Energy Trust of Oregon

Proposed ETO Avoided Costs and Discount Rate for 2008

Impacts of New Gas and Electric Avoided Costs for testing measures, programs and reporting against goals

Conservation Advisory Council

January 23, 2008

Energy Trust of Oregon, Inc.

High Level Formulas for Electric

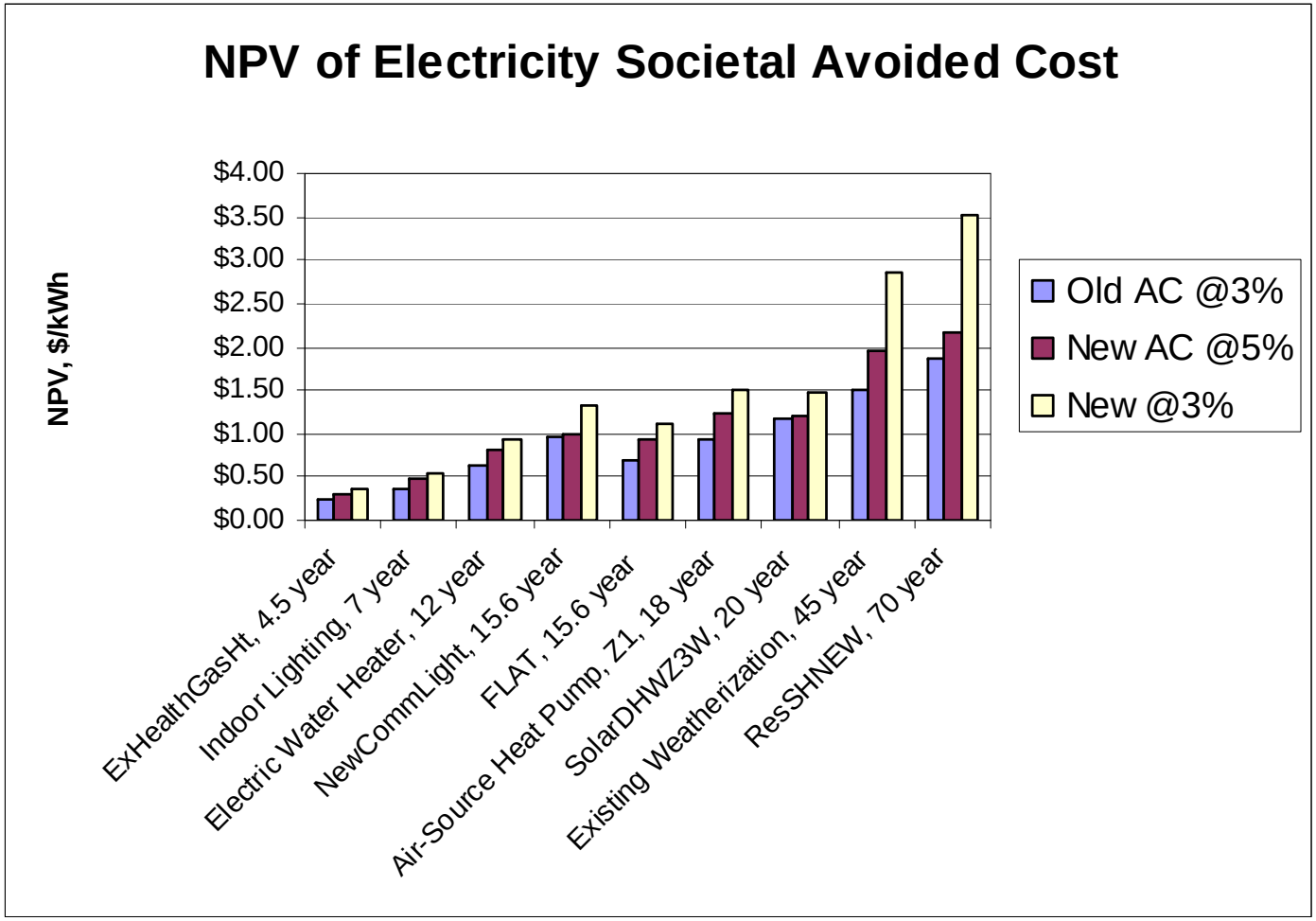
Value of Efficiency to the Utility System

$$\left[\text{Avoided Generation} \times \text{Reduced Delivery Cost Factor (\%)} + \text{T\&D Construction Deferral}\right] \times \text{110\% Value of Conservation}$$

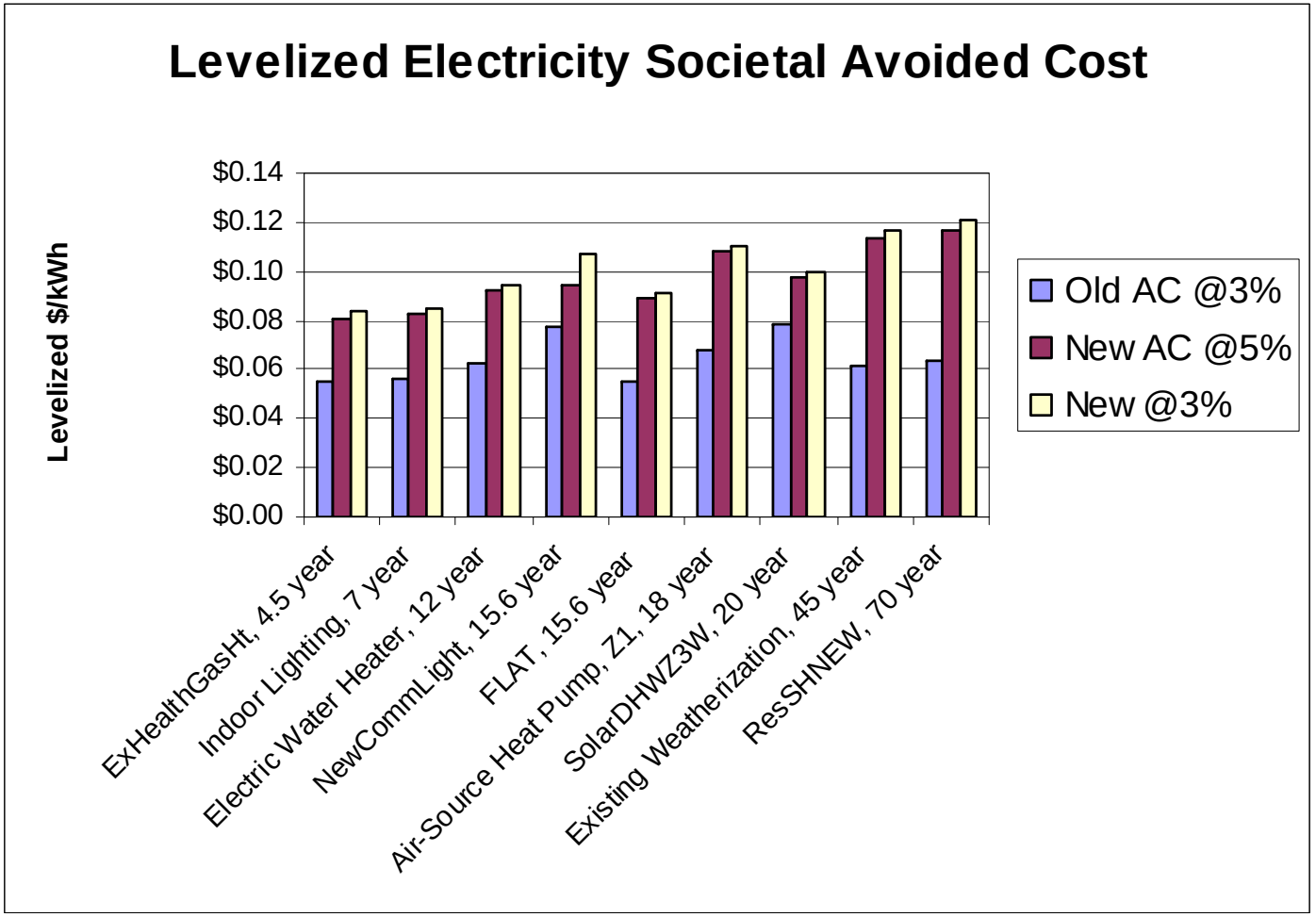
Value of Efficiency to Society

$$\text{Value of Efficiency to the Utility System} + \text{Site-based Non-energy Benefits} + \text{Hedge Value}$$

Impacts of New Avoided Costs and Discount Rate on NPV for an illustrative set of programs



Impacts of New Avoided Costs and Discount Rate on NPV for an illustrative set of programs



High level formulas for Gas

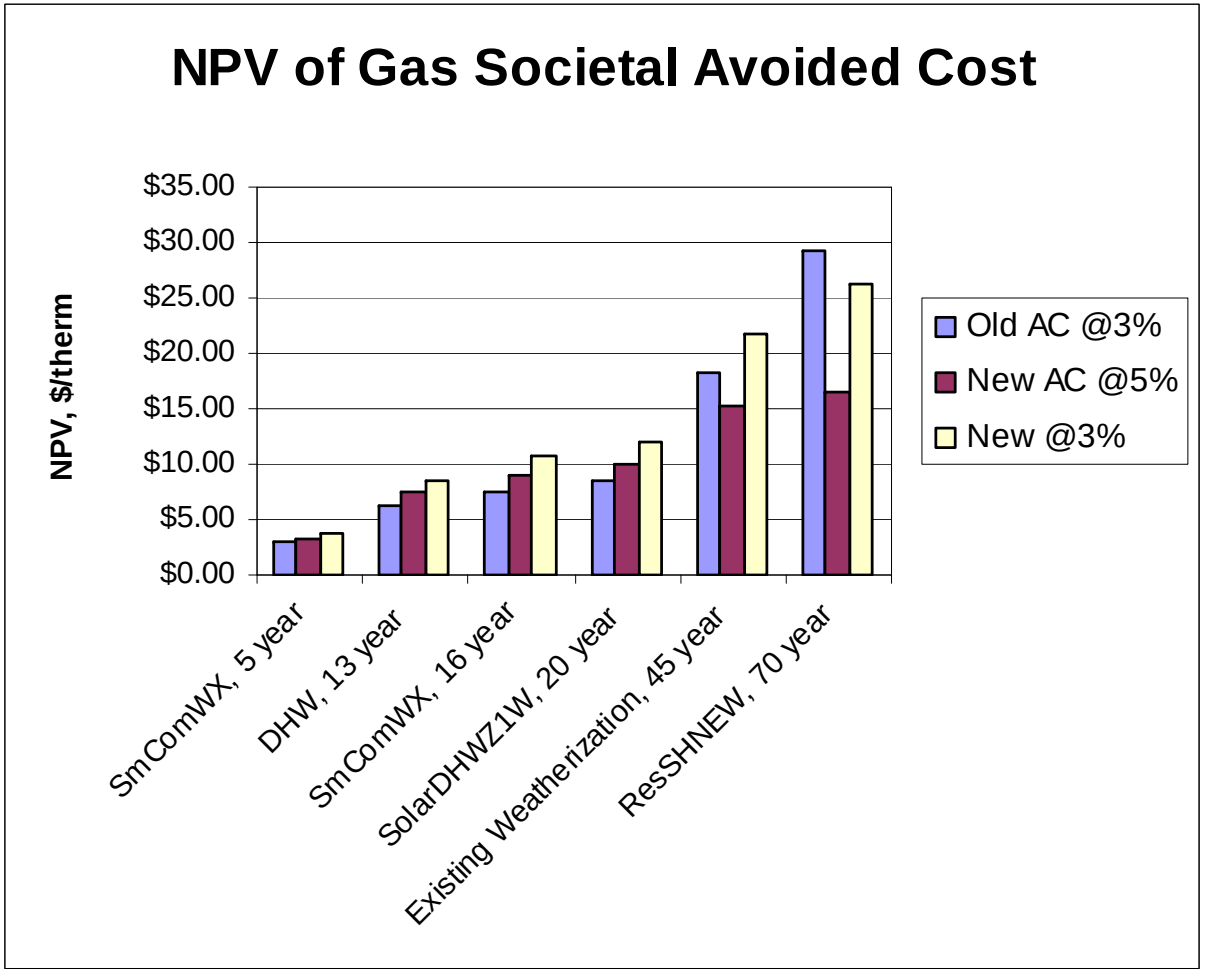
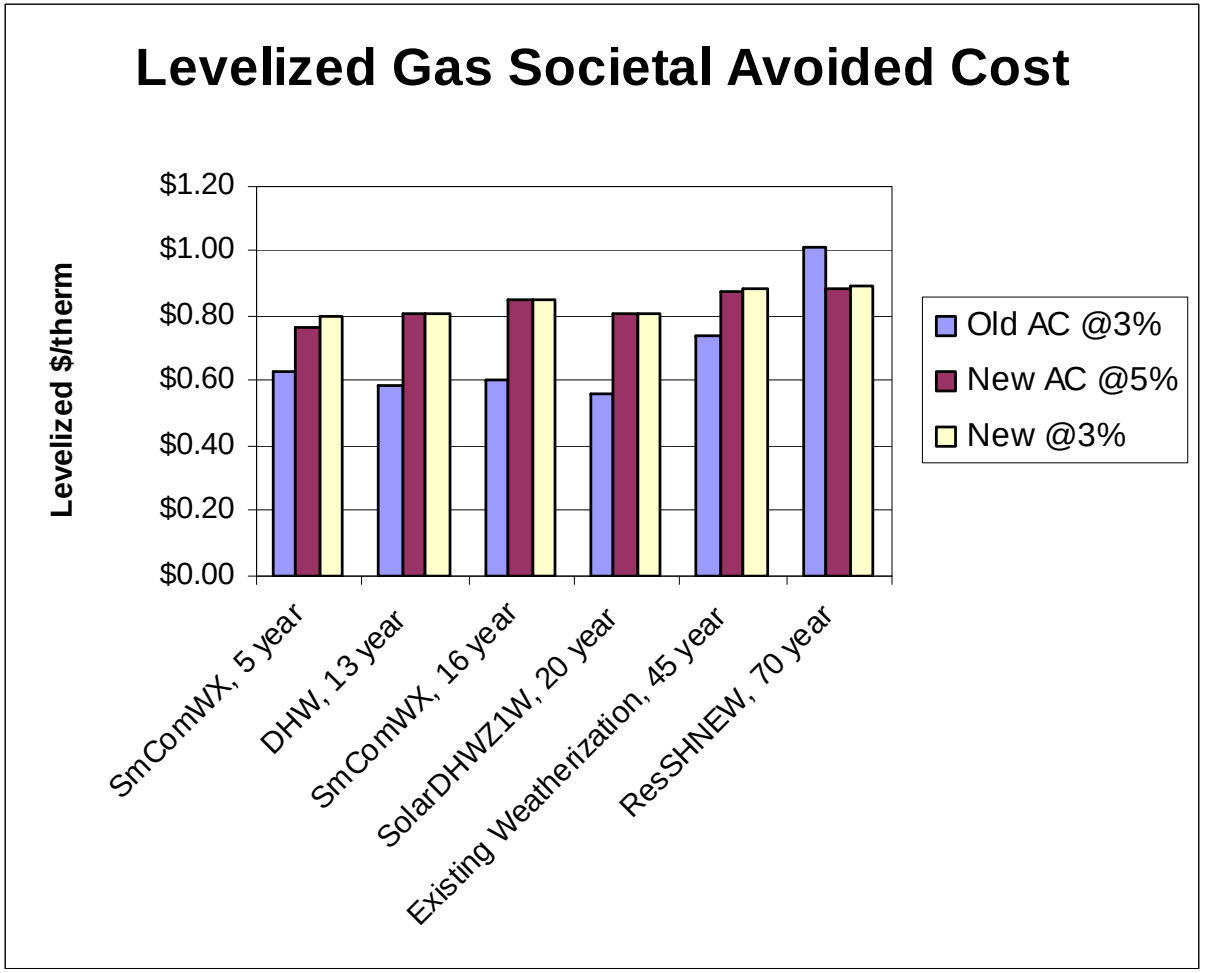
Gas Utility Avoided Cost for DSM

(IRP Resource Cost) × 110% Value of Conservation

Societal or TRC Cost Effectiveness Threshold

Gas Utility Avoided Cost for DSM + Site-based Non-energy Benefits + Carbon Adder $8/ ton

Impacts of New Avoided Costs and Discount Rate on NPV for an illustrative set of programs



Impacts of New Avoided Costs and Discount Rate on Levelized Costs