

# Board Meeting Minutes—133rd Meeting

December 12, 2014

---

**Board members present:** Heather Beusse-Eberhardt, Ken Canon, Melissa Cribbins, Dan Enloe, Roger Hamilton (by phone), Mark Kendall, Debbie Kitchin, Alan Meyer, John Reynolds, Anne Root, Eddie Sherman, Warren Cook (ODOE special advisor), John Savage (OPUC *ex officio*, by phone)

**Board members absent:** Susan Brodahl, Dave Slavensky

**Staff attending:** Margie Harris, Ana Morel, Debbie Menashe, Amber Cole, Steve Lacey, Fred Gordon, Pati Presnail, Peter West, Courtney Wilton, Ted Light, Kate Scott, Oliver Kesting, Betsy Kauffman, Dave Moldal, Chris Dearth, Thad Roth, Erika Kociolek, Phil Degens, Diane Ferington, Julianne Thacher

**Others attending:** Jim Abrahamson (Cascade Natural Gas), Don Jones, Jr. (PacifiCorp), Lauren Shapton (Portland General Electric), Juliet Johnson (OPUC), Janice Boman (Ecova), Jim Fitzpatrick (CLEAResult), Christina Cabrales (CSG), Bill Eddie (One Energy Renewables)

## Business Meeting

---

President Debbie Kitchin called the meeting to order at 12:17 p.m.

## General Public Comments

---

There were no public comments.

## Consent Agenda

---

*The consent agenda may be approved by a single motion, second and vote of the board. Any item on the consent agenda will be moved to the regular agenda upon the request from any member of the board.*

### MOTION: Approve consent agenda

Consent agenda includes:

- 1) November 5 Board meeting minutes
- 2) Amend Cost Effectiveness Policy—R731
- 3) Amend Self-Direct Policy—R732
- 4) Amend contract with Energy Savvy—R728

Moved by: Dan Enloe

Seconded by: John Reynolds

Vote: In favor: 9

Abstained: 0

Opposed: 0

### RESOLUTION 731 AMENDING THE COST EFFECTIVENESS POLICY

#### WHEREAS:

1. **The Cost Effectiveness Policy was originally adopted by the board in 2002 to set forth principles to evaluate whether Energy Trust investments to reduce the economic and environmental costs of using gas and electricity are consistent with Oregon law on “cost effective local energy conservation.” To determine whether support for local energy conservation is “cost effective,” Energy Trust compares the costs of energy-savings programs and measures to the cost of alternative sources of natural gas and electric energy. The cost of alternative sources is known as “avoided cost”;**

2. **The Cost Effectiveness Policy has undergone revisions since its adoption, and was last reviewed by the Policy Committee in December 2011 as part of the Committee’s regular cycle of policy reviews;**
3. **In 2014, the Oregon Public Utility Commission (OPUC) and the Washington Utility and Transportation Commission (WTUC) issued orders clarifying the substance and application of tests used to compare energy efficiency costs to avoided cost in order to ensure that energy efficiency investments are cost-effective;**
4. **Although no substantive changes to the policy are warranted by these orders, Energy Trust staff suggested some editing of the current policy to ensure that the policy reflects terminology that is consistent with the recent OPUC and WTUC orders. As a result, staff revised the policy language as reflected in the suggested amended policy attached as Attachment 1; and**
5. **The Policy Committee supports the suggested amendment and recommends approval through the board’s consent agenda.**

It is therefore **RESOLVED** that the Board of Directors hereby approves amendment of the Cost Effectiveness Policy as shown in Attachment 1.

## ATTACHMENT 1

### Cost-Effectiveness Policy and General Methodology for Energy Trust of Oregon

<b>History</b>			
Source	Date	Action/Notes	Next Review Date
Board Decision	February 27, 2002	Approved (R83)	March 22, 2002
Board	March 22, 2002	Reviewed, Revised	April 3, 2002
Board	April 3, 2002	Reviewed, Revised (Minutes)	April 2005
Board	September 7, 2005	Revised (R353)	September 2008
Board	February 13, 2008	Revised (R464)	February 2011
Board	December 16, 2011	Revised (R596)	December 2014

#### **Introduction**

The Energy Trust of Oregon seeks a future that includes sufficient, stable, and affordable power available to all customers through sustained investment in energy efficiency and renewable resources that reduce the economic and environmental costs of using gas and electricity. To properly evaluate such investments, Energy Trust compares the cost of energy-saving programs and measures to the cost of alternative sources of natural gas and electric energy. The cost of alternative sources is known as “avoided cost”. The Oregon Public Utility Commission (PUC), the Washington Utilities and Transportation Commission (WUTC), the Northwest Power and Conservation Council (NPCC) and the Northwest Energy Efficiency Alliance (Alliance) use similar approaches and assumptions to analyze the cost-effectiveness of energy efficiency investments. Consistent with these approaches, this policy encompasses two tests to determine cost-effectiveness and describes the key variables or economic model inputs that define these tests in Energy Trust analysis.

The Oregon Renewable Energy Act of 2007 (SB 838) allows supplemental energy efficiency funding, i.e., more than the three-percent public purpose charge authorized in the 1999 law. The 2007 Act, together with the agreements that fund Energy Trust natural gas efficiency programs in Oregon, support Energy

Trust programs that help utilities meet goals that are determined through Integrated Resource Planning. In that process, the OPUC reviews and may acknowledge avoided cost forecasts from each utility. Because Energy Trust funding is significantly affected by this process, the following policy is designed to be consistent with OPUC guidance and, to the extent practical, with utility integrated resource plans. Energy Trust may consider prospective costs and benefits over a period of more than one year, as appropriate, for emerging technologies and market transformation ventures.

### **Policy**

Energy Trust adopts the Utility Cost Test (UCT) and Societal Total Resource Cost Test (TRC)s, as described below, as its primary determinants of whether efficiency investments meet cost-effectiveness criteria. The economic comparison will be presented as a benefit-to-cost ratio. Programs and measures that pass both tests, or are likely to over time, are eligible for Energy Trust investment. Both tests consider energy impacts on customers who are influenced by the program, and long term market effects of programs and measures (e.g., sales, or efficacy of efficient technologies beyond the direct program participants) where such effects are significant and likely. The difference between the Utility System UCT and Societal tests TRC is that the Societal Test TRC includes all costs (not just Energy Trust costs) and savings of program participants and others who were influenced to act by Energy Trust programs. The Utility System Test UCT includes Energy Trust costs only, and savings from program participants and others who were influenced to act by Energy Trust programs.

For programs and measures that pass these cost-effectiveness tests, in configuring programs Energy Trust may consider other factors identified in its strategic plan and action plans.

### **Costs**

The societal-total resource cost definition is in alignment with the OPUC docket no. UM-551's definition of Total Resource Cost (Societal) perspective as including total costs and total benefits in cost effectiveness calculations.<sup>[1]</sup> The following costs will be included in the societal-TRC perspective:

1. Total cost of efficiency measures and actions,<sup>[2]</sup> including costs to Energy Trust and participants
2. Energy Trust administrative costs
3. Energy Trust program management costs

The utility costsystem test includes only the Energy Trust incentives and items 2 and 3, above, i.e., all Energy Trust efficiency costs, not those paid by consumers.

Costs excluded: The value of Oregon and/or Federal tax credits will be deducted from the cost of measures because similar tax credits are not included in avoided costs used by Energy Trust. Program administration or management costs of local programs that are paid by federal or state agencies will not be included, as they are often associated with non-energy considerations such as equity, employment, etc., and are not included in the benefit/cost tests under PUC guidance.

### **Benefits**

In the societal-total resource cost test, Energy Trust will include the following benefits:

1. The value of the electrical and/or gas energy saved based on the avoided cost forecasts of the utilities whose customers are served by the Energy Trust, as reviewed and approved by the PUC.<sup>[3]</sup> Periodically, Energy Trust will work with the utilities and PUC to develop an

<sup>[1]</sup> In Washington, the primary cost/benefit criterion is the societal-total resource cost test, but where there are significant non energy benefits the WUTC will consider using the utility cost test. applied to entire programs. In addition to following this guidance, Energy Trust will continue to apply the test to specific measures to assure consistency of programs across states (for administrative efficiency) and optimal rate payer value.

<sup>[2]</sup> For equipment or structures that would be purchased regardless of efficiency actions, this is the incremental cost of upgrading the efficiency of the purchase beyond common practice.

<sup>[3]</sup> This includes the value of avoided peak energy use.

average, or merged cost forecast. This will be done separately for the electric utilities and gas utilities, so that Energy Trust program decisions are based on a single set of price forecasts for each fuel. Energy Trust may include factors such as hedge value, if not considered in the utility forecasts, based on agreement with the utilities and PUC.

2. Non-energy benefits will be quantified by a reasonable and practical method. Where non-energy benefits are clear, large, but difficult to quantify, Energy Trust will document this to the Oregon and/or Washington Commissions and propose cost-effectiveness exceptions in Oregon, and application of the UCT in Washington. ~~Unless and until the OPUC develops an alternative approach, Energy Trust may use proxies for these benefits where research shows that the benefits are large, they cannot be practically quantified, and they clearly influence consumer decisions.~~
3. For electricity, both line losses and avoided Transmission and Distribution construction.
4. Natural gas capacity benefits and benefits from reduced transmission and delivery losses will be included where significant and quantifiable.
5. In addition, the Energy Trust will apply in its analysis the 10% credit for energy efficiency as required under the Northwest Power Act and OPUC docket no. UM-551. This credit recognizes the benefits of conservation in addressing risk and uncertainty.

Avoided costs based on integrated resource planning will be provided to the Energy Trust by utilities. The utility system cost test will include items 1, 3, 4 and 5, above.

Currently, utility avoided costs include the forecast value of reduced carbon dioxide emissions. Oregon PUC guidance provides that other environmental pollutant costs may be considered only when specified by the PUC.

#### ***Discount rates***

Energy Trust will revise avoided costs and discount rate from time to time to be consistent with the cost of capital used in the utilities' Integrated Resource Plans.

In analysis and reporting, Energy Trust will use a discount rate based on OPUC-reviewed integrated resource planning discount rates used by the utilities whose customers are served by the Energy Trust. Periodically, Energy Trust will work with the utilities and OPUC to derive a single discount rate close to those employed by the utilities. This discount rate will be used to compare the costs and benefits of efficiency investments to other investments.

In conclusion, Energy Trust programs and measures will be reviewed using both the Utility System Cost and the Total Resource Cost Societal tests. If the benefit-to-cost ratio is greater than 1.0, a program should be considered cost-effective and may be considered for Energy Trust efficiency funding.

### **RESOLUTION 732 AMENDING THE SELF DIRECT POLICY**

#### **WHEREAS:**

1. **Oregon law allows entities that use over one average megawatt of electricity a year at a single site to direct their own electric efficiency and renewable energy projects and deduct the cost from the public purpose charge on their electric bills;**
2. **The Self Direct Policy was originally adopted by the board in 2001 and revised in 2002 to allow self-directors incentives for projects only if they agree not to use self-direct credits at the same site for 36 months. The policy recognizes that self-directors should not have the same access to Energy Trust incentives as electric users who pay the public purpose charge;**

3. The Self Direct Policy is up for its regular three year cycle of review by the Policy Committee;
4. Staff has proposed some format changes to the Self-Direct Policy, but no substantive changes at this time, and the revised the policy language is attached as Attachment 1; and
5. The Policy Committee supports the suggested amendment and recommends approval through the board’s consent agenda.

It is therefore RESOLVED that the Board of Directors hereby approves amendment of the Cost Effectiveness Policy as shown in Attachment 1.

## ATTACHMENT 1

### Eligibility of Self-Direct Businesses for Energy Trust Incentives

History			
Source	Date	Action/Notes	Next Review Date
Board Decision	May 8, 2001	Approved (R27)	November 28, 2001
Board	November 28, 2001	Reviewed, Revised (R58)	January 30, 2002
Board	January 30, 2002	Reviewed, Revised (R69, R70)	April 3, 2002
Board	April 3, 2002	Reviewed, Revised (R96)	October 30, 2002
Board	October 30, 2002	Reviewed, Revised (R137)	October 2005
Board	May 25, 2006	Reviewed, Revised (R392)	May 2009
Policy Committee/Board	September 2, 2009	Reviewed, no changes	August 2012
Policy Committee	Oct. 23, 2012	Ditto	Oct. 2015

#### ~~ENERGY TRUST POLICY ON SELF-DIRECTION~~

#### Introduction

##### ~~WHEREAS:~~

~~1.—Oregon law allows entities that use over one average megawatt of electricity a year at a single site to direct their own electric efficiency and renewable energy projects and deduct the cost from the public purpose charge on their electric bills.~~

~~2.—In 2002, Energy Trust adopted a policy allowing self-directors a full Energy Trust incentive for the new project only if the self-director agrees not to use self-direct credits at the same site for 36 months. The policy recognizes that self-directors should not have the same access to Energy Trust incentives as electric users who pay the public purpose charge.~~

~~3.—The board wishes to clarify the policy and to make two substantive changes meant to facilitate the policy’s administration.~~

~~It is therefore RESOLVED:~~

#### Policy

~~The Energy Trust policy on self-direction is as follows:~~

Purpose: Energy Trust generally supports projects only of energy users who pay into the three percent public purpose fund on which Energy Trust programs are based. At the same time, Oregon’s self-direction requirement can lead to situations in which an energy user reduces or eliminates its contribution to the public purpose fund by implementing energy efficiency or renewable energy measures certified by the Oregon Department of Energy. This policy outlines circumstances in which a self-directing energy user nevertheless qualifies for Energy Trust support.

1. Incentives:
  - A. No incentives for self-directed measures: No Energy Trust incentive will be given for any measure ("measure" includes technical studies and commissioning services) for which self-direction credit is also claimed.
  - B. Measures exempted: As long as it claims no self-direct credit for these measures, an energy user may receive 100% of the standard Energy Trust incentive for the following measures:
    - unitary HVAC systems;
    - motor replacement; and
    - measures determined by Energy Trust staff to have modest costs (\$3,000 or less per project) and savings, and where application of this policy's requirements would unreasonably interfere with efforts to encourage participation in an Energy Trust program.
  - C. All other measures: An energy user that seeks an Energy Trust incentive for a measure other than those exempted above:
    - must agree not to use any self-direct credits for 36 months at the same ODOE-certified site as the site of the proposed Energy Trust measure, and receive 100% of the standard Energy Trust incentive for the measure. After 36 months, the energy user may resume using self-direct credits, or
    - if the energy user continues to use any self-direct credits for non-Energy Trust measures at the same site, the energy user will receive 50% of the standard Energy Trust incentive for the measure.
2. Restrictions on funding for self-directors: No more than \$1.5 million/year of Energy Trust funds (combined total) will be paid for efficiency projects to all firms that self-direct. With board approval (in the annual budget process or otherwise), this amount could be adjusted upward if program demand is running behind funding for a sustained period.
3. Allocation by customer class. Allocation of Energy Trust funds to self-directing end-users will not change the allocation of funds by customer class.
4. Repayment requirement: If the energy user accepts a full Energy Trust incentive for a measure and agrees not to use self-direction credits on its electric bill at a site for a 36-month period, Energy Trust staff:
  - A. Shall require repayment if the self-director begins using credits before the 36 months has ended. If required, recovery will be by the following formula: Refund Amount =  $0.5 \times A \times B$ , where A = total amount of Energy Trust incentives paid and B = 36 minus the number of months elapsed since measure installation or completion, divided by 36. Repayment must be completed within two years of the time the repayment obligation is triggered.
  - B. May waive repayment for projects whose repayment obligation would be \$3,000 or less.
5. Energy efficiency and renewable energy measures considered separately: Energy efficiency and renewable energy measures shall be considered separately for the purposes of this policy. That is, during the 36 months after a measure is installed at a site, a self-director may use self-direction credits for a renewable energy project at an ODOE-certified site if it receives Energy Trust incentives for an energy efficiency project at that site, or *vice versa*, with no repayment requirement.

Adopted on May 25, 2006, by the Energy Trust Board of Directors

**RESOLUTION 728  
AMEND THE CONTRACT WITH ENERGY SAVVY**

**WHEREAS:**

1. Since 2004 Energy Trust has offered a free online audit tool for residential customers.
2. In 2012, Energy Trust awarded a contract to Energy Savvy to provide this service.
3. By the end of 2014 Energy Trust will have expended about \$434,000 on the Energy Savvy contract. Continuing the service in 2015 will cost another \$115,000, putting the total contract amount over \$500,000, which requires board authorization.
4. The proposed contract extension will continue this service for a year while staff conducts a competitive solicitation for bids to provide the service longer-term.

**It is therefore RESOLVED:**

The Board of Directors of Energy Trust of Oregon authorizes the executive director to amend Energy Trust's contract with Energy Savvy to add \$115,000 to provide an on-line audit tool for residential customers during 2015, while a competitive process is conducted for bids to provide the service longer-term.

## **Board Appointments**

---

***Election of Heather Beusse-Eberhardt, John Reynolds***

John Reynolds introduced Heather Beusse-Eberhardt. Heather is director of technology evaluation and implementation-solar at EDF Renewable Energy in Portland. She has also held positions at GLOBIO and Intel.

**RESOLUTION 723  
ELECTING HEATHER BEUSSE-EBERHARDT TO  
THE ENERGY TRUST BOARD OF DIRECTORS**

**WHEREAS:**

1. In December 2013 Kenneth Mitchell-Phillips was elected to finish out a three-year board term (ending February 2016) vacated by Anne Donnelly on September 29, 2013. Director Mitchell-Phillips resigned his position on the board effective July 20, 2014 due to scheduling conflicts, and his position on the board has remained open and unfilled since that time.
2. The board nominating committee has reviewed candidates for the open board seat and nominates Heather Beusse-Eberhardt, Director of Technology Evaluation and Implementation-Solar at EDF Renewable Energy in Portland, Oregon to fill Mr. Mitchell-Phillips' remaining term complete a full successive term.

**It is therefore RESOLVED:**

That the Energy Trust of Oregon, Inc., Board of Directors elects Heather Beusse-Eberhardt to the Energy Trust Board of Directors to a term expiring February 2019, subject to all requirements of the Bylaws of Energy Trust.

Moved by: Ken Canon

Seconded by: Melissa Cribbins

Vote: In favor: 11

Abstained: 0

Opposed: 0



Heather thanked the directors for the opportunity to serve on the board, and stated that she is excited to bring her experience and expertise to Energy Trust. Heather is motivated by Energy Trust's mission and record of innovation.

## **President's Report**

---

Debbie introduced John Reynolds. John presented the 2014 American Council for an Energy-Efficient Economy state rankings, noting that Oregon is ranked third in the nation in a tie with Vermont and Rhode Island. Oregon is ahead of Washington and Idaho, which ranked eighth and 30th, respectively. Since 2008, Oregon has been ranked in the top four most energy-efficient states.

Oregon continues to have some challenges, such as lack of performance incentives for utilities, combined heat and power policies that remain static, and residential building codes that are not as stringent as some other states.

In the draft rankings presented by ACEEE to the Oregon Department of Energy, all of Oregon's savings were from Energy Trust reports. It is noteworthy that Energy Trust delivers so much energy savings that Oregon ranks favorably even without considering other sources of energy savings. Oregon Department of Energy anticipates ACEEE to take a more accurate count of savings next year by including contributions from public and rural utilities served through BPA.

The board noted that Energy Trust influences energy savings beyond direct distribution of incentives.

## **Final Proposed 2015 Annual Budget & 2015-2016 Action Plan**

---

Debbie introduced Margie Harris, Peter West and Courtney Wilton to present Energy Trust's final proposed 2015 Annual Budget and 2015-2016 Action Plan. Debbie acknowledged that the final budget and action plan are a culmination of staff, board and stakeholder efforts.

Margie presented the final proposed budget and action plan, including outreach activities conducted since November 5 and minor changes to the final budget and action plan. The final proposed 2015 Annual Budget and 2015-2016 Action Plan are based on plans to lower revenue collections, lower spending, reduce reserves, supporting emphasize support for renewable energy project development, flat staffing costs and low administrative costs. The action plan includes three main focus areas linked to the newly completed five-year strategic plan: expanding participation, emerging technologies, and gaining operational efficiencies.

Outreach activities began in October and included presentations of the draft budget and action plan to both advisory councils, all four utilities, the Oregon Public Utility Commission (OPUC), Citizens Utility Board (CUB) and the public through a live webinar. Energy Trust invited formal comments during all of these forums, and received comments from all four utilities and the OPUC. Comments were largely supportive, and included appreciation for Energy Trust's refined budget process and willingness to collaborate with stakeholders. Staff worked with Conservation Advisory Council members to modify timing of Existing Homes measure transitions in response to suggestions made.

*Mark Kendall joined the meeting at 12:37 p.m.*

The OPUC supported the final proposed 2015 Budget and 2015-2016 Action Plan, including four new staff positions. The OPUC submitted comments specify requests for reports on NEEA activities and requests for a new performance measure that sets a maximum percentage on total staffing costs of 7.75 percent of total expenditures computed on a three year rolling average. Current Energy Trust staffing costs are about 6.8 percent (Note: this is the correct percentage, not the 6.2% reported at the board meeting). The board expressed support for establishing a metric to evaluate and manage staffing levels.



Margie described changes to the draft budget and action plan were minimal. Changes included a 1.3 percent increase in spending of \$2.1 million across efficiency and renewable programs. Savings and generation goals changed very slightly, less than 1 percent each.

Margie reiterated Energy Trust's plans to reduce budgeted revenues in 2015. Three of the four utilities plan to submit requests to the OPUC to reduce collections effective in January 2015. Cascade Natural Gas collections are planned to remain the same. OPUC utility tariff filings are expected to move forward on December 16. Energy Trust budgeted \$148.2 million in revenues for 2015, which is \$20 million less than forecasted 2014 revenues.

The board requested the percentage of revenue Energy Trust receives from SB 1149 funds and from SB 838 collections. Steve followed up on this request: Energy Trust receives 2.3 percent of 1149 revenue, including 1.7 percent for energy efficiency efforts and 0.51 percent for renewable generation. Energy Trust also receives 2.7 percent of SB 838 revenue from Portland General Electric and 2.03 percent of SB 838 revenue from Pacific Power.

Margie continued that Energy Trust plans to reduce reserves over the next three years and projects a \$46.6 million reduction in reserves in the next two years. The board expressed approval of Energy Trust's plans to reduce reserves, and clarified that reserves include carry over funds. Margie noted that Energy Trust can negotiate the appropriate level of reserves with each utility.

Margie described only minor changes between planned expenditures included in the draft and final proposed 2015 budget. Margie presented planned expenditures by major categories. In 2015, Energy Trust plans to spend about \$170 million, which is 3.6 percent less than last year. In the last board meeting, Energy Trust had planned to reduce expenditures by 4.8 percent, and staff have since refined expenditures necessary to meet energy savings and generation goals.

To follow up on a question from the November board meeting, Margie provided 2015 budgets by major categories compared to 2014. Changes reflect typical annual incentive fluctuations. Program delivery costs increased slightly, Energy Trust's internal administrative costs decreased by approximately 10 percent and staffing costs remained stable.

The board noted a trend of decreasing incentives and increasing delivery costs. Margie explained that Energy Trust has historically budgeted slightly more incentives than ultimately needed, as the organization was able to achieve savings goals with lower-than-budgeted incentives. As Energy Trust places more emphasis on future savings from harder-to-access customers, delivery costs will likely increase. In addition, Energy Trust invests up front to achieve future savings such as with commercial Strategic Energy Management offerings. Peter added that in addition to incentives, Energy Trust provides services to help customers achieve energy savings. Such services are included in delivery costs.

Margie presented budgeted electric and natural gas savings goals by program, as well as levelized costs. The final budget includes savings goals of 53.1 average megawatts and 5.8 million annual therms.

Energy Trust does not expect to complete a megaproject in 2015, which historically delivers a high volume of very low-cost savings. A megaproject is anticipated in 2016. Energy Trust anticipates new gas savings from NEEA gas market transformation efforts in future years, and not in 2015.

Energy Trust plans to generate 3.47 aMW of renewable energy in 2015, which is lower than generation budgeted in 2014. The renewables market is challenged by the very low cost of natural gas and we are further constrained by limited revenues for renewable energy activities. Margie also noted that timing of renewable projects can be variable.

The board requested to see a breakout of Other Renewables generation goals by resource. Staff will follow up with this information. Peter noted that Other Renewables activities will be largely from hydropower and biopower projects in 2015, similar to 2014 and recent years.

The board asked if investors are waiting until the renewable energy market is more favorable to pursue projects. Margie explained that low natural gas prices and the discontinuation of state Business Energy Tax Credits, which paid up to 50 percent of project costs, reduced the number of renewable energy projects in the market. Peter noted these changes have also resulted in smaller renewable energy projects in the market. Peter added Energy Trust does not have the budget to fund projects larger than 5 MW while still supporting projects across all 5 technologies. Margie noted that the marketplace is still adjusting to the new normal after the loss of Business Energy Tax Credits, which was in place for more than 30 years. Margie noted that residential solar energy state and federal tax credits remain in place.

Margie presented long-term savings and generation trends, including savings and generation across five-year increments. Between 2010 and 2014, Energy Trust set out to double savings acquired and did. That trend is not projected to happen again. Instead, the organization is planning for a more stable rate of savings acquisition in the future. Margie noted that 2015-2019 goals remain aggressive in comparison to Integrated Resource Plan goals. Energy Trust expects to exceed 2010-2014 strategic plan five-year goals.

Margie presented staffing costs, describing the total staffing budget increase of less than 2 percent in 2015, remaining at approximately 6.8 percent of total annual budgeted expenditures. Cost savings were achieved by reducing medical expenses, self-insuring for unemployment, and the converting agency staff to full-time staff. Going forward, staff will report to the OPUC when existing staff job duties and responsibilities significantly change. Over time, Energy Trust staffing costs as a percentage of total expenditures have remained stable. Administrative costs as a percentage of revenue have remained well below the current OPUC metric of 9 percent. The board noted that as revenues decrease, administrative costs will increase as a percentage of revenue.

The board commented that the regulatory landscape has changed radically in the last ten years. Energy Trust may need to evaluate the staffing benchmark number based on current regulatory requirements. The board expressed approval for documenting efficiency gains from IT investments and reporting improvements.

The board asked why a staffing measure is needed in addition to a measure of administrative costs. The board speculated that there may be political concerns about the number of employees, and Margie agreed. Board members look forward to developing metrics to evaluate staffing given declining budgets, and stated that Energy Trust needs to better explain productivity gains to alleviate these political concerns. The board cautioned that with revenues decreasing, expenditures will appear to increase even if they are decreasing at a slower rate than expenditures. Margie stated that this new staffing measure gives the OPUC a metric to hold Energy Trust accountable, and considerable work is required for staff to document this information.

The board asked about the percentage of administrative and staffing costs for Program Management Contractors (PMCs). Margie responded that this is not a straightforward comparison, and she will explore the answer.

The board expressed gratitude that Energy Trust is working with utilities to minimize reserves. The board also acknowledged that 2014 has been a notable, transitional year with completion of the 2015-2019 Strategic Plan and the Management Review. Both of these efforts are reflected in the final proposed budget and action plan. The budget is a culmination of good work by board, staff and stakeholders.

**RESOLUTION 726  
ADOPTION OF 2015 BUDGET AND PROJECTION FOR 2016**

**BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors approves the 2015 budget and 2016 projection as presented in the board packet.**

Moved by: Dan Enloe

Seconded by: Anne Root

Vote: In favor: 11

Abstained: 0

Opposed: 0

**RESOLUTION 727  
ADOPTING 2015-2016 ACTION PLAN**

**BE IT RESOLVED: That Energy Trust of Oregon, Inc. Board of Directors approves the two-year 2015-2016 Action Plan as presented in the board packet.**

Moved by: John Reynolds

Seconded by: Ken Canon

Vote: In favor: 11

Abstained: 0

Opposed: 0

Margie announced that board members have an opportunity to tour OMSI facilities this afternoon.

*The board took a break from 1:30 to 1:46.*

## **Energy Programs**

### ***Steel Bridge Solar Project—R729 (Thad Roth and Peter West)***

Thad Roth presented a request to authorize the executive director to negotiate and execute a contract for funding of up to \$2,000,000 toward the above-market cost of a 3.0 MW<sub>DC</sub> (megawatt direct current) ground-mounted solar photovoltaic facility near Willamina, developed and owned by NRG Energy, Inc. and delivering energy to Portland General Electric (PGE). The Steel Bridge Solar Project is expected to generate 3800 MWhs (0.43 aMW) per year. Thad introduced Bill Eddie, president of One Energy Renewables, the project developer.

Thad highlighted project history and details outlined in the resolution briefing paper. Project strengths include a solid business plan with key development milestones completed. The Steel Bridge Solar Project development team completed major steps prior to seeking financing. The team signed a 20-year Power Purchase Agreement with PGE. The team also signed an interconnection agreement. Land use permitting is in progress. Construction is expected to start in Q2 2015 and complete in 90 days. The short construction timeline is one of the strengths of solar projects.

The Steel Bridge Solar Project has the lowest all-in cost of any project the solar program has supported. This is the first utility-scale project to move forward in Oregon at qualifying facility, or wholesale, rates without a Business Energy Tax Credit.

*Eddie Sherman rejoined the meeting at 1:49 p.m.*

The board asked what else can co-exist on the land with the solar installation. Bill Eddie responded that landowners currently use the land for cattle and horse grazing. It is possible to graze sheep underneath the panels, with the added advantage of minimizing weeds. Oregon State University currently grazes sheep under a solar system.

The board asked if staff considered spreading incentive dollars across all three projects that applied to the RFP. Thad explained Energy Trust's scoring system, which includes consideration of overall project costs, incentive costs and the corresponding business plan. The intent of the RFP process is to find the best project to fund. The Steel Bridge Solar Project is the clear choice resulting from the scoring system. Energy Trust has reached out to the two other projects and is seeking opportunities to fund those projects through other mechanisms. Peter noted that the Steel Bridge Solar Project demonstrates that it is possible to develop a large solar project without a Business Energy Tax Credit.

The board asked about Renewable Energy Certificate (REC) allocation. Thad explained that Energy Trust expects 75 percent of the RECs. If the developers would like to hold more RECs, Energy Trust would reduce its incentives.

The board asked about interconnection. Thad responded that a distribution line on the project site connects to a substation that has been used to support several mills and currently support Spirit Mountain Casino.

The board asked about property tax, and Bill responded that property taxes are included in the project's expenses. Polk County is also a Rural Renewable Energy Development Zone.

The board noted that the solar market is volatile and asked if solar panels had been purchased. Eddie responded that solar panels have not yet been purchased.

The board asked if the project is replicable. Bill responded that the project may be replicable in Oregon, but not in PGE territory. Qualifying facility rates already secured for the Steel Bridge Solar Project were higher than what is currently available.

## **RESOLUTION 729 AUTHORIZING FUNDS FOR STEEL BRIDGE SOLAR PROJECT**

### **WHEREAS:**

- 1. Consistent with Energy Trust's 2015-2019 Strategic Plan, Energy Trust supports all eligible renewable energy technologies using competitive approaches to identify and fund new projects and market solutions for those projects receiving non-standard incentives.**
- 2. In addition, the Oregon Public Utility Commission (OPUC) fourth funding priority for renewables for Energy Trust to support the above-market costs associated with innovative and custom solar projects, "as funds are available."**
- 3. In mid-2014, Staff identified \$2,000,000 in available funds for innovative and custom solar projects, funds unallocated after a 2014 "Other Renewables" RFP process and support of standard solar projects.**
- 4. In September 2014, Energy Trust released a Request for Proposals for innovative and custom solar projects, and three applications were received and reviewed.**
- 5. Though all three submissions were eligible for Energy Trust funding, staff recommends moving forward with one, the Steel Bridge Solar**

**3.0 MW<sub>DC</sub> project, a ground mounted, fixed-tilt installation located near Willamina, Oregon on leased, agricultural land. The Steel Bridge project proposal demonstrated many strengths.**

- 6. This project has a solid business plan, executed 26-year lease, experienced developer, construction contractor, and owner, and executed power purchase agreement (PPA) and interconnection agreement.**
- 7. Total project cost is estimated to be approximately \$6,000,000, which Energy Trust staff considers reasonable for a project of this size and design, at \$1.98/W<sub>DC</sub> the lowest all-in cost of any project the solar program as supported.**
- 8. The above-market cost on a net-present value basis over 20 years is estimated at \$3,102,839.**
- 9. Based on its analysis of above-market cost and available incentive funding for projects of this type, staff recommends an Energy Trust incentive of up to \$2,000,000.**
- 10. In consideration for its incentive funding contribution, Energy Trust will require that the project owner assign up to 75 percent of the Renewable Energy Certificates (RECs) for the project to PGE for compliance with Oregon's solar mandate and renewable energy requirements.**

**It is therefore RESOLVED that the board of directors of Energy Trust of Oregon, Inc. authorizes:**

- 1. An incentive of up to \$2,000,000 for the Steel Bridge ground-mounted solar project near Willamina, Oregon with minimum capacity of 3.0 MW<sub>DC</sub> and expected generation of 3,800 MWh/year (0.43 aMW).**
- 2. Energy Trust to require the project owner to deliver up to 75% of all RECs from this project to PGE for the benefit of its ratepayers and for compliance with PGE's renewable energy generation and solar capacity obligations to the state.**
- 3. The executive director or her designee to negotiate and sign an agreement consistent with this resolution.**

Moved by: John Reynolds

Seconded by: Mark Kendall

Vote: In favor: 11

Abstained: 0

Opposed: 0

***Northwest Energy Efficiency Alliance Natural Gas Initiative—R730 (Margie Harris & Fred Gordon)***

Margie presented a request for authorization to negotiate and execute a five-year contractual commitment to fund the Northwest Energy Efficiency Alliance 2015-2019 Natural Gas Market Transformation Business Plan in an amount up to \$6,300,000. The plan will deliver 280 million therms of savings annually to the region at a 20-year weighted average total resource cost of \$0.28/therm through regional gas market transformation activities.

Margie invited Susan Stratton and Karen Meadows from NEEA to help present. Susan is the executive director of NEEA and Karen is leading NEEA's new gas market transformation initiative. Fred represents Energy Trust on NEEA's gas collaborative.

Margie explained that NEEA's gas market transformation efforts will build upon the experience, approach and success of its electric market transformation efforts. Energy Trust is seeking board approval to fund 35 percent of NEEA's gas initiative. NEEA has identified several natural gas technologies for early

exploration, including absorption heat pump water heaters and combined heat pump water heaters for homes, gas dryers for homes, rooftop air conditioners for commercial buildings and new residential hearth products.

The board asked about how the gas initiative will impact NEEA's organizational structure. Susan responded that NEEA has a separate natural gas advisory committee. Two full-time NEEA employees will work on the gas initiative, and staff will be added as needed. Karen explained NEEA manages gas as a separate endeavor for now, and will integrate gas and electric market transformation activities to achieve economies of scale in the future.

Susan explained that NEEA's full board makes funding decisions about gas efforts. Many NEEA funders of this gas effort are already on NEEA's board. The board expressed concern about electric utilities voting on gas efforts. Margie explained the OPUC wanted to be sure the full NEEA board has opportunities to vote on NEEA gas budgets and efforts as part of NEEA's expanded portfolio and budget.

Susan added that Avista, Puget Sound Energy and Energy Trust will initially fund the gas initiative, and all will participate in a new gas advisory committee to be formed. Margie explained that NEEA will maintain separate budget and reporting to account for the gas initiative.

The board asked if there are other gas market transformation entities in the U.S. Susan responded that the Gas Technology Institute does emerging technology work, but it does not work to bring technology to market or remove market barriers. NEEA will not duplicate the efforts of the Gas Technology Institute. Northeast Energy Efficiency Partnerships on the East coast also does some gas market transformation work.

The board stated that the NEEA gas initiative will be beneficial for Northwest utilities, and acknowledged the economies of scale from NEEA's experience in the marketplace. Susan agreed that NEEA is already well connected to the market and plans to leverage existing relationships. Susan also explained that gas initiative funding is strong and utilities have signed funding commitments for this five-year budget cycle.

Margie asked about potential fuel switching concerns. Susan responded that NEEA is committed to being fuel neutral. When working on whole buildings, NEEA will need to be sensitive to fuel switching issues. NEEA will test products for both fuels and let the consumer decide what technologies to purchase.

**RESOLUTION 730  
AUTHORIZING A 2015-2019 FUNDING COMMITMENT  
TO THE NORTHWEST ENERGY EFFICIENCY ALLIANCE**

**WHEREAS:**

- 1. The Northwest Energy Efficiency Alliance (NEEA) remains the premier regional market transformation organization and Energy Trust contractor since our inception.**
- 2. As an outcome of a collaborative of regional natural gas stakeholders, NEEA's board of directors has approved a 2015-2019 NEEA Natural Gas Market Transformation Business Plan (the "NEEA Gas Business Plan") which targets acquisition of 280 million Therms in regional energy savings annually at a projected cost of no more than \$0.28/Therm.**
- 3. Planned NEEA savings acquisition compare favorably to costs projected from other Energy Trust programs and also comply with minimum OPUC performance measures established for Energy Trust.**

4. **The NEEA Gas Business Plan prioritizes regional coordination and collaboration to accelerate market transformation development of emerging natural energy efficiency technologies, a critical strategy identified in Energy Trust's own strategic planning process.**
5. **Staff regards NEEA's work as essential to achieving Energy Trust savings goals over the next few years, helping ensure a full pipeline of gas efficiency projects to deliver long-term benefits to Oregon and the region.**

**It is therefore RESOLVED:**

1. **The executive director or her designee is authorized to negotiate and sign a five-year contract with NEEA authorizing funding of up to ~~\$6,300,000~~**\$6,400,000** to support natural gas market transformation over the period 2015-19.**
2. **Funding shall be consistent with Energy Trust's board-approved annual budgets and two-year action plans.**

Moved by: Ken Canon (as amended)

Seconded by: Anne Root

Vote: In favor: 11

Abstained: 0

Opposed: 0

## **Committee Reports**

### ***Evaluation Committee, Alan Meyer***

The committee reviewed results of the 2014 Residential Awareness Survey, year two of the Commercial Strategic Energy Management (SEM) Evaluation, the Trade Ally Network Evaluation and the Memory Care Evaluation. Awareness of Energy Trust among residential customers remained moderate, and Energy Trust general awareness efforts continue to promote energy-saving actions. The Strategic Energy Management Evaluation indicated that SEM commercial efforts are effective and should continue with some refinements. Phil Degens added that SEM is a relatively new endeavor nationwide, and Energy Trust is pioneering these strategies. Outcomes of the Trade Ally Network Evaluation include exploration of revising Energy Trust's insurance requirements for trade allies, and discussions are ongoing to ensure appropriate risk management with guidance provided by the board. Finally, the Memory Care Evaluation indicated that the pilot was not effective. The template provided to customers was helpful, but customers were not motivated to take action.

### ***Finance Committee, Dan Enloe***

At the last meeting, the committee reviewed Energy Trust's October financial statements. The discussion emphasized the importance of spending down reserves.

The Board asked about year-end projections. Margie responded that year-end projections are included in Energy Trust budget materials. Courtney added that Energy Trust updates forecasting every month, and projections to date are consistent with those presented in the budget. Margie added that Energy Trust is forecasting higher achievement of 2015 goals than last year at this time. Courtney anticipates ending the year with about \$90 million in reserves.

### ***Policy Committee, Roger Hamilton***

The committee reviewed four policies, two of which were on today's consent agenda. These policies are reviewed every three years. Two other policies were discussed by the committee and will be discussed again at future committee meetings: the Combined Heat and Power Policy and the Program Management Contracts Policy. At the next committee meeting, committee members plan to consider a Renewable Energy Certificate Market Study based on additional information from Energy Trust staff.



Roger also reported that the committee approved two appointments to the Renewable Energy Advisory Council: Diane Broad, from Oregon Department of Energy, replaced Matt Krumenauer and Kari Greer, from Pacific Power, replaced Tashiana Wangler.

Roger noted that the committee received an update regarding the GP Camas situation. Since the committee meeting, staff reports that the OPUC has provided Energy Trust direction to proceed with the \$309,000 in incentive commitments and projects underway and to claim associated energy savings. After these activities are complete, Energy Trust will not take on any additional studies or pay additional incentives to GP Camas.

## Staff Update

---

Margie announced planned changes to Energy Trust reporting content and timing, based on Management Review recommendations to reduce content in Q1 and Q4 reports. In agreement with the OPUC, Energy Trust will consolidate the Q4 report and append Q4 tables to the annual report. The Q1 report will also be shorter. These changes will save staff time and effort. Comments are also welcome from the board on report content. The board requested to receive the Q1 2015 report by email. Margie noted that Energy Trust will also consider changes and improvements to utility reports based on their input.

Margie summarized briefly the results of the Q3 2014 report. Energy Trust is forecasting that 2014 could be one of Energy Trust's highest energy saving years. Energy Trust is projecting to meet gas and electric efficiency goals and OPUC performance measures. Spending is slightly under budget. Gas expenditures are slightly down, due to fewer Clean Energy Works projects completed and lower cost savings from Existing Buildings projects. Web visits increased significantly thanks to program marketing efforts. Customer satisfaction rates remain very high, ranging from 89 to 97 percent satisfaction with programs and program representatives. In Q3, Energy Trust provided opportunities for renters through MPower and enabled customers to buy energy-savings products online for the first time, in collaboration with Costco. Also in 2014, Energy Trust welcomed a new Southern Oregon outreach manager.

The board asked why savings from Clean Energy Works projects were lower than expected. Peter responded that Clean Energy Works may have served the many customers that are easiest to reach, and it is more challenging to reach the next group of customers.

The board noted that Energy Trust was recognized as the third best organization to work for in Oregon, and expressed interest in seeing similar awards and state ranking results included in quarterly and annual reports. Margie responded that Energy Trust will include those types of accomplishments in the future.

## Adjourn

---

The meeting adjourned at 3:15 p.m.

**The next regular meeting of the Energy Trust Board of Directors** will be held Wednesday, February 25, 2015, at 12:15 p.m. at Energy Trust of Oregon, Inc., 421 SW Oak Street, Suite 300, Portland, Oregon.

---

\S\ Alan Meyer  
Alan Meyer, Secretary