

Quarter Three 2005 Report to the Oregon Public Utility Commission

July 1, 2005 to September 30, 2005

This Energy Trust quarterly report is for the period July 2005 through September 2005, the third quarter of the year (Q3). The report addresses progress toward 2005 and 2012 energy saving and generation goals and includes corresponding costs. The report also includes the number of completed projects, the amount of incentives paid and activity highlights from the quarter. For the first time, cost-benefit ratios for the three largest Energy Trust programs are also provided. Q3 financial reports are attached.

I. QUARTERLY HIGHLIGHTS

I. General

Although proceeding at a slower rate than in Q2, Energy Trust programs continue to outpace the rate of participation and savings of past years.

- Electricity efficiency projects completed during the quarter are expected to save 4.60 average megawatts at an estimated cost of \$2.07 million per average megawatt. The year-to-date total is 14.52 aMW - nearly half of the 2005 conservative goal. Projections suggest that by year-end, we will be close to achieving the best-case target of 37aMW.
- Gas efficiency projects completed during the quarter will save 287,548 therms at a cost of \$5.07 per therm. These year-to-date savings represent approximately 80 percent of the conservative target for 2005, with year-end projections at or better than this goal.
- In July, Energy Trust announced that its cumulative solar electric installations had met a milestone of 1 MW in generating capacity.
- Energy Trust and PGE are poised to sign a \$12.5 million Master Agreement to reserve funds for future PGE renewable energy projects over the next two years.
- The Biopower program expects to more than triple its conservative 2005 target of 1 aMW generation and is expected to achieve 3.593 aMW as two large projects come on line in the fourth quarter – the Gresham Wastewater Treatment Plant and the Douglas County Forest Products. The latter project proceeded with Energy Trust assistance for a feasibility analysis and without Energy Trust above-market subsidy.
- Joint marketing and co-promotion efforts with all three utilities continue to work effectively, as does collaboration with the Oregon Department of Energy.
- Public purpose revenues received were \$11.5 million for the quarter and total expenditures were \$11.7 million, reflecting an interim payment of approximately \$1.6 million to Blue Heron Paper Company. Overall program expenditures are well below the budget for the quarter due to a number of factors, primarily due to later starts for the Building Tune-Up program, lack of subsidy required for utility-scale renewable projects and the transition to a new PMC for the Home Energy Savings program.
- A total of \$6.5 million in incentive payments was made during the quarter, compared to \$6.3 million in Q1 and \$10.4 million in Q2. Emphasis was placed on revising and upgrading incentive forms and tracking for all programs in anticipation of easier processing in time for the fall heating season. This focus temporarily delayed some incentive processing.

- Conservation Services Group, the new Program Management Contractor for the Home Energy Savings program, assumed responsibilities on July 1.
- All program forms were consolidated, simplified and improved for web site posting during the quarter.

2. Residential programs

- Internet users completed 2,184 level-1, 1,674 level-2, and 105 level-3 online Home Energy Analyses.
- Energy Trust rebates helped fund the purchase of 4,648 energy-efficient clothes washers, installed in 1,846 homes with electric hot water and 2,802 homes with gas hot water.
- Energy-efficient measures such as sealed ducts, insulation, high-efficiency space heating equipment and energy-efficient windows were installed in 1,795 single-family homes, 642 multifamily units, and 117 manufactured homes. Of these, 1,154 homes received electric efficiency measures, 677 received gas efficiency measures, with 723 measures saving both gas and electricity.
- Solar water heating systems were installed in 4 homes with electric hot water and 14 homes with gas hot water.

3. Commercial programs

- High-efficiency measures such as energy-efficient lights and HVAC equipment were installed in 131 commercial buildings resulting in average incentive payments of \$5,806. Of this total, 113 buildings received electric efficiency measures, and 18 buildings received gas efficiency measures.
- A total of 24 highly efficient new commercial buildings were completed this quarter, with an average incentive payment of \$14,005.

4. Industrial programs

- Electric energy-saving projects were completed at 50 manufacturing firms, with an average incentive payment of \$35,850.

5. Renewable energy programs

- Solar electric systems were installed in 16 homes and 7 commercial buildings.
- 2 new anemometers were installed for a total of 13 in Oregon since 2003.
- The Gresham wastewater 395 kW biopower project came on line.

6. Revenues and expenditures

- \$11.5 million in public purpose funds were received during the quarter, with expenditures at \$11.7 million.
- A total of \$6.5 million in incentives were paid.

7. OPUC performance measures

- Performance against the following 2005 Performance Measures agreed upon in September 2004 will be reported in the 2005 annual report.

Category	Measures
Energy Efficiency	At least 20aMW computed on 3-year rolling avg. Levelized savings at \$0.02/kWh
Natural Gas	700,000 therms computed on 3-year rolling avg. Levelized cost not to exceed \$0.30/therm
Renewable Resources	At least 15aMW
Financial Integrity	Unqualified financial audit
Administrative and Program Support Costs	Keep below 11% of revenues
Customer Satisfaction	Achieve reasonable rates
Benefit/Cost Ratios	Compare to ratios from 2004 reported in #8 below

8. Benefit-cost ratios for 2004 (year-end data)

Program	Utility system benefit-cost ratio	Societal benefit-cost ratio
1. Home Energy Savings	2.8	1.7
2. Production Efficiency	2.7	2.8
3. Building Efficiency	3.5	1.6

II. TABLES

1. Revenues

Source	Actual revenues received Q3	Budgeted revenues Q3
Portland General Electric	\$6,550,863	\$6,440,108
PacifiCorp	\$4,139,291	\$4,285,371
NW Natural	\$816,211	\$685,364
Total	\$11,506,365	\$11,410,843

2. Expenditures

Type	Actual Expenditures Q3	Budgeted Expenditures Q3
Energy Efficiency programs	\$10,499,143	\$18,953,966
Renewable Resources programs	\$640,140	\$2,178,295
Administration	\$531,222	\$781,888
Total	\$11,670,505	\$21,914,149

3. Incentives Paid

	Energy Efficiency			Renewable Energy		Total
	PGE	Pacific Power	NW Natural	PGE	Pacific Power	
Q1	\$3,053,615	\$2,051,347	\$926,979	\$73,510	\$157,058	\$6,262,509
Q2	\$6,353,002	\$2,999,634	\$833,628	\$88,543	\$91,274	\$10,366,081
Q3	\$3,653,330	\$1,913,103	\$660,938	\$88,761	\$218,758	\$6,534,890
Q4						
Total	\$13,059,947	\$6,964,084	\$2,421,545	\$250,814	\$467,090	\$23,163,480

4. Savings and Generation

Electric efficiency savings. In the third quarter of 2005, energy efficiency programs achieved 15% of the 2005 conservative goal of 32 aMW. Cumulatively since January 2005, electric efficiency programs have achieved 47% of this goal. Since March 1, 2002, these programs have cumulatively saved 66.4 aMW, or 22% of the Energy Trust's 2012 goal.

Electric Efficiency Savings Q3 2005	PGE aMW	Pacific Power aMW	Total Savings* aMW	Expenses	mil \$ / aMW	Levelized Cost/kWh
Residential	0.45	0.32	0.77	\$2,515,186	\$3.26	\$0.03
Commercial	1.12	0.76	1.87	\$2,213,971	\$1.18	\$0.02
Industrial	0.68	1.28	1.96	\$4,796,424	\$2.45	\$0.02
Total Energy Efficiency Programs	2.24	2.36	4.60	\$9,525,581	\$2.07	\$0.02

Gas efficiency savings. In the third quarter of 2005, efficiency programs saved 287,548 annual therms of natural gas, representing 22% of the conservative goal 2005 goal of 1.3 million annual therms. Since January 2005, the programs have achieved 80% of this goal. Since gas programs began in 2003, cumulative savings of 1,937, 079 annual therms have been realized, accounting for 10% of the 2012 goal.

Gas Efficiency Savings Q3 2005	NWN Therms	Expenses	\$ / Therm	Levelized Cost/Therm
Residential	169,365	\$1,097,650	\$6.48	\$0.39
Commercial	118,183	\$360,258	\$3.05	\$0.26
Industrial				
Total Energy Efficiency Programs	287,548	\$1,457,908	\$5.07	\$0.28

Renewable energy generation. In the third quarter of 2005, renewable energy generation projects completed account for 0.07% of the 2005 goal of 26.6 aMW. This primarily reflects the lack of activity primarily in utility-scale projects requiring Energy Trust above-market cost subsidy during the quarter.

Actual	PGE aMW	Pacific Power aMW	Total Generation aMW	Q3 2005 Expenses	mil \$ / aMW	Levelized Cost/kWh
Utility Scale	0	0	0	\$51,942	NA	NA
Solar Photovoltaic	0.0031	0.0143	0.017	\$450,646	\$25.85	\$0.20
Wind	0	0	0	\$60,768	NA	NA
Open Solicitation	0	0	0	\$46,987	NA	NA
Biopower	0	0	0	\$76,672	NA	NA
Total Renewable Programs	0.0031	0.0143	0.017	\$687,015	\$39.41	\$0.30

* Includes transmission & distribution savings

5. Projects completed this quarter

Energy Efficiency Installed Projects	Total Sites	Sites by Measures Installed		
		Electric-only	Gas-only	Both
Residential				
Single family homes retrofitted	1,795	491	581	723
Multifamily units retrofitted	642	550	92	0
Efficient Home Products rebates	4,648	1,846		2,802
Home Energy Reviews conducted	2	2	0	0
Efficient New Homes constructed	361	192	75	94
Manufactured homes retrofitted	117	113	4	0
SHOW CFL packages mailed	262	262	0	0
HEA CFL packages mailed	131	131	0	0
Residential Solar Hot Water installations	18	4	14	0
Commercial sites treated				
Building Efficiency sites treated	138	120	18	7
New Building Efficiency sites treated	24	18	3	3
Solar Hot Water Commercial installations	4	1	3	0
Industrial sites treated	50	50	0	10
TOTAL EFFICIENCY	8,199	3,780	790	3,629
Renewable Energy Installed Projects				
Utility-scale projects installed	0	0	0	0
Solar Electric residential installations	16	16	0	0
Solar Electric commercial installations	7	7	0	0
Community wind projects installed	0	0	0	0
Open Solicitation projects installed	0	0	0	0
TOTAL RENEWABLES	23	23	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.
- An industrial process study counts as one project. Subsequent measure installation counts as a separate project.
- Measures installed in separate facilities within a large industrial complex count as separate projects.