EnergyTrust of Oregon

# Policy Committee of the Energy Trust Board of Directors

January 20, 2009, 3:00-5:00 pm

Attending: Jason Eisdorfer, John Reynolds, Roger Hamilton (by telephone), Margie Harris, Fred Gordon, Steve Lacey, Sue Meyer Sample, Peter West and John Volkman

1. Information sharing rules and policy. Staff has completed work on a draft proposal to change the OPUC information sharing rules and the Energy Trust board policy to streamline the process by which Energy Trust and the utilities share information about energy users. OPUC staff is sharing the proposal informally with utilities and interest groups before initiating rulemaking (which John and Steve have been doing over the past 6 months). When we know more about the OPUC rulemaking schedule we will develop a coordinated schedule for board consideration of changes to the Energy Trust policy. In the meantime, we propose to brief the entire board on the proposal at the February meeting. We do not want rulemaking proceeding on a proposal that includes changes to Energy Trust board policy if the board is uncomfortable with them, but we also don't want to ask the board to change the policy without knowing how the overall proposal is being viewed by the OPUC. John Reynolds asked what concerns the utilities had raised. John Volkman said they are concerned about Energy Trust directly contacting utility customers; staff agrees that Energy Trust and the utilities will need to coordinate so that these contacts are not duplicative or confusing, but think it would be a mistake to try to spell out any particular coordination process in the OPUC rules, which are hard to change.

2. Cost-effectiveness update. Fred updated the committee on his work with the OPUC staff on cost-effectiveness screening. There will likely be several changes to avoided costs, most of which make conservation look more favorable:

- Utilities are updating avoided costs mostly upward, due to fuel prices and higher forecasts of carbon costs.
- The Regional Technical Forum is close to agreement on a new method for calculating savings in transformer and line losses from conservation, which should add 5-10% to energy savings.
- PUC staff has agreed that because the value of tax credits aren't counted in the cost of supply-side resources, they shouldn't count toward the cost of efficiency in the societal benefit-cost analysis either. This will significantly improve the societal B/C for solar water heat and provide a moderate boost for other measures. We will adjust for state tax credits initially and decide how to approach federal tax considerations later.

Our plan is to round up as many of the cost-effectiveness enhancements as we can by the end of February and get agreement and new screening tools out to programs by the end of March.

3. Organization redesign. Margie updated the committee on the organizational re-design process, intended to ask how the organization can respond to the challenge of producing two or three times the energy savings/production it achieves now. She, Steve and Peter are continuing with outside consultants to develop a statement of work and schedule for the process. The composition of a Design Team has been designated. The goal is to have a statement of work in place by February 1, and have the first meetings in mid-to-late February. Three big meetings are anticipated: (a) Energy Trust workflow; (b) how our work could be more responsive to customers; and (c) whether we are organized to deliver much more energy savings/generation.

These meetings would include appropriate staff, PMC staff and others. The meetings will provide the Design Team with information; the Design Team will make recommendations to the Steering Group and be discussed with the Management Team; Margie will make decisions on matters within her purview and bring any board issues to the board. We don't anticipate fundamental shifts in the Energy Trust model, but do want to present a more seamless, full-service face to customers. We should have a pretty good idea of the recommendations and decisions by the June board retreat.

This work will affect the Energy Trust strategic plan, so we propose to defer making any broad changes in that plan until fall. We can then digest the results of this process, by which time we should also know the results of the Oregon legislative session and the federal stimulus package. To make sure the strategic plan is workable in the interim, we will propose a minor adjustment at the February meeting: replacing the current 2012 goals with interim goals that reflect what we expect to do with Renewable Energy Act funds.

4. New electronics home and business products program. PG&E (California) has initiated a program to provide incentives to national manufacturers and chain stores for more efficient electronic equipment for homes and businesses. The national entities are not interested in working on separate arrangements with hundreds of programs, so the PG&E initiative is designed as a platform for other program providers across the nation to join. Fred has explored the program with PG&E and thinks NEEA could help provide strategic direction for the program. The Northwest is likely to focus on televisions and home computer sales for 2009 and broaden the program to other electronics in 2010. The 2009 cost would be viewed as an investment in a potentially very useful long-term relationship. By getting an early seat, the NW can help assure a more effective initiative in 2010.

Because NEEA funds are fully committed to other programs, Energy Trust and others (BPA and Puget) would have to provide additional NEEA funds. NEEA would like to start the program April 1. Energy Trust's 2009 contribution would be around $1 million. However, increasing Energy Trust's NEEA funding would require board authorization of: (1) a new program; (2) shifting funds within the budget; and (3) a change in the NEEA contract.

The committee strongly endorsed the initiative and recommended that staff bring it to the board at its February meeting rather than waiting until April, which could delay it. Staff should prepare a background memorandum for the board packet, and alert the board that funding specifics will not be available before the board meeting. We should know how much we have in carry-over funds in late January, however, and staff should bring to the meeting a board resolution outlining funding specifics.

5. Living Building Initiative fundraising. The Living Building Initiative (LBI) proposes to retain a consultant to raise funds for the Living Building. LBI is asking members to contribute funds to retain a fundraiser to scope out potential funding sources to lower the building's cost. Members are asked to contribute based on their space needs, and Energy Trust's contribution would be somewhere between $6500 and $10,000. This contribution would "keep us in the game," without committing Energy Trust to the building itself. LBI would retain a consultant and report back on the results of the scoping effort. The scoping study will give LBI information that can be included in a pro forma, which all the LBI members will need to review before deciding whether to invest in the building. In addition, it is likely that a further contribution (perhaps more like $30,000 from Energy Trust) would be requested to carry out the fundraising effort. Margie does not need board approval for such an expenditure, but does not want to proceed without

discussing it with the board. John Reynolds supports the initiative – Energy Trust should demonstrate the ideas it is advancing for building owners and occupants. Jason supports that concept, but would like more information about what the "scoping" study would do, would like to be assured the money will be well spent, and would like more information about how the building will demonstrate innovations that can be replicated by others. Energy Trust involvement should not be premised on an open check-book, it would need to be disciplined. Margie agreed. The Management Team is discussing such questions as: how much of a premium would we pay for a living building? What features (specific energy characteristics, replicability, etc.) would it need? How might the OPUC react to the idea? Margie said Dennis Wilde of Gerding-Edlin and Clark Brockman of SERA Architects will brief the board on the building at the February meeting, and staff will raise the issue whether to make this contribution to a fund-raising effort.

6. CAC membership. Mat Northway (from EWEB) is leaving the CAC. The committee approved Bill Welch as his replacement.

7. Legislative update. The committee discussed various bills that have been introduced or are under discussion for the 2009 legislature. Margie briefed the committee on a request from the OPUC to sketch out how Energy Trust might use an infusion of stimulus funds in relatively short time frames (1-2 years). Staff developed a response over a day or two, and will make it available to the board.