

ard C. Allworth
s' Home



ANNUAL REPORT 2014

On the Road with Affordable, Clean Energy Solutions

ACCELERATING OUR EFFORTS TO REACH MORE AREAS OF THE STATE

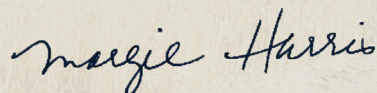
At Energy Trust of Oregon, we are more committed than ever to building a sustainable energy future for the utility customers we serve in Oregon and southwest Washington. Our broad mix of energy-saving and renewable power programs pave the way to improved living and better business.

The electricity and natural gas we saved in 2014 made it one of our highest savings years ever, and customers took home a record \$326 million in utility bill savings. New ways of delivering services led to additional solar projects installed and more clean wind, geothermal and hydropower projects added to Oregon's lower-carbon energy mix. Whether a small project or a large investment, customers worked with us to move further along their path to cheaper, cleaner energy. By year-end, program participation grew 22 percent over 2013, climbing to more than 84,000 locations served.

The year also marked the completion of our 2010-2014 Strategic Plan and adoption of a new 2015-2019 Strategic Plan. These documents are our mileposts to future savings and generation, helping us define new market opportunities and meet ambitious goals. An independent management review conducted in 2014 concluded Energy Trust is delivering energy efficiency and renewable generation "in a cost effective, collaborative and transparent way."

Our customers, contractors, allied businesses, utility partners, board members, advisory councils and the Oregon Public Utility Commission all contributed to creating an outstanding 2014. We are ready for what's around the bend as we continue driving toward a lower-cost, lower-carbon energy future for utility customers. Thank you for the opportunity to deliver these lasting results.

Sincerely,



Margie Harris, Executive Director





Year in Review

- Expanded our outreach to serve customers in more areas of the state, increasing participation in all regions
- Provided customers with the technical services, engineering studies, cash-back incentives, financing options and contractor connections they needed to complete projects and lower their energy costs
- Delivered more low-cost energy efficiency and clean, renewable power
- Tested and evaluated new energy-efficient technologies to guide customers in their decision making
- Invested in our network of trade ally contractors, builders, architects, designers and others—exploring new ways to collaborate and serve customers with valuable resources for energy projects

Highlights

- **Invested \$154 million** to serve residential, commercial and industrial customers at more than **84,000 sites**
- Saved more than **508 million kilowatt hours** of electricity
- Saved nearly **5.7 million annual therms** of natural gas
- Delivered electricity and natural gas to utilities at a far lower cost than what they would have paid for other sources
- Generated enough renewable power from the sun, wind, water and geothermal sources equal to powering 1,850 homes
- Met every OPUC performance measure and maintained transparency in our investment of customer funds
- Kept administrative and program support costs low, sending more resources directly to homeowners, businesses and communities

FOR A DETAILED LOOK AT OUR 2014 ACHIEVEMENTS,
progress to goals and financial information, visit us online at
www.energytrust.org/annualreport.



Covering More Ground and Serving More People

A diverse set of customers was served in 2014, including small- and medium-sized businesses, homeowners, renters, small manufacturers and high-tech enterprises. We mapped our programs and services to fit a variety of customer situations and deliver ongoing utility bill savings.

New online tools and calculators, customized program offers, dedicated regional representatives and on-the-ground collaborations have helped make participation easier for customers, regardless of their location or economic status. We increased outreach to customers in more remote and rural areas, and participated in trade, community and cultural events. In addition, we provided energy-efficiency studies and technical assistance to help communities get local programs off the ground.

Support to trade ally contractors and allied professionals through trainings and webinars helped them learn about the latest techniques in energy-efficient construction and renovations, and trends in the clean energy industry. Trade allies are an important resource to serve customers while maintaining low administrative costs.

Jade East Apartments, Grants Pass

Residents of Jade East Apartments in Grants Pass are now warmer in the winter and cooler in the summer thanks to new mini-split, ductless heat pumps in every unit. In addition, energy-efficient lighting was installed. After the upgrades, energy bills and maintenance costs are expected to be significantly lower for the Housing Authority of Jackson County.

The housing authority worked with MPower Oregon and Energy Trust to map out technical requirements, set up financing and manage construction resources. Energy Trust also calculated projected savings and provided cash incentives.

It's estimated that Jade East will save approximately \$7,500 annually.

Program highlights

- Enrolled a record 565 new construction projects in the New Buildings program, with one-half located outside of the Portland Metro area
- Provided industrial and agricultural customers with targeted incentives and more comprehensive outreach based on geographic region, helping these customers save more electricity and natural gas than last year
- Completed walk-through surveys and expanded outreach to serve small- and medium-sized projects in existing commercial buildings
- Installed nearly one-half of all new solar energy capacity outside the Portland Metro area, and continued to support the thriving residential solar market statewide
- Delivered nearly \$200,000 in incentives to owners of affordable multifamily housing at eight properties participating in MPower Oregon; the initiative combines incentives, U.S. Housing and Urban Development funds and other resources to make energy-saving upgrades more affordable and minimize energy costs for seniors, at-risk populations and low-income individuals
- Made it easier for consumers to buy LEDs at their local retail stores by providing a discount for the bulbs, and sent sixth-graders home with LED bulbs to install with their families

Growing Statewide Participation



In communities around the state, Energy Trust is helping customers save money, make their homes more comfortable and keep their businesses running efficiently.

In 2014, we served customers at 22 percent more sites than in 2013, and program participation grew in each region of the state. Highlights include:

- Central Oregon—Served 13 percent more sites, saving customers \$1,723,000 at 3,950 sites
- Southern Oregon—Served 24 percent more sites, saving customers \$3,103,450 at 10,940 sites
- Portland Metro, Hood River—Served 19 percent more sites, saving customers \$20,064,130 at 50,330 sites
- Eastern Oregon—Served 40 percent more sites, saving customers \$1,005,000 at 1,010 sites
- Willamette Valley—Served 31 percent more sites, saving customers \$6,753,000 at 17,210 sites
- North Coast—Served 41 percent more sites, saving customers \$494,000 at 1,470 sites

Edward C. Allworth Veterans' Home, Lebanon

The Edward C. Allworth Veterans' Home provides skilled nursing care to veterans, and was designed to improve resident health and comfort. With Energy Trust support, energy-efficient lighting, heating and cooling systems, and kitchen appliances lowered the facility's energy usage. In addition, the Oregon Department of Veterans' Affairs worked with Energy Trust trade ally contractor Sunlight Solar Energy of Bend to design and install an 85.7-kW solar electric system across the rooftops of eight campus buildings. The 336-panel solar system qualified for an Energy Trust incentive and will generate approximately 93,000 kWh of energy a year.

Allworth Veterans' Home was constructed to meet the standards of the State Energy Efficiency Design program, which directs state agencies to include cost-effective energy conservation improvements in new and renovated public buildings.

"It has been our great pleasure to work with Energy Trust," said John Osborn, facilities and construction manager. "Residents may not see any difference, but the funds we save can now be spent in other ways to benefit their care."



Spreading the Benefits of Affordable Energy

It's an exciting time in many places around Oregon with investments in home renovations, business improvements and new construction on the rise.

In 2014, Energy Trust drove demand for energy efficiency and renewable energy by raising awareness about their benefits, engaging customers with no-cost energy-saving solutions, and supplying a network of contractors and professionals to design and install projects.

Customers from every sector were eager for smart energy solutions. Residential customers cashed in on incentives for heat pumps, gas fireplaces, windows and weatherization. More small businesses completed energy-efficiency projects than in 2013. A thriving multifamily construction market worked with Energy Trust allied architects and designers to build efficient units.

Small- and medium-sized industrial businesses saved an average of 7.5 percent on their annual energy use with no- and low-cost operations and maintenance changes through Strategic Energy Management. And a small-scale hydropower system in Sisters led to energy production, water conservation and stream restoration for an irrigation district and its customers.

Increasing demand

- Improved classroom comfort and building efficiency for small and rural schools through our new small school district initiative, which also helped districts leverage the Oregon Department of Energy's Cool Schools program
- Supported nearly 20 percent more commercial projects and 10 percent more industrial projects than in 2013
- Used direct mail marketing to reach Eastern Oregon industrial customers with information on gas-saving strategies
- Served moderate-income homeowners with enhanced incentives and received 51 applications for a new Savings Within Reach on-bill repayment financing option
- Provided approximately 34 percent of newly constructed homes in our service territory with an EPS™, an energy performance score, beating our goal of 21 percent; collaborated with real estate agents to upload EPS details to RMLS listings and inform homebuyers about energy-efficient homes
- Helped 18 renewable energy projects with grant writing, feasibility studies, interconnection support and other assistance; early project assistance helps customers overcome road blocks that can delay or derail good projects during development



Priscilla Martin, Bend

Priscilla Martin, a realtor in Bend, was surprised when she held an open house for a home built by Arbor Builders, an Energy Trust trade ally. "After one day, I wanted to buy it myself," Priscilla said. "I just loved all the light and the overall design."

Her 30-year-old house was difficult to maintain and needed updated windows, paint and other upgrades. Her newly constructed EPS home has a score of 82, with energy-efficient heating and cooling, lighting and windows—all designed to save energy and reduce costs. "My gas bill was about one-third of my previous home's bill this winter," she said.

The home is also solar ready, making it easier for Priscilla to install a solar electric system down the road.

Easy On-Ramp to Energy Solutions

Throughout the year, we were sensitive to the differences in local economies and community resources around the state. We focused on making it easy for all customers to invest in energy-saving upgrades, install renewable energy systems and take action to reduce costs.

Accessible solutions for everyone

Products with instant savings. Faucet aerators, showerheads and compact fluorescent light bulbs in kits added up to significant electric and gas savings in the Existing Homes program. Renters received similar products in 28,310 multifamily units—a nearly 60 percent increase over 2013.

Lighting. Energy-efficient lighting is one of the first projects customers invest in to save energy and see an immediate, visible difference in their homes, businesses and industrial environments.

- Lighting upgrades represented a significant share of commercial electric savings
- Enhanced incentives led to comprehensive industrial lighting retrofits that incorporated lighting design strategies and controls

Strategic Energy Management. In 2014, 33 commercial customers and a record 36 industrial customers participated in Strategic Energy Management, creating cultural change in how their businesses use energy.

- SEM delivered 22 percent of the Production Efficiency program's electric savings, and saved 64 percent more electricity and 22 percent more gas in commercial buildings compared to last year

Solar. Energy Trust helped build greater public awareness about the benefits of solar energy, providing customers with tools and connections to trade ally contractors to increase installations across the state.

- A total of 1,292 residential and commercial systems were installed, including the 6,000th residential system
- Homeowners installed larger systems thanks to a more than 40-percent price drop over the last five years
- Newly constructed homes and buildings were designed solar ready to make it easier to install solar in the future

Market solutions. More than three times the number of new construction projects than last year received market solutions incentives. Project owners received prepackaged incentives to achieve deeper energy savings in restaurants, grocery stores, multifamily buildings, offices, schools and retail buildings less than 70,000 square feet.



Legacy Health, Portland

At Legacy Health, energy management helps create a healthy environment for patients, staff and visitors. Legacy enrolled in Energy Trust's commercial Strategic Energy Management initiative to better understand energy usage and develop a system-wide energy policy for its six hospitals.

"SEM provided the structure, methodology and discipline we needed to achieve buy-in across our culture," said Pat Lydon, sustainability program manager.

Energy Trust helped Legacy map energy-saving improvements and investments across the hospital system. After three years participating in SEM, Legacy saved approximately \$344,000 in energy costs and received \$88,150 in incentives from Energy Trust.



Tamástslikt Cultural Institute, Pendleton

The Tamástslikt Cultural Institute, an interpretive center on the Confederated Tribes of the Umatilla Indian Reservation, installed a 50-kW wind turbine in 2014.

The first of its kind in Oregon and the only wind turbine on a reservation in the Pacific Northwest at the time of installation, the system is the latest in a series of steps taken by the tribe to create a net-zero building.

“We have been energy-smart for a long time,” said Bobbi Conner, director. “With Energy Trust incentives and Pacific Power’s Blue SkySM program, the wind turbine just made financial sense for the tribe.”

Supporting Energy Innovation

The market is full of renewable energy and energy-saving products and services, and sifting through the information and available products can be a challenge.

At Energy Trust, we are focused on making the selection process easier for customers when it comes to knowing what products save energy and what are the best types of equipment to install in their homes or businesses. Our approach is to launch and evaluate pilot projects, test new ideas and strategies, and then develop full program offerings for viable energy-saving approaches.

Innovation highlights

LEDs. With improvements in this lighting technology, reductions in costs and Energy Trust incentives, the amount of LED installations grew in homes, businesses, multifamily buildings and industrial facilities.

- Residential customers installed nearly 4 million efficient light bulbs in 2014, almost one-third of which were LEDs
- Businesses installed long-lasting LEDs for their light quality, energy savings and lower maintenance needs

Smart thermostats. In 2014, the energy-savings potential of Nest thermostats in homes heated with electric heat pumps was evaluated. By adjusting the home’s temperature based on the occupant’s behavior, the thermostat saved an average of 4.7 percent on electricity usage. In 2015, a similar evaluation will be completed on smart thermostats in gas-heated homes.

Energy independence. Design assistance, technical support and cash incentives were provided to help develop net-zero facilities, which save and create as much energy as they consume during a year.

- The Path to Net Zero pilot became a full program offer for new buildings, and led to 15 project enrollments
- Oregon Tech installed a second geothermal system at its Klamath Falls campus and became the first university in North America to generate all of its electricity on-site
- The Gresham Wastewater Treatment Plant biogas project, underway throughout 2014, completed in early 2015 and led to the facility becoming the first wastewater treatment plant in the Pacific Northwest to achieve net-zero status

Solar accessibility. We began testing new online tools to help home and business owners independently assess their site’s solar potential, evaluate project costs and quickly find a qualified trade ally to install their system. By improving solar energy awareness and directly connecting customers to local contractors, we are helping bring down the costs of solar and making this renewable resource more accessible to a greater audience.

Stanley Hydraulics, Milwaukee

Energy is a big topic at Stanley Hydraulics. The manufacturer helps other companies switch from older pneumatic tools to more efficient hydraulic technology. A division of Stanley Black & Decker, the company was tasked with reducing energy waste at its leased space by 5 percent annually.

Energy Trust's industrial Strategic Energy Management initiative helped Stanley train an on-site energy team, conduct energy assessments, log equipment and system energy use, develop an energy action plan to reduce consumption and engage employees in energy awareness.

Combined with investments in high-bay LED lighting throughout the plant, the company is estimated to save about \$55,000 annually.

"SEM has helped us make lasting changes," said Bernadette Donald, Stanley's energy champion and environmental, health and safety manager. "We now think about what we can do throughout the year to achieve our energy goals."



Mapping Our Route to Clean Energy

Energy Trust exceeded its electric and natural gas savings goals during the 2010-2014 Strategic Plan period, saving twice as much energy in 2014 as in 2009. And despite a challenging economy, 15 average megawatts of renewable power were added to the electric grid.

The 2015-2019 Strategic Plan built upon these successes, and will guide continuing innovation in delivering energy-efficiency and renewable power programs.

Over the next five years, we will:

- Attract and serve new and more diverse customers
- Ensure internal operations are efficient and effective
- Help lower energy-efficiency and renewable energy costs to maximize our customers' return on investment
- Test and introduce new, efficient technologies even faster
- Leverage partnerships and pursue projects that yield multiple customer benefits

“

The goals and strategies in the new strategic plan will guide the organization in realizing its vision of a healthy economy and environment fueled by low-cost energy efficiency and renewable power.

”

Debbie Kitchin
Board President

Cultivating Valuable Partnerships

Residential, commercial, industrial and agricultural customers met their energy goals in 2014 with help from a strong network of Energy Trust trade ally contractors and other allied professionals, including architects, engineers, designers, builders and real estate agents.

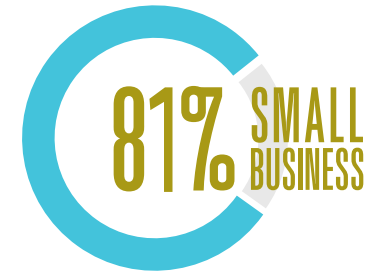
We work closely with trade allies and allied professionals to serve customers. Cultivating this wide and diverse network creates jobs and builds local capability at a community level throughout the state.

Trade Ally Network highlights

Training opportunities. To help trade allies make the case for energy-efficiency upgrades, we sponsored sales certification trainings around the state. A new Allies for Efficiency training series attracted more than 420 architects, engineers and other individuals looking to learn about constructing high-performance buildings.

Exclusive offers and resources. Existing Homes three-star trade allies offered instant incentives for heating and water heating equipment, making it easier for customers to submit incentive applications and resulting in more projects. Our online customer referrals helped generate customer leads for trade allies, reducing the cost of acquiring new customers.

Minority- and women-owned businesses. To boost awareness of opportunities for minority- and women-owned businesses to join the network, outreach staff attended the 2014 Governor's Marketplace Conference and Oregon Association of Minority Entrepreneurs trade show. Nearly 15 percent of program allies providing new construction services and contracting support to customers were minority- and women-owned firms.



A powerful network of more than 2,500 local businesses employ 12,700 people who complete Energy Trust customer projects in Oregon and southwest Washington. Of those companies, 81 percent are small businesses with 20 workers or less.

(Employment figures self-reported by Energy Trust trade allies)



Groth-Gates Heating and Sheet Metal, Lincoln City and Newport

Groth-Gates Heating and Sheet Metal became an Energy Trust trade ally contractor to help customers in Lincoln City and Newport reduce energy use and save on utility bills.

As part of being a trade ally contractor, employees completed Performance Tested Comfort Systems® training, were trained to install the latest energy-efficient heating and cooling systems, and learned about Energy Trust programs and incentives. Groth-Gates works with both homeowners and businesses to improve their heating and cooling systems, and help them meet their energy goals.

“Working as a team with Energy Trust and customers, we can help lower the cost of new equipment and save money over time,” said Ryan Gates, manager.

Stewardship of Customer Dollars

Our 2014 investments delivered energy at a fraction of the cost of fossil fuels, generated clean, renewable power and provided a reliable energy resource for our affiliated utilities. By year's end, we exceeded our annual electric savings goal, nearly met our natural gas savings goal and facilitated increased investment in renewable energy, with a record number of residential solar installations. We also achieved all OPUC performance measures for the year.

Savings and generation highlights

	Residential	Commercial	Industrial	Total
Electric Savings	17.5 aMW	21.9 aMW	18.6 aMW	58 aMW
Natural Gas Savings	2.2 MMTh	2.5 MMTh	1 MMTh	5.7 MMTh

MMTh: million annual therms

	Solar	Other Renewables	Total
Renewable Energy	1.15 aMW	1.24 aMW	2.39 aMW

Financial highlights

Revenues	\$163,596,480
Expenditures	\$154,299,931
Incentives Delivered	\$85,177,243
Electric Savings Levelized Cost*	2.6¢/kWh
Gas Savings Levelized Cost*	33.1¢/therm

Financial highlights are excerpts from independently audited financial statements prepared by Moss Adams LLP and include services provided in Washington.

OPUC Annual Performance Measure highlights

Electric Efficiency	Saved 36.7 aMW at 2.5 cents/kWh* in Portland General Electric territory Saved 21.3 aMW at 2.7 cents/kWh* in Pacific Power territory
Natural Gas Efficiency	Saved 5.3 million annual therms at 32.6 cents/therm* in NW Natural territory Saved 0.4 million annual therms at 38.9 cents/therm* in Cascade Natural Gas territory
Renewable Generation and Project Support	Generated 1.1 aMW from standard solar projects Provided \$513,853 in project development assistance to 18 projects
Financial Integrity	Received an unmodified financial audit opinion
Administrative and Program Support Costs	Kept costs low at 4.6 percent of annual revenues
Customer Satisfaction	Record high customer satisfaction ratings—96 percent of participants satisfied overall and 98 percent satisfied with program representatives
Benefit/Cost Ratios	Utility Cost Test and Total Resource Cost Test benefit/cost ratios all greater than one for the five programs assessed

*Levelized cost is Energy Trust's total cost to save or generate each unit of energy over the life of the measure, which ranges from two years to more than 20 years.

Building a Better Energy Trust

In 2014, we acted on recommendations from a third-party management review to strengthen internal operational effectiveness. The review is required every five years in Energy Trust's grant agreement with the OPUC.

Samples of efficiency improvements made include:

- Online forms to allow customers to quickly and easily apply for incentives, saving time and resources
- Use of tablets to collect data in the field, lowering processing time and administrative costs
- Calculators to estimate investment payback for home energy-efficiency improvements
- Easy-to-use software to streamline applications for solar electric system incentives and Oregon tax credits, saving customers and contractors time
- A trade ally web portal to give residential contractors access to real-time project information, helping better communicate with customers and reducing administrative costs

13 Years of Affordable Energy

Accelerating economic benefits

Since its inception, Energy Trust has invested \$1.1 billion in clean energy results, delivering long-lasting benefits. At more than half a million sites, customers have already saved \$1.9 billion on their utility bills, and over time, these savings will grow to reach \$4.8 billion.

These investments, along with renewable energy generation, have added \$3.9 billion to Oregon's economy, including \$1.2 billion in wages, \$223 million in small business income and employment equivalent to 3,200 full-time jobs lasting a decade.

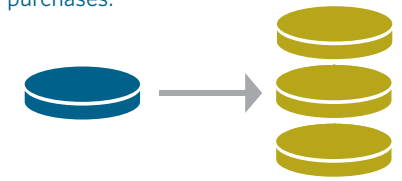
A clean energy power plant

Total annual electric savings and generation since 2002 are equivalent to building a power plant fueled by efficiency. That's enough clean energy to power 470,000 homes for a year. Total annual gas savings since 2003 provide fuel equal to heating more than 77,000 homes with natural gas for a year.

Total investments improve air quality by keeping more than 14.6 million tons of carbon dioxide out of the atmosphere, equivalent to removing more than 2.5 million cars from the roads for one year.

DELIVERING THE LOWEST-COST ENERGY

Efficiency is the lowest-cost energy we can buy, just a fraction of the cost utilities would pay for other sources. For every \$1 Energy Trust invested in energy efficiency, utility customers will save \$3.10. Because of Energy Trust programs, customers and utilities will save approximately **\$2.1 billion** from utilities not needing to invest in additional generation, transmission, distribution or fuel purchases.



Energy Trust
Investment
\$1

Utility Customer
Savings
\$3.10

About Energy Trust

Energy Trust is an independent nonprofit organization dedicated to providing utility customers with low-cost, clean energy solutions. We are funded by and serve Oregon customers of Portland General Electric, Pacific Power and Cascade Natural Gas, and Oregon and Washington customers of NW Natural. Our collaborations with utilities, community leaders and representatives, industry organizations, allied businesses and government agencies help us reach and serve all types of customers.

A non-stakeholder board of directors guides our work with input from two advisory councils. Our meetings are open to the public and all agendas, reports, plans and financial statements are published online, in keeping with our commitment to transparency and inclusion.

In 2014, Oregon Business Magazine recognized Energy Trust as the third best nonprofit to work for in Oregon.

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