

## 2004 First Quarter Report to the Oregon Public Utility Commission

*Updated June 8, 2004*

This Energy Trust quarterly report is for period January through March, 2004 (Q1). It tracks progress toward 2004 and 2012 goals and includes:

- Actual vs. budgeted revenues
- Actual vs. budgeted expenditures
- Total savings/generation and corresponding cost per average megawatt/therm
- Total number of projects by type
- Total incentives paid

In addition, the report highlights major achievements or initiatives during this period. The format has been re-drafted to provide the Commission with clear and straight-forward information. Additional detail can be provided.

### I. REVENUES

Actual total revenues received in Q1 tracked closely with budgeted projections by source.

Source	Actual revenues received Q1	Budgeted revenues Q1
Portland General Electric	\$ 7.5 million	\$ 7.6 million
PacifiCorp	5.1 million	5.0 million
NW Natural	2.9 million	2.7 million
<b>TOTAL</b>	\$15.6 million	\$ 15.3 million

### 2. EXPENDITURES

Expenditures are under budget for the quarter. Efficiency program spending experienced program implementation delays for the Efficient New Homes, Efficient Home Products and Nexus programs, all new initiatives. In addition, some Production Efficiency projects are requiring additional time for completion. Renewables spending is behind expectations because PGE large wind and municipal solar demonstration projects are being negotiated and because two Open Solicitation projects did not secure funding from their municipalities. The small wind program will begin in Q2.

Type	Actual expenditures Q1	Budgeted expenditures Q1
Energy Efficiency programs	\$ 6.7 million	\$ 9.8 million
Renewable Resources programs	.56	1.2
Administration	.51	.7
<b>TOTAL</b>	\$ 7.77 million	\$11.7 million

### 3. SAVINGS & GENERATION

**Electric efficiency savings.** First quarter Energy Efficiency programs achieved 11% of the 2004 goal of 27.1 aMW. Since March 1, 2002, these programs have cumulatively saved 33.9 aMW, or 11% of the Energy Trust's 2004 goal.

Electric Efficiency Savings Q1 2004	PGE aMW	Pacific Power aMW	Total Savings* aMW	Expenses	mil \$ / aMW
Residential	0.6	0.1	0.757	\$1,460,080	\$1.93
Commercial	0.3	0.4	0.818	1,593,761	1.95
Industrial	0.1	0.2	0.367	1,845,336	5.03
NEEA (all sectors)	0.6	0.3	0.998	888,821	0.89
Administrative Costs				391,607	
<b>Total Energy Efficiency Programs</b>	<b>1.6</b>	<b>1.1</b>	<b>2.9</b>	<b>\$6,179,604</b>	<b>\$2.10</b>

\*Includes transmission & distribution savings

**Gas efficiency savings.** In the first quarter, efficiency programs saved 354,995 therms of natural gas, representing 25% of the 2004 goal of 1.4 million therms. Since gas programs began in 2003, cumulative savings of 563,218 therms have been realized, or 3% of the 2012 goal.

Gas Efficiency Savings Q1 2004	NWN Therms	Expenses	\$ / Therm
Residential	321,990	\$719,651	\$2.24
Commercial	33,005	191,847	5.81
Industrial*	0	17,007	n/a
NW Alliance (all sectors)*	0	3,354	n/a
Administrative Costs		66,235	
<b>Total Energy Efficiency Programs</b>	<b>354,995</b>	<b>\$998,095</b>	<b>\$2.81</b>

\*For purposes of this new report, NW Alliance and industrial gas expenses are incorrectly allocated by \$20,361. We will correct the report accounting software and provide the Commission with an update.

**Renewable Energy Generation.** Installed renewable energy projects in Q1 account for .05% of the 2004 goal of 22.134 aMW. To date, cumulative generation totals 14.65 aMW, or 3% of the 2012 goal of 450 aMW.

Renewable Energy Generation	PGE aMW	Pacific Power aMW	Total Generation aMW	Expenses <sup>1</sup>	mil \$ / aMW
Utility Scale	0.000	0.000	0.000	\$27,248	n/a
Solar Photovoltaic	0.003	0.009	0.012	\$499,211	\$41.88
Small Wind	0.000	0.000	0.000	\$11,660	n/a
Open Solicitation	0.000	0.000	0.000	\$22,935	n/a
Biomass	0.000	0.000	0.000	\$180	n/a
Administrative Costs				\$52,073	
<b>Total Renewable Programs</b>	<b>0.003</b>	<b>0.009</b>	<b>0.012</b>	<b>\$613,307</b>	<b>\$51.45</b>

<sup>1</sup>Expenses include costs related to an additional \$1.5 million in committed projects

#### 4. PROJECTS COMPLETED

<b>Energy Efficiency Projects Installed</b>	
Residential projects	3,082 single family projects 2,152 multifamily units 1,443 Home Energy Reviews 672 manufactured homes 417 Efficient Home Products rebates <u>33 utility transition projects</u> 7,799 total
Commercial projects	121
Industrial projects	10
<b>TOTAL EFFICIENCY</b>	<b>7,930</b>
<b>Renewable Energy Projects Installed</b>	
Utility-scale projects	0
Solar residential projects	27
Solar commercial projects	1
Small wind projects	0
Open Solicitation projects	0
<b>TOTAL RENEWABLES</b>	<b>28</b>

#### 5. INCENTIVES PAID

<b>Energy Efficiency</b>			<b>Renewable Energy</b>		<b>TOTAL Q1</b>
PGE	Pacific Power	NW Natural	PGE	Pacific Power	
\$1,176,381	\$1,041,646	\$615,951	\$72,314	\$248,303	\$3,154,595

#### 6. HIGHLIGHTS

**Production Efficiency program changes** - The response to the "kicker" incentive offer resulted in an unprecedented number of projects identified by the end of 2003. As a result, nearly all program funds were committed by year end, which would have effectively closed the program to new projects in 2004. To attract new projects, the board approved additional funding for the 2004 budget along with additional commitment authority for projects to be completed after 2004. The Production Efficiency 2004 program budget was increased by \$27 million to a total of \$42.6 million. By the end of 2004, the program is expected to acquire 20.3 aMW. An additional 11.7 aMW is expected from projects committed in 2004 and implemented in 2005. The average cost of all Production Efficiency savings is estimated at \$1.3 million per aMW.

**Blue Heron Paper Company Project (analysis begun in Q1 led to action in Q2)** - Over the past few months, Energy Trust has worked closely with the Oregon Department of Energy on a major project to modernize and expand Blue Heron's pulp de-inking process at its Oregon City plant.

- The project is expected to acquire 106 million kilowatt hours of electricity savings – approximately half the Energy Trust's 2004 energy efficiency savings goal of 210 million kilowatt hours<sup>1</sup>. At 5.1 cents per annual kilowatt hour, the project is highly cost

<sup>1</sup> Savings goal increases to 260 million kilowatt hours when transmission and distribution loss savings and self-directed savings are included.

effective compared to the 10 cents per annual kilowatt hour assumed for the Production Efficiency program in the 2004 budget.

- The Energy Trust's Production Efficiency program budget assumes and includes the Blue Heron project. Financial support from the Oregon Department of Energy, Business Energy Tax Credit partners and the Climate Trust is also included.
- Assuming the project proceeds as planned, major equipment would be ordered next month with construction beginning this Fall. The project would begin to generate savings in approximately one year.

**Solar Electric Program Changes (proposed in Q1, approved April 7 – Q2)** - During Q1, greater-than-expected demand for the solar electric program prompted the Energy Trust to lower the incentive level and transfer funds from other parts of the renewable energy budget to the solar electric budget. Demand was especially high in Pacific Power service territory. The new budget allocations were approved at the April 7, 2004, board meeting and will fund approximately 76 additional Pacific Power customer systems (213 kW in additional production) and 27 additional PGE customer systems (75 kW in additional production).

**Oregon Department of Energy** - The Energy Trust entered into a Memorandum of Understanding with the Oregon Department of Energy and Oregon Public Utility Commission to formalize how the three organizations work together to achieve related goals.

**Financial Audit** - Perkins and Company issued an unqualified audit of Energy Trust 2003 finances.

**Portland General Electric** - Over 100 of PGE's largest commercial and industrial customers attended a workshop called "Energy Efficiency – It Pays" jointly sponsored by PGE on Energy Trust and Oregon Department of Energy programs.

**Green Tags** - The board approved a policy allowing Energy Trust to sell some of its green tags for up to three-year terms. Energy Trust will retain long-term ownership.