



Clean, affordable energy for everyone

2022 Final Proposed Annual Budget and 2022-2023 Action Plan

December 17, 2021



Presentation Outline

- Projected 2021 results
- Final proposed 2022 budget
- Public comments summary
- Key takeaways
- Budget resolution

Photo: Wallowa County



Projected 2021 Results

Expect to meet or exceed all energy goals

- 99% of electric goal
- 120% of gas goal (OR)
- 142% of gas goal (WA)
- 173% of renewable energy goal

Expenditures are expected to be 94% of budget



Context

- Uneven effects of pandemic on customers
- Supply chain impacts
- Labor shortages
- Pressure on prices
- Pent up demand
- New law that modernizes and extends funding, HB 3141

Photo: Wallowa County

2022 Final Proposed Budget Overview

2022 Organizational Goals



Achieve savings and renewable generation goals while addressing the needs of customers who experience significant energy burden or are impacted by disaster events



Expand support for community-led approaches to increase access to clean energy



Create development capabilities that will allow us to increase funding to deliver more savings and generation and expand our ability to meet changing customer and utility system needs



Implement new work strategies to adapt and thrive in our changing environment while supporting staff and managing operating costs



Final Proposed 2022 Budget Summary

- **Investing \$219.5 million** of utility customer funds
- **Saving 50.6 aMW and 7.6 MMTh**
 - 65.2 MW of reduced demand during summer peak and 77 MW during winter peak
- **Delivering highly cost-effective energy**
 - 3.4 cents/kWh levelized
 - 48.0 cents/therm levelized (OR), 72.2 cents/therm levelized (WA)
- **Generating 4.1 aMW**
- **Distributing \$121.5 million in incentives; 55%** of total expenditures
- **Administrative costs at 7.7%** of revenue

*aMW: average megawatts (of electricity)
MMTh: million annual therms (of natural gas)*

Photo: Homeowner reviews results of home energy evaluation performed by community-based organization EUVALCREE

Customer Benefits from 2022 Investments

- **Cleaner air** by avoiding 4 million metric tons of carbon dioxide
- **More access** for diverse and rural communities
- **Lower energy bills and energy burden** for participants—\$802 million in future bill savings for participants
- **Opportunities for 1,900 local businesses** and investments in workforce development
- Local investments that **keep dollars in our communities**



Photo: Willow Lake wastewater recovery facility

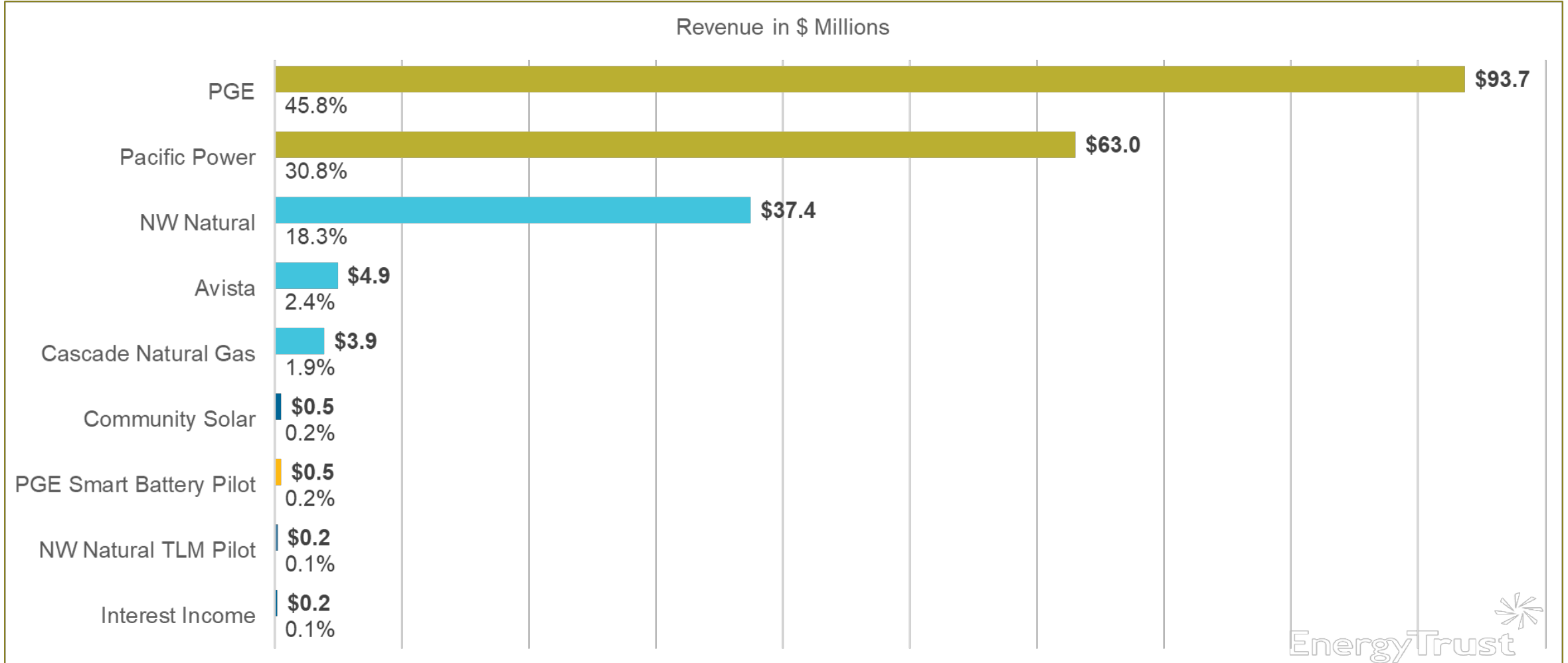
Summary of Changes to Final Proposed Budget

	Draft Budget	Final Proposed Budget	Change	% Change
Revenue	\$201.5 million	\$204.3 million	\$2.8 million	+1.4%
Expenditures	\$213.0 million	\$219.5 million	\$6.5 million	+3.1%
Electric Savings	50.1 aMW	50.6 aMW	0.4 aMW	+0.9%
Gas Savings	6.8 MMTh	7.6 MMTh	0.8 MMTh	+11.4%
Electric Levelized Costs	3.35 ¢/kWh	3.43 ¢/kWh	0.084 ¢/kWh	+2.5%
Gas Levelized Costs (OR)	44.7 ¢/therm	48.0 ¢/therm	3.3 ¢/therm	+7.4%
Gas Levelized Costs (WA)	83.7 ¢/therm	72.2 ¢/therm	-11.5 ¢/therm	-13.7%
Generation	4.00 aMW	4.10 aMW	0.10 aMW	+2.5%
Staffing Costs	\$17.9 million	\$18.3 million	\$0.4 million	+2.1%
Administrative Costs	\$11.7 million	\$11.6 million	\$-0.1 million	-1.0%

Notes: aMW: average megawatts of electricity; MMTh: million annual therms of natural gas; administrative costs are for management and general, communications and outreach

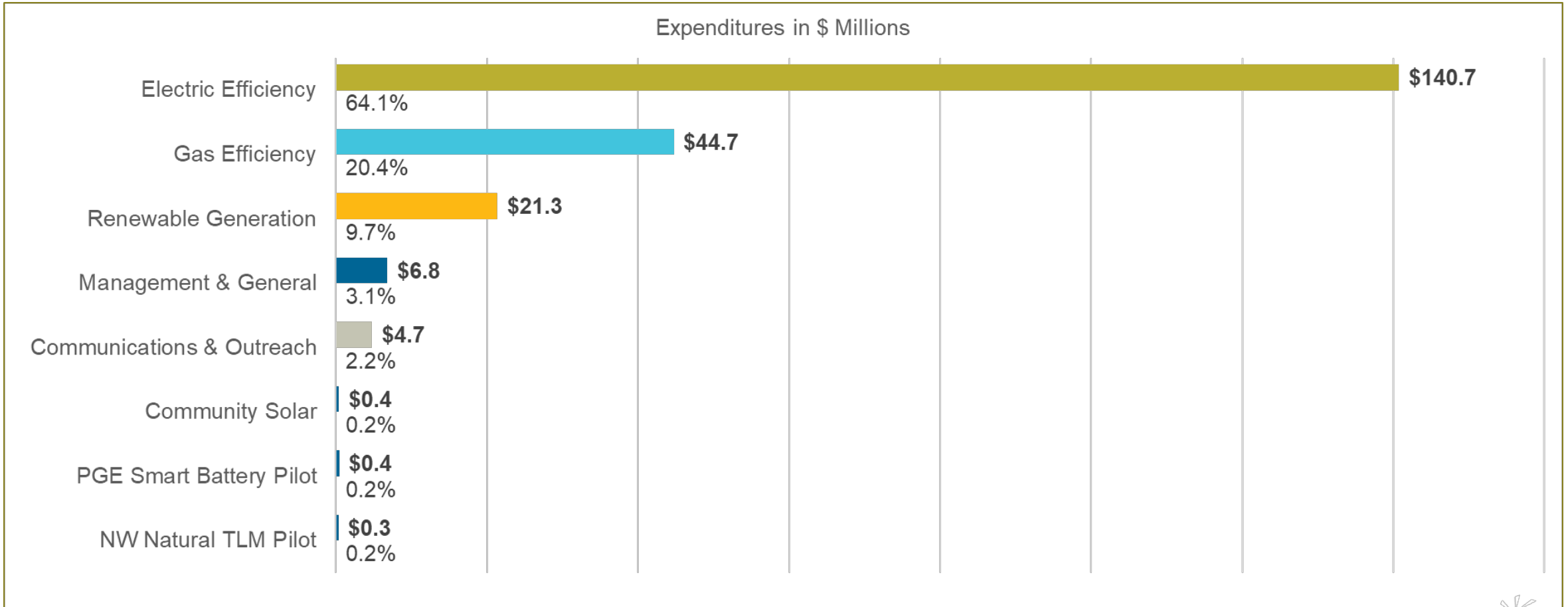
2022 Final Proposed Budget Revenue

\$204.3 million, up 8.4% from 2021 budget



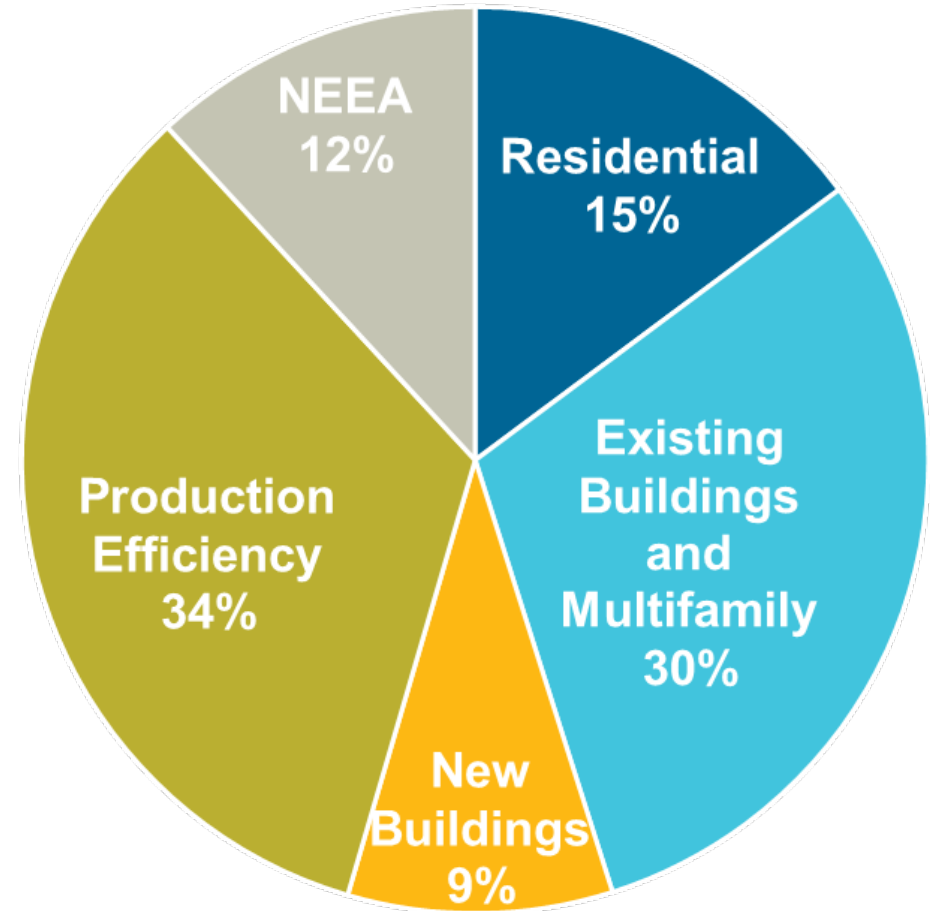
2022 Final Proposed Budget Expenditures

\$219.5 million, up 3.8% from 2021 budget



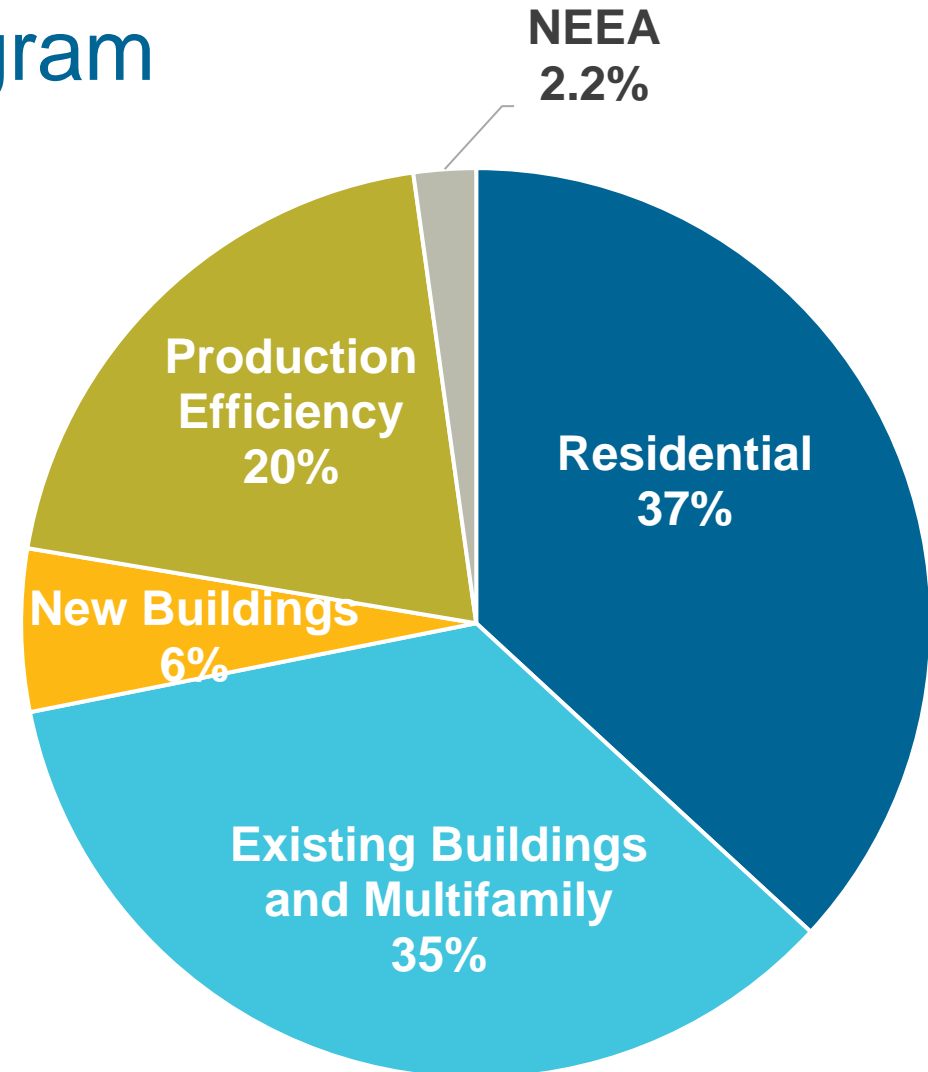
2022 Electric Savings by Program

- 50.6 aMW of electric savings, up 6.6% from 2021 budget
- Equivalent to 220,000 metric tons of carbon avoided
- \$148.6 million in total costs, including customer incentives, services and delivery
- Strong demand for home upgrades
- New construction of data centers
- Pent up demand from business customers



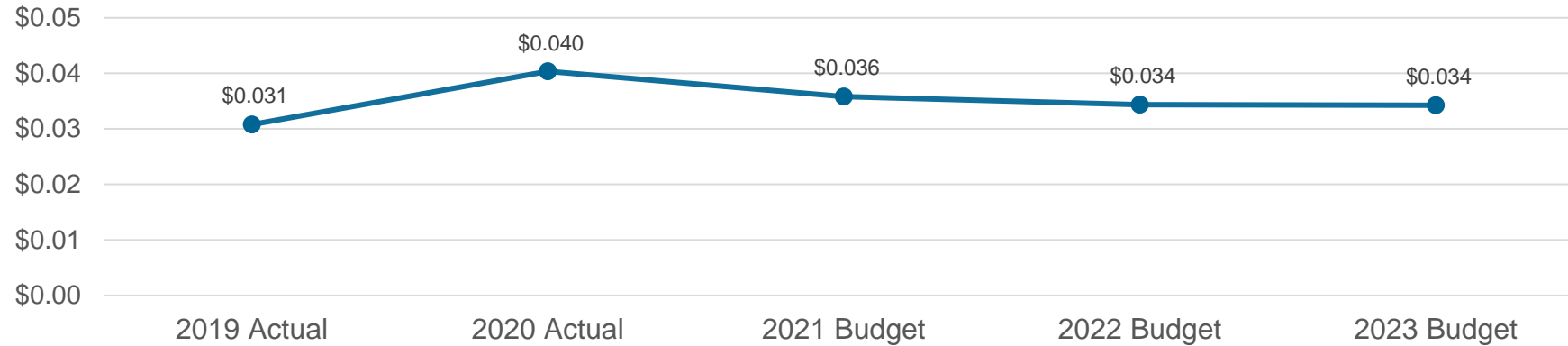
2022 Natural Gas Savings by Program

- 7.6 MMTh natural gas savings, up 16.6% from 2021 budget
- Equivalent to 40,000 metric tons of carbon avoided
- \$47.2 million in total costs, including customer incentives, services and delivery
- Strong demand for home upgrades
- Rebuilding in wildfire-affected areas
- Pent up demand from business customers

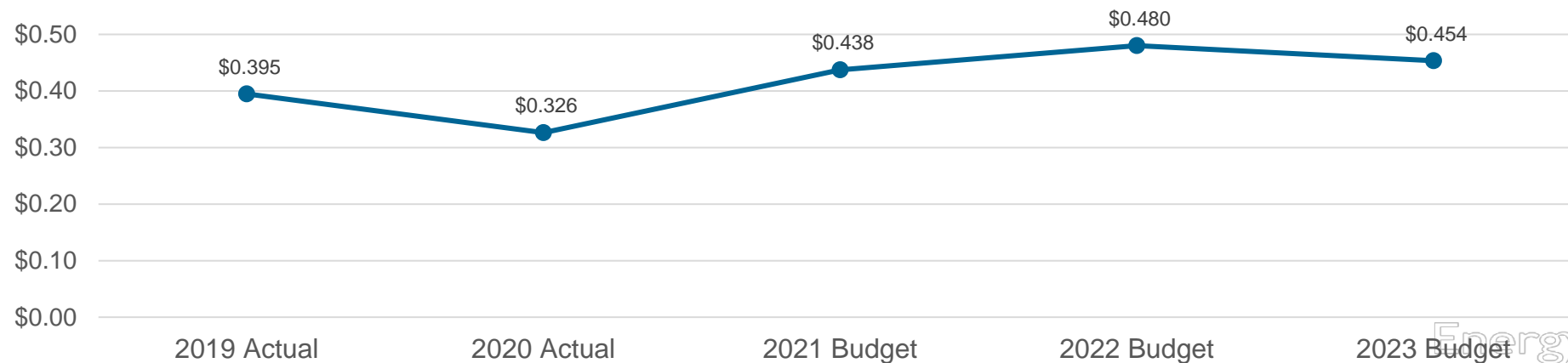


Levelized Cost Trends (Oregon only)

Total Electric Levelized Cost (\$/kWh)

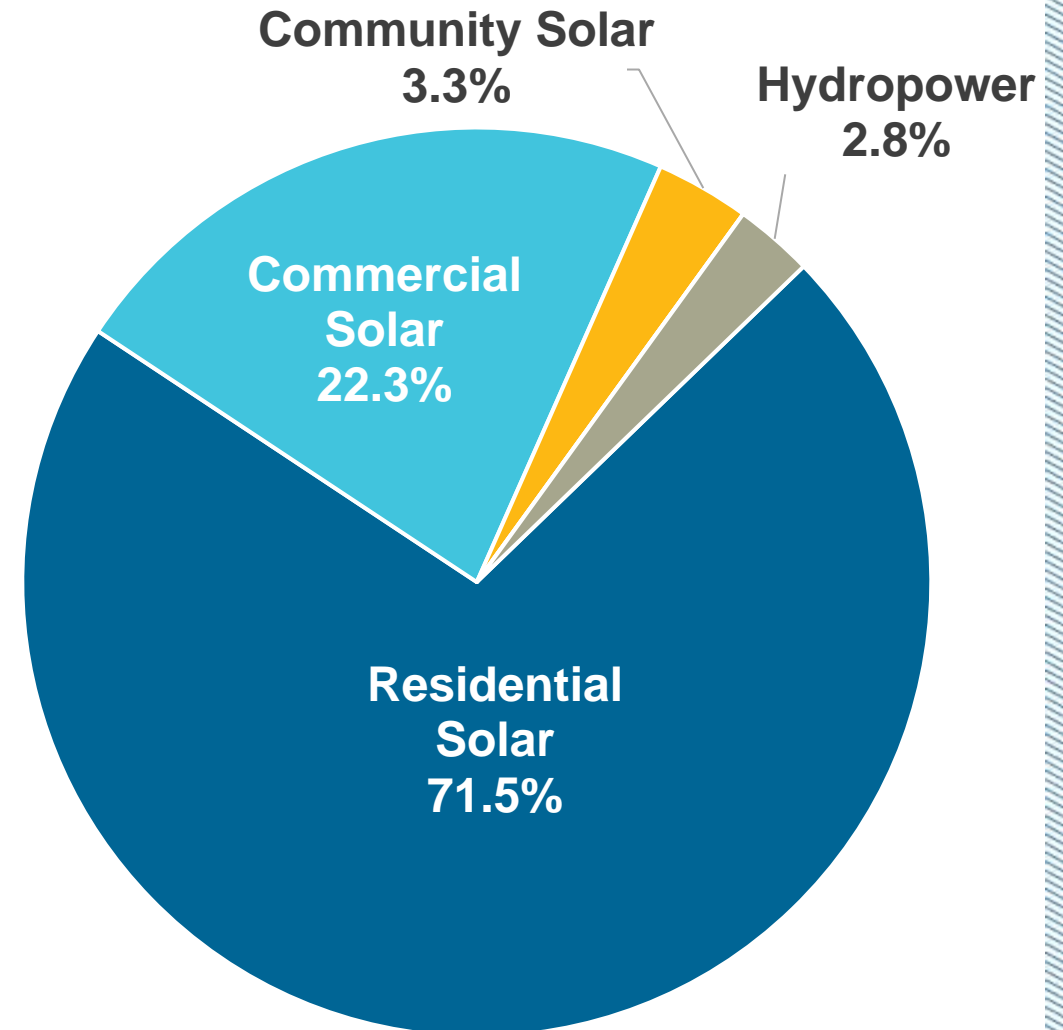


Total Gas Levelized Cost (\$/therm) (Oregon)



2022 Renewable Generation

- 4.1 aMW generation, up 15.6% from 2021 budget
- Equivalent to 18,000 metric tons of carbon avoided
- \$22.5 million in total costs, including incentives, services, delivery
- HB 3141 creates new opportunities to serve low- and moderate-income customers and invest in distribution system-connected technologies
- Shift focus from generation to broader benefits: equity, resilience, grid flexibility



Additional Contracts

Community Solar Program

- Subcontract for program development, delivery
- 162 MW total program capacity available for development and subscription

\$0.38M costs

PGE Smart Battery Pilot

- Contract with PGE for outreach, quality management and upfront incentive pass through
- Goal of enrolling 525 qualifying smart battery systems over 5 years

\$0.47M costs

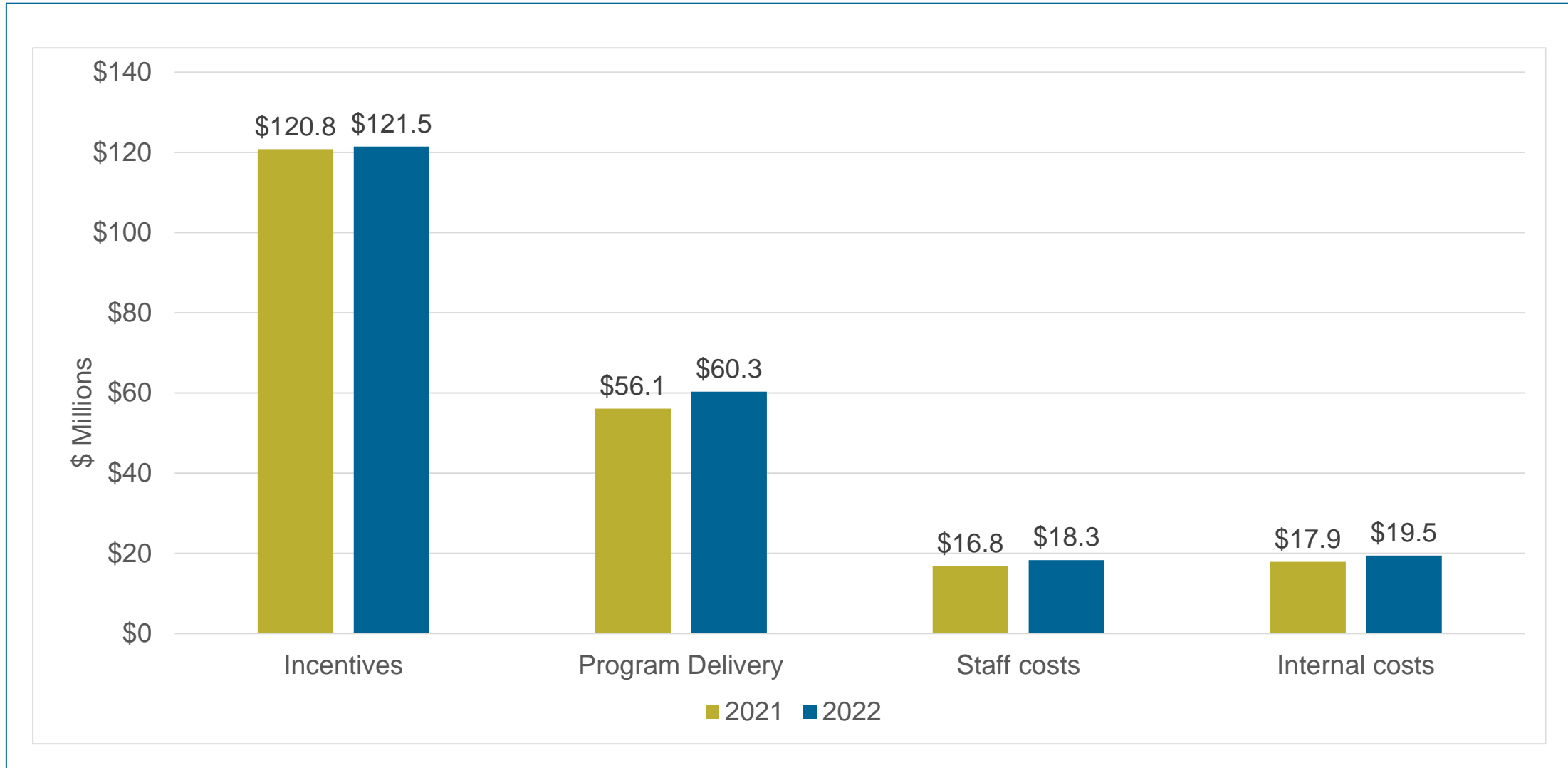
NW Natural Targeted Load Management Pilot

- Third year of three-year pilot in Creswell and Cottage Grove will wrap in July 2022
- Offering higher incentives with additional funding from NW Natural

\$0.36M costs



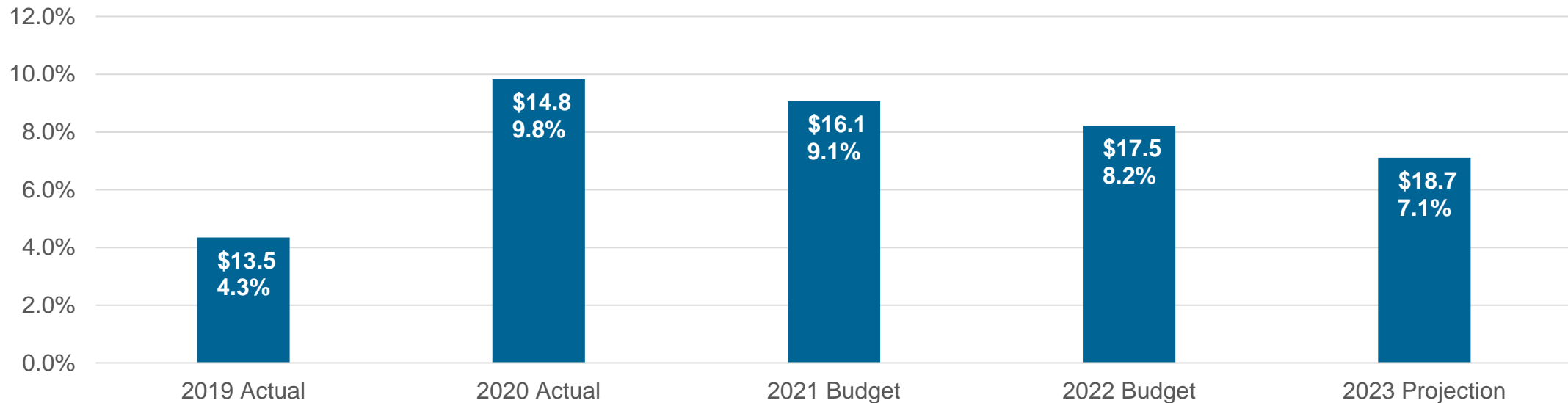
2022 Budget Expenses by Category



OPUC Performance Measure: Staffing Costs

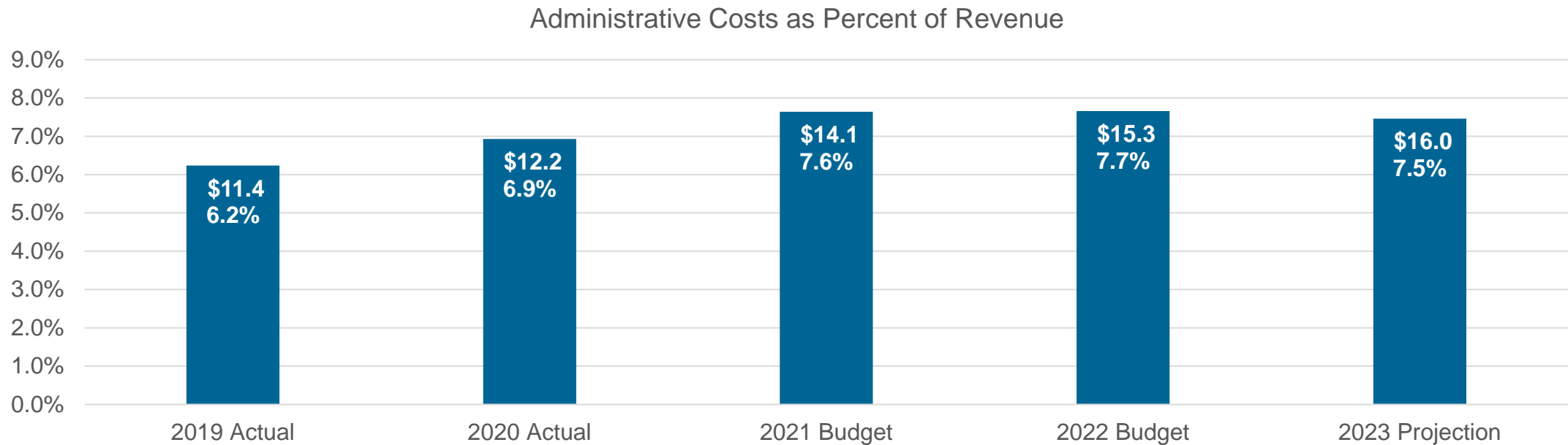
- Staffing costs comply with performance measure of $\leq 9\%$ year-over-year growth
- Staffing costs are budgeted at \$17.5 million, with \$2.4 million (13.5%) for healthcare costs and other benefits

Staffing Costs Year-Over-Year Growth



OPUC Performance Measure: Administrative Costs

- Administrative and program support costs comply with performance measure (<8% of revenue; annual increase limited to $\leq 10\%$)
- Costs at 7.7% of annual revenue, increasing 8.6% from 2021 budget



2022 Estimated Utility Rate Information

	PGE	Pacific Power	NW Natural (OR)	Cascade Natural Gas	Avista
Utility customer collection adjustment from 2021 to 2022	\$0	\$0	+\$3.8M	\$0	+\$2.5M
Utility bill charge for 2022	5.3%	5.3%	4.2%	4.8%	4.0%
Effective date	Jan. 1	Jan. 1	Jan. 1	Jan. 1	Jan. 1

All figures and dates are estimates and subject to final filings by each utility and OPUC action; actual rates may vary

Summary of Public Comments

Written Public Comments Summary

Formal comments received from 7 organizations (including utilities) or individuals; majority supportive of budget

Areas of feedback

- Support for value Energy Trust provides to utility customers, including by helping achieve greenhouse gas reduction goals
- Request for additional engagement with utilities on community initiatives
- Desire for improved collaboration with utilities on budgeting and planning
- Interest in exploring new or expanded offers
- Suggest improvements to budget document accessibility and clarity

OPUC Recommendations on the Draft Budget

1. Report net peak load budget impacts starting with the 2024 budget
2. Prepare processes to identify measures that maximize greenhouse gas reduction impacts for electric and gas utilities based on the time of day and year
3. Work with utilities to identify environmental justice communities in their service territories
4. Estimate the prevalence and impacts of alternative fuels within the service territory
5. Research opportunities to provide low-cost cooling measures

Key Themes



Key Themes

1. Providing continued value in an evolving landscape of clean energy laws and programs
2. Adapting to meet rapidly changing customer and utility needs
3. Making long-term investments that will pay off in future savings, generation and cost management
4. Investing in efforts to achieve diversity, equity and inclusion goals



Thank you

Staff recommends the Board of Directors adopt Resolution R951:

Final Proposed 2022 Budget and 2022-2023 Action Plan

Michael Colgrove

Executive Director

michael.colgrove@energytrust.org



Photo: Burch Energy Services staff

Final Proposed Budget Supplemental Slides

Year-to-Year Comparison of Budgeted Savings, Generation and Levelized Costs

	Electric Savings (aMW)	Gas Savings (MMTh)	Electric Generation (aMW)
2021 Budget	47.4	6.50	3.54
2022 Budget	50.6	7.58	4.10
% change	+6.6%	+16.6%	+15.6%

	Electric Levelized Cost (cents/kWh)	Gas Levelized Cost OR (cents/therm)	Gas Levelized Cost WA (cents/therm)
2021 Budget	3.6	43.8	65.1
2022 Budget	3.4	48.0	72.2
% change	-5.6%	+9.6%	+10.9%

Costs Relative to OPUC Performance Measures

- In 2022, Energy Trust projects to meet the OPUC performance measures for administrative and program support costs and staffing costs
- Administrative and program support costs are budgeted at \$15.3 million
- Staffing costs are budgeted at \$17.5 million; increasing due to healthcare costs, compensation adjustments to align with a market compensation study, and new staff members to meet organizational needs

2022 Administrative and Program Support Costs	Current OPUC Performance Measure Compliance
7.7% of annual revenues	<8% of annual revenues
8.6% year-over-year increase	≤10% year-over-year increase

2022 Staffing Costs	Current OPUC Performance Measure Compliance
8.2% year-over-year increase	≤9% year-over-year increase

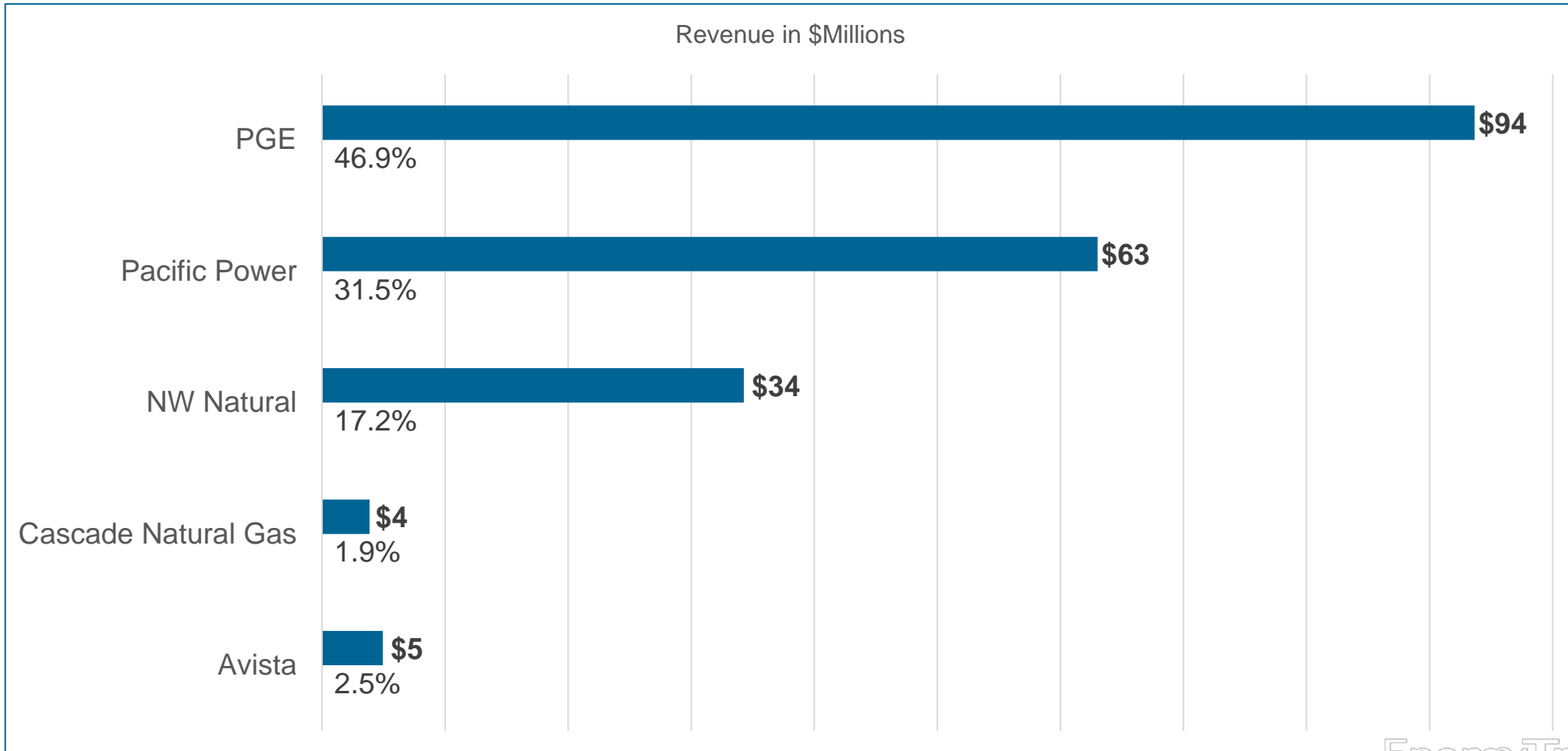


Final Proposed 2023 Budget Projection

- Revenue to increase 6.9%
- Expenditures to increase 4.9%
- Incentive spending to increase 5.8%
- Electric savings to increase 10.1%
 - Levelized costs to stay roughly even at 3.4¢/kWh
- Gas savings to increase 10.9%
 - Oregon levelized costs to decrease by 5.5%; from 48.0¢/therm to 45.4¢/therm
 - Washington levelized costs to increase by 11.5%; from 72.2¢/therm to 80.5¢/therm
- Renewable generation to decrease 19.7%

2022 Budget Revenue (Oregon only)

\$199.8 million, up 8.4% from 2021 Oregon budget



2022 Budget Expenditures (Oregon only)

\$215.3 million, up 3.8% from 2021 Oregon budget

