EnergyTrust of Oregon, Inc.

Board Decision
Authorizing Amendments to the Home Energy Solutions New Homes and Products Program Management Contract

May 14, 2008

Summary

This resolution would authorize an amendment to the program management contract for the Home Energy Solutions New Homes and Products Program, in order to save an additional 2.1 average megawatts (aMW) at an additional cost of $1,631,506.

Background

- In December 2007, the board approved a 2008 budget of $11.8 million for the Home Energy Solutions New Homes and Products Program.
- In April 2008, the board revised the 2008 budget to reflect 2007 carryover and supplemental energy efficiency funding available through the Renewable Energy Act (SB 838). The revised and approved New Homes and Products Program budget is currently $14.1 million.
- As approved in April, the overall electric efficiency budget includes projected carryover funds at the end of 2008 in the amount of $6.1 million (including reserves). This amount is available to be allocated to programs if savings opportunities arise above current program budget levels. Of this amount, approximately $1.9 million is available in the PacifiCorp service territory and $4.2 million is available in the PGE service territory. When the PGE balance is adjusted for potential residential exchange credit reductions, the amount available in PGE service territory decreases to about $3.2 million.
- At the time the revised budget was being completed for board review, staff was analyzing the savings projections and funding needed for a refrigerator replacement program and for specialty compact florescent bulbs. These analyses were not completed in time to be incorporated into the final revised budget presented to the board in April.

Discussion

- With analysis now complete, staff has identified two opportunities in the Home Energy Solutions New Homes and Products Program that would save 2.1 aMW, for an additional expenditure of $1,631,506:
    - $805,626 for specialty compact florescent lighting promotions (vanity bulbs, recessed cans, etc.), saving approximately 1.5 aMW at $.010/kWh, levelized (~13.5 million kWh), 60% in PGE territory, 40% in PacifiCorp territory;
    - $825,880 for an expanded refrigerator replacement initiative in PacifiCorp territory, saving 0.6 aMW at $.026/kWh, levelized (~5.4 million kWh).

- Approving these additional expenditures would leave a projected balance of $3.5 million in electric energy efficiency carryover available at the end of 2008, distributed as follows:
  - PacifiCorp $ .8 million
  - PGE $2.7 million
- However, expenditures for these opportunities would exceed the program budget approved in April. Under board policy, program expenditures may not exceed board-authorized program budgets.
- The attached resolution would allow an exception from the policy and authorize the executive director to amend the program management contract for the Home Energy Solutions New Homes and Products Program to add $1,631,506 in expenditures and 2.1 aMW in additional energy savings. This procedure would be in lieu of a revising the entire Energy Trust budget. If the Home Energy Solutions New Homes and Products Program expends all the dollars as projected, the board would see an 11% variance over the current approved program budget.

	Program funding (incentives & implementation)	Best-Case Contract Savings	Best-Case Levelized Cost	% Variance to Approved Budget
Current	$14,142,089	5.2 aMW	$.037/kWh	--
Proposed	$15,773,595	7.3 aMW	$.031/kWh	11%
Difference	$1,631,506	2.1 aMW	--	--

Recommendation

Authorize an exception to the board policy limiting expenditures to board-approved program budget to allow the executive director to amend the program management contract for the Home Energy Solutions New Homes and Products Program to increase program spending by $1,631,506 and savings goals by 2.1 aMW.

RESOLUTION #478

AUTHORIZING ADDITIONAL EXPENDITURES FOR THE HOME ENERGY SOLUTIONS NEW HOMES AND PRODUCTS PROGRAM

WHEREAS:

1. **In December 2007, the board approved a $11,832,525 2008 budget for the Home Energy Solutions New Homes and Products Program. Under board policy, expenditures may not exceed board-authorized program budgets.**
2. **In April 2008, the board revised the 2008 budget to reflect 2007 carryover and supplemental energy efficiency funding, which includes funds that are not allocated to specific programs, and available to be targeted where they can be most effective.**
3. **Staff has identified two areas where cost-effective energy savings are available and expenditures would exceed board-authorized budgets: (a) $805,626 for additional compact florescent specialty lighting promotions saving approximately 1.5 aMW at $.010/kWh, levelized (~13.5 million kWh); and (b) $825,880 for an expanded refrigerator replacement initiative in PacifiCorp territory, saving 0.6 aMW at $.026/kWh, levelized (~5.4 million kWh).**

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

1. **Authorizes an exception from the board policy limiting expenditures to board-authorized program budgets, for the limited purpose of allowing the executive director to amend the Home Energy Solutions New Homes and Products program management contract to increase funding by $1,631,506 and savings goals by 2.1 aMW.**

2. **Directs staff to report budget and savings variances for this program to the board as part of the quarterly report.**

Moved by: Seconded by:

Vote: In favor: Abstained:

Opposed: [list name(s) and, if requested, reason for "no" vote]