Compare to ratios from 2006 reported in #8 below

* On March 27, 2007, the OPUC approved a new Energy Trust performance measure for natural gas savings acquisition, increasing the levelized cost per therm from 30 to 40 cents. This new measure will apply to all gas savings acquired for the calendar year 2007.

8. Benefit-cost ratios for 2006 (year-end data)

Program	Utility system benefit-cost ratio	Societal benefit-cost ratio
1. Existing Homes	2.3	1.2
2. New Homes and Products	2.4	2
3. Existing Buildings	3.6	1.5
4. New Buildings	5.1	2.5
5. Production Efficiency	2.6	1.3
6. NW Energy Efficiency Alliance	9	3.3

II. TABLES

I. Revenues

Source	Actual revenues received Q2	Budgeted revenues Q2
Portland General Electric	\$7,513,284	\$7,000,541
Pacific Power	\$4,869,881	\$4,656,616
NW Natural	\$2,508,658	\$2,516,327
Cascade Natural Gas	\$202,104	\$209,698
Avista	\$53,941	\$83,400
Conservation Rate Credit, PGE	\$550,000	\$550,000
Conservation Rate Credit, PAC	\$0	\$400,000
Total	\$15,697,868	\$15,416,582

2. Expenditures

Type	Actual Expenditures Q2	Budgeted Expenditures Q2
Energy Efficiency programs	\$8,797,119	\$9,985,667
Renewable Energy programs	\$795,291	\$1,446,386
Administration	\$651,885	\$770,439
Total	\$10,244,295	\$12,202,492

3. Incentives Paid

Quarter	Energy Efficiency				Renewable Energy		Total	
	PGE	Pacific Power	NW Natural	Cascade Natural Gas	Avista	PGE		Pacific Power
Q1	\$712,751	\$808,544	\$548,707	\$32,144	\$6,181	\$390,541	\$182,368	\$2,681,236
Q2	\$1,607,257	\$1,252,064	\$1,049,745	\$60,097	\$5,954	\$150,549	\$233,167	\$4,358,833
Q3	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Q4	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total	\$2,320,008	\$2,060,608	\$1,598,452	\$92,241	\$12,135	\$541,090	\$415,535	\$7,040,069

4. Savings and Generation

Electric efficiency savings. In the second quarter of 2007, energy efficiency programs saved 4.78 average megawatts, representing 15% of the 2007 year-end best case goal of 32.77 average megawatts and 19% of the conservative case goal of 24.60 average megawatts. Since March 1, 2002, these programs have cumulatively saved 131.36 average megawatts. When savings from self-directed industrial projects are added, the total represents 50% of Energy Trust's 2012 goal².

Electric Efficiency Savings Q2 2007	PGE aMW	Pacific Power aMW	Total Savings* aMW	Expenses	mil \$ / aMW	Levelized Cost/kWh
Residential	1.62	1.10	2.72	2,956,128	\$1.09	1.30 ¢
Commercial	0.76	0.34	1.10	2,041,972	\$1.86	2.20 ¢
Industrial	0.36	0.60	0.96	1,820,442	\$1.90	2.60 ¢
Total Energy Efficiency programs	2.74	2.04	4.78	6,818,542	\$1.43	1.70 ¢

Gas efficiency savings. In the second quarter of 2007, efficiency programs saved 431,458 annual therms of natural gas, representing 24% of the conservative goal 2007 goal of 1.8 million annual therms and 18% of the best case goal of 2.4 million annual therms. Since gas programs began in 2003, cumulative savings of 5.0 million annual therms have been realized, accounting for 24% of the current 2012 goal.

Gas Efficiency Savings Q2 2007	NWN Therms	Cascade Natural Gas	Avista	Total Savings Therms	Expenses	\$ / Therm	Levelized Cost/ Therm
Residential	232,658	22,231	984	255,873	2,023,664	\$7.91	46.70 ¢
Commercial	174,190	1,395	0	175,585	533,759	\$3.04	24.20 ¢
Industrial	0	0	0	0	0	n/a	0.00 ¢
Total Energy Efficiency Programs	406,848	23,626	984	431,458	2,557,423	\$5.93	39.20 ¢

Renewable energy generation. Renewable projects under construction in 2007 are expected to generate 114.95 average megawatts, representing 77% of Energy Trust's 2012 goal.

Renewable Energy Generation Q2 2007	PGE aMW	Pacific Power aMW	Total Generation aMW*	Q2 2007 Expenses	mil \$ / aMW	Levelized Cost/kWh
Biopower	0.00	0.00	0.00	104,261	n/a	n/a
Open Solicitation	0.00	0.00	0.00	75,707	n/a	44.60 ¢
Solar Electric Program	0.01	0.02	0.03	522,757	\$17.43	13.40 ¢
Utility Scale	0.00	0.00	0.00	57,338	n/a	n/a
Wind Program	0.00	0.00	0.00	108,261	n/a	n/a
Total Renewable Programs	0.01	0.02	0.03	868,324	\$28.94	13.90 ¢

² Savings from self-directed efficiency projects also count toward the goal of achieving 300 aMW of savings by 2012. To date, 18.89 aMW of savings have been achieved by industrial customers via self-directed funding. Together, Energy Trust achievements and self-directed savings have achieved 6% of the 2012 goal.

5. Projects completed this quarter

	Total Sites	Sites by Type of Measure Installed		
		Electric-only	Gas-only	Both
ENERGY EFFICIENCY SITES SERVED				
Residential sites served				
ENERGY STAR new homes constructed	292	142	7	143
ENERGY STAR new homes enhanced	86	3	75	8
Efficient new manufactured homes purchased	53	36	13	4
Home energy reviews conducted	1,240	627	98	515
Single family homes retrofitted	2,890	454	2,392	44
Manufactured homes retrofitted	151	141	10	0
Multifamily units retrofitted	716	407	58	251
New multifamily units enhanced	0	0	0	0
Residential solar water heating installations	48	23	24	1
ENERGY STAR clothes washer rebates	4,801	1,993	234	2,574
CFL packages sold/provided	168,842	168,842	0	0
Commercial sites served				
Existing buildings retrofitted	564	278	280	6
Efficient new buildings constructed	48	36	4	8
Solar water heating commercial installations	6	1	5	0
Industrial sites served				
	44	44	0	0
TOTAL EFFICIENCY				
	179,781	173,027	3,200	3,554
RENEWABLE ENERGY INSTALLATIONS				
Biopower project installations	0	0	0	0
Open solicitation project installations	0	0	0	0
Solar electric residential installations	43	43	0	0
Solar electric commercial installations	10	10	0	0
Utility scale project installations	0	0	0	0
Wind project installations	0	0	0	0
TOTAL RENEWABLES				
	53	53	0	0

Table 5 and corresponding information in the narrative refer to numbers of efficiency and renewable energy projects.

We define "projects" to be completed installations or services at one location ("site"), with certain exceptions:

- A Home Energy Review, with CFL installation, counts as one project. If that home subsequently installs one or more measures, this installation counts as a separate project.
- Each apartment unit treated counts as one project.
- Each manufactured home counts as one project.
- Measures installed in separate facilities within a large industrial complex count as separate projects.