Board Meeting Minutes – 94th Meeting

December 18, 2009

Board members present: Rick Applegate (teleconference), Jason Eisdorfer, Dan Enloe, Roger Hamilton, Julie Hammond (teleconference), Al Jubitz (teleconference), John Klosterman, Debbie Kitchin, Caddy McKeown, Alan Meyer, John Reynolds

Board members absent: Mark Long (ODOE special advisor), Preston Michie; John Savage (ex officio)

Staff attending: Sarah Caster, Amber Cole, Sue Fletcher, Fred Gordon, Margie Harris, Nancy Klass, Steve Lacey, Sue Meyer Sample, Brien Sipe, John Volkman, Peter West

Others attending: Jim Abrahamson, Cascade Natural Gas; Joe Barra, PGE; Jeff Bissonnette, Fair & Clean Energy Coalition; Chance Carrington, Sunlight Solar; Dan Davis, Habitat for Humanity Rogue Valley; Theresa Gibney, OPUC; Maureen Quaid, CSG; Patrick Stanton, OPOWER; Adam Studdard, CSG; Jan Schaeffer

Business Meeting

President John Reynolds called the business meeting to order at 12:04 pm. There were no changes to the agenda.

General Public Comments

There were none.

Consent Agenda

MOTION: Approve Consent Agenda.

Moved by: Debbie Kitchin Seconded by: John Klosterman

Vote:	In favor:	10	Abstained: 1 (John Reynolds abstained because he did not attend the November board meeting)
	Opposed:	0	

November 4 meeting minutes part of Consent Agenda

Adopted on December 18, 2009, as part of the Consent Agenda by Energy Trust Board of Directors.

Mainspring Managed Option for 401(k) Plan, Resolution 535. Part of Consent Agenda.

RESOLUTION 535

APPROVING MAINSPRING MANAGED OPTION FOR 401(k) PLAN PARTICIPANTS

WHEREAS

1. **For the last two years, Energy Trust has offered an optional service called Mainspring Managed, to help employees make individual 401(k) plan investment decisions and manage their other investments; and**
2. **The cost of the service is paid by the employees who participate in the Mainspring Managed program.**

It is therefore RESOLVED that the Energy Trust of Oregon, Inc. Board of Directors: Authorizes Energy Trust to continue to offer the Mainspring Managed program to employees unless and until the board decides to terminate it.

Adopted on December 18, 2009, as part of the Consent Agenda by Energy Trust Board of Directors.

President's Report

John Reynolds reviewed ACEEE's "Report Card for the States," 2008-2009. In 2008, Oregon slipped ½ point from 37 to 36.5 ranking fourth nationally. While in 2007, Oregon ranked second nationally.

He pointed out the results were based on 2007 utility data, which do not include natural gas efficiency savings because nationwide figures are not available. Oregon lost 4 out of the 50 possible points because we have not adopted statewide energy efficiency goals.

Jason noted some of the state efficiency standards are less than what Energy Trust achieves annually.

Strategic Plan

Adopting Strategic Plan, Resolution 537. Rick Applegate provided background: Legislation in 2007 changed Energy Trust's landscape by allowing utilities to collect more than the 3% public purpose charge for energy efficiency, and by limiting to 20 aMW those renewable energy projects Energy Trust may support. He noted Energy Trust now is integral to utility Integrated Resource Planning (IRP). He noted Energy Trust will be exploring new dimensions in our relationships with utilities and OPUC in 2010 as we launch the utility roundtable meetings.

The strategic plan spells out large-scale benefits for ratepayers from implementation of Energy Trust programs between 2010 and 2015. The strategic planning committee struggled with whether Energy Trust should assume growth in Energy Trust revenues to achieve utility IRP goals. He said OPUC discussions and tariff filing hearings made it clear Energy Trust revenues would grow to meet IRP targets. The strategic plan goes beyond the coming five years, and emphasizes longer term needs to experiment with new technologies. Rick said the plan was drafted to be useful and informational to a wide range of external audiences.

Rick turned the presentation over to John Volkman, who highlighted points in the board packet memo. He noted a red-lined version of the final draft plan is included to indicate significant changes from the draft to the proposed final document.

Probably the most significant change, John said, was that the final document assumes full funding to the integrated resource plan levels identified in the draft. So that readers would not forget the issue, the plan contains graphics and discussion regarding the utilities' willingness to propose increased rates and fees as needed to achieve targeted results. John also noted that over the coming five years, as we look at how Energy Trust's investment shifts from one sector to another, we expect relatively more investment in the commercial and industrial sectors to meet projected goals. This is because opportunities in the residential sector are expected to be largely captured over this timeframe.

John noted that the plan assumes significant savings from large industrial facilities. Currently these large customers cannot be charged for or benefit from increased energy efficiency funding under SB 838. There is a question, then, how the higher industrial savings envisioned in utility IRP's and by the strategic plan will be funded. After meetings and discussions, it was decided to assume the savings from large industrial customers would be available, perhaps through legislative changes, or possibly new technologies, which could create greater savings opportunities in smaller commercial enterprises and residences.

The OPUC has raised a question whether Energy Trust funding should be used by utilities to meet their renewable energy goals now mandated through SB 838. That issue is pending, current language in the strategic plan is structured to accommodate different outcomes.

John called attention to a shift in the strategic plan's timeframe from 2009-2013 to 2010-2014. A section was also added regarding what happens after five years.

John asked the board to approve the final strategic plan.

Margie noted the process took longer than we thought when we started out. The reason for the additional time is the importance of aligning Energy Trust's strategic plan with utility integrated resource plans and corresponding goals. The 2010 budget was built on the outlines of the draft strategic plan and reflects this full alignment for the first time.

Margie also thanked all those who took the time to respond to our outreach on the draft plan. The significant, substantive comments received changed the final document. She thanked board members and John Volkman for their leadership, and the excellent work of Ben

Huntington, Matt Braman, Fred Gordon, Pete Catching and Elaine Prause, who contributed significantly to the plan.

Alan Meyer pointed out an error on page 15, on the Y axis of the table, on cumulative average megawatts of renewable energy. Rather than “average megawatts per year,” he thinks the reference should be to “cumulative average megawatts.” He noted in text on page 11, under figure 7, the references to “yellow” “burgundy” should be changed so that people who have black-and-white versions of the plan will follow the discussion. Alan also suggested the plan spell out the law that restricts rate collections and efficiency funding for large users.

Alan noted on figure 10, page 13, and subsequent graphs that look like this, he thinks the “gap” between existing and additional 838 funds is exaggerated because the baseline savings are flat. He thinks that there will be some load growth, resulting in some increase in public purpose revenues.

Alan's last point regards his "shock" at the issue of whether Energy Trust can work collaboratively with utilities on renewable energy projects. He predicts a hue and cry from some customer segments if Energy Trust-supported renewable energy cannot count toward the utilities’ Renewable Energy Standards. Jason Eisdorfer thinks everyone agrees with Alan: this issue is a surprise.

Dan Enloe said one of his questions, considering 838 incremental funds, is whether we can delineate customers that use one average megawatt. He noted that without utility data regarding large energy users, it is difficult to analyze how to meet future funding needs for meeting IRPs.

Roger Hamilton questioned Figure 7, and why it does not reflect historical trends. Fred said the table assumes an acceleration in innovation. John pointed out text at the bottom of page 11 addresses uncertainties related to new technologies. Roger suggested there may be another consideration, the cost of carbon taxes or cap and trade.

Rick asked if a motion to adopt the strategic plan subject to John Reynold’s review of Alan, Dan, and Roger’s proposed changes would be acceptable to the board. The board indicated this would be appropriate.

RESOLUTION 537

ADOPTING STRATEGIC PLAN

WHEREAS:

1. **Energy Trust has a 2007-2012 strategic plan, updated in 2006. In 2006, the public purpose charge was still scheduled to sunset in 2012, there was no provision for supplemental energy efficiency funding, and no limit on the size of Energy Trust renewable energy projects.**
2. **The 2007 Oregon Renewable Energy Act extended the sunset date of the public purpose charge to 2026, authorized utilities to collect supplemental energy**

efficiency funding, and imposed a 20-megawatt limit on Energy Trust renewable energy projects.

3. **Elements of a revised strategic plan have been under discussion since June, 2008, when the board discussed Energy Trust vision, mission and goals.**
4. **A draft plan with five-year goals was discussed at the June, 2009, board retreat, revised to reflect that discussion, and released for comment August 1.**

It is therefore **RESOLVED** that the board of directors of Energy Trust of Oregon, Inc., adopts the attached strategic plan *with editorial and graphic changes suggested by board members during today's discussion, subject to review by President Reynolds,* and authorizes staff to release the attached summary and responses to comment.

Moved by: Rick Applegate subject to John Reynolds final review of the suggested changes

Seconded by: Roger Hamilton

Vote: In favor: 11 Abstained: 0

Opposed: 0

Adopted on December 18, 2009, by Energy Trust Board of Directors.

Draft 2010 Budget and draft 2010-2011 Action Plan

Margie presented changes between the draft and final budgets. She said she is pleased that 2009 electric efficiency savings are expected to increase 8.7% over 2008, representing 91% of the stretch goal. She noted gas efficiency savings are expected to be 14.7% higher than in 2008, 92% of the stretch goal. She noted renewable energy programs expect to achieve 5 aMW in new generation, which exceeds the OPUC benchmark and would have been higher had certain biomass projects not been cancelled and delayed.

She noted the 2010 IRP goals, accompanied by a 26% budget increase, may not be achieved in one year. The strategic plan targets are very aggressive.

Margie highlighted themes underlying the budget: the need for acceleration, new program strategies and innovations, a customer focus, productivity improvements, IT system improvements, emerging technologies and a new process for pilot programs and initiatives. She noted a lot of the ideas came out the organizational redesign and the strategic planning process.

Margie then referenced comments and other budget changes, including:

- Finalizing incremental revenues through tariffs, expected to be settled next week
- Adjusting final expenditures, savings and generation based on latest forecasts of completed activity by end 2009

- Pursuing discussions regarding utility renewable energy project funding, feed-in tariff, and roles and responsibilities for future tariff filings
- Expanding marketing collaboration with utilities
- No changes in the staffing proposal
- Providing matching funds to public entities who receive direct stimulus funds, including the $75 million proposal submitted this week to DOE by the City of Portland/State of Oregon
- Retain a placeholder for IT improvements
- Remain flexible to address management review recommendations, which are expected early next year

She presented "budget changes at a glance," a table with 2008 actuals, 2009 forecast, 2010 budget, 2010 savings/generation and 2011 projected budget. For each topic, comparison is made between the draft budget and proposed final budget with differences highlighted. The final budget is $1.3 million more than the 2010 draft budget. There were slight changes between draft and final in energy efficiency savings goals (decrease), gas savings goals (increase), renewable energy generation (decrease), administration/program support (slight increase).

Responding to Alan's request in November for more detail regarding new operational investments to support programs, Margie highlighted the following:

- A 43% increase in the Planning and Evaluation team to support quicker turnaround on new measure approvals and adopt a new model to guide decisions about pilot initiatives and new technologies
- A $1 million increase in customer service and trade allies supports an increased focus on customers and trade allies, including reaching out to non-urban parts of the state, improving call center technologies and equipment, and supporting Clean Energy Works Portland (CEWP) and the Energy Efficiency and Sustainable Technology Act (EEAST).

Dan Enloe commented that our website might provide more information. Margie noted one of the website improvements made was a portal just for Trade Allies.

Describing the third major component of investments, Margie noted the kinds of IT projects that will be continuing into 2010 and beyond. Among them are business intelligence implementation, data warehouse development, Sharepoint planning and training, and infrastructure change monitoring for internal controls. Also included are further development and automation through webforms.

Margie then provided an update on the Enterprise Resource Plan (ERP) and related improvements. Current systems are stretched to capacity, requiring further enhancements or revisions. She presented a process overview for solution implementation, starting with an RFP in Q1 2010. She noted whatever we do will have a big impact on the way we do business internally.

Dan Enloe commended staff for its IT planning efforts. Margie said she would send a spreadsheet requested by Dan. Debbie Blanchard referenced some data on large, rapid growth

in IT demands. Dan Enloe noted you can choose to implement these kinds of upgrades as software development and acquisition or as a service provided by a third party. Margie said we will consider both options in our RFP development.

Theresa Gibney said there are no OPUC comments on the budget. She said there some components of the 2011 budget that we will look at as we move forward in 2010. Theresa acknowledged Energy Trust staff responsiveness to her questions during the budget review process. Margie drew attention to the summary of comments tab.

Al Jubitz said he will support a motion to approve the budget. He is very concerned about runaway IT spending. He trusts the staff and board members to provide adequate oversight. John Reynolds noted Al is on the IT ERP steering committee, as is Dan Enloe. Dan noted the projected total outlay was big in comparison to our overall budget. He hopes some of the vendors, with green products, will donate some components. Al agreed.

John Reynolds asked if any members of the audience wished to speak to the budget. Patrick Stanzen of O Power spoke and referenced the company's enthusiasm for working with us to demonstrate their behavior change approach. He provided copies Information describing O Power and their experience working successfully with other utilities, including Sacramento Municipal Utility District.

Adoption of 2010 Budget, Resolution 533:

RESOLUTION 533

ADOPTION OF 2010 BUDGET

BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors approves the 2010 budget as presented in the board packet:

Moved by: Dan Enloe Seconded by: Jason Eisdorfer

Vote: In favor: 11 Abstained: 0

Opposed: 0

Adopted on December 18, 2009, by Energy Trust Board of Directors.

Adoption of 2010-2011 Action Plan, Resolution 534:

RESOLUTION 534

ADOPTION OF 2010-2011 ACTION PLAN

BE IT RESOLVED: That Energy Trust of Oregon, Inc. Board of Directors approves the two-year 2010-2011 Action Plan as presented in the board packet:

Moved by: Jason Eisdorfer Seconded by: Caddy McKeown

Vote: In favor: 11 Abstained: 0

Opposed: 0

Adopted on December 18, 2009, by Energy Trust Board of Directors.

Break

The board took a 20 minute break at 1:35.

Committee Reports

Policy Committee. Jason noted the committee reviewed the Green Tag policy and decided to send it through RAC before determining whether to make changes. The committee also reviewed the Waste to Energy policy without recommending changes. The committee has one action item for the board today, the Strategic Utility Roundtable.

John Volkman said the roundtable proposal fleshes out logistics, set forth in Operating Principles. Participation at the roundtable is not limited to board and utilities. The first meeting will be in first quarter 2010, and determine then how many more meetings in 2010, but at least 2 meetings per year. It is hoped attendees will be decision-level executives and not staff. Agendas will be determined by the Energy Trust board president in consultation with the utilities and board. Each agenda item will have a sponsoring entity, responsible for preparing background material to be made available in advance. Meetings will be open except for any portions of meetings the Energy Trust board president determines to involve trade secrets or other confidential information. No votes will be taken. Minutes will be kept and a roster of potential action items brought back for full Energy Trust board discussion. The parties will try this for a two-year period before deciding whether to make it permanent.

John Reynolds asked for preference of time. John Klosterman suggested shrinking the board agenda to accommodate the roundtable. Alan, Debbie and Roger supported this idea, noting if the roundtable happens only two times a year, you could shrink those two board meetings to end at 3 pm and have the roundtable go from 3-5 pm.

Joe Barra, PGE, said he is looking forward to the roundtable. He wondered about format, assuming the utilities would be at the table with board members and others in the audience. Roger Hamilton said that's his thinking too. Others nodded.

Jim Abrahamson, Cascade Natural Gas, seconded Joe's comments. He is very supportive of the proposal.

Caddy commended Jason for doing a great job devising this solution.

Margie thinks it is very important to monitor this activity and to evaluate it after the end of the first year. Jason thinks it would be good to have key utility and Energy Trust staff present to allow good communication at multiple levels.

Authorizing strategic utility roundtable, Resolution 536:

RESOLUTION 536

AUTHORIZING STRATEGIC UTILITY ROUNDTABLE

WHEREAS:

1. **Utilities whose customers are served by Energy Trust have expressed interest in having representation on the Energy Trust board.**
2. **The OPUC-Energy Trust grant agreement calls for the board to have the skills and demographics to be effective, the diversity necessary to support its mission, to be "as broadly representative of electrical users in the Service Areas as possible," and to avoid direct financial conflicts of interest (Grant Agreement, section 5.k).**
3. **The Energy Trust policy committee has discussed the idea extensively with the utilities, the OPUC and stakeholders.**
4. **In November, 2009, the committee proposed, in lieu of utility board seats, a Strategic Utility Roundtable to be conducted at least twice yearly for two years, to include utilities and other interests, and to focus on strategic Energy Trust issues. The utilities and others have commented on the committee proposal.**

It is therefore RESOLVED that the Board of the Energy Trust of Oregon, Inc. authorize a Strategic Utility Roundtable process, as outlined in Attachment 1 to this resolution.

Moved by: Alan Meyer Seconded by: Dan Enloe

Vote: In favor: 11 Abstained: 0

Opposed: 0

Adopted on December 18, 2009, by Energy Trust Board of Directors.

ATTACHMENT 1

OPERATING PRINCIPLES

The Utility Strategic Roundtable is a two-year trial designed to facilitate the utilities' expressed interest in communicating with the Energy Trust Board on a strategic level.

1. The Utility Strategic Roundtable would be composed of the Energy Trust Board and Executive Director, and representatives of the electric and gas utilities served by the Energy Trust: Cascade Natural Gas, NW Natural, PacifiCorp and PGE. Members of the public and other stakeholders, including representatives of customer groups, the environment, workers, and efficiency and renewable energy trade groups, would be invited to attend and participate in the discussions.

2. The Roundtable would meet in the first quarter of 2010. At that meeting, and the first meeting in 2011, the roundtable will schedule further meetings for that year. There will be at least two meetings annually. If possible, meetings should be timed with regular Energy Trust Board meetings so all Board members can attend.

3. Roundtable participants are encouraged to appoint decision-level representatives to the roundtable, ensure that the appointed person attend all meetings, and try not to vary representation from meeting to meeting.

4. Each roundtable agenda would be determined by the Energy Trust Board President in consultation with the full Board, the utilities and interested parties. Agendas will be organized to allow the utilities to engage in a dialogue on matters of interest to them, and may include suitable agenda items suggested by others. In general, the agenda would focus on strategic and longer-term ideas, opportunities and concerns, with the goal to ensure the entities are working well together to pursue energy efficiency and renewable energy in the most effective and coordinated way possible. The following process will be followed:

    - Energy Trust will propose meeting date(s) and solicit agenda items from utilities, board members and interest groups;
    - Candidate topics will be reviewed by staff and discussed with the policy committee, which will recommend an agenda to the board President; and
    - The committee will consider whether issues that are not included on the roundtable agenda may be suitable for other forums, e.g., CAC, RAC, or regular board meetings.

5. Each agenda item will have a sponsoring entity, which will be responsible for providing background material on the issue at least 10 days before the roundtable meeting.

6. All meetings will be open except for any portions of meetings that the Energy Trust President determines would involve trade secrets, proprietary or other confidential commercial or financial information. Energy Trust will provide public notice of meetings.

7. Roundtables will discuss issues and may make recommendations to the Energy Trust board or others. No votes will be taken. Roundtables are not authorized to take action on behalf of the Energy Trust board.

8. Minutes will be kept and a roster of potential action items would be brought back for full Energy Trust Board discussion and staff consideration before commitments to pursue the actions were made.

9. The parties would try this approach for a two-year period to determine if it is an effective way to promote strategic communications before deciding whether to make it a permanent feature or pursue some other course.

Audit Committee. Julie Hammond noted the final management review report should be available in January for your reading pleasure, and be ready for adoption at the February meeting. She noted John Volkman is working on board training. John Volkman said there is a new state of Oregon conflict of interest form that board members will receive in January.

Evaluation Committee. Debbie Kitchin said the evaluation committee met in November and reviewed a Commercial & Industrial Lighting Market Assessment, Dimmable LED Recessed Can Light Pilot, Impact of Evaluation Results on 2010 Budget, Residential Solar Valuation Study, and Duct Sealing and Insulation Impact Evaluation Findings.

Dan was surprised that the data on dimmable LED kitchen lights do not offer significant savings compared to CFLs.

Finance Committee. John Klosterman gave a report, reviewing committee meeting notes from November and the financial statements from October. Alan asked why no projections were included. Sue Meyer Sample noted we provide forecasts quarterly.

Board Nominating Committee. Rick Applegate deferred to John Reynolds. John congratulated Rick for obtaining a list of candidates from the governor's office. The committee is recommending Dan Davis of Jacksonville. Dan's statement and a resume were made available to board members. John noted Dan's background in energy is impressive.

The board invited Dan to make a few comments. Jason asked how often he expects to be present. Dan said his goal is to make all the meetings.

Approval of Dan Davis as board member.

RESOLUTION 538

APPOINTING DAN DAVIS
TO ENERGY TRUST BOARD OF DIRECTORS

WHEREAS:

1. **The Energy Trust board has 13 voting members.**
2. **Vickie Liskey has retired from the board and a replacement is required.**
3. **The board nominating committee has interviewed several excellent candidates and determined that Dan Davis meets key criteria for service in this board position, including strong support for the Energy Trust mission and extensive experience in business and energy activities that will add valuable dimensions to the board.**

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

1. **Appoints Dan Davis to the Energy Trust board of directors for a three-year term of service expiring in 2013.**

Moved by: Alan Meyer Seconded by: Caddy McKeown

Vote: In favor: 11 Abstained: 0

Opposed: 0

Adopted on December 18, 2009, by Energy Trust Board of Directors.

Staff Report

Highlights. Margie noted she already mentioned the $75 million grant application for DOE funds submitted by the City of Portland and State of Oregon. Jason said he hopes Energy Trust will consider being the applicant for future rounds of federal funds. Margie said these matters are considered on a case by case basis.

She acknowledged Patrick Stanton of O POWER. We are planning to test the O POWER approach, which compares an individual's energy use to that of a neighbor with the same age and size home. She noted the Sacramento Municipal Utility District reduced its energy load 2% through a pilot program using this approach. Alan asked if Energy Trust will be mentioned on the communication. Margie said we expect to co-brand with utilities.

Margie said the new homes team expects to achieve 16% of market share this year and have EPS scores on 300 homes. Responding to a question from Debbie Kitchin, Margie noted a state law calls for the EPS to be in place by October 2010.

Margie noted a PGE promotion at George Morlan Plumbing placed hundreds of efficient shower heads, resulting in savings with no cost to Energy Trust. Margie thanked Joe Barra, PGE, who was present.

Margie updated the board on efforts to provide savings kits and other materials for schools. She noted we are working with a Chinese-speaking expert to reach out to businesses owned by Chinese Americans. She also highlighted the Community Workforce Agreement adopted as part of the Clean Energy Works Portland, a model approach being lauded nationally as leading the effort to tie energy efficiency to creating a diverse workforce and stimulating family wage job creation.

She said Jed Jorgenson has created a guidebook for small hydro projects that have gained attention from the Federal Energy Regulatory Commission.

She said that since September, Energy Trust board and staff have participated in almost 30 meetings with state legislators. The purpose of the meetings is to provide information about Energy Trust, including specifics on projects, savings, generation and economic impacts associated in respective legislative districts, including lists of commercial/industrial participants, public participants and trade allies.

Margie noted Lee Beyer is stepping down from the OPUC to run for state senate from Springfield. He will be replaced and there is no decision as yet. She has heard John Savage will be reappointed.

Margie reported that Diane Ferington has been appointed residential sector lead and a California resident formerly with Pacific Gas & Electric, Oliver Kesting, has accepted the position as business sector lead. Both positions stem for the organization redesign.

Board members conversed about various energy saving technologies and generation, and their interest in meeting with legislators.

Adjourn

The meeting adjourned at 2:57 pm.

***Next meeting*. The next regular and annual meeting of the Energy Trust Board of Directors will be held Wednesday, February 3, 2010, 12:00 noon at the Energy Trust of Oregon, Inc., 851 SW Sixth Avenue, 12th Floor, Portland, Oregon**

Debbie Kitchin, Secretary