



Photo: Hood River

Inputs and Dynamics Shaping the Draft 2025 Budget and Action Plan

October 9, 2024



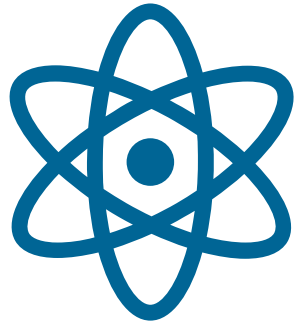


Agenda

- Budget inputs
- Stakeholder engagement
- Dynamics shaping the budget
- Opportunities
- Discussion

Photo: Hood River

How to Build a Budget



**Laws and
rules**



**Utility
IRPs**



**Cost-
effectiveness
tests**



**Market
intelligence
tests**



Stakeholder Engagement

- Through strategic plan development:
 - Public workshops starting in January
 - Engagement with advisory councils, utilities, trade ally contractors, industry nonprofits, environmental justice advocates, local and national businesses
- Through insights gathered from program and outreach staff in conversations with partners and customers
- Through collaboration with utilities
 - Coordination meetings from June through November
 - Joint action plan development

Photo: Fiesta Mexicana, Woodburn



Dynamics: Policy and Regulatory

- 100% Clean Electricity Standard
 - Electric utilities must deliver 100% clean electricity by 2040, with 80% reduction in emissions by 2030
- Climate Protection Program pending rulemaking
 - Directs natural gas utilities to reduce emissions by 90% by 2050
- HB 2531 phasing out fluorescent lighting
- Regulatory dynamics
 - New OPUC agreement adds equity requirements
 - Utility rate cases highlight need for affordability

Photo: Wallowa County

Dynamics: Economic, Market Conditions

- The economy is improving, but many people don't feel it
 - Costs of borrowing, goods and services remain high
 - Energy costs increased significantly in 2024
 - Housing shortages across the state
 - Housing costs outpacing income growth
- Affordability is a key challenge, especially for people experiencing low and moderate incomes
 - Renters
 - People of color
 - People in rural areas

Photo: Newberg



Dynamics: Climate Change, Resilience

- Disaster events and extreme temperatures
 - Wildfires are larger and more frequent
 - Extreme, prolonged heat
 - Storms and ice
- Resilience is top of mind for customers and communities
 - Solar plus battery storage
 - Resilience hubs and microgrids
 - Community resiliency plans





Dynamics: Complementary Funding

- There are unprecedented funding opportunities expected in 2025 and beyond
 - Inflation Reduction Act
 - Portland Clean Energy Community Benefits Fund
 - Climate Protection Program and Community Climate Investments
- The industry lacks capacity to keep up with the demand stimulated by new funding
- Communities lack expertise and bandwidth to capture new funding

Photo: Painted Hills, John Day

Shift to Multiyear Planning for 2026-2030

- Operationalizes our 2025-2030 Strategic Plan
- Contains four main elements:
 - 5-year business plan
 - Complementary funding strategy
 - 5-year human resource plan
 - 5-year financial plan
- It will also outline our plan management approach



2024 Year-End Forecast

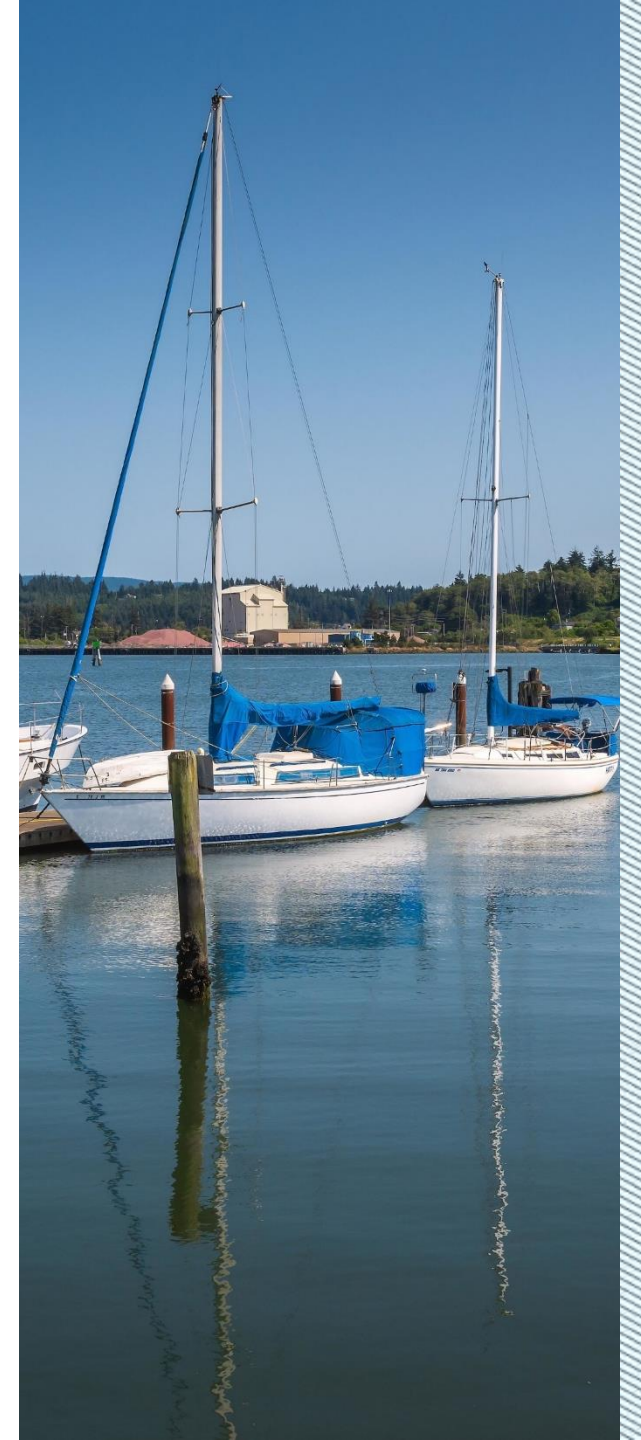
Energy goals

- 124% of electric savings goal
- 106% of natural gas savings goal
- 108% of generation goal

Expected revenues and expenditures

- Revenues will be 4% under budget
- Expenditures will be 2% under budget
- Incentives will be right on budget
- Staffing, admin costs will be under budget

Photo: Coos Bay



Discussion Questions

Do you feel like we've grasped the most significant dynamics we're likely to experience next year? Is there anything else you're aware of?

Do you see any of these dynamics being more impactful than others? Are there any you'd suggest we pay particular attention to?

What questions or concerns do you have about what you've heard so far?



Thank you

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Clean, affordable energy for everyone

Draft 2025 Budget and Action Plan

October 9, 2024



Agenda

- Organizational goals
- Draft 2025 budget overview
- Budget and action plan highlights
- Complementary funding
- Clarifying Questions
- Board Roundtable Discussion

Photo: Laika Studios, Portland, OR

Foundation for a Successful Future

Investments in 2025 set us up to accelerate energy savings and achieve ambitious climate targets in future years

- More incentives to achieve cost-effective savings, generation
- Expanded investment in Trade Ally Network and CBO delivery partners
- More equitable participation from priority customers
- New complementary funding

Photo: Columbia River, Hood River



2025 Organizational Goals



Customers will save and generate energy and reduce costs in 2025 and beyond as a result of investments in clean energy programs, including those designed to meet the needs of customers the organization has historically underserved.



Customers will gain access to a broader and more diverse network of qualified contractors who can install clean energy upgrades in their communities, and potential trades people will gain skills and opportunities in the energy efficiency and solar industries.



Community-based organizations will have opportunities to bring clean energy benefits to their communities by partnering with Energy Trust to deliver programs and accessing funding, training, mentorship and connections.



Customers, partners and stakeholders will benefit from Energy Trust's ability to achieve long-term goals by shifting to a multiyear budgeting and planning process.



Draft 2025 Budget Summary

- **Investing \$342.1 million**
- **Saving 59.0 aMW and 6.7 MMTh**
 - 86.7 MW of reduced demand during summer peak
 - 93.0 MW and 6,168 peak hour therms of reduced demand during winter peak
 - Includes 0.3 MMth gas transport, 0.2 MMth NW Natural WA
- **Delivering highly cost-effective energy**
 - 4.4 cents/kWh levelized
 - 73.9 cents/therm levelized OR, \$1.31/therm levelized WA
- **Generating 5.6 aMW**
- **Distributing \$182.8 million in incentives; 53% of total expenditures**
- **Administrative costs at 5.8% of expenditures**

Photo: Albany Water and Hydroelectric Plant, Albany, OR

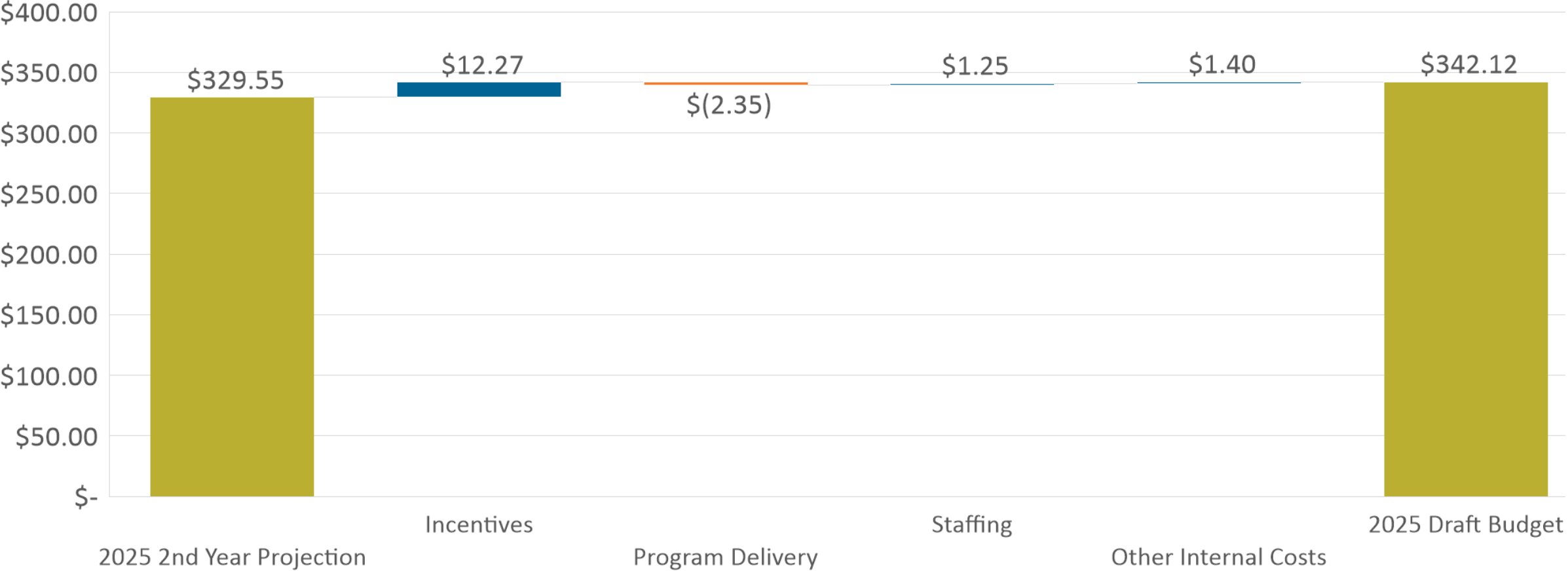
Draft 2025 Budget Expenses Compared to 2024 Budget



Draft 2025 Budget Expenses Compared to 2025 Projection

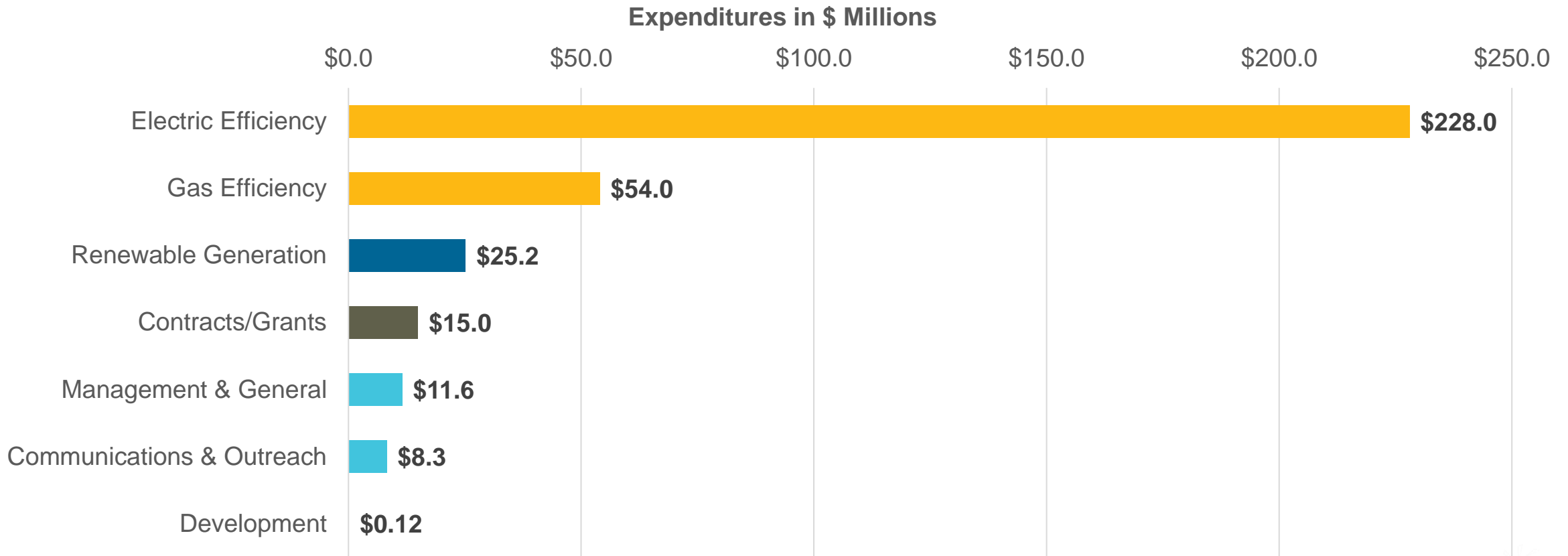
\$(in millions)

■ Increase ■ Decrease ■ Total



2025 Draft Budget Expenditures

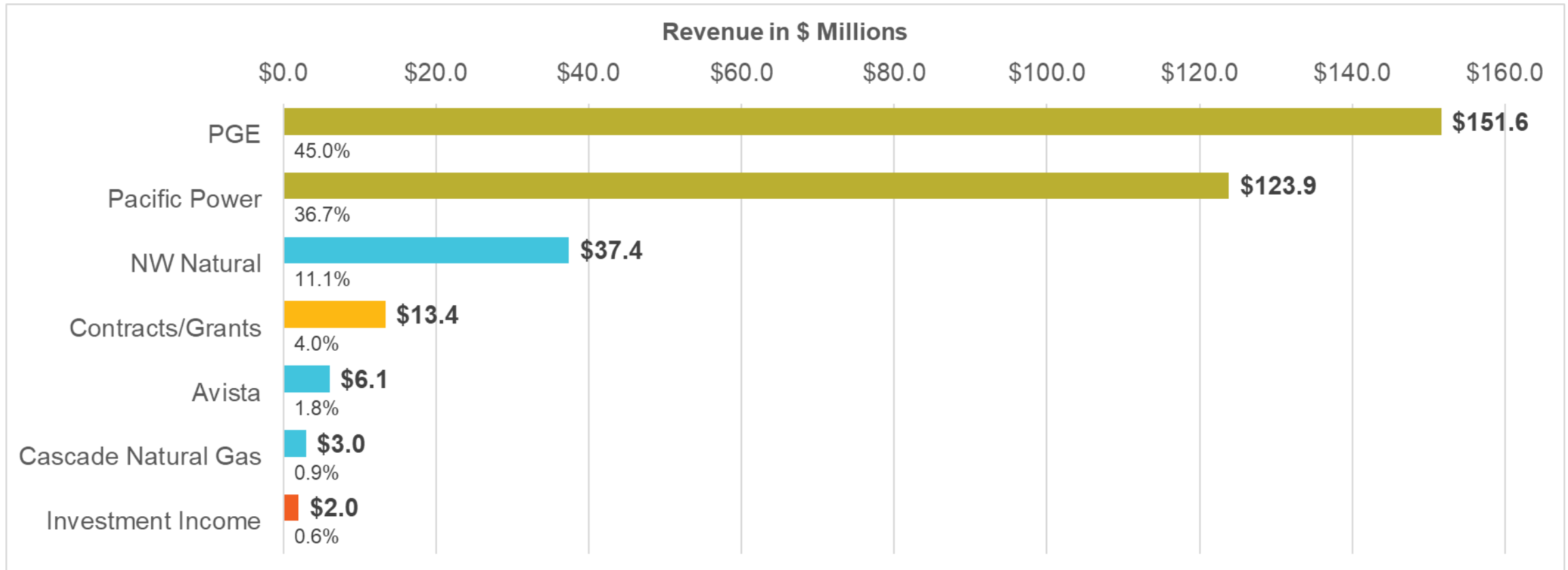
\$342.1 million, up 12% from 2024 budget



The budget uses net assets/reserves to cover planned expenses in excess of anticipated revenue

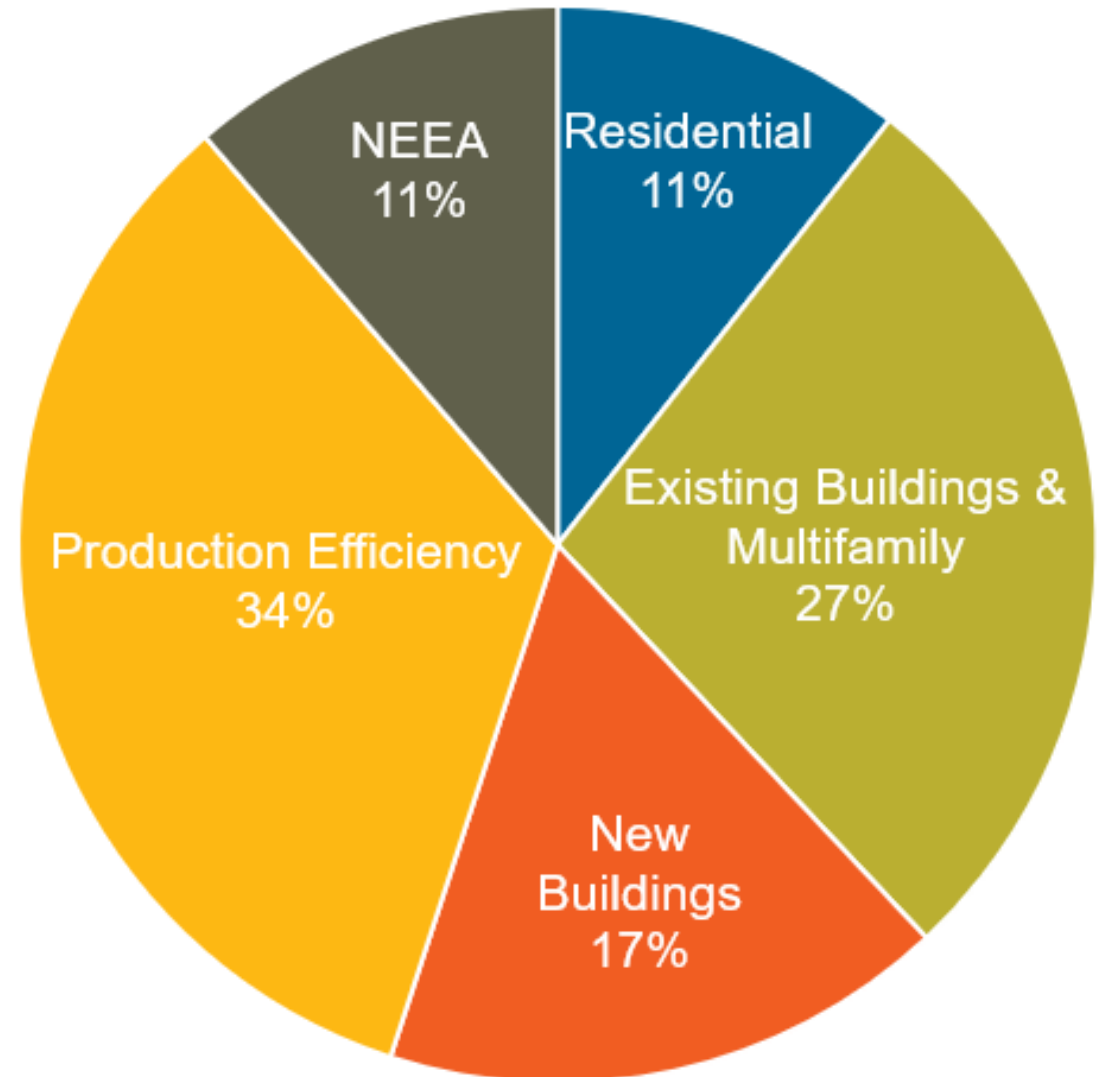
2025 Draft Budget Revenues

\$337.2 million, up 27% from 2024 budget



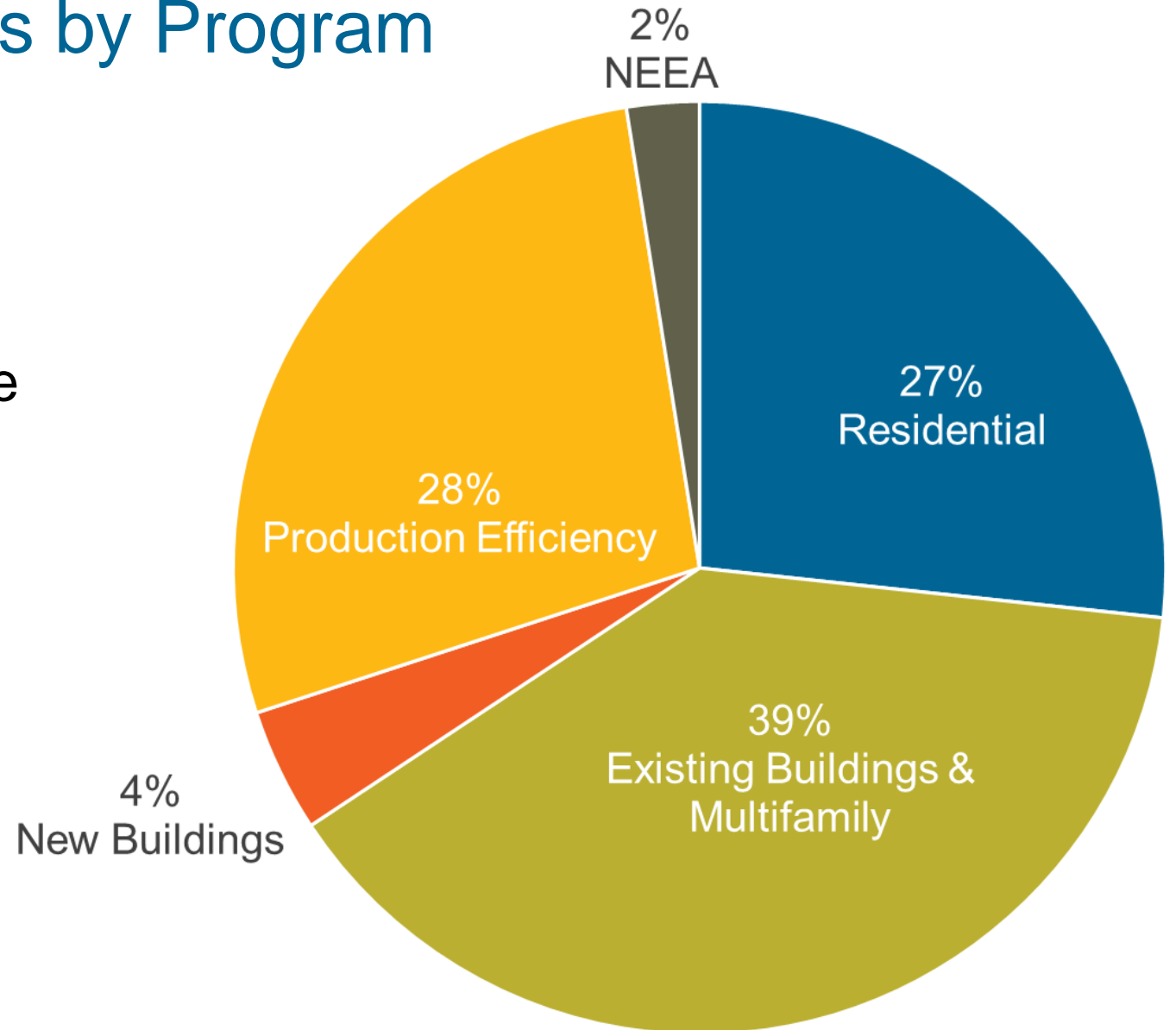
2025 Electric Savings by Program

- **59.1** aMW of electric savings, up **23%** from 2024 budget
- Equivalent to **1.8 million** metric tons of carbon avoided over time
- **\$242.1** million in total costs, including customer incentives, services and delivery
- Levelized costs of **4.4** cents/kWh, an **18%** decrease from 2024 budget



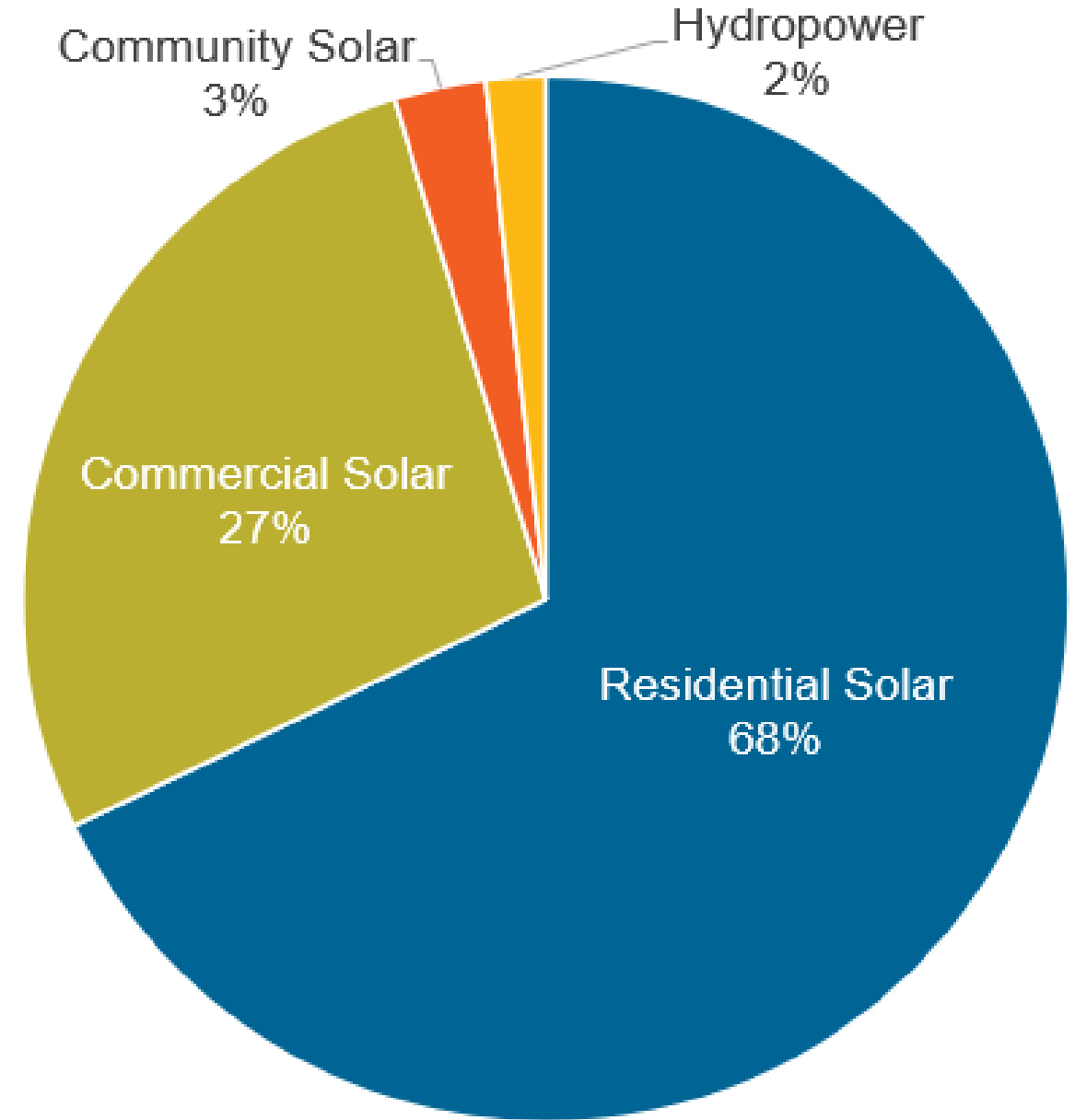
2025 Natural Gas Savings by Program

- **6.7** MMTh natural gas savings, down **4%** from 2024 budget
- Equivalent to **705,000** metric tons of carbon avoided over time
- **\$61.6** million in total costs, including customer incentives, services and delivery
- Levelized costs of **73.9** cent/therm, a **14%** increase from 2024 budget



2025 Renewable Generation

- **5.6** aMW generation
- Equivalent to **176,000** metric tons of carbon avoided over time
- **\$26.7** million in total costs, including incentives, services and delivery
- Continue standard solar incentives to maintain market stability
- Focus on customers with low and moderate incomes and distribution system-connected technologies



Draft 2025 Budget Cost-effectiveness Analysis

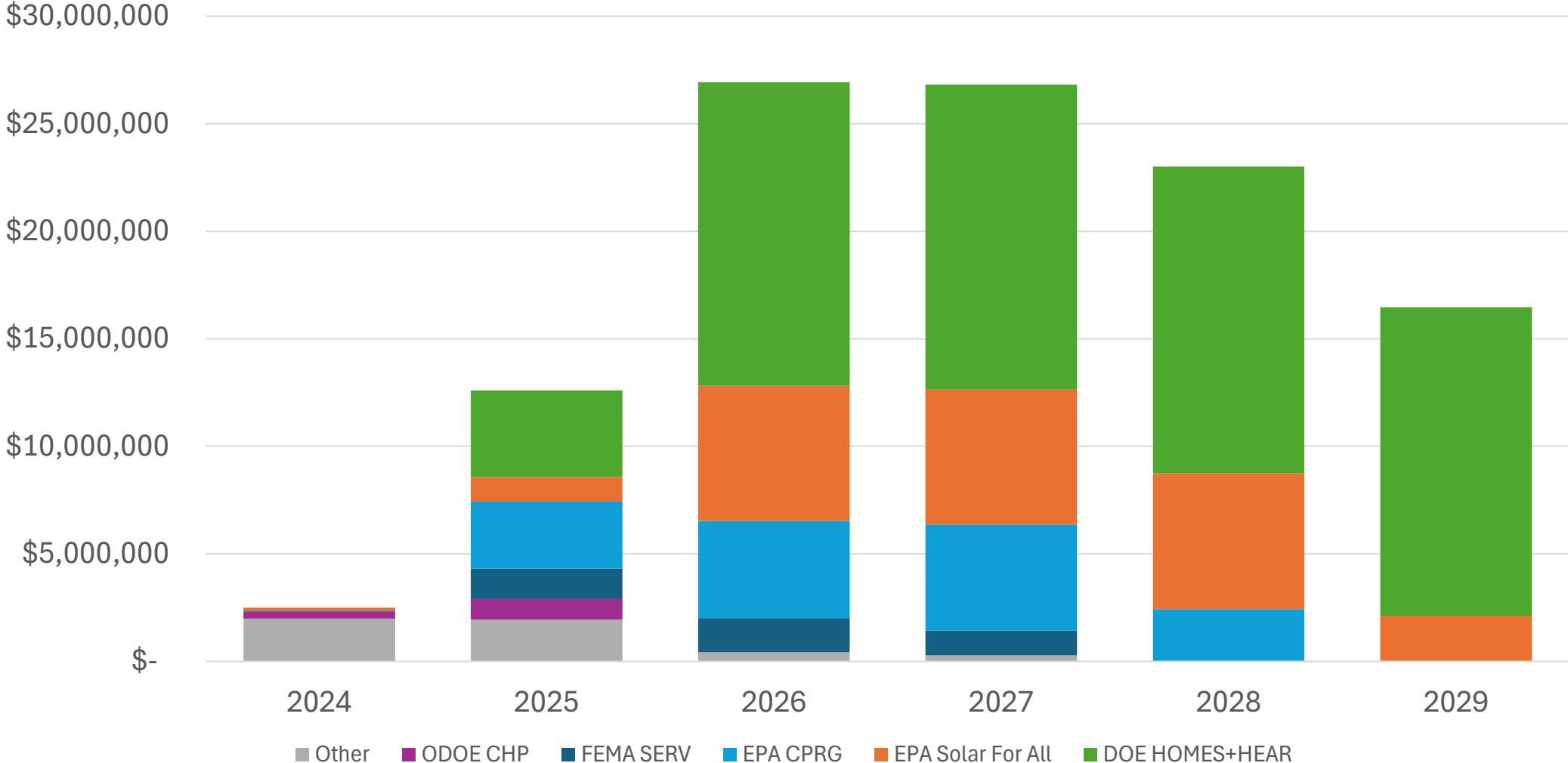
Program	Utility Cost Test (UCT)		Total Resource Cost Test (TRC)	
	Electric	Gas	Electric	Gas
Residential	1.2	2.4	1.1	2.6
Existing Buildings including multifamily	1.7	2.2	1.4	1.5
New Buildings	5.4	3.3	N/A	N/A
Production Efficiency	2.5	2.8	2.4	4.0
Total Portfolio	2.1	2.4	1.6	2.2

Revenues from Contracts and Grants

Contract or Grant	Status	2025 Revenue (M)
ODOE HEAR	New - Contract Pending	\$3.2
FEMA Community Energy Resilience Grant	New - Contract Pending	\$1.4
ODOE Community Heat Pump Deployment Program	New - Active	\$1.2
Oregon Solar for All	New - Contract Pending	\$1.0
ODOE HOMES	New - Contract Pending	\$0.9
ODOE Landlord Provided Cooling Spaces	Existing Contract	\$0.8
Oregon Community Solar Program	Existing Contract	\$0.6
Smart Grid Test Bed Collaboration (SALMON)	Existing Contract	\$0.4
PGE Smart Battery Pilot	Existing Contract	\$0.1
PGE Flexible Feeder	Existing Contract	\$0.1
PGE Smart Solar Study	Existing Contract	\$0.0
EPA Climate Pollution Reduction Grant	New - Award Announced	Not Included

Complementary Funding Revenue Over Time

Total Complementary Funding Revenue By Year and Contract



Maintaining Offers for Customers with Low Incomes

- No cost-delivery pilots set to expire in March 2025, all for single-family, multifamily and manufactured home customers
 - Ductless heat pumps
 - Ducted heat pumps
 - Heat pump water heaters
- Final proposed budget will include \$5.6 million, including an additional \$4M

	2023	2024 YTD	Final proposed 2025 budget
No cost measures	563 sites	371 sites	650 - 800 sites*

**Sites include single-family homes and multifamily units. Multifamily buildings have multiple units per building.*



Workforce and CBO Investments

- Areas of expansion and growth:
 - Trade Ally Network
 - Contractor Development Pathway
 - Trainings and pre-apprenticeships
- New offers and resources:
 - Support launch of a new Building Performance Training Center with EnerCity Collaborative
 - Launch and promote a workforce development website resource
 - Expand Community Partner Funding
 - Develop a new Community Partner Network

Program Delivery Efficiency, Staffing Costs

2024 OPUC performance measure	Draft 2025 Budget
Administrative costs must be at or below 6.5% of expenditures.	5.8%
Report year-over-year increase in administrative costs in comparison with the increase in expenditures.	\$2.6 million or 15.4%
Total staffing costs are limited to 9.5% of expenditures. Report on staffing needs and performance.	8.9%



Photo: Dirty Cowgirl Saloon, Wasco

Customer Benefits from 2025 Investments

- **Lower energy bills and energy burden**—\$1.3 billion in future bill savings for participants
- **Opportunities for 1,600+ local businesses, greater support for community-based organizations** and investments in workforce development
- Local investments that **keep dollars in our communities**
- **Cleaner air** by avoiding 2.7 million metric tons of carbon dioxide over time
- Support for **community-led clean energy efforts**, such as resilience
- Access to **direct benefits for customers experiencing low incomes**, including those in rural areas and people of color

Photo: Waterfront Blues Festival, Portland



Discussion Questions

Do you have any clarifying questions?

Are you supportive of the draft budget?

If not, what changes would help you be supportive?



Thank You

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Photo: Ruch Elementary, Jacksonville, OR

