Board Meeting Minutes – 102nd Meeting

December 17, 2010

Board members present: Rick Applegate (joining by teleconference), Julie Brandis, Dan Davis, Jason Eisdorfer, Dan Enloe, Roger Hamilton, Julie Hammond, Al Jubitz (joining by teleconference), Debbie Kitchin, John Klosterman, Alan Meyer, Bob Repine (ODOE special advisor—joining by teleconference) and John Reynolds (arrived 1:04 pm).

Board members absent: Caddy McKeown and John Savage (ex officio)

Staff attending: Debbie Blanchard, Pete Catching, Amber Cole, Kim Crossman, Diane Ferington, Fred Gordon, Margie Harris, Steven Jonas, Oliver Kesting, Nancy Klass, Steve Lacey, Spencer Moersfelder, Sue Meyer Sample, Lizzie Rubado, John Volkman, Peter West

Others attending: Jim Abrahamson, Cascade Natural Gas; Joe Barra, PGE; Jeff Bissonnette, Fair and Clean; Bill Edmonds, NW Natural; Don Jones, Pacific Power; Murali Varahasamy and Aaron Wines, Lockheed Martin; Janet Schaeffer

Business Meeting

Vice President Debbie Kitchin called the meeting to order at 1:00 pm. John Reynolds is arriving late, as his train was delayed.

General Public Comments

There were none.

Consent Agenda

MOTION: Approve Consent Agenda. John Reynolds noted the Consent Agenda consisted of minutes from the November meeting. There were no proposed corrections.

Moved by: Alan Meyer			Seconded by: John Klosterman	
Vote:	In favor:	8	Abstained:	0
	Opposed:	0		

November 10, 2010, meeting minutes adopted as part of the Consent Agenda

Committee Reports

Evaluation Committee. Debbie Kitchin, Committee Chair. Debbie noted the committee met October 29 and discussed the 2009-2010 Existing Buildings Program Process Evaluation, the Multifamily Non-Energy Benefits Study, the 2009-2010 New Buildings Program Process Evaluation and Fast Feedback 2010 Q2 results. She noted the packet includes material reviewed at previous committee meetings.

John Reynolds arrived at 1:07 pm.

She noted the committee also met last Friday. Minutes will be included in the next meeting packet. An issue surfaced that board members wished to bring to the full board. The issue concerns a thermal imaging flyover pilot—taking aerial photos to determine whether there are neighborhoods or areas of special opportunity due to heat loss. Alan Meyer said he is concerned about perception, if it is learned that Energy Trust is undertaking this surveillance. Phil Degens said the contract was signed last year but it was a warm winter and there was no opportunity to collect the data. Dan Davis has the same concerns as Alan. Dan Enloe has commissioned such a photograph. It can see in great detail, down to 2 inch leaks. You may collect data you would not wish to have. Debbie said you can collect energy use data in other ways, and we are not concerned about using this data in a questionable way. Discussion continued. Alan has a strong preference for Margie to talk with John Savage about this. Dan Enloe suggested if we proceed to commission the photography, we should destroy the images to avoid legal issues. Margie said she will contact John about this matter.

Jason Eisdorfer arrived at 1:15 pm.

Dan Davis noted he attended the October Evaluation Committee meeting, although this is not noted on the minutes of the meeting.

President's Report

John Reynolds noted we just surpassed achieving 20 MW of PV, with 2,500 systems. We have 880 solar thermal systems. John showed images of a few Energy Trust solar projects, ranging from small to large.

Proposed Final 2011-2012 Action Plan and 2011 Budget

Julie Brandis arrived at 1:30 pm.

General Overview. Margie presented the proposed final action plan and budget. There are not many changes since the draft budget presentation in November. She noted public comments led to some changes from the draft, mostly related to natural gas savings.

She presented an updated year-end forecast. We are still predicting to land between our conservative and stretch goals. We project a slightly higher result of 42 aMW for electric efficiency—a 31 percent increase over last year. Gas savings forecast has not changed since November, 4.275 million annual therms, which is 89 percent of the stretch case goal and a 50 percent increase over 2009. We forecast renewable generation results to be around 2.9 aMW, just below the conservative case goal and very close to the 3 aMW performance measure. This is because some projects moved forward into 2011. She noted we are projecting between 140,000 to 160,000 annual therms for the NW Natural Washington pilot program, well over the stretch goal of 82,000 annual therms.

NEEA savings in 2010 were lower than expected, due to a slump in CFL sales. A 2010 evaluation suggests that the volume of CFLs sold in prior years is probably not sustainable in the market. Alan asked if the forecast came from NEEA or from Energy Trust; Fred said it came from NEEA. Jason asked how we are going to adjust for this going forward. Margie noted NEEA has a new strategic plan and new business plan that transitions from dominant CFL savings to a much more diversified portfolio, including an emphasis on home electronics and emerging technologies. Overall she sees NEEA placing more emphasis on how they validate their savings, accounting more accurately for longer term market effects. This better data will hopefully also help NEEA to better represent their savings contributions over time.
Budget themes were then presented. Content has not changed since November, but we have, following a suggestion by John Savage, added metrics to allow us to measure their success. “Acceleration” will be measured by progress toward and meeting goals. “Customer service” will be measured by customer satisfaction ratings from our fast feedback surveys and evaluations. The “diversity” theme metric requires measuring behavior change, Operations and Maintenance improvements and loan results. “Policy” will be measured by responsiveness to legislative changes. The “Integrated Solutions Implementation Project” will be measured against its ability to meet cost and timeline goals.

Margie summarized comments received from each utility, the OPUC and WISE. All comments were supportive of the budget. Margie reviewed some of the specific comments and Energy Trust’s responses, both summarized and detailed in the materials provided to the board. She noted we expect to work with the OPUC to increase the performance measure for both electric and natural gas levelized costs, reflecting the increased costs for harder-to-reach savings and whole-house services in the residential sector. She also noted the importance of collaboration, mentioned by all the utilities and WISE.

Alan Meyer noted comments from the OPUC, including the fact we anticipate approximately 15 percent carryover, and the amount of salary increases. Margie replied since the draft budget, we have allocated some of what had been included in carryover to specific NW Natural projects. Some of the carryover represents committed renewables funds. Regarding positions, she said we always compare our compensation to market rates based on independent annual salary surveys.

Julie Brandis asked about the large budget for the Integrated Solutions Project. Margie highlighted risk management steps taken and offered to meet with Julie to provide more details on the project.

Margie then presented a reconfigured slide showing the 2010 year-end forecast in BTUs, to allow apples-to-apples comparison of gas and electric numbers. A summary of budget changes was then presented. Forecasted 2010 spending, savings and generation were adjusted; changes were small. We included the budget theme metrics, updated gas programs to reflect new opportunities that added support for new gas equipment and technologies, strengthened collaboration with utilities, continued emphasis on cost effectiveness, and included actual benefit costs and retained staffing proposal. Overall there is about $4 million in changes. The most significant changes were for gas, which increased. The second major change is in Renewable Energy, for which the budget is reduced by $1.8 million—the result of shifting two major projects into 2012.

There are some changes in savings/generation goals for each utility. The goal for PGE efficiency went up slightly, the goal for Pacific Power efficiency reduced slightly, the NW Natural Oregon goal increased slightly and the NW Natural Washington goal decreased slightly. The PGE renewables goal increased, while the Pacific Power renewables goal decreased. No changes were made in the goal for Cascade Natural Gas.

Sue Meyer Sample reviewed the 2011 efficiency carryover. A worst-case scenario shows a potential draw of close to $4 million from reserves. Sue does not believe this will happen, and, if it does, the situation would right itself in 2012. Sue reviewed the 2011 renewable energy projected carryover. Of $13 million in anticipated carryover at the end of 2011, $12 million is reserved for committed renewable future payments. Jason suggested showing the committed versus uncommitted reserves graphically. There was discussion of the limitations of GAAP accounting requirements, which Sue said restricts her ability to portray the reserve showing the amount that has been obligated, without showing corresponding estimates of revenue, in statements produced for public distribution. Staff agreed to draft a different approach to portray dedicated and committed funds in a separate manner.

Margie showed a table showing OPUC performance targets compared to the draft budget, and noted we will work with OPUC to revise the performance metrics.

Dan Davis asked, regarding the carryover, if we are going to spend beyond budget. Sue said this would be the case if we were to honor the 5 percent reserve requirement we established with the utilities. However, if we were to approach this situation, we would in all likelihood tap the line of credit, if needed to balance any individual resource category variances.

Jason asked if our revenue projections are conservative. Sue said we accept utility forecasts, adjusted to reflect our historical experience. Jason noted the obligation to acknowledge programs that are not performing, and asked if we project any such issues. Margie noted a comment from WISE to this point, which she thinks was focused on Clean Energy Works Portland, and described changes to the scale-up made to reduce pilot program costs.

Jason asked why the budget process was easier this year. Margie said the sector plans were helpful, as is our close collaboration with utilities, new tools for tracking and changing, and the recognition that we need to do more around behavior change in the current economy.

Julie Hammond noted the description of WISE's mission, which includes improving cooperation between Energy Trust, ODOE, BPA, contractors and manufacturers. Debbie explained the organization's make up and focus. John Reynolds said the group has a seat on the Conservation Advisory Committee. Margie noted the group does speak out and we listen.

Debbie asked why existing home incentives go down in 2012 compared to 2011. Diane Ferington thinks this reflects the higher level of effort in 2011, focused on energy-saver kits, which will not be included in 2012. A $.5 million portion of this supports the OPower pilot.

Dan Enloe noted NEEA's web site does not reflect the underperformance Margie reported. Margie said the issue was discussed at the last two NEEA board meetings. She agrees with Dan that NEEA should be more transparent about this. Debbie suggested we should be pragmatic about our abilities to forecast these things. Markets are dynamic and can change. We have found in our evaluations factors that change the markets.

Public Comment There was none.

Resolution 571, Adoption of 2011 Budget

RESOLUTION 571

ADOPTION OF 2011 BUDGET

BE IT RESOLVED: That the Energy Trust of Oregon, Inc., Board of Directors approves the 2011 budget as presented in the board packet

Moved by: Roger Hamilton Seconded by: Dan Davis

Vote: In favor: 12 Abstained: 0

Opposed: 0

Adopted on December 17, 2010, by Energy Trust Board of Directors.

Resolution 570, Adoption of 2011-2012 Action Plan

RESOLUTION 570

ADOPTING 2011-2012 ACTION PLAN

BE IT RESOLVED: That Energy Trust of Oregon, Inc. Board of Directors approves the two-year 2011-2012 Action Plan as presented in the board packet*:*

Moved by: Al Jubitz Seconded by: Julie Hammond

Vote: In favor: 12 Abstained: 0

Opposed: 0

Adopted on December 17, 2010, by Energy Trust Board of Directors.

Break

The board took a 15- minute break at 2:33 pm. .

Committee Reports

Finance Committee. John Klosterman, committee chair, drew attention to notes of the Dec. 6 committee meeting and the finance report. Sue pointed out where on the report to find dedicated funds. Board members continued to discuss how to portray the dedicated funds. Jason noted the large amount of reserves jumps out of the GAAP-compliant report but is hard to notice in the non-GAAP report. John Klosterman said the Finance Committee will address this concern at their next meeting in February. Sue reported on progress moving funds into accounts with FDIC insurance coverage.

John Reynolds asked about the office space search. Sue said we are looking at three buildings, including this building, the Lincoln Building at 4th + Oak, and the historic US Bank Building at 5th + Oak. All the building owners are interested in having us as a tenant. Group McKenzie and Glumac (architect and engineer) are working with us to identify tenant improvements; this will allow the buildings to provide more realistic cost estimates.

Policy Committee. Jason Eisdorfer, committee chair, noted there have been two meetings since the last board meeting, including one last Tuesday. At the latter meeting, the policy committee discussed the agenda for the utility roundtable in February. The committee discussed the issue of $500,000 contracting. John Volkman said the issue is whether there is board

concern when the staff expends $500,000 or more in successive contracts, none of which is individually more than $500,000. The committee will propose a fix to this issue in February.

Jason said the Secretary of State is undertaking a performance audit of Energy Trust. Margie said officials from the Secretary of State told her the audit is focused only on SB 1149 funds and is not motivated by a special request. All three public purpose fund administrators are included. They have been empowered to do the audit since 2007 but this is the first time they have come to us. The process starts with an initial review to determine whether a more extensive audit is warranted. A final report would not be released until November 2011. Jason said while no one enjoys being audited, we have a great story to tell, and this will be an opportunity to tell it. Julie Brandis said this is a good thing. This is a very transparent organization. This will be a win for us.

Julie Brandis asked if utilities were present when the utility roundtable agenda was discussed. Jason said their input led to consideration of the draft agenda.

Staff Report

Margie said we are engaged with Governor Kitzhaber's transition teams, including biopower and k-12 school efficiency retrofits. We are collaborating with the Oregon Department of Energy on their SB 1149 schools program . She said Energy Trust, since 2002, has supported over 700 school projects at over 500 sites.

We are aware of a number of legislative concepts being proposed for the upcoming session. When asked, we provide information. Margie noted some of the legislative concepts we are aware of.

ODOE has created an energy advisory committee. It met for the first time yesterday and Margie represents Energy Trust. Other organizations include public power, people's utility districts, private utilities, OSU, NEEA, trades councils, business organizations, environmental organizations and others. Its purpose is to provide oversight, a reality check, a platform for providing feedback on proposals, risks, etc. She noted there is a proposal to create an Energy Commission for Oregon which if established, would coordinate state energy-related activities and oversee the Department.
Bob Repine, by telephone, commented that the advisory committee will be asked to comment on new BETC and RETC rulemaking as it unfolds. Roger Hamilton asked what is behind the energy commission proposal. Bob Repine referenced the Oregonian story some weeks ago regarding the desire to better define long-term energy policy and strategy for the state, especially among and between state agencies.

By way of example, Bob said ODOE, Energy Trust and Forestry have come up with a proposal to identify mills in Oregon that may face market changes and may have biomass opportunities help position them to take advantage of these. Dan Enloe asked if generation is included. Bob said they could generate electricity for their own use with waste heat.

Margie said we are watching the tax extension bills in Congress, including the $1,500 residential credit, solar tax credit and renewable energy equipment for industrial customers. There was discussion of the current status of these. John Volkman said measures have passed and are awaiting signature, but the credits will be less rich going forward.

Clean Energy Works Oregon is getting ready to launch in February to reach 1,000 homes in 2011. ODOE approved a $3.5 million grant. Margie is on their board; our two organizations are collaborating to achieve greatest efficiencies.

Umpqua Bank is upgrading its Green Street loan product—expanding offers, lowering rates. Our exclusive agreement with them has expired, and we now will now work with other banks as well.

We signed the CHP OSU project contract yesterday. The total output will be 3 aMW; we will pay up to $2 million, assuming the project generates results as expected. We have developed a way to measure output.

Call volume and website increases led to all-time high amounts in November which received 55,000 hits. We now have on-line web forms for 40 percent of our projects. There are time savings associated with this improvement—on average 4 minutes per project.

The first year of the NW Natural pilot completed September 30 and an annual report is being prepared. NW Natural also hired Navigant Consulting to complete a benchmarking study comparing our results with other Washington utilities . Bill Edmonds said the Washington Utilities and Transportation Commission set us up for a one-year pilot. The benchmarking study will inform a decision whether NW Natural will continue to work with Energy Trust to deliver services or have Washington programs delivered by another entity .

A handout listing no-cost, low-cost ways to save energy was distributed, including how Oregonians can receive assistance paying utility bills. Margie mentioned the overwhelming success of the Kill-a-Watt home energy monitor loan program through libraries throughout the state.

Several commendation letters were received and passed on along from Easy Street, with whom we have been working on data center energy savings and server “virtualization.” We have provided about $150,000 in incentives.

Margie asked if board members appreciate the media reports in the packets, in addition to those sent by email. Dan Enloe likes it all. Jason said we’re evolving on this. We used to ask for geographic locations of stories and don’t do that now. Amber Cole said we’ll continue to provide the media reports if useful. Board members appreciate getting the emailed pdfs. They would like to know when articles are published in multiple communities. The reports in the board packet will be discontinued.

Margie said she will be putting up slides on items in her staff reports starting February.

Al Jubitz asked about functionality of the website and made some suggestions. Amber said we are in the process of matching media clips with items on the website and creating content that will emerge as users visit certain sites. Fred Gordon said NEEA is ramping up its emerging technology program. They have an unsolicited proposal project. The ones that are promising are examined by a NEEA workgroup.

Julie Brandis commented on her appreciation of the budget presentation. She is looking forward to the next meeting. She said board members should consider coming to Oregon State and look at the energy projects. There are great new energy efficient buildings, the energy center, the wave energy lab. Margie said we could hold a meeting there, potentially.

Adjourn

The meeting adjourned at 4:05 pm.

***Next meeting*. The next annual and regular meeting of the Energy Trust Board of Directors will be held Wednesday, February 9, 2011, 12:00 noon at the Energy Trust of Oregon, Inc., 851 SW Sixth Avenue, 12th Floor, Portland, Oregon.**

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Debbie Kitchin, Secretary