EnergyTrust of Oregon, Inc.

Draft Board Meeting Minutes – 81st Meeting

April 9, 2008

Board members present: Rick Applegate, Jason Eisdorfer, Dan Enloe and Roger Hamilton (who were appointed April 9), Julie Hammond, Debbie Kitchin, Vickie Liskey, Alan Meyer, Preston Michie, John Reynolds, John Savage, *ex officio* and Betty Merrill, *ex officio*

Board members absent: John Klosterman, Al Jubitz, and Caddy McKeown

Staff attending: Sarah Caster, Pete Catching, Tara Crookshank; Phil Degens, Fred Gordon, Michel Gregory, Margie Harris, Nancy Klass, Steve Lacey, Debbie Menashe, Spencer Moersfelder, Elaine Prause, Pati Presnail; Sue Meyer Sample, Jan Schaeffer, Brien Sipe, Greg Stiles, John Volkman, Peter West, Kendall Youngblood

Others attending: Debbie Blanchard, consultant; Aaron Cohen, NW Energy Efficiency Alliance; Michael Early, ICNU; Bill Edmonds and Gregg Kantor, NW Natural; Dick Harmon, Industrial Areas Foundation-NW; Grant Jones and Travis Irving, Perkins & Co.; Susan Hermenet, Northwest Energy Efficiency Alliance; Lori Koho, OPUC; Aaron Wines, Lockheed Martin

Prior to calling the meeting to order, the board met in executive session for consideration of internal personnel matters. No action was taken in executive session.

Business Meeting

President John Reynolds called the meeting to order at 12:40 pm. He added consideration of resolution #475 authorizing the executive director to amend three program delivery contracts to the agenda.

February 13, 2008, meeting minutes. Debbie Kitchin and Alan Meyer provided staff with several corrections to misspellings. These will be incorporated in the final minutes.

Moved by: Debbie Kitchin		Seconded by: Alan Meyer
Vote:	In favor: 8	Abstained: 0
	Opposed: 0	

Adopted on April 9, 2008, by Energy Trust Board of Directors.

General Public Comments

There were none.

Audit Committee

Review results of financial audit for period ending December 31, 2007. Julie Hammond noted Perkins & Co. have concluded the 2007 financial audit. The audit resulted in an unqualified opinion. She introduced Grant Jones and Travis Irving of Perkins & Co. Grant spoke, explaining Perkins function was to work with the Audit Committee to conduct the audit. He noted great cooperation from the staff. They were able to test controls Energy Trust had in place. They had no significant findings.

Accept audited financial report for period ending December 31, 2007.

RESOLUTION #469
ACCEPTANCE OF AUDITED FINANCIAL REPORT

BE IT RESOLVED: That Energy Trust of Oregon, Inc., Board of Directors accepts the audited financial statement report, including unqualified opinion, prepared and submitted by Perkins & Company, P.C. for the calendar year ended December 31, 2007.

Moved by: Julie Hammond Seconded by: Debbie Kitchin

Vote: In favor: 8 Abstained: 0

Opposed: 0

Adopted on April 9, 2008, by Energy Trust Board of Directors.

Committee Reports

Finance Committee report. Debbie Kitchin presented the report in John Klosterman's absence. She noted the committee had examined the forecasting process used by staff, and noted the accuracy of forecasts has improved. It is unlikely such forecasts will ever be precise, as there is no way to predict which projects will complete on schedule and which may be delayed.

Evaluation Committee report. Debbie Kitchin noted the Evaluation Committee met last Friday. Notes were provided today. The committee explored what could be done to complete evaluations more quickly. Several were delayed this year, mainly because of data issues. She said the committee sees early drafts of evaluations long before they are in final form and provided to the board. Julie asked if staff had concerns about timeliness of evaluations. Margie said staff does have concerns about timeliness; evaluations are more useful when they are done quickly. She noted several improvements in process. One contributing factor is staff turnover on the evaluation team. Debbie noted a member of the evaluation team raised concerns about free rider questions used in conducting the Production Efficiency process and impact evaluations, which led the committee to request the contractor to re-estimate free ridership.

John Reynolds introduced Betty Merrill, the new ODOE Special Advisor appointed to the board. Betty is taking the place previously occupied by Bill Nesmith. She is an assistant director at the Department.

Board Nominating Committee.

Amending bylaws and appointing Dan Enloe and Roger Hamilton to the Energy Trust board. Rick Applegate, chair of the Nominating Committee, noted the departure of Tom Foley left a vacancy on the board. The committee, comprised of Rick, Julie Hammond, Preston Michie and Tom Foley, solicited applicants. They were impressed with the quality of individuals who expressed interest and spent the better part of a day interviewing seven of fourteen candidates. The decision was difficult. They recommend two individuals. Dan Enloe is an executive at Intel Corporation, following years of service in the US Navy. Roger Hamilton is manager of the local government and communities program for the Climate Leadership Initiative at the Institute for Sustainable Environment, University of Oregon. He was an Oregon Public Utility Commissioner from 1992-2001.

Jason asked Rick to comment more on what we gain by adding another position to the board. Rick said Roger provides access to expertise right in the sweet spot of where the industry is going. With Dan Enloe we get an inside perspective from Oregon's largest high tech company. We didn't choose to expand for expansion's sake but couldn't bear losing the value that both Dan and Roger would bring to the board.

Alan noted there is no explanation in the resolution amending the bylaws and appointing Dan and Roger that explains the merits of expanding the board. Rick restated the reason was to include two individuals who both offer highly valuable perspectives to the board. Vickie Liskey noted the same reasoning was followed when Al Jubitz and Preston Michie were added to the board. Jason thought the record of this discussion in the minutes is adequate explanation of the reasons for expanding with no need to amend the resolution.

Dan and Roger described their interest in serving and what they hope to bring to the board.

In the context of earlier comments, Rick noted the nominating committee found their interviews with candidates for board positions to be very interesting; particularly with respect to suggested ways Energy Trust investments might be used to leverage additional funding. He will talk further with board members and Margie about the possibility of establishing a new board committee to seek the perspective of outside speakers with interesting ideas who might be scheduled to meet with the board.

RESOLUTION #473

AMENDING BYLAWS AND
APPOINTING DAN ENLOE AND ROGER HAMILTON
TO ENERGY TRUST BOARD OF DIRECTORS

WHEREAS:

1. **At present the Energy Trust board has 12 voting members.**
2. **Tom Foley has completed his term on the board and a replacement is required.**
3. **The board nominating committee has interviewed several excellent candidates and determined that Dan Enloe and Roger Hamilton meet key criteria for service in this board position, including strong support for the Energy Trust mission and extensive experience in business and government activities that will add valuable dimensions to the board.**

It is therefore RESOLVED that the Energy Trust of Oregon, Inc., Board of Directors:

1. **Amends the first sentence of section 3.2 of the Energy Trust bylaws to read: "The number of voting directors may vary between a minimum of five (5) and a maximum of thirteen (13), the exact number to be fixed from time to time by resolution of the board of directors."**
2. **Appoints Dan Enloe and Roger Hamilton to the Energy Trust board of directors for three-year terms of service expiring in 2011.**

Moved by: Rick Applegate Seconded by: Julie Hammond

Vote: In favor: 8 Abstained: 0

Opposed: 0

Adopted on April 9, 2008, by Energy Trust Board of Directors.

Dan Enloe and Roger Hamilton joined the board at the table.

NW Natural expansion to Vancouver, Clark County

Authorize contracts with NW Natural to evaluate Energy Trust management of efficiency programs in Washington State. John Reynolds introduced Gregg Kantor, President and COO, and Bill Edmonds, Director, Environmental Policy and Sustainability, NW Natural. Margie noted Energy Trust has worked with NW Natural since 2003, delivering energy efficiency services to their Oregon customers. She noted NW Natural has invited Energy Trust to consider delivering these services to their customers in SW Washington.

Gregg Kantor provided background on NW Natural's association with Energy Trust. He noted NW Natural was not part of SB 1149 and the public purpose charge. In 2000 and 2001, in the aftermath of the Enron collapse, OPUC suggested the company consider adding energy efficiency services. NW Natural chose to embrace this by advancing a proposal to decouple rates from profits, and to establish a public purpose fund. He said NW Natural is very happy with its relationship with Energy Trust. First, customers like it. There's been a seamless process created where customers contacting NW Natural are transferred to Energy Trust. Second, Energy Trust has been a great partner. We've worked together to continuously improve service delivery. Third, Energy Trust is trusted by our regulators. For these three reasons, as the company started thinking about a decoupling proposal in Washington, NW Natural chose to reach out to Energy Trust.

Gregg noted SW Washington is part of the same media market as metropolitan Portland. Trade allies do business on both sides of the Columbia River. Finally, Energy Trust is a "soup-to-nuts" proposition; without Energy Trust, NW Natural would have to add staff and budget.

Gregg described that NW Natural doesn't know how much efficiency resource there is to capture in Clark County, as housing stock there tends to be newer. This lack of specific information has led to a proposed two-phased process with Energy Trust. The gas company would pay for a high-level first phase study performed by Energy Trust. If the Washington Utilities and Transportation Commission (WUTC) approves decoupling, an advisory committee would then be created to oversee a more detailed phase two study. WUTC, Energy Trust board and the advisory committee would have the chance to review and consider approval of the eventual plan.

Preston asked what the odds are of the WUTC going along with the request for decoupling. Gregg thinks the odds are fairly good; WUTC has approved decoupling for some other utilities. They don't use an Energy Trust model; WUTC feels it needs a heavier hammer since those utilities are delivering their own efficiency programs. Gregg said NW Natural is proposing a different approach to WUTC.

Alan asked John Savage if the OPUC is okay with this. John said the commission was briefed six weeks ago. He's very Oregon-centric but thinks this one makes sense for the reasons Gregg stated. Alan asked if NW Natural would pay the costs of both studies; Gregg said yes. The phase two study would be paid by Washington customer revenue.

Jason said he's comfortable expanding to Clark County because of shared media markets and contractor base. He noted an issue to work through is whether Energy Trust or NW Natural would be held accountable to WUTC. Gregg said these matters would be worked out by the advisory committee. Debbie asked if we would have to modify some aspects of the program if WUTC had an issue with one or more program elements. Gregg said there are risks. Two PUCs seldom see eye-to-eye about how to do things. He hopes any such issues are minor.

Julie asked if the housing stock is newer there, would Energy Trust be able to offer measures? Margie answered she thinks we would focus on the older homes, before building code upgrades, but there are

measures newer buildings and homes can do as well. Roger asked if there are differences in the Oregon and Washington codes. Gregg said the codes differ but the more significant fact is that of NW Natural's 65,000 customers, maybe 55,000 have been added since 1990. Most of these are in new homes.

John Reynolds asked what types of people he has in mind for placing on the advisory committee. Bill Edmonds said he isn't sure; Steve Weiss from Northwest Energy Coalition usually sits on committees like this. He envisions three or so members in addition to Energy Trust and NW Natural representatives.

Margie noted comparisons between this opportunity with NW Natural and the invitation we declined last year to serve Cascade Natural Gas customers in Washington. Cascade has 250,000 customers in locations around the state, while NW Natural's 65,000 customers are concentrated in the Portland metro area. She noted an important consideration will be whether stakeholders in Washington would welcome Energy Trust. She said timing is an issue as well.

Julie asked if we go forward, what happens if we have a disagreement with the Washington UTC? Would NW Natural go back to "coupling" again? Gregg said approval would be for a limited time while the mechanism is tested. He noted NW Natural is a very small player in Washington. The WUTC often approves NW Natural proposals to test concepts that might be implemented with larger utilities.

RESOLUTION #474

AUTHORIZING CONTRACTS TO EVALUATE POTENTIAL MANAGEMENT OF EFFICIENCY PROGRAMS FOR NW NATURAL IN WASHINGTON

WHEREAS:

1. **NW Natural has asked Energy Trust to evaluate the possibility of providing efficiency programs to NW Natural's residential and commercial customers in Washington, if the Washington Utilities and Transportation Commission ("WUTC") approves a decoupling proposal for the utility.**
2. **NW Natural proposes that Energy Trust study this prospect in two phases: Phase One would broadly study energy use characteristics of these customers; programs that could be adapted for them; potential program goals and delivery models; tracking, reporting and evaluation processes; tax, regulatory and stakeholder issues; and a protocol for allocating costs to Washington programs. Energy Trust would do a Phase Two study only if the WUTC approves the decoupling proposal. The Phase Two study would include a full implementation plan.**
3. **In contrast to the previous Cascade Natural Gas proposal, which involved a large and diverse customer base, mainly in areas where Energy Trust has no presence, the NW Natural proposal involves a relatively small number of potential participants in areas adjacent to Energy Trust's existing service territory.**

It is therefore RESOLVED:

1. **Staff is authorized to negotiate and sign agreements to carry out a two-phase assessment, as described above, of the opportunity to provide energy efficiency services to NW Natural's residential and commercial customers in Washington.**
2. **Staff shall update the board of directors on the WUTC decoupling ruling and study results.**

3. The board will determine whether Energy Trust will provide energy efficiency services to NW Natural's residential and commercial customers in Washington.

Moved by: Preston Michie Seconded by: Rick Applegate

Vote: In favor: 10 Abstained: 0

Opposed: 0

Adopted on April 9, 2008, by Energy Trust Board of Directors.

Margie thanked both Gregg and Bill for the effective working relationship we have established and for their confidence in Energy Trust.

Break

The board took a break from 1:45 - 2:00 pm.

Amending 2008 Budget

Amending 2008 budget. Margie introduced proposed revisions to the 2008 budget, reflecting revenue changes and changes to efficiency program budgets. The board approved a $93.6 million budget in December. Added supplemental energy efficiency funding of $11.5 million ($6.5 million from PacifiCorp and $5 million anticipated from PGE) brings the budget total to $103.1 million. The efficiency budget increases to $72.2 million. PGE funds are expected to begin flowing in August.

Rick Applegate left the room at 2:20 pm.

Preston asked how the budget will be affected by the residential rate credit. Margie said we were just informed by OPUC that PGE rates are being reduced 6% to reflect partial restoration of the BPA residential rate credit. Lori Koho, OPUC, explained she had been working with PGE to avoid having this change affect Energy Trust, by applying the public purpose fee and calculating Energy Trust revenues before applying the exchange. However, at the last minute PGE discovered a glitch in their billing system that made it impossible to avoid this effect. Thus, the rate decrease will result in an estimated $1 million reduction in Energy Trust revenues from PGE in 2008. However, since we expect a carryover at year's end in PGE dollars, there appears to be no need to amend the budget again. Any shortfall will be reported as a variance.

Margie noted the additional funding results in a 4.3 aMW increase in the best-case electric efficiency goal, and a 97,000 annual therm increase in the best-case gas goal. She noted the "themes" for supplemental funding emphasis remain largely the same as those presented in December.

Preston said he saw a report on his desk a couple months ago about the cost of renewable energy generation increasing as costs of commodities, materials and services goes up. He wondered if we may need to increase incentives to reflect this. Margie agreed adjustments may be needed for this reason and potentially also in response to the downturn in the economy.

While Preston said this trend in increasing energy costs may be reversed, Jason said he does not foresee costs coming down.

Responding to a question from John Reynolds about increasing commodity prices, Steve Lacey said we adjust incentives to react to marketplace indicators. We aren't driven by commodity prices and tune incentives to a point where the market responds and efficiency projects proceed.

Roger Hamilton asked what is needed to stimulate the market for efficient homes; do we need more stringent codes? Margie named strategies we may need to explore, such as working with banks on offering financing mechanisms, especially at time of sale.

Vickie asked why the NEEA budget is going down. Margie said the Alliance made a conscious choice to overspend their budget in 2007 and capture more savings, mostly from compact fluorescent bulbs. As a result, they are making adjustments in their 2008 and 2009 budgets.

Alan asked why, given the downturn in the housing market, the new homes budget is increasing. Margie said the program name includes products, and the majority of anticipated savings are derived from efficient home products, not new homes construction. This reflects high activity with CFLs and refrigerator turn-ins and other efficient appliances.

Margie reviewed spending and savings by sector. She noted production efficiency "megaprojects" in 2005 and 2007 account for significant savings in those two years. Alan noticed 2009 savings increased at a greater rate than budget did. Margie explained that is a result of greater efficiencies in procuring savings; however, in 2008 we will be building program infrastructure, and savings may fall off in that period.

Margie reviewed accounting and reporting. Energy Trust's base resources are generated by SB 1149, while the supplemental resources are generated by SB 838. Energy Trust will generally approach accounting by spending 1149 funds first, with the exception of special investments in new initiatives and program emphases. Project Management Contractors will work within one total budget. Reports will segregate 1149 and 838 spending and savings.

John Reynolds thanked Margie and the staff for the extra work that went into preparing the revised budget.

RESOLUTION #471
AMENDING 2008 BUDGET

BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors approves the changes to the 2008 budget *and the 2008-2009 action plan* as presented in the board budget packet and summarized in Attachment A to this resolution.

The Energy Trust of Oregon, Inc
Program Budget Expenses by Service Territory
For the Twelve Months Ending December 31, 2008
Round 3, April rebudget

	PGE	Pacific Power	Subtotal Elec. Utilities	Northwest Natural Gas	Cascade	Avista	Subtotal Gas Providers	Total	2008 no 838 Round 2	Change	Pct Change
Energy Efficiency											
Residential											
Home Energy Solutions - Existing Homes	7,339,479	2,747,249	10,086,728	6,495,255	321,909	1,232	6,818,396	16,905,124	14,168,610	2,736,514	19.31%
Home Energy Solutions - New Homes/Products	7,525,308	4,181,721	11,707,029	1,740,506	614,014	80,540	2,435,060	14,142,089	11,832,525	2,309,564	19.52%
Market Transformation (NEEA)	586,900	442,750	1,029,650				0	1,029,650	1,114,510	(84,860)	-7.61%
Total Residential	15,451,687	7,371,720	22,823,407	8,235,761	935,923	81,772	9,253,456	32,076,863	27,115,645	4,961,218	18.30%
Commercial											
Business Energy Solutions - Existing Buildings	7,732,647	2,501,646	10,234,293	1,552,397	93,478		1,645,875	11,880,168	10,245,110	1,635,058	15.96%
Business Energy Solutions - New Buildings	5,709,612	2,585,398	8,295,010	1,236,870	141,191		1,378,061	9,673,071	9,016,424	656,647	7.28%
Market Transformation (NEEA)	902,093	680,527	1,582,620				0	1,582,620	1,713,090	(130,470)	-7.62%
Total Commercial	14,344,352	5,767,571	20,111,923	2,789,267	234,669		3,023,936	23,135,859	20,974,624	2,161,235	10.30%
Industrial											
Business Energy Solutions - Production Efficiency	8,106,795	7,712,156	15,818,951	268,165			268,165	16,087,116	13,544,576	2,542,540	18.77%
Market Transformation (NEEA)	541,205	408,278	949,483				0	949,483	1,046,476	(96,993)	-9.27%
Total Industrial	8,648,000	8,120,434	16,768,434	268,165			268,165	17,036,599	14,591,052	2,445,547	16.76%
Total Energy Efficiency Costs	38,444,039	21,259,725	59,703,764	11,293,193	1,170,592	81,772	12,545,557	72,249,321	62,681,321	9,568,000	15.26%
Renewables											
Biopower	1,094,275	954,717	2,048,992				0	2,048,992	2,046,485	2,507	0.12%
Open Solicitation	7,573,687	1,651,112	9,224,799				0	9,224,799	9,237,621	(12,822)	-0.14%
Solar Electric (Photovoltaic)	6,453,565	2,638,473	9,092,038				0	9,092,038	9,101,940	(9,902)	-0.11%
Utility Scale Projects	38,800	4,556,565	4,595,365				0	4,595,365	4,604,878	(9,513)	-0.21%
Wind	3,596,110	2,323,408	5,919,518				0	5,919,518	5,925,759	(6,241)	-0.11%
Total Renewables Costs	18,756,437	12,124,275	30,880,712				0	30,880,712	30,916,683	(35,971)	-0.12%
Cost Grand Total	57,200,476	33,384,000	90,584,476	11,293,193	1,170,592	81,772	12,545,557	103,130,033	93,598,004	9,532,029	10.18%

Moved by: Vickie Liskey Seconded by: Jason Eisdorfer

Vote: In favor: 9 Abstained: 0

Opposed: 0

Rick Applegate returned to the meeting at 2:40 pm as the board was voting on the resolution approving the revised budget.

Energy Efficiency Program

Resolution amending three program delivery contracts. Margie said as a result of the budget additions, the budgets for three program delivery contracts now exceed $500,000, which exceeds her signature authority and requires board approval. She said the changes stem from the small industrial initiative and other services to customers less than one aMW. All three contracts are with program delivery contractors working under the Production Efficiency program.

Jason asked why the Cascade Engineering's contract amount increased by $150,000 but there were no associated savings related to the increase in the budget. Elaine Prause explained this company is developing tools to support small industrial customers and that no direct energy savings are attributed to this effort. Steve noted these tools are being developed for trade allies to use to close small industrial projects that they develop. The small industrial track is vendor driven and staff has found through experience with lighting trade allies that providing analysis and sales tools dramatically increases project facilitation and processing.

John Volkman said we knew in January that the amount for these contracts would exceed $500,000, yet we did not know by how much and until the just-passed budget revision, what the final savings targets would be. Rather than bring the contracts to the board in January with numbers that would change due to the revised budget, staff chose to wait until this meeting to present actual contract dollars and savings numbers. To provide PDCs with initial terms and conditions, contracts were signed for $500,000 in January, anticipating that the specific budget and savings targets would increase due to anticipated supplemental funding.

Preston said this could be viewed as going around the $500,000 limit. Margie reiterated that we did not know the amount by which the contracts would increase back in January. Alan asked if PGE and RHT will be involved in the small industrial initiative. Elaine said, essentially no, but they would be able to use the tools Cascade creates.

Dan Enloe noted the incremental funding for PGE didn't look as though it buys as much incremental savings as RHT's. Elaine explained PGE's projects (wastewater treatment) typically are smaller and involve more labor per unit of savings than the larger wood products projects secured by RHT in Pacific Power service territory in southern Oregon.

Debbie expressed some discomfort about the Cascade contract. It looks as though we are paying more to get what was expected under the $500,000 contract. She thinks we need to be careful about how we handle these things.

John Reynolds said we commend staff for not wanting to waste the board's time by bringing issues to us twice, but in this case we probably should have done so. Margie agreed.

RESOLUTION #475
AUTHORIZING THE EXECUTIVE DIRECTOR TO AMEND THREE PROGRAM DELIVERY CONTRACTS

WHEREAS:

1. **Last August, Energy Trust decided to bring the Production Efficiency program in-house. Before then, the program was managed by Lockheed Martin, which contracted with Program Delivery Contractors (PDCs). With the transition to in-house management, Energy Trust negotiates and manages the PDC contracts.**
2. **Energy Trust executed PDC agreements for 2008 with the expectation that the contracts would be amended after the 2008 budget revision, which was expected to affect the contract budgets and savings targets.**
3. **Energy Trust has now revised the 2008 budget. The proposed PDC contract amendments increase the contracts above $500,000, so that the executive director requires board approval to sign these amendments.**

It is therefore RESOLVED that the Energy Trust of Oregon, Inc., Board of Directors authorizes the executive director to sign amended program delivery contracts whose terms are consistent with the following:

Program Delivery Contractor	Contract Term	Addition to Contract Payments	Best Case Savings Goal
Cascade Energy Engineering, Inc. (Small Industrial Initiative)	12/1/2007-12/31/2010	$150,000	7,667 MWh 52,570 Therms
Portland General Electric Company	1/1/2008-12/31/2008	$390,000	25,018 MWh
RHT Enterprises Inc, DBA RHT Energy Solutions	1/1/2008-12/31/2008	$362,200	25,060 MWh

Moved by: Rick Applegate Seconded by: Julie Hammond

Vote: 9 in favor 0 opposed 1 abstained (Dan Enloe)

Adopted on April 9, 2008, by Energy Trust of Oregon, Inc., Board of Directors.

President's Report

John Reynolds noted the board has received a very nice letter from PGE commending Tom Foley's service to the board.

Change in executive director compensation. John Reynolds read the resolution, which was the subject of an earlier executive session. Julie asked to have the word "SERP" added in RESOLVED item 2.

RESOLUTION # 472

AUTHORIZING A SALARY INCREASE AND CONTRIBUTION TO THE ENERGY TRUST SUPPLEMENTAL EMPLOYEE RETIREMENT PLAN FOR THE BENEFIT OF MARGIE HARRIS, EXECUTIVE DIRECTOR

WHEREAS:

The Energy Trust's Executive Director Review Committee has completed its review of an independent salary survey indicating that the executive director's current salary is well below salary for comparable positions. The committee recommends that the board approve a $7,000 increase in the executive director's 2008 salary and, in lieu of additional compensation, an ongoing $7,000 contribution to the Supplemental Employee Retirement Plan (SERP), such contribution to be in addition to the SERP contribution authorized in October 2007.

It is RESOLVED:

That the Board of Directors of Energy Trust of Oregon, Inc., authorizes:

1. **A $7,000 increase in the executive director's 2008 salary, and**
2. **A $7,000 SERP contribution in lieu of additional compensation.**
3. **The $7,000 SERP contribution authorized in October, 2007, shall be considered in lieu of compensation, and therefore will continue annually, unless and until the board decides otherwise.**

Moved by: Preston Michie Seconded by: Julie Hammond

Vote: In favor: 9 Abstained: 1 (Roger Hamilton)

Opposed: 0

Adopted on April 9, 2008, by Energy Trust Board of Directors.

Committee Reports (continued)

Board Nominating Committee. See above: ***Amending bylaws and appointing Dan Enloe and Roger Hamilton to the Energy Trust board.***

Finance Committee. See above.

Program Evaluation Committee. See above.

Policy Committee; amending the policy on balanced competition. Jason Eisdorfer introduced this subject, noting in recent meetings the committee had discussed possible changes to the board policy on

balanced competition. Debbie Kitchin asked if the intent was to require all Energy Trust contracts to adhere to the policy. John Volkman said the policy covers contracting with utilities. Alan thanked the staff for including a "red-lined" version of the policy, indicating proposed changes.

RESOLUTION #470
AMENDING THE ENERGY TRUST BALANCED COMPETITION POLICY

WHEREAS:

1. **Energy Trust's Balanced Competition Policy is meant to ensure that there is fair competition for Energy Trust program management contracts.**
2. **Section 3 of the policy provides that individuals in regulated utilities cannot perform work under an Energy Trust program management contract and perform work as part of the utility.**
3. **In 2007, the Oregon Renewable Energy Act authorized electric utilities to supplement energy efficiency funds. Energy Trust and these utilities are negotiating agreements for Energy Trust to provide services using these additional funds, and in some cases the best way to coordinate Energy Trust and utility work will involve utility personnel working under contract with Energy Trust.**

It is therefore RESOLVED that the Energy Trust of Oregon, Inc., Board of Directors amends the balanced competition policy as follows:

1. *Arrangements for regulated utility information and referrals.* The Energy Trust will arrange directly with regulated utilities for information and referrals that help the Energy Trust reach the public, and come as a byproduct of the regulated role. The Energy Trust and utilities will work together to determine what activities and information will be made available with or without fee. Examples:
   - Coordination of 1-800 response for household and business efficiency inquiries
   - Qualification of leads coming from utility/customer relationships and referral to programs
   - Access to historic energy usage data as requested by utility customers
   - Access to utility-generated consumer demographic information for evaluation and/or marketing purposes
   - Utility customer representative role in marketing

   Thus, these capabilities will not influence selection of program management contractors.

   Rationale

   These are services that stem from the natural monopoly role of the utility. They are unique and real assets, but not appropriate for the competitive bid.

2. *Limitation on number of program management contracts awarded to a single contractor.* No single firm, including other companies under the same ownership and affiliates, will be a contractor (prime or subcontractor) for more than two concurrent program management contracts. This limitation does not apply to subcontracts for installation or technical work (studies, commissioning, etc.) that are awarded to multiple contractors as part of implementation of a single program.

   Rationale

   Energy Trust needs to maintain a competitive market for program management. If one competitor wins all slots, others will not develop the skills, nor are they likely to bid in the future.

3. *Limitations on participation of regulated personnel in competitions for program management contracts.* With the exception of utility work for which Energy Trust contracts in connection with supplemental energy efficiency activities pursuant to the 2007 Renewable Energy Act, an individual within a regulated utility cannot perform work under an Energy Trust contract for program management *and* perform work as part of the regulated utility (i.e., functions billed to ratepayers) in Oregon.

   Rationale
   - *Regulated utilities have their own objectives, which in some cases include maintaining and building load. It would be difficult to manage employees who also report to a regulated utility and its objectives as "first boss."*
   - *To have ratepayers pay for part of the cost of an FTE that was used for competitive Energy Trust work would make it difficult for others to compete.*

4. *No review of work of related companies.* Neither a program management contractor to the Energy Trust nor organizations under the same ownership or affiliates may perform work under separate contract that would be submitted to the program management contractor for review on behalf of the Energy Trust. This type of work includes recommendation of efficiency measure brands, models or performance, technical analysis of savings, or equipment installation or commissioning.

   Rationale
   Avoids having program management contractors review their own work. Reduces consumer confusion about roles.

Moved by: Jason Eisdorfer Seconded by: Vickie Liskey

Vote: In favor: 10 Abstained: 0

Opposed:

Adopted on April 9, 2008, by Energy Trust Board of Directors.

NEEA Strategic Plan

Northwest Energy Efficiency Alliance (NEEA) Strategic Plan. Margie Harris, who serves on the Alliance board, noted that over the six years of Energy Trust's existence, NEEA has been responsible for 47 aMW, nearly 1/3 of our acquired electric efficiency savings. Susan Hermenet, interim executive director, addressed the board, seeking comments as part of the organization's strategic planning process. Jason asked if it is a good idea to proceed with strategic planning without an executive director on board. Susan said this portion of the process is listening to what the region has to say. Margie said the process gives us the opportunity to engage people, and to listen to them. A new executive director is expected to be selected by the NEEA board in early May. As five-year funding commitments come up for renewal starting next year, it will be good for the organizations to know what would be done with the funds they commit. In response to a question from Roger Hamilton, Susan explained the organization is funded by 12 electric utilities in the region, BPA and Energy Trust. Energy Trust is the second-highest funder, following BPA.

Susan drew attention to the broad range of strategic questions the Alliance is seeking feedback about, including potentially adding:

- Natural gas to its scope

- Peak demand goals
- On-site renewables

Board members discussed the list. They were appreciative of its breadth but also counseled not to try to be everything to all people.

Alan Meyer asked how Margie would be providing Energy Trust input into the plan. She said the Alliance will be soliciting input from the CAC and RAC. Energy Trust staff will be invited to participate in a local workshop on this subject. Margie will also be meeting on behalf of the NEEA board with the OPUC and ODOE and others in Oregon. The draft strategic plan will be available in July and Margie will plan to bring it to the Energy Trust board for its consideration prior to it becoming final in October.

Debbie expressed her hope that through this process the market transformation piece that NEEA has always done, and is uniquely positioned to do in this region, doesn't get lost. None of the individual actors can play that role.

Jason said Energy Trust needs results, and expects this is also true of alot of the utility members. He wouldn't want NEEA to think so broadly as to lose sight of the need for savings.

Rick asked NEEA to take a good hard look at where they can have an impact on choices made about future sources of energy.

Discussion continued.

Staff Report

Highlights of staff report. Margie noted research being completed by Linda Dethman Associates and Jane Peters of Research Into Action to link messages on global warming with energy efficiency. This could lead to a regional campaign of some kind. The project has been a participatory process, involving BPA, NWPCC and PECI. A final report is expected soon.

The annual true-up process has been completed. This year the true-up resulted in a 1.8% increase in 2007 electric savings and 2.8% increase in gas savings.

At the request of John Savage, we are exploring west coast collaborations to achieve zero net energy commercial buildings by 2030 and to accelerate appliance efficiency.

Staff attended a BPA-sponsored workshop, one outcome of which could be that BPA may require its customers to submit 10-year conservation plans and corresponding program delivery needs.

She said we are working with Portland Development Commission to design a pilot initiative that addresses new low income multifamily housing projects that are unique in construction. Whereas other aspects of the new housing market are declining, this segment is not.

Home Energy Solutions completed 569 Home Energy Reviews in this period, a new program record.

Energy Trust will support installation of a wind project at Hood River High School.

Demand for commercial solar projects, especially from nonprofits and governments, has been exceptionally high. Accordingly, staff reduced the nonprofit incentives to be in line with commercial incentives and is focusing on projects expected to be completed in 2008.

A workshop we sponsored on new solar programs and requirements for local governments attracted 150 attendees in March.

An RFP for call center services resulted in two proposals and the selection of the incumbent, Active Group.

Energy Trust received two EPA Energy Star awards, one for our commercial food service initiative and the other for our Change a Light, Change the World CFL fundraiser. Greg Stiles described the food service initiative, which this year is expected to leverage installation of 1,000 pieces of efficient food service equipment.

The new website for Corvallis can be accessed at www.corvallisenergychallenge.org. Jan Schaeffer provided an update on the launch of the Challenge in Corvallis.

Margie noted she was interviewed in her home by Channel 8 on the topic of what consumers can do to save energy at home. The lengthy piece will air multiple times.

Energy Trust processes 500-800 incentive checks each week, an increase.

Staffing changes were reviewed.

Jason commented to the new board members that he continues to be amazed at all the staff does as reflected in the staff report. It is his favorite part of the meeting and he says it is a "treat to read" every time.

Feature presentation. Michel Gregory noted Energy Trust was the title sponsor in the premier year of the Better Living Show, a major sustainable lifestyle event. She said the target for attendance was 10,000; and 22,500 came. Of the 235 show exhibitors, 17 were our trade allies. Energy Trust created a booklet – Passport to Clean Energy – and distributed it to visitors at the door who used it to collect stamps from our trade allies and partners. A completed passport allowed participants to enter a drawing for free energy efficient appliances. Inside the show, Energy Trust constructed an 11,000 square foot house, made possible with 37 suppliers from the area. The house included solar electric and solar water heating systems, energy efficient appliances and lighting, weatherization and other energy saving features. Our 80 volunteers staffed the house and the front lobby. Nearly 1,000 people signed up for Home Energy Reviews. Michel then showed clips from KPTV's extensive coverage of the show, including those featuring Lizzie Giles from our solar team.

Margie said she thought it was a terrific event. Energy Trust gained excellent coverage, and reached a range of folks. It was also a great team-building experience. Rick Applegate visited and found the audience to be very engaged. Debbie, who exhibited at the show, thought the audience was comprised of many people who don't typically attend green building events.

Adjourn

The meeting adjourned at 4:30 pm.

Next meeting. The next regular meeting of the Energy Trust Board of Directors will be held Wednesday, May14, 2008, 12:00 pm at Energy Trust of Oregon, Inc., 851 SW Sixth Avenue, 12th Floor, Portland, Oregon. The meeting is open to the public.